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EMPIRICAL ANALYSIS OF POOR PUBLIC FINANCIAL MANAGEMENT IN NIGERIA: CAUSES, IMPLICATIONS AND REMEDIES

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ABSTRACT

The study looks at the causes and economic implication of public sector decay with the aim to establish the relationship that sub-exist between public sector decay, the causes and it economic implication in Nigeria. Primary sources were employed in gathering data. A well-structured questionnaire of four sections was given to three hundred (300) respondents, out of which two hundred and seventy-three (273) of the questionnaires were retrieved. Descriptive statistics, Pearson product moment correlation and multiple regressions, using SPSS 23 version were used in analysing data. The study indicate that a unit increase in corruption, poor public financial management, institutional problem, staff absenteeism/ late coming to work, leaking and/or abuse of government information and lack of political will creates public sector decay in Nigeria by about 41.5%, 47.0%, 22.6%, 36.1%, 49.8% and 22.3% respectively. Similarly, the study further discovered that a unit reduction in the accessibility of basic equipment/facilities will worsen Nigeria economy by about 82.5%. These findings imply that they will tend to discourage investors, reduce the standard of living, and slow down economic development through wasteful spending among others. It is therefore recommended that government should implement policies that will strengthen PFM in Nigeria, such as GIFMIS which allow central control of public finances, IPPIS and TSA that block the revenue leakages.

Contribution/ Originality: This study contributes to the existing literature by discovering how corruption, poor public finance management, misplacement of priority and lack of accountability in the case of Nigeria tend to combine to create public sector decay and economic underdevelopment. The study in its contribution further documents how bad leadership, institutional problem, political instability, staff absenteeism and late coming to work, abuse of public property, leaking and/or abuse of government information and lack of political will retard the efficient and effective supply of energy and basic infrastructural facilities in the country.

1. INTRODUCTION

Nigeria is heavily populated and naturally blessed with millions of acres of arable land, 38.5 billion barrels of confirmed oil reserves, immeasurable gas reserves, diversity of unexploited minerals and a wealth of human capital with a predictable population of over 150 million. Nigeria is rank eighth in the world's largest oil exporter, and Africa is largest economy with the rebasing activity of 2013. Nigeria accounts for about 15 percent of Africa's

population, provides 11 percent of Africa's total output and 16 percent of its foreign reserves while it accounts for half of the population and more than two thirds of the output of the west African sub-region (Oteh, 2010). Fatile (2012) opined that Nigeria was one of the richest nations in the early 1970s but has been reduced to one of the 25 poorest countries on the verge of the 21stcentury; this is even as it hosts the third highest number of underprivileged people after china and India. Nigeria stills fall far away from developmental progress required to impact the welfare of the average Nigerian given that over half of the country's population survive on less than a dollar per day (Oteh, 2010). The purpose of having governments is to provide for the security and wellbeing of their citizenry. Government exists primarily to cater for her citizens and ensure those needs are provided for efficient and effective management of social and economic wellbeing. Government achieves these goals by providing clear processes and structures for all phases of executive management (decision-making, strategic arrangement, managerial control, supervision and accountability).

These fulfilled obligations could be seen in the areas of education, food, security, housing, healthcare, job creation and providing social amenities. The performance of government is constantly measured base on the provision or neglect of the welfare of the people. Therefore, the important question is how can the government fulfill these obligations to the citizens? What instruments or mechanisms available to government in attaining these obligations? The answers are found in the public sector which is the main driver of government's policies and agenda.

The level of decadence experience in Nigeria public sector has been a major concern to the public at large. There has been series of debate on the increasing level of the Nigerian budget, for which there is little or nothing to show for the huge amount of money been appropriated yearly to the various MDAs from the consolidated revenue fund (Fatile, 2012). This situation is becoming more worrisome since the beginning of democracy from 1999. The rate of infrastructural dwindle on yearly basis is high, even though huge amount of money have been allocated and released for the rebuilding and maintenance of these infrastructures.

The Nigeria public sector consists of the civil service, parastatals and agencies. This is structured systematically to serve as a lasting instrument use by government to drives, regulates and manages all facets of the society (Ishola, 2009). Lack of accountability, unethical behaviours and corrupt practices have become so all-encompassing and even institutionalised norms of behaviours, leading to ethics crisis in the public sector. The ghost worker problem is also a threat across all tiers of government. This has resulted to the situation where government now spend huge amount of money as a result of the money being draw off through payments to non-existing employees. Thus, the geometric annual increase in wage bill is worrisome so also the Nigerian labour met is saturated and putting the economy of the nation in jeopardy. For example, 6000 staffs out of 26,017 on the payroll were fictitious in the staff audit exercise conducted in federal capital territory in 2013. Hence, this shows the degree of monumental corruption, theft and financial irregularities in the public service (Audu *et al.*, 2015).

This present situation has been linked to a number of factors by many analysts; these include bad governance, mismanagement of funds, misplacement of priority (calculus of consent) and above all, corruption. Corruption is a scourge and social malaise militating against good governance by using public spending to slowdown the pace of economic development. Therefore, this research work tends to establish the extent, causes and the implications of public sector decay in Nigeria.

1.1. Objectives of the Study

The study is to assess the causes of public sector decay in Nigeria. Specifically, the study seeks to examine:
  i.   The relationship between the causes and the extent of public sector decay in Nigeria and
  ii.   The economic implication of public sector decay in Nigeria.

2. LITERATURE REVIEW

Public sector is the aspect of the economy which produces goods and services with the sole purpose of maximizing the wellbeing of the people. The establishment of public sector was necessitated by the predominance of political and social ideologies that depart from the assertion of consumer choice and decentralized decision making, Ishola (2009). Public sector is categories into; Federal, State and Local Governments (Ministries, Departments and parastatals).

The national development depends on its public sector in every country. Government implements policies, programmes and services that help her developmental drives, stimulate economic progress and increase confidence and connection between the state managers and the people through its MDAs. Public sector is also that aspect of the economy, controlled by the government so as to provide basic services (Obara, 2013). These services that the government needs to provide are so enormous due to the increasing population. The desire to hold government responsible for their actions is becoming more important that people now demand for comprehensive financial reports.

The role of Public sector in the society is vital. In most economies, public expenditure forms the greater part of GDP so also the substantial employer of labour and major capital market participants. Public sector also dictates the outcomes it wants to achieve and the choices of intervention, through a political process. These include endorsement of legislation or regulations; services delivery and income redistribution through mechanisms such as taxation or payments on social security; so also the possession of assets or entities, such as state owned enterprises. Also, Governments' duty includes the promotion of sound international relations, fairness, peace and order.

Nigeria public sector has become an embodiment of corruption, mediocre and fraud. Self-preservation is preferred to national interest and there are leadership crisis at all stages of decision-making which has further deepened the mess. Therefore, Nigeria has lost the grip in its effort to accomplish national development as result of the invidious climate of "chop-I-chop" politics, ethnicity, mediocrity, partisanship, cronyism, corrupted process of recruitment of leaders, among other factors (Yahaya, 2006).

