

**TRADITIONAL BUDGETING SYSTEM AND FACTORS OF INVESTMENT
DECISION MAKING PROCESSES IN PUBLIC 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). This has adverse effects on teaching, research and the provision of infrastructural facilities in State-owned Tertiary Institutions (SOTIs). Also, this challenge has raised concerns about the effectiveness of the traditional budgeting system (TBS) in addressing the problem of disconnect between budget allocations and needs of SOTIs. 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 State. Two instruments used were: Traditional Budgeting System Scale ($r=0.82$), and Tertiary Institutions Investment Decision Scale ($r=0.74$). Research questions were answered and three hypotheses tested at 0.05 level of significance. Data were analysed using descriptive statistics, Pearson's product moment correlation and multiple regression. Results showed that, traditional budgeting system had a positive significant predictive effects on IDPs ($F_{(7,1198)}=74.222$) and contributed 30.2% to the variance of IDPs. The relative contributions of TBS components were as follows: performance-based allocation. This shows that performance-based allocation had the highest contribution to IDPs compared to the two other components. Also, TBS significantly correlated with the component parts of IDPs in sampled SOTIs as follows: decision-making ($r=0.534$), controlling of programmes ($r=0.403$), coordination of programmes ($r=0.202$), monitoring of programmes ($r=0.175$). Traditional budgeting system positively predicted investment decision processes in state-owned higher institutions. There is the need for the proper integration of all three types of traditional budgeting system for more efficient investment decision in state-owned territory institutions. 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 SOTIs. 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 ($r=0.82$) and Tertiary Institutions Investment Decision Scale ($r=0.74$). Two research questions were answered and three hypotheses tested at 0.05 level of significance. Data were analysed using descriptive statistics, Pearson's product moment correlation and multiple regression. Traditional Budgeting System had a positive significant predictive effects on IDPs ($F_{(7,1198)}=74.222$) and contributed 30.2% to the variance of IDPs. The relative contributions of TBS components were as follows: performance-based allocation ($\beta=-0.052$). this shows that performance-based allocation had the highest contribution to IDPs compared to the two other components. Also, TBS significantly correlated with the component parts of IDPs in sampled SOTIs as follows: decision-making ($r=0.534$), controlling of programmes ($r=0.403$), coordination of programmes ($r=0.202$),*

traditional budgeting system positively predicted investment decision processes in state-owned higher institutions. There is the need for the proper integration of all three types of traditional budgeting system for more efficient investment decision in state-owned tertiary institutions.

KEYWORDS: Traditional Budgeting System; Investment Decision Making; Higher Institutions; Processes; Factors.

INTRODUCTION

Higher education plays key roles in improving the skills and knowledge of the workforce of any nation. In view of this, the Federal Republic of Nigeria (FRN), in its 2004 National Policy on Education (NPE) identified seven goals which all tertiary institutions in Nigeria must pursue. These goals are as follows: contribute to national development through high level relevant manpower training; develop and inculcate proper values for the survival of the individual and society; develop the intellectual capability of individuals to understand and appreciate their local and external environments; provide physical and intellectual skills that will make individuals self-reliant and useful members of the society; promote and encourage scholarship as well as community service. Above all, they are expected to forge and cement national unity; and promote national and international understanding and interaction (FRN, 2004).

The effectiveness of higher education in achieving these goals of developing the human capital base of the nation depends on the availability of funds. In section 13 of the NPE document under financing education, education generally, and tertiary education, specifically, “is an expensive social service and requires adequate financial provision from all tiers of government for successful implementation of the educational programmes” (NPE, 2004 p.55).

