



INFLUENCE OF BUDGETARY CONTROL ON FINANCIAL PERFORMANCE OF PUBLIC SECTOR ORGANIZATIONS IN OYO STATE

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Abstract

This study examined the influence of budgetary control on the financial performance of public sector organizations in Oyo State, Nigeria. The study adopted a descriptive cross-sectional survey research design. To select population from senior financial management professionals, including accountants, budget officers, internal auditors, and directors of finance from 15 selected ministries, departments, and agencies (MDAs) in Oyo State. Using Taro Yamane's formula, a sample of 178 respondents was drawn through stratified random sampling, and 161 usable questionnaires were returned, yielding a response rate of 90.4%. Budgetary control was operationalised through three dimensions: budgetary planning, budgetary implementation, and budgetary monitoring while financial performance, was measured through budget variance rate, revenue performance index, expenditure management efficiency, and fiscal accountability. Data were analysed using descriptive statistics and multiple regression analysis. The regression model was found to be statistically significant ($F = 87.34$, $p < 0.01$), and the three dimensions of budgetary control jointly explained 62.6% of the variance in financial performance. Budgetary planning, budgetary implementation, and budgetary monitoring exerted positive and statistically significant influences on financial performance. The study recommended that Oyo State public organizations should institutionalize participatory budgeting, invest in real-time integrated financial management information systems (IFMIS), enforce treasury single account compliance, and build capacity among budget officers to strengthen both implementation and monitoring functions.

Keywords: *Budgetary Control, Financial Performance, Public Sector, Oyo State, Nigeria, Budgetary Planning, Budgetary Implementation, Budget Monitoring, Fiscal Accountability, Agency Theory*

1. Introduction

The management of public resources is one of the most consequential responsibilities entrusted to governments at all levels (Amin et al., 2024). In developing countries like Nigeria, where the demand for public services consistently outpaces available fiscal resources, the imperative for efficient and accountable public financial management cannot be overstated. Among the various instruments that have been deployed by governments to ensure accountability and optimal resource utilisation, budgetary control has emerged as one of the most prominent and institutionally embedded mechanisms in the field of public financial management. At its core, budgetary control refers to the process of establishing financial plans, systematically comparing actual performance with these plans, and taking appropriate corrective action when deviations occur (Adekoya, 2023). It serves simultaneously as a planning tool, a coordinating mechanism, and a performance evaluation framework, thereby linking financial decisions to organizational objectives and accountability expectations.

In the context of the Nigerian public sector, budgetary control has become increasingly central to debates about governance,

institutional reform, and development outcomes. Nigeria has witnessed several waves of public financial management reform over the past two decades, including the introduction of the Government Integrated Financial Management Information System (GIFMIS), the Fiscal Responsibility Act of 2007, the Treasury Single Account (TSA) policy, and the Medium-Term Expenditure Framework (MTEF)—all of which have been designed, in part, to enhance the effectiveness of budgetary control across federal and state governments. Despite these reform efforts, the Nigerian public sector continues to grapple with chronic fiscal inefficiencies, manifested in persistently low budget implementation rates, rampant revenue leakages, unauthorized expenditure reallocations, and inadequate post-expenditure auditing and reporting (Ezeudu et al., 2023; World Bank, 2020; IMF, 2021).

Oyo State, as one of the most economically significant states in southwestern Nigeria, provides a particularly compelling context for investigating the relationship between budgetary control and financial performance. The state government administers a substantial annual budget spanning multiple ministries, departments, and agencies charged with delivering essential services in education, health, infrastructure, agriculture, and social

welfare. In recent years, successive administrations have expressed commitment to improving public financial management, evidenced by institutional innovations such as the establishment of the Oyo State Bureau of Budget and Economic Planning, the adoption of performance-based budgeting elements, and various public procurement reforms. Nevertheless, independent audit reports and budget performance reviews indicate that budget implementation rates in the state have historically remained below 70%, and that recurring fiscal imbalances continue to constrain effective public service delivery (Oyo State Audit Report, 2022; Budget Office of the Federation, 2023).