The passion of most political leaders with the intention of private accumulation of wealth led to diversion of resources budgeted and allocated for the running and maintaining public institutions (hospitals, schools, universities, public utilities, the judiciary, the police and even the armed forces) under their care, to corrupt private purposes. By so doing, they threaten these institutions and their capacity to perform their assigned tasks efficiently, thereby damaging the substantive interests and endangering the lives of citizens whom these public institutions are meant to serve (Fatile, 2012). According to Osoba (1996) the systematic looting of the nation's wealth by its managers over several decades, led to the unemployment of many young Nigerians of lowly origins, after successfully completion of schools, universities and other institutions of learning, because the political leaders have looted the resources met for job creation. This led to rural-urban migration of these educated young Nigerians to seek for greener pastures or divert their attention into criminal conduct of making a livelihood like terrorism, kidnapping, drug peddling, armed robbery, prostitution and trafficking. In this and other ways, greedy leaders have wasted the resources of the country there by reducing Nigeria to its present state of confusion (Osoba, 1996).

The Nigerian society has not been well governed because of corruption and impunity since 1960 when it gained its political independence (Oluwasanmi, 2007; Ebegbulem, 2009). Oluwasanmi (2007); Imhonopi and Ugochukwui (2013) are all of the opinion that from the first democratic experiment in 1960 to military regimes and back to democracy as practiced today. Nigeria has unfortunately been managed by corrupt leaders who are visionless, weak, parochial, morally bankrupt, narcissistic, egoistic, greedy and corrupt. The country's affairs has been criminally managed from 1960; leaders keep accumulating wealth as against national development thereby leading many people to wallow in absolute poverty, illiteracy, hunger, rising unemployment, avoidable health crisis and insecurity (Ebegbulem cited in Imhonopi and Ugochukwui (2013)).

Olusegun Obasanjo, the former president assumed office in 1999 as poor politician (all his bank accounts amounted to about N20,000) but eight years later he had refurbished and expanded a dilapidated agricultural (poultry) farm at Ota in Ogun State to be now worth hundreds of millions of naira (Oluwasanmi, 2007). Obasanjo now possesses educational institutions that run from primary level to university, he now has over two hundred millions of shares in various conglomerates, most especially Transcorp Nigeria Limited (Oluwasanmi, 2007). His effort at improving Nigeria public sector has no impact in fighting political corruption as his friends and officials under him were corrupt (Oluwasanmi, 2007).

Public sector accounting is a very serious challenge to the national economy. This is because the financial records are not reflecting the true and fair view of accounting records. There is lots of teamwork in the utilization of public funds to the point that funds allocated through the budget are not properly utilized. The national annual budget is always presented late. So also, these budgets are in no way reviewed in time and divergence is not investigated to ensure timely remedial action which will re-direct and re-orientate plans towards budgeted levels.

The government of Nigeria has allowed oil income to influence spending since the era of oil boom. What is more? The political structure of Nigeria allows the central government to collects all oil revenue which it later distributes to other tiers of governments in accordance with the revenue sharing formula (Okonjo-Iweala and Osafo-Kwaako, 2007). Government also distributed oil money, inform of large contracts, to individuals that have influence on those in power. This resulted into governments spending far above what they earn. Nigeria deficit rose above one trillion naira between 2000 and 2005 (Phillips, 2006). Nigeria Domestic and external debt amount to 70% of GDP (Soludo, 2003; Phillips, 2006). This implies that Nigeria current revenue is largely used in servicing debt.

Government performance under this index is measured along four dimensions: rule of law and safety; participation and human rights; sustainable economic opportunity and human development. Public service's poor performance and Public Administration's challenges are not new in Nigeria. This has resulted to several efforts in reforming the public service which includes the Public Service Review Commission (The Udoji Commission, 1972-1974), the 1988 Civil Service Reforms and the 1994 Review Panel on Civil Service Reform (the Alison Ayida Panel). Even at these efforts, public service still experience inefficiency in service delivery. The literature is full up with the causes of these reforms failure which include: lack of political will, poor management, faulty diagnosis, poor recruitment procedures and inadequate of human resource capacity building, political patronage, quota system and lack of democratic practices in public services' management. Their reports showed several factors accountable for the declining in the quality of public service in Nigeria.

Arresting the declining public services' efficiency necessitates dealing with the problems related with the procedure of service delivery. Despite the increasing public expenditure, the public sector performance is still weak which show that the increased expenditure has not transformed into quality service and performance. This missing link is poor public service delivery process. The solution to this problem is an all-inclusive Public Administration Reform to produce a public service that is efficient, effective, transparent and responsive. The area needed to be reformed in the public service processes include; planning, policy making, budgeting, human resource management and performance management. Obasanjo administration initiated some economic reforms to solve the problem of economic management and other developmental challenges. The urgency to enhance government spending efficiency and improve service delivery led to the intensification of preparation and execution budget process (Okonjo-Iweala and Osafo-Kwaako, 2007). Budget implementation and monitoring level in the past led to low quality of government expenditures and many abandon projects (Soludo, 2003).

It was estimated that, about $407 billion or £225 billion had been stolen or misappropriated by Nigerian past leaders as at 1999. This said amount equal all the western aid given to the Africa (Ike, 2010). Ike also mentioned that the former EFCC Chairman, Nuhu Ribadu disclosed that £220 billion was wasted between independence from Britain to the return of democracy in Nigeria (1960 – 1999). This stolen fortune equals exactly with the £220 billion of Western Aid given to Africa between 1960-1997. This amounted to six times the American assistance to

post-war Europe under the Marshall Plan for the Reconstruction of Europe. Ike (2010) also quoted the World Bank's list of Nigeria's fund by depositors in four Western countries in 1999 and presented to former President Obasanjo. Out of the World Bank list of twenty-one (21) heavy looters, five (5) of this depositors were responsible for most of the stolen funds. The total amount equivalent to $150 billion deposited in western banks by these heaviest 21 looters. He therefore concluded that the leaders of the third and fourth republics were relatively more corrupt when compared with those in the Nigeria's first and second republic. Thus corruption has knotted both the entire public and private sector matrix and deepened its vice-like grip on the society in Nigeria.

3. METHODOLOGY

This study examined the extent, causes and implication of Nigeria public sector decay. The study utilized a descriptive survey and explorative research design. A multi- stage sampling techniques was adopted. Respondents were first stratified into six geo-political zones, two geo-political zones selected randomly (north-west and south-west) and one state was selected from each stratum (Kebbi and Ekiti states respectively). Six federal ministries were selected purposively from states. Federal Ministry of Finance, Works and Housing, Health, Education, Interior and Agriculture – Federal Pay Office, Federal Road Maintenance Agency, Federal Medical Centre, (Federal Polytechnic, Federal University and Federal Unity Schools), (Immigration, Nigeria Prison Service) were selected. These represented the area of finances; road networks; health facilities; education; security and food production respectively. Proportional sampling techniques was employed to pick our respondents based on the population of staffs and stakeholders in each ministry. The final stage of the sampling was with the use of accidental sampling techniques, in selecting respondents for the study based on their roles in public sector.

