

## Corruption in the Construction Industry of Nigeria: Causes and Solutions

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### Abstract

*This study quantitatively determined the causes of corruption in the construction industry of Nigeria. Questionnaires were administered to Quantity Surveyors, Architects, Civil Engineers, Builders and Contractors who have for at least ten year practiced in the South Western States of Nigeria (Ondo, Ekiti, Osun, Oyo, Ogun and Lagos States). The sixty-six well completed questionnaire retrieved from the respondents formed the data that were analyzed by the Relative Importance Index (R.I.I). the study showed the causes of corruption as: poverty, excessive love for money (greed), politics in the award of contract/godfatherism, professional indiscipline, profit maximization by Contractor, quackery, fall-out of endemic societal corruption and favouritism. To reduce the incidence of corruption in the Nigeria construction industry, the causes as outlined above have to be dealt with respectively by government, contractor, individuals connected with contract awards and by construction professionals.*

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**Keywords:** corruption, construction industry, poverty, contract award, quackery, profit maximization

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### INTRODUCTION

The Longman's Dictionary of Contemporary English (1995) defines corruption as dishonest, illegal or immoral behaviour especially from someone with power. Corruption, according to Ayodele (2008) implies using one's power in a dishonest, illegal or immoral way to get an advantage for oneself. According to Ayodele (2008) from socio political – cum – financial perspective, Boeninger (1991) perceives corruption as "any action taken in socio-economic, political and financial realms which is morally unacceptable, bad and or illegal. Expanding Boeninger's conception, Lash (2003) explains that corruption is immoral and dishonest or exploitation of power in economic financial and political spheres for personal gains. According to Ayodele (2008) an examination of these definitions and others not stated here indicates that corruption is a manifestation of one or a combination of:

- i) **Fraud** – a reflection of any instance in which are party deceives or takes advantage of another commonly regarded nowadays as advanced fee fraud (419)
- ii) **Bribery** – an illegal influence on any person in the exercise of public duty
- iii) **Forgery** – a fraudulent alteration of a written document or seal with the intent of injuring the interests of another person.
- iv) **Embezzlement** – a wrongful acquisition of property by a person who has been entrusted with such property.
- v) **Extortion** – a crime of obtaining something such as money from somebody using illegal methods or persuasion.

Goel and Nelson (2008) see corruption as the use or abuse of public office for private gains. Oxford Advanced Learner's Dictionary (2000) define it as (a) dishonest or illegal behaviour especially of people in authority (b) the act or effect of making somebody change from moral to immoral standards of behaviour. Seldayo and Hassan (2006) see corruption as including three important elements, namely, morality, behaviour and authority.

In the words of Gould (1991) corruption is seen as "an immoral and unethical phenomenon that contains a set of immoral observations from moral standards of society causing loss of respect for and confidence in duly constituted authority. According to World Bank cited in Falana (2007) corruption is defined as abuse of office for private gains. Public office is abused for private gains when an officer accepts, solicits or extorts a bribe. It is also abused when private agent actively offers bribes to circumvent public policies and processes for competitive advantage and profit. Public office can be abused for personal benefit even if no bribery occurs, though patronage and nepotism the theft of state of assets or the diversion of state resources. According to the ICPC (Independent and Corrupt Practices Commission) Act (section 2) corruption includes vices like bribery, fraud and other related offences. The ICPC also see corruption as the abuse or misuse of power or position of trust for personal or group benefit (monetary, or otherwise).

Bello – Imam (2005) deductively, opined that corruption is any induced/uninduced behaviour within a complex or private organization to falsify its integrity, purpose, virtue or ethic for private end.

