

## **An Examination of Service Delivery in the Public Sector: A Study of Nigeria's Budget Process**

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**Abstract.** The poor quality and late service delivery of the National budget informed the economic setbacks and poor infrastructural development that is prevalent in Nigeria. This study thus examined the budget process as carried out by the Legislative to establish a need for transformation of service delivery using the budget process as an example for other areas of public service. The descriptive survey design is employed with the use of secondary data in addition to SERVICOM constructs and the CABRI Survey Report on 26 African nations, their budget practices and procedures. After nine years of the survey report, findings indicated that timeliness, transparency and professionalism of the budget review process still remain as challenges in delivering a quality budget statement that meet with the identified criteria. The study recommended that the principles of SERVICE COMPACT be embraced to enhance the budget process, review and prompt delivery in order to influence the growth of the nation's economy.

**Keywords:** Service Delivery, Budget Process, Transparency, Timeliness, Professionalism, SERVICOM

### **1. Introduction**

The public sector plays an intermediary role between the government and the masses as it provides services of various kinds for the peoples benefit such as water corporation, health

and education management boards and the postal agency among others. Each of these bodies are expected to prepare budgets covering capital and recurrent estimates. The main aim of setting up the public sector is to ensure the effective and efficient management of government business, finance, human and other resources. Each public office must prepare a statement of financial plan which goes through the budget process. The approval of such budget lies with the national assembly at the federal level and the state assemblies at the state levels. Unfortunately, budget at the federal level in the past 15 to 20 years have always encountered unexplainable issues that cause delay in passing the budget on time. In spite of this delay, expenditures are still incurred. For example, 2017 budget was only approved in June, that is half way down the budget year. The implication points to failure right from the start as expenditures and capital estimates had no proper guide. It is therefore pertinent to consider service delivery in the public sector in terms of its effectiveness and efficiency.

Budget, as a financial plan is an instrument for resource mobilization, fiscal resource allocation and management. It provides an important guide to budget execution. "Serious consideration has to be given to more accountability for the often-vast amounts of investment in resources at the command of governments, which exercise administrative and political authority over the actions and affairs of political units of people" (Achuah, 2009 and Onuorah, 2012). The budget

process and outcome is usually devoid of accountability and transparency (Faleti et al, 2014 and Onuorah, 2012). Budget as observed by Abogun, (2011) and Aliu et al (2014) ‘is pivotal to overall aims and objectives’ translation into detailed action packages that influence determination of sources and use of fund’. The bane of success can only be found in a budget meeting the purpose and intent of the plan. Unfortunately, atrocious corruption level in the Nigerian economy and other ills such as lack of financial prudence, lack of integrity, paucity of data, bureaucracy over budget approvals and wastefulness have all conspired against productive budgeting system. The effect is that there is poor delivery of services such as good roads, water supply and electricity among others in Nigeria, because the budget is recurrent expenditure driven. This is equally emphasized in Premium Times, (2015), that due to variances in budget speeches and implementation, economic projects often lack continuity thus leading to abandonment of capital projects as we have in road construction and the health sector. To this end, there is an urgent need for transforming the public service as well as the processes of service delivery.

Having observed the poor quality of service delivery, a new paradigm for public service management directed at enabling a performance-oriented culture in public sector service delivery is inevitable if the goals are to be attained. The introduction of SERVICOM as a guide in the public service is required to facilitate and arrest the problem. According to Egbewale (2011) ‘fundamental principles of transformation of public service delivery that imbibes the principle of equality of treatment, citizens’ rights and entitlements to good service delivery are essential.’