A pre-tested structured questionnaire was used to collect information from the respondents. Face and content validity was used to test the trustworthiness of the instrument. The approval of the respondents was obtained before administering the questionnaire after explaining the purpose for study to them. The questionnaires were given to the respondents on a one on one basis and were collected immediately to prevent misplacement of the questionnaire. The qualitative responses were quantified using the polychotomous variable method – the Likert rating. That is Extremely Decay/Strongly Agree = 5, Highly Decay/Agree =4, Fairly Decay/Slightly Agree =3, Low Decay/Disagree = 2 and No Decay/Strongly Disagree = 1. The questionnaire contains two sections. Distribution of respondents by general characteristics in section A, while Section B is further subdivided into three sub-sections; responses on the extent, causes and the implications of public sector decay on economic development in Nigeria. 273 questionnaires were retrieved from the field survey. Descriptive and empirical analyses were employed. The descriptive analysis uses tables, percentages and charts in describing the bio-data in the questionnaire while empirical analysis employs multiple regression (ANOVA) using Statistical Package for Social Sciences (SPSS) v23. The test was 2 tailed and significant P value was set at < 0.05.

The econometric model specification below developed by the researcher was used in regression equation to establish the relationship that exists between the dependent variable and the independent variable (see for instance (Rafindadi, 2016; Rafindadi and Ozturk, 2016)). This relationship will be able to inform us if the causes selected and adopted in this study will have a positive or negative relationship with the extent of public sector decay so also the its economic implication in Nigeria.

The empirical model specifications are as follows:

Objective I

$$PSD = f(COR, PPPM, BL, IP, PI, MP, LA, SA\&LCW, APP, L\&AGI, LPW)\dots\dots\dots\dots\dots\dots(1)$$

Econometrically, the regression models can be specified as;

$$PSD = \beta_0 + \beta_1 COR + \beta_2 PPPM + \beta_3 BL + \beta_4 IP + \beta_5 PI + \beta_6 MP + \beta_7 LA + \beta_8 SA\&LCW +$$

$$\beta_9 APP + \beta_{10} L\&AGI + \beta_{11} LPW + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where:

PSD	=	is the measures of Public Sector Decay and being the dependent variable.
β_0	=	the intercept.
β_1	=	coefficient of corruption /embezzlement
β_2	=	coefficient of poor public finance management
β_3	=	coefficient of bad leadership
β_4	=	coefficient of institution problem
β_5	=	coefficient of political instability
β_6	=	coefficient of misplacement of priority
β_7	=	coefficient of lack of accountability
β_8	=	coefficient of staff absenteeism and late coming to work
β_9	=	coefficient of abuse of public property
β_{10}	=	coefficient of leaking and/or abuse of government information
β_{11}	=	coefficient of lack of political will
ut	=	is taken as the stochastic error term.

Objective II

$$ECOIMP = f(BEF,EPS,WS,RN,IF,SS,SWPR,TTFS,QS,POS,EES)\ldots\ldots\ldots\ldots\ldots\ldots\ldots(1)$$

Econometrically, the regression models can be specified as;

$$ECOIMP = \beta_0 + \beta_1 BEF + \beta_2 EPS + \beta_3 WS + \beta_4 RN + \beta_5 IF + \beta_6 SS + \beta_7 SWPR + \beta_8 TTFS +$$
$$\beta_9 QS + \beta_{10} POS + \beta_{11} EES + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

Where:

ECOIMP = is the measures of Economic Implication and being the dependent variable.

β_0	=	the intercept.
β_1	=	coefficient of basic equipment/facilities
β_2	=	coefficient of electricity/power supply
β_3	=	coefficient of water supply
β_4	=	coefficient of road network
β_5	=	coefficient of internet facility
β_6	=	coefficient of staff strength
β_7	=	coefficient of staff welfare packages/remunerations
β_8	=	coefficient of training and training facilities for staff
β_9	=	coefficient of quality of staff (education/professional qualification)
β_{10}	=	coefficient of performance/output of staff
β_{11}	=	coefficient of efficiency and effectiveness of staff
ut	=	is taken as the stochastic error term.

The analytical models were subjected to certain tests as to establish the reliability of the results obtained. The tests here basically included the following;

    i.   Test of linear multiple correlations co-efficient.

    ii.   Test of coefficient of multiple determinations.

    iii.   Test of Adjusted co-efficient of multiple determinations.

The normality of the data distribution was assessed by examining the histogram, normality plot and normality scatter graph.

4. ANALYSIS OF RESULT

Table-1. Demographic Characteristics

S/N	Items	Options	No of Response	% of Response
1	AGE	Under 30 years	53	19
		30 − 40 years	134	49
		41 years and above	86	32
		Total	**273**	**100**
2	HIGHEST EDUCATION QUALIFICATION	O'level	14	5
		OND	58	21
		HND/Bsc	145	53
		MScMBA/Ph.d	56	21
		Total	**273**	**100**
3	WORKING EXPERIENCE	10 Years or below	76	28
		11 − 30 years	145	53
		31 years and above	52	19
		Total	**273**	**100**

Source: Questionnaire administered 2017

Table 1 indicates that 53 (19%) of the respondents fall under 30 years, while 134 (49%) of the respondents fall between the ages of 30 − 40 years and 86 (32%) of the total respondents are 51 years and above. This is represented in figure 1
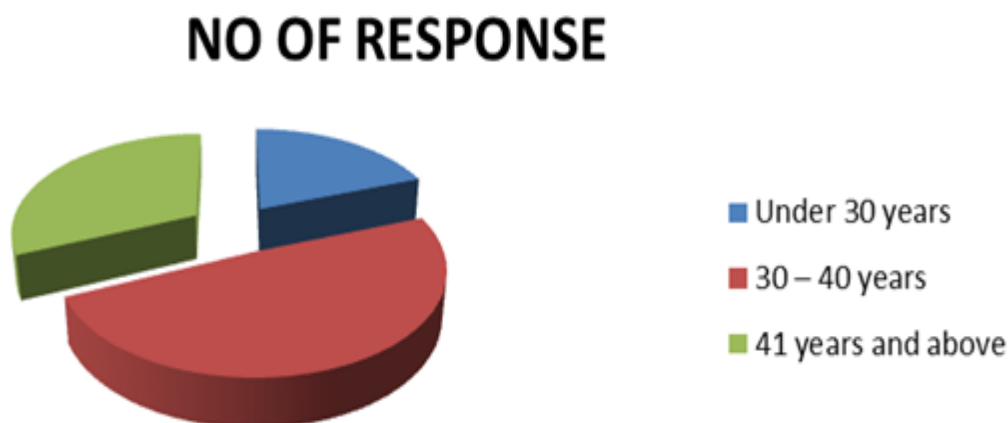

Figure-1. Pie Chart Showing the Age Characteristics of Respondents
Source: analyzed by the researchers from Questionnaire administered 2017

In addition, Table 1 presents the highest educational qualification of the respondent. 14 (5%) of the respondent falls within the category of O'level certificate as their highest qualification, while 58 (21%) are holder of OND, similarly to that 145 (53%) are found to be HND/BSc holders and 56 (21%) are MSc/MBA/Ph.D holders. This is also represented in Figure 2

NO OF RESPONSE

Figure-2. Pie Chart Showing the Highest Education Qualification Characteristics of Respondents
Source: analyzed by the researchers from Questionnaire administered 2017

