

Original Article

Appraisal of Budgeting Techniques on Budget Performance of Edo State Government

¹Eke Robert Ike, PhD, FCA and ²Pedro-Itota Osaro Osaretin

¹Department of Accounting and Finance School of Management and Social Sciences, Wellspring University Benin City, Edo State. robbyeke19@yahoo.com ; robert_ike@wellspringuni.edu.ng (+2348034712733).

²Department of Accounting and Finance School of Management and Social Sciences, Wellspring University Benin City, Edo State. osaropedro8@gmail.com (+2348023383847).

Abstract

The objective of the study is to examine the budgeting techniques on budget performance of Edo State Government. Specifically, the study investigated the effect of incremental budgeting and zero based budgeting techniques on budget performance of Edo State Government. The study adopted the descriptive survey research design, data was collected from randomly selected respondents through a structured questionnaire. Staff from ministries, department and agencies were surveyed. Descriptive analysis was used to summarize the data while the regression was used to draw inference on the phenomenon studied. The result from the inferential statistics revealed that incremental budgeting technique has positive and significant impact on budget performance of Edo state government. Also, zero-based budgeting technique has positive and significant influence on budget performance of Edo state government. The study concluded that therefore concluded that budgeting techniques has significant impact on budget performance of Edo state government. The study recommended that incremental budgeting technique should be sustained by the Edo State Government to improve budget performance; and state government could improve on the budget performance by focusing more on capital expenditure rather than recurrent expenditure.

Keywords: Incremental Budgeting, Zero based Budgeting, Budget Performance, Capital Budget and Recurrent Budget

INTRODUCTION

A budget is a thorough plan designed with a certain time frame in mind. To put it another way, it's a schedule designed to be followed within a specific time frame and typically expressed in monetary or quantitative terms in order to meet organisational goals (Weston & Brigham, 2007). Additionally, it is a crucial instrument for converting broad plans into precise, action-oriented goals and objectives when fiscal constraints are properly and prudently followed. A budget may also refer to a financial document that shows how much money the

government expects to receive each year and how it will use that money.

The creation of sustainable fiscal policy and the promotion of economic growth depend on an efficient budgeting process (Horngren, 2007). In Nigeria, bad budget decisions and inadequate budget processes at all governmental levels exacerbate economic hardships (Yakubu, 2011). The government's budget has a direct or indirect impact on residents' lives, including growth, inflation, and inadequate economic policy. Poor people's living standards and future prospects are heavily influenced by educational and healthcare

Original Article

spending. Poverty alleviation programs sometimes fail due to inadequate strategic government spending, bad program administration, and a lack of political power among the impoverished population. This is a fundamental issue in Nigeria's budget system. According to Yakubu (2011), this issue has existed throughout history and affects the entire nation.

In Edo State, the executive governor, Godwin Obaseki, has revealed that the state's budget performance has increased dramatically from N116 billion when he took office in 2016 to N320 billion, or an annual growth rate of 85%, thanks to the government's openness, accountability, and careful resource management (Arewa Reporter, 2024).

The majority of African nations, particularly those in Sub-Saharan Africa (SSA), continue to face significant challenges in implementing critical infrastructure projects, including as electricity, water, and rail transportation networks (Lakmeharan, Manji, Nyairo & Poeltner, 2020). In Africa, almost 80% of government-funded infrastructure projects fail from the very beginning (Oloruntobi, 2013; Patanakul, 2014; Kog, 2017). A significant factor in the scenario where 620 million people lack access to power and only 34% have access to road facilities in Africa is the low success rate of infrastructure projects across the continent (Signé, 2017).

The Nigerian budget procedure, like every other country in the world, is characterised by some problems. The budget process has obstacles due to a lack of reporting culture across Ministries, Departments, and Agencies (MDAs). The reports do not accurately reflect current initiatives since they do not specify the phases of execution. MDAs lack effective monitoring and assessment mechanisms, and the vast quantity of projects makes individual visits impossible. The unanticipated number of recurrent expenditures is a difficulty for the Federal

Government budget. Increased wages and allocations to some MDAs have led to a bloated budget. According to Suleiman (2015), the budget is mostly focused on recurring expenditures, with insufficient capital investment.

In literature, studies have examined the impact of budget, budgeting process, budgeting practices, on financial performance, budget performance of both private and government institutions. For example, Ganzallo, Ibeme and Ochala (2024) investigates the impact of fiscal management practices on the quality of primary education in Edo State, Nigeria. They found that mixed perceptions among stakeholders regarding the impact of budget allocation and fiscal management practices on the quality of primary education in Edo State. Ajoloko et al (2023) investigated the effect of budget implementation on performance: a comparative analysis of six Southwest states in Nigeria over the period of 10 years spanning from 2012- 2021. They found that capital expenditure and statutory allocation have positive and significant effect in Osun state. Kathoni (2022) examined the effect of budgeting on the managerial performance of the government funded projects in Nairobi. The researcher found that budget planning with has insignificant effect on project performance, budgetary control has significant effect on project performance. Maundu and Gitonga (2021) examined the influence of budgeting techniques on financial performance of manufacturing companies, a case study of Bidco Company in Thika. They found that zero-based budget budgeting and activity-based budgeting have positive and significant impact on firm performance.

