

Examination of the Nexus Between Behavioural Tendencies and Budget Performance of Local Governments in Akwa Ibom State

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Abstract

There are many factors which affect the performances of budget at the local government level. This study is an attempt to examine how one of those factors, which is behavioural tendencies, affects budget performances of local governments. The study adopted exploratory design. The data for the study were obtained from questionnaires administered on randomly selected personnel of five (5) local government areas in Akwa Ibom State. The data were analysed using SPSS version 2020. The performance of local governments was proxied by the budgetary releases to selected local governments in the state while the behavioural tendencies were proxied by dysfunctional behaviour, corruption, indifference to budget and budget slack. The results of analysis indicated the existence of a positive relationship between budget performance and the variables taken to proxy the independent variables. The study concluded that the performance of budget at the local government level depends to a large extent on behavioural tendencies of budget holders. The study recommended, amongst others, the involvement of all parties at every stage of the budget and strict monitoring of budget from preparation to implementation.

Keywords: Budget, Budget Performance, Local Government, Behavioural Tendencies.

Introduction

Budget performance in local governments over the years has been a cause for concern. This is in view of the fact that budget performance is always too low compared to the expected performance level. It is estimated that budget performance in local governments in Akwa Ibom state hovers between thirty to forty percent yearly. This is considered to be poor as this could not translate to any meaningful development, taking into consideration the fact that budget performance in local governments is tied to developments at that level. There are many factors which account for the poor performance of budgets at the local governments, some of which include political, social or human factors. The effect of the poor performance of budgets is that the citizens are deprived of the intended benefits. Budgets play a very important role in every administration with local governments inclusive. Its major role is that it is an instrument of allocating scarce financial resources to the various organs of government not only at the local government level, but also at the state or federal levels.

Ekpe (2012) sees budget as a financial plan embodying an estimated or proposed expenditure and proposed means of financing them within the period. Also Okpo (2014) sees budget as short term financial plan expressed in quantitative terms that stipulates how resources will be acquired and utilised within a given period of time. Adams (2012) defines budget as a financial plan and or quantitative statement prepared and approved prior to a defined period of time of the policies to be pursued by the organisation in order to achieve organisational goals and objectives. The importance of budget in local government administration cannot be overstressed. Thus according to Oshisami (1991), government budget through fiscal policies affect the lives of individuals, business organisations, various sectors of the economy and the economy as a whole. Ekpe (2012) justifies the importance of budget in financial management of local governments by saying that, as money is the mainstay of all types of developments, financial management which includes those operations designed to make money available to officials and ensure their lawful and efficient application become very crucial in all forms of organisations.

The local government in Nigeria is the third tier of government after federal and state. It plays a very crucial role in the political, social and economic developments of rural or community dwellers. Consequently, Ekpe (2012) maintains that local governments are not only vehicles for political developments but also of economic and social developments. Daniel (1999) sees local governments as the basic unit through which any federal government administers her people at the grassroots level. In the same vein, Daniel, Zekeri, Ombugu and Oluremi (2016) agree that local dwellers are intimately affected by the activities of local government on a daily basis in the country as they have been providing services which enhance the economic growth of the country.

According to Okpo and Ndon (2017), government at all levels are saddled with the responsibilities of collecting resources in efficient and appropriate manner as well as allocation of and use of those resources responsibly, effectively and efficiently in order to achieve their set goals and objectives. Funds are needed in order for local governments to carry out their functions effectively and deliver on their statutory mandates. The sources through which local governments generate funds to meet their responsibilities include allocation from the federation account, allocation from state, internally generated revenue, grants and aids. Since these funds are not always sufficient to service all the needs or opportunities which the local government administration would love to serve, then the budget comes in as a mechanism through which the available scarce financial resources are allocated to ensure equitable and fair distribution so that all sectors, communities receive a share of the funds. Moreover, budget is also used as a mechanism of control in order to ensure there is no diversion or wastage of available funds.

Since budgets are prepared and administered by human beings there is every indication that human tendencies will be reflected in the budget at all stages of preparation, implementation and post-implementation evaluation. As stated by Ekpe (2012), budget links financial resources and human behaviours to accomplish policy objectives. These human elements otherwise called human behavioural tendencies seem to have influence on the performance of the budget. Moreover, Hilton (1991) agrees that budgets affect everyone in an organisation: those who prepare the budget, those who use the budget to facilitate decision making, and those who are evaluated using the budget. According to him, the human reactions to the budgeting process can have considerable influence on organisation's overall effectiveness. Hence to have efficient or effective budget performance, the influence of the human behavioural tendencies has to be minimized.

