

Government Spending on Infrastructure and its Relationship with Economic Growth – Evidence from Lagos State, Nigeria under Governor Akinwunmi Ambode

Mrs. Babatunde, Shakirat Adepeju

pejubabs_saki@yahoo.com

School of Postgraduate Studies, Department of Accounting, University of Lagos, Akoka, Nigeria

Abstract

The aim of this study is to investigate government spending on infrastructure and its relationship with economic growth in Nigeria. This study is based on Agency, New Public Management, Institutional, Economic growth and Keynesian theories. The research question is, 'To what extent does government spending on infrastructure have relationship with Economic growth in Nigeria?' Both primary and secondary data are used. For the primary data, a sample of two hundred and forty-two respondents are utilised for the study. Statistical random sampling was used for the sample selection. The secondary data comprise of actual annual spending on selected infrastructure and annual Gross Domestic Products for 2010 to 2015 for Lagos State Nigeria. The data analysis was done with One-Sample T-Test, t, Pearson rank coefficient of correlation, r and Descriptive statistics. The results indicate that spending on road and transport infrastructure have significant relationship with economic growth. However, there is an inverse, not significant relationship between spending on agriculture and economic growth. This study supports the principles in the theories examined. This study recommends that there should be more spending on agriculture to reduce hunger and improve citizens' welfare. A major contribution to knowledge arising from this study is that although Keynesian theory presupposes that Government intervention can stabilize an economy especially during recession when there is little money to spend, but based on the results of this study, it is argued that government spending on infrastructure intervention must reach a sustainable threshold that sustains basic individual citizen's welfare, before it could stabilize the economy, not only during recession but at all times.

Keywords: Citizens' welfare; Economic Growth; Government spending; Infrastructure; Keynesian theory; Nigeria.

Introduction Background

The strategic importance of infrastructure as an economic growth driver cannot be overemphasized. Its potential attributes are numerous, it serves as a catalyst to public development in all the agenda of government such as health care delivery, roads and transportation, education, security, energy and shelter. Infrastructure gives an impetus to the development ratings of a nation.

Infrastructure contributes to the promotion of Nigeria's economic growth. Nwachukwu and Emoh (2011) explain that the investment attraction of building development by public sector is of strategic importance as a solid rock of support and strength to all sectors of economy.

Spending on infrastructure is huge because it is capital intensive. Infrastructure spending is expected to grow the economy because it cuts across human endeavour from various fields of life such as contractors in building, production, construction, technology and procurements. Human resources and leadership capacity are also important.

Unfortunately, the government spending on infrastructure in Nigeria appears to be a waste of scarce resources to the detriment of the taxpayers, though there is growth in economy. Consequently, Nigeria is lagging behind in infrastructural development. Therefore, a major interest of this study is to focus on government spending on infrastructure as it relates to economic growth, to fill the gap in research, due to scanty of literature in this area of study. This study intends to suggest answers to questions like what does it require for governments around the world to take their spending on infrastructure seriously to grow their economy and improve citizens' welfare?

This study is based on an empirical analysis of the relationship of government spending on infrastructure with economic growth in the Nigerian. The data on government spending on infrastructure are extracted from an earlier pilot study of selected Lagos State residents and actual spending of the state on selected items that is road, transportation and agriculture supported by intellectual tradition established from studies on government spending.

The current issue and full text archive of this journal is available at

<http://aoerj.org/archive/>

Academy of Contemporary Research Journal

V V(II), 16-25, ISSN: 2305-865X

© Resource Mentors (Pvt) Ltd (Publisher)



There are divergent views on the subject matter, for example, Amanja and Morrissey (2005), find that productive expenditure has strong adverse effect on growth. They analysed the relationship between fiscal policy and growth in Kenya. Mitchell (2005), argues that government spending by its nature is often destructive economically regardless of how it is financed. Babalola (2015) finds that government recurrent expenditure and government investment have significant positive impact on Economic Development in Nigeria. Therefore, this study intends to contribute to the debate using Lagos State of Nigeria as a case study.

According to naijavoice (2016) Lagos state is the richest state in Nigeria with a GDP of \$33.67 billion. It is a state that offers equal opportunity to both the rich and the poor. It has grown its Gross Domestic Product (GDP) steadily. Her GDP is greater than that of 53 countries with improved industrialisation.

The state is governed by Governor Akinwunmi Ambode. Governor Akinwunmi Ambode of Lagos State has moved the activities and the citizens' welfare upwards in road infrastructure, safety and security of lives and properties. For instance, Lagos state under Ambode drives its internally generated revenue effectively and matches it with unique infrastructure that is yet to be beaten by any other State in Nigeria. It is a state to learn from, being a state which spending largely depends on its efforts. Spending on infrastructure are transforming the State. (Olulade, 2016) argues that the governor's administration is making positive impacts of public expenditure which is been felt in many areas of the State's economy.

Ambode's administration has given a huge commitment to security, public infrastructure and economic development (Ehiabhi, 2016; Olulade, 2016). He has shown a resounding commitment to serve, through deliberate strategy to show passion, accountability and transparency; (Toju, 2016; Ogbeche, 2016).

