

# Minimizing the Cost of Governance in Nigeria through Basic Accounting Education

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DOI: [10.21276/sjbms.2019.4.2.5](https://doi.org/10.21276/sjbms.2019.4.2.5)

## Abstract

The study examined the relationship between Basic Accounting Education and the cost of governance in Nigeria. The population consisted of Federal civil servants and political office holders serving in the Akwa Ibom State. The simple random sampling technique was used in selecting 360 civil servants between salary grade level 10 and 15 from the Federal civil service to constitute the sample of the study. Two null hypotheses were formulated to direct the study. Data collection was carried out using a structured questionnaire tagged “Accounting Education and Cost of Governance Questionnaire” (AECGQ). The null hypotheses were tested at 0.05 alpha level using Pearson Product Moment Correlation Coefficient Analysis. The reliability coefficient stood at 0.78, justifying the use of the instrument. The two null hypotheses were rejected, indicating a significant relationship between Basic Accounting Education and the cost of governance in Nigeria. It was recommended, among other things, that every public servant and political office holder should be given Basic Accounting Education in order to master the rudiments of book-keeping and accounting records.

**Keywords:** Accounting Education, Cost of governance, public servant, political office holders, corrupt practices, efficiency.

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## INTRODUCTION

The principal responsibility of government is to ensure that public funds are spent judiciously, while public goods and services are adequately provided. While government must be run and cost incurred, the effective and efficient deployment of the available and limited resources remains the key challenge that confronts government at all levels. Government spending can impact positively or negatively on the growth of any nation. Cost of governance has been defined by several authors each focusing on what it costs government to run its administrative structures. Fluvian [1] defined cost of governance as any expenditure in maintaining government administrative structures. Drucker [2] opined that cost of governance is government budget allocated to both capital and recurrent expenditures on maintaining government administrative structures. According to Adewole and Osabuohien [3] cost of governance comprises of recurrent administrative expenses and capital administrative expenses.

In Nigeria, just as in many African countries, the cost of governance is very enormous with obvious absence of efficiency in governance. Soludo [4] had alluded to this fact that it has been a problem that has

gone on for two long. Haber [5] while speaking at the World Bank Youth Forum Interactive session accepted that there was high cost of governance in Nigeria and blamed it on the inability of government officials to curb wasteful expenditure that do not contribute to economic growth and wellbeing of the citizens. The inability of the government of Nigeria at all level to address the issue has and will continue to impact on the development of the nation socially and economically.

Year after year, within the past decade, Nigeria has been doling out trillions of Naira in the form of budgets for the realization of government objectives for peace, security and sustainable development of the country. Costs associated with the running of government have increased dramatically over the years such that an increasingly higher proportion of public revenue is used to support and implement the primary functions of government [6]. The rising government expenditure has failed to translate to meaningful development as Nigeria still ranks among world's poorest countries. For 2016, a whopping sum of ₦6.7 trillion Naira has been budgeted by the present government for same purpose. Under the presidential system, the cost of governance is high. The President is expected to preside over the Federal Executive Council, which is made up of at least 36 ministers and special

advisers. In the Senate, there are 109 senators. The House of Representatives has 360 members. The size of the government is huge, making the recurrent expenditure to account for over 65 per cent of the budget, leaving 35 per cent for capital projects. Besides, public servants and political office holders always capitalize on loopholes to perpetrate graft, sacrificing national development on the altar of corruption.

While the government may have the earnest desire to develop the country by channeling every budgeted resource towards the realization of the envisaged goals and objectives of government as specified in the budget, leakages by omission or commission often impede the good intention of government. This usually increases the cost of governance which can only be checked through proper accounting education across the Ministries, Departments and Agencies (MDAs) of government.

Presently, everyone in and out of government in Nigeria seems to agree on the need to cut the cost of governance, by eliminating areas of wastages in the budget and the unexplored opportunities of entrenching prudence. Many Nigerians want governments across the three tiers to reduce the cost of governance so that more resources could be channeled towards development projects that impact positively on the quality of lives of the citizenry.

Governance can be described as the manner in which power is exercised in the management of a country's economic and social resources for development. It entails the use of political authority and exercise of control over a society, and the management of its resources for socio-economic development. By implication, governance has to do with sound management of public resources of which public fund is a crucial component. Good governance, therefore, is pre-occupied with how to achieve a high standard of living for its populace by employing every strategy within the constitutional provision. This forms the focus of this paper, which is aimed at minimizing the cost of governance in Nigeria through basic Accounting Education.