Budget performance is seen as the totality of the actual funds released in relation to budgetary estimates. It is the actual money released to projects, departments and activities. Thus performance of budget is tied to increased or otherwise in infrastructure, improvements in service delivery and by extension, the general well-being of the citizenry. On the other hand, Olurankise (2013) asserts that poor performance of budgets is evident in infrastructural decay and slow pace

of development specifically in terms of capital project, physical infrastructure, political instability, project abandonment, deplorable roads, high rate of unemployment, insecurity and a host of others.

Budgets are usually well prepared with beautiful intentions which when fully implemented will lead to transformation in infrastructural development, improvement in the well-being of the people and above all, governance will be adjudged to be beneficial to the people. Hence poor implementation of the budget usually deprives the people the benefits of budgets. Going by the weighty effects of poor budget performance on the lives of the citizenry, this study becomes imperative. Moreover, as human beings are intricately involved at every stage of budget, the examination of the effect of human behavioural tendencies on budget performance becomes more imperative. This study is expected to identify whether the problem of poor budget performance in local governments is as a result of behavioural tendencies or otherwise. It will be an addition to the body of knowledge in literature on the way of addressing local government problems in Nigeria.

Objectives of the study

The main objective of this study is to examine how human behaviours affect the performance of budget. It attempts to establish the relationship between the behavioural tendencies and performance of budgets at the local government level. The sub objectives are to evaluate the relationship between budget performance and dysfunctional behaviour, corruption, indifference to budget and inclusion of budget slack in the budget.

Conceptual Literature

Overview of the Roles of Local Government in Nigeria

Local government is the third tier of government in Nigeria after the federal and state. It is the creation of the constitution. According to Adekoya (2020), the role of the local government is classified into two. First, as administrative body for providing goods and services for the needs of the citizens within the locality. Second, as a domestic set-up for the full representation of community members in decision-making at the local government level. He further states that local government is the government that is closest to the grassroots by making governance and service delivery available to citizens at the community level. According to Sikander (2015), the local government institution allows for entrenchment, for effective participation and involvement of citizens at the grassroots in decision making, political affairs and democratic process.

No nation is seen to develop without the development of the local or community dwellers. The local government is the mechanism through which developments flow from the federal and state governments to local dwellers. It is a channel through which the federal government administers the local community or local dwellers. This is achieved when funds are channelled from the federation account to the local government. However, and sadly too, these funds are usually hijacked and warehoused by state governments and in the end paltry sums are released to the local governments by the various states. This arrangement heavily distorts the original purpose of local governments. The effect of this is that local governments cannot develop a sound and effective development strategy as they are only fed by the state. The recent directive by the Nigerian Financial Intelligence Unit (NFIU) that funds which accrue to the local government from the federation account and that which stands at the state account should be directly credited to the accounts of local governments is expected to address this seeming lacuna. Disturbingly too, the state governments have devised means of subverting this directive and the status quo remains.

According to Adekoya (2020), the major challenge of local government administration is funds. The resultant effect of lack of funds is the inability of local governments to carry out developmental projects that are beneficial to rural dwellers. Lack of funds also result in

abandoned projects all over the local communities.

In Akwa Ibom State, there are thirty-one local government areas. These local governments are saddled with the responsibilities of generating their own revenues, mobilising the receipts from the federation accounts and state accounts and channelling them towards the development of their rural communities. Their duties also include maintenance of law and order as well as ensuring that the lives and properties of the people are secured. Thus, they are partners with state governments in the development of the rural communities. Indeed, the state cannot be said to be developed without the local governments.

Concept of Budget

Budget has been defined in various ways by various writers. Oshisami (1992) defines budget as a plan expressed in quantitative terms and usually monetary terms, covering a specified period of time. Campbell (1985), cited in Raghunandan, Ramgulan and Mohammed (2013) defines budget as a quantitative analysis prior to a defined period of time, of a policy to be pursued for that period to attain a given objective. They further maintain that the main purpose of budget is to aid in the achievement of objectives and direct managerial effort throughout the organisation towards global purpose. Ugoh and Ukpere (2009) see budget as a comprehensive document that outlines what economic and non-economic activities a government wants to undertake with special focus on policies, objectives and strategies for accomplishments that are substantiated with revenue and expenditure projections. Ekpe (2012) regards budget as a financial plan embodying as estimated or proposed expenditure and proposed means of financing them within a given period.