This is to say that, state governments invest in higher education because of their expectations that it will contribute to national development. Oni (1999) classifies these contributions into three principal ways; first, to produce highly skilled personnel in science, technology, engineering, management and other professions; second, to provide crop of academic personnel, that is, the intellectual resources pool that will, through scientific research generate new knowledge and innovation to solve development problems and lastly, higher institutions produce the teachers, administrators and managers for other levels of human resources development institutions. In summary, government expects higher education system to achieve the best returns on the public investment. Government over-arching vision is therefore for a world-leading higher education system that equipped the students with the knowledge, skills and values to be successful citizens and which also, meet the needs of the labour market and economy. To achieve these objectives, higher institutions prepare budget annually and approve the recruitment of staff (both academic and non-academic) and investment projects such as lecture and office buildings, teaching resources (well stocked libraries and laboratories), research activities and training programmes as well as instructional technology (ICT) among others.

Consequent upon this, it becomes inevitable for the state governments to design appropriate investment base for the development of her higher institutions with an ultimate goal of developing the human capital in each state. For instance, the NPE expects that higher institutions in each state must contribute to national development by intensifying and

diversifying their programmes for the development needs of the nation. This requires a huge investment through appropriate budgeting system within the state's limited resources to be put to their best use. Therefore, investment decisions (allocating resources to alternate projects) become critical to the survival of tertiary institutions owned by the state.

Investment decisions in higher institutions are related to the factors of efficiency in human capital formation within a planned period, usually a year. In this sense, investment decisions, essentially implies, a process of conceiving, analyzing, evaluating and selecting the most profitable projects for investment in higher institution. Dwivedi (2002) emphasizes that:

First, capital expenditure is generally irreversible. Once an investment is made in a certain subsector, such as universities, polytechnics or higher technical colleges, it cannot be converted into cash without a loss from the original price factors. Second, the survival of the tertiary institutions depends on how well planned is the budget through investment decision.

Investment decision also involves efficient of resources to derive economy, transparency and value for money from the projects being executed. This is achieved through due process unit with rules and regulations that guide and ensure that contract are awarded to the most competent bidder and at competitive price, thereby discouraging fraud and wastage of limited resources.

In higher institutions, the criteria for investment decision rules are normally chosen on the basis of the objectives. Therefore, the basic steps to be adopted include: clearly defined objective(s) of investment and selection of the criteria for evaluating the type of higher institution projects in terms of pay-back period and internal rate of returns, among others. An important aspects of budgeting is therefore to collect relevant, reliable and adequate data on: alternative avenues of investment, cost of investment projects and the expected returns from the investment projects, period of maturity or fruition (gestation period), the productive life of the investment projects, the market rate of interest and availability of internal and external finances. These processes are essentially aimed at attaining some identified objectives which include the setting of realistic goals through a decision-making strategies. These strategies are focused on the delegation of authority to those who are going to implement the programmes and projects. To achieve value for money and economy, a system of monitoring and evaluation of projects must be in place with a view of ensuring an effective use of available resources and thus, detect or discourage waste. Investment decision must also have a system of reward for excellent performance to motivate staff to increase their level of productivity and their commitment to the achievement of the vision and missions of the tertiary institution.

Quite antithetical to government expectations and despite huge resources being budgeted annually, state-owned higher institutions are still bedeviled with myriad of problems such as poor or weak investment decisions, strike action due to non-payment of salaries and allowances as well as delayed promotion, corruption and management of funds, inflated contracts and projects substitution, rivalry between unions and between academic and non-academic staff, students demonstration due to poor hostel accommodation, brain-drain of lecturers to other countries due to poor remuneration, poor quality of graduates, fiscal imbalance and extra-budgetary expenditure, political interference in the management of the institutions, dilapidated serving staff among others (Obadan et. al., 2002; Ugor & Ukpere, 2009; Abdulahi, 2011; Fola-Alao, 2011; Olomola, 2012). It has been affirmed by different scholars that higher education in developing countries witnessed multitude of challenges such as accessibility, affordability,