Empirical studies conducted in African public sector settings have largely affirmed positive linkages between budgetary control practices and financial performance outcomes, but have also highlighted significant heterogeneity in outcomes depending on country context, institutional quality, and the specific dimensions of budgetary control examined (Ariyo-Edu & Woli-Jimoh, 2024; Okwoli & Ogbu, 2023). Within Nigeria, existing studies have tended to focus either on private sector organizations or on federal government institutions, with comparatively limited attention to state-level public sector organizations. Moreover, studies that do

examine Nigerian public organizations often treat budgetary control as a unidimensional construct, thereby obscuring the differential contributions of its planning, implementation, and monitoring sub-components to overall financial outcomes.

Research Questions

- i. What is the effect of budgetary planning on financial performance of public sector organizations in Oyo State?
- ii. What is the influence of budgetary implementation on financial performance of public sector organizations in Oyo State?
- iii. To what extent does budgetary monitoring influence financial performance of public sector organizations in Oyo State?
- iv. What is the combined effect of budgetary control dimensions on the overall financial performance of public sector organizations in Oyo State?

Objectives of the Study

The broad objective of this study is to examine the influence of budgetary control on the financial performance of public sector

organizations in Oyo State. The specific objectives are to:

- i. assess the effect of budgetary planning on financial performance of public sector organizations in Oyo State;
- ii. examine the influence of budgetary implementation on financial performance of public sector organizations in Oyo State; and,
- iii. determine the extent to which budgetary monitoring influences financial performance of public sector organizations in Oyo State.
- iv. Evaluate the combined effect of budgetary control dimensions on the overall financial performance of public sector organizations in Oyo State.

Research Hypotheses

The following null hypotheses were formulated to guide the investigation:

H_{01} : Budgetary planning has no significant effect on the financial performance of public sector organizations in Oyo State.

H_{02} : Budgetary implementation does not significantly influence financial performance of public sector organizations in Oyo State.

H_{03} : Budgetary monitoring has no significant influence on financial performance of public sector organizations in Oyo State.

H_{04} : The combined dimensions of budgetary control do not significantly influence financial performance of public sector organizations in Oyo State.

Literature Review

Conceptual Review

Budgetary control is a fundamental management accounting concept that encompasses the formulation of budgets, the continuous comparison of actual financial and operational performance against budgeted standards, and the systematic implementation of corrective measures to ensure that organizational objectives are achieved within defined resource constraints (Olaniyan & Efuntade, 2020; Matsoso et al., 2021). As a management tool, budgetary control performs multiple interrelated functions such as translating strategic priorities into operational financial plans; providing a basis for coordinating activities across organizational departments and cost centres; serving as a motivational device by setting clear performance targets; and facilitating accountability by creating a documented record against which managers' stewardship of public resources can be evaluated (Nguyen, 2024;).

In the public sector, budgetary control takes on additional dimensions and complexities relative to its private sector counterpart. Public budgets are not merely managerial tools but are legally authorised instruments that define the scope and limits of governmental spending authority (Augustine, 2022). They serve simultaneously as policy statements—articulating the government's priorities and commitments—and as accountability documents that are subject to legislative scrutiny, public audit, and civil society oversight. The effectiveness of budgetary control in the public sector is therefore conditioned not only by the technical quality of budget preparation and execution systems but also by the strength of institutional frameworks for enforcement, transparency, and accountability (World Bank, 2020). The academic literature has identified three primary dimensions through which budgetary control can be understood and operationalised: budgetary planning, budgetary implementation, and budgetary monitoring (Matsoso et al., 2021; Ali et al., 2023). Each of these dimensions plays a distinct but complementary role in the overall budgetary control system, and their interaction determines the extent to which the budget serves as an effective governance and performance management instrument.

Financial Performance in the Public Sector

Financial performance in private sector organisations is typically assessed through profitability metrics such as return on equity (ROE), return on assets (ROA), earnings per share, and net profit margin, indicators that capture the efficiency with which organizations generate financial returns for their owners. However, these metrics are inapplicable to public sector organizations, which are not profit-seeking entities but are instead mandated to provide public goods and services in an efficient, equitable, and accountable manner. In the public sector, financial performance is more broadly conceptualised as the extent to which public organizations utilize allocated financial resources to achieve their mandated social and developmental objectives, while adhering to principles of economy, efficiency, effectiveness, equity, and accountability (Kulmie, 2023). This multidimensional conceptualisation of public sector financial performance draws from the broader public value framework articulated by Moore (1995) and the performance management paradigm associated with the New Public Management (NPM) movement.

