

CONTROL OF CORRUPTION AND ECONOMIC GROWTH IN NIGERIA

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ABSTRACT

Nigeria was rated the most corrupt country in the world in 1996 and 2000 and the country instituted EFCC and ICPC to control corruption and grow the economy for the benefit of all. PricewaterhouseCoopers warns that corruption could cost Nigeria up to 30–37% of its GDP by 2030, equating to nearly \$2,000 per person in foregone income and output if decisive reforms are not taken. This study examines the relationship between control of corruption and economic growth in Nigeria from 1996Q1-2023Q4. To achieve the objective, Error Correction Model was applied for the analysis. The results revealed that controls of corruption at lag 0 and 1 have significant positive relationship with economic growth in Nigeria. The study concludes that control of corruption impacts economic growth significantly. Based on the results, the study recommends that government should be effective in implementing and enforcing some of its laws and policies that are designed to curb corruption and achieve economic growth. Government institutions should be empowered to fight and achieve a corruption free economy.

Keywords: Corruption, Economic Growth, Government Effectiveness, Institutional Quality.

INTRODUCTION

Control of corruption refers to the measures and capacity of a society to effectively constrain corrupt behavior, ensuring public power is not misused for private gain and upholding a system where integrity and good governance prevail. The unbridled taste to promote corruption as a means of redistributing wealth in favour of certain ethnic enclave and political groups is a “negative” manifestation of poor institutional quality in Nigeria. Those who occupy public offices see it as a privileged opportunity for them to partake corruptly in the consumption of the “national cake” and by this, they engage in activities for the benefit of their “ethnic nationalities” or political/economic associates. It is common to hear such an irritating phrase as the “Nigerian factor”. This factor which arises from corruption simply implies that standards have been compromised by the basic institutions in service delivery. This factor has made nonsense of accountability in the country (Ubi and Udah, 2014).

Over the years, researchers and policy makers have shown more emphasis on the role of control of corruption towards promoting economic growth, (Acemoglu and Robinson, 2010; Alege, Adamu, and Muhammad, 2014; Muhammad, and Malarvizhi, 2014, Tebaldi and Mohan, 2008; Bakare, Kareem, Babatunde, Akintaro, and Arije, 201; Zouhaier, 2019; Azeng and Yogo 2013).

Lawal (2007) noted that the Nigerian factor (corruption) has worsened and weakened institutions, such as the legislative, executive and the judicial institutions where rule of law and adherence to formal rules are not rigorously observed, where political patronage is standard practice, where the independence and professionalism of the public sector has been eroded and where civil society lacks the means to bring public pressure to bear. Up until 2020, Nigeria has not been exonerated from the list of top ten leading countries on corruption (Corruption Perception Index, 2020) and this is evident in Transparency International's consistent rating of Nigeria as one of the most corrupt countries in the past two decades. This explains why scholars of political economy have attributed the economic and socio-political disorganization of Nigeria to weak institutions.

Economically, Nigeria posted its fastest GDP growth in a decade in 2024, with real GDP increasing by 3.4%, driven by sectors such as oil and gas, technology, and finance. However, this growth rate is not sufficient to offset the enormous costs of corruption. PwC's most recent analysis warns that corruption could cost Nigeria up to 30–37% of its GDP by 2030, equating to nearly \$2,000 per person in foregone income and output if decisive reforms are not taken. Indeed, Nigeria's tax revenue remains among the world's lowest at 8% of GDP, aggravating fiscal constraints and reducing resources available for public investment and poverty reduction

In a bid to ensure better economic growth that can provide employment and reduce poverty, the Nigerian government has in recent times expended a lot of effort and financial resources to strengthen and improve the quality of the domestic institutions. Such efforts resulted in the policies reforms and setting up of the “Economic and Financial Crimes Commission (EFCC),” and the “Independent Corrupt Practices Commission” among other by the Olusegun Obasanjo led administration of 1999-2007. The major role of these commissions is to sanitize the economy to be free from corruption.

In spite of the efforts made, the country is still among the first 30 corrupt countries in the world and there is need to examine how control of corruption in Nigeria has impacted its economic growth. Hence, this study investigates the impact of control of corruption on Economic growth of Nigeria and its findings will be useful for policy making, research and development.

