

**Effect of Public Sector Financial Transparency on Corruption Mitigation Practices in Nigeria**Onuh, Humphrey Obinna<sup>1</sup> & Awoke Calistus<sup>2</sup>**Abstract**

The study examined the effect of public sector financial transparency on corruption mitigation practices. Public participation in budgetary process, budget oversight, and budget transparency were the independent variables of the study, while corruption perception index is the dependent variable. The study adopted ex-post facto research design, covering the period between 2013 and 2022. Secondary data were extracted from Transparency International website and International Budget Partnership website. Multiple regression technique was used for the test of hypotheses. Findings suggest that public participation in budgeting processes showed a statistically non-significant negative effect on the corruption perception index ( $p = 0.5685$ ,  $t = -0.603$ ), indicating limited influence on transparency perceptions, budgetary oversight demonstrated a statistically non-significant positive effect on corruption perceptions ( $p = 0.0704$ ,  $t = 2.197$ ). However, the most notable finding was regarding budgetary transparency, which exhibited a statistically significant negative effect on the corruption perception index ( $p = 0.0031$ ,  $t = -4.760$ ), suggesting that increased transparency may lead to lower perceptions of corruption. This implies that public sector transparency significantly influences corruption perception index in Nigeria. The study made recommendations for three vital areas of governance improvement in Nigeria. Firstly, enhancing public participation in governance processes, particularly in budgetary decision-making, requires raising awareness among citizens, ensuring accessibility for all segments of society, and empowering citizens with the necessary knowledge and skills for meaningful engagement. Secondly, strengthening budget oversight mechanisms is crucial for ensuring accountability and detecting corruption, necessitating investments in capacity-building, transparency measures, and collaborative efforts between oversight institutions and civil society organizations. Finally, promoting budgetary transparency is essential for enhancing public trust and accountability, with recommendations including prioritizing open data initiatives, mandating public disclosure of budgetary information, and encouraging active citizen participation.

**Keywords:** Public participation, budgetary process, Budget oversight, Budget transparency, corruption perception index

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## **Introduction**

Corruption is one of the most significant threats to the stability of any state and its financial situation. Analysis of the sources of corruption, as well as forecasting its volume, is necessary for taking appropriate response and counteraction measures. Corruption is a complex social phenomenon, and the motives of a corrupt behavior are multifaceted and result from interaction at the micro, meso, and macro levels (Bichieri, 2017). Due to the increased quality and availability of data, empirical research on corruption has been launched since the late 1990s in order to develop more targeted and more effective anti-corruption policies (Lambsdorff, 2015). The threats of corruption remain a major dilemma issue facing Nigeria since the time of colonial period, although corruption has become a cankerworm that has eaten deep into the fabrics of Nigeria system.

The Nigerian government has taken various measures and strategies to address the incidence of corruption and bad governance in the country. These measures include public service reform (monetization to reduce waste and reduction or over-bloated personnel, reform of public procurement); establishment of anti-craft agencies (such as the Economic and Financial Crime Commission (EFCC), Independent Corruption and other Practices Commission (ICPC) and the on-going sanitization in the Nigeria National Petroleum Corporation (Adeshina, 2015). However, anti-corruption policies must be related, to some extent, to strengthening the legal system and reducing the discretionary actions of the government. It is on the basis of this idea that transparency emerges as a mechanism designed to reduce discretionary actions, and thus corruption (Luna and Montes, 2017).

Transparency is widely recognized as a pillar of good governance (Kosack & Fung 2014; Neshkova & Rosenbaum, 2015). Access to information about government activities and resultant out-comes is critical for ensuring democratic accountability. As a term, transparency in government refers to openness of the governance system through clear processes and procedures and easy access to public information for citizens. Chances of mitigating corruption are significantly higher when there is a certain level of transparency on government actions. Against this background, the study examines public sector financial transparency and corruption mitigation in Nigeria.

## **Statement of Problem**

Corruption remains a pervasive issue in Nigeria, significantly hindering socio-economic development and undermining public trust in governmental institutions. Despite various efforts and initiatives, the effective mitigation of corruption within the public sector continues to pose a significant challenge. One critical aspect that requires attention is the level of transparency within governmental operations and decision-making processes. The lack of transparency within the Nigerian public sector creates an environment ripe for corrupt practices to thrive. Transparency deficits manifest in various forms, including opaque budgetary processes, limited access to information, and insufficient oversight mechanisms. These deficiencies not only facilitate corrupt activities but also erode accountability and foster a culture of impunity among public officials. Moreover, the absence of robust transparency measures exacerbates the vulnerability of marginalized populations, who often bear the brunt of corruption's adverse effects. Resources intended for public welfare and development projects are frequently misappropriated or diverted, perpetuating socio-economic disparities and impeding progress towards inclusive growth.