Table 1 equally presents the working experience of the respondents. 76 (28%) of the respondents have spent 10 years or below, while 145 (53%) were found to have worked between 11-30 years and 52 (19%) have spent 31 years or above in the service. This is represented in Figure 3
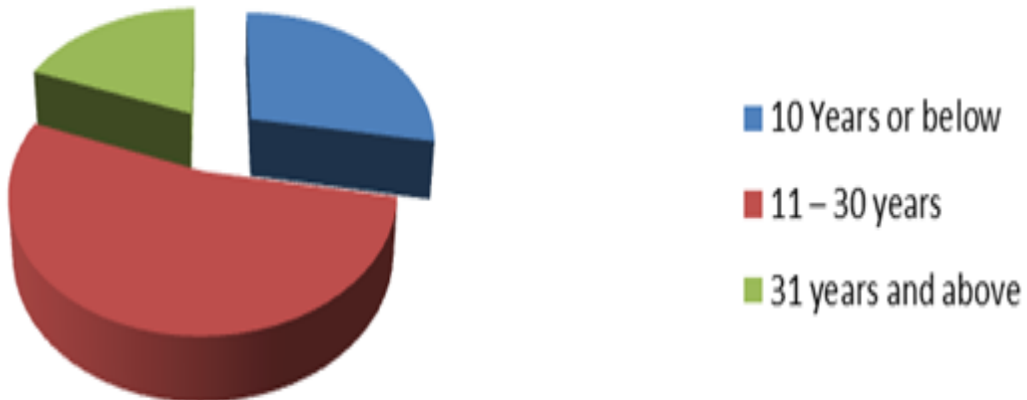
NO OF RESPONSE

Figure-3. Pie Chart Showing the Working Experience Characteristics of Respondents
analyzed by the researchers from Questionnaire administered 2017

Section-B. Descriptive Analysis of Responses

Mean and standard deviation are employed in describing the level of agreement/disagreement to the itemized items in the questionnaire. Any item with a mean score of 4.50-5.00 was considered as extremely decay/ strongly agree, mean scores of 3.50-4.49 were considered highly decay/agreed, mean scores of 2.50-3.49 were considered Fairly Decay/slightly agree, any mean score of 1.50-2.49 was considered low decay/disagree and any mean score of 1.00-1.49 was considered as no decay/strongly disagree.

4.1. Responses as to the Extent of Public Sector Decay

Table-2. Mean Ratings of the Responses on the Extent of Public Sector decay in Nigeria. (n = 273)

S/N	Measures	Mean (x)	SD	Remarks
1	Basic equipment/facilities	3.33	1.39	**FD**
2	Electricity/Power supply	3.23	1.42	**FD**
3	Water supply	3.21	1.45	**FD**
4	Road network	3.22	1.42	**FD**
5	Internet facilities	3.36	1.43	**FD**
6	Staff strength	2.85	1.36	**FD**
7	Staff welfare packages/remunerations	3.46	1.39	**FD**
8	Training and training facilities for staff	3.32	1.36	**FD**
9	Quality of staff (education/professional qualifications)	2.92	1.52	**FD**
10	Performance/output of staff	3.32	1.31	**FD**
11	Efficiency and effectiveness of staff	3.00	1.34	**FD**
	Cluster Summary	**3.20**	**1.40**	**FD**

Note: X = Mean; SD = Standard Deviation; ED= Extremely Decay; HD= Highly Decay; FD= Fairly **Decayed; LD=** Low Decay; ND; No Decay; N=Total Number of Respondents.
Source: Survey Report 2017

Table 2 showed that the mean ratings of the responses on all the indicators of public sector decay within the real limit of number $2.50 - 3.49$ on 5-point rating scale so also the cluster summary. This implied that the respondents agreed that the extent of decay in the public sector is fair. The cluster summary of 3.20 also substantiates the extent of decay.

The values of the standard deviation of the 11 items that form the measures of public sector decay ranged from $1.31 - 1.52$ which indicated that the responses are close to one another and to the mean.

4.2. Responses as to the Causes of Public Sector Decay

Table-3. Mean Ratings of the Responses on the Causes of Public Sector decay in Nigeria. (n = 273)

S/N	Major causes	Mean (x)	SD	Remarks
12	Corruption/embezzlement	4.29	1.22	A
13	Poor public finance management	4.10	1.20	A
14	Bad leadership	4.20	1.18	A
15	Institutional problem	3.93	1.19	A
16	Political instability	3.69	1.31	A
17	Misplacement of priority	4.11	1.18	A
18	Lack of accountability	4.07	1.31	A
19	Staff absenteeism and late coming to work	3.52	1.40	A
20	Abuse of public property	3.99	1.22	A
21	Leaking and/or abuse of government information	3.47	1.27	**SLA**
22	Lack of political will	3.73	1.37	A
	Cluster Summary	**3.92**	**1.26**	A

Note: X = Mean; SD = Standard Deviation; SA= Strongly Agree; A= Agree; SLA= Slightly Agree; **D** = Disagree; SD; Strongly Disagree; N= Total Number of Respondents.
Source: Survey Report 2017

Table 3 revealed that the mean ratings of the responses on leaking and/or abuse of government information was 3.47, which is within the real limit of number $2.50 - 3.49$ on 5-point rating scale. It indicates that the respondents slightly agreed that leaking and/or abuse of government information is the major cause of public sector decay in Nigeria. The mean ratings on other causes fell within real limit of number $3.50 - 4.49$ on 5-point rating scale. This implied that the respondents agreed that all the other 10 items listed are the main causes of public sector decay in Nigeria. The cluster summary of 3.92 mean rating fell within the agreed range of real limit of

number 3.50 and 4.49 on 5-point rating scale, that all the major causes listed in table 3 are responsible for public sector decay in Nigeria.

The values of the standard deviation of the 11 major causes in the Table ranged from $1.18 - 1.40$ which mean that the responses are close to one another and to the mean.

4.3. Responses as to the Economic Implication of Public Sector Decay in Nigeria

Table-4. Mean Ratings of the Responses on economic implication of Public Sector Decay in Nigeria. (n = 273)

S/N	Major PROBLEMS	Mean(x)	SD	Remarks
23	Decline in GDP growth rate	3.22	1.56	SLA
24	Slow down economic development	3.63	1.59	A
25	Over dependence on oil sector	3.03	1.42	SLA
26	Infrastructural decay	3.59	1.37	A
27	Debt accumulation	3.49	1.38	SLA
28	Reduced standard of living	3.35	1.49	SLA
29	Increased level of unemployment	3.88	1.49	A
30	Wasteful spending	3.39	1.55	SLA
31	Misappropriation and extravagant spending	3.42	1.25	SLA
32	Discourages investors	3.77	1.42	A
	Cluster Summary	**3.48**	**1.45**	**SLA**

Note: **X =** Mean; SD = Standard Deviation; SA= Strongly Agree; A= Agree; SLA= Slightly Agree; D = Disagree; SD; Strongly Disagree; N= Total Number of Respondents.
Source: Survey Report 2017

From the data presented in Table 4, it was discovered that the mean ratings of the responses on slow down economic development, infrastructural decay, increased level of unemployment and discourage investors were 3.63, 3.59, 3.88 and 3.77 respectively falling within the real limit of number $3.50 - 4.49$ on 5-point rating scale. This implied that the respondents agreed to those four identified economic implication of public sector decay in Nigeria. The mean ratings on the other six itemized problems were 3.22, 3.03, 3.49, 3.35, 3.39 and 3.42 respectively which are within real limit of number $2.50 - 3.49$ on 5-point rating scale. This implied that the respondents slightly agreed that the remaining six economic implication of public sector decay in Nigeria. The cluster summary of 3.48 mean rating slightly agreed to the itemized economic implication of public sector decay in Nigeria.

