

Budget Discipline in Nigeria: A Critical Evaluation of Military and Civilian Regimes

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Abstract: The Nigeria budgetary practices have been characterised with indiscipline and flagrant disregards to budgetary rules and procedures. This culture has been substantially attributed to the long years of military rule. This paper juxtaposes military and civilian regimes in Nigeria with respect to adherence to budgetary estimates. Eight years for each regime were purposively considered (1991 – 1998 and 1999-2006). Time series data were retrieved from secondary sources and analyzed using simple variances, percentages, descriptive statistics as well as independent T-Test. The paper found that although budget discipline under democratic regime is arithmetically higher than budget discipline under military system, the difference is not statistically significant. It was therefore recommended that since budget is a law (appropriation Act); it should be accorded the same respect like any other act of the National Assembly as a justification for the democratic tenet of the rule of law. To that end budget implementation and control should be judiciously enforced with a view to achieving the lofty objectives that accompanies each year's budget, as well as reduce the negative pressure that budget indiscipline engenders.

Keywords: government administration; resource management; financial indiscipline and public sector reform

JEL Classification: H6; H61; H77; H83

1. Introduction

The superior performance of every economy is largely determined by efficient fiscal and monetary policies management. These two macro economic variables are in most countries congregated in the national budget. Besides, being a critical planning and control device, budget gives expression to the macro economic objectives of the government as well as the fiscal strategies for their attainment. However, the extent to which such objectives are achieved depends to a great

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extent on the discipline exercised by government in the implementation and control of the budget. It is also recognized that the attainment of budget can be thwarted by external economic forces uncontrollable for an organization or nation; many aspects of a budget are controllable by the operators- hence discipline is required.

Budget discipline connotes the extent to which an institution or nation stays within the budget or simply, the ratio of budgetary expenditure to actual expenditure, as different from fiscal discipline which is the ratio of budget deficit to the Gross Domestic Product (GDP). Lack of budget discipline has been identified as one of the main factors accounting for the disappointing budgetary performance of many countries in Africa (Lienert & Sarraf, 2001). Indiscipline in the management of resources is iniquitous to the economic progress of any nation irrespective of the nature of government (Military or Civilian).

In Nigeria, the budgetary processes are said to be characterised by lack of discipline and flagrant disregard for budgetary procedures leading to the unimpressive performance of Nigerian economy (Obidegwu, 2005). This reported financial and fiscal rascality of the Nigerian federal government has been substantially attributed to the long years of military rule, which to a great extent associate budget indiscipline to the type of government in power (Orebiyi & Ogochukwu, 2005).

It is to this end that this paper attempts to investigate the budgetary practices of Nigeria at different regimes (Military and Democracy). The paper is predicated on the proposition that there is no significant difference between military autocracy and civilian democracy in terms of adherence to budgetary estimate. The study is intended to emphasize the fact that the sustainability of the Nigerian nascent democracy is dependent on the delivery of tangible dividends to a larger majority of the citizens, and one way of doing that is through discipline in the management of scarce resources.

The rest of the paper is organised into the following sub headings; section 2.0/2.1 undertakes a theoretical discourse of military and civilian administration as well as an X-ray of budget discipline under military and civilian regimes. In section 3.0, the methodology of the study was captured, giving way for data presentation, analyses and discussion of result which took their turn in section 4.0. The paper was concluded in section 5.0 after making recommendations as considered necessary.

2. Literature Review

2.1 Military and Civilian Administrations: A Theoretical Discourse

As a way of establishing the foundational thesis of this paper, it is important we engage in a theoretical analysis of both the military and the civilian administrations. Though our focus is the Nigerian State, we still consider a general discourse of the basic tenets of both administrations as a necessity without necessarily avoiding the Nigerian historical experiments of the military and the civilian administrations. First, the concepts of power and authority are central concepts that distinguish the two administrations. For the military, power is a fundamental factor given that no organized electoral process serves as the basis of the enthronement of military form of government. Frederick (1963) construed power as the capacity to modify the conduct of others in a manner that is desired. Lasswell and Kaplan (1950) conceived power as the process of affecting the policy options of others through the actual or threatened use of sanctions for non-conformity to prescribed behavioural pattern. From the definitions above, power implies the coercive method employed by those not entitled to one's obedience to get one to do what one does not want to do. Their rules and regulations are complied with not because they are legitimate but because sanctions are provoked to compel compulsory obedience. This is peculiar to the military system of government.