In Nigeria, corruption has been identified as a bane of the urgently – needed rational development. Also it remains the greatest threat to the attainment of the Millennium Development Goals (MDG) and even to the continued existence of the state (Arowolo, 2008). The 1996 study of corruption by Transparency International and Goettrigen University ranked Nigeria as the most corrupt nation, among 54 nations listed for the study, with Pakistan as the second highest (Moore, 1997). Another study was carried out in 1978 by Transparency International Corruption Perception Index (C.P.I) ranked Nigeria 81 out of 85 nations (Lip set and Lenz, 2000). In 2001 Corruption Perception Index (C.P.I.) Nigeria ranked 90 out of 91 nations, pooled, with second position as most corrupt nation with Bangladesh coming first. Similarly the 2007 Transparency International Corruption Perception Index rated Nigeria 147 out of 179 countries under review (Arowolo, 2008).

Table 1: Top Corrupt Organization in Nigeria

S/N	ORGANIZATIONS	YEAR 2005 - 2003	YEAR 2007- 2005
1	The Police	96	99
2	Power Holding Company Nigeria (PHCN)	83	87
3	Ministry of Education (University/Polytechnic and College of Education	63	74
4	Custom and Excise Department	65	61
5	Federal Road Safety Corp (FRSC)	42	51
6	Immigration’s Passport Office	56	48
7	JAMB	41	47
8	Local Government Authority	47	46
9	Independent National Electrical Commission	-	38
10	Tax Official/Federal Inland Revenue Services (FIRS)	36	36
11	Health Ministry/Hospitals	30	32
12	Ministry of Justice	27	31
13	The Presidency	24	29
14	Nigeria National Petroleum Commission (N.N.P.C.)	27	28
15	Federal Housing Authority	26	28
16	Nigerian Ports Authority/Nigerian Maritime Authority	33	24

Source: Nigeria Corruption Index (2007)

**BACKGROUND TO THE STUDY**

In a study carried out by Ayodele (2010) on Bribery and Corruption in Nigerian Construction Industry, the result showed that between 5% and 15% and a times up to 40% were illegally expended in bribery and corruption to high and management officials in Government offices during contract award, execution and payments. The result also showed the effects of bribery and corruption as building collapse,

abandonment of project, upward review of contract, cost, extension of time and reduction in the life span of building. Arowolo (2008) and Ayodele (2008) have outlined the probable/general causes of corruption in Nigeria but there’s no recent study that focused on Nigerian construction industry. Solution to this study is therefore focused on the causes of and solution to computing in Nigerian construction industry.

**OBJECTIVES**

The objective of this study is to determine the causes of corruption in the Nigerian construction industry.

**METHODOLOGY**

The probable causes of corruption in Nigerian construction industry were gathered from Architects, Civil Engineers, Builders, Quantity Surveyors and also from Ayodele (2008) and Arowolo (2008). The probable causes of corruption were placed in a well structured questionnaire and administered to Architects, Civil Engineers, Builders, Quantity Surveyors and Contractors that have professionally operated for at least ten years in the South Western States of Nigeria (Ondo, Ekiti, Osun, Oyo, Ogun and Lagos). The sixty-six well completed questionnaires so retrieved, formed the data that were utilized in the study. The respondents rated on the causes of corruption on a scale of 1-4 and were analyzed by the Relative Importance Index, (RII) based on the work of Lim and Alum (1995).

$RII = (4n_4 + 3n_3 + 2n_2 + n_1)/4N$ ; where  $n_1$  = response for “most unlikely”;  $n_2$  = response for “unlikely”;  $n_3$  response for “likely,  $n_4$  = response for “most unlikely” and N = total number of respondents involved in the study.

**RESULTS**

Table 2a: Causes of Corruption in Nigerian Construction Industry

S/N	CAUSES	1 Most Unlikely	2 Unlikely	3 Likely	4 Most Likely	RII
1	Poverty	0	0	65	65	0.996
2	Excessive love for money/greed	0	0	63	63	0.989
3	Politics in award of contract/God fatherism	0	2	63	63	0.981
4	Professional indiscipline/un ethical behaviour	0	0	61	61	0.981
5	Profit maximization by Contractors	0	3	61	61	0.969
6	Quackery	0	3	60	60	0.966