The values of the standard deviation of the 11 identified problems in the table ranged from $1.25 - 1.59$ which indicated that the responses are close to one another and to the mean.

5. INFERENTIAL ANALYSIS

A. Causes of Public Sector Decay in Nigeria

The empirical analysis here is to probe the causes of public sector decay in Nigeria.

The data for analysing the relationship between the causes of public sector decay in Nigeria and its measures as indicated in objective 1 are presented in Table 2 and 3.

Table-5. Correlation Matrix Results of Public Sector Decay in Nigeria and its Causes

	MEASURES OF PSD	CAUSES OF PSD
MEASURES OF PSD	1	
CAUSES OF PSD	.883**	1

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Software Output

The findings shows a strong, positive and statistically significant (r = 0.883; p < 0.01) relationship between public sector decay in Nigeria and its causes.

The dependent variable is public sector decay (PSD). Data for this variable was generated as the mean value of all responses under extent of public sector decay. The independent variables for the analysis are the factors identified as the causes of public sector decay. These are described in Tables 2 and 3. The study uses Multiple Regression to analyze the relationship. The relationship between public sector decay and the set of independent variables is express in this following model

$PSD = \beta_o + \beta_1 COR + \beta_2 PPPM + \beta_3 BL + \beta_4 IP + \beta_5 PI + \beta_6 MP + \beta_7 LA + \beta_8 SA\&LCW +$
$\beta_9 APP + \beta_{10} L\&AGI + \beta_{11} LPW + e.$

Table-6. Regression Results of Causes of Public sector decay in Nigeria

Dependent Variable: PUBLIC SECTOR DECAY			
Predictor Variable	**Coefficient**	**Std. Error**	**P-value**
(Constant)	0.192	0.070	0.007*
COR	0.415	0.048	0.000*
PPFM	0.470	0.069	0.000*
BL	0.011	0.071	0.878
IP	0.226	0.072	0.002*
PI	0.028	0.061	0.649
MP	0.129	0.071	0.071***
LA	0.025	0.069	0.714
SA&LCW	0.361	0.054	0.000*
APP	0.198	0.076	0.010**
L&AGI	0.498	0.048	0.000*
LPW	0.223	0.063	0.001*
R = 0.883 R² = 0.711 Adj. R² = 0.699 F$_{statistica}$= 0.000			

*Significant at 1%; **Significant at 5%; ***Significant at 10%
Source: Researcher's computation 2018

Table 6 presents the analysis of the SPSS regression result for objective I. The result confirms that all the causes are positively related to indicators of public sector decay in Nigeria, but not all are statistically significant. These variables include BL, PI and LA are not statistically significant even at 10% level while the remaining eight variables (causes) are statistically significant. The coefficients of COR, PPFM, IP, SA&LCW,L&AGI and LPW are significant at 1%, the coefficient APP is significant at 5%, while the coefficient of MP and are significant at 10%.The following inferences can be drawn from the results as regard the effect of the predicting variables (causes of public sector decay on the extent of public sector decay in Nigeria)

1. A unit increase in corruption, poor public financial management, institutional problem, staff absenteeism late coming to work and leaking and/or abuse of government information and lack of political will worsen public sector decay by about 41.5%, 47.0%, 22.6%, 36.1%, 49.8% and 22.3% respectively.
2. Abuse of public property increases public sector decay by about 19.8%.
3. Misplacement of priority will worsen public sector decay by about 12.9%.

The regression model specified in the methodology for objective I capture the SPSS coefficient result output in table above thus:

PSD=0.192+0.415(COR) +0.470(PPPM) +0.011(BL) +0.226(IP) +0.028(PI) +0.129(MP)   +0.025(LA) +0.361(SA&LCW) +0.198(APP) +0.498(L&AGI) +0.223(LPW) + e.

The coefficient values as revealed in the SPSS coefficient Table 6 are captured in the above equation. The value of the constant term is 0.192 which is positive and statistically significant at 0.007 significant value. Thus, the constant value is significant at 5% confidence level. Meanwhile, this constant value of 0.192 is the intercept of the regression line indicating that public sector decay will increase by 19.2% if the predicting variables are zeros.

The multiple correlation coefficients (R) in the model summary represent the correlation between the predicted and the observed values of the dependent variable. The values for R range from 0 to 1. Larger value for R stipulates stronger relationship between the predicted and the observed values of the dependent variable. Hence, from the model summary in Table 6, the R value is 0.883. This indicates that there exist a strong relationship between identified causes of public sector (predicted variables) and the observed values of the dependent variable (public sector decay).The R square (R2) statistics is the coefficient of determination. It tries to explain the proportion of variation in the dependent variable which is explained by the regression model. The value of R square also lies from 0 to 1. The closer it is to 1, the better is the fit. The value of R square from the model summary in Table 6 is 0.711implying that 71.1% of the variations in the dependent variable are explained by the independent variables in the regression model. The remaining 28.9% is due to factors not accounted for in the model. This shows that the identified eleven factors only account for 71.1% variation in the public sector decay while the remaining 28.9% are accounted for by variables outside this model. Suggesting that, there are some other factors not capture in this study which are also responsible for the decay witnessed in the public sector.

Meanwhile, the adjusted R^2 value corrects any irrelevant inclusion in the explanatory variables. Because of this, it is seen as a better measure of goodness of fit than R^2. It is also superior to R square in that it is more sensitive to errors. The Adjusted R square is 0.699. This implies that actually, 69.9% of the variations in the dependent variable are explained by the independent variables in the regression model.

Another relevant statistics in the SPSS result output is the Analysis of Variance (ANOVA). According to Gujarati and Porter (2009) the ANOVA test for the acceptability of models from statistical significance viewpoint by looking at the goodness of fit from the F-statistics. If the significant value of the F-statistics is small (< 0.05), then the independent variables explain the variation in the dependent variable. The significance value from the ANOVA (causes of public sector decay and its indicator) is 0.000. This value is less than 0.05, an indication that the model is significant at both 95% and 99% degree of freedom.

B. Economic Implications of Public Sector Decay in Nigeria

The analysis here is to investigate the economic implication of public sector decay. Data for these variables was generated as the mean value of all responses under the extent of public sector decay in and its economic implication. These are described in Tables 2 and 4.

Table-7. Correlation Results of Public Sector Decay and its Economic Implications in Nigeria

	Measures of Psd	**Economic Implication**
Measures of PSD	1	
Economic Implication	.633**	1

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Software Output

The study examined how public sector decay relates to the Nigeria economy. In other words, it sought to establish how public sector decay has affected Nigeria economy. Table 7 shows the relevant findings. The findings indicated a strong, positive and statistically significant ($r = 0.633$; $p < 0.01$) relationship between public sector decay and Nigeria economy.