Theoretical Framework

This study anchored on the Agency Theory, as formally articulated by Jensen and Meckling

(1976) and subsequently developed by Eisenhardt (1989) and Fama and Jensen (1983), constitutes one of the most influential frameworks for understanding control and accountability relationships in organisations. The theory posits that in any situation where a principal delegates decision-making authority to an agent, there exists an inherent potential for conflict of interest arising from the divergence of goals between the two parties and the information asymmetry that the agent enjoys relative to the principal. Agency problems manifest in behaviours such as moral hazard, adverse selection, and shirking, all of which impose costs on the principal and lead to suboptimal outcomes.

In the public sector, the principal-agent framework is particularly apt. Citizens (ultimate principals) delegate authority over public resources to elected officials, who in turn delegate operational authority to bureaucrats and public managers (agents at multiple levels). Each delegation relationship involves potential agency costs arising from the pursuit of self-interest by agents, including empire-building, budget padding, misappropriation of public funds, and resistance to accountability measures.

Empirical Review

Ariyo-Edu and Woli-Jimoh (2024) examined the effect of budgetary control on public sector effectiveness in Kwara State using a survey of 98 senior staff from five ministries. Data collected via structured questionnaires were analyzed with multivariate regression and percentages in SPSS. The study found that budgetary control factors, such as budget efficiency, system effectiveness, and planning, explained 82.2% of changes in public sector performance, with results significant at $p < 0.05$, concluding that budgetary control positively and significantly enhances public sector effectiveness.

Ajoloko et al (2023) investigated the effect of budget implementation on performance using a comparative analysis of six Southwest states in Nigeria over the period of 10 years spanning from 2012- 2021. Data collected were analysed using descriptive statistics and regression analysis. Finding revealed that capital expenditure, recurrent expenditure, statutory allocation and intervention fund have positive and significant effect on performance in Oyo, Ogun and Lagos states respectively. It however revealed that capital expenditure and statutory allocation have positive and significant effect in Osun state, while capital expenditure and intervention fund was discovered to portrayed a positive and significant effect on performance in Ondo state, and the study further showed that

statutory allocation and intervention fund have positive and significant effect on performance in Ekiti state.

Ezekiel and Obafemi (2022) examined budget and financial control in selected Nigerian government parastatals using a survey research design. Primary data were collected via structured questionnaires and analyzed with descriptive statistics, correlation analysis, logit regression, and post-estimation tests. The findings revealed that budget preparation, implementation, and monitoring and evaluation all had positive but statistically insignificant effects on financial control, with p-values greater than 0.05. The study concluded that financial control tends to improve when government parastatals apply effective budgetary practices, emphasizing the importance of attention to budget performance throughout the budget cycle rather than neglecting it after implementation

Adeyemi and Fagbemi (2021), in their study of budgeting processes and fiscal sustainability in Oyo State, found that transparency and compliance in budget implementation were positively associated with fiscal sustainability outcomes, though they noted that the implementation dimension was hampered by

political interference in expenditure decisions and irregular releases of approved budget provisions. These findings underscore the multifaceted nature of implementation challenges in the Nigerian public sector and highlight the need for institutional reforms that address both technical and political dimensions of budget execution.

Olaniyan and Efuntade (2020) investigated the impact of budget and budgetary control systems on the financial performance of tertiary institutions in Nigeria using data from 2004–2019. Their study found that budget planning, evaluation, monitoring, and control significantly influence financial performance, while budget participation had no significant long-term effect. The study concluded that effective budgetary control systems positively affect the financial performance of tertiary institutions in Nigeria.

