Budget practices and the Nigerian Civil Service: new insights from an organisational culture perspective.

Iniobong Louisa Usoro[1] Obi Peter Adigwe[2*]

1. Federal Road Maintenance Agency, Wuse 2, Abuja, Nigeria

2. National Assembly, Three Arms Zone, Abuja, Nigeria

* E-mail of the corresponding author: o.p.adigwe@leeds.ac.uk

Abstract

Low budgetary implementation in Nigeria suggests a need for better understanding of the Nigerian Civil Service. This study aimed at determining the nature of the Nigerian Civil Service from an organisational culture perspective. Additionally, the study focused on exploring views and experiences of Nigerian civil servants in relation to budgeting and budget practices.

Following the relevant ethics and governance approvals, a mixed methods approach was used to collect data from Nigerian civil servants. In the first phase, a questionnaire was used to collect quantitative data from 144 randomly sampled respondents across 6 ministries. The Organisational Culture Assessment Instrument (OCAI) was used to identify the dominant culture in the Nigerian civil service while descriptive statistics, correlation matrix and multiple regression analysis were used to explore attitudes to various budget practices. In the second phase 5 participants that were selected using convenience sampling were interviewed. A qualitative approach was used to analyse the data with a view to validate findings from the quantitative phase.

The study revealed that the Nigerian civil service is underpinned by a model where the hierarchical culture is dominant but with undertones of the clan culture. Key factors that can improve budget processes in Nigeria include better communication, increased participation and the establishment of monitoring processes. These new insights can help contribute to managing an improvement process as well as developing the service.

Keywords: Budget; Civil Service; Nigeria; Organisational Culture; Policy

1. Background

Organisational Culture (OC) represents the nature of an organization. Harrison (1972) postulated that an organization's ideology affects the behaviour of its people and this has an effect on the organization's effectiveness as it determines: how decisions are made; how human resources are used; and how the external environment is approached. OC can therefore be said to be a phenomenon that defines an organisation's values and guides its response to situations. In the literature, key forms of OC that have been identified by authors include: clan, adhocracy, market and hierarchy (Cameron and Quinn, 2005). Figure 1 provides a summary of the relevant characteristics associated with each orientation. Culture in the civil service has both management and public policy implications. Analysis of culture here is with reference to the competing values of internal/external orientation and control/flexibility captured using the organizational culture assessment instrument (OCAI).

Flexibility and Discretion

Clan Oriented
A very personal place;
Like an extended
family; mentoring;
nurturing; participation

Adhocracy Oriented
Dynamic and
entrepreneurial; people
take risks; values
innovation
entrepreneurship

**Internal Focus
and Integration**

**External Focus and
Differentiation**

Hierarchically Oriented
Favours structure and
control; coordination and
efficiency; stability is
important