Furthermore, the nexus between corruption and transparency extends beyond domestic boundaries, affecting Nigeria's international reputation and deterring foreign investment. Investors are wary of engaging in business transactions within an environment characterized by pervasive corruption and inadequate transparency safeguards, thereby impeding economic growth and hindering efforts towards sustainable development. Therefore, the central problem addressed in this study revolves around the imperative to enhance public sector transparency as a fundamental strategy for effectively mitigating corruption in Nigeria. By comprehensively examining the root causes and manifestations of transparency deficits within governmental institutions, this research seeks to identify viable solutions and policy interventions that can promote accountability, foster integrity, and ultimately curb corrupt practices within the Nigerian public sector.

### **Objectives of the Study**

The broad objective of the study is to investigate the effect of public sector transparency on corruption mitigation practices in Nigeria. The specific objectives are to:

- i. Evaluate the effect of public participation in budgetary process on the corruption perception index of Nigeria.
- ii. Examine the effect of budget oversight on the corruption perception index of Nigeria.
- iii. Ascertain the effect of budget transparency index on the corruption perception index of Nigeria.

### **Review of Related Literature**

#### **Conceptual Framework**

##### **Fiscal Transparency**

Fiscal transparency refers to the publicly available information about the government's fiscal policy-making process; it refers to the clarity, reliability, frequency, timeliness, and relevance of public financial reporting and the openness of such information (IMF, 2018). Fiscal transparency and the transmission of budget/fiscal information are relevant in improving economic management and promoting fiscal stability (Sedmihradská & Haas, 2012). This also includes reducing the overstatement of benefits and understatement of the cost, i.e., reducing fiscal illusion (Afonso, 2014), reducing the magnitude of political budget cycles (Aaskoven, 2016), decreasing the corruption and increasing government's credit rating (Chen & Neshkova, 2018; de Simone et al., 2017). Fiscal transparency through open budgets increases public vigilance over government actions, leading, for instance, to more efficient spending (Arbatli and Escolano, 2015).

##### **Participatory Budgeting**

Participatory budgeting is an approach to budgeting that involves direct participation of citizens in the decision-making process regarding the allocation of public funds. Goldfrank (2007) has noted that a broad definition of participatory budgeting usually describes it as a process through which citizens can contribute to decision making over at least part of a governmental budget, and that narrow definitions usually derive from particular experiences of particular budgeting. Also, participatory budgeting is a process that is open to any citizen who wants to

participate, combines direct and representative democracy, involves deliberation, redistributes resources toward the poor, and is self-regulating, such that participants help define the rules governing the process, including the criteria by which resources are allocated (Iloh & Nwokedi, 2016). Zhang & Yang (2009) defined participatory budgeting as a process of democratic policy-making in which the government invites citizen inputs during the budget process and allow their influence in budget allocations.

### **Budget Oversight**

Budget oversight is a critical aspect of financial management within both public and private sectors, ensuring transparency, accountability, and effective resource allocation. It encompasses the processes involved in monitoring, reviewing, and managing financial activities and resources to ensure that budgets are adhered to and funds are utilized efficiently and effectively (OECD, 2012). In the public sector, budget oversight is particularly vital due to the responsible management of taxpayer funds. Budget oversight involves several key activities, including tracking expenditures, analyzing financial reports, identifying variances between budgeted and actual spending, evaluating financial performance, and making adjustments or recommendations as needed to stay within budgetary constraints. Through these activities, oversight bodies ensure that public funds are utilized in accordance with approved budgets and relevant regulations (World Bank, 2017).

### **Budget Transparency Index**

Budget transparency means being fully open with people about how public money is raised and used; some of the most important benefits of budget transparency are accountability, integrity, inclusiveness, trust, and quality (OECD, 2017). Budgetary transparency promotes public access to information about public expenditure and financial activities of the governments. The Budget Transparency Index (BTI) is a measure used to assess the extent of transparency and accessibility of government budgets. It typically evaluates factors such as the comprehensiveness of budget documents, the participation of citizens in the budget process, and the accountability mechanisms in place (International Budget Partnership, 2023). The basic principle which arises from the existing researches is that there are circumstances in which a country's government may hold information, economic, financial or political, but deliberately decide not to provide information to the public.

### **Corruption**

Transparency International (2015) defines corruption as the misuse of entrusted power for private gain. According to the World Bank Group (2016) corruption is a global challenge threatening the development and proper functioning of governments. It can be in the form of grand corruption which consists at high level of government, distorts policies aiding the leaders to take advantage of the public good at the expense of the public. Corruption increases along with the level of poverty. First, poorer countries are less likely to devote the necessary resources to building an effective legal system. Second, the main motivation for paying bribes in this case would be to gain access to basic public services (such as education, permits, and licenses) for which the state has a monopoly, that is a strong motivation to break the law (Domashova & Politova, 2021).

