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TRADITIONAL BUDGETING SYSTEM AND EFFICIENCY OF INVESTMENT DECISION PROCESSES IN PUBLIC OWNED HIGHER INSTITUTIONS IN SOUTH-WESTERN NIGERIA

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ABSTRACT: *The mismatch between available public resources and the growing demand for tertiary education is a challenge on investment decision processes (IDPs). However, this challenge has also raised concerns about the effectiveness of the traditional budgeting system (TBS) in addressing the problem of disconnect between budget allocations and needs of State owned tertiary institutions. This study, therefore, investigated traditional budgeting system and elements of investment decision processes in state-owned tertiary institutions in South Western Nigeria. Descriptive survey research design was adopted. Multistage sampling procedure was adopted in selecting 448 officials of state ministries, 59 members of state legislative house committees and 773 officials of SOTIs in Oyo, Ogun and Osun states. Two instruments used were: Traditional Budgeting System Scale (r=0.82) and Tertiary Institutions Investment Decision Scale (r=0.74). Data were analysed using descriptive statistics, pearson's product moment correlational multiple regression. Results showed that, TBS significantly correlated with the component parts of IDPs in sampled SOTIs as follows: decision-making (r=0.534), controlling of programmes (r=0.403), delegated authorities (r=0.309), promotion of future planning (r=0.292), coordination of programmes (r=0.202), monitoring of programmes (r=0.175), efficient use of resources (r=0.167), realistic goals setting (r=0.087) and staff motivation (r=0.013). This shows that, TBS do not impact much on the setting of realistic goals and staff motivation compared to other investment decisions in the SOTIs. There was a significant difference in TBS among the three states (t=14.41, P<0.05); it was more effective in Oyo =(π =26.81) followed by Ogun (π=24.14) and Osun (π=22.91) states. Traditional budgeting system significantly predicted elements of investment decision processes in state-owned higher institutions. In addition, training and retraining of tertiary institutions' staff involved in budget implementation should be encouraged.***

KEYWORDS: Traditional Budgeting System; Elements; Investment Decision; Efficiency; Higher Institutions.

INTRODUCTION

In general, educational budgeting is a process which involves prearation, compilation, and monitoring of educational financial budgets. It implies the determination, generation, allocation and utilization of funds and facilities for the services of the educational system in accordance with stated goals (Akinsola, 2009). Educational budgeting process is directed by a structural model which must be followed for effective planning and control of educational spending. It is a structured business or operational spending, planning and control (Moi, Stephen, Andy, Eaton, Heller, Johnson, Langdon & Sleight, 2001). The model is characterized by three activities, namely, preparing, writing and monitoring.

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These three cycles in (preparing, writing and measuring) educational budgeting model are designed with equal importance in the educational budgeting process. All activities involved at each level of the cycle provide adequate background knowledge on the type of educational investment to be implemented. This implies a careful study of the educational needs of the sector and prioritization of these needs so as to guide in the allocation of funds. The standardization of budget portends that revenue must be determined on availability scale for the execution of the outlined projects or programmes and needs. Hence, estimates are made which give a lead to assessment of the system, to ensure allocative efficiency of the available revenue in order to avoid friction, duplication and waste.

Writing cycle refers to the preparation of an initial budget forecast or proposal. At this stage, budget committee meets, to analyse the budget on the basis of programmes' background, economic projections and recommendation. All decisions will be considered in the writing of the master budget. Monitoring involves a careful analysis of differences between actual performance and the written budget. All the discrepancies and errors are monitored in order to assist in reforecast and revisions of another fiscal year budget (Moi, et al, 2001).

