Analysis of Inhibiting Intrigues of Budget Implementation and Economic Performance in Nigeria (1999-2018)

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Abstract: **- Budget has gained prominent importance to government and nations as it entails quantitative projected financial plan for the various levels of government. Thus, the need of government in attaining set national objectives give rise to the formulation and formalization of budget. This study examined the inhibiting intrigues of budget implementation on economic performance in Nigeria. The study employs the use of secondary source of data obtained from National Bureau of Statistics (NBS) Fact File 2018, and subjected them to ADF stationarity and Johansson co-integration tests. The study parameters and outlined hypotheses were determined and tested using t-statistics outcome in the error correction mechanism (ECM). The study found that a unit reduction in government capital expenditure and government recurrent expenditure will decline Nigerian economic performance by 19% and 40% respectively. This equally indicated that there is a significant effect of budget implementation determinants on economic performance in Nigeria within the study span. The constrained recommendations of the study includes: Government of the Federal Republic of Nigeria to as matter of urgency to imbibe the culture regardless of region and religion differences to implement 95% of her capital and recurrent expenditure in the annual budget to achieve all round sectorial increase in economic performance and for government not to consider recurrent expenditure implementation as basis for immediate respite but rather on long term integration and development of the country.**

Keywords: **Budget implementation, capital and recurrent expenditure, economic performance.**

I. INTRODUCTION

Budget has gained prominent importance to government and nations as it entails quantitative projected financial plan for the various levels of government. Budget was derived originally from a French word "bourgettees" in the 1300's. Thus, the need of government in attaining set national objectives give rise to the formulation and formalization of budget. It is a short-term planning tool used by government to tackle issues that bothers on economic performance. On the other hand, budget is considered as a tool of governance in any modern state and may potentially aid planning to contribute towards enhancing an economy.

Budget of the federal republic of Nigeria expressed in monetary terms, government expenditure and its anticipated revenue. Whose revenue source is 95% derived from proceeds of crude oil. Ogujiuba and Ehigiamusoe (2013) states that national budget is an important tool for government economic policy that reflects its priorities. It is regarded as an indispensable tool capable of inducing economic growth and development (Olaoye Festus,2016).

One of the pivotal tools for fiscal policy is budget. This assertion was further reaffirmed by Ohanele (2010) who posited that budget system that is implemented without bias is crucial for formulation and sustainability of fiscal policy and the facilitation of economic performance. This is not withstanding that an effective budget implementation lies within the cordial and mutual understanding of various arms of government, specifically the executive arm of government.

Nigeria as a nation is rich both in human and natural resources but vast majority of her citizens are living below one dollar per day. This evidenced that Nigeria is yet to transform her richness of both human and natural resources to economic development. Thus, the vast majority of Nigerians still suffers in the midst of her enormous resources. This continued demoralizing condition of affairs in the country may be attributed to the fact that economic developmental strides fails to yield positive outcomes. Thus, initiation of sound economic policies are been thwarted by implementation and at best stunts economic performance.

Ogujiuba and Ehigiamusoe (2013), stated that budget is expected to be the most important economic policy tool but it is engulf with a lot of myths and illusions which yet to contribute to increase economic performance in the country. It is therefore pertinent to stress that, inherent problems in budgeting process remains questionable in Nigeria both in the areas of preparation and implementation, hence, the need for adequate control aimed at improving budget implementation in Nigeria cannot be over emphasized.

Projected expenditure of government and its anticipated revenue utilization tends to increase economic performance which is measured by Real Gross Domestic Product (RGDP) of a country. Fluctuations of Real Gross Domestic product of a country to large extent hung on her capital expenditure and recurrent expenditure for an improved economic infrastructure (Faloyin and Famoloya, 2015).

Government fiscal policies that are properly structured with good measures for implementation both on capital and recurrent spending is as matter of urgent for Nigeria as the most populous economy in Africa. It must be stressed that one of the indices for rating a country among either developed or developing country is how her resources are effectively and efficiently utilized to stimulate her economic performance.

Momoh, (2017) observed that in many developed nations of the world, planned government expenditure as contained in their annual budget are rigorous with strict implementation of such budget has impacted tremendously in reducing disparities of exchange rate, poverty alleviation, employment generation, increase in creation of infrastructure for economic growth in the area of communication, transportation and increases production of goods and services.