### Corruption Perception Index

The corruption perception index (CPI) is a corruption index published by the Transparency International. The index has been compiled since 1995 and is published in the form of a rating that compares perceived levels of public sector corruption in 180 countries. Transparency International is a non-governmental organization dedicated to fighting corruption around the world. The organization defines corruption as the abuse of entrusted power for personal gain, which ultimately harms everyone who depends on the integrity of people in a senior position (Bhattacharyya, 2015). The CPI is a composite index based on various surveys and studies conducted by more than ten independent institutions (Domashova & Politova, 2021). The Corruption Perceptions Index (CPI) is the most widely used global corruption ranking in the world. It measures how corrupt each country's public sector is perceived to be, according to experts and businesspeople.

According to Transparency International (2021), each country's score is a combination of at least 3 data sources drawn from 13 different corruption surveys and assessments. These data sources are collected by a variety of reputable institutions, including the World Bank and the World Economic Forum. They further state that a country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean. A country's rank is its position relative to the other countries in the index. Ranks can change merely if the number of countries included in the index changes.

### Conceptual Framework

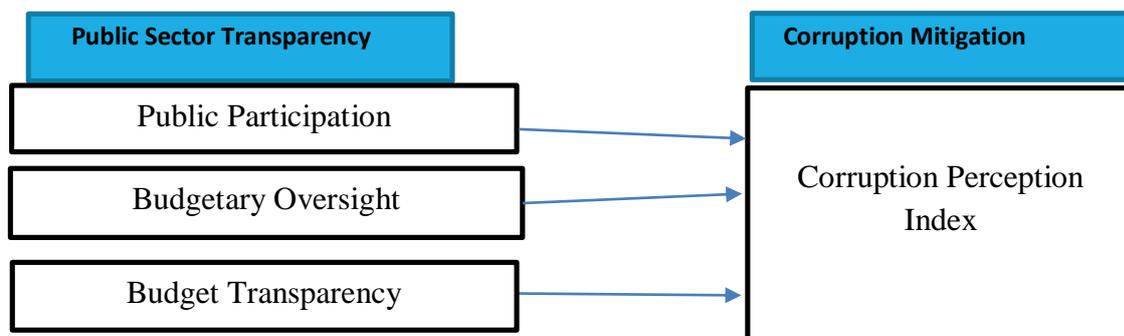


Figure 1: Conceptual Framework of the Study

Source: Author's Arrangement, 2026

### Theoretical Framework

The study was anchored on Institution Theory by Meyer and Rowan (1977).

### Institution Theory

Institutional Theory, introduced by Meyer and Rowan (1977), explores the impact of formal and informal structures (institutions) on organizational and societal behavior. The theory emphasizes how organizations conform to or deviate from institutional norms and practices (Meyer & Rowan, 1977). Institutions involved in the budgetary process, oversight, and transparency indices play a crucial role. Institutional Theory helps in understanding how these institutional factors shape perceptions of corruption and influence behaviors within the public sector (Rivera, 2004).

The theory introduces the critical concept of isomorphism, elucidating the tendency of organizations to become similar or mimic each other in terms of structure, practices, and behaviors due to institutional pressures. The concept of isomorphism is crucial, illustrating the tendency for organizations to mimic each other due to institutional pressures. If corruption is normalized within an institutional environment, organizations may emulate corrupt practices, fostering a culture of corruption. Conversely, institutions that discourage corruption can help curb such behavior through isomorphic pressures. Organizations within the public sector, influenced by institutional pressures, may conform to established norms to gain legitimacy and support. This conformity can either mitigate or exacerbate corruption, depending on the prevailing norms.

### **Empirical Review**

#### **Public Participation in Budget and Corruption Mitigation Practices**

Kipyego & Mwanza (2017) examined the factors affecting public participation in budgeting process in the County Government of Nandi. The study was analyzed using descriptive statistics of frequency, percentages and means. Qualitative data on the other hand was analyzed thematically. The study found that public education enhanced the budgeting process and thus affects the quality of public participation and that the budget workshops were vital in collecting public views regarding the budgeting process. The study found a statistically significant positive relationship between public participation forums and budgeting process.

Hariyanto (2018) examined the effect of participative budget on manager's performance, and to examine the indirect effect of goal commitment and motivation as intervening variables. The data collected by survey questionnaires. Partial least square (PLS) to run a structural equation modeling (SEM) technique was employed to analyze the data. The finding showed that participative budget did not significantly influence manager's performance.

Montes & Pineiro (2022) investigated whether countries with higher levels of participatory budgeting have larger government spending on education, and whether corruption affects government spending on education. The study is based on a sample of 53 countries (21 developed countries and 32 developing countries) for the period between 1996 and 2014. Based on panel data approach, the estimates are made using the least squares method controlling for fixed effects. The results indicate that in countries where popular participation in the preparation and execution of public policies is greater, the allocation of resources in education also tends to be greater; and this effect is even stronger in developed countries.

#### **Budget Oversight and Corruption Mitigation Practices**

Johny (2018) ascertained the effect of corruption on government expenditure in Nigeria from 1994 to 2017. The study used corruption perception index, government recurrent expenditure and government capital expenditure as variables and utilized vector auto regressive technique. The empirical estimates revealed that corruption affects both recurrent and capital expenditure negatively but not significant, on the other hand, it was recurrent and capital expenditure in Nigeria that do influence corruption greatly. The study therefore recommends that, government should implement policies that will monitor the budget formulation and implementation process more strictly and be fair and transparent in dealing with all the sectors.