From the various positions above, budget is simply a short term plan of what government intends to achieve in the future, specifically a period of one year. It is not physical money at hand but an estimate of revenue to be generated and expenditure to be incurred within the stipulated time. This position is corroborated by Ekpe (2012) who maintains that a budget is a statement of intention: intention about spending and raising revenue. Consequently, in most situations, budget estimates are either not realised or are exceeded at the end of the period. However, sufficient care has to be taken in the preparation of the budget so that at the end the actual result is not too far from the estimates, that is, the variances should be minimal. This happens when budgets are based on realistic estimates and not based on those things that will promote personal aggrandisements. This is mostly applicable where budget is used as a basis for promotion or rewards. Unrealistic items will be included in the budget.

Importance of Budget in the Local Government

Budget has been described as the second most important document after the constitution, at the local government levels. This is in view of the fact that once a budget is approved, it provides the bearer the authority to incur expenditure and generate revenue. Budget is a tool or mechanism used in controlling expenditure at the local government. It sets the boundary within which the local authority cannot exceed in the dispensation of financial resources available to it. It is in this vein that Oluremi, Zekeri and Ombugu (2016) opine that through budgets, governments exercise their allocation, stabilization and distributive functions. Also Malgwi and Unegbu (2012) maintain that government uses budget as guiding tool for planning and control of its resources, be it financial or otherwise. They further state that budget does not only serves as an instrument of revenue and expenditure estimation but also as a catalyst to mitigating corruption in the use of public resources for the good of the state.

The need for budget at the local government level arises as a result of scarcity of financial resources. Hence budget is a tactical instrument of decision-making and allocation of resources. In corroboration of the above, Oshisami (1991) states that from the organisational point of view, leadership is able, through the use of the estimated revenue and expenditure, to arrive at a planned allocation of resources; and from an economic point of view, the short term budget constitutes an

important determinant of a number of economic decisions. Government uses budget through its revenue estimates derived largely from funds generated from various sources, and its expenditure to implement withdrawal or injection policies to engender expansionary or contractionary effects on the economy.

Oshisami (1991) states that the main purposes of budget at the government level can be classified into four as follows:

- ❖ It represents an economic document which spells out policies of government aimed at promoting economic growth, development, full employment and other goals which improve quality of life.
- ❖ It represents a proposal for allocation of resources.
- ❖ It represents the request by the executive arm of government for legislative approval to collect and disburse funds.
- ❖ It represents reports to the citizenry on how the funds entrusted to the executive is spent.

Furthermore, Ugoh and Ugbere (2009) argue that budget is an important tool in governance and most relevant to economic policy and that budget is an expression of the constitution and statutes of a government which endows the executive and the legislature with designated financial and managerial responsibilities. Usman, Yusufari, Hamza and Abdullahi (2016) see budget in every local government as a tool that assists in calculating and meeting the cost associated with social amenities.

Attributes of a Good Budget

A good budget is one which enables the organisation to achieve its desired objectives. For a government budget to serve its purpose, it should possess the under listed attributes:

- ❖ **Allocative Efficiency** – This is the ability of the budget to ensure that the available scarce funds are allocated to functions, departments, projects or activities based on their needs.
- ❖ **Distributive Efficiency** – This is the ability of the budget to be used as an instrument of distribution of resources to all beneficiaries.
- ❖ **Predictive Efficiency** – This is the ability of the budget to allow one to see the intention of government in the nearest future.
- ❖ **Functionality Efficiency** – This is the ability of the budget to be useful only in the department or projects for which it was intended. This means budget meant for one activity should not be used to execute another project.
- ❖ **Time Efficiency** – This is where budget is expected to be useful or relevant only within a stipulated time period. After that, it is no more relevant.
- ❖ **Participatory Efficiency** – This is where every player in the budget is given the opportunity to participate from preparation to implementation.

Overview of Local Government Budget

The use of budget in financial management of local governments in Nigeria is statutory. It is contained in Financial Management Circular Number 3.2 which authorises the local government executive committee to issue circular calling for the preparation of estimates for the succeeding year. The circular goes further to state the importance which budget is expected to play in the financial management of the local government to include provision of financial plan, legal authority to incur expenditure, provision of mechanism for adequate controls over expenditure and revenue as well as the establishment of financial position of the local government (Ekpe, 2012).