Beredugo, Azubike and Okon (2019) examined the comparative analysis of zero-based budgeting and incremental budgeting techniques of government performance in Nigeria. They found that there is a significant difference between them except of the innovative means of reducing cost that is associated

Original Article

with the budget; whereas, there is no significant differences between Zero-based and incremental budgeting technique government performances. However, to the best of the researcher's knowledge, it is evident that there is dearth in literature on the impact of budgeting techniques on budget performance in Edo state government. Therefore, the thrust of this study is to examine the impact of budgeting techniques on budget performance in Edo state government.

The broad objective of the study is to appraisal of budgeting techniques in the budget performance of Edo State Government. The specific objectives were to;

The specific Objectives are;

1. To examine the impact of incremental budgeting technique on budget performance of Edo state government;
2. To evaluate the impact of zero -based budgeting technique on Budget Performance of Edo State Government

Hypotheses of the study

The hypotheses of the study were stated in null form;

1. Incremental budgeting technique has no significant impact on budget performance of Edo state government
2. Zero -based budgeting technique has no significant influence on budget performance of Edo state government.

LITERATURE REVIEW

Budget Performance in Edo State

Budget performance is more nuanced than it would seem at first since people usually mean different things when they talk about performance in general. Performance is the result of an activity, according to Hunger and Wheelan (1997), and the best metric to choose for assessing corporate performance is believed to depend on the kind of organisation being evaluated as well as the objectives of the evaluation.

Ellis-Christensen (2010) states that performance measurement entails the following: (i) developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined goals and using such indicators to assess progress in achieving these goals; and (ii) using statistical evidence to determine progress towards clearly defined organisational objectives.

The process by which a focused organisation establishes parameters may thus be referred to as budget performance measurement. It compares budgeted goals and objectives via resource inputs and control in order to accomplish them and enhance future goals. Indicators of performance for this kind of research will need to compare the approved budget with the findings to find any discrepancies. But the most attractive part of any budget's performance and execution is how expenses are managed. Blocher et al. (2005) state that if management has the discretion to determine whether to make an expenditure or can significantly influence its amount within a certain, frequently short-lived timeframe, then that expenditure is deemed regulated. Maintaining a product or service's cost within a tolerable range is the aim of expenditure control. All methods of controlling spending to ensure that resources are allocated efficiently to achieve an organization's objectives are included in spending management. It becomes a method as a result, and any policies developed to continually direct and oversee expenditure may force management to move quickly in order to ensure accurate measurement and revision (Abuh & Aliyu, 2013).

Budget performance in Edo State Government has met its expectation. The budget Performance Report for EDO State is prepared quarterly and issued within 4 weeks from the end of each quarter. This report includes the original and revised budget for the year for each organizational unit for each of the core economic classification of expenditures

Original Article

(Personnel, Overheads, Capital, and Others); the actual expenditures for the quarter four and January to December, attributed to each organizational unit, as well as the cumulative expenditures for year to date, and balances against each of the revenue and expenditure appropriations (Edo State Government, 2024). The budget performance report is produced by the Office of the Accountant General in collaboration with the Ministry of Budget and Economic Planning. It is published on the Edo State (www.edostate.gov.ng/financials) website.

Budget and Budgeting

Omoihinwa and Naiyeju (2015) defined budget as documents for securing accountability and control over the allocation and use of public funds. Igbara, Tordee, Nwadike, and Abuba (2016) claim that a budget offers a practical method for businesses to manage their finances effectively. A budget acts as both a plan that outlines the financial plans for a certain time period and a controlling tool that allows actual performance to be compared to planned performance. A methodical and formalised approach to accomplishing organisational goals and management's intended outcomes is budgeting. A budget is a financial statement that is created and authorised before it is used; it outlines the specific goals that must be met in terms of both quantity and quality within a given time frame. It is a socio-political and economic document that describes preset government policies and seeks to further economic growth (Hassan, 2011).

The budget also acts as a social compact between the people and the government; it outlines how money is raised and allocated to public goods and services (OECD, 2014). A budget establishes boundaries; if everyone in a government or organisation was free to spend as much as they pleased on anything they wanted, chaos would undoubtedly result. Instead, budgets ensure that the most pressing needs of the nation are taken care of first and that less pressing needs are postponed until

there are adequate resources to cover them. Budgets also provide insight into future expenditure in terms of how and where the allocated funds will be spent.

Incremental budgeting technique

The incremental budgeting technique is also called traditional budgeting technique. This is the conventional method, which bases the annual budget on the forecasts of revenue and expenses for the current year. A budget that accounts for inflationary increases for the upcoming year by adding a percentage to the actual expenditures from the previous year is known as an incremental budget. Although it's a quick and simple procedure, it's not always correct. This method of budgeting is only suitable for companies whose operations from year to year are very identical.