Igwe-Omoke, et al. (2020) examined the effect of the legislative oversight on budget implementation in the Nigeria Army. The Survey research design method was used to generate primary data. The target population of this study is the member National Assembly committees, clerks/secretaries in both the Senate and House of Representatives. Multiple regression analysis was used to analyze the data. Finding from the study revealed that, the legislative oversight committee reports on the implementation of annual budget in the Nigerian Army have not been always released to Budget Office of the Federation and even to the Nigerian Army itself.

Ejumudo and Ejumudo (2020) examined the problematic of budget implementation in Nigeria using Delta State as a case study. The design of the study was descriptive survey. The sample of the study consisted of 350 senior staff drawn from level 10-16 of Delta state ministry of basic and secondary education, ministry of economic planning, ministry of works, ministry of housing and ministry of finance using stratified and simple random techniques. The data were analyzed using mean rating and chi-square. The findings of the study revealed that there is significant relationship between compromised budget monitoring and budget implementation in Delta State.

Makar, et al. (2023) examined the impact of corruption on economic growth in Nigeria from 1986 to 2019. The study used the Johansen cointegration test and vector error correction tests for the data analysis. The study shows that increases in the level of corrupt practices significantly inhibit economic growth in Nigeria in the long run but are insignificant in the short run at the 5% level of significance.

#### **Budget Transparency and Corruption Mitigation Practices**

Hanovinsah, et al. (2020) examined the effect of accountability, transparency, and supervision on- budget performance of the Value for Money concept. The research was conducted on 43 local work units in Special Capital Region (DKI) Jakarta Province. The sample of the research consists of 86 government officials using Structural Equation Modeling (SEM) analysis to test the hypothesis. The result of this research-proven that accountability and supervision have significantly affected the on-budget performance of the Value for Money concept, while transparency showed no effect on the effectiveness on-budget performance of the same concept.

Newman & Tinotenda (2021) investigated the relationship between financial accountability or transparency and corruption in parastatals using G.M.B as a case study. A total population of 24 employees including top management, accountants, auditors, HR and IT was sampled using convenience and purposive sampling. The data accumulated was analyzed using regression analysis as a statistical method and conclusions were drawn from this. After the analysis it was revealed that financial accountability or transparency have a significant effect on corruption.

Rukavina (2022) evaluated positive and negative media coverage of online local budget transparency (OLBT) and its impact on budget transparency in Croatian local administrative units in 2018. Using multinomial logistic regression, research confirmed a strong impact of media coverage on budget transparency. Positive media coverage of OLBT increases the probability that local administrative units will attain a higher level of transparency, while negative media coverage is accompanied by a higher likelihood of local units' retention in the lower transparency range.

### Gap in Literature Review

The gap in literature identified from the reviewed empirical studies is the need for a more comprehensive understanding of the impact of public participation in budgeting processes on corruption mitigation. While existing research, such as that by Kipyego & Mwanza (2017), highlights the positive relationship between public participation forums and budgeting processes, there is limited exploration of the mechanisms through which increased public involvement can effectively combat corruption. Therefore, the study incorporate other fiscal transparency metrics in one model to properly understand the effect of these variables on corruption mitigation in Nigeria.

### Methodology

This research adopted an *ex-post facto* (after the facts) research design to establish the effect of public sector financial transparency on corruption mitigation activities in Nigeria. The use of an *ex-post facto* research design ensures that the study can be replicated as many times as is practical in the future by different researchers who might want to verify or contest the validity of the findings (Ihenyen, et al. 2022).

The study was conducted in Nigeria. The study made use of secondary data. Time series data from 2013 to 2022 was extracted from the Transparency International website and International Budget Partnership website.

### Model Specification

To comprehensively assess the effect of public sector financial transparency on corruption practices activities in Nigeria, this study drew inspiration from the works of Ihenyen & Ogbise (2022), Apinoko, et al. (2021), and Bingilar and Preye (2020). However, in this current study, these models were thoughtfully adapted and tailored to align with the specific research objectives. The formulation of these composite multiple regression (prediction) models is statistically articulated as follows:

$$CPIS_t = \beta_0 + \beta_1 PPB_t + \beta_2 BOV_t + \beta_3 BTI_t + \epsilon_t$$

Where;

CPIS	=	Corruption Perception Index Score
PPB	=	Public Participation in Budgetary Process
BOV	=	Budget Oversight
BTI	=	Budget Transparency Index
$\epsilon$	=	Stochastic Disturbance (Error) Term
$\beta_0$	=	Coefficient (constant) to be estimated
$\beta_i - \beta_3$	=	Parameters of the independent variables to be estimated
t	=	Current period

### Description of Variables

The research variables have been meticulously categorized into dependent and independent variables to facilitate the analytical process. The study's focal point, the dependent variable, is the Corruption Perception Index Score. In contrast, the independent variables encompass three essential components: Public Participation in Budgetary Process, Budget Oversight, and Budget Transparency.