Budgeting system, as a strategic approach for achieving efficiency in resource allocation and utilization in tertiary institutions, includes the use of traditional budgets negotiations between governments and public institutions and the use of funding formulas and performance – based allocation mechanisms. Traditional budgeting system is a tool used for mobilization and allocation of financial (scarce) resources to various social, economic, political and technological programmes. The focus of budgeting is on priority projects particularly given the competing needs and limited resources (Obadan, Oshionebo & Uga, 2002). Obadan et al (2002), citing Griffin & Enos (1970), submit that the budgeting system process involves a determination of the goals or aims of the programmes, an assessment of the available resource and its alternative uses, a check for consistency to ensure that the available resources, will result in the attainment of the goals as well as periodic monitoring, to allow for unexpected events (Obadan et al, 2002). The budgeting system that prevailed in tertiary institutions in south-western, Nigeria, is the traditional budgeting system of line item or incremental system. This is however, supplemented with funding formula and performance-based budgeting mechanisms. These three budgeting strategies are adopted by the budget committee of the institution in determining the budget envelope (ceiling) for each faculty, department, institute, section and unit.

The traditional budgeting system is therefore, used to decide the volume of resources to allocate to education activities, identify ways to generate those resources and consider methods to maximize cost effectiveness arising from education investment decision processes. As noted by Paterson (1989), the traditional budgeting system variants involve line item budgeting system, funding formulas and performance-based budgeting mechanisms. The line item budgeting system is focused on departments as funds are allocated to departments without taking into consideration the diversity of functions or activities of the departments. Each budget is based on the previous year budget and at the requests for incremental changes without examining whether all the projects are still relevant. The allocation of fund is based on historical precedence and a process of political negotiation without systematical reference to results obtained (Thorn, Holm Neilsen & Jeppessen, 2004).

Specifically, two general types of allocation mechanisms have been applied to funding higher education around the world. First, there is the use of the allocation mechanism that transfers resources directly to institutions for the support of recurrent expenditure, capital investments,

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research and specific purposes. Second, there is that which indirectly support institutions through transfer of resources, vouchers and subsidies provided to students or their families in form of grants, scholarships, tax benefits and subsidized loans to defray or delay tuition fees or related non-educational expenses (Saimi & Hauptman, 2006; Azcona, Chute, Dub, Dookhony, Klien, Loyhacano- Pal, Randazzo & Reilly, 2008; Gibson, 2009).

In whatever form a budget is presented, all budgets essentially serve as means of administering revenue and expenditure to direct investment decision in state-owned tertiary institutions. Budgets also reflect a statement usually expressed in financial terms, of the desired performance of such institution in the pursuit of its objectives particularly in a short-term period of one year (Oghenekohwo, 2006). In this sense, budgeting, in tertiary education is essential to the entire matrix of investment decision-making especially the aspects on manpower development. Therefore, budgeting in higher institutions shows a long-term planning model for human capital formation geared towards optimal allocation of scarce resources to produce or provide maximum results, for effective services to users in the society. The budgeting process at the tertiary institutions involves key stages such as budget conception, preparation, approval and implementation as evident in execution, monitoring and control, auditing and evaluation.

From the above, it is obvious that while most states in South-western Nigeria have a well articulated vision for their higher education sector, the investment decision of tertiary institutions to drive this vision is fraught with various limiting institutional and policy factors among which are the following; firstly, in response to access problem due to significant expansion of tertiary education over the decades, the government established more tertiary institutions but funding of these institutions did not keep-up with this expansion with its effects on investment decision.

Thus, the existing system of funding is failing to provide sufficient resources to sustain the higher education system while available funds were applied to rectify some of the severe under-investment of the system in the past to prevent a total breakdown of the tertiary institutions. Secondly, the higher education system at the state level is experiencing shortage of executive capacity for the results inflow Pamiro (2012), notes that it is a paradox for a system that is experiencing inadequate funding to also exhibit poor spending capacities as Tertiary Education Trust Fund (TETFUND) allocation running into billions of naira still left unspent years after allocation to some of these institutions.