Budget implementations in Nigeria as continue to make waves since consistent succession of different democratic leaders in the elms of affairs from 1999 to 2018. The place of increased economic performance is questioned by all and sundry (public servants, civil servants, foreigners, shareholders, managers, debtors and creditors alike). It is imperative therefore, to empirically examine the inhibiting intrigues of budget implementation on economic performance in Nigeria within the given span. However, the target objectives of the study are:

- To investigate and ascertain the effect of government capital expenditure on real gross domestic product in Nigeria within the span range of study.
- To investigate and ascertain the effect of government recurrent expenditure on real gross domestic product in Nigeria within the span range of study.

This study tends to bridge an identified knowledge gap of using the two measure components of budget of the federal republic of Nigeria (capital expenditure and recurrent expenditure) as structured determinants and their resultant effect on real gross domestic products in Nigeria from 1999-2018 which other scholars have lopsided. This will illuminate readers to expand their scope of existing knowledge on budget implementation intrigues on economic performance in Nigeria.

The rest of this study will reflect: Review of literatures, employed research methodology, data analysis, summary, concluding remarks and recommendations.

II. REVIEW OF LITERATURES

Conceptualized Frame Work

The Evolution of Budget: The evolution of budget is traced to the protest of the final taxpayers in England to determine the anticipated revenue and the estimated expenditure of the English King. Thus, in 1213, King John I of England assembled basically four (4) knights in each country to constructively deliberate on the issue of taxation. These knights from each country represent the first final taxpayers that created strong ties with the council of the King.

This mark the first time final taxpayers were seek for options directly in the anticipated revenue and indirectly on the estimated expenditure decisions of the great King. The final taxpayers became the nucleus body of the House of Commons in England.

However, record in respect to modern budget occurred in 1353 when the king of England was granted subsidy mainly for war execution. In 1385, parliament also approved to Richard II fifteen percent (15%) of the total proceeds on wool, while in 1405, Henry IV was granted tonnage and poundage by the final taxpayers.

Subsequent other Kings were compelled to present estimates of their needs to the English House of Commons. In 1800, these estimates started to be printed and published. In 1847, the selected committee on miscellaneous expenditure of the House of Commons recommended that the votes for civil establishment at home and abroad be arranged under the head of civil estimates and presented separately to the House. Hence forth, each Government departments (Ministries) started estimating its own needs with greater details and accuracy.

During the nineteenth (19th) century, an interesting phenomenon occurred. The tax riot as a characteristic form of political expression died out. Its demise may be associated with a rising standard of living and less generous forms of taxation but it is also reasonable to associate it with therise of representative government and specifically, with the development of national budgetary processes.

The Concept of Modern Budgeting

The consolidated funding in Britain notably marks existence of modern budgeting. The first budget in Europe was prorogated in France with the restoration of the monarchy after Napoleonic wars (Bruguiere 1969). The then minister of finance, Baron Louis announced a complete break with previous financial disorder, expediency and corruption, stated and we quote. *We are going to present the most exact evaluation of our needs possible, the sum necessary to operate the Ministerial departments. Then, we shall offer a proposal of the ways and means of meeting them. Each ministry is guaranteed the regular employment of funds put at its disposal. These funds are in the most rigorous proportion possible to its needs for the services performed. If c1assifications are necessary, each minister has to place before you all the elements necessary for you to form your opinion* (Marion, 1927).

However, the term budgeting has been variously defined by different academies and scholars. The following are just few among many.

Paundy (1973) considered budgeting as an all-encompassing co-ordinated plan expressed in financial terms for the operations and resources of an enterprise for some specific period in the future. In like manner, Horgren (1973) defines budget as a quantitative expression of a plan of action to aid co-ordination and implementation.

Weston and Brigham (1959) expressed Budgeting as plan presentation and mechanism for control for management to acculturate. That is, they observed budgeting to be any financial plan serving as an estimate of control in predetermined operations.

A key factor identified differently in bid to define the concept is that budget is a quantitative expression of a plan be it public (government) or private organizations.

Importance of a Budget

The following are credited importance placed on budget.

- As a tool for Policy implementation and control: There is need for effective budgetary control for implemented policies to be successful.
- Budget serves as a means of measuring and monitoring performance: Output should always be measured against set targets and corrective action done timely.
- It is use to determine the total expenditure that is commensurate with the anticipated revenues.
- It provide basis for authorizing expenditure and collection of fees and charges.