Table 2a: Causes of Corruption in Nigerian Construction Industry

S/N	CAUSES	1 Most Unlikely	2 Unlikely	3 Likely	4 Most Likely	RII
7	Fall-out of endemic societal corruption	0	6	58		0.947
8	Favouritism	0	5	55		0.939
9	Under pay most of Consultancy fees	8	8	50		0.848
10	Insecurity of job	14	2	50		0.826
11	Lack of transparency	10	10	45		0.807
12	High cost of obtaining redress in court of law	9	21	30		0.716

### FINDINGS

Findings from this study showed that corruptions in Nigerian Construction Industry are caused by: poverty level, excessive love for money/greed, politics in award of contract/God-fatherism, professional indiscipline, profit maximization by Contractors, quackery, fall-out of endemic societal corruption and favouritism

### DISCUSSION

One of the causes of corruption according to findings of this study is the poverty level of the populace; and this is in agreement with the UNDP (1997) which reveal Nigeria's poor salary, relative to other countries in the region. According to Odusola (2004), in 1998 Nigeria's lowest salary was about \$228 per annum against Namibia's \$4,411 and South Africa's \$4964. the highest salary in Nigeria was \$9,138 against Namibia's \$50483, South Africa's \$60273. In Nigeria award of, and payment for, contract (several millions) will bureaucratically pass through the poorly paid Civil Servants. Such processes and circumstances usually pave way for corruption (i.e civil servants taking their illegal shows). According to Ikpefan (2008) an average Nigerian earning \$260 a year is less well-off than two decades ago because less than one percent of the population own over 60% of the nation's wealth. Over 50% of the wealth is however kept overseas leaving Nigeria's economic comatose. As a result of mismanagement and relentless assault on the public till date, Nigeria's GDP per capital plummeted from \$1010 in the early 1980s to less than \$300 in 2006 (CBN Statistical Bulletin, 2007).

About 70% of Nigerians survive barely on an income that is less than one dollar per day. (Editorial, Nigerian Tribune, November 14, 2003). With all

these it is pertinent for the governments in Nigeria to pay living wages for the Civil Servants so that corruption can be minimized.

Other causes of corruption are as discovered in this study are politics in award of contract/God fatherism and excessive love for money/greed, and are in consonance with Arowolo (2008) who listed the two causes among others as factors that engender corrupt practices in Nigeria.

Another cause of corruption in the construction industry according to what this study reveals is fall-out of endemic societal corruption – this is in agreement with Adebayo (2008) who is of the opinion that corruption is also an outcome of the country's legal, economic, cultural and political institutions. Profit maximization by Contractors is one of the reasons for corruption in Nigerian Construction Industry and agrees with Ayodele (2010) who opined that Contractor for one reason or the other tend to maximize profit for selfish reasons.

Another cause of corruption in the construction industry is quackery. Quacks thrive in the construction industry of Nigeria, and their main reason is to make huge money from contracts and do not bother whether such contracts are well executed – they bribe their way up the ladder to be paid for the job either not executed or poorly executed.

### RECOMMENDATION

To stem down the high tide of corruption in Nigerian construction industry its identified causes should be tackled. Governments of Nigeria (Federal and States) should approve a wage that will make the Civil Servants to live conveniently. In doing this the governments should look into the salaries and wages of other countries of the world. Contractors and public servants should be well counseled to be contented with what they have. To avoid God fatherism in the award of contract, contract procedures should follow due process as outlined in the public procurement Act put in place by Federal Government of Nigeria (2007). The construction professionals in practice should be closely monitored by their respective professional bodies and any erring professional be brought to book. To avoid profit maximization by Contractors, the supervising professionals should do their job well not taking bribe and cause the contractors to do away with sub-standard materials and workmanship. To kick out quacks in execution of construction projects prospective clients should make use of construction professional from inception to completion of their project development.

### CONCLUSION

Corruption in the construction industry of Nigeria is caused by poverty, greed, god-fatherism in contract

award, unethical behaviour of professionals, profit maximization by contractors, quackery and fall-out of endemic societal corruption.

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