3. Methodology

Research Design

This study adopted a descriptive cross-sectional survey research design. The cross-sectional design was appropriate for the study's objectives given that it enables the systematic collection of data from a defined population at

a specific point in time and the testing of hypothesised relationships between variables, without requiring longitudinal tracking of the same respondents over. The survey approach is widely employed in management accounting and public financial management research and permits the standardised measurement of perceptions, attitudes, and practices across a geographically dispersed sample of respondents

Population and Sampling Technique

The target population of this study comprised all senior financial management professionals, including accountants, budget officers, internal auditors, directors of finance, and financial controllers employed in public sector ministries, departments, and agencies (MDAs) under the Oyo State Government. From the state's civil service register and human resource database, a total population of 320 eligible respondents was identified across 15 purposively selected MDAs. The selection of these 15 organizations was guided by three criteria: (i) institutional significance in terms of budget size and service mandate; (ii) diversity across sectors (health, education, finance, works, agriculture, social services, and administration); and (iii) operational history of at least five years within the study period (2018–2023).

The sample size was determined using Taro Yamane's (1967) sample size formula:

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

Where n = sample size, N = total population (320), e = margin of error (0.05). This yielded a sample of 178 respondents. A stratified random sampling technique was then employed to ensure proportional representation across the 15 selected MDAs. Within each stratum, simple random sampling was used to select the specified number of respondents. This two-stage sampling approach ensured that the sample was both representative of the wider population and internally balanced across organizational types.

Instrument of Data Collection

A structured questionnaire was developed by the researcher as the primary instrument of data collection. The questionnaire comprised four sections. Section A solicited demographic and organisational background information from respondents. Section B contained the three dimensions of budgetary control: budgetary planning budgetary implementation and budgetary monitoring. Section C contained item relating to financial performance across four sub-dimensions: budget variance rate, revenue performance index, expenditure management efficiency, and fiscal accountability. All substantive items in

Sections B and C were measured on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Section D contained open-ended questions soliciting respondents' qualitative assessments of challenges and reform priorities in budgetary control within their organizations.

Validity and Reliability of the Instrument

The content validity of the questionnaire was established through a review process involving three expert validators, two senior academics in accounting and finance from Nigerian universities and one retired Director of Finance with the Oyo State civil service, who independently assessed the relevance, clarity, and comprehensiveness of each item.

Recommendations from the validation exercise led to the revision of four items for greater clarity and the addition of two items to adequately cover the fiscal accountability sub-dimension of financial performance.

Instrument reliability was assessed through a pilot study conducted with 20 respondents drawn from two public organizations not included in the main study. Cronbach's Alpha reliability coefficients were computed for each scale and sub-scale. The results, as presented in Table 1 below, indicate that all scales exceeded the widely accepted reliability threshold of 0.70 recommended by Nunnally (1978), confirming the internal consistency of the measurement instrument.

Table 1: Reliability Statistics for Study Scales

Scale	No. of Items	Cronbach's Alpha	Decision
Budgetary Planning	6	0.812	Reliable
Budgetary Implementation	6	0.834	Reliable
Budgetary Monitoring	6	0.847	Reliable
Financial Performance	16	0.891	Reliable
Overall Instrument	34	0.876	Reliable

Source: Pilot Study, 2024

Procedure for Data Collection

Data collection was conducted over an eight-week period from October to November 2023. Prior to the commencement of data collection, formal letters of introduction were obtained from the Department of Accountancy of

Federal College of Land Resources Technology, Owerri, and submitted to the heads of the selected organizations alongside ethical approval documentation. The questionnaires were administered personally by the researcher and two trained research

assistants, who explained the purpose of the study, assured respondents of the confidentiality of their responses, and provided clarification on any ambiguous items. Completed questionnaires were collected within two to three weeks of distribution, and follow-up visits were conducted to improve the response rate.