### **The Nigerian Public Service, Cost of Governance and Accounting Education**

Public expenditure refers to the expenses which government incurs in the performance of its operations. With increasing state activities, it may be easy to judge what portion of public expenditure is ascribed to the maintenance of government itself and what portion is to the benefit of the society and the economy as a whole. Government expenditure is broadly divided into two main categories: recurrent expenditure and capital expenditure. Recurrent expenditure is the type of expenditure that happens repeatedly on daily, weekly or even monthly basis. This includes, for example, payment of pensions and

salaries, administrative overheads, maintenance of official vehicles, payment of electricity and telephone bills, water rate, insurance premiums, etc. Capital expenditure on the other hand refers to expenditure on capital projects. This includes construction of roads, schools, houses and hospitals, human capital development, purchase of official vehicles, construction of boreholes and electrification projects, etc. These two categories of public expenditure form the national budget which is operated and implemented by the public servants and political office holders for sustainable socio-economic development of the nation.

The Nigerian public service used to have a cherished history of committed, dedicated and valuable service, until few decades ago, when reckless misrule created a spiraling decline and systemic and institutional decomposition. The service came to be characterized by lack of professionalism, excessive partisanship, endemic corruption, slowness and inefficiency and crass selfishness and greed [7].

The tenets of public service which include honesty, integrity, loyalty, probity, accountability, transparency, impartiality, discipline, commitment, diligence, expertise and competence, among others, have not only been violated by public officials but also eroded by political office holders. Thus, paving way for the enrichment of the few who are in power and authority and in turns the impoverishment of the majority of the citizens who are subjected to poverty, squalor, insecurity and violence [8].

As pointed out by Hamid [7] audit reports in Nigeria, at all levels, reveal flagrant disregard to rules and procedures, overthrow of financial discipline, accountability, probity and transparency, which the treasuries were set-up to establish and protect. These abuses/breaches range from varied duplication of contracts, over-valuation of contracts, fictitious payments of contracts, non-certification of payment vouchers by the internal auditor, among others. Other fraud in treasury activities may include over payment to existing staff, payment of salaries and allowances to dead or retired staff and ghost workers. These are clear manifestations of the collapse of standard policy and practices in treasury departments, and hence the inability of most governments to achieve their objectives. Standard treasury management policy and practice is therefore, particularly essential in governance in Nigeria, with a view to being proactive in preventing persistent lack of efficiency and effectiveness that characterized financial activities in the public sector, resulting in fraud. Great nations of the world never attained enviable status without good governance, revenue assurance and moral uprightness by both their leaders and followers.

Public governance may be defined as use of political authority to promote and enhance societal

values- economic as well as non-economic- that are sought by individuals and groups. It is the processes whereby values in society, at different levels, are realized. On the other hand, Revenue Assurance (RA) is about improving revenues and cash flows and eliminating leakages, excesses, abuses and fraud, as well as, minimizing operating cost. Thus, RA in public governance is meant to reduce the excessive share of the budget being allocated to personnel and overhead costs; reduce the cost of governance in general; improve resource management by curtailing wasteful expenditure and increasing the level of productivity and efficiency, and ensure budget discipline.

In Nigeria, costs associated with the running of government have increased dramatically over the years such that the proportion of public revenue is available to support and implement the primary functions of government is highly reduced [9]. Consequently, the discharge of beneficial government functions has been hampered. Enormous administrative expenditure is not only used to finance an unusually large, inefficient and corrupt civil service personnel, but also larger than optimal executive cabinet and an ineffective legislature. High cost of governance exerts considerable destructive effects on the polity and economy by inhibiting efforts directed at the development of the society. This often leads to government failure. According to Ibi-Ajayi [10] there are two types of government failure. The first entails government's involvement in activities in which she is not best suited. For instance, inappropriate government intervention would raise entry barriers into a particular industry, creating monopoly rents and allowing officials of government to take bribes [11, 12]. The second is the failure of government to perform its primary functions or to do so in a sub-optimal way. For example, the inadequate provision of public goods or security or law and order is a typical failure of government in Nigeria. Both types of failure have adverse effects on the growth and development. The question of efficiency in governance is about ensuring that every amount of public funds is spent judiciously. In other words, every naira of public funds must be spent in a way that social, not private, welfare of all is maximized.

Accounting Education is the most basic framework of everyday life [14]. Without the basic accounting knowledge, people become unprepared for the real world. Public servants and political office holders cannot serve effectively without basic accounting principles. Longe [15] defined accounting as recording, classifying, creating, summarizing and communicating of financial information to interested parties and interpreting such to help in making specific business, government and household decisions. Accounting records are kept to evaluate the performance and profitability of business organizations, prevent fraud, monitor progress and for making vital economic decisions. Proper accounting records promote

transparency and accountability in government, hence minimizing the cost of governance.