The study is organized into introduction, literature review, methodology, results and discussion, and conclusion and recommendation.

2 Literature Review

According to North (1981), institutions are a class of rules, compliance procedures, moral and ethical behavioral norms intended to constrain the behavioral of individuals in the interest of maximizing the wealth or utility of the principals. To measure quality of institutions existing studies have focused on a set of variables and indices such as the enforcement of property rights, level of corruption, global competitiveness index, governance indicators and others. Economists frequently rely on a number of indicators collectively to account for various channels of institutional impact on economic outcomes. Various indicators to measure how viable and qualitative are the institutions in many countries and as used in this study include: political stability and absence of violence, government effectiveness and corruption perception index. According to North (1990), 'institutions are the rule of the game in the society or, more formal, are the humanly devised constraints that shape human interaction''. They are made up of formal constraints (laws, constitutions) and informal constraints (taboos, customs self-imposed code of conduct and traditions).

Although no universally agreed-upon definition of economic growth exists, a commonality among researchers is emerging that economic growth results in increase in economic output which then further cause development which brings better lives for people and is necessary for a strong long-term national economy (Albassam, 2013). Economic growth is the increase of real gross domestic product (GDP) or other measurements of aggregate income. According to the World Bank (2004), economic growth is "quantitative change or expansion in a country's economy". In addition, the World Bank (2004): contended that "economic growths conventionally measured as the percentage increase in gross domestic product (GDP) or gross national product (GNP) during one year".

Furthermore, economic growth has been linked to governance improvement (Albassam, 2012a). Kaufmann and Kraay (2002) further argued that governance quality and economic growth are positively related. In their evaluation of the worldwide governance indicators (WGI) from 1996 to 2002, they found that "per capita incomes and the quality of governance are strongly positively correlated across countries".

The study is grounded in the theory of institutional quality. The theory of institutional quality is based on the assumption that strong quality of institution in terms of government effective, control of corruption, political stability, secure of property right among others are very essential in promoting economic growth that has the capacity to provide jobs and reduce poverty. Institution theory therefore is good at predicting and explaining the divergence in the long run development trend. In general, the countries with good institution usually have the better economic development (Acemoglu, Johnson and Robinson, 2005).

The institutional theory has two states of variables namely; the economic and political institution. The economic institution plays a crucial role in determining the economic incentive, thus shapes economic outcomes. For example, the secure of property right is the most direct way to ensure the efficient use of resources. Without property rights, individuals will not have the incentive to invest in resources. Economic institutions are also important because they help to allocate resources to their most efficient uses. The efficient allocation of resource can achieve highest economic outcome which leads to rapid economic growth (Acemoglu et al. 2005)

For political institution, it determines the distribution of political power and the resource allocation because the distribution of resources in society is an inherently conflictual and therefore it is a political decision. The political power would directly affect the growth and development routes of an economy. Because the group with greater political power can choose the set of economic institutions for themselves no matter how they desire to achieve the greatest economic growth (Acemoglu et al. 2005). The political power here can be de -factor and de- jure. The de factor political power is the power use by a certain group of people in the society that is unconstitutionally granted unto them in order to impose their wishes on society while the de jure political power is the power that is constitutionally granted. Therefore, whichever group has more political power is likely to secure the set of economic institutions that it prefers.

The institutional quality theory seems to be applicable in Nigeria. In Nigeria context, in a bid to ensure economic growth that is capable of providing jobs and poverty reduction, government has in recent times expended a lot of effort and financial resources to strengthen and improve the quality of the domestic institutions. Such efforts resulted in the policies reforms and setting up of the “Economic and Financial Crimes Commission (EFCC),” and the “Independent Corrupt Practices Commission” among other by the Olusegun Obasanjo led administration of 1999-2007. Hence, this study considered institutional quality theory very relevant because it exposed the potentials of institutions toward growth and development which is the main focused of this study.

Several empirical studies have been carried on the control of corruption and economic growth both in Nigeria and other countries as discussed below.

Mahmood (2021) studied the effect of control of corruption and the effectiveness of governance on the economic growth in Saudi Arabia using cointegration approach and found that control of corruption insignificantly impacts economic growth while effective governance impacts it positively in the long-run. The study is corroborated that good governance is an appropriate tool for economic growth in the long-run. The short-run effects of governance and control of corruption were insignificant. Hence, recommended that the quality of governance should be enhanced to support economic growth.