Therefore, there is a challenge of staff capacities in these institutions with its consequence on investment decision technique inputs. Thirdly, other challenges being faced by these institutions with regards to investment decision include among others, delay in the release of funds by the owner-state, evidence of severe and on-going pressures across the teaching and research activities, political interference with regards to investment priorities, recurrent expenditure taking a lion share or significant percentage of the total allocation, thereby, leaving little for capital development. Investment options that are competing with education include electricity, roads, water, health, agriculture, oil and gas production and national security.

The budgeting system is however, designed to align the investment decision processes (IDP) priorities with institutional objectives. Also, inherent in budget are various internal mechanisms designed to deal with all these aforementioned challenges of IDP. Budgeting and IDP are critical components that must interact to achieve the goals and objectives of an organization. The budget is expected to provide finance necessary to support asset, training and finance

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investment projects in the tertiary institutions. It is concerned with how resources are allocated to realize future operations and the feedblack in which both the plan and action are compared and provides a basis for directing and evaluating the performance of individuals or segment of an organization (Otley & Pollanen, 2000; Garison et al, 2003; Joshi et al, 2003; Horngren et al, 2008). Qi (2010), states that budgeting is used for forecasting, planning, coordination, communication, control, motivation and evaluation. Budgeting is a means for facilitating and enabling the process by which resources are acquired and allocated among sub-units and consumed in the achievement of organizational goals.

Arising from the above are the following salient questions. Are such investment decision process in state owned tertiary institutions, properly planed? Does such investment decision rely on budgeting? Are proper and normal budgeting system procedures undertaken before such investment decisions are taken? How does budgeting system influences or enhances efficiency in the investment decision in tertiary institutions? What is the level of correlation between budgeting and investment decisions in tertiary education institutions?

Although, there has been vast and rich literature on tertiary institutions, particularly in south-western Nigeria, covering wide areas such as general funding (Omolehinwa 2001; Fagbulu, 2003; Akintayo, 2004), staffing (Soyibo, 1988 & Akintoye, 2006), quality and performance of staff (Fatunde, 2001; Ukeje, 2002; Saint; Hartnett & Strassner, 2002; Ayo-Sobowale & Akinyemi, 2011), and non-academic (AKintoye, 2008), commitment and satisfaction (World Bank & DFID, 2005), organizational culture and work environment (Okuwa, 2004), performance improvement strategies (Schiaro-Campo, 1999), resource availability, allocation, utilization and management (Ade-Ajayi, 2001, Adedeji 2002); deregulation and public funding (Akintayo & Oghenekohwo, 2007); none of these focused on problems associated with budgeting mechanisms for making investment decisions in state-owned tertiary institutions with the view of determining the effectiveness or otherwise of such budgeting system. Succinctly, there is death of studies on traditional budgeting system and elements of investment decisions procedures in state-owned tertiary institutions in south-western Nigeria, hence, the justification for this research.

Statement of the Problem

Access to high-quality tertiary education in any nation enriches citizens' lives, increases their employment opportunities and at the same time, helps build a productive labour force that drives economic growth. In this wise, all national governments, particularly among developing nations want relevant and efficient tertiary education system that meets the needs of clientele, the labour market and the economy, this in-turn is dependent on adequate public funding of the system because adequate financing is the pre-requisite for effective and functional higher education system.

However, this challenge has also raised concern about the effectiveness of the traditional budgeting system (TBS) in addressing the problem of disconnect between budget allocations and needs of SOTIs. Most previous studies had focused more on other fund-related factors than on the TBS in SOTIs. This study, therefore, investigated the influence of traditional budgeting system and elements of investment decision processes in state-owned tertiary institutions in south-western Nigeria.

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Objectives of the Study

The specific objectives are as follows.

(i) determine the relationship between the components of traditional budgeting system and provision of framework for delegated authorities in state-owned tertiary institutions;

(ii) establish the relationship between components of traditional budgeting system and coordination of programmes and activities in state-owned tertiary institutions;

(iii) find out the relationship between components of traditional budgeting system and efficient use of available resources in state-owned tertiary institutions;

(iv) ascertain the relationship between components of traditional budgeting system and promotion of future planning in state-owned tertiary institutions; and

(v) investigate the relationship between the components of traditional budgeting system and motivation of staff in state-owned tertiary institutions.