Statement of the Problem

In Nigeria corruption is endemic, there is poor stewardship in government spending. According to Danladi *et al.* (2015), in Nigeria government activities results in misallocation of funds which hinders the growth of national output. Most government spending is towards infrastructure which is under-developed in transitional economies. Babatunde (2015) states that incessant abandonment of infrastructure projects and moribund ones are a cause for concern in developing nations like Nigeria. Despite the level of corruption, the country records a high economic growth. This economic growth does not affect citizens' welfare positively which are a puzzle. Hence, the motivation for this study lies in the fact that there is a puzzle to solve in a country that is growing in GDP, yet it records serious poverty level.

In Nigeria, widespread and severe poverty is a reality. It is a reality that depicts a lack of food, clothes, education and other basic amenities. Severely poor people lack the most basic necessities of life to a degree that it can be wondered how they manage to survive. (Raheem, et al. 2014, p.55).

Another puzzle to unravel is that one State out of the thirty- six states of the same Country that is Lagos State infrastructure development and economic growth rate is impressive. All of these puzzles raise a concern over government spending and economic growth on infrastructure in view of its consequence on the citizens'

welfare. The objective of this paper is therefore to address this puzzle.

Objective

The aim of this study is to contribute to the debate on Government spending on the Nigerian infrastructural development, for improving economic growth, through an empirical and analytical procedure. Specifically to examine the relationship between government spending on infrastructure and economic growth of a transitional economy, that is Nigeria, with particular reference to Lagos State .

Therefore, the objectives are to find out if:

- i. Government spending on road infrastructure relates to economic growth in Nigeria
- ii. Government spending on transportation relates with economic growth in Nigeria
- iii. Government spending on agriculture infrastructure relates with economic growth in Nigeria,

The analysis of the objectives is based on a research question

Research Question

To what extent does government spending on infrastructure relate to Economic growth in Nigeria?

This research question is answered based on a hypothesis formulated for this study which is stated in the null form.

Hypothesis

Ho: Government spending on infrastructure does not have a significant relationship with Economic growth in Nigeria.

Significance

The study is important for government on its spending on the implementation of infrastructure development in the Nigerian public sector. This study targets the public and private actors working in the field of spending control , construction and infrastructure development of organisations. They include accountants, engineers, materials procurement officers, project managers, consultants, developers, policies makers, program designers, contractors, researchers, students, and academics.

It is useful for oversight functions in public finance administration. The users of public infrastructure sometimes rely on research like this to solve their problems. This study affords the exposure of knowledge and information to a network of users, such as corporate individuals, public officers, and electors. Donors and rating agencies will find this work useful.

Scope

The scope of this study covers the Nigerian public sector with particular reference to Lagos State government. Lagos state is one of the thirty six states in Nigeria. It is divided into five divisions that is Ikorodu, Badagry, Ikeja, Lagos Island and Epe. Lagos State is chosen for her endorsement as the Nigerian nation's economic nerve center. The state spends on implementing substantial tasks, such as road constructions, transportation and agriculture. Lagos state is the home to Lekki- Epe Express way a road infrastructure comprising of forty lanes which is the first of its kind in Sub-Sahara Africa. Government Spending on Road, Transportation and Agriculture infrastructures are investigated for this study because of the huge spending in the areas. Gross Domestic Products are actual figures recorded from 2010 to 2016.

Babatunde and Dandago (2014) explain that Lagos State is a fair sample representing other States of the federation, especially as it is arguably the largest economy in the country. The study argues that the State is Nigeria's

economic nerve centre, where over 65% of the country's commercial activities are carried out. Lagos State is a leading State in the Nigerian Federation in terms of industrial and commercial activities, population, internal revenue generation capacity, ability and political awareness. Nigeria is going through economic downturn due to dwindling oil revenue upon which the country rely for its sustenance at a time when the Country should engage in cost management, there is high level of corruption. Transparency International (2014) ranked Nigeria 136th out of 174 corrupt Country and third most corrupt country in West Africa. Despite these problems, Lagos State strives to grow its Gross Domestic Product regularly with improved infrastructure. Therefore, it is important to see what Lagos State is doing differently.

Limitation of the Study

This study is based on both primary and secondary data which are available in the domain of Lagos State. There was time and logistics exigencies during the research. Therefore, the study could only give information as far as available in the public domain. However, statistical analysis was done on the data collected to reduce the limitation.

Review of Literature

Conceptual Framework

This study is guided by related literature and theories. A critical examination of literature was done to identify possible gaps in the existing body of research knowledge. This study identifies some of the problem necessitating further research in order to determine the research objectives. A research question was formulated to achieve the objectives. A related hypothesis was formulated and tested using statistical tools. The methodological approach and analysis of conclusions drawn resulted into contributions to the existing field of knowledge.

Theoretical Frame Work

This study investigates government spending on infrastructure and economic growth in terms of applicable theories. The study is based on Agency theory, New Public Management, institutional, Economic theory of Growth and Keynesian theories. The theories are used to analyse the result.