Djouadi, Zakane, & Abdellaoui, (2024) examined the link between corruption and economic growth 23 countries between 1996 and 2019. The study found an inverted U link between corruption and growth, suggesting a threshold of 0.2228, where corruption in these counties has a beneficial impact on growth and a harmful impact above it. The paper also examines the potential indirect influence of corruption on economic growth via the investment channel,

explicitly defining the corruption threshold. The empirical findings in these counties show a significant positive relationship between investment and growth when corruption exceeds the threshold value of 0.3028. It means that under certain circumstances and economic contexts, corruption can potentially foster investment, particularly when bureaucratic inefficiencies and strict regulations impede investment endeavors (through various means, including facilitating the acquisition of permits, licenses, and financing and establishing a more foreseeable business environment). This phenomenon is especially evident in industries where time-critical possibilities require prompt decision-making. The findings indicate a statistically significant and advantageous influence of the Rule of law on economic growth (when considering the impacts of institutional factors), a positive considerable link between regulatory quality and prosperity (even when the squared corruption variable was included), a statistically significant negative effect of government spending on growth. According to the results of the calculations, the article emphasizes that in the countries of East Asia, the Middle East and North Africa, the issues of ensuring the Rule of law, accountability, transparency and reduction of bureaucracy are of particular relevance.

Gründler & Potrafke (2019) re-examine the nexus between corruption and economic growth by employing data of 175 countries over the period 2012-2018. The cumulative long-run effect of corruption on growth is that real per capita GDP decreased by around 17% when the reversed CPI increased by one standard deviation. The effect of corruption on economic growth is especially pronounced in autocracies and transmits to growth by decreasing FDI and increasing inflation the study found.

Siddiqui (2023) investigated the nexus between corruption and economic growth using regression analysis while controlling for population and social development. The study used data from 6 South Asian countries: Pakistan, India, Afghanistan, Sri Lanka, Nepal, and Bangladesh, over a period of 26 years from 1996 to 2021, and found that without controlling for countries, corruption can have a positive effect on GDP, due to a variety of factors. The study concludes that reducing corruption is essential for promoting economic growth.

Spyromitros & Panagiotidis (2022) investigated the effects of corruption on the economic performance of 83 developing countries in the period 2012–2018 with AR (1) and FM-OLS data processing techniques and the results showed that corruption impacts economic growth positively in Latin American countries and negatively in other regions. The study concludes that investment, human development, government growth, and institutional quality play essential roles in economic growth.

Mo (2001) estimated the impact of corruption on the growth and importance of the transmission channels using ordinary least squares estimations. The study, found that a 1% increase in the corruption level reduces the growth rate by about 0.72% or, expressed differently, a one-unit increase in the corruption index reduces the growth rate by 0.545 percentage points. The most important channel through which corruption affects economic growth is political instability, which accounts for about 53% of the total effect.

METHODOLOGY

Theoretical Framework

This study used the institutional quality theory as its theoretical framework. The framework was adopted from the study of Acemoglu et al (2005) on institutions as a fundamental cause of long-run growth. The theory is based on the assumption that good institutional quality is essential in achieving economic growth that is capable of providing employment and reduction of poverty. The frame work is presented in figure 3.1 below.

Figure 3.1 below explain that there are two state variables that exist in the system namely; political institutions and the distribution of resources which determine all other variables in the system. Precisely, the political institution determines the De jure political power while the distribution of resources determines the De factor political power. The de factor political power is the power use by a certain group of people in the society that is unconstitutionally granted unto them in order to impose their wishes on society while the de jure political power is the power that is constitutionally granted.

Both the De-jure political power and De-factor political power influence the choice of economic institutions and the future evolution of political institutions. Therefore, whichever group has more political power is likely to secure the set of economic institutions that it prefers.