Hypotheses:

The following null hypotheses are formulated to serve as anchor for this study and were tested at 0.05 level of significance.

H_{o1}: There is no significant relationship between the components of traditional budgeting system and realistic goals setting in state-owned tertiary institutions.

H_{o2}: There is no significant relationship between the components of traditional budgeting system and efficient use of available resources in such a way to disallow fraud in state-owned tertiary institutions.

H_{o3}: There is no significant relationship between the components of traditional budgeting system and promotion of future planning in state-owned tertiary institutions.

H_{o4}: There is no significant relationship between the components of traditional budgeting system and motivation of staff in state-owned tertiary institutions.

METHODOLOGY

Research Design

The study adopted descriptive survey research design of ex-post factor type. The adoption of this design was based on the fact that the independent variables, traditional budgeting system is a prevailing factors (variables) for which its influence, relevance and impact on the dependent variable (investment decisions processes in state-owned tertiary institutions) could be analyzed and described based on a survey of existing variables.

Population of the Study

The target population of the study comprised all policy makers and public officials directly involved in the budgeting process and investment decision management in the nine selected

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state-owned tertiary institutions in Oyo, Ogun and Osun states. These include ministries officials, states house of assembly members, governing council members, principal officers and head of departments of the selected nine higher institutions. The total population was 1,600.

Sample and Sampling Techniques

The nultistage sampling techniques were adopted in selecting the participants of the study. These stages are shown in table 1 below:

Table 1: Population Sampling Projection for the Study

Categories of Target Group from the three States	States					
	Oyo		Ogun		Osun	
	Population	Sample	Population	Sample	Population	Sample
Official of the Ministries	221	177	198	158	141	113
Officials of the Committee of House on Finance, Budget and Appropriation, Education and Career Staff	29	23	26	21	19	15
Officials of Higher Institutions Finance, Budgeting General Purpose Committee/Bursary/Works and Registry as well as faculty and department members	380	304	341	273	245	196
Total	**630**	**504**	**565**	**452**	**405**	**324**

Using the simple random sampling technique as last stage of the multistage procedure, 1,280 sample element 80% of the total population) served as the respondents for the study.

Instrumentation

The instruments for data collection were two sets of self-structured measurement scales covering all the major variables inherent in the study. They are: Traditional Budgeting System Scale and Tertiary Institution Investment Decision Questionnaire.

Traditional Budgeting System Scale Questionnaire:

The Traditional Budgeting System Scale is a self-structured questionnaire that measures the extent to which the existing budgeting system is effective in ensuring efficient allocation and utilization of public funds to tertiary institutions. It is designed on the 4-point Likert scale format of Strong Agree (4), Agree (3), Disagree (2) and Strongly Disagree (1) and contained 23- items relating to effectiveness of the existing budgeting system. The variables covered in the rating scale are: line item budgeting, use of funding formulas and performance- based allocation mechanisms.

The contents of the Traditional Budgeting System Scale were validated using peer review system as well as subjecting it to the criticisms of experts in the area of psychometric

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evaluation. The criticisms and suggestions of the experts were used to ensure the validation of the instrument. Thereafter, the instrument was pilot-tested using the test and re-test reliability test method among similar respondents in Lagos state which is outside the selected states for this study. The results obtained from the test and re-test was subjected to Cronbach alpha, which yielded a coefficient of 0.82.

Tertiary Institution Investment Decision Questionnaire

The Tertiary Institution Investment Decision Questionnaire is a self-structured questionnaire that measures the effectiveness and efficiency in investment decisions in public tertiary institutions. It is designed on the 4-point Likert scale format of Strongly Agree (4), Agree (3), Disagree (2) and Strongly Disagree (1) and contained 30 items relating to investment decision processes, realistic goals setting, decision-making, framework for delegated authorities, efficient use of available resources, fraud avoidance, promotion of future planning, staff morale, coordination, monitoring and controlling of programmes and activities in public tertiary institutions.