Categories of Budget in Nigeria

Budget of the Federal Republic of Nigeria entails the government document presenting its anticipated revenues and expenditures for a financial year that is often passed by the legislature, approved by the commander in chief of the arm forces (president) and presented by the finance minister to the nation.

Samuel and Wilfred(2009) posited that budget is an essential tool in governance for economic policy implementation. In consonance to the above, one may state that the constitution of the federal republic of Nigeria tends to be the only document that surpasses that of budget which managerial responsibilities lies solely on the executive and legislature. Categories of budget in this study are therefore specified as follows:

- *Zero Based Budget:* This is a budgetary process that requires all ministries, departments and agencies (MDAS) to justify its entire budget in detail. It is a category of budget in which all government expenditures must be justified for the new period.
- *Supplementary Budget:* This category of budget forecasts the budget of the next or coming year in respect to its anticipated revenues and expenditures. It is a type of budget drawn in aftermath of the original budget. This type of budget become unavoidable if it is noticed that the earlier amount appropriated to fund a purpose is not substantial enough to meet up expressed expenditure in that financial year.
- *Deficit Budget:* This type of budget is admonished when the anticipated revenue of government in its entirety indicates shortfalls to its projected expenditures. This condition portrays government more spending than realized income. This makes government to come up with measures of refinancing.
- *Surplus Budget:* This type of budget has over time expected to be perfected by government but however, prevented to be materialized by invisible forces of demand and supply. It occurs when the anticipated revenue actually exceeds its projected expenditure of a given a financial year.
- *Balanced Budget:* This type budget occurs when projected expenditure is set to be same level monetarily to its anticipated revenues. Thus, it's an unattainable point in budgetary process in Nigeria. It requires dedicated financial acumen with prudence to materialize.
- *Performance Budget:* This type of budget is prepared mainly by ministries, departments and agencies (MDAS) saddled with the responsibility of developmental activities which is circulated among legislative members. Performance budget present the main projects, programmes and activities of government in the light of specific objectives of previous year budget and achievements.

Inhibiting Intrigues of Budget Implementation

Onaolapo and Olaoye, (2014) stated pragmatically that one of the inhibiting intrigues of budget implementation in Nigeria is corruption. Corruption in this context is a social systematic vice that compromise individuals, societies or nations that reflects enrichment, nepotism tribalism, sectionalism, undue favoritism, misuse of power, position and derivation from undue gains and wealth. This is one of the setbacks of fruitful budgeting process. In bid to correct this abnormally, Nigeria government has established the Economic and Financial Crime Commission (EFCC) and their subsidiary, Independent Corrupt Practice Commission (ICPC) all to relatively reduce the financial its related cases perpetrated by civil servants, public servants and policians in the country.

Eze and Ani (1999) pinpointed Budget as a result oriented management tool. Its effectiveness will however depend on how these inhibiting intrigues are relatively curtail in relation to the various sectional budgets and the master budgets usually when plans are being formulated. Other inhibiting intrigues in Nigerian budget implementation are:

a) Fluctuating anticipated revenue and all reliance on oil proceeds as a source of revenue.

b) Unstable economic parameters such as inflation, unemployment, balance of payment etc.
c) Poor conception of people about budget.
d) Unstable government policies from one fiscal year to another.
e) Inadequate financing.
f) Lack of qualified personnel.
g) Lack of adequate data base management system.
h) Lack of effective budget monitoring i.e. the execution of the budget
i) Delay in approval of project proposal by ministries, departments and agencies (MDAS)

Economic Performance

The term economic performance is often used to described positive and sustained increase in aggregate goods and services produced in an economy within a given time period. Economic performance when determined wit with the population of a given country, then it can be stated in terms of per capita income according to which the aggregate production of goods and services in a given year is divided by the population of the country in the given period.

Economic performance can also be stated in nominal or in real terms. Hence, when the increase in the aggregate level of goods and services is deflated by the rate of inflation, we have the real economic performance, otherwise when measured without deflation is called nominal economic performance.