The study uses Multiple Regression to analyze the economic implications of public sector decay as expressed in this following model

$$ECOIMP = \beta_0 + \beta_1 BEF + \beta_2 EPS + \beta_3 WS + \beta_4 RN + \beta_5 IF + \beta_6 SS + \beta_7 SWPR + \beta_8 TTFS +$$
$$\beta_9 QS + \beta_{10} POS + \beta_{11} EES + e$$

Table-8. Regression Results of Economic Implications of Public sector decay in Nigeria

Dependent Variable: ECONOMIC IMPLICATION			
Predictor Variable	**Coefficient**	**Std. Error**	**P-valu**
(Constant)	1.556	0.575	0.007*
BEF	0.825	0.069	0.000*
EPS	0.205	0.068	0.003*
WS	0.042	0.064	0.507
RN	0.388	0.041	0.000*
IF	0.033	0.042	0.428
SS	0.012	0.070	0.858
SWPR	0.328	0.053	0.000*
TTFS	0.270	0.081	0.001*
QS	0.006	0.050	0.905
POS	0.064	0.064	0.316
EES	0.435	0.067	0.000*
$R = 0.633$ $R^2 = 0.493$ Adj. $R^2 = 0.483$ $F_{statistica} = 0.000$			

*Significant at 1%; **Significant at 5%; ***Significant at 10%

Source: Researcher's computation 2018

Table 8 presents the analysis of the SPSS regression result for the objective II. The result shows that all the indicators of public sector decay are positively related to its economic implication, but not all are statistically significant. These variables include WS, IF, SS, QS and POS are not statistically significant even at 10% level while the remaining six variables BEF, EPS, RN, SWPR,TTFS and EES are all statistically significant at 1%.The following inferences can be drawn from the results as regard the economic implication of the predicting variables (public sector decay) in Nigeria.

1. A unit reduction in the provision of basic equipment/facilities in the public sector will worsen Nigeria economy by about 82.5%.
2. Poor electricity/power supply and bad road network will cripple the economy by about 20.5% and 38.8% respectively.
3. Poor staff welfare packages/remunerations, lack of training and training facilities for staff and inefficiency and ineffectiveness of staff will worsen the Nigeria economy by about 32.8%, 27% and 43.5% respectively.

The regression model specified in the methodology for objective two captures the SPSS coefficient result output in Table above thus:

ECOIMP =   1.556 + 0.825(BEF)+0.205(EPS)+0.042(WS)+0.388(RN)+0.033(IF)+

0.012(SS)+0.328(SWPR)+0.270(TTFS)+ 0.006(QS)+ 0.064(POS)+ 0.435(EES)+e.

The coefficient values as revealed in the SPSS coefficient Table 8 are captured in the above equation. The result shows that the value of the constant term is 1.556 which is positive and statistically significant at 0.007 significant value. Thus, the constant value is significant at 5% confidence level. Meanwhile, this constant value of 1.556 is the intercept of the regression line indicating that the Nigeria economy will improve by 155.6% if the predicting variables are zeros. The multiple correlation coefficients (R) in the model summary in Table 8 is 0.633. This indicates a strong relationship between the identified indicator of public sector decay (predicted variables) and the observed values of the dependent variable (economic implications).

The value of R square from the model summary in table 8 is 0.493implying that 49.3% of the variations in the dependent variable are explained by the independent variables in the regression model. The remaining 50.7% is due to factors not accounted for in the model. This shows that the identified eleven factors only account for 49.3% variation in the Nigeria economy while the remaining 50.7% are accounted for by variables outside this model. The

significant value from the ANOVA is 0.000. This value is less than 0.05, an indication that the model is significant at both 95% and 99% degree of freedom.

6. DISCUSSION OF FINDINGS

Out of 300 questionnaires distributed to the target sample, 273 of these questionnaires were completed and returned, this represent 91% of the total respondents from the population sample of 300.The study found out that the response was very high (91%) which was very good and assert what Mugenda and Mugenda (2003) said that a response rate of over 69% was very good and would lead to obtaining positive outcome in the study. The high response, is as a result of the researcher visiting the respondents at their work stations and educating them on the confidential nature of the instrument (questionnaire). Majority of the respondents (81%) were of the age group above 30years, most of them are with educational qualification above O'levels (95%) and most had worked in the public sector for more than 10 years (72%) as presented in Table 1 and Figure 1 - 3. These show they have adequate knowledge of PFM operations in Nigeria.

Evidence from the descriptive analysis of this research indicates that public sector decay in Nigeria is moderate, manageable and not beyond repair Table 2. Therefore, public sector decay being at moderate level could be resolved by employing the right tools or policies, such as the fiscal responsibility Act of 2007, procurement Act of 2007, the newly introduced IPPIS, TSA and GIFMIS so also the whistle blowing policy.

The study discovered that corruption/embezzlement, poor public finance management, misplacement of priority and lack of accountability contribute a lot to the extent of public sector decay Table 5. The other enumerated factors: bad leadership, institutional problem, political instability, staff absenteeism and late coming to work, abuse of public property, leaking and/or abuse of government information and lack of political will, also account for the extent of the public sector decay. This affirms the conclusion of Okwoli (2004) and Bello (2001). There is need to note that all the causes presented have a very strong positive relationship among each other. This implies that the measures to curb these causes need to be encompassing (see similar findings in Rafindadi and Yusof (2013a;b;c) and Rafindadi and Yusof (2014a;b;c). The authors were of the view that decay in public sector tend to have an implication in the area of basic supply of equipments/facilities and retards power supply which in turn creates high implication on the nation's economy. In addition to that, road network, staff welfare, staff training, and the efficiency/effectiveness of staff is often time discourage investors, reduced standard of living of the people, slow down economic development, allow misappropriation and extravagant spending, increased level of unemployment, wasteful spending and debt accumulation.

7. CONCLUSIONS AND RECOMMENDATIONS

In conclusion, it is no exaggeration that public sector decay as a phenomenon has impacted negatively on the economic development and has resulted in the decline in social services in the country. The decline in the basic equipments/facilities, road network and power supply discourage investors from Nigeria (Table 8) while the efficiency/effectiveness of civil service depends more on the training and the welfare packages available to the civil servants. Therefore, the qualities of output/performance of public sector staff contribute more to public sector decay in Nigeria with a severe economic implication.

The challenges of public sector in Nigeria are many, these include and not limited to corruption, poor public financial management, and misplacement of priority and most importantly lack of political will to implement and enforce the right economic and social policies. The citizenry demand in respect of services surpasses the available finance that can stimulate rapid provision of these services. These have widen the gap between provision and needs, the leadership classes are in arrears in all sectors, the political condition is not encouraging to foreign investors and the government have not set their priority right.