The contents of the Tertiary Institution Investment Decision Questionnaire were validated using peer review system as well as subjecting it to the criticisms of experts in the area of psychometric evaluation. The criticisms and suggestions of the experts were used to ensure the validation of the instrument. Thereafter, the instrument was pilot-tested using the test and re-test reliability test method among similar respondents in Lagos State which is outside the selected states for this study. The results obtained from the test and re-test was subjected to Chronbach alpha, which yielded a coefficient of 0.74.

Method of Data Analysis

For the purpose of data analysis, the quantitative information collected through the two sets of questionnaire were analysed using the following statistical tools: descriptive statistics, correlational matrix, and multiple regression.

Relationship between the Traditional Budgeting System and Realistic Goals Setting

In determining the relationship between the traditional budgeting system and realistic goals setting of investment decision in state-owned tertiary institutions, anchored on hypothesis one, which states that: there is no significant relationship between the components of traditional budgeting system and realistic goals setting in state-owned higher institutions; the data collected were subjected to correlational matric, using the Pearson Product Moment Correlation. The results from the analysis of the data are presented in Table 2 followed by their interpretations and discussion.

Table 2: Correlation Matrix of Traditional Budgeting System and Realistic Goals-setting in State-owned Tertiary Institutions

Variables	Mean	Std. dev	N	R	P	Remark
Traditional budgeting System	81.7322	12.2304	1206	.087***	.000	Sig.
Realistic goals setting	24.0706	04.2932				

** Sig at P<0.05; r=.087

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Interpretation and Discussion:

Table 2 shows that there is an insignificant or low positive correlation between traditional budgeting system and one of the variables of investment decision, that is, realistic goals setting in state-owned tertiary institutions in south-western Nigeria (r = .087**, N = 1206, P<0.05). The null hypothesis is therefore rejected, and alternative hypothesis accepted. This shows that, there is a positive but low (insignificant) correlation between components of traditional budgeting system and realistic goals setting variable of investment decision. Clear but difficult goals lead to better performance. This finding is in concordance with Fola-Alao (2011), who observes that the higher institution financial and non-financial budgeting activities provided the needed impetus for the achievement of the institution's goals. Fola-Alao (2011), further reports that the management of uses the budgeting system and its control as a tool in achieving one of the investment decision variables, that is, organizational goal; hence the system of budgeting and budgetary control was given serious attention in management decisions. The study suggests measures for the implementation of budgeting and budgetary control as well as ways through which it would improve the institutions performance in achieving its investment decision goals of training of medical personnel and research output.

The researcher also prescribed recommendations on the best ways to make budgeting meaningful particularly to the operators and at the same time attain the corporate goals of the institution (Fola-Alao, 2011). In same vein, the finding confirms previous research conducted by Kironde (2004); who observes that significant positive achievement at the World Vision International, Uganda, is through the budgeting process. This finding is in line with the current popular belief that achievement of budget goals is an important variable in the budgeting process (Kironde, 2004). Hermes, Smid & Yao (2006), state that budget is a process of determining which real investment project should be accepted given the limited resources available to the organization and its contribution to the attainment of the goal of institution. This is also supported by the finding of Apap & Masson (2005), that budget in case of tertiary institution assists in taking investment decision on the projects whose benefits will exceed or be greater than the costs and thus contribute significantly to the attainment of the institutions' objectives and goals of investment decision.