financial austerity, low faculty recruitment and retention (Atuahene, 2006; AKintayo & Oghenekohwo, 2007). Other scholars aver that tertiary institutions particularly those public owned in Nigeria are not being adequately funded by the respective owners (Babalola, 2003; Okebukola, 2003; Ayodele 2006; Salmin & Hauptma, 2006). This had adverse effect on teaching and research as well as the provision of infrastructural facilities, laboratory and science equipment and other welfare packages (Omolewa, 2001; Ukeje, 2002; Babalola, 2003, Okebukola, 2003). Recently, there has been a decline in the quality of the output of higher institutions, manifesting as complaints of employers of labour as well as repeated reports of skills mismatch of graduates of higher institutions with available employment opportunities (Ayo-Sobowale & Akinyemi, 2011). This shows that problems that bedevils Nigeria's higher institutions, particularly those owned by state governments, has been that of disconnect between budget allocations and needs of tertiary institutions which is a serious defect on investment decision with attendant consequences on the general human capital formation system of the country.

Jhingan (2004) opines that human capital formation is usually associated with investment decision in man and his development, as creative and productive resource. This means investment decision on higher education, must be consistent with investments that would generate returns over a number of years. This underscores the fact that, for the goals of national development to be achieved, there is the need for state governments to appropriately budget for human capital investment in their tertiary institutions across the country (Dwivedi, 2002). Given that tertiary institutions usually face financial constraints as a result of shortfalls in government subventions, appropriate budgeting system according to Adedeji (2006) and Emunemu (2006) will serve as a strategic plan for efficient and optimal allocation of resources for human capital formation and higher manpower development of the country. Besides, it will also ensure internal and external efficiency of all resources (human and non-human) within the institutions (Oghenekohwo, 2006).

Statement of the Problem

Given the tight fiscal environment at the turn of 1980s, most African governments including Nigeria were unable to provide significant funding to meet the growing demand for tertiary education. Arising from the above, one major challenge facing higher education financing in Nigeria today is the mismatch between the demands for education beyond the secondary level and ability or willingness of governments to provide adequate public resources to meet such demand. This mismatch between available public resources and the growing demands for tertiary education is a challenge on investment decision processes (IDPs). This has adverse effects on higher education is a challenge on investment decision processes (IDPs). This has adverse effects on teaching, research and the provision of infrastructural facilities in state-owned tertiary Institutions (SOTIs).

Meanwhile, 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 SOTIs. Most previous studies had focused more on other fund-related factors than on the TBS in SOTIs. This study, therefore, investigated traditional budgeting system and factors of investment decision processes in state-owned higher institutions in south-western Nigeria. In addition, this study is epitomized with linear equation of $BS=f$ (IDPS).

Objectives of the Study

The general objective of this paper was to determine the correlation between traditional budgeting system and factors of investment decision making processes in public higher institutions. The specific objectives were to:

- (i) determine the joint impact of traditional budgeting system on factors of investment decision processes in state-owned tertiary institutions in south-western Nigeria;
- (ii) establish the relationship between the components of traditional budgeting system (line item, formula funding and performance-based mechanisms) and realistic goals setting in state-owned higher institutions;
- (iii) find out the relationship between components of traditional budgeting system and coordination, monitoring, controlling of programmes and activities in state-owned higher institutions.

Hypotheses:

The underlisted null hypotheses were formulated to serve as anchor for this study and were tested as 0.05 level of significance:

- H₀₁: There is no significant joint and relative impact of traditional budgeting system on investment decision processes in state-owned higher education.
- H₀₂: There is no significant relationship between the components of traditional budgeting system and factors of investment decision-making in state-owned tertiary institutions.
- H₀₃: There is no significant relationship between the components of traditional budgeting system and coordination, monitoring, controlling of programmes and activities 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 variable, traditional budgeting system is a prevailing factor (variable) for which its influence, relevance and impact on the dependent variable (investment decisions processes in state-owned tertiary institutions) could be analysed and described based on a survey of existing factors.

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 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 multistage 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, the researcher selected to select 1,280 sample element (80% of the total population) who 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 were: 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 higher 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: issues on –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 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.

