

Impact of Corruption on Public Procurement Processes in Nigeria's Public Sector Organisations

¹Edet Wofai Mbang, & ²Mbang Mercy Ibiang

¹Department of Accounting, Faculty of Management Sciences, University of Port Harcourt, Rivers State
davidwofai@gmail.com

²Department of Accounting, Faculty of Management Sciences, University of Port Harcourt, Rivers State
mbangmercy8@gmail.com

Abstract

The study investigated the impact of corruption on public procurement processes in Nigeria's public sector organisations. The study was anchored on the agency theory and adopted the survey and descriptive research designs. Employees in the Audit, Accounts and Procurement divisions of federal ministries, departments, and agencies (MDAs) in the Federal Capital Territory, Abuja, made up the study's population. Data was collected from primary sources through the use of a structured questionnaire and analysed through descriptive and inferential statistics. Findings of the study revealed that corruption is a significant obstacle to effective public procurement in Nigeria's public sector, with respondents agreeing that it leads to poor quality infrastructure and is prevalent in the tendering process. The study concluded that corruption has a significant negative impact on public procurement processes in Nigeria and recommended amongst others the need to enhance transparency through the implementation of e-procurement systems and open contracting frameworks.

Keywords: Corruption; Procurement; Public Sector Organisations; Ministries, department and Agencies.

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I. Introduction

The scourge of corruption has long plagued Nigeria, hindering its economic growth and development (Transparency International, 2022). One area where corruption has been particularly pervasive is in public procurement, where the government's purchasing power is often exploited for personal gain (Adewole, 2014). Public procurement accounts for a significant portion of Nigeria's GDP, with estimates suggesting that over 70% of government expenditure is spent on procurement (World Bank, 2020). However, the lack of transparency and accountability in the procurement process has led to widespread corruption, resulting in significant financial losses for the government (Organisation for Economic Cooperation and Development (OECD), 2018).

The Public Procurement Act of 2007 was enacted to promote transparency and accountability in public procurement, but its implementation has been hampered by weak institutional capacity and inadequate enforcement mechanisms (ICPC, 2019). As a result, corruption remains a major challenge in Nigeria's public procurement system, with cases of bribery, embezzlement, and contract inflation prevalent (EFCC, 2020). The consequences of corruption in public procurement are far-reaching, leading to poor quality infrastructure, inflated costs, and a lack of access to essential public services (Adebayo, 2016).

Corruption in public procurement remains a significant challenge in Nigeria, with the country losing an estimated \$18 billion annually to financial crimes and corruption stemming from procurement processes (Egbooh, 2024; CSEA, 2024). The Economic and Financial Crimes Commission (EFCC) revealed that Nigerian taxpayers lost N2.9 trillion between 2018 and 2020 due to contract and procurement fraud alone (Olukoyede, 2023). This pervasive corruption undermines transparency and accountability, inflates costs, and leads to poor-quality infrastructure. The motivation for researching public procurement and corruption in Nigeria stems from the need to address these systemic issues and promote good governance (Afolabi et al., 2022; Igwe et al., 2021). The lack of effective whistleblower protection mechanisms and limited public access to procurement information further exacerbate the problem.

This study holds significant implications for promoting transparency, accountability, and good governance in the country's public sector. By examining the current state of public procurement and identifying strategies to address corruption, the study's findings can inform policy reforms and institutional strengthening efforts, ultimately contributing to more efficient use of public resources, improved infrastructure, and better delivery of public services. This study therefore seeks to examine the impact of corruption on public procurement in Nigeria's public sector organisations, with a view to identifying strategies for promoting transparency and accountability in the procurement process.

II. Literature Review and Hypothesis Development.

Public Procurement

Public procurement refers to the process by which governments acquire goods, services, and works from the private sector to meet public needs. It is a critical component of government operations, accounting for a significant portion of national expenditure, often around 70% in many African countries, including Nigeria (Egboboh, 2024). The Nigerian Public Procurement Act of 2007 provides a framework for transparency, accountability, and competitiveness in public procurement, establishing the Bureau of Public Procurement (BPP) as the regulatory body. Effective public procurement ensures value for money, promotes economic development, and supports good governance. However, it remains vulnerable to corruption and inefficiency, highlighting the need for robust transparency and accountability mechanisms, such as e-procurement systems and open contracting data standards.

Corruption

Corruption is a complex and multifaceted phenomenon that has plagued Nigeria since its independence in 1960. It is a cancer that has eaten deep into the fabric of the country's governance, economy, and society, undermining the rule of law, eroding trust in institutions, and depriving citizens of their basic rights and entitlements (Igwe et al., 2021). Corruption in Nigeria takes many forms, including bribery, embezzlement, extortion, and money laundering, among others. The country's corruption landscape is characterized by grand corruption, where high-ranking officials and politicians embezzle large sums of money, and petty corruption, where low-level officials demand bribes for services that are supposed to be provided free or at a low cost (Transparency International, 2022).