According to Faleti & Myrick (2012), budgeting system impacts on investment decision goals of tertiary institution through four mechanisms. First, investment decision goals direct action and effort toward goal-related activities and away from unrelated activities. Second, investment decision goals energise employees. Challenging goals when accepted lead to higher performance than easy goals. Third, investment decision goals affect persistence. Employees exert more effort to achieve challenging goals. Fourth, investment decision goals motivate employees to use their existing knowledge to attain a goal or to acquire decision goals motivate employees to use their existing knowledge to attain a goal or to acquire the knowledge needed to do so. This shows that budgeting system influences specific and challenging investment goals by serving as motivating forces for higher or increase performance by employees.

Relationship Between the Traditional Budgeting System and Efficient Use of Available Resources

In determining the relationship between the components of traditional budgeting system and efficient use of available resources (in such a way to disallow fraud) in state-owned tertiary institution data was subjected to correlational matrix using the Pearson Product Moment

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Correlation and the multiple regressions for the analysis of the data collected. The results from the analysis of the data are presented in table 3 followed by their interpretation and discussion.

Table 3: Correlational Matrix on Traditional Budgeting System and Efficient Use of Available Resources in State-owned Tertiary Institutions

Variable	Mean	Std. dev	N	R	P	Remark
Traditional budgeting system	81.7322	12.2304				
Efficient use of Resources	23.4826	05.4420	1206	.167***	.000	Sig.

** Sig at P<0.05; r=.167

Interpretation and Discussion

Table 3 shows that, there is a significant positive correlation between components of traditional budgeting system and efficient use of available resources in state-owned tertiary institutions in south-western, Nigeria (r= .167**, N = 1206, P<0.05). The null hypothesis is therefore rejected, and alternative hypothesis accepted. This shows that, there is a significant positive correlation between traditional budgeting system and efficient use of available resources. The study reveals that the institution has a committee that deals with the issue of award of contracts with due-process guidelines in place. The guidelines stipulate that for any contract to be awarded, there must be an advertisement in the newspaper stating the requirements for bidding. The bides of interested companies are then evaluated by an internal evaluation committee but if the contracts involve external bodies like Education Trust Fund (ETF) then, the bids will be evaluated by external consultants. The views and recommendations of the evaluation committee will be considered by the tenders board in arriving at a decision. The recommendations of this committee or tenders board are then presented to the governing council of the institution for final approval.

Thereafter, it is the responsibilities of the registrar, bursar, the works of monitoring committee and the audit section to ensure the effective and efficient implementation of the projects. All these structures lead to efficient use of available resources. Johnstone, Arora & Experton (1998) find a wide reform agenda in Argentina universities which include expanded traditional budgeting system which provide universities with full autonomy over their administration, internal resource allocation, staff management and student access, offering the possibility for universities to diversify their resources, improve the governance of university by allowing more participation of teaching staff. This generally led to higher job performance among teaching and non-teaching staff, with the teaching staff giving more approval which allows for general assessment of the university systems. In the same vein, the findings from Dughale & Lyne (2006), reveal that the amount of budget controlled resources given to state owned higher institutions influence their performance in achieving results; that performance budgeting actually enhances service delivery and infrastructural development. This contradicts Adedeji (2006), observation that budget performance did not depend on the use of the budgeting system but on the sources of funding of programmes and that inadequate and delay in releasing subventions by the Federal Government are responsible for the budget implementation breakdown and deficiency. Also, Obadan (2003), Akintayo (2004), also Omolewa (2001), aver that delay in the release of budgetary allocation affect the performance and efficient use of resources of tertiary institutions.

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This result however shows that in traditional budgeting system, available resources are used in the preparation and implementation of tertiary institutions' budgets to avoid unrealistic budgets that will end up in huge budget deficit. When budgets are planned, using the available resources, the implementation become easier and convenient. Traditional budgeting usually emphasizes giving state-owned tertiary institutions or government agencies and their managers more flexibility in the use of resources than they would typically have under traditional tightly-controlled public management systems.

Relationship between the Traditional Budgeting System and Promotion of Future Planning

In determining the relationship between the components of traditional system and promotion of future planning in state-owned tertiary institutions, the data was subjected to correlational matrix, using the Pearson Product Moment Correlation. The results from the analysis of the data are presented in Table 4 followed by their interpretation and discussion.