As observed by Nurudeen and Usman [16] lack of transparency and accountability in governance businesses has constituted a serious clog in the machinery of government in Nigeria. It also has an adverse effect on productivity in the Civil Service. When corruption is rampant at the top level of government, the nature of governance basically remain undemocratic, unaccountable and patrimonial and where patronage system is intact, one can hardly expect to enforce measures that will make the workers at the lower level to be as productive as expected. Under such situation, it becomes difficult for those at the top level to maintain any reasonable level of discipline expected in the Service. An undisciplined workforce cannot perform its patriotic duties. The high incidence of corruption has rendered the Civil Service and the rest of the economy inefficient and unproductive. In spite of all the Civil Service Reforms in Nigeria, the Civil Service has so far failed to live up to expectations. It is characterized by inefficiency and low productivity levels. This increases the cost of governance without corresponding dividends. It often times lead to restiveness and insecurity in the country.

#### **Accounting Education and Cost of Governance**

The high cost of doing business and governance has its roots in corruption, high interest rate, the provision of electricity for the manufacturing and industrial sector, and exchange rate. The high cost of running government also resides in the payment of unbacked and economically unjustifiable high salaries and emoluments, the payment of unrealistic subsidies and double terminal benefits, including life pension for political office holders and the provision for constituency projects and allowances.

Many Nigerians have hailed the decision by the President and governors to slash their salaries. The drop in oil revenue may have made value engineering more compelling. As observed by many Nigerians, reduction of the cost of governance is an unfinished business. For example, the loopholes should give way. These include contract inflation by ministers and top civil servants, misappropriation and embezzlement of funds, extravagance and frivolous travels by government officials, hiring of multiple aides for elected officials, and jumbo pay for legislators.

Proper accounting education given to every public servant and political office holder would go a long way to block the leakages and avenues of waste in the public service. This would ensure transparency, accountability, efficiency and productivity in the service. Corruption would be minimized and every budgeted fund properly utilized for the service of government. Besides, extra budgetary expenditure that opens the door to financial mismanagement would be

drastically reduced and the cost of governance will be as and planned and sustainable development realized in the economy.

### Purpose of the study

The study was carried out to determine the relationship between Accounting education and the cost of governance in Nigeria. Specifically, the study sought to:

1. Determine the relationship between Accounting Education and minimizing of corrupt practices in the public service.
2. Determine the relationship between Accounting Education and efficiency in the public service.

### Research Questions

The following research questions were formulated to guide the study

1. What is the relationship between Accounting Education and minimizing of corrupt practices in the public service?
2. What is the relationship between Accounting Education and efficiency in the public service?

### Null Hypotheses

The following null hypotheses were formulated to direct the study.

1. There is no significant relationship between Accounting Education and minimizing of corrupt practices in the public service.

2. There is no significant relationship between Accounting Education and efficiency in the public service.

## METHODOLOGY

The population consisted of Federal Civil Servants and political office holders serving in the Akwa Ibom State. The simple random sampling technique was used in selecting 360 civil servants between salary grade level 10 and 15 from the Federal Civil Service to constitute the sample of the study. Two null hypotheses were formulated to direct the study. Data collection was carried out using a structured questionnaire tagged "Accounting Education and Cost of Governance Questionnaire" (AECGQ). The instrument, which had three sections and fifteen items (5 in each section), was dully validated and tested for reliability using Cronbach alpha formula. The reliability coefficient stood at 0.78, justifying the use of the instrument. The null hypotheses were tested at 0.05 alpha level using Pearson Product Moment Correlation Coefficient Analysis (r).

### Data Analyses and Results

#### Research Question one

*What is the relationship between Accounting Education and minimizing of corrupt practices in the public service?*

**Table-1: Relationship between Accounting Education and minimizing of corrupt practices in the public service**

Variables	$\sum x$	$\sum x^2$	$\sum xy$	$r$
	$\sum y$	$\sum y^2$		
Accounting Education (x)	1338	14632	26416	0.68*
Corrupt practices (y)	1322	14224		

Table-1 shows a high relationship between accounting education and corrupt practices ( $r = 0.68$ ). This value shows high correlation. There was the need to determine whether the correlation is significant. The

result was subjected to test of significance as reported in hypothesis 1.

