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THE NEXUS BETWEEN FINANCIAL INSECURITY, CORUPTION AND FISCAL POLICY AS A CONTROL MECHANISM IN DEVELOPING ECONOMY

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Abstract
This study examined the nexus between financial insecurity, corruptions and fiscal policy control with a view to reduce cases of serious economic and social vices - kidnapping, rituals for money, armed robbery, payroll frauds and other related insecurity issues that has been a burden to government in developing nations. Both primary and secondary data were collected and analyzed with Simple regression statistics and correlation analysis using version 23 of the Statistical Package for Social Sciences (SPSS). A sample of five hundred and forty respondents (540) comprises of public officers in the Federal and state Ministry of Finance with special attention to records of payroll corruption of various categories were selected for the analysis. The analysis showed that the satisfaction level in respect of financial and social status of the masses has a significant effect as causal factors (Imputed causes ($t = 4.23$), $p>0.05$ with a beta factor of 0.244, this showed cumulated financial insecurity activities of (74%) of the variance in corruption and fiscal policy controls as a major control mechanism. Also, imputed causes of financial insecurity to implicit causes in developing nations has a significant positive effect with imputed causes of ($t = -3.041$), $p<0.005$ with a beta factor of 0.254. this explains the dissatisfaction level of masses towards continuation in a state of financial insecurity as explained by 25% of the variance in the corruption level. This indicates that the satisfactory level of financial policies in developing country explains 65.7% of the variance in the financial status the result of the analysis of variance (ANOVA) shows the reported f- value of (22.86) which is significant of the degree of freedom of (29.06) $p < 0.005$. Based on the result, it could be deduced that the satisfaction level of different stakeholder group is enhanced by the cumulated fiscal policies directed to control corruption without neglecting the root cause factors which is financial insecurity hence there should be a shift in the focus of policy formulators towards achieving financial securing of the masses to reduce to minimum all other forms of insecurities in the developing economy.
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Key words: ***Financial insecurity, corruption, fiscal policy, financial control, life security, social security.***

INTRODUCTION

Generally, financial insecurity is a perceived condition of financial lack and inability of an individual from meeting up with essential obligations. It is the state of self- condemnation in relation to economic- worth, a problem of individual and society that often cumulated into economic and social crimes especially when it is surrounded with feeling of uncertainty and lack of confidence in meeting present and future economic obligations. It is a state of diffidence and unassertiveness about economic situation of an individual, community and the society at large. It has a serious effect on individual thinking and disposition especially where the structure of the economy and governance permeate illicitness to the extent that there is no clear guarantees for future financial safety and economic status of larger proportion of the masses in an economy.

Corruption can succinctly be described as lack of integrity or honesty in the use of a position of trust for dishonest gain and control of public funds under ones jurisdiction be it in public or private establishments. It is a form of economic and financial crimes against the masses and as such endangering the future of the citizenry.

In developed countries especially USA, immediately you clock fifty five years of age, you are automatically registered and become a senior citizen and as soon as you turned sixty two years of age, you are entitled and enlisted for social security benefits. It is directly embedded in the policy of government hence the citizens are confident of future since there are provisions on the part of government. This social security benefit and those included in the fiscal policies for old, under age and physical challenged give confidence and hope to citizens of the country and it is a major intrinsic check and control to public fund looting hence looting and any form of corruptions are at its barest minimum in such country. With this in the mind of any citizen, there is no sense to

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amass illicit wealth to yourself since there is securities for your future needs as provided in the fiscal policy of the government

On the contrary, in developing nations no future provision of any form but corruption and its associated acts are all over the places especially in Nigeria with anti -corruption ACTS – EFCC and series of other efforts on the part of government to recover already stolen money from big class looters who had stolen through one position or the other held in the past and amass illicit wealth to themselves. Hardly can you find any wealthy man whose source of wealth does not have a link traceability to public purse at one point or the other when such is in position of authority and in official capacity. Making wealth through illicit acts when in public office is called public corruption which is what Nigeria government is fighting presently. The fact remains that corruption cannot be fought with insensitive policy of adequate financial security of citizenry and it is only when the root cause of corruption is tackled adequately that developing nations will be free from acts of dishonesty, bribery, killing human being for rituals, treasury looting and all forms of public funds lootings.