Service Compact implies a ‘way of organizing public management in order to increase efficiency, transparency, accessibility and responsiveness to citizens through intensive and strategic information and communication in the inner management of the public sector as well as in its daily relations with citizens’ (Abdullah (2008). In one of its codes, the awareness of the poor standard of service delivery was affirmed

and respite focused on every government worker being encouraged to renewing their commitment to the service in the conviction that it is a response to national duty. This is not different from the position of scholars anticipating fostering a performance-oriented culture in a less centralized public sector (Kickert;1997:175). The “performance-based management” paradigm combines managerialism and decentralization and is a global phenomenon that is directed at enhancing efficiency in public service delivery to citizens It is hoped that with prompt attention to effective discharge of duties in the public service, which includes the review of budgets by the lawmakers, positive improvements will be recorded on the provision of infrastructure and economic development.

## 2. Statement of Problem

Service delivery in the public sector is believed to be incredibly slow and not goal oriented. Complaints are rife that financial resources though budgeted were not made available to enhance the quality of service delivery. This has led to frustration on the part of clients and citizenry which impacted the lack of confidence in governance. Such a scenario encourages corrupt practices by anxious citizens ready to get things done. The state of deplorable public-sector service delivery and its implication on national growth and development informed the study to examine the role of the National Assembly in the budget process and the implementation by the executive arm of government with a view of enhancing service delivery.

The research questions guiding this study are:

- What is the link between budget and service delivery?
- What are the citizens’ perception of the attitude of the law makers?
- To what extent has professionalism been employed in the budget process?

## 3. Implication of the delayed budget process on service delivery

It is hoped that the outcome of this study if given the required prominence, shall direct the

attention of the law makers to give due attention to the expectations of the masses; more so it is expected that due diligence will start to be the watch word of the lawmakers in matters of national interest. This is believed to extend to impacting the economy positively when lawmakers shall forthrightly review and assent to the budget as at when due.

#### 4. Methodology

The study is descriptive and it will review secondary data such as journals, reports and internet resources dealing with the variables of the study such as budget process, service delivery, effectiveness, efficiency and growth of individual and national economy.

This paper therefore is directed at sensitizing budget officers to efficient and effective performance in the budget process in order to impact positively the growth of every citizens and the national economy.

#### 5. Literature Review

According to former Nigeria's President, Chief Olusegun Obasanjo, 'Public Services are the shopping floor for government business'. Unfortunately, the Nigerian Public Service has all too often been able to offer ineffectiveness, inefficiency and bundles of corruption. The resultant effect is lack of trust by the governed in those who are in governance. The sorry state of most of the public organizations and parastatals and their services and output leave less to be desired as can be seen in the yearly outcome of the national and state budgets with no change in infrastructures which keep dilapidating in spite of earmarking huge sums of money in the budget annually towards maintenance or refurbishing.

According to the UN, world population has reached 7.48 billion (August 2016) while population growth rate remains high among 48 countries found by UN to be least developed countries of which 27 are in Africa. The persistent failure of the executors of the financial system does not make things better as infrastructures are not attended to, maintained or

even updated. These problems take their root from the manner in which the nation's budget process is executed. For example, the 2017 annual budget which was submitted in October 2016 was approved in July 2017. Annual budgets are submitted for upward of three to five months but are not passed as approved for running the finances of the nation. Bearing in mind a budget is a financial plan and guide for executing the fiscal and other needs of the nation, failure to plan properly is regarded as a plan to fail. This can be perceived from the general apathy to service delivery in terms of budget submission, review and approval as unnecessary delays in a prompt review of the budget persist. This situation has implication for other organizations as the national budget has a direct influence on their performance such as tax policies, efficient delivery of social services and the citizen's welfare across the Local, States and at the Federal government level. Given the perception that as law makers, service delivery has an implication for the nation's growth and development, the budget process by the law makers is interrogated in terms of Service Compact stipulations. Service Compact (SERVICOM) is a yardstick for measuring the quality of service as delivered by government through its various Ministries, Departments, Parastatals and agencies. It is predicated on the following –

The ultimate purpose of governance is serving the people

Citizens have the right to be served

Services are deemed to be delivered only when the citizens are satisfied

Federal government is committed to the provisions of SERVICOM

The fall-out from this is that Government offices especially at the Federal level are required to prepare SERVICOM charters which challenge officers to provide quality services. The extent of effectiveness is yet to be seen however as the charter principles can hardly be seen to have permeated the service delivery process.