However, the concept of economic performance has not been quite easy to grasp and measure in real terms. This is so because often in literature of economics, some authors have variously differentiated economic performance from economic development. For such authors like Lewis (1978), the mere increase in the aggregate level of production of goods and services in an economy tells us nothing about the *quality of life* of a citizenry, given the threats of global pollution, abysmal lop-sided distribution of aggregate output and income, environmental degradation, prevalence of chronic and deadly disease, abject poverty and the absence of freedom and justice. For such authors, attention should be focused not merely on the increase in aggregate output and income but also on the total quality of standard of living and that there is yet no satisfactory measure of *quality of life* that can be applied to quantitative measure of aggregate output and income which would be acceptable to all and sundry that will stand the test of the time. However, this study will adopt the use of real gross domestic product (RGDP) as true quantitative measure for economic performance in Nigeria for the study empirical analysis.

The Study theoretical Frame Work

The theoretical foundation of this study is moored on the influence of budget implementation on economic performance, which is appropriate from goal setting theory and cognitive evaluation theory respectively.

The Theory of Goal Setting

Goal setting theory by Locke (1990) was developed inductively over twenty five (25) years intervals for industrial psychology carried out in 400 laboratory samples and field studies. Results of the studies reveal that adhering to set goals is a function of performance increase. Budget is a way of setting the nation's goals for a specific period of time specifically a year.

The prime axiom of goals results to increased performance than when people strive to the slogan of *do their best* (Locke 1990).The performance benefits of challenging specific goals have been demonstrated in hundreds of laboratory and field studies (Locke 1990).

By using budget as a direction and a standard tool which progress can be monitored will enable ministries, departments and agencies to guide and refine their performance. This has been argued literally by scholarly and practitioner that specified goals can boost motivation and performance by leading people to focus their attention on specific objectives increase their effort to exclusively persist in the face of setbacks and develop new strategies to goals attainment.

Budgets should be set and implemented in such a way that increase in performance achievements by ministries, departments and agencies will be applauded as a motivational factor to do mores in the fort year.

Theory of Cognitive Evaluation

This theory suggests that when looking at task, we evaluate it in terms of how well it meets over needs to feel competent and in control. If we think we will be able to complete the task, we will be intrinsically motivated to complete the task requiring no further external motivation, where a person has a stronger internal locus of control they will feel they are in control of how they behave where they have a stronger external locus of control they will believe the environment or others have a greater influence over what they do.

Budgets create a sense of responsibility for government in charge of ministries, departments and agencies. The feeling of being in control of the outcome of the results of the ministries, departments and agencies due to accomplishment of budget targets can be a source of motivation and thus improvement of performance.

Government may see external rewards as achieving some degree of control from them or may see the reward as informational such as where they reinforce feelings of competence and self-determination. When government is applauded for effective implementation of such budgets she will be motivated to do more but not by enhancing self-requested behavior.

This theory suggests that there are actually two motivation systems, intrinsic and extrinsic that corresponds to two kinds of motivators, intrinsic motivator includes achievements of responsibilities that come from the actual performance. On the other hand extrinsic motivators include pay, promotion, feedback, working conditions. These motivators are things that come from an environment and are controlled by others.

Budget achievement is thus a powerful intrinsic motivator as it creates a sense of personal achievements and responsibility meeting a budget target leads to personal satisfaction and will thus be a boost to economic performance.

The Study Empirical Review

Studies with empirical findings will be examined in respect to the studied phenomenon. The following are just few among the rest.

Otley (1978) empirically examine budget as a measure of managerial performance. His study was on a particular multifaceted organization with different production facilities producing similar goods and dispersed geographically within United Kingdom. However, each production unit is autonomous to the other. Analysis of each unit was done alongside respective managers that report directly to the overall manager for production of their units. The study found a positive relationship between budget and managers performance at individual levels.

Wamae (2008) investigated thoroughly budgeting on National social security fund with the objective of establishing bottle necks in the process of budgeting and its implementation for effectiveness. The study population constitute of top ranked senior offices saddled with budgeting responsibility in the agency. The study employed mainly primary data for analysis.

The study findings reveals that National social security fund is confronted with bottle necks in the process of budgeting which he specifies to include; non commitment of departmental heads in the budgeting process, as such results to ambitious budgets which makes the agency not attaining set objectives.

The study further recommends the need for all units in the agency to be involved in the timely preparation of budget with humane for positive results.

Similarly, Melek, (2007) empirically determine the impact of budget participation on organizational managerial performance. Five hundred (500) firms where randomly selected in Turkey for the study. The study preliminary findings contribute to existing body of literature by improving the understanding of budget participation and organizational managerial performance effect.