Agency Theory

Financial spending on infrastructure are subject to stakeholders' scrutiny either as principal or agent. Although, there are controversies in the literature on the use of Agency theory in business. This study aligns with Heath (2009); Jagalla, Becker & Weber (2011) defends Agency theory as one being used as a critical-diagnostic tool, to identify the points at which both the citizens as principal and the government as agent will be vulnerable, to breakdown in the spending process in the absence of moral constraints. For instance, the principal such as the electorates, tax payers or simply citizens are interested in what the government as agent offers from spending taxpayers' money, as to whether or not it is in good faith, transparent with accountability so that it improves their welfare. The business-like approach as enshrined in the New Public Management Theory is a way out for the agent to meet the principal's expectation

New Public Management Theory (NPM)

The New Public Management theory involves the introduction of private sector management and incentive method into a government organization. Advocates of this theory argue on incorporation of the basis that private sector methods and incentive structures into government

increase efficiency. Hence even if government business is not for profit it must strive to deliver on its promises of the dividend of democracy. This is the only way its performance can be measured, because ordinarily there is no standard yardstick for measuring government performance. Government does not have a balance sheet, it is not for profit, and possible analytical ratios as in the private sector is minimal. Measurement of the efficiency or effectiveness of Government spending is a question of 'seeing is believing' to a large extent. Therefore, the Government should strive to deliver. Government should minimise time spent to analyse uncertainty and embrace positive role modelling state that is doing well in line with Institutional theory.

Institutional Theory

There are exogenous and endogenous forces acting on and in an organization. (Irvine 1999 cited in Lundqvist *et.al.* 2008). They explained that factors like uncertainty may compel institutions into searching for role models to copy. Using a progressive state like Lagos State as a role model, efficiency in government spending in the Nigerian public sector will become standardized and improved over time. Role-modelling inspires the confidence of industrial nations to match their economic growth.

Economic Growth Theory

Economic growth is the increase in services produced in a nation over a long period of time. It is measured by increase in Gross Domestic products (GDP) adjusted for inflation. A nation is expected to continually improve its GDP for sustainability. There are three types of economic growth theory, the classical, Neo-Classical and Solo-Swan modern-day theories.

This study is an attempt to investigate the Solo- Swan modern day theory which focuses on three factors that affect economic growth that is labour, capital and technology. They should particularly focusing on technology in terms of infrastructure advancement and economic growth in terms of GDP. According to Wells (2015) Solo- Swan theory argues that it is technological advancement that really grows an economy, because labour and capital adjust according to the advance recorded in technology. The theory argues that if all nations have access to the same technological advancement, the standard of living will be the same.

This study is an attempt to test this proposition in ascertaining if infrastructure and economic growth really related. Wells (2015) explain that when government spending is zero, there is little economic growth because enforcing contracts, protecting life and property and infrastructure development would be very difficult. Hence, government spending is necessary as supported by Keynesian theory.

Keynesian Theory

Keynesian theory presupposes that Government intervention can stabilize an economy especially during recession when there is little money to spend. The theory argues that with government technological intervention, there is increased spending and employment (Jahan, Mahmud and Papageorgiou, 2014). However, Aregbeyeni and Kolawole (2015); Mitchell (2015) argue that the Keynesian theory sometimes fail because lower tax rates have been found to boost economic growth. The study states that Keynesian mind set is still alive among politicians and journalists, who often advocate the need to boost spending to enhance growth. However, in practical terms it is possible to spur economic advancement through tax concessions to attract investors and grow foreign direct

investments, this has helped in some United Arab Emirates States like Dubai. This study tests this theory and the result is depicted in section four.

Government Spending on Infrastructure and Economic Growth in Nigeria

There seems to be a consensus in research that for a country to progress in its millennium development goals (MDGs), there is need for a strong growth in national income. Improvements in infrastructure quality and economic growth are also necessary because clearly economic growth will affect citizens' life positively like in the area of poverty reduction.

Government spending on infrastructure is critical. However, some academic research established that government spending is harmful to economic growth because large public sectors reduce the level of economic activity and as such the level of economic growth (Mitchell, 2005) While some studies find that government spending improves production and economic growth (Aregbeyeni, and Kolawole 2015; Babalola, 2015). The inconsistencies in research findings call for concern, especially in matters of this nature which affect citizens' welfare. Therefore this study attempts to probe into the relationship.

According to LASG Economic and Fiscal Update—Fiscal Strategy Paper for 2014-2016 (2013), in view of a high dependence on internally generated revenue, Lagos has avoided succumbing to the oil curse where oil revenue is not used to develop key sectors of the economy. Lagos economic growth is driven mainly by services, finance, telecoms, trade and commerce, hospitality and entertainment sectors. The study explains that Lagos population is estimated at twenty-two million which gives it a mega-city status. With a higher working age population as a percentage of the total.

Lagos is the focal point for both internal immigration, and consumption growth in Nigeria. Lagos state has taken this as a challenge, for instance, spending in infrastructure is a focus of Governor Akinwunmi Ambode's growth and poverty eradication programme in the medium term, because economic growth in Lagos State requires that government overcome significant bottlenecks in the economy in Road, Transport, Security and Power.

Governor Akinwunmi Ambode and Economic Growth in Nigeria

Some strategies work for a Country and do not work for others, because there is no concrete, precise formula for success. Besides transitional economies are different from Industrial nations, so there is need for unique approach, management and strategy to address the unique problem of any nation. The result of the approach depends on the leader among other factors as enshrined in his exposure, education and cognitive capability.

In Nigeria, Governor Ambode of Lagos State has displayed his knowledge of the problem of Nigerians. Babatunde, Dandago, Onadugo (2015) explain that the real challenges experienced in Public Expenditure Management are mostly with implementation and monitoring which is essentially the purview of the driver. In the thirty-six States in the Nigerian federation, Lagos has distinguished herself as a state with distinct Public Expenditure Management (PEM) credentials in the Akinwunmi Ambode era as Accountant General of the state between 2007 and 2012 and later as the Governor of the State, For instance, He repositions the public expenditure management in Lagos State as a result, positive impacts of public expenditure are being felt in

many areas of Lagos State's economy. (Olulade, 2016, p. 02).