**Description of Variables and Measurement**

Short Form	Variable Name	Variable Type	Definition and Measurement	Sources
CPIS	Corruption Perception Index Score	Dependent	The CPI is a composite index based on various surveys and studies conducted by more than ten independent institutions. A country's score is the perceived level of public sector corruption on a scale of 0-100, where 0 means highly corrupt and 100 means very clean.	Transparency International (2021)
PPB	Public Participation in Budgetary Process	Independent	Participatory budgeting is an approach to budgeting that involves direct participation of citizens in the decision-making process regarding the allocation of public funds. It is measured from 0-100%.	Goldfrank (2007)
BOV	Budget Oversight	Independent	Encompasses the processes involved in monitoring, reviewing, and managing financial activities and resources to ensure that budgets are adhered to and funds are utilized efficiently and effectively. It is measured from 0-100%.	OECD (2012)
BTI	Budget Transparency Index	Independent	The BTI is a measure used to assess the extent of transparency and accessibility of government budgets. It is measured from 0-100%.	International Budget Partnership (2023)

*Source: Researcher's Arrangement, 2026*

**Method of Data Analysis**

Multiple regression analysis served as the foundational statistical tool for the test of hypotheses. All four functional forms of multiple regression were employed to rigorously assess the effect of each independent variables (public participation budgeting process, budget oversight, & the budget transparency index), on the dependent variable, the Corruption Perception Index Score.

**Decision Rule**

According to Gujarati and Porter (2009), the decision rule involves accepting the alternate hypothesis ( $H_1$ ) if the sign of the coefficient is either positive or negative, the modulus of the t-Statistic  $> 2.0$ , and the P-value of the t-Statistic  $< 0.05$ . Otherwise, accept  $H_0$  and reject  $H_1$ .

**Data Presentation and Analysis**

**Table 4.2.1 Descriptive Statistics of the Variables**

	<b>CPI</b>	<b>PPB</b>	<b>BOV</b>	<b>BTI</b>
Mean	25.90000	20.60000	57.10000	26.30000
Median	26.00000	20.50000	56.50000	21.00000
Maximum	28.00000	26.00000	61.00000	45.00000
Minimum	24.00000	13.00000	55.00000	17.00000
Std. Dev.	1.370320	4.221637	1.911951	10.30696
Skewness	-0.087392	-0.312702	0.756093	1.011494
Kurtosis	1.793250	1.981623	2.669755	2.380775
Jarque-Bera	0.619498	0.595092	0.998237	1.864968
Probability	0.733631	0.742638	0.607066	0.393575
Sum	259.0000	206.0000	571.0000	263.0000
Sum Sq. Dev.	16.90000	160.4000	32.90000	956.1000
Observations	10	10	10	10

**Source: Eviews 10.0 Software**

Table 4.2.1 shows that the descriptive statistics for the Corruption Perception Index (CPI) show a skewness of -0.087392 and a kurtosis of 1.793250. These values suggest a distribution that is nearly symmetrical but with slightly heavier tails than a normal distribution. However, the Jarque-Bera test yields a p-value of 0.733631, well above the typical significance level of 0.05. This indicates that we fail to reject the null hypothesis of normality, suggesting that despite the deviation from perfect normality, the CPI scores can be reasonably assumed to follow a normal distribution. Similarly, the Public Participation in Budgetary Process (PPB) exhibits skewness close to 0 (-0.312702) and slightly higher kurtosis (1.981623), yet the Jarque-Bera test's p-value of 0.742638 further supports the assumption of normality.

Moving to Budget Oversight (BOV), the positive skewness (0.756093) implies a right-skewed distribution, coupled with higher kurtosis (2.669755) indicating heavier tails. Nonetheless, the Jarque-Bera test yields a p-value of 0.607066, suggesting no significant departure from normality. Lastly, the Budget Transparency Index (BTI) also displays positive skewness (1.011494) and higher kurtosis (2.380775), indicating a right-skewed distribution with heavier tails. Despite this, the Jarque-Bera test's p-value of 0.393575 supports the assumption of approximate normality. In summary, while these variables exhibit some deviation from perfect normality, the results of the Jarque-Bera tests suggest that the departures are not statistically significant, allowing for the assumption of normality in the analysis.

**Table 4.2.2: Panel Regression Analysis (CPI)**

Variable	Coefficient	Standard Error	t-Stat	p-Value
PPB	-0.041603	0.068971	-0.603192	0.5685
BOV	0.543433	0.247364	2.196896	0.0704
BTI	-0.185081	0.038884	-4.759817	0.0031
C	0.594589	13.25369	0.044862	0.9657

$R^2 = 0.76$ , Adjusted  $R^2 = 0.64$ , F-Stat = 6.332481, Prob(F-stat) = 0.027381, DW = 2.03,

**Source: Eviews 10.0 Output, 2026**

Table 4.2.2 presents the results of a panel regression analysis examining the effect of several independent variables: PPB, BOV, and BTI on Consumer Price Index (CPI) Each coefficient in the table represents the estimated effect of the corresponding independent variable on the CPI.