It is typically utilised in the public sector and has the unfortunate effect of carrying over last year's budget deficits into following years because it only raises the current period's total by what the establishment believes to be the inflationary premium for the financial year that follows. This budgeting technique bases the current year budget on previously planned amounts. Data from prior years are increased by an arbitrary amount that is determined by trends, inflation, and the resources that are available. Because of how easy it is to prepare and operate, it is frequently employed. Although it is less expensive, it is ineffective since it permits prior mistakes to be carried over into the current year's budget. Rather of depending on service output that the inputs are intended to fund, the approach only depends on financial inputs.

Zero-based budgeting techniques

This is also called Priority based budgeting. The zero-based budgeting technique was created by Pyhrr in 1970 in response to the idea that an organisation needed to manage its limited resources more effectively. This budgeting technique aims to do away with the shortcomings of traditional incremental budgeting by forcing increments over

Original Article

the basic operating level to be defined and modified, and by bringing the budgets for overhead centre services back to this level. This approach yields a more detailed and accurate budget, but it requires more time and effort to prepare; it is most helpful for new organisations and projects and is also likely the best course of action in a dynamic organisation that is proactive in taking on new challenges (Kariuki, 2010). In zero based budgeting scenarios, past figures are not used as the starting point. the budgeting process starts from scratch“ proposed activities for the year.

Funding is distributed using zero-based budgeting (ZBB), a method of budgeting that disregards past budgetary performance in favour of program need and efficiency. At the start of each budget cycle, it established the precedent for reviewing every program and expense and requiring justification for each line item in order to get financing (Deloitte, 2015). ZBB always starts a new budget from a predetermined starting point of zero. Rather of starting with the budget from the previous quarter and making additions or subtractions, you start with zero and work your way through all of the expenses the government will spend throughout the course of its operations.

The zero-based budgeting system, according to Cook and Winkle (2013), is comparable to the human nervous system, which runs throughout the company and transmits commands and responses to and from management. Instead of negating the incremental type of budgeting, this budgeting technique involves re-evaluating every activity for the purpose of allocating cash each year when the yearly budget is created. By encouraging cost efficiency and effectiveness and taking into account cost-benefit analysis when allocating resources, it does away with the issues with the incremental budgeting approach. It requires a number of procedures, including breaking down the organisation into smaller components called

decision units and assigning decision packages to each. The decision packages provide several cost, purpose, and performance management strategies for allocating resources and ranking purposes according to priorities.

Theoretical Review

This study is anchored on theory of Public Expenditure. Musgrave first proposed the hypothesis in 1969, and Rostow popularised it in 1973. The idea proposes a development model for growing government spending by allocating funds for the provision of public goods and services for the benefit of the populace. According to Musgrave (1969), the government must make investments in public goods and services to promote sustainable development and foster national economic progress.

2.3. Empirical Review

Ganzallo, Ibeme and Ochala (2024) investigates the impact of fiscal management practices on the quality of primary education in Edo State, Nigeria. the survey research design was adopted, A total of 155 respondents from various primary schools across Edo State participated in the survey. The survey findings reveal mixed perceptions among stakeholders regarding the impact of budget allocation and fiscal management practices on the quality of primary education in Edo State, the study also revealed that expenditure tracking and financial accountability significantly improve education quality, a majority express skepticism or negative views on their effectiveness.

Ajoloko et al (2023) investigated the effect of budget implementation on performance: a comparative analysis of six Southwest states in Nigeria over the period of 10 years spanning from 2012- 2021. Ex-post-facto research design was employed in the study because the data were obtained secondarily from National Bureau of Statistics. Data collected were analysed using descriptive statistics and regression analysis.

Original Article

Finding revealed that capital expenditure, recurrent expenditure, statutory allocation and intervention fund have positive and significant effect on performance in Oyo, Ogun and Lagos states respectively. It however revealed that capital expenditure and statutory allocation have positive and significant effect in Osun state, while capital expenditure and intervention fund was discovered to portrayed a positive and significant effect on performance in Ondo state, and the study further showed that statutory allocation and intervention fund have positive and significant effect on performance in Ekiti state.

Kathoni (2022) examined the effect of budgeting on the managerial performance of the government funded projects in Nairobi. Descriptive survey research was employed and questionnaire was used as research instrument. The study established that budget planning with has insignificant effect on project performance, budgetary control has significant effect on project performance. Budget participation has significantly influence on project performance. Budget review had a significant effect on project performance.