Governor Ambode gives huge commitment to security, public infrastructure and economic development (Ehiabhi, 2016; Olulade, 2016 p. 02). He has shown a resounding commitment to serve (Ogbeche, 2016, p. 01), through deliberate strategy to show passion, accountability and transparency; (Oluade, 2016; Toju, 2016, p. 01). Road infrastructure will get the most attention in his policies, with an improved transport sector (Ugbodaga, 2016, pp. 01). Rail transportation will also get a significant attention followed by water transportation.

For an improved GDP, a dominant strategy of Governor Ambode's government is to attract foreign direct investment which will in turn create jobs and increase state revenue. A number of institutions were established to support and stimulate entrepreneurship such as the Wealth Creation Ministry and the proposed Lagos Microfinance bank (Akinsola, 2016, p. 1). Okojie (2016) states that Ambode empowers the youth through improved educational facilities, resources and continuous skills development. Consequent upon the foregoing, in line with agency, new public management and institutional theories, this study examines the lessons from Lagos State and highlights whether or not it can be replicated elsewhere locally, nationally and internationally especially based on the arguments in Economic growth and Keynesian theories.

Methodology Research Design

Data for this study are obtained from both primary and secondary sources. Primary data are obtained from Lagos State residents of middle class status, they are enlightened, knowledgeable citizens with expectations. They make reasonable assessment of infrastructure and economic growth deliveries. Secondary data are collected by the examination of various relevant financial reports on Lagos state for 2010 to 2015.

The research has no control over the data used, thus the study is anchored on carrying out a survey. The structure of its procedure is therefore, descriptive which belongs to the research design type called cross-sectional-research survey design. The primary data sampling frame comprises of top 289 Lagos residents whose work interface frequently with infrastructure and economic growth. The sampling technique used is random sampling. A questionnaire in form of "Yes" and "No" is used as the data collection instrument. Anonymity of the respondents and confidentiality of the responses are used as a ploy to ensure that unbiased data are collected from the respondents.

The questionnaire contains a set of questions classified into two major sections A and B. Section A features four questions on bio-data of the respondents. This includes residential area in Lagos State and length of stay in Lagos State. The inclusion of these variables is necessary as they help to classify the respondents properly as well as analyse their responses. Section B of the questionnaire comprises of "Yes" and "No" questions, designed mainly to provide information for answering the research question.

Data obtained from the field is analysed using descriptive, One Sample T-test and Karl Pearson coefficient of correlation statistics. Gupta (2009) argues that Pearson, r , when squared measures the extent to which one variable accounts for correlation with the other. It is

typically denoted by r which is a measure of the correlation (linear dependence) between two variables X and Y , giving a value between +1 and -1 inclusive. The statistical analysis is done with the aid of IBM Statistical Package for Social Sciences (SPSS) version 22.

Study Population

The study population is One thousand and fifty (1050) respondents, which is made up of all the e-tag customers of Lekki Concession Company, which is an award winner road infrastructure Company in Lagos State. The sample size is two hundred and eighty- nine (289) respondents from the population of one thousand and fifty (1050). It is determined using Slovin's formula. According to Unam (2012) Slovin's formula is $n = \frac{N}{1 + N(e)^2}$, where n is the sample size, N is the population size, and e is the margin of error.

N = Population of 1050

e = Margin of error of 5%

$n = \frac{1050}{1 + 1050(0.05)^2}$

$n = \frac{1050}{1 + 1050(0.05)^2} = \frac{1050}{1 + 2.625}$

$n = 289$

Due to time constraint and other exigencies only about 84% or 242 copies of the questionnaire are successfully analysed.

Variables Descriptions and Measurement

All the infrastructure and economic measurement data were obtained manually from the annual financial reports of Lagos State government from 2010 to 2015. Copies of

the annual reports are reviewed and adequately analysed. The primary data is analysed based on descriptive and One Sample T-test, t statistics. Pearson coefficient of correlation, r is used for the secondary data. The choice of the variables used was informed by previous studies by Aregbeyeni, and Kolawole (2015); Babalola (2015).

Two categories of variables are utilised, they are the dependent and independent variables. The dependent variable is economic growth while the independent variable is infrastructure. Lagos State annual GDP for 2010 to 2015 is used as a proxy for economic growth. Infrastructure is based on actual annual capital expenditure on road, transport and agriculture from 2010 to 2015.

Instrument Validation

The research instrument was subjected to content validation to ensure that the content of the instrument measures the variables investigated in the study. The first draft of the questionnaire was given to two Ph.D. students in accounting. Based on their suggestions improvements were made, the improved copy was given to a post graduate lecturer who also made a positive input. The input was incorporated in the final copy, which was used in carrying out the study.

Content Validation

A reliability test was done on the data collected, it resulted into a Cronbach's Alpha of .640 as shown in Table 1. This result implies that the data are highly reliable.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.640	6

Source: Field Survey 2016

Data Analysis and Interpretation Respondents' Profile

Table 2 and 3 are used to explain the profiles of the respondents

	Frequency	Percent
Valid IKOROD	20	8.3
U		
BADAGR	5	2.1
Y		
IKEJA	49	20.2
LAGOS		
ISLAND	125	51.7
EPE	36	14.9
Total	235	97.1
Missin System	7	2.9
g		
Total	242	100.0

Source: Field Survey 2016

Table 2 depicts that the respondents reside in every geo-political zone of the five divisions of Lagos State. Majority are in the prime areas of the state, which are Lagos Island and Ikeja at 51.7% and 20.2% respectively.

