BUDGET COMPLIANCE AND PUBLIC SECTOR PERFORMANCE: A CASE STUDY OF KWARA STATE

Ariyo-Edu, Aminat Arike iD

Department of Accounting, Al-Hikmah University, Ilorin, Kwara State, Nigeria

Corresponding Email Address: aminat.ariyo@alhikmah.edu.ng

Abstract

This study investigates the impact of budget compliance on public sector performance in Nigeria, focusing on budget preparation, implementation, and compliance. The population comprises directors and heads of departments from five ministries in Ilorin, Kwara State. Data were sourced through structured questionnaires administered to 100 respondents selected via convenience sampling. The data were analyzed using descriptive and inferential statistics with SPSS version 23. The results reveal that budget planning and implementation significantly influence public sector performance, accounting for 66% and 68.1% of the variance, respectively. Budget compliance also enhances efficiency, effectiveness, and quality of service delivery. In conclusion, the study shows that strengthening budgetary processes, especially compliance, is vital for achieving effective service delivery and sustainable public sector performance. And recommends participatory budgeting, stronger monitoring mechanisms, and strict enforcement of compliance to improve transparency and accountability.

Keywords: Budget Compliance, Public Sector Performance, Efficiency, Budget planning

JEL Classification: M41, M48, H61, H83

INTRODUCTION

The effectiveness of budget preparation, execution, and compliance is crucial in defining the performance and service delivery of Ministries, Departments, and Agencies (MDAs). Budget compliance, in particular, guarantees that allotted monies are utilized according to the approved budget. Despite its importance, the public sector in Nigeria typically suffers from inadequate budget compliance, resulting to inefficiencies and ineffectiveness in service delivery (Akinsanmi et al., 2022). This issue is equally common in Kwara State, which is the focus of this study. In 2020, the Kwara State government amended its budget to ₦114.79 billion due to economic issues, greatly hurting capital project implementation and resulting in a low compliance rate (Blueprint Newspapers, 2020). This poor compliance rate greatly hinders the state's growth, hampering the effective delivery of critical public services such as healthcare, education, and infrastructure.

The budgeting process in Nigeria is typically plagued by inconsistencies between anticipated and actual spending, leading to inefficiencies that impede public sector effectiveness. According to the According to Punch newspaper (2019), between 2015 and 2018, the Federal Government of Nigeria allocated ₦7.53 trillion for capital projects but released only ₦5.41 trillion, resulting in an average implementation rate of around 71.9% throughout this period, Additionally, statistics from the Budget Office of the Federation's 2023 Third Quarter Budget Implementation Report, released in July 2024, indicates that as of September 30, 2023, the

Federal Government has released ₦1.23 trillion for capital projects. This amount was much less than the ₦5 trillion earmarked for capital expenditure in the 2023 budget, showing a 75% shortfall, highlighting a huge gap in budget execution. This inefficiency raises questions about the impact of budget compliance on the quality and efficacy of public service delivery across the country. The performance of the public sector is generally measured by its ability to deliver quality services to citizens. However, ongoing inefficiencies and ineffectiveness have resulted in inadequate service delivery (Ramasamy, 2020). The 2020 Public Expenditure Tracking Survey (PETS) showed that only 34% of authorized funds for healthcare services were released for execution, creating a severe reduction in healthcare quality (National Bureau of Statistics, 2020). The poor performance of Nigeria's public sector can be linked to various reasons, including weak budget preparation, implementation, and compliance. Effective budget preparation is vital to guarantee that allotted monies are used to meet the country's development goals. However, inefficiencies in the budget planning process typically result in poor budget implementation and compliance.

Given the crucial importance of budgeting in attaining good governance and service delivery, this study tries to evaluate how adherence to budgetary processes effects public sector results. Specifically, it studies the relationship between budget compliance and public sector performance in Nigeria, with an emphasis on Kwara State. The study attempts to examine the effects of main budgetary components—preparation, execution, and compliance—on the operation of public institutions. To achieve this, the following null hypotheses will be tested:

H_{01}: Budget preparation has no significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

H_{02}: Budget execution has no significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

H_{03}: Budget Participation has no significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

Building upon the study's purpose of analyzing the influence of budget preparation, implementation, and compliance on public sector performance, this research contributes to the broader conversation on public finance management in Nigeria. By concentrating on Kwara State as a case study, it provides actual data on how effective budgetary methods can boost service delivery outcomes. The study delivers data-driven insights that expand the knowledge of budget compliance and its practical consequences for institutional performance. Ultimately, the findings are expected to generate policy recommendations that help improve financial discipline, transparency, and the overall effectiveness of public service delivery—not only in Kwara State but across Nigeria.

LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Concept of Budgeting

Budgeting can be regarded as the methodical process by which businesses forecast, plan, and allocate their resources to accomplish desired goals. From a public administration standpoint, a budget is more than just a financial document; it is a strategic tool that drives decision-making and assures the effective deployment of limited resources. Eshetu (2020) describes a budget as a quantitative action plan established to execute particular functions, including revenue

generation, expenditure allocation, and resource management. It often spans a specific period—monthly, quarterly, or annually—and contains estimates for sales, revenues, expenses, environmental impacts, and financial flows. Arnold and Artz (2019) underline that budgets help both public and commercial entities by converting strategic aspirations into measurable and actionable financial terms. Kabeyi (2019) adds that successful budgeting supports attainment of corporate goals and embeds management principles such as responsibility accounting, participative planning, and adaptive decision-making. Thus, budgeting constitutes the backbone of strategic financial governance.