Results and Discussion

The information on the personal characteristics of the respondents who participated in this study is presented in line with the sex, age, highest educational qualification, marital status, occupation and spatial distributional spread. The sex distribution of participants in a study takes into account the relative spread of male and female as well as adequate representation of the two sexes. This is to avoid bias and misrepresentation among participants as well as the implication on adequate representation of the male and female sexes.

The results shows that 728 (60.4%) of the respondents were males and 478 (39.6%) were females. Although, there were more male participants than female, it shows adequate representation of the two sexes in the system as well as the gender representative structure of the environment where the data were collected. Meanwhile, another demographic characteristic of relevance, is the age of the participants. Researchers are always mindful of the level of maturity attained by respondents as a predictor of their in-depth knowledge and experience. In this wise, appropriate respondents (age-wise) are always identified to participate and give responses to the questions raised in any study.

Apart from that, the determination of the maturity status of respondents is also critical in establishing the appropriate age in a study, given their level of experience and knowledge background to provide precise and relevant data that could enhance the outcome of an empirical study. Thus, the result shows that 388 (32.2%) of the respondents were within the age range of 20 and 29 years, 581 (48.2%) were within the age range of 30 and 39, 226 (18.7%) were within the age range of 40 and 49 years. While 11 (0.9%) were within the age range of 50 and above

respectively. The implication is that, majority of the participants (66.9%) of the respondents were between the age of 30 and 49, which is a prime age at which a person attains the peak or apex of his/her career or profession. This accounts for high level of manpower involved from the various sectors represented in this study. It also shows a relative positive flow in terms of the skewness in age represented in this study. It

In as much as the focus of the study is on budgeting system and higher institution investment decision processes, it is pertinent to ensure that only educationally qualified participants were envisaged. Therefore, the result shows that majority of the respondents were holders of Diploma Certificate. The result shows that most of the participants were well-educated and enlightened given their educational background in relation to responding on issues of budgeting and investment decision-making in higher institutions of learning, the focus of this study. Thus, qualified individuals participated in this study.

The implication of this result is that, there were highly qualified individuals in different sectors covered in this study. Thus, they could be said to have the requisite knowledge, technical-known-how and experience expected to generate valid data for this present study.

Budgeting and investment decision-making in tertiary institutions is best analysed when the principal actors in the system are specifically involved in the study. The result indicates that majority of the participants were civil servants at various institutional levels accounting for 60.5% while the public sector who approve investment decision accounted for 39.5%. The result is an adequate and appropriate reflection of those who ought to participate in an empirical study on budgeting system and investment decision-making in higher institutions of learning.

Relationship between Traditional Budgeting System and Factors of Investment Decision Processes in State-owned Higher Institutions.

In determining the relationship between traditional budgeting system and factors of investment decision processes in public-owned higher institutions, anchored on hypothesis one, the data collected were subject to analysis of variance (ANOVA), multiple regression analysis (MRA) while the results premised on data analysis were presented in Tables 2a and b; followed by their interpretations and discussion.

In as much as the focus of the study is on the influence of budgeting system on higher institution investment decision processes, it is pertinent to ensure that only qualified participants were envisaged.

Therefore, the result shows that majority of the respondents were holders of Diploma Certificate (37,6%) followed by holders of Masters Degree Certificate (27.1%) and first degree certificate (25.0%) the implication of this result is that, there were higher qualified individuals in different sectors covered in this study. Thus, they could be said to have the requisite knowledge, technical-known-how and experience expected to generate valid data for this present study.