Table 3: Length of Stay In Lagos State

	Frequency	Percent
Valid BELOW 5 YEARS	20	8.3
5-10 YEARS	40	16.5
ABOVE 10 YEARS	177	73.1
Total	237	97.9
Missing System	5	2.1
Total	242	100.0

Table 3 indicates that about 73% of the respondents have been living in Lagos State for over ten years while about 16.5% have resided in Lagos for between 5 and 10 years. It means the respondents are informed citizens on the issues pertaining to the subject matter.

Answer to Research Question

The research question is answered with the descriptive statistics and One- Sample T-Test in Tables 4 and 5. Table 4 depicts the descriptive statistics of the primary data

gathered from respondents. Table 5 is on One- Sample T-Test,

Table 4: Descriptive Statistics Of Items Tested in the Questionnaire

Item No,	DESCRIPTION	N	Minimum	Maximum	Mean	Std. Deviation
1.	DO YOU RESIDE IN LAGOS STATE	237	1	3	2.66	.628
2.	DOES GOVERNMENT SPENDING ON ROAD INFRASTRUCTURE MEET PEOPLES' EXPECTATION?	237	1	2	1.49	.501
3.	DOES GOVERNMENT PROVIDE A CREDIBLE ASSURANCE TO THE PEOPLE OF LAGOS STATE IN SPENDING ON AGRICULTURE?	237	1	2	1.56	.497
4.	DO YOU SUPPORT LAGOS STATE GOVERNMENT INFRASTRUCTURE SPENDING IN SAFETY AND SECURITY?	236	1	2	1.92	.273
5.	IS LAGOS STATE SPENDING IN ROAD INFRASTRUCTURE ADEQUATE?	237	1	2	1.89	.318
6.	DO YOU LIKE THE INITIATIVE OF LAGOS STATE GOVERNMENT IN TRANSPORTATION	228	1	2	1.70	.458
7.	GOVERNOR AMBODE SAYS HE WANTS TO AFFECT MANY LIVES POSITIVELY IN THE NEXT FOUR YEARS, DO YOU AGREE?	225	1	2	1.72	.450
	Valid N (listwise)	205				

Source: Field survey 2016

In Table 4 this study uses mean and standard deviation to measure the dispersion, deviation or how far an average is representative of the mass. Gupta (2009) opines that the mean deviation measures deviation more precisely. Therefore, the mean deviation in the descriptive statistics in Table 4 is used to explain the reliability of the respondents' views. Table 4 shows the mean score of 1.49 and standard deviation of .501 for item 2 under government spending on road infrastructure and peoples' expectation. Similarly for item 5 on road infrastructure which records a standard deviation of less than 1 at .318. This score is near the maximum obtainable of 2. In both questions, the result is good. This indicates that respondents agree that government spending on road infrastructure meet peoples' expectation and they support the spending. As a matter of fact, items 2 and 5 on road infrastructure recorded standard deviation of .501 and .318 respectively. These standard deviations are lower than 1 which means that the spending on road infrastructure is adjudged to be good by the respondents and meet peoples' expectation.

Item 3 on spending on agriculture depicted low mean scores of 1.56 which is not far from the maximum obtainable of 2. The Standard deviation is also below 1 at .497. This result indicates that respondents like the initiative of government in agriculture. Item 4 shows a mean of 1.92 which is approximately the maximum obtainable, with a low standard deviation .273. This result is excellent, it indicates that respondents have confidence in the government spending on safety and security of lives and property. They feel safe and secure. Items 6 on spending on transportation recorded a mean scores of 1.70. The standard deviations are low at .458 since they are all below 1. This indicates that spending on transportation is perceived by respondents as good. The generality of respondents are in agreement in their view on transportation in view of the low deviation from the mean. Hence, they all like the initiative of Lagos State government in transportation. Item 7 produces a mean of 1.72 with a standard deviation of .450. The mean is close to the maximum obtainable. It is good. Besides, the standard deviation is below 1 which

is good. This result indicate that respondents have much hope in the Government. They believe that government would affect their lives positively. These results are

further corroborated with the One -Sample T-test results depicted in Table 5.

Table 5 :One-Sample T Test For questions bothering on answer to the research question

Description	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1. SPENDING ON ROAD INFRASTRUCTURE MEET PEOPLES' EXPECTATION?	45.653	236	.000	1.485	1.42	1.55
2. DOES GOVERNMENT PROVIDE A CREDIBLE ASSURANCE TO THE PEOPLE OF LAGOS STATE IN SPENDING ON AGRICULTURE?	48.330	236	.000	1.561	1.50	1.62
3. DO YOU SUPPORT LAGOS STATE GOVERNMENT INFRASTRUCTURE OBJECTIVES IN SAFETY AND SECURITY?	108.150	235	.000	1.919	1.88	1.95
4. DO YOU SUPPORT LAGOS STATE IN ROAD INFRASTRUCTURE?	91.195	236	.000	1.886	1.85	1.93
5. DO YOU LIKE THE INITIATIVE OF LAGOS STATE GOVERNMENT IN TRANSPORTATION?	56.044	227	.000	1.702	1.64	1.76
6 GOVERNOR AMBODE SAYS HE WANTS TO AFFECT MANY LIVES POSITIVELY IN THE NEXT FOUR YEARS, DO YOU AGREE?	57.333	224	.000	1.720	1.66	1.78

Source: Field survey 2016

Table 5 is the result of the one sample T Test, *t* for all the criteria used to answer the research question. All the parameters tested show significant result at .000 value, at 95% confident interval of the differences in the parameters tested. The result shows that respondents are unanimous in their acceptance of the fact that the government is doing well in spending on road, transportation, agriculture safety

and security of lives and property. Respondents trust that their lives would be affected positively.