Budget in government is classified into four phases. The first phase is the preparation stage in which a call letter is issued for departments, agencies and units to forward their estimates for the

succeeding year. The second phase is the review, defense and subsequent passage into law and which must be assented to by the president at the federal, governor at the state and or chairman at the local government level. The third phase is the actual implementation of the budget. This is where the appropriation act is expected to be followed in the release of funds and implementation of projects. The last phase is the post implementation audit or review. It is worthy of note that once passed into law, the budget becomes a legal document which authorises the expenditure to be incurred and the revenue to be generated. The non-compliance, implementation or adherence to the contents of approved budget is an offence punishable under the law.

Local government budget is made up of two components: the revenue and expenditure. The revenue component indicates the expected revenue to be generated to finance the expenditure of the local government. This section is important in that the performance of budget is directly proportional to the revenue generated. Consequently, the higher the revenue, the better would be the performance of the budget. The revenue of a local government comes from two sources: external and internal sources. The external sources of revenue of local government consist of allocation from 20% of the Federation Account, 10% internally generated revenue of the state, 35% share of Value Added Tax (VAT), loan and advances, special grants, excess crude oil fund and others (Daniel, Oluremi, Zekeri and Onugbu, 2016; Ugoh and Ukpere, 2009). The internal sources of revenue in the local governments is made up of sales of tickets in motor parks, market tolls, business premises levies, fines, returns from investment by local governments, and a host of others.

The expenditure component of local government budget is made of capital and recurrent expenditures. The capital expenditure is made up of allocation for capital projects such road construction and maintenance, schools, hospitals, markets, water facilities as well as security. The recurrent expenditure side is made up of funds allocation for the servicing of government activities.

The process of local government budget starts with the issuance of call circular in which all departments, agencies and units under the local government are requested to forward their estimates to the budget committee. The committee will then modify the estimates and forward same to the legislative arm of the council for approval. The legislative council will then review and call for defense through the Appropriation Committee of the legislature. Thereafter the budget will be passed into law and assented to by the Chairman of Council. The financial management of local government is inextricably linked to the budget. This is in view of the fact that budget is a tool for managing the financial resources available to the local government. The importance of finance to local government is expressed by Adekoya (2020) as the fuel of any local government and as such, must be handled with care to ensure they are disbursed according to laid down rules and regulations. Thus the poor financial management approach at the local government has contributed to the basic failure and inefficiency of some local governments in achieving substantial development of their locality.

Methods of Preparing Budgets at the Local Governments

Various approaches are adopted for the preparation of budget at the local government levels:

- a. **Zero Based Budgeting System (ZBBS)** – This is the management process that provides for systematic consideration of all programmes and activities in conjunction with the formulation of budget and programme planning. This method involves setting objectives, programme evaluation, operational decision-making as well as budget making. This method focuses management's attention on evaluation activities and making decisions. It is a system that re-evaluates every project at the beginning of every budget year as to whether the project is necessary or in line with the objectives of government, whether there are sufficient funds to continue with the project in the current year and whether there is sufficient capacity to continue with the project.

- b. Planning Programming Budgeting System (PPBS)** – This is a comprehensive planning and budgeting system which encompasses the integration of budget into planning process; planning and budgeting for more than one budget period; planning and budgeting within the framework which seeks socially determined goals; and continuous updating over time, of planning and budgeting. The essential features of this approach are:

Budget proposals are classified in terms of functions, programmes and activities;

There must be detailed description of all activities;

The budget must be expressed in a way which allows a direct comparison between cost of funding and work to be performed for each programme or activity;

There must be multi-year costing which also permits preparation of multi-year financial plan;

There must be a quantitative evaluation of outcomes to facilitate the monitoring of actual against budgeted cost and performance; and

The accounting and reporting structures which must provide information on linkages between programmes and activities and major policy objectives.

This comprehensive budgeting system has been well embraced by many developing countries because of its appeal of promising support for economic development by focusing the budgeting process around programme delivery and effectiveness.

- c. Line-Item Budgeting** - This is the traditional approach to government allocation. This method itemises expenditure according to sub-heads of account and according to objects of expenditure. Here budgets are prepared based on items which the government intends to spend money on.
- d. Incremental Budget** – This is the budgetary approach in which the previous year's budget is adjusted either up or down by a certain percentage. It uses the previous year's budget as a base and builds on it in the current year.