2.1.2 Budgeting Process

The budgeting process refers to the organized actions followed by businesses to establish, approve, implement, and evaluate financial plans that support strategic objectives. In public sector governance, the process ensures that expenditure matches with policy goals and that financial decisions reflect accountability and openness. Srithongrung et al. (2021) define several fundamental stages in the budgeting process: beginning with planning and preparation based on historical data, followed by revenue forecasting and spending estimation. These processes conclude in budget review, implementation, and periodic evaluation. Kayebi (2019) notes that this procedure improves fiscal discipline, supports informed decision-making, and enhances accountability. By sticking to a defined budgeting procedure, governments and institutions are better positioned to evaluate performance, respond to deviations, and manage public expectations efficiently.

2.1.3 Budget Preparation

Budget planning encompasses the preliminary phase where a company sets its financial plan in conjunction with its strategic goals. It is a vital phase that decides how resources will be mobilized and allocated to specific roles or initiatives. According to Dahana (2020), this stage includes projecting revenues, calculating expenditures, and aligning both to the institution's ultimate vision. It begins with identifying defined and realistic objectives, followed by a careful review of historical trends and market conditions to inform revenue estimates. Expense estimation entails identifying fixed and variable expenditures across departments. Collaboration during this stage is vital, since input from all departments ensures a more inclusive and realistic budget. Johnson (2021) underlines the necessity of variance analysis—comparing expected figures with actual performance—to guide mid-cycle modifications and maintain financial responsiveness. Once finalized, the proposed budget is submitted for approval and disseminated for execution, with systems for regular monitoring to assure compliance and flexibility.

2.1.4 Budget Execution

Budget execution refers to the implementation phase where authorized financial plans are turned into actual spending and income. In practice, here is where the effectiveness of the planning process is tested, as organizations struggle to remain within the boundaries of approved appropriations while attaining desired goals. Raudla and Douglas (2022) describe this phase as commencing with appropriation—where legal authorization is granted—and followed by the disbursement and utilization of monies. Effective execution depends on effective cash management, timely money releases, and tight expenditure controls to prevent overruns and inefficiencies. Regular financial reporting, internal auditing, and performance tracking are critical components that ensure the budget is adhered to. Execution may also

involve real-time adjustments or fund reallocations in response to emergent difficulties or opportunities. Overall, the achievement of this stage is important to the realization of public service aims.

2.1.5 Budget Compliance

Budget compliance represents the extent to which government ministries, departments, or agencies adhere to the established budgetary provisions. It analyzes how closely actual expenditure fits with the allocations and strategic aims specified in the budget paper. Linos et al. (2020) define it as a dedication to financial discipline, ensuring that expenditures remain within the approved limits and are directed toward specified projects. Compliance also involves preventing behaviors such as financial slack, misallocations, and delayed payouts. As Bisogno and Cuadrado (2021) state, compliance is vital for strengthening confidence, promoting transparency, and improving service delivery. It requires timely and accurate reporting, solid internal controls, and proactive supervision systems. Non-compliance can erode the confidence of governmental institutions, resulting to inefficiencies and decreased accountability.

2.1.6 Public Sector Performance

Public sector performance refers to the capacity of government institutions to deliver efficient, effective, and equitable services to the public. It encapsulates the outcomes of governmental policy, the quality of governance, and the degree to which citizens' needs are addressed. Osborne (2020) explains that performance in the public sector is judged using various characteristics including efficiency, effectiveness, responsiveness, and accountability. Garengo and Sardi (2021) further stress the role of systematic performance measurement in detecting service deficiencies, driving improvements, and boosting public value. Methods such as citizen satisfaction surveys, cost-benefit analysis, and equitable indicators are routinely used to analyze performance. High public sector performance not only creates trust in government but also helps considerably to socio-economic development by ensuring that public resources are allocated in a manner that optimizes impact.

2.2 Empirical Review

Budgeting and budgetary control have attracted increasing scholarly attention in recent years, particularly in the context of public sector management. Numerous empirical studies have studied the relationship between budgeting processes and organizational performance, especially within government and public organizations. These studies provide evidence-based insights into how effective budgeting and compliance systems can promote performance, accountability, and the efficient use of resources. The following empirical studies highlight how different characteristics of budgetary compliance affect public sector performance across different geographies.

Olola (2019) examined the effectiveness of budgeting and budgetary control on the performance of Ado-Ekiti Local Government in Nigeria. The study utilized a descriptive research design, collecting data through questionnaires administered to five local governments within the Ekiti South Senatorial District. Responses were gathered from 150 out of 200 randomly sampled participants. The data were analyzed using the non-parametric chi-square test, with hypotheses tested at a 5% significance level. The findings indicated that budgeting is a valuable tool for local governments, aiding in the evaluation and realization of their goals and objectives. Given the dynamic environment in which governments operate, it is concluded that budgeting, as an

ongoing management activity, must adapt to these changing conditions.

Okotchi et al. (2020) conducted a study on the effect of the budgetary process on the performance of county governments in Kenya, focusing on Trans Nzoia County Government. The study aimed to determine how the budgetary process influences the performance of county governments. A descriptive survey research design was adopted, targeting a population of 72 employees directly involved in the budgetary process of Trans Nzoia County. Data were collected using questionnaires and analyzed using descriptive statistical methods, including pie charts and measures of central tendency such as mean, mode, and standard deviation. Inferential statistics, such as ANOVA and multiple regression models, were also employed. The findings revealed that participation in the budgetary process, budgetary control, and budgetary planning enhance financial performance. The study recommends that Trans Nzoia County Government ensure the involvement of all stakeholders, particularly in decision-making related to the budgetary process.