Market Oriented
Results oriented; getting
the job done; values
competition and
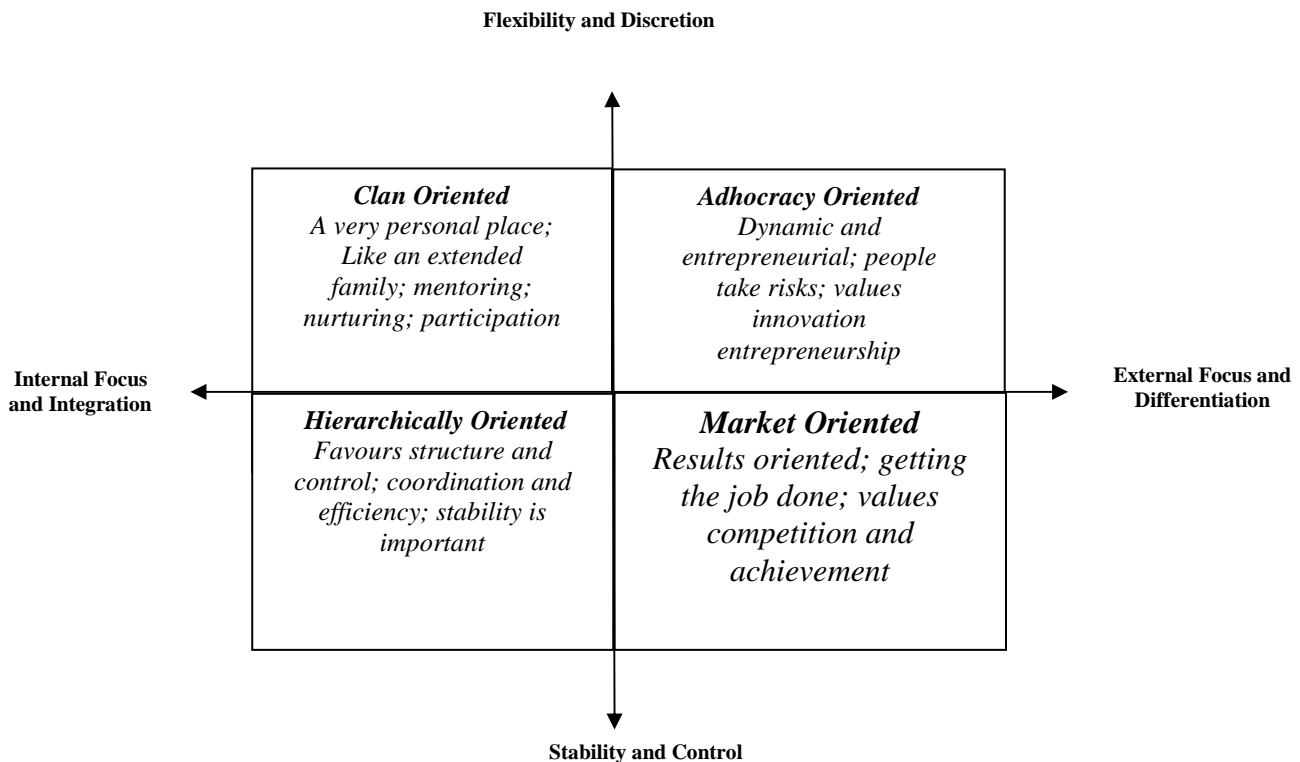*achievement*

Stability and Control

Figure 1: Types of Organisational Culture

Source: Cameron and Quinn (2005)

The focus of this research was to explore possible relationships between organizational culture (OC) and budget practices in the Nigerian Civil Service with emphasis on the employee's perception and opinion. Bankole (2011) stated that government ministries, departments and agencies in Nigeria returned over N1 trillion as part of unspent money from past budgets. This implies low level of budget implementation, inefficiency, a lack of capacity and poor planning. This article provides details of a study that explored budget practices in the Nigerian Civil Service from an organisational culture perspective, with a view to better understand its strengths and weaknesses as well as identify facilitators for reform.

1.1 The Nigerian Civil Service

The Nigerian Civil Service comprises of employees in Nigerian ministries, departments and agencies (MDAs). Most employees are career civil servants whose progression is based on qualification and seniority. The employees are bound by the civil service regulations and their major role is to implement government policies (FCSC, 1998). Phillips (1990) summarised the importance of a nation's civil service when he stated that this bureaucratic structure underpinned the processes governing the functioning of all other institutions within a country's borders. For instance, civil service establishments statutorily administer and superintend issuance of various types of approvals, licenses, and permits that are necessary for businesses and other organisations to exist and operate within a nation's borders. The Nigerian Civil Service which was established by the British during the colonial era has undergone a number of reforms. These reforms have mainly been aimed at achieving various relevant objectives, such as improving capacity and efficiency (Matankari, 2009).

1.2 The Budget Process in Nigeria

The budget process in Nigeria has four main stages, drafting; legislature approval; implementation; and monitoring and evaluation. The drafting begins midway in the preceding year with guidelines on sector spending from the Federal Ministry of Finance where an envelope indicating acceptable limits is defined. A call circular is

then sent to MDAs for them to forward their spending requests within the envelope provided (Ekeocha, 2014). The draft budget is then presented in the form of a bill to the legislature for approval in October. Preferably the National Assembly should approve the bill before the end of December and the bill is signed into Law in January (Aruwa, 2006). In practice, there have been major delays and interruptions in the budget approval process. In the year 2008, the budget was approved in mid-April of 2008 and the amended version in November 2008. Likewise, the budgets for successive years did not fare any better. For instance, the national budget for the year 2011 was approved in May 2011 with similar characteristics (Fayil, 2008; Reuters, 2010; Olusola-Obasa, 2011). In a similar vein, the levels of implementation of various yearly budgets have been a topic of vigorous dispute in Nigeria, particularly amongst public officers, legislators and public commentators (Yelwa, 2012; Ovuakporie and Nwagbuhiogu, 2013).