Test of Hypothesis

Table 6 and 7 are used to analyse the hypothesis formulated for this study.

Table 6: Government Spending on Road, Transport Agriculture and Annual Gdp from 2010 To 2015

YEAR	ROAD =N=	TRANSPORT =N=	AGRICULTURE =N=	GDP =N=
2010	40,044,536,788.00	759,298,356.00	1,720,740,007.00	12,091,131,325,014.80
2011	40,286,981,752.00	708,899,880.00	1,256,590,629.00	12,877,235,911,140.80
2012	72,434,275,899.00	869,456,287.00	1,450,712,213.00	13,714,256,245,365.00
2013	9,296,109,507.00	283,075,720.00	1,084,396,637.00	14,605,682,901,313.70
2014	58,606,451,853.00	834,859,359.00	1,445,236,006.00	15,555,052,289,899.10
2015	55,755,217,531.00	839,747,593.00	1,339,716,981.00	16,566,130.688,742.50

Source: Field Survey 2016

Table 6 shows the secondary data used in this study. It is the actual spending on road, transport and agriculture from year 2010 to 2016 in Lagos State. The hypothesis is tested with the secondary data

using Pearson correlation coefficient, as shown in Table 7. Table 7 specifically attempts to test the hypothesis formulated for this study

Table 7: Pearson Correlations of the Secondary data on spending on infrastructure and Economic growth

		GROSS DOMESTIC PRODUCTS	CAPITAL EXPENDITURE ON ROAD	CAPITAL EXPENDITURE ON TRANSPORT	CAPITAL EXPENDITURE ON AGRICULUTRE	AVERAGE CAPITAL EXPENDITURE
GROSS DOMESTIC PRODUCTS	Pearson Correlation Sig. (2-tailed) N	1 .179 6	.179 .735 6	.066 .901 6	-.400 .432 6	.173 .743 6
CAPITAL EXPENDITURE ON ROAD	Pearson Correlation Sig. (2-tailed) N	.179 .735 6	1 .006 6	.937** .006 6	.507 .305 6	1.000** .000 6
CAPITAL EXPENDITURE ON TRANSPORT	Pearson Correlation Sig. (2-tailed) N	.066 .901 6	.937** .006 6	1 .148 6	.667 .148 6	.940** .005 6
CAPITAL EXPENDITURE ON AGRICULUTRE	Pearson Correlation Sig. (2-tailed) N	-.400 .432 6	.507 .305 6	.667 .148 6	1 .148 6	.516 .294 6
AVERAGE CAPITAL EXPENDITURE	Pearson Correlation Sig. (2-tailed) N	.173 .743 6	1.000** .000 6	.940** .005 6	.516 .294 6	1 1 6

** . Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation coefficient result in Table 6 shows a not significant relationship between spending on infrastructure generally at .173 at the .01 level of significance, two-tailed on the average. There is a not significant relationship between spending on road infrastructure and economic growth at .179. at the .01 level of significance, two-tailed. Also a not significant relationship exist between spending on transport infrastructure at .066 at the .01 level of significance, two-tailed. However, this is not the case with spending on agriculture which records a non- significant negative relationship of -.400 at the .01 level of significance, two-tailed., two tailed. Unfortunately, the result further indicates that spending on agriculture infrastructure has a negative relationship with economic growth in Nigeria. This is an inverse relationship which indicates that spending on agriculture infrastructure and economic growth move in opposite direction.

Result Discussions

This result supports the findings in earlier studies, for instance, as far back as the 1990s, Ogiogio (1995) revealed a long-term relationship between government expenditure and economic growth. In recent times researchers find an alignment between spending on infrastructure and economic growth (Ighodaro and Oriakhi 2010; Adeniyi and Bashir 2011; Oyinlola and Akinibosun 2013; Darma (2014); Udoka, and Anyingang, 2015).

The result shows that the slogan “seeing is believing” is the case with primary data which analysis indicate that, there is strong relationship among the variables. Even when the research question is further tested with secondary data, the result indicates relationship. This positive result for road and transport infrastructure is not expected especially at this trying time for Nigeria, being an oil producing Company which is seriously affected by the down turn in the oil price but because the statistics are from a role model state that is delivering the dividend of democracy, they are good result to be emulated by others. At a time when the depreciation of the Naira, the reduced oil revenue, the reduced the amount accruing to Lagos State from the sharing of Federal Account Allocation, the result posted on road and transport is worthy of emulation. In line with the Agency theory expectation, Lagos State focuses on tapping its revenue opportunity, its spending depends more on internally generated revenue for improvement of lives. Through spending on road and transport infrastructure, Lagos State government as an agent is able to improve and support the worth of the Nigerian citizens as principals this is worthy of emulation and qualifies Lagos state as a worthy role model in line with Institutional theory.