Keng'ara et al. (2020) conducted a study on the effect of budgetary processes on organizational performance, focusing on non-commercial marine agencies in Kenya. The study aimed to assess the impact of budgetary processes on the performance of these organizations. A descriptive research design was employed, targeting Heads of Departments in Finance, Procurement, Audit, Monitoring and Evaluation, and Chief Executive Officers within the marine sector in Mombasa County, Kenya. The sample size comprised 70 respondents. Data were collected using questionnaires distributed to these respondents. Both primary data (via questionnaires) and secondary data (from organizational archives) were gathered. The data were analyzed using multiple regression analysis to determine the relationship between the variables. The results revealed a positive and significant relationship between budgetary processes—specifically budgetary planning, control, implementation, monitoring, and evaluation—and organizational performance, with a regression coefficient of 0.834 and an R-squared value of 0.65. The correlation analysis also indicated a positive coefficient between budgetary processes and organizational performance. The study recommended that organizations should adopt comprehensive budgetary processes to achieve superior performance.

Subriyah et al. (2021) examined the impact of budget planning on organizational performance through standard cost analysis in the General Bureau of the Regional Secretariat of West Sulawesi Province. The study aimed to analyze and explain how budget planning influences organizational performance via cost standards. Primary data were collected using a questionnaire, with a sample size of 72 respondents. As a quantitative study, the research utilized numerical data and statistical analysis, employing a hypothesis testing design to examine the relationships between variables. Path analysis was conducted using the AMOS program. The results indicated that budget planning, budget evaluation, and budget evaluation positively affect organizational performance in the General Bureau of the Regional Secretariat of West Sulawesi Province.

2.3 Theoretical Review

2.3.1 Theory of Budgetary Control

The Theory of Budgetary Control was pioneered by Max Weber in his key work The Theory of Social and Economic Organization (Weber, 2009). It provides a fundamental theoretical foundation for understanding how bureaucratic mechanisms might influence budget compliance and public sector performance. This idea is predicated on the premise that public

organizations act within a rational-legal framework, regulated by formal norms and procedures to achieve efficiency, accountability, and transparency.

At its foundation, the idea views organizations as rational systems that rely on established hierarchies and explicitly defined responsibilities to achieve desired objectives. According to Weber, bureaucratic control—characterized by rule-bound procedures, standardized processes, and hierarchical supervision—is vital for assuring disciplined financial management and efficient resource allocation (Weber, 2009). In the context of public budgeting, these concepts manifest in the development, execution, and control of budgets based on established norms and guidelines.

The notion states that adherence to budgetary rules and procedures promotes accountability and minimizes financial malfeasance. In this study, the concept of budget compliance coincides with the bureaucratic insistence on rule adherence, whereas public sector performance reflects the effectiveness and efficiency outcomes expected from organized budgetary control. Thus, Weber's paradigm offers a lens for analyzing how closely following budgeting norms (budget compliance) contributes to measurable improvements in service delivery, resource usage, and institutional performance.

The argument for employing this theory resides in its capacity to represent the systematic character of budget implementation inside public sector institutions. Bureaucratic control systems encourage openness, reduce discretionary abuses, and create discipline in public spending. These features make the theory particularly relevant for studying budget compliance as a method for boosting performance in public sector enterprises (Lapsley, 2009).

However, one important weakness of the theory is its assumption of a linear, rational process. In practice, public budgeting is subject to several unforeseen effects such as political meddling, bureaucratic inefficiency, and dynamic socio-economic conditions. Moreover, the rigid character of bureaucratic institutions may inhibit innovation and adaptability—attributes that are crucial in modern public administration (Hughes, 2017).

2.3.2 Principal-Agent Theory

The Principal-Agent Theory, developed by Jensen and Meckling (1976), is another significant framework that explains the relationship between a principal (e.g., government or supervisory authority) and an agent (e.g., public sector department or agency) tasked with executing responsibilities on behalf of the principal. The idea is anchored in contract theory and microeconomics, emphasizing incentives, information asymmetry, and monitoring.

The basic principle behind this theory is the existence of aim divergence between principals and agents. Because agents may pursue their self-interest, effective control mechanisms (such as budgets, audits, and reporting systems) are important to align the agent's actions with the principal's objectives (Jensen & Meckling, 2019). This alignment is generally established through performance-based incentives, punishments, and transparency initiatives.

In the context of this study, budget compliance works as a monitoring tool used by the principal to evaluate the agent's commitment to spending public resources appropriately. Public sector performance, therefore, is determined by how well agents adhere to financial guidelines and execute tasks in keeping with the principal's expectations. The theory stresses the necessity for strong accountability structures and underscores the role of compliance in reducing agency loss

and boosting production.

The adoption of Principal-Agent Theory is justified by its ability to address the accountability gap between financial authorities and executing agencies in the public sector. It provides insight into why budget variances occur and how incentives and monitoring can enhance compliance and overall performance. The theory supports the study's purpose of studying the relationship between budget compliance and public sector performance by giving a clear method via which financial discipline can be enforced (Eisenhardt, 1989).

Despite its applicability, the theory has numerous limitations, particularly in the public sector environment. It tends to oversimplify relationships by presuming that goals are easily measurable and that monitoring procedures are totally successful. Public sector enterprises sometimes encounter complex mandates, political intervention, and various stakeholders, which complicate the conventional principal-agent dynamics (Van Slyke, 2007). Moreover, intrinsic motivation and public service ethics, which are vital in public administration, are generally underemphasized in the theory.