The analysis reveals that the coefficient for PPB is -0.041603, indicating a negative relationship between PPB and CPI. However, the coefficient is not statistically significant at conventional levels, as indicated by the t-statistic of -0.603192 and the p-value of 0.5685. This suggests that the relationship between PPB and CPI may not be reliably discernible within the sample data.

In contrast, the variable BOV exhibits a positive coefficient of 0.543433, implying that an increase in BOV is associated with a rise in the CPI. Although the coefficient is statistically significant at a 10% significance level, according to the t-statistic of 2.196896 and the p-value of 0.0704, it falls short of achieving conventional significance levels. This suggests a potential influence of BOV on inflation, albeit one that requires further scrutiny or confirmation in future research.

Conversely, the variable BTI demonstrates a negative coefficient of -0.185081, indicating that an increase in BTI corresponds to a decrease in the CPI. This relationship is statistically significant at the 5% level, as evidenced by the t-statistic of -4.759817 and the p-value of 0.0031. The significant and negative coefficient suggests that higher values of BTI, possibly indicating better business conditions, may exert downward pressure on inflation.

Overall, the regression model exhibits a reasonable level of explanatory power, with an R-squared value of 0.76, indicating that approximately 76% of the variation in the CPI is explained by the included independent variables. Moreover, the F-statistic of 6.332481 confirms the overall significance of the model, with a p-value of 0.027381, suggesting that the independent variables collectively have a statistically significant effect on the dependent variable.

### 4.3 Test of Hypotheses

**Decision Rule:** According to Gujarati and Porter (2009), the decision rule involves accepting the alternate hypothesis ( $H_1$ ) if the sign of the coefficient is either positive or negative, the modulus of the t-Statistic  $> 2.0$ , and the P-value of the t-Statistic  $< 0.05$ . Otherwise, accept  $H_0$  and reject  $H_1$ .

### Hypothesis One

$H_0$ : Public participation in the budgetary process has no significant effect on the corruption perception index of Nigeria.

$H_1$ : Public participation in the budgetary process has a significant effect on the corruption perception index of Nigeria.

### Presentation of Test Results

Table 4.2.2 Panel Regression Analysis was used to test the above-stated hypothesis.

**Decision:** Since the modulus of the t-Statistic (-0.603192) is less than 2.0 and the p-value of the t-Statistic (0.5685) is greater than 0.05, we accept  $H_0$  and reject  $H_1$ . Therefore, public participation in the budgetary process (PPB) has no significant effect on the corruption perception index of Nigeria.

### Hypothesis Two

$H_0$ : Budget oversight has non-significant effect on the corruption perception index of Nigeria

$H_1$ : Budget oversight has a significant effect on the corruption perception index of Nigeria

### Presentation of Test Results

Table 4.2.2 Panel Regression Analysis was used to test the above-stated hypothesis.

**Decision:** Although the modulus of the t-Statistic (2.196896) is greater than 2.0, the p-value of the t-Statistic (0.0704) is greater than 0.05. Therefore, we accept  $H_0$  and reject  $H_1$ . Budget oversight (BOV) has no significant effect on the corruption perception index of Nigeria.

### Hypothesis Three

$H_0$ : Budgetary transparency index has no significant effect on the corruption perception index of Nigeria.

$H_1$ : Budgetary transparency index has no significant effect on the corruption perception index of Nigeria.

### Presentation of Test Results

Table 4.2.2 Panel Regression Analysis was used to test the above-stated hypothesis.

**Decision:** The modulus of the t-Statistic (-4.759817) is greater than 2.0, and the p-value of the t-Statistic (0.0031) is less than 0.05. Therefore, we reject  $H_0$  and accept  $H_1$ . Budgetary transparency index (BTI) has a significant effect on the corruption perception index of Nigeria.

## Discussion of Findings

### Effect of Public Participation on Corruption Perception Index in Nigeria

The finding that public participation in the budgetary process (PPB) has a non-significant negative effect on the corruption perception index of Nigeria raises important considerations about the complexities of governance, citizen engagement, and perceptions of corruption within the country. There are several plausible reasons behind this unexpected outcome, each shedding light on the challenges and nuances inherent in the Nigerian context.

One potential explanation is the limited implementation and effectiveness of participatory budgeting initiatives in Nigeria. While participatory budgeting holds the promise of fostering transparency, accountability, and citizen empowerment, its practical application may fall short of expectations. In Nigeria, bureaucratic inefficiencies, institutional weaknesses, and governance deficits may hinder the meaningful engagement of citizens in budgetary decisions. If participatory mechanisms are perceived as tokenistic or lacking genuine influence over budget allocations, citizens may remain skeptical about their ability to combat corruption effectively.