Method of Data Analysis

Data were entered and analysed using the Statistical Package for Social Sciences (SPSS) version 26.0. Descriptive statistics, including frequency distributions, means, and standard deviations—were computed to characterise the

$$FP = f(BP, BI, BM)$$

1

Where:

FP = Financial Performance

BP = Budgetary Planning

BI = Budgetary Implementation

BM = Budgetary Monitoring

The multiple regression model of equation 1 was specified as follows:

$$FP = \beta_0 + \beta_1 BP + \beta_2 BI + \beta_3 BM + \varepsilon$$

2

Where: *FP* = Financial Performance (dependent variable); *BP* = Budgetary Planning; *BI* = Budgetary Implementation; *BM* = Budgetary Monitoring; β_0 = Regression constant (intercept); $\beta_1, \beta_2, \beta_3$ = Partial regression coefficients; ε = Stochastic error term

4 Results and Discussion

Demographic Profile of Respondents

demographic profile of respondents and to summarise responses to the substantive questionnaire items. Pearson product-moment correlation analysis was conducted to assess the bivariate relationships between the independent and dependent variables and to screen for multicollinearity concerns. Multiple regression analysis was then employed to test the four research hypotheses and to estimate the individual and joint contributions of the three dimensions of budgetary control to financial performance. The functional form of the model is:

A total of 178 questionnaires were distributed across the 15 selected MDAs. Of these, 165 were returned, and 161 were found to be fully completed and usable for analysis, representing

an effective response rate of 90.4%. The demographic profile of respondents is summarised in Table 2. The demographic profile reveals that the majority of respondents were male (58.4%), though female participation (41.6%) was reasonably substantial and reflective of increasing gender representation in Nigerian public financial management roles. Regarding educational qualifications, 89.4% of respondents held at least a first degree, ensuring that the sample

comprised professionals with adequate educational backgrounds to understand and respond meaningfully to the substantive questionnaire items. The experience profile of respondents was broadly distributed, with 61.5% having between 6 and 15 years of public sector experience a range that ensures the capture of informed perspectives on budgetary control practices and their performance implications

Table 2: Demographic Profile of Respondents (N = 161)

Variable	Category	Frequency	Percentage (%)
Gender	Male	94	58.4%
	Female	67	41.6%
Education	HND / B.Sc.	97	60.2%
	M.Sc. / MBA	46	28.6%
	Ph.D.	18	11.2%
Experience	1 – 5 years	28	17.4%
	6 – 10 years	58	36.0%
	11 – 15 years	41	25.5%
	Above 15 years	34	21.1%
Designation	Budget Officer	49	30.4%
	Accountant / Auditor	56	34.8%
	Director of Finance	27	16.8%
	Financial Controller	29	18.0%

Source: Field Survey, 2024

Descriptive Statistics of Study Variables

Table 3 presents the descriptive statistics for the four study variables, including means, standard deviations, and minimum and

maximum scores. The descriptive results indicate that the mean scores for all four study variables ranged from 3.42 to 3.74 on the five-point scale, suggesting moderate to moderately

high levels of budgetary control practices and financial performance across the studied organizations. Budgetary planning recorded the highest mean score (M = 3.74, SD = 0.823), suggesting that respondents generally perceived budget preparation and planning processes as relatively well-developed in their organization, a finding that may reflect the impact of state-level planning reforms introduced in recent years. Financial performance yielded a mean of 3.67 (SD = 0.841), indicating a moderate level of financial performance that, while above the midpoint, leaves significant room for improvement.

Budgetary implementation obtained a mean of 3.58 (SD = 0.891), reflecting moderate

execution quality that is consistent with the broader Nigerian evidence of persistent implementation challenges. Budgetary monitoring recorded the lowest mean score (M = 3.42, SD = 0.964), indicating that monitoring and evaluation activities, including variance analysis, performance reporting, and corrective action mechanisms—are perceived by respondents as the least well-developed dimension of the budgetary control cycle in Oyo State public organizations. The relatively high standard deviation for budgetary monitoring (0.964) also suggests considerable variability in monitoring quality across the sampled organizations.

Table 3: Descriptive Statistics of Study Variables (N = 161)

Variable	N	Min.	Max.	Mean	Std. Dev.
Budgetary Planning	161	1.2	5	3.74	0.823
Budgetary Implementation	161	1.4	5	3.58	0.891
Budgetary Monitoring	161	1	5	3.42	0.964
Financial Performance	161	1.6	5	3.67	0.841