Based on the findings and conclusions drawn from the study it is imperative that the federal government should review its civil service rule so as to minimize the bureaucratic elements for effective and efficient civil service in Nigeria. In addition to that, there is the need to invest more in the civil service who are the drivers of government policies and are found to have perpetual existences so far the state will continue to exist. Civil servants as the major drivers of public sector, contribute a lot more to public sector decay due to their inefficiencies as a result of their poor welfare packages. It is imperative that continuous in-service training should be made mandatory for civil servant to improve their professionalism in handling of government business.

Since public sector decay is as a result of corruption and misplacement of priority which is due to poor public financial management, it became essential for the government to adopt and implement policies that will strengthen PFM tools in Nigeria, such as GIFMIS which allow a central control of public finances, IPPIS and TSA that block the revenue leakages.

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Appendix-I. Tables

Table-1. Model Summary[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.883[a]	.711	.699	.25215	.711	707.321	11	261	.000	.223

Source: SPSS Software Output
a. Predictors: (Constant), Lack of political will, Bad leadership, Leaking and/or abuse of government information, Corruption/embezzlement, Abuse of public property, Staff absenteeism and late coming to work, Political instability, Misplacement of priority, Poor public finance management, Institutional problem, Lack of accountability
b. Dependent Variable: INDICATORS OF DECAY

Table-2. ANOVA[a] Result

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	494.676	11	44.971	707.321	.000[b]
	Residual	16.594	261	.064		
	Total	511.270	272			

Source: SPSS Software Output
a. Dependent Variable: MEASURES OF DECAY
b. Predictors: (Constant), Lack of political will, Bad leadership, Leaking and/or abuse of government information, Corruption/embezzlement, Abuse of public property, Staff absenteeism and late coming to work, Political instability, Misplacement of priority, Poor public finance management, Institutional problem, Lack of accountability

Table-3. Coefficient Table

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.192	.070		2.737	.007		
	Corruption/embezzlement	.415	.048	.370	8.577	.000	.067	14.963
	Poor public finance management	.470	.069	.410	6.831	.000	.035	28.973
	Bad leadership	.011	.071	.009	.154	.878	.034	29.752
	Institutional problem	.226	.072	.196	3.122	.002	.031	31.756
	Political instability	.028	.061	.027	.455	.649	.036	27.514
	Misplacement of priority	.129	.071	.111	1.811	.071	.033	30.300
	Lack of accountability	.025	.069	.024	.367	.714	.029	34.425
	Staff absenteeism and late coming to work	.361	.054	.368	6.644	.000	.041	24.680
	Abuse of public property	.198	.076	.176	2.598	.010	.027	37.101
	Leaking and/or abuse of government information	.498	.048	.462	10.309	.000	.062	16.143
	Lack of political will	.223	.063	.222	3.508	.001	.031	32.305

a.Dependent Variable: INDICATORS OF DECAY
Source: SPSS Software Output 2018

Table-4. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.833[a]	.693	.680	.71508	.693	53.657	11	261	.000	.169

a. Predictors: (Constant), Efficiency and effectiveness of staff, Road network, Basic equipment/facilities, Staff strength, Internet facilities , Performance/output of staff, Staff welfare packages/remunerations, Electricity/Power supply, Quality of staff (education/professional qualifications), Water supply, Training and training facilities for staff
b. Dependent Variable: ECONOMIC IMPLICATION

Table-5. ANOVA[a] Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	301.808	11	27.437	53.657	.000[b]
	Residual	133.459	261	.511		
	Total	435.267	272			

a. Dependent Variable: ECONOMIC IMPLICATION
b. Predictors: (Constant), Efficiency and effectiveness of staff, Road network, Basic equipment/facilities, Staff strength, Internet facilities , Performance/output of staff, Staff welfare packages/remunerations, Electricity/Power supply, Quality of staff (education/professional qualifications), Water supply, Training and training facilities for staff

Table-6. Coefficients Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.556	.575		2.706	.007		
	Basic equipment/facilities	.825	.069	.906	11.887	.000	.202	4.943
	Electricity/Power supply	.205	.068	.234	3.011	.003	.194	5.143
	Water supply	.042	.064	.048	.664	.507	.227	4.398
	Road network	.388	.041	.416	9.498	.000	.613	1.631
	Internet facilities	.033	.042	.037	.794	.428	.537	1.861
	Staff strength	.012	.070	.014	.179	.858	.200	4.999
	Staff welfare packages/remunerations	.328	.053	.340	6.193	.000	.389	2.571
	Training and training facilities for staff	.270	.081	.291	3.324	.001	.153	6.527
	Quality of staff (education/professional qualifications)	.006	.050	.007	.119	.905	.366	2.734
	Performance/output of staff	.064	.064	.077	1.005	.316	.198	5.039
	Efficiency and effectiveness of staff	.435	.067	.461	6.465	.000	.231	4.331

a. Dependent Variable: Economic Implication

Appendix-II. Figures Normality Test

Figure-1. Normality histogram showing the distribution of data(Obj.1)