Authority, on the other hand, entails willingness to obey given that the one demanding for obedience has the consent of the people. For Carter (1979), authority implies force exercised or capable of being exercised with the general approval of those concerned. For Raphael (1990), when we speak of power in a social context, we are usually thinking of a specific kind of ability, the ability to make other people do what one wants them to do while to have authority to do something is to have the right to do it.

Another important factor that distinguishes the military from its civilian counterpart is the suspension of the constitution. The military operates by decrees to which obedience is by coercion while the civilian government operates within the purview of the constitution to which obedience is based on right to demand it and there is a legitimate ground for its enforcement. Unfortunately, the Nigerian constitution has been a brain work of the several military regimes. For instance, scholars argue that the 1999 constitution lack moral authority (the legitimacy question) and legal validity because its conception and promulgation lack legitimacy, having been introduced by the previous military government (Ogowewo, 2000)

Military is identified as the government of men and not of law because its practitioners (Soldiers) are men not trained in the art of politics and constitutionality but rather in warfare situations where the lives of the opponents are not valued.

The first military coup in Nigeria led to the death of several Northerners including the then Prime Minister Sir Abubakar Tafawa Balewa and several other politicians. Since then, the Nigerian state has witnessed several coups leading to the loss of lives. Thus, given the evils with which the military terminates incumbent political processes, scholars in search of the end to military rule in Nigeria discovered the theoretical underpinnings of military incursion into politics. Obi (1999) links the cause of the military in Africa to weakness of the political structures and process in the post-colonial states.

The poor political structure of the First Republic gave birth to the first military incursion, led by Major Nzeogwu, into Nigerian young democracy. Major Nzeogwu gave a justification for his attack on the politicians as an attempt to remove the political profiteers and swindlers from power (First, 1976). The perceived crises in Nigerian politics seemed to be the basis for military incursion as the different military regimes justified their interventions as patriotic acts based on national interests (Obi, 1999). The different military regimes pledged to put an end to corruption, misrule and indiscipline, but in reality they went on to legitimize what they spoke against. The first military coup, January 15 1966, was the beginning of a journey into a 29-year military rule in Nigeria, with a brief hiatus between 1979 and 1983. From then till 1999, the history of governance in Nigeria was the history of excessive militocratic exercise of naked political power void of legitimacy until the enthronement of democratic governance administered by the civilian administrators who are expected to be the representatives of the people. Obviously, the modus operandi of the two administrations differs. A military administration emerges through a forceful seizure of power while a civilian government is a product of the electoral process where the peoples' preference for who should lead them is expressed.

The concept of opposition parties is foreign to military government. An opposition party, for the military, is an enemy of the state that must be executed. But for civilian government, opposition parties are part of the game of politics. Even the people can rise and demand for accountability and transparency from their leaders under civilian government while such is treated with disdain under military government. In other words, the people have the power to change their representatives in the next elections under civilian government while military government is not a product of the peoples' willing consensus. According to Laski (1978), every government must submit itself to the judgement of those who feel the consequences of its act. While the civilian government can readily, whether willing or unwillingly, submit itself to the critical evaluation of those who suffer the effects

of its policies, military government resort to naked power in clamping down all oppositions.

2.2. Budget Discipline under Military and Civilian Administration

Budget still remains the single most important policy document in the hand of government. This is because budget gives expression to the fiscal intentions of the government in managing an economy. According to Olaoye (2010), public sector budget besides assembling the projected revenue and expenditure of government, addresses the allocation of resources to achieve societal goals; serves as an instrument for managing economic crisis and uncertainty, serves as an instrument of policy direction for the economy; it also represents a tool for defining government economic and societal focus as well as an instrument for economic management. However, budget is not an end by itself; it is a means to an end, hence, the call for discipline at all stages of the budgetary process to ensure the achievement of budget objectives (Olomola, 2009)