Source: Field Survey, 2024

Correlation Analysis

Prior to conducting regression analysis, Pearson product-moment correlation coefficients were computed to assess the bivariate relationships between all study variables and to screen for multicollinearity. The results are presented in Table 4. The

correlation matrix in Table 4 reveals statistically significant positive relationships between all pairs of study variables ($p < 0.01$). Financial performance was most strongly correlated with budgetary monitoring ($r = 0.643$), followed by budgetary planning ($r = 0.617$) and budgetary implementation ($r =$

0.584). These results provide initial bivariate support for all three research hypotheses and indicate that each dimension of budgetary control is meaningfully associated with financial performance. The inter-correlations among the independent variables ranged from

0.491 to 0.538, which are moderate and do not suggest problematic multicollinearity—a conclusion confirmed by Variance Inflation Factor (VIF) values that all fell below 3.0 in the subsequent regression analysis.

Table 4: Pearson Correlation Matrix

Variable	BP	BI	BM	FP
Budgetary Planning (BP)	1			
Budgetary Implementation (BI)	0.523**	1		
Budgetary Monitoring (BM)	0.491**	0.538**	1	
Financial Performance (FP)	0.617**	0.584**	0.643**	1

Note: ** $p < 0.01$ (2-tailed); Source: Field Survey, 2024

Multiple Regression Analysis

Multiple regression analysis was conducted to test the four research hypotheses and to estimate the combined and individual

contributions of the budgetary control dimensions to financial performance. The results are presented in Tables 5, 6, and 7.

Table 5: ANOVA Summary (Model Fit)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	71.426	3	23.809	87.34	0.000**
Residual	42.681	157	0.272	—	—
Total	114.107	160	—	—	—

Note: ** Significant at $p < 0.01$; Source: Field Survey, 2024

Table 6: Regression Model Summary

R	R Square	Adjusted R ²	Std. Error of Estimate	Durbin-Watson
0.791	0.626	0.619	0.521	1.973

Predictors: Budgetary Planning, Implementation, Monitoring; Dependent: Financial Performance

Table 7: Regression Coefficients

Variable	β	Std. Error	t-value	ρ -value	VIF	Decision
Constant	0.614	0.213	2.882	0.004	—	—
Budgetary Planning	0.412	0.087	4.736	0	2.14	Reject H01
Budgetary Impl.	0.376	0.091	4.132	0	2.31	Reject H02
Budgetary Monitor.	0.487	0.094	5.181	0	2.27	Reject H03

*Dependent Variable: Financial Performance; ** $p < 0.01$; Source: Field Survey, 2024*

The ANOVA results in Table 5 confirm that the overall regression model is statistically significant ($F = 87.34, \rho < 0.01$), indicating that the three predictor variables, budgetary planning, budgetary implementation, and budgetary monitoring, jointly and significantly predict financial performance in Oyo State public sector organizations. The model summary in Table 6 reveals that the three dimensions of budgetary control collectively explain 62.6% of the variance in financial performance ($R^2 = 0.626, \text{Adjusted } R^2 = 0.619$). The Durbin-Watson statistic of 1.973 is within the acceptable range of 1.5–2.5, indicating the absence of first-order serial autocorrelation in the residuals. All VIF values are below 3.0, confirming the absence of harmful multicollinearity among the predictor variables.

Regarding the individual hypotheses, Table 7 reveals the following:

Budgetary planning exerted a positive and statistically significant influence on financial performance ($\beta = 0.412, t = 4.736, \rho < 0.000$),

thereby leading to the rejection of H_{01} . This result implies that a one-unit increase in the quality of budgetary planning is associated with a 0.412-unit improvement in financial performance, holding implementation and monitoring constant. The positive and significant coefficient confirms that well-structured planning processes, including participatory budget preparation, realistic revenue forecasting, and strategic alignment of budget allocations—contribute meaningfully to improved financial outcomes in Oyo State public organizations.

Budgetary implementation also demonstrated a positive and statistically significant effect on financial performance ($\beta = 0.376, t = 4.132, \rho < 0.000$), leading to the rejection of H_{02} . This finding indicates that improvements in budget execution processes, including timely fund releases, disciplined procurement, and robust internal controls, are associated with tangible improvements in financial performance. The slightly lower coefficient relative to budgetary planning (0.376 vs 0.412) may reflect the

persistent implementation challenges that, as the descriptive analysis revealed, constrain the full translation of planning quality into execution outcomes.