Mbogo, Olando and Macharia (2021) investigated the effect of budgeting practices, including planning for cash flows (BP), controlling cash flows (BC), resources allocation (BRA), activity coordination (AC), and monitoring financial position (MFP) on Financial Performance (FPM) of Manufacturing Small and Medium Enterprises in Nairobi County, Kenya. The research adopted a descriptive research design that used data collected using a self-administered cross-sectional survey. A questionnaire from a randomly selected sample of 156 manufacturing SMEs in the City of Nairobi data was analyzed through structural equation modelling. The results revealed that budgeting practices positively and significantly influence manufacturing SME's financial performance. The findings of this study suggest that the financial

performance of a manufacturing SME can be improved by deploying strategic action in budgeting practices in the form of planning for cash flows (BP), controlling cash flows (BC), resources allocation (BRA), activity coordination (AC) and monitoring financial position (MFP).

Maundu and Gitonga (2021) examined the influence of budgeting techniques on financial performance of manufacturing companies, a case study of Bidco Company in Thika. The research methodologies entailed the research design, the target population, sampling size, operational variables, validity of measure, reliability of the study, data collection and data analysis. The study employed descriptive research design; the research basically focused with Bidco limited where it respondents were targeted. Primary data was collected through the use of questionnaires. The researcher found that zero-based budget budgeting and activity-based budgeting have positive and significant impact on firm performance.

Gbenga and Alao (2021) examined the impact of budgeting and its processes on financial performances of SMEs in Nigeria with focus on agricultural businesses. The study adopted the survey research design and 80 questionnaires were administered to the owners of agricultural businesses in Nigeria. The study showed that budgetary processes such as Budget Planning, Budget Control and Budgetary Evaluation Process were implemented to a great extent. Correlation analysis on the study showed a strong relationship ($R = 0.77$) between budgeting processes and financial performance. Furthermore, the study concluded that budget planning, budget control, and budgetary evaluation process have a positive effect which is significant to the financial performance of the 77 Agric firms in Nigeria.

Sulistiyo and Pratiwi (2021) examined the effect of Budget Planning and Budget Evaluation on the Performance of the Social Service in Karawang

Original Article

Regency. The data collection technique uses a survey method with a questionnaire tool. Data analysis was performed by validity test, reliability test, descriptive analysis and verification analysis with multiple linear regression. The results of this study show that simultaneously with statistical tests it shows that budget planning and budget evaluation have a significant effect on the performance of the Social Service of Karawang Regency. In addition, partially budget planning has a significant effect on the performance of the Social Service of Karawang Regency, budget evaluation has a significant effect on the performance of the Karawang Regency Social Service.

Alvarez, Sensini, Bello and Vazquez (2021) examined the spread of management accounting systems and their impact on business performance. The study adopted the survey research design and stratified sampling techniques was used to select the respondents whome questionnaire was administered to. The researchers found that positive and statistically significant relationships between most management accounting tools and hotel business performance, suggesting that MAP users perform better than non-users. Finally, companies that already use management accounting techniques have shown a strong interest in the new Strategic Management Accounting (SMA) tools, even if they consider budgeting techniques fundamental.

Okoye, Ugochukwu, and Ukwuoma, (2020) examined the impact of litigation services on budget implementation in Imo State. A structured questionnaire using a five point rating scale was used for data collection. Cronbach alpha co-efficient used to establish the reliability of the instrument which yielded an overall coefficient of 0.86. Data related to the research questions were analyzed using mean and standard deviation while null hypotheses were analyzed using Pearson Product Moment correlation analysis to test the degree of impact/relationship at 0.05 level of

significance. Findings of the study revealed that business valuation, revenue analysis and documentary evidence have an impact on budget implementation in Imo State. Findings revealed that business valuation has no significant impact on budget implementation, while on revenue analysis and documentary evidence it has significant impact on budget implementation in Imo State.

Pratolo, Sofyani and Anwar (2020) examined the determinants of performance-based budgeting (PBB) implementation in higher education institutions (HEIs) in Indonesia and also its impact on HEI quality. The research was conducted in Indonesian private HEIs. Utilising online and direct survey techniques, 153 sets of valid data were successfully collected as the samples. Variant-based partial least squares structural equation modeling (PLS-SEM) was employed to assess the research hypotheses. The study reveals that management competence and reward systems have a positive impact on PBB implementation, and that PBB has a positive effect on HEI quality. The study also finds that PBB plays a role as an intervening variable in the relationship between management competence and reward systems in relation to HEI quality.

Isaac (2014) examined the Impact of Budgeting and Planning on the Performance of Financial Institutions in Nigeria. Primary source of data collection was utilized through well structured questionnaires raised and administered to respondents made up of management and non-management staff of selected institutions. Interviews and participant observation conducted at the convenience of the respondents were added as supplements. The findings revealed that budgetary and planning programmes are restricted to few top management staff of Nigerian Banks, but indicated that budgeting and planning can be utilized as a major policy instrument to align commercial banking operations with the policy framework of

Original Article

regulatory bodies, particularly the Central Bank of Nigeria.