The question that beg for answer is can a Nation be spending millions of taxpayers' money to chase the looted resources in an economy without making provisions for financial, social and life security for its citizenry and expect corruption to stop? can the root - cause of corruption called financial insecurity be addressed in the fiscal policy? Addressing cases of financial insecurity of masses which is the root-cause of all other forms of insecurities and corruptions are due for adequate attention of scholars and policy formulators in developing economy hence this study.

OBJECTIVES

The main objective of this study is to ameliorate the resulting anxiety, vulnerability, perilous danger and lack of protection or defense of any form from the government due to insensitive fiscal policies towards the critical needs of the masses which had been identified as the major cause of corruptive acts in developing economy. It also highlight factor responsible for perpetration of one evil acts or the other whereas in a democratically controlled institutions, the prerogative responsibility of government to protect the interest of the public to develop internal mechanisms to fight active or passive corruption and get its citizenry equipped against financial insecurity. Among evil acts that troubles smooth-running of government at any level includes insecurity of life, property, social and economic vices, they are often identified and provided for in the fiscal policy of government on yearly basis but they are nebulous at the implementation stage hence the recurrences of major corruptive acts.

METHODOLOGY

Data were collected from randomly selected average income earners across the six Geo - political zone of Nigeria – a developing Nation of over 200 Million citizen, of work force average of 55.1% from 1990 - 2019. Six hundred questionnaires were distributed, one hundred in each of the six zones and five hundred and forty were retrieved (84%) for analysis through questionnaire administered on the relationship between financial insecurity of the masses, corruptive practices and fiscal policies as a control mechanism in Nigeria.

RESULTS AND DISCUSSION

The result of the analysis showed that impunity culture and lack of transparence on financial transaction of government were the direct causes of financial insecurity of masses while implicit factors were the cause of corruption in the public institutions in developing countries. Thus. the effects of the imputed causes is certainly the financial insecurity of the masses which invariably prompt crimes and social vices of all forms - corruptive acts and the control mechanisms as fiscal policies directed towards future financial and social welfares of the masses in the economy is also the cause of lack of confidence about future as there is no specific provision that are channeled for this purpose. Operations of government as a legalized policy maker to address the modus operandi of adequate financial security and monitoring by necessary regulatory authorities of the country becomes imperative since it has been established that any form of corruption and other insecurities – life, social and the rest are as a result of lack of confidence in future due to financial insecurity which is a constant phenomenon in developing Nations. In developing Nations where the average per capital income is very low and where the financial regulating policies does not sufficiently protect the masses from the neck twisting financial hardships, corruptive act becomes a fabrics of the society. Ideally, using axiom of financial security to curb other forms of insecurity will hold for every sects of the economy since it works in developed nations.

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Nigeria, a developing country that possess key indices for greatness such as sixty years of independence, population of average of two hundred millions, large proportion of agriculture friendly land, sound human capital, mineral resources and crude oil but with insurgency, killing for rituals, looting public fund, life insecurity and unfriendly fiscal policy towards ensuring future financial security of the masses is yet to find her feet among the comity of nations as corruption becomes a major cause of conflicts and insecurity posing challenges to development of the country.

Imputed Causes of Financial Insecurity: In Nigeria, the. Economic and Financial Crime Commission has exposed the extent to which public office holders had siphoned and loot public treasury due to the fact that the constitution of the land bestowed official immunity on political power holders to have power/ capacity to use public monies and resources entrusted to them at one time or the other. Many public fund looters are already in the book in Nigeria while the minor corruptive acts are still lingering all over the places which will be practically impossible to stop except when the root-cause (financial insecurity of the masses) is given priority in the fiscal policy of developing nations.