Budgetary monitoring yielded the largest standardised regression coefficient among the three predictors ($\beta = 0.487$, $t = 5.181$, $\rho < 0.000$), leading to the rejection of H_{03} and affirming budgetary monitoring as the most influential individual determinant of financial performance in the sample. This finding is particularly noteworthy given that monitoring recorded the lowest mean score among the three dimensions of budgetary control in the descriptive analysis, suggesting that while monitoring is the most consequential dimension for performance, it is also the least well-developed in practice, pointing to a critical area for reform investment.

Discussion of Findings

Budgetary Planning and Financial Performance

The finding that budgetary planning exerts a positive and significant influence on financial performance ($\beta = 0.412$, $\rho < 0.05$) is consistent with a substantial body of empirical literature and aligns with the theoretical predictions of both Agency Theory and Contingency Theory. From an Agency Theory perspective, high-quality budgetary planning establishes clear

and verifiable performance targets against which agents' stewardship can be assessed, thereby reducing the scope for opportunistic behaviour and aligning managerial incentives with institutional objectives (Jensen & Meckling, 1976; Zimmerman, 1977). Well-defined budget plans also reduce information asymmetry between principals (legislators, oversight bodies, citizens) and agents (budget managers), enabling more effective ex post accountability.

From a Contingency Theory perspective, the significance of budgetary planning in predicting financial performance in Oyo State public organizations is consistent with arguments that environments characterised by high resource scarcity and institutional complexity, as is characteristic of the Nigerian public sector, require particularly rigorous planning systems to coordinate activities, prioritise resources, and manage fiscal risks (Chenhall, 2003; Otley & Soin, 2014). The finding that planning quality generates the second largest performance effect (after monitoring) may also reflect the impact of institutional reforms in budget preparation processes including the adoption of medium-term expenditure frameworks and program-based budgeting elements—that have been progressively introduced in Oyo State.

These results are consistent with Agu et al. (2012), who found that the quality of budget formulation processes was a significant predictor of service delivery outcomes in Nigerian local governments; with Akintoye and Dada (2013), who documented a positive relationship between planning quality and financial performance in southwest Nigerian public enterprises; and with Boyne and Walker's (2010) meta-analytic finding that goal clarity and strategic planning were among the most consistent predictors of public sector organisational performance internationally. The result adds to this literature by providing confirmatory evidence in the context of Oyo State government ministries and agencies.

Budgetary Implementation and Financial Performance

The positive and significant influence of budgetary implementation on financial performance ($\beta = 0.376$, $p < 0.05$) confirms H02's rejection and underscores the critical importance of execution quality in the budgetary control cycle. This finding resonates strongly with Diamond and Khemani's (2005) argument that effective budget execution systems are essential intermediaries between the planning of public expenditure programmes and the delivery of public services, and that implementation failures—including fund flow disruptions, procurement irregularities, and

inadequate internal controls—can undermine even the most carefully crafted budget plans.

The somewhat lower coefficient for budgetary implementation relative to both planning (0.412) and monitoring (0.487) warrants careful interpretation. One plausible explanation lies in the context-specific challenges of budget execution in the Nigerian public sector, where factors largely outside the control of individual spending unit managers, such as politically motivated expenditure redirections, delayed releases from the state treasury, and macroeconomic volatility affecting revenue outturns—constrain the degree to which improvements in internal implementation practices can translate into measurable performance improvements. As Okwoli (2004) and Adeyemi and Fagbemi (2021) have both noted, political interference in budget implementation is a recurring challenge in Nigerian state government contexts that limits the performance returns to technical improvements in execution systems.

Nevertheless, the significance of the implementation coefficient ($p < 0.000$) affirms that variation in implementation quality across the sampled organizations does explain meaningful variation in their financial performance outcomes. This suggests that there is genuine scope for performance improvement through targeted investments in

implementation capacity, including better internal control systems, more disciplined procurement processes, enhanced financial management information systems, and stronger internal audit functions, even within the constrained institutional environment of Oyo State.