There is no doubt that matters relating to the timeliness and level of completion of annual national budgets have a significant impact on national development and the general functioning of a country. Unfortunately, these are just two of many problems that characterise budgeting and budget issues in Nigeria. Based on this, it is clear that there is a need for better understanding of budgeting practices in Nigeria from a civil service perspective. Exploring this area from an organizational culture viewpoint can provide a fresh understanding of the above issues and their attendant elements in the Nigerian context.

2. Aim of the Study

The aim of this study was to determine the nature of the Nigerian Civil Service in terms of organisational culture, as well as explore attitudes, facilitators and barriers to budget practices from the perspective of Nigerian civil servants.

3. Method

3.1 Overview

A mixed methods approach was used to collect and analyse data relating to organisational culture and budget-related practices from selected ministries between January 2011 and January 2012. In the quantitative data collection phase, a cross sectional approach was adopted whereby a questionnaire was used to explore participants' views and experiences in relation to organisational culture and budget-related practices. The development of the questionnaire was underpinned by the literature review and other relevant information from the secondary data compiled. The data from the quantitative phase were subjected to statistical analyses. In the qualitative phase, data was collected using semi-structured interviews. The data were analysed using a thematic analyses approach. The findings from the distinct phases were then integrated.

3.2 Quantitative data collection and analysis

Following a review of the secondary data, six federal ministries were selected based on the level of variance of budget implementation over a period of six years (2003 – 2008) the ministries selected were the Federal Ministries of Aviation, Works, Education, Federal Capital Territory, Defence, Agriculture and Water Resources. The first section of the questionnaire was designed to collect demographic data while the second collected data on budget related attitudes, views and experiences. Pre-validated data collection tools contributed to the cultural aspects (Cameron and Quinn, 2005) and the budget related aspects (Merchant, 1984) of the questionnaire. The final version of the questionnaire underwent face and content validation using an expert panel and piloting was carried out. No significant changes were made to the questionnaire as a result of this. A stratified sampling frame of officers from Grade Level (GL) 04 to 16 was compiled for each of the 6 ministries. A random sampling approach was used to select 25 respondents from the headquarters of each ministry. Overall, a 96% response rate was achieved (n= 144). The quantitative data collected were analysed using the Statistical Package for Social Scientists version 16 (SPSS 16). The data collected were subjected to various types of analysis, for instance, uni-variate analysis to yield descriptive statistics; testing for associations between variables using cross tabulation; multivariate logistic regression analysis; and modelling.

3.3 Qualitative data collection and analysis

In this phase of the study a qualitative approach was adopted to enable a deeper and richer understanding of the impact of the organisational culture on budget related practices. Due to the small sample size and potential for participant identification in this phase, ethical considerations were of utmost importance. As such, particular attention was paid to good research practice in pertinent areas such as assurance of confidentiality, anonymity and data encryption. A convenience sampling approval was used to select five managers (GL 16) in different ministries. This further contributed to ensuring anonymity when collating results and discussing outcomes, as well as enabling a robust comparison of themes across ministries. The themes that emerged from the literature

review as well as the quantitative phase informed the development of the topic guide used in conducting the interviews. Interviews were conducted according to the participants' preferences, with respect to time and location. Interviews lasted between 20 and 30 minutes and were recorded with the participants' permission. Recordings were transcribed verbatim and transcripts were analysed using a thematic analysis approach. Strategies employed to ensure trustworthiness include audit trail, peer review and reflectivity. Findings from the quantitative phase were corroborated with the findings from this phase using a triangulation approach.

4. Results

In the quantitative phase of the study, a 96% response rate was achieved (144/150). Demographically, 75% were male and 25% were female. About two thirds (68%) of the responding managers had worked for their present MDA for 10 or more years. The highest proportion of respondents were senior managers, 43.8% were within grade level 8 and grade level 14, while 37.5% were either on grade level 15 or 16. Similarly, the age range with the highest response rate (36.1%) was 41 -50 years. This suggests that the organisations surveyed may have a significant proportion of their human resources concentrated at the higher levels of service. Regarding relevant educational qualification, a significant proportion of the respondents had at least a Higher National Diploma (HND) (69.5%). Within this group, 35.4% had a master's degree and 4.2% had a doctorate. This means that capacity that could contribute to budgeting processes currently exists in the service and this could be harnessed.