Empirical findings of the study show a positive significant impact of budget participation on organizational managerial performance. Further findings of study exert an increase in organizational managerial performance scores when budget participation increases more.

Amalokwu and Obiajulum (2008) present a paper on Budgetary and management control practices, using Guinness Nigeria plc as a case study. Primary data were sourced from a sample of fifty (50) respondents for analysis. Enhancing provision for commercial advantage among competitor to foster sustainability by prioritizing basic management functions, such as: Planning and forecasting, communication and coordination, motivational means as basis for evaluation and decision making were conclusion reached in the study.

Ambetsa(2004) carried out a survey on budgeting control practices by commercial airlines operating at Wilson Airport Nairobi. The study found factors affecting budgeting control practices by commercial airliners to include: Deficiency in budget evaluation, lack of adequate participation in the budgetary process, lip services support from the strategic management level. The study further concluded that airline operators frequently make budgets for planning with implementation strategies and use it as a yard stick to evaluate their business performance.

The reviewed empirical studies from country specific and cross country shows that budgetary practice is obviously embraced by all (public and private sectors) but the way and manner it's systematically implemented for positive difference is the bone of contention. This study therefore, hinged on empirically employing the two main components (capital expenditure and recurrent expenditure) identified in the budget of the federal government of Nigeria as determinants of her economic performance proxy as real gross domestic product (RGDP) within the specified range.

III. METHODOLOGY OF THE STUDY

The study design adopted is that of "ex-post facto" that is a quasi-experimental method. This is suitable for the study because it examines how the control variables influence the controlled variable. A salient quality of ex-post facto design is the inability of the researcher to manipulate already existed data.

Hypotheses

In line with set objectives in this study the research hypotheses will be formulated in the null form as depicted below:

- **Ho_1:** Government capital expenditure does not have determined significant effect on real gross domestic product in Nigeria within the span range of study.
- **Ho_2:** Government recurrent expenditure does not have determined significant effect on real gross domestic product in Nigeria within the span range of study.

Data Required/Sources

Government capital expenditure (GCXE) and government recurrent expenditure (GRXE) as the control variables while real gross domestic product (RGDP) shall be employed as controlled variable (economic performance) within the span range of study. These variables will permit the empirical estimation and testing of the hypotheses outlined in the study.

Secondary source of data (time series) are employed for this study. The data were sourced from National Bureau of Statistics Fact File 2018.

Variables Justification

Real Gross Domestic Product (RGDP): This is a macroeconomic measure of the value of economic output adjusted for price changes (either for inflation or deflation). This adjustment transforms the money-value measure, which is the nominal value of gross domestic product (GDP), into an index for quantity of total output. Although a gross domestic product (GDP) is total output, it is primarily useful in this context because it closely approximates the total spending: the sum of consumer spending, investment made by industry, excess of exports over imports, and government spending. Due to inflation, gross domestic product (GDP) increases and does not actually reflect the true growth in an economy. That is why the gross domestic product (GDP) must be divided by the inflation rate (raised to the power of units of time in which the rate is measured) in order to ascertain growth of the real gross domestic product (RGDP).

Government Capital Expenditure (GCXE): Government spending or expenditure includes all government consumption, investment, and transfer payments. In national income accounting the acquisition of goods and services by governments for current use, to directly satisfy the individual or collective needs of the community, is classed as government final consumption expenditure.

Government acquisition of goods and services intended to create future benefits, such as infrastructure investment, which is otherwise known as government investment (government gross capital formation). These two types of government spending, that is: on final consumption and on gross capital formation, together constitute one of the major components listed in the budget of the federal republic of Nigeria.

Government Recurrent Expenditure (GRXE): Recurrent expenditure refers to payments made by governments for all purposes except capital costs. Recurrent expenditure includes payments made on goods and services as well as interest and subsidies. Recurrent expenditures exclude payments for capital assets, such as stock, bonds and property.

Specification of Model

The study adopts an econometric model in determining the influence of inhibiting intrigues of budget implementation on economic performance in Nigeria.

Specification of the empirical econometric model is based on economic theory relating to the studied subject that requires basically:

1. Specification of the controlled and control variables.
2. Apriori expectation of parameter signs and its individual functional relationships.
3. Mathematical specification of the econometric empirical model.