Moreover, political interference and elite capture pose significant challenges to the integrity of participatory processes in Nigeria. Political elites and vested interests may seek to manipulate or co-opt public participation initiatives to serve their own agendas, thereby undermining the credibility and legitimacy of these efforts. If citizens perceive participatory platforms as dominated by elites or susceptible to political manipulation, their confidence in the efficacy of such initiatives to address corruption may be undermined.

Furthermore, the lack of information and awareness about participatory opportunities could contribute to apathy or disengagement among citizens. Limited access to information about budgetary processes and insufficient awareness about avenues for public participation may hamper efforts to mobilize citizen involvement. Without robust information dissemination and awareness-raising campaigns, citizens may remain uninformed or indifferent to opportunities for engagement, limiting the potential impact of participatory mechanisms on corruption perception.

Cultural and socioeconomic factors also play a role in shaping attitudes towards government transparency and citizen engagement. Nigeria's diverse cultural landscape, socioeconomic disparities, and historical legacies influence how citizens perceive and interact with governance institutions. In contexts where trust in government is low or where hierarchical power structures prevail, citizens may harbor skepticism or disillusionment towards participatory initiatives, constraining their ability to shape perceptions of corruption through engagement. Montes and Pineiro (2022) discovered that in countries where popular participation in public policy preparation and execution is greater, the allocation of resources in education tends to be greater as well.

### **Effect of Budget Oversight on Corruption Perception Index in Nigeria**

The finding that budget oversight (BOV) has a non-significant positive effect on the corruption perception index of Nigeria may initially appear paradoxical, given the expectation that robust oversight mechanisms would lead to a decrease in perceptions of corruption. However, several underlying factors contribute to this unexpected outcome, reflecting the complex dynamics of governance and anti-corruption efforts within the country.

One possible explanation is the limited effectiveness of existing oversight mechanisms in Nigeria. Despite the presence of oversight bodies tasked with monitoring budgetary processes and detecting instances of corruption, their actual impact may be hindered by institutional weaknesses, political interference, and bureaucratic inefficiencies. If oversight institutions lack the necessary resources, independence, and capacity to fulfill their mandates effectively, their positive influence on corruption perception may be undermined.

Furthermore, the non-significant positive effect of budget oversight on corruption perception may also be attributed to the capture and manipulation of oversight institutions by political elites and vested interests. In Nigeria, where

patronage networks and clientelistic practices are prevalent, oversight bodies may be susceptible to external influence and control, compromising their ability to act as impartial guardians of public funds. This perception of captured oversight institutions could contribute to a disconnect between the existence of oversight mechanisms and tangible outcomes in terms of combating corruption.

Additionally, there may be discrepancies between public perceptions of corruption and the reality on the ground. While oversight mechanisms may exist on paper, their actual impact in reducing corruption and promoting transparency may be limited. In environments characterized by pervasive corruption and impunity, citizens may become resigned to the status quo, leading to a normalization of corrupt practices. As a result, the presence of oversight mechanisms may be viewed as superficial or cosmetic, rather than substantive measures to address corruption.

### **Effect of Budgetary Transparency Index on Corruption Perception Index in Nigeria**

The finding that the Budgetary Transparency Index (BTI) has a significant negative effect on the corruption perception index of Nigeria suggests that greater transparency in budgetary processes is associated with lower perceptions of corruption. This result aligns with the expectation that increased openness and accessibility of government budgets can enhance accountability, reduce opportunities for corrupt practices, and foster public trust in governance institutions. Several factors contribute to this significant negative effect, reflecting the complex interplay between transparency, accountability, and perceptions of corruption within the Nigerian context.

One key factor driving this finding is the role of transparency in deterring corrupt behavior and promoting accountability. When government budgets are transparently presented and accessible to the public, citizens, civil society organizations, and other stakeholders are better equipped to scrutinize budget allocations, monitor expenditure patterns, and hold government officials accountable for their actions. This increased transparency acts as a deterrent to corrupt practices by exposing potential wrongdoing and creating incentives for responsible budget management.

Furthermore, greater budgetary transparency can contribute to improved public confidence in governance institutions and processes. When citizens perceive that government budgets are managed transparently and responsibly, they are more likely to trust in the integrity and effectiveness of public institutions. This trust can help to strengthen social cohesion, promote civic engagement, and foster a sense of collective ownership over the budgetary process, ultimately reducing perceptions of corruption.

Moreover, enhanced budgetary transparency can facilitate greater public participation in governance and decision-making processes. When citizens have access to information about budget allocations, revenue sources, and expenditure priorities, they are better able to engage in informed debates, provide feedback on policy decisions, and advocate for their interests. This participatory approach to governance not only enhances democratic accountability but also empowers citizens to play an active role in monitoring government actions and promoting accountability.

Additionally, the significant negative effect of the Budgetary Transparency Index on the corruption perception index of Nigeria may reflect broader efforts to strengthen governance and anti-corruption measures within the country.