Table 4: Correlational Matrix on Traditional budgeting system and Promotion of Future Planning in state-owned tertiary institutions

Variable	Mean	Std. dev	N	R	P	Remark
Traditional budgeting system	81.7322	12.2304		.292***	.000	Sig.
Promotion of future planning	22.9311	05.8398	1206			

** Sig at P<0.05; r=.292

Interpretation and Discussion

Table 4 shows that, there is a significant positive correlation between traditional budgeting system and promotion of future planning in state-owned tertiary institutions in south-western Nigeria (r = .292**, N = 1206, P<0.05). The null hypothesis is therefore rejected and alternative hypothesis accepted. This shows that, there is a significant positive correlation between traditional budgeting system and investment decision with regard to promotion of future planning.

The findings shows that higher institutions use long-term budgets to lay out planned financial goals and actions that guide the operators toward investments decision on strategic goals of manpower development and research activities. Capital budgeting in terms of office buildings, laboratory equipments, library and teaching resources, information technology and software development and other long-term investments, is an investment decision that has long-term implications.

From the above, budget is essential for future planning in state-owned tertiary institutions as it assists in long-term plans for manpower production and research activities. Also, budget has the function of planning as it predicts and qualifies future activities in financial term. Traditional budgeting system therefore, has impact on tertiary institutions investment decision with regard to future planning. Kironde (2004) citing Heneveld (1994), points out that the factors that determine school effectiveness have to be understood and imbedded in a particular context including institutional, cultural, political and economical. Budgeting helps management and staff members with decision making, and with planning and control by gathering and supplying them with the financial and non-financial information they need

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(Garrison, Noreen & Seal. 2003; Drury, 2004). Research on institutions in Vietnam revealed that institutions with a formal planning system appeared to be more profitable than those without, and also that small tertiary institutions are less likely to have formal plans (Masurel & Smit, 2000).

According to Garrison et al; (2003), budgeting system serve multiple purpose with planning and control being two of the more important functions. For example, the authors argue that large institutions should focus on the control and coordination aspects of budgeting, whereas small institutions should be more concerned with the planning aspects. Planning entails setting goals for the enterprise, whereas control implies the attainment of these goals. Qi (2010), agrees that small business that operate in uncertain and competitive environments need to plan and control their operations because this will help owners/managers to run their business successfully.

The above result reveals that state owned tertiary institutions that take full advantages of strategic budgeting and forecasting processes will realize several benefits, such as standardized data collection and consolidation that result in a shorter budget cycle and improved forecasting accuracy, rolling forecast concepts that extend forecasting beyond year-end, reducing the dependency on government grants that are not aligned with a constantly changing marketplace, a focus shift to value-added initiative such as target setting, analysis and ongoing measurement, increased collaboration between finance and operations, budgeting and forecasting processes that are regarded by the organization as opportunities to create value as well as a methodology that provides a flexible approach to changing business processes, technology, organizational structure and data. Mller et al (2001), Otley & Pollanen, (2000) classify budgeting as monitoring and control strategy (MCS) when it links behavior to targets, that is to support decisions, this has traditionally been the function of traditional budgeting and rolling forecasting.

Otley & Pollanen, (2000), also argue that planning is done to decide ex-ante the direction one should take. Neely et al (2003) have also come to similar conclusions. Traditional budget still has many useful functions which partly explain why it is still widely used. When budget is used for planning, one of its most important functions is cost control. Top management of state owned tertiary institutions expect that budget figures are followed and that budgeted costs are not exceeded. This is an important function of traditional budget, though, it has also been criticized as a constraint to future growth which is not seen to bring any added value to the organization. Also, Jensen (2001), states that regardless of his strong criticism of budgets due to their role in poor performance, budgets can be used for planning and coordination as intended. Simons (1995) on the contrary, states that the solution is not to abandon traditional management control systems, like budget, but rather to use them as part of a more extensive control package, where they may be deployed diagnostically, in association with other forms of control to ensure that important goals are being achieved efficiently and effectively.