In Nigeria, corruption is deeply entrenched and pervasive, affecting all sectors of the economy, including public procurement, education, healthcare, and the judiciary. The country's oil-rich economy has created opportunities for corruption, with oil revenues often being mismanaged or siphoned off by corrupt officials. The lack of transparency and accountability in the management of oil revenues has contributed to Nigeria's corruption woes, with the country losing billions of dollars to corruption and mismanagement. The Nigerian government has made efforts to combat corruption, including the establishment of anti-corruption agencies such as the Economic and Financial Crimes Commission (EFCC), Nigerian Financial Intelligence Unit (NFIU) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC). However, these efforts have been hampered by weak institutions, inadequate funding, and political interference.

Corruption and Public Procurement Processes

The empirical relationship between corruption and procurement processes in Nigeria has been extensively studied, revealing a significant and pervasive impact of corruption on the country's procurement landscape. Studies have consistently shown that corruption is a major obstacle to effective procurement in Nigeria, leading to inflated costs, poor quality goods and services, and a lack of transparency and accountability (Adebayo, 2016; Okafor & Nwankwo, 2022). Research has identified several factors that contribute to corruption in Nigerian procurement processes, including inadequate regulatory frameworks, weak institutional capacity, and a lack of transparency and accountability (OECD, 2018). A study by the World Bank (2020) found that corruption in procurement is often facilitated by collusion between government officials and contractors, leading to the award of contracts to unqualified bidders and the manipulation of tendering processes.

Empirical evidence suggests that corruption in procurement has significant economic and social implications for Nigeria. A study by the Nigerian Institute of Social and Economic Research (NISER, 2019) found that corruption in procurement leads to a loss of approximately 20-30% of government revenue, which could be used to fund critical development projects. Another study by the Centre for the Study of the Economies of Africa (CSEA, 2020) found that corruption in procurement undermines the quality of infrastructure and services, perpetuating poverty and inequality.

Prior studies have also examined the impact of anti-corruption initiatives on procurement processes in Nigeria. A study by the Independent Corrupt Practices and Other Related Offences Commission (ICPC, 2019) found that the implementation of e-procurement systems has reduced corruption in procurement by increasing transparency and accountability. Another study by the Economic and Financial Crimes Commission (EFCC, 2020) found that the prosecution of corruption cases has led to a significant reduction in corruption in procurement. However, despite these efforts, corruption remains a significant challenge in Nigerian procurement processes. A study by Transparency International (2022) found that Nigeria's public procurement system is still highly corrupt, with

70% of respondents reporting that they had paid a bribe to access public services. The study also found that the most corrupt sectors are the police, judiciary, and public procurement.

The literature suggests that addressing corruption in procurement requires a multifaceted approach that includes strengthening regulatory frameworks, enhancing transparency and accountability, and promoting a culture of integrity (Afolabi et al., 2022). The Nigerian government has taken steps to address corruption in procurement, including the establishment of the Bureau of Public Procurement (BPP) and the implementation of e-procurement systems. However, more needs to be done to address the scale and complexity of corruption in procurement and ensure that public resources are used effectively and efficiently.

Theoretical Framework: The Agency Theory

Agency theory, also known as principal-agent theory, is a framework used to analyze relationships where one party (the principal) delegates authority to another (the agent) to act on their behalf. In the context of public procurement in Nigeria, the principal is the government or the public, and the agent is the government official responsible for managing procurement processes. Agency theory posits that agents may exploit their position for personal gain, leading to corruption and inefficiencies. This theory is relevant to the study of corruption in Nigeria's public procurement as it helps explain how government officials may engage in corrupt practices, such as awarding contracts to favoured bidders or inflating contract prices, for personal benefit.

Agency theory can be applied to this study by examining the relationships between government officials (agents) and the public (principal) in Nigeria's procurement processes. It can help identify how institutional weaknesses and lack of accountability enable agents to engage in corrupt activities. The theory suggests that mechanisms such as transparency, accountability, and oversight can help mitigate agency problems and reduce corruption. By applying agency theory, this study seeks to analyze the incentives and constraints faced by government officials in procurement processes and identify strategies to align their interests with those of the public, ultimately reducing corruption and improving procurement outcomes in Nigeria

III. Methodology

Design and Data

Both survey and descriptive research designs are used in the study. All employees in the audit, accounts and procurement divisions of federal ministries, departments, and agencies (MDAs) in the Federal Capital Territory, Abuja, comprise the study's population. Six employees from each of the 30 MDAs made up the sample size of 180 respondents, which was determined by selecting the personnel of 30 MDAs. Purposive sampling was used to choose the staff of these MDAs, which included three employees from the Audit & Accounts and three from the Procurement departments. The study's aims necessitated the administration of a questionnaire, which is why it primarily relies on primary sources of data. The questions were developed using a closed-ended format using a five-point Likert scale, which ranges from strongly agree to strongly disagree. The study used descriptive statistics to analyse the data collected.