Nigeria has made strides in recent years to improve transparency and accountability in public financial management, including initiatives to enhance budgetary transparency, streamline procurement processes, and strengthen oversight mechanisms. These efforts signal a commitment to combating corruption and promoting good governance, which may contribute to more favorable perceptions of the country's integrity and transparency.

Hanovinsah et al. (2020) observed that while accountability and supervision significantly affected on-budget performance, transparency showed no effect, suggesting that transparency alone may not always influence perceptions of corruption positively.

## **Summary of Findings, Conclusion and Recommendations**

### **Summary of Findings**

The findings are summarized as follows:

- i. Public participation has a statistically non-significant negative effect on corruption perception index of Nigeria with a p-value of 0.5685 and a t-statistic of -0.603192.
- ii. Budget oversight has a statistically non-significant positive effect on corruption perception index of Nigeria with a p-value of 0.0704 and a t-statistic of 2.196896.
- iii. Budgetary transparency index has a statistically significant negative effect on corruption perception index of Nigeria with a p-value of 0.0031 and a t-statistic of -4.759817.

### **Conclusion**

Corruption remains a pervasive issue in Nigeria, significantly hindering socio-economic development and undermining public trust in governmental institutions. Despite various efforts and initiatives, the effective mitigation of corruption within the public sector continues to pose a significant challenge. The study investigated the effect of public sector transparency on corruption mitigation in Nigeria. The findings of the regression analysis revealed that firstly, the research indicates that public participation does not have a statistically significant effect on the corruption perception index, as evidenced by the non-significant negative coefficient observed. This suggests that the level of public involvement in governance processes, particularly in budgetary decisions, may not significantly influence perceptions of transparency and accountability.

However, the findings also reveal interesting insights into the impact of other governance mechanisms. While budget oversight was found to have a statistically non-significant positive effect on the corruption perception index, the absence of strong statistical significance implies that the influence of oversight mechanisms may be limited in shaping perceptions of corruption. Similarly, the budgetary transparency index was found to have a statistically significant negative effect on the corruption perception index. The significant negative coefficient suggests that greater transparency in budgetary processes is associated with lower perceptions of corruption. Approximately 76% of the variation in the CPI is explained by public participation in budgetary process, budget oversight, and budget transparency, hence, the study therefore concludes that public sector financial transparency significantly influences corruption perception index in Nigeria.

## **Recommendations**

The researcher made the following recommendations:

Enhancing public participation in governance processes, particularly in budgetary decision-making, requires a multi-faceted approach. Firstly, there is a need to increase awareness among citizens about the importance of their involvement in shaping government policies and budgets. This can be achieved through comprehensive public awareness campaigns that highlight the value of citizen engagement in fostering transparency, accountability, and effective governance. Additionally, efforts should be made to ensure that public participation forums are accessible to all segments of society, including marginalized communities and vulnerable groups. This may involve leveraging diverse communication channels and providing accommodations for individuals with disabilities to ensure inclusivity. Moreover, capacity-building initiatives should be prioritized to empower citizens with the necessary knowledge and skills to engage meaningfully in governance processes, including budget analysis, advocacy, and decision-making. By equipping citizens with the tools and resources they need to participate effectively, stakeholders can foster a culture of active citizenship and strengthen democratic governance in Nigeria.

Strengthening budget oversight mechanisms is essential for ensuring accountability, detecting instances of corruption, and safeguarding public funds. One key recommendation is to invest in enhancing the capacity and independence of oversight institutions, such as parliamentary committees, audit bodies, and anti-corruption agencies. This may involve providing training and technical assistance to staff, improving infrastructure and resources, and enacting legislation to protect the independence of oversight bodies from political interference. Additionally, transparency measures should be implemented to improve the openness and accessibility of oversight processes, including regular reporting mechanisms, public disclosure of audit findings, and whistleblower protection mechanisms. Collaborative efforts between oversight institutions and civil society organizations can also enhance citizen monitoring and engagement in oversight activities, fostering greater accountability and trust in governance institutions.

Promoting budgetary transparency is crucial for enhancing public trust, accountability, and effective governance. To achieve this goal, governments should prioritize open data initiatives aimed at increasing the accessibility and usability of budgetary information for citizens. This may include the development of user-friendly online platforms, interactive data visualizations, and mobile applications that allow citizens to track government spending and monitor budget allocations in real-time. Additionally, there is a need to strengthen laws and regulations requiring government agencies to disclose budgetary information in a timely and comprehensive manner. Public disclosure of budget allocations, revenue sources, and expenditure patterns should be mandated to ensure transparency and accountability in the budgetary process. Moreover, citizen participation should be actively encouraged through public consultations, feedback mechanisms, and opportunities for engagement in budget decision-making processes. By incorporating citizen priorities and feedback into budgetary decisions, governments can enhance transparency, responsiveness, and trust in governance institutions.

By implementing these recommendations, stakeholders can work towards enhancing public participation, strengthening budget oversight, and improving budgetary transparency in Nigeria. These efforts are essential for promoting good governance, fostering accountability, and combating corruption, ultimately contributing to sustainable development and inclusive growth in the country.

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