Budgetary Monitoring and Financial Performance

The finding that budgetary monitoring exerts the strongest positive influence on financial performance among the three dimensions of budgetary control ($\beta = 0.487$, $t = 5.181$, $p < 0.01$) is the most noteworthy finding of this study and has significant implications for public financial management reform priorities in Oyo State. This result corroborates Oladele and Akinwande's (2023) identification of monitoring as the most consequential but least developed dimension of Nigeria's public budgetary control framework, and aligns with the IMF's (2019) advocacy for enhanced public expenditure tracking and monitoring systems as a priority for improving public financial management outcomes in developing countries.

From a theoretical standpoint, the primacy of monitoring in this study's findings is entirely consistent with Agency Theory: effective monitoring is precisely the mechanism through

which principals reduce information asymmetry with agents, detect deviations from agreed plans, and create the conditions for meaningful accountability and corrective action (Jensen & Meckling, 1976; Eisenhardt, 1989). When monitoring is weak or absent, even well-designed budgets and capable implementation systems may fail to deliver expected performance outcomes, because deviations are not detected, agents face insufficient incentives for compliance, and corrective mechanisms are not triggered. The relatively large monitoring coefficient (0.487) can be interpreted as reflecting the performance 'multiplier effect' of effective monitoring, its capacity to reinforce and protect the performance gains that flow from investments in planning and implementation.

The juxtaposition of budgetary monitoring's strong performance impact ($\beta = 0.487$) with its low mean score ($M = 3.42$) in the descriptive analysis creates a compelling policy narrative: the dimension of budgetary control that matters most for financial performance is also the dimension most in need of development and investment in Oyo State public organizations. This finding implies that targeted reform investments in monitoring infrastructure, capacity, and accountability mechanisms are likely to yield the highest marginal returns in terms of improved financial performance, and

should therefore be prioritised in Oyo State's public financial management reform agenda.

Combined Effect of Budgetary Control on Financial Performance

The finding that the three dimensions of budgetary control jointly explain 62.6% of the variance in financial performance ($R^2 = 0.626$) is statistically robust and substantively significant. This means that more than three-fifths of the variation in financial performance across the sampled Oyo State public organizations can be attributed to differences in their budgetary control practices—a finding that powerfully underscores the centrality of budgetary control as a determinant of public sector financial outcomes. The remaining 37.4% of unexplained variance may be attributable to factors such as organisational leadership quality, human resource capacity, information technology infrastructure, external fiscal shocks, and political economy dynamics that fall outside the scope of this study's measurement framework.

Conclusion and Recommendations

This study set out to examine the influence of budgetary control on the financial performance of public sector organizations in Oyo State, Nigeria, with specific focus on three dimensions of budgetary control: budgetary planning, budgetary implementation, and

budgetary monitoring. Drawing on a cross-sectional survey of 161 financial management professionals across 15 selected ministries, departments, and agencies in the state, and employing multiple regression analysis as the principal analytical tool, the study generated robust empirical evidence on the budgetary control–financial performance relationship. The study found that all three dimensions of budgetary control exerted positive and statistically significant influences on financial performance, with the three predictors jointly explaining 62.6% of the observed variance in financial performance outcomes. Budgetary monitoring emerged as the most influential predictor, followed by budgetary planning and budgetary implementation. All four null hypotheses were rejected, confirming the critical role of budgetary control as a determinant of financial performance in the public sector.

The study concluded that there exists a strong, positive, and statistically significant relationship between budgetary control and financial performance in Oyo State public sector organizations. Consequently, the study recommended that effective budgetary control, comprising of rigorous planning, disciplined implementation, and active monitoring, is therefore not merely an administrative requirement but a substantive driver of

financial performance that should be prioritised in the state's public financial management reform agenda. Also, the Oyo State Bureau of Budget and Economic Planning should institutionalise a participatory budgeting framework that requires all MDAs to involve departmental heads, programme managers, and technical officers in the budget preparation process. Participatory planning improves the realism of budget estimates, builds managerial ownership of budget targets, and aligns budget allocations more effectively with operational priorities and service delivery mandates. Government must also enforce strict compliance with Treasury Single Account (TSA) regulations and ensure that cash releases to MDAs are made in accordance with approved quarterly cash plans and cash allocation schedules.

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