The Concept of Budget Performance

Budget performance can be viewed from different perspectives. It can be viewed from the actual funds that have been released based on estimates or it can also be viewed from the project or activities that have been prosecuted. Budget performance is also seen as the level of implementation of the contents of the budget within the given period. Performance of expenditure budget usually depends on the actual revenue that was generated to fund the budget. As previously stated, Olurankise (2013) identifies poor or slow pace of infrastructural development, project abandonment, and so on, as evidence of poor budget performance.

Many factors have been adduced to lead to poor budget performance. Olurankise (2013) identifies the causes of poor budget performance to include the followings:

- ❖ Non participation of budget implementers in the budget preparation - This is important in that it will allow those who implement the budget the opportunity to contribute their ideas in the budget.
- ❖ Lack of budget review – This is where budgets once approved is not consulted or utilised. It becomes only a document.
- ❖ Budget are superimposed – Revenue and expenditure are not usually actual as they are imposed by state officers during draft estimate defense.

- ❖ Extra-budgetary affairs – This is where local government officials spend money at will without recourse to budgetary provisions. Moreso most of the expenditures are as directed from above.
- ❖ There are frequent variances arising from changing circumstances, poor forecasting and general uncertainties.
- ❖ Budgets are developed around existing infrastructure and departments which may not reflect the current state and underlying economic realities.
- ❖ Levels of attainment are not usually included.
- ❖ Unnecessary lags and delays in the system, that is, bureaucratic bottlenecks make the budgets and resulting variances of little value as a guide to current operations.

Contributing to the cause of poor budget performance, Ekpe (2012) asserts that many factors contribute to financial mismanagement at the local government levels, some of which outright corruption, indiscipline and poor attitude to work and absenteeism. Magwi and Unegbu (2012) further maintain that there exists various forms of weaknesses or threats which may frustrate budget performance and these include overestimation of revenue, lack of adequate manpower to man various revenue collecting points properly, lack of qualified personnel who can introduce new innovations, lack of motivation by work force, difficulty of tracing tax payers and poor communication links.

Behavioural Tendencies in Local Government Budget

Human beings are involved in every stage of the budget. Consequently, the success or otherwise of the budget depends to a large extent on the contributions of the preparers and implementers of the budget. The involvement of human beings is either to manipulate the budget to their advantage or to the advantage of the local governments. At the preparation stage, the human behavioural tendencies involved are through manipulation of budget input in order to take advantage; at the implementation stage, the excesses are usually cornered by the perpetrators; and at the post implementation stage, the reports are manipulated to favour the recipients of the wrong process. No matter how beautiful a budget is, if the negative behavioural tendencies are not eliminated or minimized to the barest minimum, the budget will be as good as nothing. This is why Michelle and Talib (2017) aver that how budget is administered affects the effectiveness and efficiency of its achieving organisation's goals. This is corroborated by Hilton (1991) that the human reactions to the budgeting process can have considerable influence on an organisation's overall effectiveness.

There are various areas where human behavioural tendencies are noticeable in the budget process. Where the budgets are prepared at the top and passed down to the lower level for implementation, there will be poor motivation on the part of implementers to the success of such budget. Moreover, when a budget is used as a basis for performance evaluation, that is, where the promotion of budget holders is directly linked to the performance of the budget, they will likely build in slacks that will enable them achieve their goals. In this case, the budget will not be rightly used as a true measure of performance. In the same vein, when a budget is used as a control mechanism, the operators will build in slacks so as to give them allowance for manipulation. This is what makes Michelle and Talib (2017) to point out that when the performance evaluation is linked with any form of rewards and penalty system, there are possibilities that the managers will distort any information and data passed to upper levels of management. As a result, managers may therefore underestimate the revenue and or overestimate cost required.