Table 2a: F-ratio Analysis on the Joint Impact of Traditional Budgeting System on Investment Decision Processes in State-owned tertiary institutions

Sources of variation	Sum of squares	DF	Mean Square	F-ratio	Sig
Regression	6944.095	7	992.014	74.222**	.000
Residual	16011.909	1198	13.366		
Total	22956.004	1205			
R=.550, R ² = .302, Adj R ² = .298					

*Significant at $F(7,1198) = 74.222$; $P < 0.05$

Table 2 (b): Relative Impact of Traditional Budgeting System on Factors of Investment Decision Processes in State-owned Tertiary Institutions

Factors	Unstandardized coefficient		Standardized coefficient	T	Sig
.Constant	12.873	.743	.073	17.208	.000
.Funding formulas	280	.114	.098	2.464	.000
.Performance-based allocation	.406	.143	.177	2.846	.000
.Line-item budgeting system	.755	.144	-.052	5.233	.000

Interpretation and Discussion

The joint impact of traditional budgeting system on factors of investment decision in tertiary institutions is provided through the analysis of variance as indicated in Table 2 (a). The result indicates that there is a significant joint impact ($F(7,1198) = 74.22$, $P < 0.05$). This depicts that the independent variables (Budgeting) jointly accounted for 30.2% ($R^2 = .302$) on total variance of investment decision in tertiary institutions with (Adj. $R^2 = .298$; $R = .550$; $P < 0.05$). This shows that, the traditional budgeting system components have significant joint impact on the variance of investment decision in tertiary institutions.

Table 2b shows the relative impact of budgeting components (Line- item budgeting system, funding formulas and performance – based resource allocation mechanisms) on factors of investment decision in tertiary institutions. Their relative contributions were as follows: Performance – based allocation mechanisms made the strongest relative effect ($\beta = .177$, $P < 0.05$), followed by funding formulas ($\beta = .098$, $P < 0.05$) and line- item budgeting system has the least relative effect ($\beta = -.052$, $P < 0.05$).

The result shows that there is a positive correlation between traditional budgeting components and investment decisions variables in state-owned tertiary institutions in Nigeria. Investment decisions in tertiary institutions include income generated ventures such as part-time programmes, consultancy services, business ventures of different kinds that could generate income for the institutions. These ventures cost implication will be in the budget expenditure so as to make provisions for their take off fund while the expected income to be generated from these investments will form part of estimated income for the year in the institution's budget. This is apart from investment decision on projects such as buildings, students hostels, staff accommodation and other fixed assets that are non-income generating ventures.

The findings that the components of traditional budgeting system influence investment processes contradict Abdullahi (2007), who states that though the traditional budgeting approach is used extensively in government establishments due to its simplicity, it has demonstrated a lot inefficiency as it continues to transfer the problem of the previous financial year into the succeeding year. This is, because, the same parameters are being used on yearly basis. In view of this problem, Abdullahi (2011) contends that the traditional budgeting approach fails to take into account, changing circumstances and encourages spending up the total budget allocation on mundane items to ensure a reasonable allocation in the next fiscal year.

Relationship between the Traditional Budgeting System and Investment Decision-making

In determining the relationship between the traditional budgeting system and investment decision-making variable in state-owned higher institutions, the data was subjected to correlational matrix, using the Pearson Product Moment Correlation. This results from the analysis of the data are presented in Table 3 followed by their interpretations and discussion.

Table 3: Correlational Analysis on Traditional Budgeting System and Decision Making in State-owned Tertiary Institutions

Variable	Mean	Std. dev	N	R	P	Remark
Traditional budgeting system	81.7322	12.2304	1206	.534**	.000	Sig.
Investment decision making	24.8449	04.8449	1206	.534**	.000	

** Sig at P<0.05; r=.534

Interpretation and Discussion

Table 3 shows there is significant positive correlation between components of traditional budgeting system and investment decision-making variables in state-owned tertiary institutions in south-western Nigeria ($r = .534^{**}$, $N = 1206$, $P < 0.05$). The null hypothesis is therefore, rejected, and alternative hypothesis accepted. This shows that there is significant positive correlation between components of traditional budgeting system and investment decision-making variables. These findings support the study of Dugbale & Lyne (2006) which demonstrates that, the amount of resources allocated to public sector programmes through budgeting system influence the investment decision-making capacity of the management and the ability to achieve desired results. Performance based budgeting enhances investment decision on service delivery and infrastructural development projects of the tertiary institutions. The findings also support those of Mwabilu (2004) which reveal that, performance based budgeting allows managers the flexibility to take investment decision on the utilization of resources to achieve better results.