#### 5.1 Concept of Budgeting

Budgeting could be defined as the process of determining the financial resources necessary to meet the cost of given policy objectives. In other

words, it is the process of preparing a financial plan for expected income and expenditure of an organization which is usually a government owned establishment. The aim of preparing the budget is securing effectiveness and efficiency in the management of public records as well as income and expenditure process in order to attain a required performance standard. Aliu et al (2014) defined budgeting as the art and science of balancing competing demands for resources at the disposal of the government in line with government policies, priorities, planning and implementation process. The common theme in all these definitions focuses on articulated resource planning geared towards meeting particular goals and objectives over specific periods in the near future.

There are different types of budget techniques, one of them is the Zero-Based budget technique. Phyr (1976) described Zero-based budgeting as the preparation of operating budget from a zero-base expenditure cost and justifying such estimate for inclusion in the budget statement. The budget process is a cycle of events which occur sequentially and annually to produce the Approved Budget. The Zero-based budget technique is by nature not prone to corrupt tendencies except in a situation where those who are to plan the estimate, review, approve and execute connive to mastermind distortion of the budget; this has an implication for the effectiveness of the budget execution.

### **5.2 Effectiveness in the Budget Process**

Effectiveness in terms of the budget process implies the capacity or potential to achieve result. As a financial plan therefore, it is required that the performance of the budget be assessed as meeting the stated plans, likewise the effectiveness (attainment of result) of the budget process can only be attained if the passage of the budget is early enough to serve as guide during implementation.

However, no matter how the term budget is conceived, certain benefits accrue to it. The inherent benefits of a budget plan extend beyond the financial dimension, particularly in the management of both corporate and public organizations. These include enforcing leaders or managers to put up plans that will impact the

future of the business, motivating managers, leaders and employees through the provision of useful platforms for performance evaluation, communication of plans (in stated values) between different levels of management. Equally, it reveals strategies and realistic plans that can enhance profit targets and presents a common perspective rather than create confusion.

Given these benefits, the executive arm and the approving body can only avail the nation as a whole the opportunity of deriving the benefits if transparency and accountability for financial resources which must be built into the budget. Negatu (2008) emphasized that sound, transparent and accountable management of public funds play a key role in management. It enables a foundation upon which capable and responsive systems are established in order to pave way for national and economic growth and development. The African Development Bank (AFB), recognizing the challenges facing African countries in public finance suggested a financial plan drive that focuses on poverty reduction. Using the Africa platform, CABRI, a Pan-African Initiative opined that using a comparative information on how budget systems work across the African nations may create a synergy for improvement in the levels of budgeting which includes pre-budget activities, actual budget processes, execution of same and the post execution audit of budget statements.

### **5.3 Perceptions of the Budget Process**

Arising from this, The Collaborative Africa Budget Reform Initiative (CABRI) conducted a survey of 26 African countries to form part of the Organization for Economic Cooperation and Development's (OECD) study of 97 countries. This was to enable recipes that could help different countries to resolve budgeting issues that are peculiar to their countries. The Survey Report according to Neil Cole and Bubal Khaslani is geared towards enabling African countries to "take Stock of the countries budget practices and procedures". This paper would thus conceptualize the Nigerian budgeting system to further situate improvements from the outcome of the CABRI (2008) study outcome.

The 2008 Survey in one of the suggestions advised submission of budgets by October of the penultimate year to ensure that budget is passed by the National Assembly before the fiscal year. The following table however shows actual submission and approval dates of the budget --

Year	Month of Submission	Month of Approval	Gap
2012	December 2011	March 2012	4months
2013	October 2012	March 2013	6months
2014	December 2013	April 2014	5months
2015	November 2014	March 2015	5months
2016	December 2015	April 2016	5months
2017	December 2016	June 2017	7months

The table above shows an average of 5 months in which the budget is in the custody of the lawmakers.