Onduso (2013) determined the effects of budgets on financial performance of manufacturing companies in Nairobi County. The study used cross-sectional research method targeting eighteen (18) manufacturing firms listed in the Nairobi Securities Exchange by employing a census survey to cover all manufacturing firms within Nairobi County. The study findings revealed that there is a strong positive effect of budgets on financial performance on manufacturing companies as measured by return on assets (ROA). The study recommends that effective budget implementation should be facilitated through capacity building, robust systems and processes prioritization, and close monitoring for evaluation. Stakeholders should get involved in budget execution to enhancing the overall budget implementation.

Summary of empirical review and gap identified in literature

From the review of empirical literature, it was gathered that the focus was mainly on private sector organization. Other studies focused on Federal Government of Nigeria and that of Kenya but to the best of researcher’s knowledge, non has focused on subnational government. This study therefore fills that void by examining budgeting techniques on budget performance in Edo state government.

METHODOLOGY

This study adopted descriptive survey research design. The rationale for this is to get responses from the respondents of the study. The population comprised of staff of ministries, department and agencies in Edo State involved in budget execution. To this end, the staff in the office of the accountant-generals offices, auditor-general office (State and Local Government), ministry of budget and physical planning and Edo State Internal Revenue Service in Edo State, Nigeria were sampled. The

rationale for selecting the staff from these ministries, department and agencies is because they are involved in budgeting, revenue generation and expenditure of government. Thus, they have better understanding of the subject matter.

Sample size and Sampling Methods

The study employed Yamane (1967) sample size formula to scientifically determine the sample size of the total population of the study. The rational for this is because the population size and the proportion is known. The total population of the selected ministries, department and agencies was 606 staff as at March 31st 2024. Afterwards, when the sample size is derived, it will be distributed to ministries/departments using stratified sampling technique. The sample determination formula yielded two hundred and forty (240) participants with the formula presented below:

n = N / (1 + N(e)^2)

Where: n = the sample size from the given population

N = Total population

e = error term

1 = Constant

n = 240

Table: 3.1. Number of questionnaires distributed to the selected respondents of the study

Selected respondents	Number of questionnaires distributed
Office of the accountant-generals offices, and	60
auditor-general office (State and Local Government),	60
Ministry of budget and physical planning	60
Edo State Internal Revenue Service in Edo State	60

Source: Researcher’s compilation, 2024

Original Article

The study employed primary data. The primary data of the study was a closed ended questionnaire. The questionnaire was used to get the responses from the respondents of the study. The research instrument entails two sections. The first part contains information relating to bio-data of the respondents, while the second part focused on questions relating to variables of the study. The structured questionnaire was used because it allow for high degree of anonymity and the use of standardized question for all respondent. The responses of the respondent in the questionnaire will be stated in form of ‘Strongly agree’, ‘agree’, ‘disagree’ and ‘strongly disagree’. Therefore, the study adopted a four point likert scale in analysing the responses of the respondents of the study. Content validity and conbatch alpha was employed to check the validity and reliability of the data respectively.

The study employed both descriptive and inferential statistics. The descriptive statistics include frequency and percentage presented in tables. The study also employed the deductive approach in which inferential computation was used to explain the relationship between variables under investigation. Therefore, Simple regression analysis was used to test the hypotheses and make inference on the study. Analysis was done with the help of Statistical Package for Social Sciences (SPSS) version 21.

Data Presentation & Analysis

Research Question Analysis

1. What is the impact of incremental budgeting technique on budget performance of Edo state government?

Table 4.3: Response from question one

Statement/Question	Strongly Agree	Agree	Disagree	Strongly Disagree
There has been improved funding since the utilization of this budgeting technique	100 (42.2%)	98 (41.4%)	20 (8.4%)	19 (8%)
There has been consistency and operational stability since the utilization of this budgeting technique	105 (44.3%)	87 (36.7%)	20 (8.4%)	25 (10.5%)
Incremental budgeting generally allocates equal incremental changes to the budget from one year to the next	122 (51.5%)	68 (28.7%)	32 (13.5%)	15 (6.3%)
Incremental budgeting is the easiest budgeting approach	154 (65%)	56 (23.6%)	15 (6.3%)	12 (5.1%)
Incremental budgeting can result in unnecessary spending from government treasury	99 (41.8%)	77 (32.5%)	55 (23.2%)	6 (2.5%)

Source: Author’s Computation, 2024

The respondents’ opinions on the question on What is the impact of incremental budgeting technique on budget performance of Edo state government? were as follows. On the first statement, there has been improved funding since the utilization of this

budgeting technique, 100 (42.2%) strongly agreed, 98 (41.4%) agreed, 20 (8.4%) disagreed, while 19 (8%) strongly disagreed. One the second statement, There has been consistency and operational stability since the utilization of this budgeting technique, 105

Original Article

(44.3%) strongly agreed, 87 (36.7%) agreed, 20 (8.4%) disagreed while 25 (10.5%) strongly disagreed. On the third statement, Incremental budgeting generally allocates equal incremental changes to the budget from one year to the next, 122 (51.5%) strongly agreed, 68 (28.7%) agreed, 32 (13.5%) disagreed while 15 (6.3%) strongly disagreed. On the fourth statement, Incremental

budgeting is the easiest budgeting approach, 154 (65%) strongly agreed, 56 (23.6%) agreed, 15 (6.3%) disagreed, while 12 (5.1%) strongly disagreed. On the fifth statement, Incremental budgeting can result in unnecessary spending from government treasury, 99 (41.8%) strongly agreed, 77 (32.5%) agreed, 55 (23.2%) disagreed while 6 (2.5%) strongly disagreed.