Abogun & Fagbemi (2011); Olomola (2012), who are of the opinion that budgeting has many potential advantages; particularly in reflecting and promoting rationality in investment decision making, since budget gives the financial basis for business investment decisions. This also corroborates the opinion of Covaleski et al. (1985), in their study which shows that from an economic point of view, budgets are a tool of choice and facilitate investment decisions by enhancing coordination across different units and faculties within state-owned tertiary institutions in south-western, Nigeria.

Meanwhile, Obiefuna & Odii (2000) aver that in any organization (tertiary institution inclusive) the budgetary system assists management investment decisions on how the limited or scarce resources are to be allocated among faculties, departments and various projects, on what services to be provided and how they are to be provided. The findings show that the budget committee of the institutions determines or takes decision on the volume of resources to go to each cost centre in the institutions based on limiting factors such as number of staff and students, programmes as well as infrastructural facilities. The study also corroborates the position of Obadan (2003) that budget aids the management of tertiary institution investment decision on the allocation of scarce resources among alternatives programmes, faculties and departments. Budget also assists in decision making on what is priority and in what manner resources are to be exploited. It helps in making rational, consistent, value-maximising choices within specified constraints existing in the internal and external environment of the institutions under study.

The result also reveals that with the help of budgeting, state-owned tertiary institutions have detailed information about the next fiscal year and this emphasizes the budget's role in the decision-making process. Majority of the respondents agreed that the budget creates the guidelines for decision making and that without it, there is only a vague sense of destination, which causes inefficiency and uncertainty (Gali, 2001; Dugdale & Lyne, 2006; Redman & Wilkinson, 2009). Annual budgeting helps to set framework for operations, which increases disciplines and sharpness in decision-making.

Correlation Matrix on the Relationship between the Traditional Budgeting System and Coordination, Monitoring and Controlling of Programmes and Activities

In determining the relationship between the components of traditional budgeting system and the investment decision variable of coordination, monitoring and controlling of programmes and activities in state-owned tertiary institutions, anchored on hypothesis three the data was analyzed using correlational matrix, the Pearson Product Moment Correlation and the multiple regressions. The results from the analysis of the data are presented in Table 4 followed by their interpretations and discussion.

Table 4: Correlation Matrix on the Relationship between the Traditional Budgeting System and Coordination, Monitoring and Controlling of Programmes and Activities

	Traditional budgeting system	Coordination of programmes & activities	Monitoring of programmes & activities	Controlling of programmes & activities
Traditional budgeting system	1			
Coordination of programmes	.202**	.1		
Monitoring of programmes	.175**	.301**	1	
Controlling of programmes	.403**	.176**	.575**	1
Mean	24.8449	26.3408	33.4237	12.7570
S.D	4.3647	5.3387	6.0895	2.5429

** Sig. at $P < (0.05)$

Interpretation and Discussion

The results from this Table 4 shows that there is significant positive correlations between the components of traditional budgeting system and coordination of programmes ($r=.202$), Monitoring of programmes ($r=.175$) and Controlling of programmes ($r=.405$) as variables of investment decision. This result shows that, tertiary institutions through their various committees and administrative units promote dialogue and understanding by linking various departments together, thus identifying and resolving conflict with a view to ensuring the attainment of overall investment decision objectives. Through control, institutional activities are monitored and performance evaluated (Sebbi 1994; Kren, 2003).

The results of this study like those before have shown that the traditional budgeting system serves the functions of financial and management monitoring and control in the state owned tertiary institutions. Financial control monitors the use of financial resources through the audit department while management control through (Deans, HODs and other committees) ensures that the activities of the various units of the institutions are coordinated (Otley & Pollanen, 2000). In essence, budgets coordinate the activities of the units or departments of institutions and through this; the objectives of the institutions are harmonized with the objectives of the units or departments. Budgeting also facilitates coordination through communication of information about strategic plans to the institution's management and employee (Nassolo, 1997). Obadan (2003) states further that monitoring serves as a tool for the tracking of development in the economy, detect deviations from the set target, estimate the implications of meeting the observed variance, predict, and anticipate likely negative occurrences, for remedial measures to be taken on time. Monitoring is also used to supervise and control the employees to deter sack through the appointment and promotion, disciplinary and works committees of the institutions among others.