Arising from the above, there is no doubt that human behaviours have positive and negative impacts on the budget. In literature, there are many behavioural tendencies –

- a. **Dysfunctional Behaviour** – This is where the budget holder's personal interest is at conflict with organisational objectives. The budget holders will therefore be seen to pursue their interest above the budget objectives of government. Implied here is that the personnel of local governments will do everything possible to actualise their personal interest at the expense of the interest of government. To achieve their aim, they built in slacks in the budget so that at the end, the excess will be cornered by them.
- b. **Corruption** – This is seen to be the most important human behaviour affecting budget performance, not only at the local government level but also at the state and federal levels. Corruption is a deliberate act by officials to enable them convert government assets to their personal use. Macmillan English Dictionary defines corruption as dishonest or illegal behaviour of officials or people in position of power, especially when they accept money in exchange for doing things for someone. Corruption is promoted when government officials relegate positive management practices to the background with a view to perpetuating systemic illegalities that guarantee personal enrichment, self-aggrandisement and blatant misappropriation of funds (Ekpe, 2012). The effect of corruption is that budget holders will divert resources meant for the achievement of certain objectives to their personal use thereby frustrating the budget objectives. The project cost will be overstated and this accounts for most of the abandoned projects across local government levels.
- c. **Indifference towards Budget** – In most local governments, budgets are prepared from higher quarters and 'imposed' on the officials for implementation. The budget holders will not be motivated to ensure the effective implementation of such budget. This is mostly seen where states control the activities of local governments. The local government officials will treat budget passed down to them as one of those documents and will simply put them in the archives like others.
- d. **Budget Slack** – This is where preparers of budgets deliberately underestimate revenue and or overestimate expenditure or request for more funds than needed to support budgeted levels of activities. During implementation of the budget they will divert the excess revenue and surplus funds from expenditure to their personal use. This will create unnecessary shortage of funds to implement the budget and ultimately leads to excessive costs of projects. Moreover because of this, proper control will not be exercised in the implementation of the budget.

Empirical Literature

Many studies have been conducted on local governments in Nigeria and other climes. Oluremi, Zekeri and Ombugu (2016) studied the contributions of local government finance to the local government budget in Nigeria. The study used time series data for all local governments in Nigeria. Allocation from federation account, allocation from states, share of value added tax and internally generated revenue as proxies for independent variable; while the local government budget stock was the dependent variable. The data were analysed using SPSS and they showed that allocation from federation account has significant contribution to local government budgets. The study recommended that the Ministry of Local Government should monitor implementation of budgets.

Ekpe (2012) examined the effect of corruption on financial management in the Local Government system in Nigeria. The study adopted analytical, historical and descriptive approach in discussing how corruption affects local governments in Nigeria. The study evaluated the causes and effect of corruption as well as factors responsible for lack of transparency and accountability in the local governments. The paper recommended amongst others, the enthronement of sound fiscal federalism as antidote for corruption and catalyst for effective financial management in local governments.

Adekoya (2020) investigated the challenges and prospects of local financial management at the local governments. The study used exploratory design to examine the functionality of financial management system at the local government. The work concluded that local governments should act in the same manner as the private sector by adopting modern financial management practices that will increase efficiency, financial capability, transparency and accountability in delivery of goods and services. The paper recommended that sound internal control mechanisms should be put in place to minimize the level of fraud, corruption and wastages in the local governments. Malgwi and Unegbu (2012) found that budget performance differs from state to state and recommended close monitoring of budget execution to be enshrined in the country's work ethics so as to strengthen other measures in mitigating public corruption in Nigeria.

Usman, Yusufari, Hamza and Abdullahi (2016) investigated the effect of budgeting and budgetary control in local government administration in Nigeria. The study adopted exploratory design and secondary data were used. The study observed that local governments in Nigeria were confronted with many challenges which include corruption and mismanagement, lack of skilled manpower and state governments' interference. It recommended that all activities of local governments should be planned and coordinated very well to ensure there is harmony in order to realize affective budget.

Methodology

This study is exploratory and utilises data generated from questionnaires administered on randomly selected personnel of five (5) local government areas as well as budgets and actual releases from local governments in Akwa Ibom State. The questionnaires were structured to capture four key areas of dysfunctional behaviour (DB), budget slack (BS), indifference to budget (IND) and corruption (COR). Sixty questionnaires were administered and forty-eight were returned. This indicates the response rate of eighty percent. This is considered adequate. The data for the dependent variable which is the budget release were obtained from the budget reports of the selected local governments for the period.

Hypotheses Development

In order to effectively analyse the data generated for the study, four hypotheses were postulated.

Hypothesis One

H₀₁: The prevalence of corruption affects the performance of budget at the local governments.

This hypothesis is to test the effect of corruption on budget performance.

Hypothesis Two

H₀₂: There is no significant relationship between budget performance and dysfunctional behaviour of local government personnel.