The implication of this raises the following:

**Weak Professional Approach**

If it takes 5months on average to review, and Nigeria’s budget year is January- December, it implies the budget process will possibly begin as early as January or February of the penultimate budget year. On the other hand, it emphasizes that the service delivery system of the law makers is deficient and should urgently be reviewed upward to meet with current needs of the nation.

Sound transparency and accountable management of public funds is expected to enhance development. Transparency implies openness about policy intentions, formulation and implementation. Going by the National Development report, the HCD considers the attention to basic need of the citizens in terms of education, health, food and shelter, security; HCD is 0.47, poverty rate is 62.6% in a population of 170 million, per capita Income is \$1,280 (UNDP Report, 2016). Given this, performance is low compared to Nations such as Ghana 64.26, South Africa 62.97, Egypt 63.72, Malawi 54.64, Nigeria 48.86 (World Economic Forum 2016 report). Economically, FDI dropped from US\$8.88Billion (2011) to US\$1.6Billion (2016); Inflation 18.7%, 2017 GDP 9.58% (NBS). A budget requires review of performance implying the budget statements and report

should be published regularly. As indicated in the CABRI report, 8 African countries publish monthly, 9 countries publish on quarterly basis, 3 other countries publish every 6months while 4 countries including Nigeria publish annually. In the same consideration, Public availability of budget reports revealed that 3 African countries never do this, 15 countries always make it public, Nigeria however falls into the category of countries that rarely make the budget report public.

Commenting on Nigeria’s budget, Suleiman (www.academia.edu) considered the budgeting process and the variances arising from it as not addressed. Many people feel that the budget adds no value to them (<https://www.nationalpriorities.org>). Likewise, Lawmakers have always delayed the budget since President Olusegun Obasanjo era and Osinbajo cuts Parliament to size on Budget, (African free press). Lowenthal, (2010) captures an organization (which includes National Assembly and the lower House) as a body that identifies and groups the work to be performed by defining and delegating responsibility as well as establishing relationship for the purpose of attaining set objectives. This phenomenon is paradigm to management in both public and private organizations, for the chief executives at the helm of affairs to respond to it. Ingram (2011), emphasized that the position of leadership in terms of finance is not about observing safe practice but balancing risks, rights and responsibilities to allow efficiency and effectiveness towards sound judgement and a framework of accountability. The primary functions of a modern government all over the world, includes, but not limited to the protection of lives and properties, through the armed forces and the police, while the law courts protect the rights of the citizens. Second, is the provision of social amenities such as good roads, hospitals, schools, electricity, recreation centers using the income from taxes and other generated revenue. Equally important is the provision of employment opportunities and possibly social welfare packages for the unemployed, maintenance of justice, law and order, regulation of economic activities as well as ensuring neat and peaceful transfer of power as may be

required. These are essential offshoots of an effective structure in budget process.

### 5.5 Professionalism in The Budget Process

As identified by Pacek (2010), there are usually fundamental differences in leadership, however, leadership requires the ability to exercise power, a fundamental understanding of people; inspiring followers to apply their full capabilities and a leadership style that is conducive for all climate. For effectiveness to be achieved therefore, demands some commitment to achieve expected goals which is usually at a cost this gap has created a serious challenge that must be addressed.

#### The Role of the Legislative in the Budget Process

The role of the legislative in budget process was said to be embedded in the Financial Management of Public Resources. The Survey indicated Nigeria coming up with 0.47 (not up to 50%) implying less institutional capacity for financial scrutiny. To arrive at this report, the financial considerations included the power of Government to interfere with legislative expenditure approvals; overspending without approval, contingency reserve and extensive use of supplementary budget.

### 6. Theoretical Framework

One of the frameworks considered by is performance as determined in line with the expectations of the citizens. According to Arambewela (2003), the use of expectation as a comparison standard to measure satisfaction and service quality (Oliver, 1996; Anderson & Sullivan, 1990) is widely applied. The study thus conceptualized service delivery by the lawmakers; every citizen anticipates a plausible change arising from the approved budget as it affects the welfare of the citizens, economic growth and development of infrastructures such as roads.