As for government spending on agriculture infrastructure, this result suggests that there is need to do more spending on agriculture infrastructure. And the opinion of Mitchell (2005) on the Keynesian theory which states that

government spending on infrastructure may not result into economic growth is supported to some extent.

On the whole in line with the theory of economic growth, the result supports the solo-swan modern day theory, this result confirms that technology inform of infrastructure grows an economy. Also, based on the results, in support of Institutional theory, Lagos state under Governor Akinwunmi Ambode is a worthy role-model for other states to copy.

Mmary, Conclusion and Recommendation

This section dwells on the summary and conclusion of this study. It contains recommendations based on the findings of this study.

Summary

In this study it was posited that good governance necessitates appropriate spending on infrastructure for economic growth in the best interest of the citizens. Therefore, this study drew from trends in the public sector in order to examine some key areas of spending as it relates to infrastructure development in the Nigeria. A research question was answered. A hypothesis was tested. The result of the research question shows that there is significant correlation between government spending on infrastructure and economic growth in Nigeria for road and transportation. The result of the primary indicate a significant relationship between government infrastructure spending on road, transport and agriculture and economic growth. The result of the hypothesis tested is based on the Pearson correlation coefficient result in Table 6 which shows a relationship between spending on infrastructure generally at .173 at the .01 level of significance, two-tailed on the average. There is a relationship between spending on road infrastructure and economic growth at .179. at the .01 level of significance, two-tailed. Also a relationship exist between spending on transport infrastructure at .066 at the .01 level of significance, two-tailed. However, this is not the case with spending on agriculture which records a non- significant negative relationship of -.400 at the .0.01 level of significance, two tailed. Unfortunately, the result further indicates that spending on agriculture infrastructure has a negative relationship with economic growth in Nigeria. This is an inverse relationship which indicates that spending on agriculture infrastructure and economic growth move in opposite direction. No wonder food prices continue to skyrocket. The findings imply that government should abide by its spending on infrastructure to improve economic growth in the best interest of the citizens while attention should be paid to spending on agriculture infrastructure in Nigeria.

Conclusion

This study concludes that government spending on infrastructure has a relationship with economic growth in Nigeria. This study has largely achieved its aim and objectives. It has provided empirical evidence in support of the fact that government spending on infrastructure has relationship with economic growth. Government spending on infrastructure is encouraged for as long it is substantial enough to grow the economy in the best interest of citizens towards the actualisation of millennium development goals.

Contribution to Knowledge

This study has contributed to knowledge. This study makes several contributions to knowledge. First, a contribution to knowledge from this result is that it could be argued that there is a level to which spending on

infrastructure will get before it could make an impact on citizens lives, if it does not reach this threshold it may be worsening the infrastructure and the expectation on its utilization with a consequence on citizens lives.

Second, there is contribution to the literature that seeks to identify the relationship between government spending and economic growth. Third, this study is a contribution to the debate on the actualisation of the Millennium Development Goals. Fourth, the methodology adopted is extensive, combining both primary and secondary data for a robust analysis. Fifth, the empirical evidences posted are a reference point. Sixth, the results of this study are comparable with research findings in similar studies World- wide. It is in conformity with statistical research directions.

Recommendations

1. The foregoing findings bear some implications for policy formulation. There is need to improve government spending on agriculture infrastructure in the best interest of citizens. It is urgent to diversify into agriculture based on the economic down turn which over reliance on oil revenue has largely caused. Besides, it is an avenue for food security, job creation and poverty alleviation.
2. The results support the fact that Lagos state is doing well despite corruption and dwindling oil revenue in Nigeria. It is a good role model for other states.
3. This study covers the spending activities of a major state in Nigeria, this result could be tested with a similar State in other developing Countries. The study covers only three items of government infrastructure spending, other studies can cover other items not covered in the study.

References

- i. Adeniyi, O. M., & Bashir, A. O. (2011). Sectorial Analysis of the Impact of Public Investment on Economic Growth in Nigeria (1970-2008). *European Journal of Social Sciences*, 20 (2), 259.
- ii. Akinsola B. (2016, February). Lagos State Government to establish micro- finance bank – Ambode. *Naija247News*. Retrieved from <http://naija247news.com/2016/02/lagos-govt-to-establish-micro-finance-bank-ambode/>
- iii. Amanja D. and Morrissey O. (2005): Fiscal Policy and Economic Growth in Kenya. Centre for Research in Economic Development and International Trade, University of Norttingham. www.northingham.ac.uk/economics/research/credit accessed 29/6/10
- iv. Aregbeyeni, O, & Kolawole, B.O. (2015). Oil Revenue, Public Spending and Economic Growth Relationships in Nigeria. *Journal of Sustainable Development; Vol. 8, No. 3, pp.114-123*.
- v. Babalola A.I (2015). Fiscal Policy and Economic Development in Nigeria. *Journal of Economic and sustainable Development, Vol.6 No. 7, pp 150-160*
- vi. Babatunde (2015). Effects of Internal Control System Deficiency on Contractors' Infrastructural Development Capability in the Nigerian Public Sector. *Chinese Business Review 2015, Vol. 14, No. 12*.
- vii. Babatunde, S.A., Dandago, K.I. (2014). Internal control system deficiency and capital project mismanagement in the Nigerian public sector. *Procedia - Social and Behavioural Sciences. 164, pp. 208 – 221*