RESEARCH METHOD

This study employed a descriptive research approach to evaluate the relationship between budget compliance and public sector performance via the perspective of budgetary control. The approach was chosen for its efficiency in giving a detailed and systematic description of the existing relationships among variables in a natural instance.

The population of the study consisted of one hundred (100) staff members of the public sector, including directors and heads of departments recruited from five main ministries in Ilorin, Kwara State. These ministries—Finance, Agriculture, Works, Health, and Education—were purposefully picked based on their strategic importance to the socio-economic development of the state. Their inclusion was meant to ensure a representative view into public sector budgeting practices.

A non-probability sampling technique, namely convenience sampling, was employed to choose respondents from the target demographic. This strategy allowed the researcher to get data from persons who were readily accessible and eager to engage, providing efficient and cost-effective data collecting from important stakeholders actively involved in budgetary procedures.

Primary data was acquired using a standardized questionnaire designed to capture input on several variables of budget compliance and public sector performance. The questionnaire comprised both closed-ended and Likert scale items to allow for consistent and quantitative replies. Socio-demographic data of respondents were presented using frequency distribution tables.

With respect to variables and their measurement, the study defines two primary factors: budget compliance as the independent variable, and public sector performance as the dependent variable. Budget compliance was examined using three essential dimensions: budget preparation, budget execution, and budget participation. Public sector performance was evaluated through two main indicators: efficiency and effectiveness. These factors were rated using a five-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5), offering a standardized review of respondents' perspectives and experiences.

The data collected were evaluated using both descriptive and inferential statistical approaches. Descriptive statistics such as means, percentages, and standard deviations were utilized to summarize and interpret the data. To evaluate the relationship between the study variables and test the specified hypotheses, regression analysis was performed. All analyses were conducted using Microsoft Excel and SPSS version 23.0.

3.2 Model Specification

The study investigates the relationship between budget compliance and public sector performance using a multiple regression model.

The dependent variable is Public Sector Performance (PSP), which is measured using two key dimensions; Efficiency and Effectiveness. While the independent variable is Budget Compliance (BC), which is proxied by; Budget Preparation (X_1), Budget Execution (X_2) and Budget Participation (X_3),

Therefore, the regression model adopted for this study, inspired by previous empirical works such as Olola (2019), Okotchi et al. (2020), and Keng'ara et al. (2020), is specified as follows:

$$y_{it} = \alpha + \beta_1 x_{1it} + \beta_2 x_{2it} + \beta_3 x_{3it} + \beta_4 x_{4it} + u_{it}; \; i = 1, 2, \dots N.; \; T, 1, 2, \dots . T -------------------(1)$$

Where:

y represent the dependent variable,

i represents individual firms, *T*.

α_0 represent the intercept term,

$\beta_1 \dots \dots \dots . \beta_n$ are the model parameters to be estimated,

y_{it} represents the dependent variables, and stands for Public Sector Performance for ministry *i* at time *t*, measured by Efficiency and Effectiveness

$x_1 \dots . x_3$ represents independent variables representing Budget Compliance (BC), measured by Budget Preparation (X_1), Budget Execution (X_2) and Budget Participation (X_3).

RESULTS AND DISCUSSION OF FINDINGS

4.1 Results

In the course of achieving these, one hundred (100) senior staffs' members and directors of 5 different ministries in Ilorin Kwara State was given the questionnaire, but only ninety-four was received back and adopted for analysis as feedback was not received from the remaining six of staffs. This section presents the results and discussion over data collected during the survey and the respondent are reviewed below based on sections of the questionnaire.

Table 4.6 presents the results of the Pearson correlation analysis conducted to determine the relationships between the independent variables (budget compliance, as measured by budget preparation, budget execution, and budget participation) and the dependent variable (public

sector performance, assessed by efficiency and effectiveness). The correlation coefficients in Table 4.6 indicate significant correlations between all the independent variables and the dependent variable.

Table 4.6: Correlations Matrix of the Independent and Dependent Variables

	Budget Preparation	Budget Execution	Budget Participation	Efficiency and Effectiveness
Budget Preparation	1			
Budget Execution	0.698**	1		
Budget Participation	0.691**	0.620**	1	
E and E	0.600**	0.684**	0.789**	1

**. Correlation is significant at the 0.01 level (2-tailed). E and E = Efficiency and Effectiveness

Test for Hypothesis

H_{01}: Budget preparation have no significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

Table 4.7.1: Result of Regression Analysis of Budget Preparation on the efficiency and effectiveness of Public Sector in Nigeria.

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	3.064	.211		14.518	.000
Budget preparation	.331	.046	.600	7.197	.000

a. Dependent Variable: PSP

Table 4.7.2: Model Summary of Regression Analysis of Budget Preparation on efficiency and effectiveness of Public Sector Performance in Nigeria

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.600[a]	.660	.653	.16926

a. Predictors: (Constant), Budget preparation

b. Dependent Variable: PSP

Table 4.7.1 emphasizes the favorable influence of Budget Preparation on Public Sector Performance. The table illustrates positive values in the standard beta coefficients, signifying a positive correlation between budget preparation and public sector performance. With an R-squared value of 0.660 on Table 4.7.2, it indicates that approximately 66.0% of the variability in public sector performance can be attributed to budget preparation. Moreover, the p-value being less than 0.05 results in the rejection of the null hypothesis, affirming that budget preparation has a significant impact on the efficiency and effectiveness of Public Sector in Nigeria..