It also permits continuous assessment of budget variances in terms of actual against the budgeted so that reasons for differences between actual and budgeted performance could be determined. According to Arora (1995), budgetary control is one of the very important tools of planning and control. Many organisations fail because of lack of planning, through planning many problems are anticipated, thus signaling the need for corrective action. When coordination, monitoring and controlling of programmes and activities are successfully implemented, the institutions' objectives will be realized while the institutions are considered to have achieved at performance level (Faleti & Myrick, 2012). Control ensures that activities are completed in ways that lead to the attainment of the institution's goals. It ensures that an institution sticks wisely to its budget and stay within corporate guidelines (Liverpool, Eseyin & Opara, 2002).

The finding has further validated Northcott (1998), on "a case study of capital investment decision-making: exploring practice and structuration (theory)", reinforced by Beckett-Camarata (2003), on the relationship between municipal strategic plan, capital budget (investment) and its effect on financial performance in public institutions. The results of this study show that, the components of traditional budgeting system provide a platform for ensuring the investment decision processes of tertiary institutions are coordinated, monitored and controlled by the appropriate bodies to ensure the overall achievement of the investment objectives.

CONCLUSION AND RECOMMENDATIONS

Higher education development in Nigeria at the turn of the century was on the verge of collapse. This is because the educational system in general is faced with multi-facet challenges resulting from avalanche of issues such as inadequate funding, delay in the release of funds, deterioration of academic and non-academic facilities, non-well stocked libraries and laboratories, political interference in the administration of the tertiary institutions, decline in the quality of academic programmes and mismatch in the quality of graduates to the market economy or employment opportunities.

In the quest to address these issues, different budgetary policies and reforms have emerged while various studies have been carried out by the experts, yet the problems still persist. This study therefore, investigated traditional budgeting system and factors of investment decision processes in state-owned tertiary institutions in south-western, Nigeria and its impact on the attainment of educational goals.

Premised on the variables covered and results obtained, this study concludes that, traditional budgeting system provides the requisite strategic direction on which investment decision on scarce resources are based with the goal of attaining internal efficiency, planning and controlling of financial flow and programmes, as well as sustainability of revenue sources and optimal monitoring and utilization of any quantum of fund released for sustainable investment decision in higher institutions.

A number of policy implications have emerged from the results of this study. Foremost, the confirmation that traditional budgeting system is an important determinant of investment decision processes could make government and management of higher institutions come up with policy measures that will enhance the effectiveness of budgeting for the sustenance of investment decision processes in higher institutions.

RECOMMENDATIONS

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

- (i) Integrated budgeting system that incorporates the three types of traditional budgeting system of line-item, formula funding and performance based mechanism should be adopted with respect to investment decision-making in tertiary institutions.
- (ii) Training provides the requisite manpower and skills for effective budget formulation, execution as well as monitoring and evaluation of programmes and activities. The government and management of institutions should therefore assist in improving and enhancing the capacity and knowledge of the officers in charge of the execution of budget and investment projects in tertiary institutions by sponsoring them on relevant training programmes on budget preparation, investment planning, project execution and finance, as poor performance of budget and investment decision has been attributed to weak capacity and shortage of professions;

- (iii) The culture of budgeting should be changed from the annual incremental financing of departmental needs to making it 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; and
- (iv) Data gathering is crucial for budget preparation and investment decision. Thus, modern ICT driven techniques should be adopted in managing budget for investment decision. This will promote dependency, consistency, accuracy, predictability and replicability of budgeting process for forecasting or prediction of investment decision in tertiary institutions.

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