The economic institution in turn determines economic growth and distribution of resources in the society. In another word, the economic institution plays a crucial role in determining the economic incentive, thus shapes economic outcomes. For example, the secure of property right is the most direct way to ensure the efficient use of resources

Furthermore, the economic growth and distribution of resources in turn influence the employment level while employment level in turn determines the level of poverty in the society

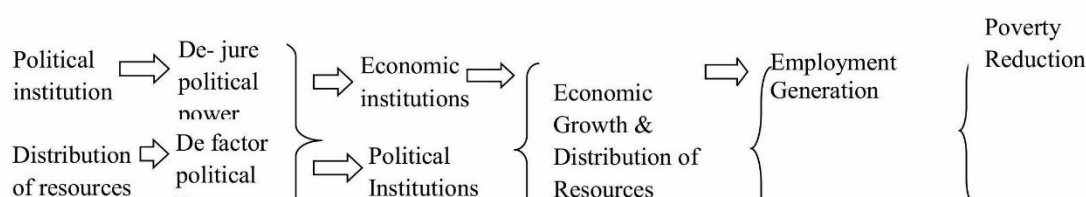


Figure 3.1: Impact of Institutional Quality on Economic Growth, Employment and Poverty
 Source: Adopted from Acemoglu et al. (2005)

3.3.1 Model Specification for the Relationship between Control of Corruption and Economic Growth in Nigeria

The model used to achieve objective one was adopted from the work of Maria (2013) on the relationship between corruption and economic growth in Pakistan. The model showed that Real Gross Domestic Product is a function of control of corruption, domestic investment, government expenditure and population growth. The study adopted the model and introduced control variables such as inflation rate and exchange rate which are known to affect economic growth as revealed by previous empirical studies. The functional form of the model is as follows:

$$RGDP = f(COC, DOI, GOE, POG, INFR, EXR).....(3.1)$$

Where: RGDP=Real Gross Domestic Product, COC=Control of Corruption, DOI=Domestic Investment, GOE=Government Expenditure, POG=Population Growth, INFR= Inflation Rate, EXR= Official Exchange Rate,

Then above model can be written in econometric form as follows:

$$RGDP_t = \lambda_0 + \lambda_1 COC_t + \lambda_2 DOI_t + \lambda_3 GOE_t + \lambda_4 POG_t + \lambda_5 INFR_t + \lambda_6 EXR_t + \varepsilon_t....(3.2)$$

Where: RGDP: Real Gross Domestic Product, COC=Control of Corruption, GOE=Government Expenditure, POG=Population Growth, INFR= Inflation rate Service, , EXR= Exchange Rate, DOI= Domestic Investment , ε_t = is the Error term, t= time trend, $\lambda_0 - \lambda_6$ = parameters to be estimated

Measurement and Justification of Variables

Dependent Variable

- i. **Real Gross Domestic product:** Real Gross Domestic is the Gross Domestic Product that has been adjusted for the effect of inflation and it is measured at 2010 constant price in billions of naira. Data on this variable was sourced from Central Bank of Nigeria Statistical bulletin (2019).

Independent Variables

1. **Control of Corruption:** Control of corruption is an index constructed by the World Bank as one of the six composite World Governance indicators to capture corruption on a scale of -2.5 to +2.5, where the higher the index the less the corruption indicated. Data for this variable was sourced from the World Governance Indicators (2019).
2. **Government Expenditure:** Gross government expenditure is the sum of household final consumption expenditure, general government final consumption expenditure and gross capital formation and it is measured on current USD. Previous studies such as Maria (2013) and among others suggest that government expenditure has influence on economic growth. Data on this variable was sourced from World Bank Development Indicators (2019)
3. **Exchange Rate:** This refers to the price at which a country's currency is expressed in terms of other currencies and it is expressed in percentage. Empirical studies such as Maria (2013) and among others suggest that exchange rate has an effect on economic growth. Data on exchange rate was sourced from World Bank Development Indicators (2019).
4. **Inflation Rate.** Inflation Rate is measured in percentage. Empirical studies such as Empirical studies such as Maria (2013) and among others suggest that inflation rate influence economic growth. Data on inflation rate is expressed in percentage and it was sourced from World Bank Development Indicators (2019).
5. **Domestic Investment:**
6. **Population Growth:** This is an annual growth rate of population and it is expressed in percentage. Data on population growth was obtained from United Nations Population Division, 2019.