H_{O2}: Budget execution have no significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

Table 4.8.2 illustrates that 68% of the variability in "public sector performance" (the dependent variable) can be accounted for by "budget execution" (the independent variable). This reveals a

notable positive correlation. The adjusted R-squared value of 0.681 further validates this relationship, indicating that 68.1% of the fluctuations in public sector performance directly correspond to changes in budget execution. Additionally, Table 4.8.2 displays p-values less than 0.05 for the dependent variables. This statistically significant outcome supports the rejection of the null hypothesis, demonstrating that budget execution has a significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

Table 4.8.1: Result of Regression Analysis of Budget Execution on the efficiency and effectiveness of Public Sector in Nigeria.

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	3.570	.191		18.686	.000
Budgetexecution	.241	.045	.684	5.306	.000

a. Dependent Variable: PSP

Table 4.8.2: Model Summary of Regression Analysis of Budget Execution on the efficiency and effectiveness of Public Sector in Nigeria.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684[a]	.689	.681	.18720

a. Predictors: (Constant), Budgetexecution
b. Dependent Variable: PSP

Ho$_3$: Budget participation have no significant impact on the efficiency and effectiveness of Public Sector in Nigeria.

Table 4.9.1: Result of Regression Analysis of Budget Participation on the efficiency and effectiveness of Public Sector in Nigeria.

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	3.147	.353		8.911	.000
Budgetpati	.321	.079	.789	4.056	.000

a. Dependent Variable: psp

Table 4.9.2: Model Summary of Regression Analysis of Budget Participation on the efficiency and effectiveness of Public Sector in Nigeria.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.789[a]	.742	.734	.25360

a. Predictors: (Constant), Budgetpati
b. Dependent Variable: psp

The results presented in Table 4.9.1 indicate a statistically significant and positive relationship between budget participation and public sector performance, as measured by efficiency and effectiveness. The positive standardized beta coefficients and the corresponding p-values (< 0.05) suggest that increased involvement in the budgeting process contributes meaningfully to improved outcomes in public sector operations. Further confirmation is provided by the findings in Table 4.9.2, where the R-squared value of 0.742 demonstrates that approximately 74.2% of

the variation in public sector performance can be explained by budget participation. This high explanatory power underscores the importance of participatory budgeting as a mechanism for enhancing governmental effectiveness and efficiency.

In light of these findings, the study rejects the null hypothesis, which posited that budget participation has no significant impact on the efficiency and effectiveness of the public sector in Nigeria. The empirical evidence affirms that active engagement in the budgetary process is a critical determinant of enhanced performance outcomes in public sector institutions.

4.2 Discussion of Findings

This study explore how budget compliance—in its many dimensions—shapes the performance of Nigeria's public sector using Kwara State as case study. The findings give solid evidence that effective budget practices make a measurable difference in how public organizations deliver services. Each dimension of budget compliance—preparation, execution, and participation—shows a significant and positive association with public sector performance, delivering valuable insights for both policymakers and practitioners.

The data reported in Tables 4.7.1 and 4.7.2 demonstrate that budget preparation has a key influence in defining the performance of public sector entities. With a standardized beta coefficient of 0.600 and a statistically significant p-value ($p < 0.05$), the analysis reveals a positive association. Moreover, the R-squared value of 0.660 reveals that 66% of the variability in public sector performance is explained by how effectively the budget is planned. This confirms the rejection of H_{01}, indicating that budget preparation considerably impact efficiency and effectiveness in public organizations. What this means in practical terms is that when budgets are properly developed—based on clear goals, accurate needs assessments, and broad stakeholder input—they become effective vehicles for boosting performance. This study matches the views of Olola (2019), who underlined that well-formulated budgets are vital for helping local governments achieve their objectives. These findings confirm this view, showing that public institutions might enhance outcomes by embedding democratic and data-informed frameworks into their budget preparation processes. Strategic forecasting, unambiguous alignment with institutional goals, and active consultation across departments not only promote openness but also help organizations stay focused on producing results that matter.

Furthermore, as demonstrated in Tables 4.8.1 and 4.8.2, our analysis demonstrates that budget execution also has a considerable influence on public sector performance. The beta coefficient of 0.684 and p-value of 0.000 show a strong and statistically relevant association. With an adjusted R-squared of 0.681, the model explains 68.1% of the variation in public sector performance based on how successfully the budget is executed. Based on these data, H_{02} is rejected, affirming that timely and disciplined execution of budget plans is vital to public sector efficiency and effectiveness. These findings coincide with Keng'ara et al. (2020), who underlined the necessity of matching budget implementation with actual expenditure, tracking, and performance targets. In fact, this suggests that how well budgets are carried out—through prompt transfer of funds, rigorous tracking of expenditures, and strict adherence to financial guidelines—has a direct impact on service delivery. To strengthen these outcomes, ministries and agencies must invest in real-time monitoring technologies, improve fund release procedures, and adopt robust internal controls. These measures will assist guarantee that plans on paper convert into significant, measurable outcomes on the ground.

Additionally, this study indicated that budget participation has the most meaningful effect on

public sector performance. As demonstrated in Tables 4.9.1 and 4.9.2, the standardized beta coefficient is 0.789 with a highly significant p-value (p = 0.000). The R-squared score of 0.742 suggests that 74.2% of the changes in public sector performance can be linked back to how inclusive the budgeting process is. This leads to the rejection of H_{03}, indicating that including stakeholders in the budgeting process makes a considerable difference in how effectively services are delivered. When budget decisions involve input from staff members, department heads, civil society, and even the general public, institutions are more likely to distribute resources in a way that reflects real needs and goals. This outcome is congruent with the findings of Okotchi et al. (2020), who underlined that stakeholder involvement leads to increased openness, accountability, and organizational ownership. In other words, people support what they help create—and this is no less true when it comes to handling public monies. To harness this potential, public institutions should endeavor to institutionalize participatory budgeting. This can be achieved by arranging frequent budget discussions, establishing feedback mechanisms, and delivering financial literacy training for both public personnel and community leaders. These activities can help match public resources with community interests, while also fostering trust in government procedures.