IV. Results and Discussion

A total of 180 questionnaires were distributed, with 153 returned and used for analysis, representing an 85% response rate. The respondents comprised 82 males (53.59%) and 71 females (46.41%). The age distribution was: 48 (31.37%) between 20-29 years, 74 (48.37%) between 30-39 years, 23 (15.03%) between 40-49 years, and 8 (5.23%) above 50 years. Regarding marital status, 52 (33.99%) were single, 91 (59.48%) married, 5 (3.27%) divorced, 2 (1.30%) widowed, and 3 (1.96%) separated. In terms of education, 50 (32.68%) held a Diploma/NCE, 72 (47.06%) a Bachelor's degree, and 31 (20.26%) a Postgraduate degree. The respondents' work experience was: 27 (17.65%) below 10 years, 68 (44.44%) between 10-19 years, 45 (29.41%) between 20-29 years, and 13 (8.50%) above 30 years.

In the following section, the data generated from the responses elicited from the respondents are analysed, and the result is discussed subsequently.

Table 1 Responses on impact of corruption on public procurement processes

No.	Item	Students' Mean	SD	Decision
1	To what extent do you agree that corruption is a major obstacle to effective public procurement in Nigeria?	3.34	0.73863	Agree
2	Corruption often occurs in the tendering process for public procurement contracts in Nigeria?	3.41	0.68973	Agree
3	To what extent do you agree that the Nigerian government's anti-corruption efforts are effective in reducing corruption in public procurement?	2.34	0.95086	Disagree
4	Transparency is lacking in the public procurement process in Nigeria?	4.67	0.47281	Agree
5	To what extent do you agree that corruption in public procurement leads to poor quality infrastructure in Nigeria?	4.93	0.47068	Agree
	Grand mean (\bar{X})	3.74		Agree

* The acceptance mean point for the items was 3.00, any mean (\bar{X}) that is 3.00 and above is agreed indicating a positive effect. Below 3.00 is disagreed which is regarded as a negative effect.

Source: Field Work (2026).

The results presented in Table 1 reveal a concerning picture of corruption in Nigeria's public procurement processes. The respondents overwhelmingly agree that corruption is a major obstacle to effective public procurement, with a mean score of 3.34. This finding is consistent with previous studies, such as Adebayo (2016), which highlighted the pervasive nature of corruption in Nigeria's procurement processes. Similarly, Adewole (2014) found that corruption was a significant challenge to effective procurement in Nigeria, leading to inflated costs and poor quality goods and services. The respondents also agree that corruption often occurs in the tendering process, with a mean score of 3.41. This finding is in line with the study by Akogwu et al. (2023), which noted that corruption in tendering processes is a common phenomenon in Nigeria. The lack of transparency in the procurement process is a major concern, with a mean score of 4.67. This is consistent with the findings of Transparency International (2022), which ranked Nigeria low in terms of transparency and accountability in public procurement. Interestingly, the respondents disagree that the Nigerian government's anti-corruption efforts are effective, with a mean score of 2.34. This finding agrees with the study by Okafor and Nwankwo (2022), which suggested that the government's anti-corruption efforts have been ineffective in reducing corruption in Nigeria. The respondents strongly agree that corruption in public procurement leads to poor quality infrastructure, with a mean score of 4.93. This finding is consistent with the study by Ladi et al. (2025), which noted that corruption in procurement processes undermines the quality of infrastructure in Nigeria. The grand mean score of 3.74 indicates a strong agreement among respondents that corruption has a significant impact on public procurement processes in Nigeria. Overall, the results suggest that corruption is a pervasive issue in Nigeria's public procurement processes, and that it has significant consequences for the quality of infrastructure and governance.

V. Conclusion and Recommendations

The study investigated the impact of corruption on public procurement processes in Nigeria's public sector organisations. The study reveals that corruption is a significant obstacle to effective public procurement in Nigeria's public sector, with respondents agreeing that it leads to poor quality infrastructure and is prevalent in the tendering process. The lack of transparency in procurement processes is also a major concern. The study concludes that corruption has a significant negative impact on public procurement processes in Nigeria.

To address corruption in Nigeria's public procurement, it is essential to enhance transparency through the implementation of e-procurement systems and open contracting frameworks, strengthen anti-corruption agencies like EFCC, NFIU and ICPC by providing adequate funding and independence, and promote accountability by establishing mechanisms for citizens to track procurement processes and outcomes. By implementing these measures, corruption can be reduced, and the quality of public procurement in Nigeria can be improved, ultimately leading to better infrastructure and services for citizens.

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