Table 3.1 Summary of variables for the objective

Variables			Measurement	Apriori Expectation
Real Gross Domestic Product			Dependent Variable Constant 2010 N Billion	
			Independent Variables	
Control of Corruption			Scale from -2.5 to 2.5	Positive
Government Expenditure			Current USD	Positive
Inflation Rate			Annual Percentage	Negative
Exchange Rate			Par USD	Negative
Domestic Investment			percentage of GDP	Positive
Population Growth			Annual Percentage	Positive/Negative

Techniques of Data Analysis

i. Unit Root Test

The unit root test was considered to be necessary because it enabled the researcher to know the stationarity state of the variables. This is because most time series data are not stationary and regressing non stationary variable on another will generate spurious results (Gujarati et al, 2009). Therefore, the study conducted unit root test by using Augmented Dickey-Fuller and Philips-Perron Test approach.

ii. Co-integration Test

The study conduct cointegration test by using the Johansen integration test approach so as investigate whether the variables have long run relationship or not. The Johansen cointegration test is application on variables that are integrated of the same order that is the variables must be integrated of either order I(1) or order zero I(0) (Gujarati et al, 2009).

iii. Error Correction Model

The study used Error Correction model to for analysis of the data. The Error Correction model has the ability to capture both short run coefficients of the variables and the speed of adjustment toward equilibrium (Error Correction Term) on variables that are integrated of the same order (Gujarati et al, 2009). The specification of the Error Correction Model for objective one is shown below in equation 3.3 below.

$$D(RGDP)_t = \gamma_0 + \gamma_1 D(COC)_t + \gamma_2 D(DOI)_t + \gamma_3 D(GOE)_t + \gamma_4 D(POG)_t + \gamma_5 D(INF)_t + \gamma_6 D(EXR)_t + ECT(-1) \dots \dots \dots (3.3)$$

Where: D=Difference, ECT=Error Correction Term while others are as in equation 3.2 above

RESULTS AND DISCUSSION

Table 4.1: Unit Root Test

Augmented Dickey-Fuller Unit Root Test at Trend and Intercept							
Variables	Test Statistics at Level	5% Critical Value at Level	P Value at Level (5%)	Test Statistics at First Difference	5% Critical Value at First Difference	P Value at First Difference (5%)	Order of Integration
Log(RGDP)	-1.695768	-3.462912	0.7449	-3.515165	-3.462912	0.0446	I(1)

COC	-3.016041	-3.465548	0.1343	-3.514647	-3.462912	0.0396	I(1)
Log(DOI)	0.509248	-3.465548	0.9992	-3.477620	-3.465548	0.0488	I(1)
Log(GOE)	-2.157703	-3.465548	0.5062	-3.989189	-3.465548	0.0383	I(1)
Log(POG)	-2.586459	-3.459950	0.2875	-10.32594	-3.460516	0.0000	I(1)
Log(INFR)	-2.178992	-3.462912	0.0607	-3.775983	-3.465548	0.0103	I(1)
Log(EXR)	-2.932159	-3.465548	0.1581	-4.055279	-3.465548	0.0105	I(1)
Phillips-Perron Unit Root Test at Trend and Intercept							
Log(RGDP)	-0.155457	-3.459950	0.9931	-3.993769	-3.460516	0.0398	I(1)
COC	-2.069139	-3.459950	0.5556	-5.173838	-3.460516	0.0003	I(1)
Log(DOI)	-0.385062	-3.459950	0.9868	-4.451214	-3.460516	0.0031	I(1)
Log(GOE)	-2.541211	-3.459950	0.3081	-6.470524	-3.460516	0.0000	I(1)
Log(POG)	-2.572738	-3.459950	0.2937	-10.33972	-3.460516	0.0000	I(1)
Log(INFR)	-3.138326	-3.459950	0.0788	-5.101662	-3.460516	0.0003	I(1)
Log(EXR)	-2.226158	-3.459950	0.4693	-6.619418	-3.460516	0.0000	I(1)

Source: Author's Computation, 2025 using Eview 9. **Where:** Log=Logarithms, RGDP=Real Gross Domestic Product, COC=Control of Corruption, DOI=Domestic Investment, GOE=Government Expenditure, POG=Population Growth, INFR= Inflation Rate, EXR= Official Exchange Rate.

The test was carried out using both Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) methods at 5 percent level of significance, and the results showed that none of the variables was stationary at the level, but all were stationary at first difference.