CONCLUSION

This study examine the relationship between budget compliance and public sector performance in Nigeria, with a specific focus on important components of the budgetary process: preparation, execution, and participation. Drawing on data obtained from directors and departmental heads across five important ministries in Kwara State, the findings provide strong evidence that each component of budget compliance significantly and favorably effects the efficiency and effectiveness of public sector performance.

Budget preparation was proven to contribute considerably to performance outcomes when it is anchored in strategic alignment, accurate forecasting, and stakeholder involvement. Likewise, excellent budget execution—characterized by timely distribution and adherence to financial guidelines—was proven to be vital for turning goals into concrete results. Most significantly, participatory budgeting emerged as the strongest predictor of performance, underscoring the relevance of inclusive decision-making and shared accountability in public finance.

RECOMMENDATIONS

Based on the findings of this study, it is advised that public institutions adopt a more strategic and inclusive approach to budget development by aligning financial plans with organizational goals and engaging key stakeholders early in the process. Budget execution should be improved through prompt cash disbursement, real-time monitoring, and rigorous adherence to financial norms to guarantee resources are appropriately employed. Additionally, boosting stakeholder participation in the budgeting process is vital for encouraging openness, accountability, and improved service delivery.

REFERENCES

Akinsanmi, F. J. S., Adedokun, S., Nweze, G. N., & Aniobi, C. S. (2022). An overview of Nigerian public sector and service delivery issues, challenges, and prospects. *Fuoye Journal of Accounting and Management, 5*(2). fjam.fuoye.edu.ng

Arnold, M., & Artz, M. (2019). The use of a single budget or separate budgets for planning and performance evaluation. *Accounting, Organizations and Society, 73*, 50–67. [Crossref]

Bisogno, M., & Cuadrado-Ballesteros, B. (2022). Budget transparency and governance quality: A cross-country analysis. *Public Management Review, 24*(10), 1610–1631. [Crossref]

Blueprint Newspapers. (2020, July 22). Kwara revises 2020 budget to ₦115bn. blueprint.ng

Budget Office of the Federation. (2024, July). 2023 Third Quarter Budget Implementation Report. Federal Ministry of Finance, Budget and National Planning. budgetoffice.gov.ng

Dahana, M. A. (2020). Analysis of the budget planning process and budget execution process. *European Journal of Business and Management Research, 5*(4). [Crossref]

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review, 14*(1), 57–74. [Crossref]

Eshetu, H. (2020). Assessment of budgeting process in ministry of innovation and technology Addis Ababa, Ethiopia (Doctoral dissertation, St. Mary's University).

Garengo, P., & Sardi, A. (2021). Performance measurement and management in the public sector: State of the art and research opportunities. *International Journal of Productivity and Performance Management, 70*(7), 1629–1654. [Crossref]

Hughes, O. E. (2017). *Public management and administration*. Bloomsbury Publishing. [Crossref]

Jensen, M. C., & Meckling, W. H. (2019). Theory of the firm: Managerial behavior, agency costs, and ownership structure. In *Corporate governance* (pp. 77–132). Gower.

Johnson, B., Jones, P. A., & Reitano, V. (2021). Stakeholder networks and inclusive public participation mechanisms in the public budgeting process. *Urban Governance, 1*(2), 98–106. [Crossref]

Kabeyi, M. (2019). Organizational strategic planning, implementation, and evaluation with analysis of challenges and benefits. *International Journal of Applied Research and Studies, 5*(6), 27–32. [Crossref]

Keng'ara, R., & Makina, I. (2020). Effect of budgetary processes on organizational performance: A case of marine state agencies, Kenya. *Universal Journal of Accounting and Finance, 8*(4), 115–130. [Crossref]

Lapsley, I. (2009). New public management: The cruellest invention of the human spirit? *Abacus, 45*(1), 1–21. [Crossref]

Linos, E., Quan, L. T., & Kirkman, E. (2020). Nudging early reduces administrative burden: Three field experiments to improve code enforcement. *Journal of Policy Analysis and Management, 39*(1), 243–265. [Crossref]

National Bureau of Statistics. (2020). *Public Expenditure Tracking Survey (PETS) 2020*. https://www.nigerianstat.gov.ng

Okotchi, C. J., Makokha, E. N., & Namusonge, G. (2020). Effect of budgetary process on performance of county governments in Kenya. *International Journal of Recent Research in Social Sciences and Humanities, 7*(2), 11–21.

Olola, O. (2019). Effectiveness of budgeting and budgetary control on the performance of Ado-Ekiti local government in Nigeria. *Research Journal of Finance and Accounting, 10*. [Crossref]

Osborne, S. (2020). *Public service logic: Creating value for public service users, citizens, and society through public service delivery*. [Crossref]

Punch Newspapers. (2019, June 2). Capital projects' funding gap hits N2.03tn in four years. punchng.com

Raudla, R., & Douglas, J. W. (2022). Austerity and budget execution: Control versus flexibility. *Journal of Public Budgeting, Accounting & Financial Management, 34*(2), 292–309. [Crossref]

Ramasamy, R. (2020). Quality of government, public service delivery and institutional impartiality in ethnically polarised societies: Evidence for policy makers. *Asia Pacific Journal of Public Administration, 42*(1), 46–60. [Crossref]

Srithongrung, A., Yusuf, J. E. W., & Kriz, K. A. (2021). A systematic public capital management and budgeting process. In *Research anthology on preparing school administrators to lead quality education programs* (pp. 598–619). IGI Global. [Crossref]

Subriyah, N., Brasit, N., & Darmawati. (2021). The effect of budget planning on organizational performance through standard cost analysis in the General Bureau of the Regional Secretariat of West Sulawesi Province. *Journal of Research in Business and Management, 9*(11), 79–86. questjournals.org

Van Slyke, D. M. (2007). Agents or stewards: Using theory to understand the government-nonprofit social service contracting relationship. *Journal of Public Administration Research and Theory, 17*(2), 157–187. [Crossref]

Weber, M. (2009). *The theory of social and economic organization*. Simon and Schuster.