2. What is the impact of zero-based budgeting on budget performance of Edo state government?

Table 4.5: Responses from question three

Statement/Question	Strongly Agree	Agree	Disagree	Strongly Disagree
When every line item must tie back to three to five strategic goals of an organization, the clarity on what to prioritize can be significant.	108 (45.6%)	98 (41.4%)	16 (6.8%)	15 (6.3%)
Single-year expenses are not accidentally carried over into next year’s budget.	115 (48.5%)	76 (32.1%)	36 (15.2%)	10 (4.2%)
Managers who contribute revenue and expense projections during the budgeting process are held accountable for their performance.	121 (51.1%)	55 (23.2%)	30 (12.7%)	31 (13.1%)
Forcing managers to justify expenditures and analyze projects based on <u>key drivers</u> and past learnings can improve the most important areas of your service or product	89 (37.6%)	100 (42.2%)	39 (16.5%)	9 (3.8%)
The time needed to prepare zero-based budgets may increase stress on an already-loaded team.	94 (39.7%)	69 (29.1%)	48 (20.3%)	31 (13.1%)

Source: Author’s Computation, 2024

The respondents’ opinions on the question; what is impact of zero-based budgeting on budget performance of Edo state government? were as follows. On the first statement, when every line item must tie back to three to five strategic goals of an organization, the clarity on what to prioritize can be significant, 108 (45.6%) strongly agreed, 98 (41.4%) agreed, 16 (6.8%) disagreed, while 15 (6.3%) strongly disagreed. On the second statement, Single-year expenses are not accidentally carried over into next year’s budget, 115 (48.5%) strongly

agreed, 76 (32.1%) agreed, 36 (15.2%) disagreed, while 10 (4.2%) strongly disagreed. On the third statement, Managers who contribute revenue and expense projections during the budgeting process are held accountable for their performance, 121 (51.1%) strongly agreed, 55 (23.2%) agreed, 30 (12.7%) disagreed, while 31 (13.1%) strongly disagreed. On the fourth statement, Forcing managers to justify expenditures and analyze projects based on key drivers and past learnings can improve the most important areas of your service or

Original Article

product, 89 (37.6%) strongly agreed, 100 (42.2%) agreed, 39 (16.5%) disagreed, while 9 (3.8%) strongly disagreed. On the fifth statement, the time needed to prepare zero-based budgets may increase stress on an already-loaded team, 94 (39.7%)

strongly agreed, 69 (29.1%) agreed, 48 (20.3%) disagreed, while 31 (13.1%) strongly disagreed.

Regression Result and Test of Hypotheses

The model of the study was estimated using the multiple regression analysis. Thereafter, the result of the study used to test the hypotheses of the study.

Table 4.6: Regression Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819 ^a	.803	.738	1.664

a. Predictors: (Constant), Incremental budgeting technique, Zero-based budgeting technique

b. Dependent Variable: Budget Performance

Source: Author’s Computation, 2024

The table above reveals the model summary of the study. The adjusted R Squared stood at 0.738. it implies that about 73.8% of the systematic variation is caused by independent variable of the study. However, 26.2% of the systematic variation are caused by other variables not used in the model but was adequately accounted for by the standard error of the regression, SE = 1.664.

Table 4.7: Model Fitness

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	46.968	3	15.656	3.930	.008 ^b
	Residual	932.111	234	3.983		
	Total	1027.835	237			

a. Dependent Variable: Budget Performance

b. Predictors: (Constant), Incremental budgeting technique, Zero-based budgeting technique

Source: Author’s Computation, 2024

The ANOVA table revealed that the model was statistically fit, F = 3.930, df = 3, 234, p = 0.008 < 0.05.

Table 4.7: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.020	.015		1.333	0.186
	Incremental budgeting technique	.264	.118	.104	2.227	.029
	Zero-based budgeting technique	.201	.095	.086	2.101	.038

a. b. Dependent Variable: Budget Performance

Source: Author’s Computation, 2024

Original Article

The coefficient table show the relationship between the independent variables. The regression coefficient table revealed that; Incremental budgeting technique; Zero-based budgeting technique has positive impact on Budget Performance in Edo State Government.