Table 4.2: The Johansen Cointegration Test

Series: Log(RGDP), COC, Log(DOI), Log(GOE), Log(POG), Log(INFR) Log(EXR)				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.333725	133.0008	125.6154	0.0164
At most 1 *	0.286641	96.45599	95.75366	0.0447
At most 2	0.258157	66.05667	69.81889	0.0962
At most 3	0.201433	39.18111	47.85613	0.2531
At most 4	0.125452	18.93684	29.79707	0.4974
At most 5	0.059554	6.872477	15.49471	0.5925
At most 6	0.014849	1.346428	3.841466	0.2459

Source: Author's Computation, 2025 using Eview 9. **Where:** Log=Logarithms, RGDP=Real Gross Domestic Product, COC=Control of Corruption, DOI=Domestic Investment, GOE=Government Expenditure, POG=Population Growth, INFR= Inflation Rate, EXR= Official Exchange Rate.

The result revealed that there is at most two cointegrating equation and with that the study concludes that variables used for analyzing objective one such as; Real Gross Domestic Product, Control of Corruption, Domestic Investment, Government Expenditure, Population Growth, Inflation Rate, and Exchange Rate have long cointegration over the study period.

The Error Correction Model (ECM) Estimate

The analysis of data was carried out by using Error Correction Model (ECM). Some of the variables were converted to log form in order to minimize the effect of outliers in the data. The study presents the results of the estimated ECM in Tables 4.5

Table 4.3 : Estimated Error Correction Model Results

Dependent Variable: D(log(RGDP))				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001980	0.000810	2.446113	0.0168
D(log(RGDP(-1)))	0.874204	0.049660	17.60365	0.0000
D(COC)	0.062445	0.016286	3.834271	0.0003
D(COC(-1))	0.038436	0.016917	2.271977	0.0260
D(log(DOI))	-0.073471	0.038544	-1.906167	0.0640
D(log(DOI(-1)))	0.068496	0.040311	1.699153	0.0560
D(log(GOE))	0.024168	0.008528	2.834043	0.0059
D(log(GOE(-1)))	0.026810	0.013928	1.924938	0.0584
D(log(POG))	-0.001948	0.001065	-1.829637	0.0713
D(log(POG(-1)))	0.004427	0.001133	3.907038	0.0002
D(log(INFR))	-0.003011	0.003795	-0.793531	0.4300
D(log(INFR(-1)))	0.005177	0.003357	1.541863	0.1274
D(log(EXR))	-0.008026	0.004874	-1.646558	0.1039
D(log(EXR(1)))	-0.000914	0.003163	-0.288988	0.7734
ECT(-1)	-0.097556	0.045455	-2.146214	0.0402
R-squared=0.601145, Prob(F-statistic)= 0.000230				
Test		Statistic		P-Values
Jarque-Bera Sta		9.037041		0.068873
Breusch-Godfrey Serial Correlation LM		2.604068		0.1066
Heteroskedasticity :Breusch-Pagan-Godfrey		3.311349		0.0626
Durbin-Watson stat		2.31004		–
CUSUM Test		See Figure 4.1 below		

Source: Author's Computation, 2025 using Eview 9. **Where:** D=Diffrence, Log=Logarithms, RGDP=Real Gross Domestic Product, COC=Control of Corruption, DOI=Domestic Investment, GOE=Government Expenditure, POG=Population Growth, INFR= Inflation Rate, EXR= Official Exchange Rate.