APPENDIX

Table 4.1: Respondents Bio Data

Respondents	Frequency	Percentages (%)
Gender		
Female	26	27.7
Male	68	72.3
Age		
Below 30 years	0	0
31 - 35Years	4	4.3
36 - 40 Years	41	43.6
41 – 45 Years	33	35.1
46 – 50 Years	12	12.7
Above 50 Years	4	4.3
Marital Status		
Single	7	7.4
Married	82	87.2
Divorced	2	2.1
Window	3	3.2
Education Qualification		
BSc/Hnd	8	8.5
MBA	27	28.7
ACA	35	37.2
ICAN	18	19.1
Others	6	6.4
Years of Service		
Below 10 years	5	5.3
10 - 20 years	77	81.9
Above 20 years	12	12.8
Total	**94**	**100.0**

Source: Author's Survey (2024)

Table 4.2: Assessment of Budget Preparation Process in Public Sectors in Nigeria

S/N	Respondents	Variables	F (%)	Mean	Std. Dev	Min.	Max.
1	The public has sufficient access to information about the budget preparation process in the sector.	Strongly Agree	68 (72.3%)	4.70	0.4598	4	5
		Agree	26 (27.7%)				
		Undecided	0				
		Disagree	0				
		Strongly Disagree	0				
2	Budget allocations are based on a thorough needs assessment and aligned with strategic priorities.	Strongly Agree	54 (57.4%)	4.43	0.7828	2	5
		Agree	29 (30.9%)				
		Undecided	8 (8.5%)				
		Disagree	3 (3.2%)				
		Strongly Disagree	0				
3	The budget preparation process in the sector allows sufficient time for consultation and feedback from different departments.	Strongly Agree	75 (79.8%)	4.80	0.4037	4	5
		Agree	19 (38.8%)				
		Undecided	0				
		Disagree	0				
		Strongly Disagree	0				
4	Budget preparation in the sector is a transparent process with clear communication of goals and objectives.	Strongly Agree	57 (60.6%)	4.45	0.7981	1	5
		Agree	23 (24.5%)				
		Undecided	13 (13.8%)				
		Disagree	1 (1.1%)				
		Strongly Disagree	0				
5	The current budget preparation process in the sector is efficient and avoids unnecessary delays.	Strongly Agree	40 (42.6%)	4.16	0.9538	1	5
		Agree	38 (40.4%)				
		Undecided	9 (9.6%)				
		Disagree	5 (5.3%)				
		Strongly Disagree	2 (2.1%)				
6	The budget preparation process in the sector, adequately involve stakeholders, such as citizens, civil society organizations, and the private sector, in the preparation process.	Strongly Agree	67 (71.3%)	4.69	0.5293	2	5
		Agree	26 (27.7%)				
		Undecided	1 (1.1%)				
		Disagree	0				
		Strongly Disagree	0				
7	The sector budget preparation processes, aids and promotes accountability and transparency in the sector's financial management	Strongly Agree	69 (73.4%)	4.73	0.4442	4	5
		Agree	21 (22.3%)				
		Undecided	4 (4.3%)				
		Disagree	0				
		Strongly Disagree	0				
	Total		**94 (100)**				

Source: Author's Survey (2024)

Table 4.3: Assessment Budget Execution in Public Sector in Nigeria

S/N	Respondents	Variables	F (%)	Mean	Std. Dev	Min.	Max.
1	Funds allocated in the sector's budget are always readily available for disbursement when needed by any department.	Strongly Agree	21 (22.3%)	2.71	1.5354	1	5
		Agree	11 (11.7%)				
		Undecided	9 (9.6%)				
		Disagree	27 (28.7%)				
		Strongly Disagree	26 (27.7%)				
2	Bureaucratic hurdles and administrative delays hinder the timely execution of the budget in the sector	Strongly Agree	44 (46.8%)	4.28	0.8476	1	5
		Agree	37 (39.4%)				
		Undecided	9 (9.6%)				
		Disagree	3 (3.2%)				
		Strongly Disagree	1 (1.1%)				
3	Budget allocations are always been used for the intended purposes as outlined in the budget plan.	Strongly Agree	77 (81.9%)	4.82	0.3870	4	5
		Agree	17 (18.1%)				
		Undecided	0				
		Disagree	0				
		Strongly Disagree	0				
4	The sector has an effective mechanisms to monitor and track budget expenditures	Strongly Agree	69 (73.4%)	4.70	0.5252	3	5
		Agree	22 (23.4%)				
		Undecided	3 (3.2%)				
		Disagree	0				
		Strongly Disagree	0				
5	Budgetary resources are effectively allocated to various programs and projects during the execution phase in the sector	Strongly Agree	61 (64.9%)	4.65	0.4799	4	5
		Agree	33 (35.1%)				
		Undecided	0				
		Disagree	0				
		Strongly Disagree	0				
6	Budget execution activities are duly carried out according to the established timelines and schedules in the sector.	Strongly Agree	38 (40.4%)	3.97	1.0721	1	5
		Agree	29 (30.9%)				
		Undecided	17 (18.1%)				
		Disagree	6 (6.4%)				
		Strongly Disagree	4 (4.2%)				
7	Financial reports and performance assessments generated during the budget execution phase in the sectors are accuracy and reliable	Strongly Agree	32 (34%)	3.90	1.1366	1	5
		Agree	38 (40.4%)				
		Undecided	14 (14.9%)				
		Disagree	3 (3.2%)				
		Strongly Disagree	7 (7.4%)				
8	The current budget execution process in the sector is transparent and allows oversight by relevant stakeholders	Strongly Agree	41 (42.9%)	2.71	1.5354	1	5
		Agree	47 (50%)				
		Undecided	4 (4.3%)				
		Disagree	2 (2.1%)				
		Strongly Disagree	0				
	Total		**94 (100%)**				