This hypothesis is postulated to test whether the dysfunctional behaviour of staff of local government towards budget have any effect on budget performance.

Hypothesis Three

H₀₃: The indifference of personnel of local governments towards budget does not have any effect on performance of the budget.

This hypothesis is intended to examine whether the indifference of personnel of local governments towards budgets have any effect on budget performance of local governments.

Hypothesis Four

H₀₂: The inclusion of budget slack in the budget estimates adversely affects the performance of budgets of local governments.

This hypothesis is aimed at testing whether the inclusion of budget slack in the budget estimates of local governments has any effect on the performance of such budget.

Model Development

The relationship of the dependent and independent variables is expressed in the functional model. The dependent variable is the Budget Performance (BP); while the independent variables, that is, the behavioural tendencies (BEH) are proxied by corruption (COR), dysfunctional behaviour (DB), indifference towards budget (IND) and budget slack (BS). The first model which shows the relationship between budget performance and behavioural tendencies is expressed as:

$$BP = f(BEH) \text{ ----- (1).}$$

The proxies of behavioural tendencies is expressed as:

$$BEH = f(COR, DB, IND, BS). \text{ (2).}$$

Consequently, the relationship between dependent and independent variables is expressed as

$$BP = f(\beta_0 + \beta_1COR + \beta_2DB + \beta_3IND + \beta_4BS + \mu) \text{ (3).}$$

Where $\beta_0, \beta_1, \beta_2, \beta_3$ and β_4 are autonomous variables that will be determined from the analysis of the data while μ is the stochastic error terms built in to accommodate others factors that affect budget performance but are not captured in the model.

Data Presentation

The data for the dependent variables were obtained from the budgets and their corresponding actual releases for selected local governments areas within the period 2017 to 2019. The data shows that the percentage of releases are below 50% in all the local governments of the state. This is the picture for the state and the federal levels. The data are as presented in table 1 below.

Table 1 – Budgets and Releases for 2017 to 2019.

S/N	Names of Local Governments	2017		2018		2019	
		Budget (N'000)	Release (N'000)	Budget (N'000)	Release (N'000)	Budget (N'000)	Release (N'000)
1	Ikot Ekpene	3,015,500	1,556,000	3,021,000	1,768,000	3,125,000	1,332,681
2	Ibesikpo Asutan	2,370,250	1,768,000	2,536,000	1,088,90	2,536,000	1,223,210

3	Mkpat Enin	2,003,000	976,004,931	2,253,000	945,801	2,455,300	1,006,031
4	Urue Offong/Oruko	8,518,500	2,110,997	2,038,000	1,008,991	1,994,300	1,101,223
5	Oruk Anam	1,789,000	1,200,300	1,996,000	1,443,500	2,100,028	988,996

Source: Compiled by the researcher, 2021

The data for dependent variables were obtained from questionnaires which were administered on selected local government workers of the 5 Local Government Areas in Akwa Ibom State. The workers selected were those who were responsible for budget preparation and implementation in the local governments. The questions were carefully arranged to elicit appropriate responses from the respondents with regard to the four indicators of behavioural tendencies in budget. The responses were 'agreed' or 'disagreed'. Agreed was for affirmation of the existence of the identified proxy and disagreed was for absence.

Results of Analysis

The results of the analysis are presented below.

Table 2 – Model Summary

Table 2 – Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.568 ^a	.322	.293	.58097	1.705

a. **Predictors:** (Constant), Corruption, dysfunctional behaviour, indifference towards budget, budget slack.

b. **Dependent Variable:** Budget performance

Table 3 - ANOVA ^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.619	4	3.655	10.828	.000 ^b
	Residual	30.714	91	.338		
	Total	45.333	95			

a. **Dependent Variable:** Budget performance

b. **Predictors:** (Constant), corruption, dysfunctional behaviour, indifference towards budget, budget slack.

Table 4 - Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	5.303	.588		9.021	.000		
CORRUPTION	-.093	.120	-.091	-.774	.441	.541	1.847
DYSFUNCTIONAL BEHAVIOUR	-.064	.021	-.360	-2.975	.004	.508	1.968
INDIFFERENCE TOWARDS BUDGET	-.165	.091	-.180	-1.821	.022	.760	1.316
BUDGET SLACK	-.528	.219	-.222	-2.415	.018	.883	1.132

a. Dependent Variable: Budget performance

Interpretation of Results

Hypothesis One

The null hypothesis one states that there is no significant relationship between budget performance and corruption. This hypothesis is accepted because the p-value of 0.441 is greater than 0.05. This implies that there is no significant relationship between budget performance and corruption. The result of the analysis reveals a beta coefficient of -0.093. This result means that -9.3% of the variation in budget performance is accounted for by corruption. The result further implies that the higher the level of corruption, the lower the rate of performance in the local government areas.