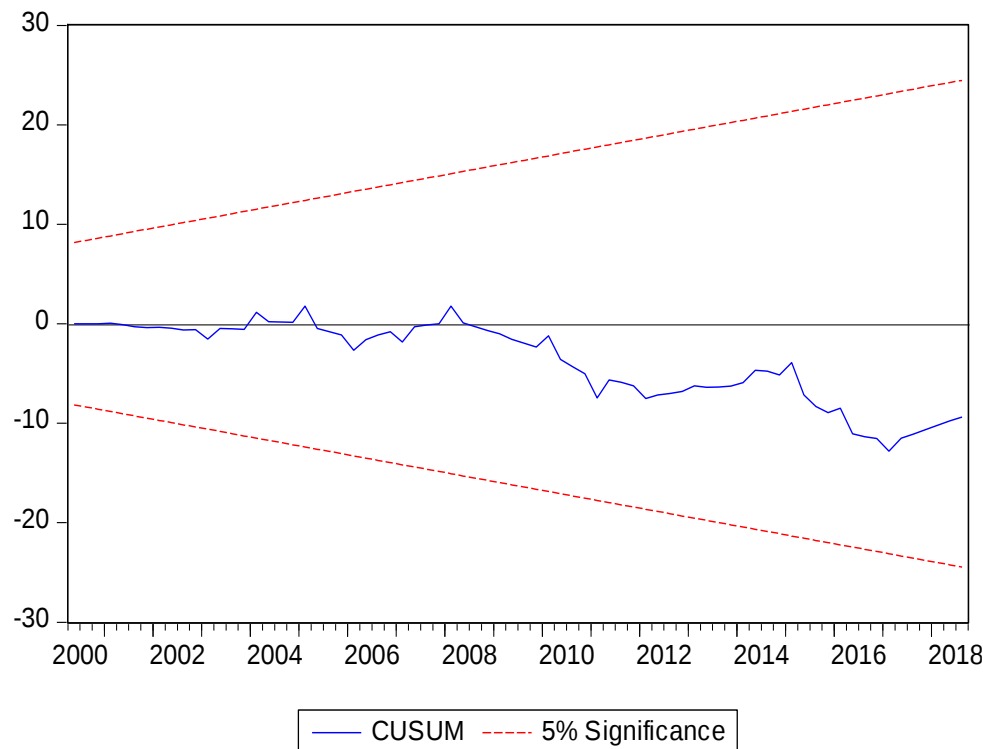


Figure 4.1: CUSUM Test

Firstly, diagnostic test were carried out for the above estimated model so as to ascertain its reliability. The Jarque Bera statistic of the model has a probability value that is above 5 percent which signified that the model has a residual that is normally distributed. Similarly, the observed R squares probability values of Breusch-Godfrey Serial Correlation LM test and Breusch-Pagan-Godfrey Heteroscedasticity test are above 5 percent which signified that the model does not suffer from heteroscedasticity and serial correlation problem.

In addition, Durbin-Watson stat value is close to 2 which signified that the model does not suffer from autocorrelation problem. The parameters of the model are stable because the CUSUM plot in Figure 4.1 falls within the 5 percent critical bound. Therefore, the above model proved to be reliable and the interpretations of its coefficients are as follows:

The coefficient of the lag dependent variable (RGDP(-1)) showed significant positive sign at 5 percent level which means that previous information on Real Gross Domestic Product significantly influenced the current level of Real Gross Domestic Product in Nigeria. The coefficient of Control of Corruption (COC) at lag 0 and 1 showed significant positive sign using 5 percent level of significance. This implied that Control of Corruption at lag 0 and 1 has significant positive relationship with Real Gross Domestic Product. To be specific, a unit change in COC at lag 0 and 1 will bring about 0.062445 percent and 0.038436 percent significant increase in Real Gross Domestic Product in Nigeria respectively over the study period.

For Domestic Investment (DOI), the coefficient has insignificant negative sign at lag 0 but at lag 1 the coefficient showed insignificant negative sign using 5 level of significant. This implied that Domestic Investment at lag 0 has insignificant negative relationship with Real Gross Domestic Product while at lag 1 Domestic Investment has insignificant positive relationship with Real Gross Domestic Product over the study period.

For Government Expenditure (GOE), the coefficient showed significant positive sign at lag 0 using 5 per cent level of significance which implied that Government Expenditure has significant positive relationship with Real Gross Domestic Product at lag 0. Precisely, a unit change in GOE at lag 0 will bring about 0.024168 percent significant increase in Real Gross Domestic Product in Nigeria over the study period.

For Population Growth (POG), the coefficient showed significant positive sign only at lag 1 using 5 per cent level of significance which implied that Population Growth at lag 1 has significant positive relationship with Real Gross Domestic Product. To be specific, a unit change in POG at lag 1 will bring about 0.004427 percent significant increase in Real Gross Domestic Product in Nigeria over the study period. However, for Exchange Rate (EXR) and Inflation Rate (INFR) their coefficients all showed insignificant negative sign at 5 percent level of significance which implied that Exchange Rate (EXR) and Inflation Rate (INFR) have insignificant negative relationship with Real Gross Domestic Product over the study period. Precisely, a unit change in INFR and EXR will bring about 0.003011 percent and 0.008026 percent insignificant reduction in Real Gross Domestic Product in Nigeria over the study period