In analyzing the subjected variables, the model is builtto reflect the functional relationship that subsists between as follows:

$RGDP= f\,(GCXE, GRXE)$………………………………..*Eqn(I)*

Where,

RGDP = Real gross domestic product in Nigeria.

GCXE = Government capital expenditure in Nigeria.

GRXE = Government recurrent expenditure in Nigeria.

From the functional mathematical expression in Eqn(I) we derived the explicit econometric multiple regression model as:

$RGDP_t = \beta_0 + \beta_1 GCXE_t + \beta_2 GREX_t + \varepsilon_t$..*Eqn(II)*

Where:

β_0 = intercept

β_1…..β_2 = Coefficients of the control variables to be estimated. They measure the effect of a unit change in economic performance in Nigeria.

ε_t = The error term to account for not captured items.

Decision Rule: In this study the decision rule is to reject the null hypotheses (H0) if the t-statistics outcome is greater than critical values (probabilities) at 5% level of significance.

IV. ANALYSIS AND DATA INTERPRETATION

Table 1.1 The Study Data employed

YEARS	RGDP **N' Billion**	GCXE **N' Billion**	GRXE **N' Billion**
1999	393.1	498.03	449.66
2000	412.3	239.45	461.60
2001	431.8	438.70	579.30
2002	451.8	321.38	696.80
2003	495	241.69	984.30
2004	527.6	351.25	1,110.64
2005	561.9	519.47	1,321.23
2006	595.8	552.39	1,390.10
2007	634.3	759.28	1,589.27
2008	672.2	960.89	2,117.36
2009	719	1,152.80	2,127.97
2010	776.3	883.87	3,109.44
2011	834	918.55	3,314.51
2012	888.9	874.70	3,325.16
2013	950.1	1,108.39	3,214.95
2014	1,054.50	783.12	3,426.94
2015	493.84	818.35	3,831.98
2016	405.44	634.79	4,178.59
2017	376.36	2,870.00	3,510.10
2018	398.19	2,873.23	3,490.89

Note: RGDP=real gross domestic product, GCXE=government capital Expenditure, GRXE=government recurrent expenditure.

Source: National Bureau of Statistics (NBS) Fact File, 2018.

Table 1.2 Unit Root Test Results

Variables	ADF t-Statistics	Critical Value @5%	Order of Integration
RGDP	-3.764230	-3.040391	1(1)
GCXE	-3.459142	-3.065585	1(1)
GRXE	-4.142905	-3.040391	1(1)

Source: E-view 9 output

The above table (1.2) evidenced unit root test results for all selected variables (RGDP, GCXE, GRXE) in the study. The stationarity of the data are revealed at first difference, symbolized as: 1(1) at 5% significant level. Thus, this subjection of variables implies the absence of spurious results. Thereby, affirms the viability of decision made based on analytical finding of the study.

Table 1.3 Co-integration Test Results (Johansen Approach)

Date: 02/28/20 Time: 21:51				
Sample (adjusted): 2001 2018				
Included observations: 18 after adjustments				
Trend assumption: Linear deterministic trend				
Series: RGDP GCXE GRXE				
Lags interval (in first differences): 1 to 1				
Unrestricted Cointegration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.904286	49.14466	29.79707	0.0001
At most 1	0.217335	6.909711	15.49471	0.5882
At most 2	0.129617	2.498791	3.841466	0.1139
Trace test indicates 1 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

Source: E-view 9 output

The analysis on the given table (1.3) evidenced co-integration test outcomes of the selected variables in the study, indicating the existence of one co integrating long run relationship among variables at 5% significant level. Therefore the error correction mechanism is relevant to test and estimate parameters in order to capture the short run shocks not captured in the previous year.