Budget discipline connotes the extent to which an institution or nation stays within the budget or better still the ability of a government to confine itself to the limit of expenditure in the approved budget or supplementary budget (Aruwa, 2004). It is measured as the ratio of budgetary expenditure to actual expenditure, as different from fiscal discipline which is the ratio of budget deficit to the Gross Domestic Product (GDP). They are three principal areas or dimensions of budget discipline according to (Oshisami, 1992 & Omolehinwa, 2001) these include; adherence to stated budgeting policies without wavering; adherence to budget calendar in the development, approval, implementation and monitoring as well as adherence to approved estimates in the appropriation act. These three levels of discipline are crucial for the effective working of the budget, and a breach in any level constitutes indiscipline. Indiscipline in the management of resources is iniquitous to the economic progress of any nation irrespective of the nature of government (Military or Civilian). Observation in most literature is that budget indiscipline is a fundamental characteristic of budget practices of most countries in Sub-Sahara African countries including Nigeria (Aruwa, 2004; Obidegwu, 2005; Olaoye, 2010). However, Obidegwu (2005) attributed this callous fiscal behaviour to the degeneration in governance and the increasing lack of coherence between government policies and the budget. This suggests that fiscal indiscipline will be reduced if policies are integrated into the budget. It could also be deduced that the effectiveness of any budgetary system is dependent on the working of the government and the sincerity of her programmes.

In Nigeria, fiscal irresponsibility or budget indiscipline has been observed and identified to be one of the serious problems of budgetary process. According to Aruwa (2004), the principle of strict budget discipline has evaded the

implementation of the federal budget. This observation has been corroborated by a number of literatures. For instance, Orebiyi and Ugochukwu (2005) related budget implementation failures in Nigeria to non-adherence to rules and control mechanisms associated with long years of military rule.

Again, Orebiyi and Ugochukwu (2005) lamented the continuation of this bad practice of non-implementation of budget to the letter in the new democratic Nigeria. It was this worrisome fiscal management that led to the inclusion of budget discipline improvement in the Obasanjo's public sector reform agenda (Ahmed, 2007). This was to be done through effort to establish an annual budget framework and guideline to be followed by all tiers of government as embodied in the fiscal responsibility Act 2007. The extent of compliance and its effectiveness is still a moot. Furthermore, Olomola (2009) studying strategies and consequences of budgetary reforms in Nigeria noted that the budget process has always been fraught with monumental abuses whether under military or civilian regimes.

The military modus operandi undermines the constitution, uses ad hoc procedures in budgeting and celebrates arbitrary budget estimations, as against the civilian regime where the budget is made to pass through constitutional and legal procedures. However, the theoretical dichotomy between the military and the civilian administration do not seem to be reflected in the overall budgetary performance hence, monumental abuses are always reported in both military and civilian regimes. This situation is further buttressed by Olaoye (2010) who studying budget discipline in government, asserted that from whatever angle one looks at the subject of budget discipline, the Nigerian nation still has a long way to go. From the forgoing, it seems conclusive that budget indiscipline is the order of the day whether in the military or civilian administration. However, an empirical analysis would be a better proof of the position, which none of the literature above has provided. This is in fact the justification and relevance of this study.

3. Methodology

This paper adopted both qualitative and quantitative approaches in explaining the budgetary practices in both the Military and the Civilian regimes in Nigeria. The quantitative aspect of the analyses involves the use of secondary data obtained from Central Bank of Nigeria Annual Reports; (2007, 2008) and the Central Bank of Nigeria Statistical Bulletin. Simple variance, percentage analyses, descriptive statistics as well as independent T- Test were employed for analyses, using MS Excel and Statistical Package for Social Sciences (SPSS) to aid the analyses.

Budget Discipline was operationally defined as the ratio of budgetary expenditure to actual expenditure while budget variance is operationally the difference between budget expenditure and actual expenditure. Mathematically;

Budget Discipline = $\frac{\text{Budget Expenditures}}{\text{Actual Expenditure}}$

Actual Expenditure

Budget Expenditure Variance = Budget Expenditure - Actual Expenditure

4. Data Presentation and Analyses

This section presents the data use in this study with the analyses; the analyses undertaken here include; Variance analysis; percentage analyses as well as the independent sampled T-test.