In addition, the coefficient of the Error Correction Term (ECT) showed significant negative sign (-0.097556) at 5 percent level of significance. This implied that the variables considered for the analysis such as; Real Gross Domestic Product, Control of Corruption, Domestic Investment, Government Expenditure, Population Growth, Inflation Rate, and Exchange Rate have long relationship over the study period which further confirmed the result of the Johansen cointegration test earlier carried out. The significant negative coefficient of the ECT term implied that there is an adjustment in the system if any disequilibrium occurs. To be specific, the ECT Term explains that about 9 percent of the disequilibrium in the long run will be adjusted annually.

Furthermore, the value of the R-square (0.601145) suggests that the model has a fairly good fit. It showed that that about 60 percent of Real Gross Domestic Product is being explained by Control of Corruption, Domestic Investment, Government Expenditure, Population Growth, Inflation Rate and Official Exchange Rate while remaining 40 per cent is being explained by other variables that were not capture in the model. The F statistics also show significant sign at 5 per cent level of significance which implied that all the regressors in the model can jointly explain economic growth over the study period.

Discussion of Findings

The results of the Augmented Dickey Fuller/Philips-Perron unit root test and the Johansen cointegration test presented in Table 4.2 and 4.3 indicate that the variables considered for the analysis namely; Real Gross Domestic Product, Control of Corruption, Domestic Investment, Government Expenditure, Population Growth and Inflation Rate are integrated of order one and have long run cointegration respectively. Afterward, Error Correction Model was applied for the estimation of the data on the account that the variables considered for the analyses are integrated of order one and have long run relationship.

The theory of institutional quality considered institutions to be very relevant in promoting economic growth. Acemoglu, et al (2005) pointed out that institutional quality promote

economic growth through increase in control of corruption, government effectiveness, political stability among others. This affirmation is obvious from the results of the Error Correction Model presented in Table 4.4 because the coefficient of Control of Corruption showed significant positive sign both at lag 0 and 1. This implied that control of corruption significantly increase economic growth in Nigeria. This result is consistent with the findings of the following studies; Olumuyiwa, Olalekan and Ibrahim (2020) on the relationship between Institutional quality, financial development and inclusive growth in Nigeria, Muhammad, and Malarvizhi (2014) on the impact of Institutional qualities on growth in Nigeria among others.

Furthermore, the results also revealed that Domestic Investment at lag 0 affects Economic Growth negatively and it is insignificant. This result implied Domestic Investment in Nigeria has insignificant negative influence on Real Gross Domestic Product which is not in line with the apriori expectation of the study. The results also revealed that Government Expenditure at lag 0 affects Economic Growth positively and it is significant at 5 per cent level which is consistent with the apriori expectation of the study.

Furthermore, Malthus (1798) pointed out that the growth in population may harm economic growth if it is not properly handle. However, countries like China and India who have high population growth rate have been able to create the tendency of using their population growth to generate economic growth. This suggests that the apriori expectation of population growth could be positive or negative. This study found that Population Growth at lag 1 affects Economic Growth positively and it is significant at 5 per cent level which implied that previous information on population growth in Nigeria significantly explained Economic Growth over the period under study. This finding is in line with the study of Maria (2013) but it is contrary to the Malthusian population theory. In addition, this study also found that Exchange Rate and Inflation Rate affect Economic Growth Negatively but their effects are insignificant using level of significance.

CONCLUSION AND RECOMMENDATIONS

This study investigates the impact of control of corruption and economic growth in Nigeria over a period of 1996Q1 to 2022Q4. Based on the results obtained, the study concludes that control of corruption, domestic investment and government expenditure contributes significantly to the growth of the Nigeria economy. However, exchange rate and inflation do not showed any significant impact on economic growth in Nigeria.

Based on the results, the study recommended that since control of corruption revealed significant positive impact on economic growth in Nigeria, the government is advised to pay more attention in controlling of corruption in the country by putting urgent measures in place to curb the rising level of corruption. Precisely, stiff penalties should be enforced on corrupt officials in the country which will deter them from engaging into any form of corrupt act. The anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices Commission (ICPC) should be allow to investigate every sector of the economy to ensure that all sectors of the economy are free from corruption.

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