Relationship between the Traditional Budgeting System and Motivation of Staff

In determining the relationship between the traditional budgeting system and motivation of staff in state-owned tertiary institutions, anchored on hypothesis four, the data was subjected to correlational matrix, using the Pearson Product Moment Correlation. The results from the analysis of the data are presented in Table 5 followed by their interpretations and discussion.

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Table 5: Correlational Matrix on Traditional Budgeting System and Motivation of Staff Morale in State-owned Tertiary Institutions

Variable	Mean	Std. dev	N	R	P	Remark
Traditional budgeting system	81.7322	12.2304				
Motivation of staff	24.6174	04.4524	1206	.013***	.000	Sig.

** Sig at P<0.05; r=.013

Interpretation and Discussion:

Table 5 shows that, there is an insignificant positive low correlation between Traditional budgeting system and motivation of staff morale in state-owned tertiary institutions in south-western Nigeria (r=.013**, N =1206, P<0.05). The null hypothesis is therefore rejected and alternative hypothesis accepted. This shows that, there is an insignificant positive but low correlation between traditional budgeting system and motivation of staff. This finding supports prior studies. Merchant (1981), Brownell (1982); Covaleski et al (2003), observe a positive relationship between budget participation and performance. Thus, participation in decision making and implementation of programmes and projects is seen as motivational factor for staff (Hilton, 2000). This finding reveals that staff morale is boosted by tradition budgeting in state-owned higher institutions by adequately involving them in the preparation and implementation of budgets.

Traditional budgeting assists the management of tertiary institutions in taking decision on annual increment of staff salary and allowances for teaching and non-teaching staff and ensures annual review of staffs conditionds of service. Motivation of staff through specific and clear targets leads to higher performance and assists each institution to achieve its stated goals and objectives. Tertiary institutions in order to ensure that the goals of investment decisions are achieved, motivate staff to increase the level of performance by paying overtime for working later or putting in extra hours, creating opportunity for training, provision of car and housing loan facilities and promotion to deserved staff among others. Arising from the above, it is evident that the results of this hypothesis has further reinforces the traditional budgeting system influence on investment decision in terms of motivation of staff in tertiary institutions. All these incentives and welfare package serve as motivational factors that bring out the abilities and innate talents of the staff which aid the achievement of investment decision objectives of the tertiary institutions.

CONCLUSION AND RECOMMENDATIONS

Budgeting is very critical to investment decision in tertiary institutions and in this-wise, investment decision is usually taken in respect of long gestation projects with focus on internal rate of return, planning of financial outflow, management of internal efficiency and achievement of cost effectiveness in investment decision. In other words, budgeting elements in tertiary institutions are quite different from those in business or corporate organisations with profit motive. As such, at every level, the investment decision must be influenced by the traditional budgeting variants of line item budgeting, use of funding formulas and performance-based allocation mechanism that do bear significant impact on the vision and mission of the

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tertiary institution with regard to the short, medium and long term expectations of owners in relations to the factors of investment decision.

RECOMMENDATIONS

Based on the above findings, the following recommendations are made:

1. The culture of budgeting should be changed from the annual incremental financing of departmental needs to making each department determines priorities against funds availability in a manner consistent with a clear sector strategy within a sustainable fiscal framework. This will enable each department or faculty identifies those items of expenditure that have been on the list for many years and remove those that are no more relevant or redesign them through the potent tool of performance based budgeting.

2. An independent budget implementation and monitoring committee comprising representatives of all unions, representatives of Deans and Head of Departments, senate and council members should be set up to monitor investment projects so as to ensure that funds released are judiciously utilized for the purposes intended.

3. Government should endeavor to release adequate fund and at the right time (i.e. timely release of fund).

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