Following the correlation to measure the degree of association between the variables, it emerged that the majority of respondents believed that the organisational culture in the Nigerian Civil Service is dominantly a hierarchical one (50.7%). This is indicated in figure 2 where the OCAI graph highlights the principal culture as the quadrant where graph moves farthest from the centre point. The hierarchical orientation favours structure and control; coordination and efficiency. In this approach, procedures govern what people do and stability is important. The next main organisational orientation that emerged from the study was the clan orientation (indicated by 14.6% of respondents). Here, mentoring, nurturing and participation are the dominant characteristics. According to this orientation, in the Nigerian Civil Service, commitment is high and the workplace is viewed as an extended family. The findings in this aspect of the study suggest that although the Nigerian Civil Service was perceived as hierarchical in nature there were some undertones of the clan orientation as well.
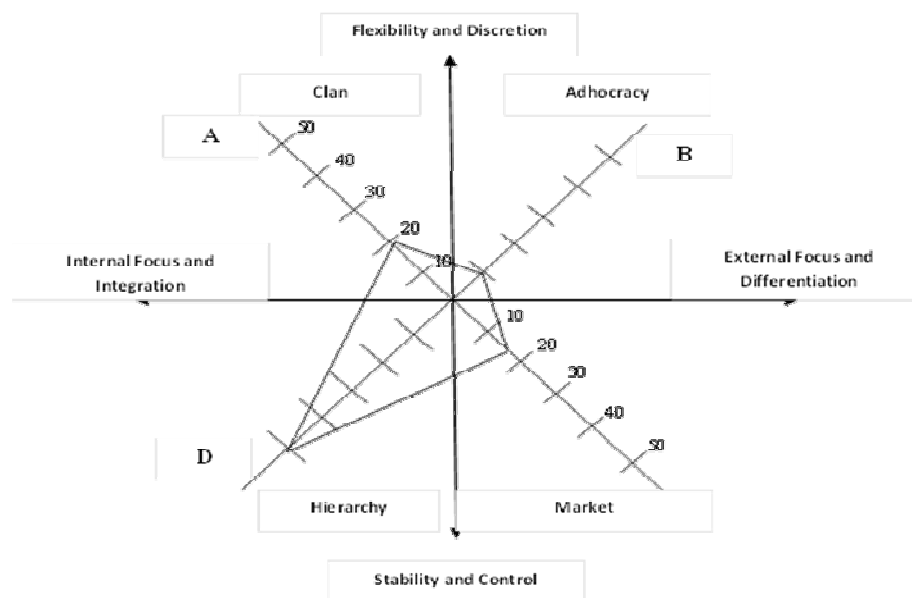

Figure 2: OCAI Graph Showing Results of the Survey

Concerning attitudes in relation to budget practices, findings from this study indicated that 32.6% of respondents were unaware of the budget provision in their department. However, the majority of those that indicated awareness of departmental budgets were officers that belonged to the higher grade levels, management staff on grade level 15 and 16. With respect to transparency of budgetary implementation within the civil service, about a third of respondents (31.9%) agreed that the budget implementation process is transparent while just over a quarter of the adopted a neutral stance (28.5%). Only about a third of the respondents agreed that they were

aware of budget monitoring structures in their MDAs (34.7%). This could help explain certain weaknesses in the implementation of various national budgets. In relation to feedback about the degree to which budget goals have been achieved, less than a quarter of all respondents (22.0%) knew of any budget-related feedback mechanism. This suggests a lack of emphasis on budget related performance review structures. This in turn could help explain the observed variance in previous budget provisions and utilisation.

Further analysis in form of a multiple regression was undertaken to determine the influence of organizational culture related variables on budgeting and budget practices. The findings from the model indicated that the variables most critical for improvement of budget practices were communication of budget related issues among staff of MDAs; improved participation at departmental levels; and a structure put in place to monitor outcomes of budgetary practices. All the relationships explored above except the budget monitoring structure (p=069) were statistically significant.

Following the qualitative interviews, the data were analysed using a thematic analysis approach. The civil servants interviewed agreed with the emergent themes from the quantitative phase. This phase established the nature of the Nigerian Civil Service as being predominantly hierarchical. It was also independently established that key factors that could improve budget practices in Nigeria include: improved MDA participation; better budget related communication; and a structure put in place to monitor outcomes of budgetary practices. The findings from the quantitative phase were therefore corroborated and validated with the findings from the qualitative phase.