Table 1. Variance and percentage analyses

1 Year	2 Budget Exp (N,M)	3 Actual Exp (N,M)	4 Variance (N,M)	5 Budget Discipline	6 Budget Indiscipline	7% of Variation from the Budget
1991	38,666.40	66,584.40	-27,918.00	0.58	1.72	72
1992	52,035.90	92,797.40	-40,761.50	0.56	1.78	78
1993	112,100.50	191,228.90	-79,128.40	0.59	1.71	71
1994	110,200.00	160,893.20	-50,693.20	0.68	1.46	46
1995	153,496.00	248,768.10	-95,272.10	0.62	1.62	62
1996	189,000.00	337,217.60	-148,217.60	0.56	1.78	78
1997	276,723.20	428,215.20	-151,492.00	0.65	1.55	55
1998	367,917.00	487,113.40	-119,196.40	0.76	1.32	32
1999	358,103.20	947,690.00	-589,586.80	0.38	2.65	165
2000	664,735.30	701,059.40	-36,324.10	0.95	1.05	5
2001	1,752,778.70	1,018,025.60	734,753.10	1.72	0.58	-42
2002	1,018,155.90	1,018,155.80	0.10	1.00	1.00	0
2003	122,556.60	1,226,200.00	-1,103,643.40	0.10	10.01	901
2004	1,302,231.00	1,426,200.00	-123,969.00	0.91	1.10	10
2005	1,799,938.20	1,822,100.00	-22,161.80	0.99	1.01	1
2006	1,842,587.70	2,026,000.00	-183,412.30	0.91	1.10	10

Sources: Central Bank of Nigeria Annual Report; (2007, 2008); Central Bank of Nigeria Statistical Bulletin, December 2002, Vol. 13; Annual Audited Accounts of the Auditor General of Nigeria. Columns 4-7 were computed by the researcher.

Table 1 shows a 16 year variance and percentage analyses of the federal government annual expenditure. The variance analyses result (column 4) show that for the sixteen years period covered, the federal government has recorded mostly adverse variances except for two years (2001 and 2002) where favourable variance were recorded. The percentage of variations from the budget (column 7) ranges from -42% to 0% (favourable years) and 1% to a record high of 901% (adverse years). Several factors

might have accounted for the enormity of these variances. Such factors may include but not limited to poor budget planning, faulty budget assumptions leading to estimation errors, inflation, external variables affecting national annual budget, corruption which is the chief variable of budget indiscipline to mention but a few.

The variance analyses result also show that eight years before the return to civilian democracy (1991-1998 military era) the actual budget expenditure consistently exceeded the targeted expenditure depicting poor discipline, hence the variance curve (figure 1) lie below the horizontal axis indicating adverse variances throughout the period with a mean discipline of 0.6240 and a standard deviation of 0.06849 (see table 2). Eight years after the enthronement of democracy (1999-2006), there seems to be an arithmetic improvement with respect to adherence to budget discipline. The period recorded two years of favourable variances (2001 and 2002) and six years of adverse variance including a record high adverse variance of N1103643.40M representing about 901% extra budgetary expenditure in 2003. This is reflected in a higher mean discipline of 0.8698 but with a higher standard deviation of 0.47823 (Table 2). A higher standard deviation during democratic period indicates that the variances were more erratic than the military era as depicted by the variance curve in figure 1.

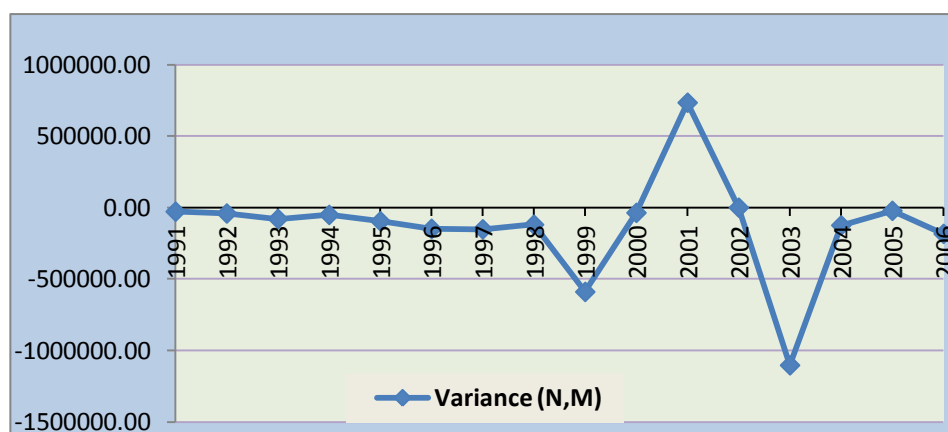


Figure 1. Budget Variance Chart (N,M)