Parasuraman et al (1985), in a Conceptual Model of Service Quality and its Implication for Future Research suggested that the attainment of quality in service and products delivery stands

out as a pivotal concern. Due to the undefined nature of service quality, his suggestions for further studies on service delivery could result in better performance by all stakeholders.

### 7. Findings

Overall, the report submitted that there are weaknesses in budget execution and expenditure control. The budget process requires more careful and intentional review of the submitted budget. Using a budget technique that is based on the identification of activities and programmes through management effort will preempt the inherent challenges in the current technique. Fiscal transparency is associated with fiscal discipline, when imbibed will reduce the tensions that cause distractions in the review process. The policies guiding the submission and approval process need to be applied seriously to enhance the passing of a timely budget.

### 8. Discussion

There is a serious link between the national budget review with the service delivery, naturally the extent of service delivery's effectiveness is implied by the promptness of its approval, that is before the commencement of the fiscal year. As a financial plan, its needless delay before approval create distortion from the actual plan especially when expenditures are made outside intended plan. International standards require that the legislative have sufficient time for budget review; from majority of the African nations reviewed, budget submission timeline ranged between 2 to 3 months before the fiscal year (CABRI report) and the reviewed budget was submitted before the fiscal year commenced. From the above table, submission of the nation's budget was as early as October, whereas the budget could not be passed before March of the following year which implies that the legislative had custody of the budget for between 4 to 7 months between 2012 and 2017. This portends grave implications for economic development even if there is an understanding that the previous year's budget could be used as guide. This implies proper planning and execution do not exist thus the premises of expenditure cannot be related to the

planned budget. The system does not encourage performance nor transparency yet it creates ground for corruption, this has created room for perpetuating acts inimical to corrupt practices. Notably, there is no economy that can progress in the presence of corruption, therefore an intentional effort is required to imbibe transparency and overcome corruption.

Several views were aired on the delay of the budget. From the Presidents' speech, the focus was improving on the dwindling exchange rate, addressing the debt status and generally impacting the economy. The need to immediately work on the infrastructures was paramount too. The changes by the lawmakers fundamentally affected some of the programme priorities (The Executives).

However, in spite of the poor process and delay, the budget for specific projects were tampered with, for example budgeted amount for the Lagos-Ibadan road project was adjusted to provide for the lawmakers' own projects; resolution of the reductions was now to be through virement for those affected. The implication for this reveals lack of purpose or a misdirected authority over already planned submissions.

In an ideal budget process, all departmental, ministerial and house of Assembly's budget proposals should formally go through the Federal Ministry of Finance who is responsible for all the financial records of the nation. The Finance Ministry is also responsible for presenting the annual financial statement and not the lawmakers. Thus, there is a misplacement of professional ethics in the budget process. The implication may point to creating opportunities for corruption.

## 9. Conclusion

As rightly observed therefore, 'mismanagement is a curse for poverty, a deterrent for development and advancement' (Oyedepo, 2015); conversely, good management is the master key to a world of enlargement, development and an engendered future. Good leaders therefore, in the context of this paper must be able to manage effectively every resource to the organization, which is also

expected of managers in government. In order to overcome these crucial challenges in governance, its managers must be able to adhere and practice to the core, the five major functions of management which are planning, coordinating, controlling, leading and organizing. In line with these, is setting corporate objectives aligned with performance standards and controls that enhance attainment of objectives.

## 10. Recommendations

Given the position of leaders on the application of SERVICOM in the delivery of public services, lawmakers have an advantage of availing themselves the adoption of the principles of SERVICOM. The possible additional advantage is that the general workers' population will embrace it as it will become binding. Most essential is the quality and prompt budget delivery that the lawmakers will be challenged to imbibe. To overcome economic setbacks created by the National Assembly's approach to the budget process, transparency, commitment to a selfless national service should be embraced in order to achieve the expected boost in the nation's economy.

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