5. Discussion

From the viewpoint of those that work in it, the Nigerian Civil Service is perceived as being underpinned mainly by a hierarchical culture. According to Cameron and Quinn (2005) this culture is characterised by a formalized and structured workplace where stability, predictability and efficiency are strategic concerns. In such organisations, formal rules and policies hold the organization together. This culture seems to be common in the African region. For instance, civil service structures in countries like Kenya, Malawi, Mozambique, South Africa, Tanzania, Uganda, Zambia and Zimbabwe, have been associated with excessive bureaucratic procedures and unduly centralized decision making protocols (Kiragu 1998). Cameron and Quinn (2005) however observed that organisations do not display only one culture. Rather one finds combinations of culture type in organisations with some being more assertive than others. In line with their observations, although the hierarchical culture was perceived to be dominant in the Nigerian Civil Service, there were also undertones of the clan culture. The clan culture is observed in family type organisations where emphasis is placed on team work and employee involvement. Key characteristics of this culture include loyalty, mentoring and an appreciation for traditional values (Ouchi, 1981).

What these findings mean is that an insight of the civil service from this perspective can provide a basis for reforms relating to budget practices. Understanding the culture of the service from this perspective can provide a framework where the advantages of both (Hierarchical and Clan) orientations can be enhanced, while at the same time, their weaknesses are checked. For instance, the combination of the hierarchical and clan cultures in the Nigerian Civil Service can be a basis for the development of a structured and organised mentoring programme. This knowledge transfer model is well suited to the Nigerian Civil Service as the findings also suggest a top heavy but adequately qualified workforce. The mentoring model can facilitate transmittance of relevant knowledge and experience from senior and more experienced civil servants, to their junior and less experienced colleagues. Using this framework, good practices and guidelines in various areas, including budgeting can be promoted in the organisation

Budgeting is defined as a planning and control tool for the allocation and use of resources over a specified time period. A budget is also viewed as an instrument of control over officers of administration by placing limitations on their authority to spend (Becker and Green, 1962). In relation to budget practices, the results of this study identified communication, participation and monitoring as essential for improved budget practices in the Nigerian setting. There is evidence suggesting that neglect of these key factors influence national development negatively. A good example is the rancorous disagreement between the various arms of the Nigerian government, in relation to the level of implementation of the 2012 annual budget (Ameh and Adetayo, 2012). There is also evidence in the academic literature supporting the importance of these factors. For instance, one study found that participation influences budget goal commitment, which in turn influences performance (Chong and Chong, 2002). There are however other schools of thought. Lienhart and Sarraf (2001) identified external influences, domestic developments and the colonial heritage from the Westminster model as the basis for unsatisfactory performance. Akintoye (2008) agreed that communication was important in budgeting, but challenged the usefulness of budgets for management and control.

Although viewpoints may vary, what is clear is that there is a need for reform in the way that the Nigerian Civil Service is involved in the national budget. This is because, as national governments rely on civil service structures to design, formulate and implement its policies, strategies and programmes, an inefficient and ineffective civil service can significantly undermine the achievement of national development. The findings of this study provides a new understanding to how the Nigerian Civil Service views itself, as well as how it participates in the national budgeting process. This insight can aid a better understanding of the service, as well as underpin necessary reforms to improve various aspects of the budgeting process that involve members of the civil service.

6. Conclusion

From an organisational culture perspective, the nature of the Nigerian Civil Service predominantly follows a hierarchical orientation. There are however undertones of the clan culture. Whereas each orientation is associated with certain strengths and weaknesses, this new insight presents an opportunity to synergise the strengths of both approaches, while eschewing their weaknesses. Using this framework, key factors identified as critical for improving budgeting processes in Nigeria can also be addressed. These priority areas identified for action are better communication, increased participation and the establishment of monitoring processes.

Various ways of operationalizing these findings include: frequent cycle budget revisions; regular budget-performance related communication between ministerial departments; more robust and structured means of knowledge transfer down the ranks; better cooperation and communication with the legislature; early submission of Appropriation Bill and subsequently, early enactment into law; strengthening of capacity of MDAs with respect to budget implementation and monitoring; and timely preparation of procurement documents as well as early commencement of compliance with due process conditions.

Further research in this area can also build on this study to reveal further barriers and facilitators to civil servants involvement in budgeting.

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