Test of Hypotheses

H₀₁: Incremental budgeting technique has no significant impact on budget performance of Edo state government

From the regression result, it was found that Incremental budgeting technique has positive and significant effect on budget performance of Edo state government, $\beta_1 = 0.264$; $SE = 0.118$, $T = 2.227$; $p = 0.029 < 0.05$. Therefore, this study rejected the null hypothesis stated on the study, that incremental budgeting technique has no significant impact on budget performance of Edo state government.

H₀₂: Zero-based budgeting technique has no significant influence on budget performance of Edo state government

From the regression result, it was found that Zero-based budgeting technique has positive and significant influence on budget performance of Edo state government., $\beta_3 = 0.201$; $SE = 0.095$, $T = 2.101$; $p = 0.038 < 0.05$. Therefore, this study rejected the null hypothesis stated on the study, that Zero-based budgeting technique has no significant influence on budget performance of Edo state government.

Discussion of Findings

The thrust of this study was to examine the impact of budgeting techniques on budget performance of Edo State Government. Three hundred and thirty-seven copies (237) copies of the questionnaire were distributed and retrieved from randomly selected respondents of the the study. According to the Cronbach Alpha statistics, the study's research instrument has a acceptable level of reliability.

The study discovered that Incremental budgeting technique has positive and significant effect on budget

performance of Edo state government. In dissonance to the above findings. Beredugo, Azubike and Okon (2019) examined the comparative analysis of zero-based budgeting and incremental budgeting techniques of government performance in Nigeria. They found that there is no significant difference between incremental budgeting technique government performances.

Secondly, the study discovered that Zero-based budgeting technique has positive and significant influence on budget performance of Edo state government. In tandem to this study's result, Maundu and Gitonga (2021) examined the influence of budgeting techniques on financial performance of manufacturing companies, a case study of Bidco Company in Thika. They found that zero-based budget budgeting and activity-based budgeting have positive and significant impact on firm performance. However, the study of Beredugo, Azubike and Okon (2019) found no relationship between zero-based budgeting and budget performance.

Summary of Findings

The study examined the influence of budgeting techniques on the budget performance of Edo State Government. The following were found;

- i. Incremental budgeting technique has positive and significant impact on budget performance of Edo state government;
- ii. Zero-based budgeting technique has positive and significant influence on budget performance of Edo state government.

Conclusion

This study examined the impact of budgeting techniques on budget performance in Edo State Government. The study came to the conclusion that incremental budgeting technique and Zero-based budgeting technique has positive impact on budget performance of Edo state government.

Original Article

Recommendations

Based on the finding of this study we recommended the following;

- i. The incremental budgeting technique should be sustained by the Edo State Government to improve budget performance; and
- ii. The state government could improve on the budget performance by focusing more on capital expenditure using zero based approach rather than recurrent expenditure.

References

- Abdullahi, S. R., Kuwata, G., Abubakar, M. A. & Muhammed, T. A. (2015). The role of budget and budgetary control on organizational performance: a case study of Tahir Guest Palace, Kano. *International Journal of Innovative Research in Information Security*, 2(4), 22-28.
- Adekoya, A. A. (2022). Budgeting Techniques and Budgetary Control in Local Governments: Participatory Budgeting a Critical Instrument for Sustainable Development. *International Journal of Management and Economics Invention*, 8(11), 2682-2694.
- Agbenyo, W., Danquah, F. O. & Shuangshuang, W. (2018). Budgeting and Its Effect on the Financial Performance of Listed Manufacturing Firms: Evidence from Manufacturing Firms Listed on Ghana Stock Exchange. *Research Journal of Finance and Accounting*, 9(8), 12-22.
- Alvarez, P., Sensini, L., Bello, C. & Vazquez, M. (2021). Management Accounting Practices and Performance of SMEs in the Hotel Industry: Evidence from an emerging economy. *International Journal of Business and Social Science*, 12(2), 24-35.
- Arewa Reporter (2024). We've Grown Edo's Budgetary Performance by 85% Annually to N320 Billion, Says Obaseki. Retrieved July 27th 2024, from, <https://www.arewareportersng.com/weve-grown-edos-budgetary-performance-by-85-annually-to-n320-billion-says-obaseki/>
- Beredugo, S. B., Azubike, J. U. B. & Okon, E. E. (2019). Comparative Analysis of Zero-Based Budgeting and Incremental Budgeting Techniques of Government Performance in Nigeria. *International Journal of Research and Innovation in Social Science*, 3(4), 238-243.
- Blocher, E. J., Chen, K. H., Cokins, G. & Lin, T. W. (2005). Cost management: A strategic emphasis (3rd ed), Boston: McGraw-Hill Irwin
- Deloitte (2015). Zero-Based Budgeting: Zero or Hero? Deloitte Development LLC. All rights reserved. Member of Deloitte Touche Tohmatsu Limited.
- Ehiedu, V. C. & Odita, A. O. (2014). Application of Budgeting Techniques in Fiscal Institutions in Nigeria. *Developing Country Studies*, 4(6), 20-27.
- Freeman, R. E. (1994). The politics of stakeholder theory: Some future directions. *Business ethics quarterly*, 409-421.
- Gbenga, O. & Alao, M. M. (2021). Impact of Budgeting on the Financial Performances of SMEs in Nigeria. *International Journal of Technology Innovation and Management*, 2(3), 199-203.
- Hornigren, C. (2007). Introduction to management accounting. Pearson: Prentice Hall.
- Igbara, F. N., Tordee, B., Nwadike, G., & Abuba, S. (2016). Budget and budgeting in the third tier of government: Problems and prospects. *Equitorial Journal of Finance and Management Sciences*, 1(1), 1-9.
- Ilmiyono, A. F. (2019). The effect of budgeting based on performance upon the accountability of authority administration of Bogor municipality performance period