Table 1.4 Error Correction Mechanism (ECM) Results

Dependent Variable: D(RGDP)				
Method: Least Squares				
Date: 02/28/20 Time: 15:32				
Sample (adjusted): 2000 2018				
Included observations: 19 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	42.47749	16.70638	2.542590	0.0045
D(GCXE)	0.194749	0.092824	2.098045	0.0136
D(GRXE)	0.402210	0.152546	2.636647	0.0070
ECM(-1)	-0.416086	0.239924	-1.734240	0.0420
R-squared	0.847942	Mean dependent var	0.267895	
Adjusted R-squared	0.792470	S.D. dependent var	141.2757	
S.E. of regression	146.9858	Akaike info criterion	13.00321	
Sum squared resid	324072.4	Schwarz criterion	13.20204	
Log likelihood	-119.5305	Hannan-Quinn criter.	13.03686	
F-statistic	1.542881	Durbin-Watson stat	1.981219	
Prob(F-statistic)	0.000329			

Source: E-view 9 output

Inhibiting intrigues of budget implementation effect on economic performance in Nigeria within the span of 1999-2018 is empirically evidenced in table 1.4 and the t-test outcomes will be used to test the hypotheses formulated in the study. The error correction term depicts how the model adjusts to equilibrium following short run fluctuations not captured in the co-integration test (Johansen approach).

The ECM coefficient of -0.416086 implies that ECM is correctly specified and the diagnostic statistics are appropriate. The non-linear sign represents the short run adjustment of the control variables to the controlled variable. The ECM term also shows approximately 42% mild speed of adjustment towards equilibrium. This implies that 42% of disequilibrium caused by exogenous shocks in the previous period is corrected in the current year.

Using the a priori criteria of estimating the parameters, all individual variables met a priori expectations hence fulfilling the economic criterion of the model. The results also show that government the control variables: capital expenditure (GCXE) and government recurrent expenditure (GRXE) are linear (positive) and statistically significant to real gross domestic product (RGDP) in Nigeria. Furthermore, the results of the test of the overall significance of the model using F-statistics shows that the entire model is statistically significant. This is ascertained as F-statistics is greater than the F-probability. Coefficients of determination (R^2) indicates approximately 85% of total variation of economic performance in Nigeria is explained by government capital expenditure and government recurrent expenditure in the model. This means that the model realized its expectations. Finally, the Durbin-Watson statistics is near the acceptance region thus, indicating the absence of first order autocorrelation.

Hypotheses Test:

The t-test outcome in table 1.4 above reveals that government capital expenditure (GCXE) and Government recurrent expenditure (GRXE) as determinants for budget implementation have t-statistic of 2.098045and 2.636647respectively with an associated probability values of 0.0136 and 0.0070which is less than 5% significant level. Hence the null hypotheses are rejected. This means that determined government capital expenditure and determined government recurrent expenditure have a significant effect on economic performance in Nigeria within the span of study.

V. DISCUSSIONS OF FINDINGS

The outcome of the error correction mechanism (ECM) shows that inhibiting intrigues of budget implementation considering from 1999-2018 have a significant effect on the economic performance in Nigeria. As evidenced from our empirical results, budget implementation determinants (government capital expenditure and government recurrent expenditure) had combined significant effect on economic performance proxy in Nigeria (real gross domestic product) within the span of study.

Furthermore, government capital expenditure and government recurrent expenditure have a positive and significant relationship with real gross domestic in Nigeria. Their positive co-efficient indicates that 1% reduction in either government capital expenditure or government recurrent expenditure will lead to 19% and 40% decline in real gross domestic product in Nigeria.

This finding confirms the Apriori expectations and with that of Otley (1978) who analyzed organizational units alongside respective managers and found a positive relationship between budget and managers performance at individual levels.

VI. SUMMARY, CONCLUDING REMARKS AND RECOMMENDATIONS

This study empirically examined the inhibiting intrigues of budget implementation and economic performance in Nigeria from 1999-2018. Time series data (secondary) were employed for the analysis. All data were stationary at first difference with the Augmented Dickey Fuller (ADF) test results. While a long-run relationship was identified between budget implementation determinants and economic performance in Nigeria. The error correction mechanism (ECM) indicates change from the short run dynamics to their long run dispositions. The study further found that a reduction in government capital expenditure (GCXE) by 1% will decline Nigerian economic performance by 19% on the average while reduction in the government recurrent expenditure (GRXE) will also decline economic performance in Nigeria by 40% respectively on the average.

From the empirical findings of this study, we are constrained to recommend as follows:

- Government of the Federal Republic of Nigeria should as matter of urgency imbibe the culture regardless of region and religion differences to implement 95% of her capital and recurrent expenditure in the annual budget to achieve all round sectorial increase in economic performance.
- The government of the Federal Republic of Nigeria should not consider recurrent expenditure implementation as basis for immediate respite but rather on long term integration and development of the country.
- We also recommend budget implementation and sectoral growth as an area to examine.

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