Correlates of Budgetary Participation in the Nigerian Public Sector

Oyewo Babajide Michael, Department of Accounting, Covenant University, Ota, Nigeria

ABSTRACT

Budgeting is a critical activity carried out by different-sized private and public sector organisations, apparently because of the multifarious functions which budgets serve. Most studies on budgetary participation (BP) have prominently focused on private-sector organisations, leaving out the public sector. This suggests limitation in the scope of generalizability of empirical results on BP to private sector organisations, and as such the need for studies specifically focusing on public-sector organisations, which is the thrust of this paper. The study adopted a quantitative research design, using multi-stage sampling. Questionnaire was used to harvest the perception of 174 managers in five public sector organisations in Nigeria. Statistics engaged for analysis were: percentage and range analysis, mean, standard deviation, factor analysis, correlation and regression analysis. Of the correlates examined, it was observed that Managerial Performance ($r = .437$, $p \leq .000$) and Environmental Uncertainty ($r = -.138$, $p \leq .070$) exert the most on BP.

Keywords: Budgetary Participation, Budgeting, Managerial Performance, Nigeria, Public Sector

1. INTRODUCTION

Budgeting is a critical activity carried out by different-sized private and public sector organisations apparently because of the multifarious functions which budgets serve, such as planning, controlling, co-ordinating, communicating plans to concerned parties, translating the long-term plan into an annual work programme, and resource allocation (Louise, 2008; Parker and Kyi, 2006; Nouri and Parker, 1998).

Budgeting is the process of expressing the predicted costs and resources for a planned course of action over a specified time period (Louise, 2008). The CIMA official terminology (2005) defines budget as:

...a quantitative expression of a plan for a defined period of time. It may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows.
Budgetary Participation (BP) has reverberated in academic literatures as a necessary condition for achieving set targets (Hofste, 1967; Kren 1992; Nouri & Parker 1998;) and as a means of achieving employee engagements (Lin and Chang 2005). Owing to the crucial bearing which active involvement of employees in budget preparation has on the realisation of organisational goals enshrined in budgets, attempts have been made to examine the factors that interplay in engendering budgetary participation, including studies by Clinton and Hunton (2001); Nouri and Parker (1998), Chenhall and Brownell (1988); and Milani (1975).

Against the backdrop that public sector organisations prepare budgets like private sector organisations do, by our reckoning, it is intellectually worthwhile to carry out a study on the factors affecting budgetary participation in this sector, because majority of the studies on budgetary participation have focused on private sector organisations. Preliminary evaluation of extant literatures on budgeting reveals the paucity of empirical researches on budgetary participation in the public sector domain, whilst majority of studies concentrates on private sector organisations both on the individual and corporate level. Worse still, studies, on budgetary participation in the public sector or by public sector organisation particularly in a developing country like Nigeria, however, are scanty or almost non-existent. Some of the studies on budgetary participation in the public sector organisations were by Kochik (2011); Owusu, Dwomoh, Collins, Yaa and Daniel (2014).

The Nigerian public sector organisations comprises of the Ministries, Departments, government Agencies, and parastatals (MDAs) existing at the different tiers of government, operating to provide goods and services which enable the citizens to live good, healthy and comfortable lives (Olaopa, 2013). Some studies by Ijaiya, Sanni, Olabisi, and Dolapo (2014); Ajibolade and Akinniyi (2013); Faleti and Myrick (2012), specifically focusing on budgeting practices of public sector organisations in Nigeria leave out how variables such as environmental uncertainty, political skills, perception of organisational politics, length of time spent in organisation and length of time spent in role affect budgetary participation.

According to Thomson (1967) as cited in William et al (1990), budgetary behaviour in private sector organisations may be different in public-sector settings because of certain peculiarities that apply to public organisations—especially bureaucratic structures and governmental regulations—which could cause diminished interest in budget participation by employees. This suggests limitation in scope of generalizability of empirical results on budgetary participation to private sector organisation, and as such the need for studies specially focusing on public sector organisations, which is the thrust of this paper.

The central research question for the study is: What are the factors that determine budgetary participation in the Nigerian public sector? The study utilized empirical data to address this question.

The factors affecting budgetary participation in the Nigerian public sector considered in this paper have been referred to as ‘correlates of budgetary participation’. To address the research question, the paper is segmented into six sections. Section one introduces the topic, situating it within the context of earlier studies; section two gives an overview of the correlates of budgetary participation examined. Section three describes the research method, section four presents analysis of the data, section five discusses the findings, and the conclusion is presented in section six.

2. CORRELATES OF BUDGETARY PARTICIPATION

While studies by Milani (1975), and Brownell (1982) suggest that there are strong linkages between budgetary participation and employee performance, Clinton and Hunton (2001) argued that the extent of participation in budgetary activities affects organisational performance.
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