A combination of Prebendal theory and Frustration-Aggression theory helped our understanding of the issue of conflict in financial insecurity. Theory of Prebendalism refers to primitive acquisition of wealth through affluence or position held by few individuals credited to Joseph Richard who depicts the politics of corruption as where members of an ethnic group in the society compensate themselves with taxpayers resources when an individual from the group comes into power or where; "state offices are regarded as prebends that can be appropriated by the office holders (Joseph 1996). This patron client or identity politics has encouraged corruption in most country to the extent that appointments, promotions, admissions, award of contracts among others are believed to be reserved for the affluence instead of basing it on merit without bias. In reaction to this, frustration-aggression theory come into place. It stipulates that aggression is the result of frustration caused by the acts of the few affluence ones in the society which often results to an individual trying to attain their goals at all cost by all means which in the face of the law of the land is seen and called corruption. Accordingly, insecurity is the product of aggressive behaviour which results from issues such as poverty, stiff financial suffering, and unemployment among others caused by the selfish action of the former few.

Typology of Corruption

Corruption is a form of dishonesty or criminal offense undertaken by a person or organization. It occurs at different levels ranging from seeking favors illegally - petty corruption to corruption that affects the public purse on a large scale - grand corruption. It could also be those that are prevalent as part of the everyday structure of society, including organized crime.

Public corruption includes corruption in the political process and that of government agencies such as the law enforcement agent - police as well as corruption in processes of allocating public funds for contracts and grants. Recent research by the World Bank suggests that who makes policy decisions (elected officials or bureaucrats) can be critical in determining the level of corruption in an economy.

Financial crime are perpetrated by persons or group who are entrusted with a position of authority, to acquire illicit benefit or abuse power for one's private gain. There are varieties of corruption ranging from political corruption which occurs when an office-holder or other governmental employee acts in an official capacity for personal gain. It is common in society where economic structure and governance is placed on flamboyance, illicit wealth and Mafia's of any form. Corruption and crime are endemic sociological occurrences which appear with regular frequency in virtually all countries on a global scale in varying degree and proportion. It is clear that adequate provisions are made in developed countries for the masses hence individual nations allocate domestic resources for the control and regulation of corruption and crime via adequate provision of financial security.

Petty corruption occurs at a smaller scale and takes place at the implementation end of government policies when public officials meet the public to discharge their duty. For example, in many small places such as registration offices, police stations, state licensing boards and many other private and government sectors, bribe and extortion practices are common.

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

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countries with authoritarian or dictatorial governments but also in those without adequate policing on corruption. 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.

Systemic corruption/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 conflict, monopolistic power of transparency, low pay; and a culture of impunity.

Corruption Control Strategies

Strategies to control and counter corruption are often referred to as anti-corruption strategies A umber of indicators and tools have been developed which can measure different forms of corruption with increasing accuracy. Thus, establishing financial security is supported by government control and institution Model. In the government controlled model, a business or financial activity is more or less a government department with no private individuals having unguided control in the economy. The financial insecurity fall in between this model such that the establishment of various financial regulatory authorities such as Central Bank of Nigeria, Ministry of finance, Economic and Financial crime Commission, Security and Exchange Commission having legitimate responsibility for regulating, protecting and enhancing financial well -being of the citizenry.

Data Analysis and Findings

The relationship between financial insecurity and corruption control is the core focus of this study and as such the consequence of various habits that are constituents of corruption that are product of financial insecurity of the masses were analyzed with inferential statistics. Political office influenced corruption which is the abuse of public office, culture of impunity, lack of transparency, low pay and self- indulged acts that constitute social vices are grouped into two categories. Data were collected from randomly selected average income earners across the six Geo - political zone of Nigeria – a developing Nation of over 200 Million citizen, of work force average of 55.1% from 1990 - 2019. Six hundred questionnaires were distributed, one hundred in each of the six zones and five hundred and forty were retrieved (84%) for analysis on the relationship between financial insecurity of the masses, corruptive practices and fiscal policies as a control mechanism in Nigeria.

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CONCLUSION

The study concludes that the major causes of corruption is financial insecurity in developing countries and that the recorded financial cum social crimes are the product of bad fiscal policies that undermined social welfare of the masses that is not adequately guaranteed by fiscal policies in the developing nations economy especially when compared with that of developed nations with low rate of social and financial crimes. Thus, the study revealed that Financial insecurity is directly related to corruption cases and that it has not been adequately captured by fiscal policies at any rate. Corruption - a menace that most administration in Nigeria had been fighting with no remarkable success need to be approached from the root cause to be able to reduce to barest minimum cases of life insecurity,, kidnapping, bribery, extortion, cronyisms, parochial padding graft and embezzlement proactively.

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