

Budget Discipline and National Prosperity: The Nigerian Experience

Authors : Ben-Caleb Egbide, Iyoha Francis, Egharevba Mathew, Oduntan Emmanuel

Abstract : The prosperity of any nation is determined not just by the availability of resources, but also by the discipline exercised in the management of those resources. This paper examines the functional association between adherence to budgetary estimates or budget discipline (BDISC) and national prosperity proxied by Real Gross Domestic Product (RGDP) and Relative Poverty Index (RPI)/Human Development Index (HDI). Adopting a longitudinal retrospective research strategy, time series data relating to both the endogenous and exogenous variables were extracted from official government publications for 36 years' (1980-2015 in the case of RGDP and RPI), and for 26 years (1990-2015 in the case of HDI). Ordinary Least Square (OLS), as well as cointegration regressions, were employed to gauge both the short term and long term impact of BDISC on RPI/HDI and RGDP. The results indicated that BDISC is directly related with RGDP but indirectly related with RPI. The implication is that while adherence to budgetary estimate can enhance economic growth, it has the capacity to slow down the rate of poverty in the long run. The paper, therefore, recommend stricter adherence to budgets as a way out of economic under performance in Nigeria and engender the process of promoting human development and national prosperity.

Keywords : budget discipline, human development index, national prosperity, Nigeria

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