Hypothesis Two

The null hypothesis two states that budget performance is not affected by dysfunctional behavior. This hypothesis is rejected because the p-value of 0.004 is less than 0.05. This implies that budget performance is significantly affected by dysfunctional behavior. The result of the analysis reveals a beta coefficient of -0.360. This result means that -36% of the variation in budget performance is accounted for by dysfunctional behavior. The result further implies that the higher the level of dysfunctional behavior, the lower the rate of performance in the local government areas.

Hypothesis Three

The null hypothesis three states that the indifference of officials does not significantly influence budget performance. This hypothesis is rejected because the p-value of 0.022 is less than 0.05. This implies that the indifference of officials significantly influences budget performance. The result of the analysis reveals a beta coefficient of -0.180. This result means that -18% of the variation in budget performance is accounted for by indifference of officials towards budget implementation. The result further implies that the higher the level of indifference of officials, the lower the rate of performance in the local government areas.

Hypothesis Four

The null hypothesis four states that there is no significant relationship between budget performance and inclusion of budget slack in the budget. This hypothesis is rejected because the p-

value of 0.018 is less than 0.05. This implies that there is a significant relationship between budget performance and budget slack. The result of the analysis reveals a beta coefficient of -0.222. This result means that -22.2% of the variation in budget performance is accounted for by budget slack. The result further implies that the higher the level of budget slack, the lower the rate of budget performance in the local government areas.

Consequently, a functional model which incorporates the results of the analysis can be constructed as follows: $BP = 5.303 - 0.093COR - 0.64BD - 0.165IND - 0.528BS$.

Discussion of Findings

The results of the analyses and the various interpretations point to the fact that there is a relationship between behavioural tendencies and budget performance in local governments in Akwa Ibom State. The results show that the higher the coefficients of the proxies of behavioural tendencies, the lower the performance of budgets in the local governments. The findings are consistent with the findings of Usman, Yusufari and Abdullahi (2016) who maintained that local governments in Nigeria are confronted with the problems of corruption, mismanagement and lack of skilled manpower. It also agrees with the findings of Ekpe (2012) who averred that corruption affects performance of local governments in Nigeria. Moreover, it supports the findings of Adekoya (2020) that the functionality of financial management in Nigeria affects local governments systems.

Conclusion

All the parameters of the independent variables show negative. The implication is that as one variable decreases, the budget performance increases. Therefore, it is evident from the results that behavioural tendencies have direct relationship with the budget performance at the local government levels. This implies that budget performance can only be enhanced when there is reduction in the behavioural tendencies. Consequently, any local government that wants to achieve meaningful development in terms of infrastructure, economy, service delivery and others should minimize the effect of behavioural tendencies associated with the budget. Building budget slack (padding) into the budget will diminish the effect of budget as control measures. In the same vein, corruption distorts the revenue flow that would have been used to finance expenditure.

Recommendations

Arising from the conclusions of the study, the following recommendations towards addressing the behavioural challenges are proffered:

- a. Budget holders should be involved in the preparation of the budget. This will not only allow them contribute their quota to the budget but will also motivate them toward ensuring effective implementation of the budget. Moreover, it will give them the sense of belonging that they are part of the whole system.
- b. Proper monitoring at the preparation and implementation stages of the budget is very necessary. The appropriate supervisors should ensure that the budgets are prepared in a realistic manner without unnecessary overestimation of expenditures and also the setting of revenue estimates should be based on feasible and realisable targets.
- c. The administrative structure of local governments should reduce the chances of corruption to the barest minimum at that level. This will guarantee that the available resources are not diverted to private pockets but are available for the purpose it was meant.
- d. The outright neglect or abandonment of budget by budget holders should be discontinued. Budget should not only be seen as a very important legal document for planning and control but also should be used in the day to day operations at the local government levels.
- e. There should be outright visible rewards for those who faithfully implement the budget and punishment for those who scuttle or subvert the budget process.

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