Source: Author's Survey (2024)

Table 4.4: Assessment of Budget Participation in Nigerian Public Sector

S/N	Respondents	Variables	F (%)	Mean	Std. Dev	Min.	Max.
1	The budget planning process in the sector encourages participation from all relevant stakeholders.	Strongly Agree Agree Undecided Disagree Strongly Disagree	46 (48.9%) 37 (39.4%) 8 (8.5%) 2 (2.1%) 1 (1.1%)	4.33	0.8084	1	5
2	The budgeting process in the sector is transparent and always open to all relevant parties	Strongly Agree Agree Undecided Disagree Strongly Disagree	41 (43.6%) 48 (51.1%) 5 (5.3%) 0 0	4.38	0.5885	3	5
3	There are regular meetings and discussions regarding budget matters in my department.	Strongly Agree Agree Undecided Disagree Strongly Disagree	47 (50%) 39 (41.5%) 8 (8.5%) 0 0	4.41	0.6460	3	5
4	Feedback provided by staff during budget discussions is always taken seriously and acted upon.	Strongly Agree Agree Undecided Disagree Strongly Disagree	53 (56.4%) 41 (43.6%) 0 0 0	4.56	0.4986	4	5
5	Decisions made during the budgeting process reflect the input and feedback from all participants.	Strongly Agree Agree Undecided Disagree Strongly Disagree	56 (59.6%) 35 (37.2%) 3 (3.2%) 0 0	4.51	0.5631	3	5
6	There is a fair representation of different departments in the budget discussions.	Strongly Agree Agree Undecided Disagree Strongly Disagree	51 (54.3%) 42 (44.7%) 1 (1.0%) 0 0	4.54	0.5219	3	5
7	Senior management of the sector always supports and encourages staff participation in the budgeting process.	Strongly Agree Agree Undecided Disagree Strongly Disagree	47 (48%) 39 (39.8%) 8 (12.2%) 0 0	4.41	0.6461	3	5
	Total		**94 (100%)**				

Source: Author's Survey (2024)

Table 4.5: Efficiency and Effectiveness of Public Sector Nigeria.

S/N	Respondents	Variables	F (%)	Mean	Std. Dev	Min.	Max.
1	The public sector provides timely services to citizens and resources are used efficiently in the delivery of public services.	Strongly Agree Agree Undecided Disagree Strongly Disagree	56 (59.5%) 37 (39.4%) 1(1.1%) 0 0	4.60	0.5147	3	5
2	Public Sector funds are allocated and used appropriately.	Strongly Agree Agree Undecided Disagree Strongly Disagree	56 (59.6%) 38 (40.4%) 0 0 0	4.61	0.4912	4	5
3	Citizens are generally satisfied with the services provided by the public sector and feedback from citizens is used to improve public sector services.	Strongly Agree Agree Undecided Disagree Strongly Disagree	48 (51.1%) 39 (41.5%) 7 (7.4%) 0 0	4.41	0.6292	3	5
4	There is an effective coordination among different departments in the public sector and the public sector do adapt quickly to changes and challenges.	Strongly Agree Agree Undecided Disagree Strongly Disagree	65 (69.1%) 29 (30.9%) 0 0 0	4.69	0.4644	4	5
5	The public sector adheres to its policy objectives and goals.	Strongly Agree Agree Undecided Disagree Strongly Disagree	72 (76.6%) 22 (23.4%) 0 0 0	4.77	0.4256	4	5
6	The public sector operates with high levels of transparency, and the sector's employees are held accountable for their actions.	Strongly Agree Agree Undecided Disagree Strongly Disagree	68 (72.3%) 26 (27.7%) 0 0 0	4.72	0.4497	4	5
7	public sector employees receive adequate training to perform their duties efficiently.	Strongly Agree Agree Undecided Disagree Strongly Disagree	56 (41.8%) 31 (49%) 7 (8.2%) 0 0	4.53	0.6170	3	5
8	The Public sector initiatives do always have a positive impact on the community and the outcomes of the projects do align with their intended goals.	Strongly Agree Agree Undecided Disagree Strongly Disagree	47 (50%) 39 (41.5%) 8 (8.5%) 0 0	4.41	0.6461	3	5
9	The Public sector services are always delivered without unnecessary delays.	Strongly Agree Agree Undecided Disagree Strongly Disagree	46 (48.9%) 43 (45.7%) 5 (5.3%) 0 0	4.44	0.5967	3	5
10	The sector has adequate resources and are been used efficiently in the delivery of	Strongly Agree Agree Undecided	55 (58.5%) 39 (41.5%) 0	4.59	0.4954	4	5

public services	Disagree	0
	Strongly Disagree	0
Total		**94 (100%)**