#### Research Question Two

*What is the relationship between Accounting Education and efficiency in the public service?*

**Table-2: Relationship between Accounting Education and efficiency in the public service**

Variables	$\sum x$	$\sum x^2$	$\sum xy$	$r$
	$\sum y$	$\sum y^2$		
Accounting Education (x)	1338	14632	26204	0.79*
Efficiency in the public Service (y)	1316	14128		

Table 2 shows a high relationship between Accounting Education and efficiency in the public service ( $r = 0.79$ ). This value shows high correlation. There was the need to determine whether the correlation is significant. The result was subjected to test of significance as reported in hypothesis 2.

### Hypothesis One

*There is no significant relationship between Accounting Education and minimizing of corrupt practices in the public service.*



**Table-3: Pearson Product Moment Correlation analysis of the relationship between Accounting Education and minimizing of corrupt practices in the public service**

Variables	$\sum x$	$\sum x^2$	$\sum xy$	r
	$\sum y$	$\sum y^2$		
Accounting Education (x)	1338	14632		
			26416	0.68*
Corrupt practices (y)	1322	14224		

n = 360; \*significant at 0.05 level; df = 358;  $r_{critical} = .098$

On Table-3, the value of calculated r is 0.68\*. The asterisk indicates that the value of r is significant at the 0.05 Alpha level. The significance of r is further corroborated when reference was made to table of values. The calculated r is 0.68, and the critical value of r is .098. The calculated r is greater than the critical value. Hence, the null hypothesis was rejected. This

result then means that there is significant relationship between Accounting Education and minimizing of corrupt practices in the public service.

### Hypothesis Two

*There is no significant relationship between Accounting Education and efficiency in the public service.*

**Table-4: Pearson Product Moment Correlation analysis of the relationship between Accounting Education and efficiency in the public service**

Variables	$\sum x$	$\sum x^2$	$\sum xy$	r
	$\sum y$	$\sum y^2$		
Accounting Education (x)	1338	14632		
			26204	0.79*
Efficiency in the public Service (y)	1316	14128		

n = 360; \*significant at 0.05 level; df = 358;  $r_{critical} = .098$

On Table-4, the value of calculated r is 0.79\*. The asterisk indicates that the value of r is significant at the 0.05 Alpha level. The significance of r is further corroborated when reference was made to table of values. The calculated r is 0.79, and the critical value of r is .098. The calculated r is greater than the critical value. Hence, the null hypothesis was rejected. This result means that there is significant relationship between Accounting Education and efficiency in the public service.

## DISCUSSION OF FINDING

Data analysis in hypothesis one indicated a significant relationship between Accounting Education and minimizing of concept practices in Nigerian public service. The calculated r-value was greater than the critical r. The findings of this study is in line with the assertion of Longe [15] that proper accounting records promote transparency and accountability in government hence minimizing concept practices in the system. With basic accounting education given to public servants and political office holders, keeping of proper accounting records will be enhanced thereby minimizing corrupt practices in government. It is also necessary to note that inappropriate government intervention, such as training in basic accounting education, would breed corruption leading to increase in cost of governance.

The test of hypothesis two revealed a significant relationship between Accounting Education and efficiency in the public service. The calculated r-value was greater than the critical r indicating that lack of efficiency in government has its root in ignorance in

basic accounting education. As observed by Nurudeen and Usman [16] lack of transparency and accountability in governance business has constituted a serious clog in the machinery of government in Nigerian. This provides adverse consequences on productivity in the civil service. When corruption is rampant at the top level of government, the nature of governance basically remain undemocratic, unaccountable and patrimonial and where patronage system is intact, one can hardly expect to enforce measures that will make the workers at the lower level to be as productive as expected. Proper accounting education given to every public servant and political office holder would go a long way to block the leakages and avenues of waste in the public service. This would ensure transparency, accountability, efficiency and productivity in the service.

## CONCLUSION

The following conclusion has been drawn based on the findings of the study: that basic accounting education to public servants and political office holders would minimize corrupt practices and increase efficiency in the public service, not only in Nigeria but also in other countries of the world.

### Recommendations

On the basis of the research findings and conclusions reached, the following recommendations were made:

- Every public servant or political office holder should be made to undergo basic accounting education by the relevant government authorities.

This will expose the officials to the importance and rudiments of proper accounting records.

- Regular seminars/workshops should be organized for every public servant to be kept abreast with current developments with regards to record keeping in government.
- Remunerations for public servants should be reviewed periodically to deter them from involvement in corrupt practices.
- The public service should be made more interesting through nonfinancial motivation such as recognitions, awards and honours for excellent and distinguished service delivery.

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