Source: SPSS software output

Figure-2. Normality plot showing the distribution of data(Obj.1)
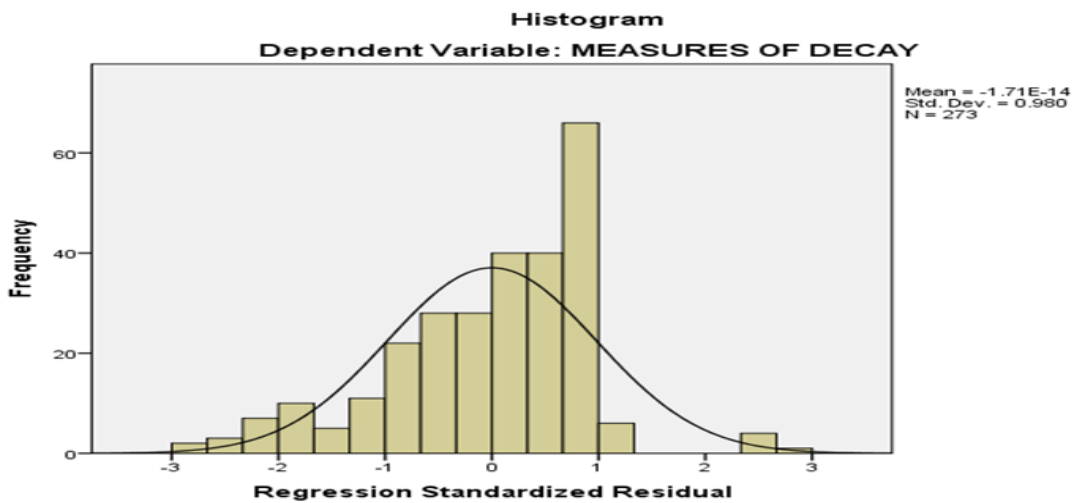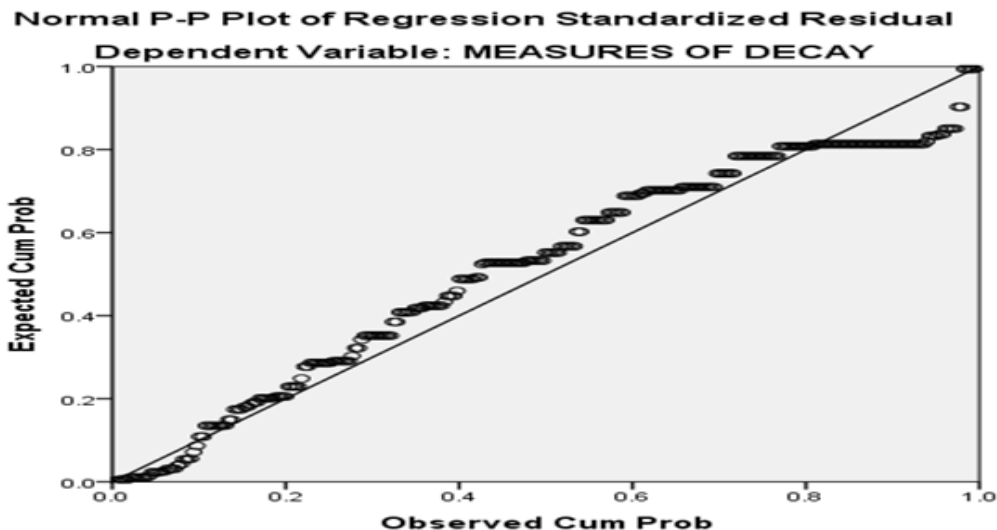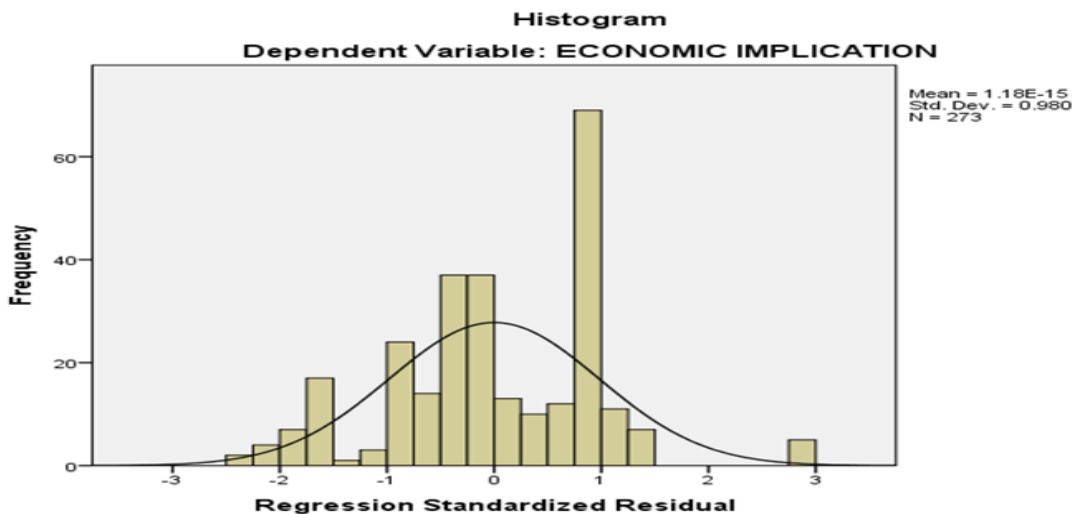
Source: SPSS software output

Figure-1. Normality histogram showing the distribution of data(Obj.2)
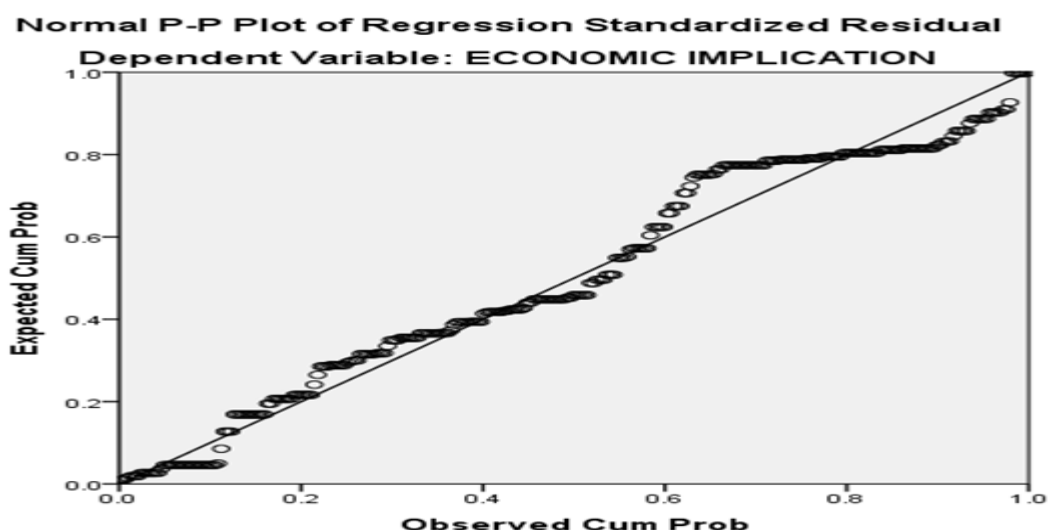
Source: SPSS software output

Figure-2. Normality plot showing the distribution of data(Obj.2)

Source: SPSS software output

Appendix-III: Questionnaire

PART A

BIO-DATA

1. Age: Under 30 yrs { } 30-40yrs { }   41yrs and above { }

2. Highest educational qualification; O'level { } OND{ } HND/BSc{ } MSc/MBA/Ph.D{ }

3. Working experience: 10yrs and below { } 11- 20yrs { } 30yrs and above { }

Instruction: kindly use the under listed key to answer the questions in part B of this questionnaire

Key:

5	Strongly Agree/Extremely decay
4	Agree/ Highly decay
3	Slightly Agree/ Fairly decay
2	Disagree/ Low decay
1	Strongly Disagree/ No decay

PART-B.

Section-A. Assessing the level of decay in public sector (Objective 1)

To what extent can you rate the level of decay of these following facilities/resources in your department/unit/institution?

		5	4	3	2	1
1	Basic equipment/facilities					
2	Electricity/Power supply					
3	Water supply					
4	Road network					
5	Internet facilities					
6	Staff strength					
7	Staff welfare packages/remunerations					
8	Training and training facilities for staff					
9	Quality of staff (education/professional qualifications)					
10	Performance/output of staff					
11	Efficiency and effectiveness of staff					

Section-B: Determining the causes of public sector decay in Nigeria (Objective 2)

To what extent do you agree that the following are the causes of public sector decay in Nigeria?

		5	4	3	2	1
12	Corruption/embezzlement					
13	Poor public finance management					
14	Bad leadership					
15	Institutional problem					
16	Political instability					
17	Misplacement of priority					
18	Lack of accountability					
19	Staff absenteeism and late coming to work					
20	Abuse of public property					
21	Leaking and/or abuse of government information					
22	Lack of political will					

Section C: Assessing the implications of public sector decay in Nigeria

To what extent do you agree to these following as the implication of Public Sector Decay Nigeria?

		SA	A	SLA	D	SD
23	Decline in GDP growth rate					
24	Slow down economic development					
25	Over dependence on oil sector					
26	Infrastructural decay					
27	Debt accumulation					
28	Reduced standard of living					
29	Increased level of unemployment					
30	Wasteful spending					
31	Misappropriation and extravagant spending					
32	Discourages investors					