Source: Charted by the authors using micro soft excel

Furthermore, the variance analyses reveals a high proclivity to spend off the budget (budget indiscipline) during transition or election years as demonstrated by the 1999 and 2003 colossal off budget expenditures of 165% and 901% respectively. These budgetary behaviours again suggest the problem of poor budget planning or faulty budgetary allocation. Transitions or elections are not accidental programs; one would have expected their cost to have been adequately factored into the year's budget either in the appropriation acts or supplementary appropriation acts, thus, reducing the extra budgetary expenditure to the barest minimum if not totally eliminated. A situation

where expenditure for the year is overshoot by about nine times the target cannot be justified by any economic or financial models except to confirm the non-alignment of economic political objectives with budgetary allocations as observed by Aruwa, (2004).

Table 2. Group Statistics

	Type of Government	N	Mean	Std. Deviation	Std. Error Mean
Budget Discipline	Military Government	8	0.6240	0.06849	0.02421
	Civilian Democracy	8	0.8698	0.47823	0.16908

Source: Computed by the authors using SPSS

Furthermore, in order to test the hypothesis of this study, an Independent Sample T-test was conducted to compare budget discipline under the two regimes (military and democracy). From the result (table 3), the Levene’s test for equality of variance indicates that the data violates the assumption of equal variances since the sig. value of 0.048 does not exceed 0.05. The T-test for equality of mean has a value of -1.439 with a sig value of 0.192. Since the sig value is greater than 0.05 it means that the mean difference between the two independent scores is not significant.

By this result, it is unsafe to reject the research hypothesis. We therefore conclude that there is no statistically significant difference between budget discipline under the military regimes and budget discipline under the civilian regime.

Table 3. Independent Sample Test

	Levene's Test for Equality of Variances	t-test for Equality of Means								
									95% Confidence Interval of the Difference	
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Budget Discipline	Equal variances assumed	4.710	.048	-1.439	14	.172	-.24581	.17081	-.61216	.12053
	Equal variances not assumed			-1.439	7.287	.192	-.24581	.17081	-.64650	.15488

Sources: T-Test result computed from SPSS

5. Conclusion

The issue of discipline in the management of recourses cannot be over emphasised. This is because mismanagement, waste or indiscipline not only frustrate the achievement of budgetary objectives but is also iniquitous to the economy irrespective of whether the government is military or civilian. This paper had applied both theoretical exploration and simple quantitative techniques to compare budget discipline under military autocracy and civilian democracy. The findings are here under summarised;

- 1 Budget indiscipline is a characteristic feature of the Nigeria budgetary process.
- 2 There is no statistically significant difference between budget discipline under military regime and budget discipline under civilian democracy in Nigeria.
- 3 There is high proclivity to over spend during transition years (as evidenced in 1999 and 2003) than it is for other years.

From the findings, it is therefore not surprising why the Nigeria budgetary performance had been describe as disappointing as it has contributed to further under developing the nation and adding to the poverty crises. If this culture of fiscal rascality in the Nigerian budgetary process is not fought, it will not only continue to undermine our developmental effort but will also threaten the sustainability of Nigeria nascent democracy given the country's mono-product status. Worst still, is the fact that with respect to budgetary practices, the dichotomy between military and civilian regimes is only theoretical. Democracy anywhere is associated with the rule of law, probity and accountability among other tenets. It should not only guarantee prudence management of resources but ensure that there are managed for the common good of a greater number of the citizens.

It is to this end that we candidly recommend that the budget or the appropriation act should be accorded the same respect like any other act of the National Assembly as a justification for the democratic tenet of the rule of law. This will enable all stages of the budgetary process to be managed with a high sense of discipline and accountability, in order to guarantee the achievement of the lofty objectives that accompanies each year's budget, as well as reduce the negative pressure that budget indiscipline engenders.

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