Original Article

- 2014-2017. *The Accounting Journal of BINANIAGA*, 4(2), 1-8.
- Isaboke, E. M. & Kwasira, J. (2016). Assessment of budgeting process on financial performance of county government of Nakuru, Kenya. *International Journal of Economics, Commerce, and Management*, 4(5), 134-150.
- Isaac, L. (2014). Appraising the Impact of Budgeting and Planning on the Performance of Financial Institutions in Nigeria. *Research Journal of Finance and Accounting*, 5(16), 12-26.
- Kamau, J. K., Rotich, G. & Anyango, W. (2017). Effect of budgeting process on budget performance of state corporations in Kenya: A case of Kenyatta National Hospital. *International Academic Journal of Human Resource and Business Administration*, 2(3), 255-281
- Kathoni, N. P. (2022). Effect of budgeting practices on performance of government funded projects in Niarobi metropolitan, Kenya. Unpublished, MSc thesis, KCA University.
- Kariuki (2010). Budgeting: A fundamental management tool. *KasnebNewslne* Volume 1, page 4)
- Maundu, L. & Gitonga, K. (2021). Budgeting techniques and their influence on the financial performance of manufacturing firms: A case of Bidco limited. Unpublished BSc thesis, Grestsa University.
- Mbogo, M., Olando, C., & Macharia, J. (2021). The effect of budgeting practices on Financial Performance (FPM) of Manufacturing Small and Medium Enterprises in Nairobi County, Kenya. *Journal Of Language, Technology & Entrepreneurship In Africa*, 12(1), 84-110.
- Mohamed, I. A., Evans, K. & Tirimba, O. I. (2015). Analysis of the Effectiveness of Budgetary Control Techniques on Organizational Performance at DaraSalaam Bank Headquarters in Hargeisa Somaliland. *International Journal of Business Management and Economic Research (IJBMER)*, Vol 6(6),2015,327-340.
- Mulani, J., Chi, G., & Yang, J. (2015). Effects of the budgetary process on SME's performance: An Exploratory study based on Selected SME's in India. *Research Journal of Finance and Accounting*, 6(14), 135-153.
- Ngumi, D. K., & Njogo, M. M. (2017). Effect of budgeting practices on the financial performance of insurance companies in Kenya. *International Journal of Economics*, 2(3), 14-30.
- OECD. (2014). Principles of budgetary governance. Public governance and territorial development. Paris, France: OECD.
- Omolehinwa, E. O., & Naiyeju, J. K. (2015). Government accounting in Nigeria: An IPSAS approach (1st ed.). Lagos, Nigeria: Pumark Nigeria Limited.
- Onduso, E. A. (2013). The effect of budgets on financial performance of manufacturing companies in Nairobi County. Unpublished MBA Thesis, University of Nairobi.
- Phyrr, P. (1970). Zero base budgeting: A practical management tour tool expenses. New York: John Wiley Gbebek's Associated in tourism, hospitality.
- Pimpong, S., & Laryea, H. (2016). Budgeting and Its Impact on Financial Performance: The Case of Non-Bank Financial Institutions in Ghana.
- Pratolo, S., Sofyani, H. & Anwar, M. (2020) Performance-based budgeting implementation in higher education

Original Article

- institutions: Determinants and impact on quality, *Cogent Business & Management*, 7(1), 111-126
- Saunders, M.N.K, Lewis, P. & Thornhill, A. (2013) Research methods for business students (7th Edition). Harlow: FT Prentice Hall.
- Srinivasan, G. & Ganapathi, R. (2014). the impact of budgeting and budgetary control on the performance of manufacturing Industry in India. *International Journal of Business and Administration Research Review*, 2(7), 18-28.
- Suleiman E. S. (2015) The Nigeria budget process, Central bank of Nigeria report
- Sulistiyo, H. & Pratiwi, F. A. (2021). The Effect of Budget Planning and Budget Evaluation On Social Service performance of karawang District. *Nominal: Barometer Riset Akuntansi dan Manajemen*, 10(1), 118-134.
- Tunji, S. T. (2013). The Impact Of Budgeting And Budgetary Control On The Performance Of Manufacturing Company In Nigeria. *Journal of Business Management & Social Sciences Research*, 2(12), 8-16.