- viii. Babatunde, S.A., Onadugo, V.A. Dandago, K. I. (2015). The effects of leadership quality on public expenditure management: evidence from Lagos state treasury under Akinwunmi Ambode as Accountant General. *International Journal of Business, Economics and Law, Vol. 6, Issue 1, pp. 1-12*
- ix. Danladi, J.D., K. J. Akomolafe, K.J., Olarinde, O.S, Anyadiegwu, N.L (2015). Government Expenditure and Its Implication for Economic Growth: Evidence from Nigeria'. *Journal of Economics and Sustainable Development. Vol.6, No.18, 2015, pp.142-152.*
- x. Darma (2014). Federal Capital Expenditure and its impact on Economic Growth in Nigeria; 1980-2010. *Developing Country Studies, Vol.4, No.4, pp.24-33*
- xi. Ehiabhi V. (2016). Gov Ambode shocks Lagosians with 2016 expectation. *Naij.com*. Retrieved from [http:// www.naija.com](http://www.naija.com)
- xii. Heath, J. (2009). The Uses and Abuses of Agency Theory, *Business Ethics Quarterly, 19 (4), 497-528.*
- xiii. Ighodaro, C. A. U., & Oriakhi, D. E. (2010). Does the Relationship between Government Expenditure and Economic Growth follow Wagner's Law in Nigeria? *Annals of the University of Petrosani, Economics, 10 (2), 185-198.*
- xiv. Jagalla, T., Becker, S. D. & Weber, J. (2011). A Taxonomy of the Perceived Benefits of Accrual Accounting and Budgeting: Evidence from German States. *Financial Accountability & Management, 27(2), 134-165.*
- xv. Jahan, S., Mahmud, A.S. & Papageorgiou, C (2014). What Is Keynesian Economics? *Finance & Development, September 2014, Vol. 51, No. 3, pp.53-54* LASG Economic and Fiscal Update – Fiscal Strategy Paper for 2014-2016 (2013). Retrieved on March 2, 2016 from <http://www.spaccnigeria.com/RC/files/2.2.13 Lagos Economic Update Strategy/pdf>
- xvi. Lundqvist, P, Marton, J, Pettersson, A-K & Rehnberg, P. (2008) IFRS implementation in Listed Companies – Identification of Factors leading to Inconsistent Application. 31st Annual Congress EAA, April 23 - 25, Rotterdam, The Netherlands.
- xvii. Mitchell, D.J. (2005). The Impact of Government Spending on Economic Growth. *Heritage Foundation No. 1831, pp. 1-18.*
- xviii. Nwachukwu, C, C. & Emoh, F. (2011). Building construction project management success as a critical issues in real estate development and investment, *American Journal of Social and Management Sciences, 2(1), pp. 56-76.*
- xix. najjavoice (2016), The five richest States in Nigeria. Retrieved on March 2, 2016 from <http://najjavoice.com.ng>
- xx. Ogbache D. (2016, January 19). I will work tirelessly to better Lagos State – Ambode. *Daily Post*. Retrieved on March 2, 2016 from <http://daily.post.ng/2016/01/19/i-will-work-tirelessly-to-better-lagos-state-ambode>
- xxi. Ogiogio, G. O. (1995). Government Expenditure and Economic Growth in Nigeria. *Journal of Economic Management, 2 (1), 1, pp.*
- xxii. Okojie G. (2016, January 12). Gov Ambode assures of quality education, swears in 8th LASU VC. *Leadership Newspaper*. Retrieved on March 2, 2016, from <http://leadership.ng/news/490912/gov-ambode-assures-quality-education-swears-in-8th-lasu-vc>
- xxiii. Olulade S. (2016). Ambode the waiting glory of Lagos. *The NEWS*. Retrieved on March 4, 2016, from <http://thenewsnigeria.com.ng/2016/01/segun-olulade-ambode-the-awaiting-glory-for-lagos/>
- xxiv. Oyinlola, O. (1993). Nigeria's National Defence and Economic Development: An Impact Analysis. *Scandinavian Journal of Development Alternatives, 12(3), pp.241-253.*
- xxv. Raheem, S; Ayana, J.O and Fashedemi, A.O (2014). Easing the “Disease” of Poverty in Nigeria. *Developing Country Studies. Vol.4, No.19, pp. 55-66* Transparency International (2014). Corruption is threatening economic growth for all. Retrieved on March 2, 2016 from <http://www.transparency.org/cpi2014/results> Toju E. (2016, February 16). Gov. Ambode canvasses constructive criticisms. *Lagos Convo*. Retrieved from <http://lagosconvo.com/news/gov-ambode-canvasses-constructive>
- xxvi. Udoka, C. and Anyingang, R.A. (2015). The Effect of Public Expenditure on the Growth and Development of Nigerian Economy (1980-2012). *International Review of Management and Business Research Vol. 4 Issue.3, pp. 824 – 835.*
- xxvii. Ugbodaga, K. (2016, February 16) 114 Roads: Lagos vows to blacklist contractors who deliver poor jobs. *PM News Nigeria*. Retrieved on February 20 from <http://www.pmnnewsigeria.com>
- xxviii. Unam, J. M (2012). Materials Management for Business Success: The Case of the Nigerian Bottling Company Plc. *International Journal of Economics and Management Sciences. Vol.1, No.7, pp. 50-56*
- xxix. Wells, K. (2015). What is Economic Growth?- Definition, Theory & Impact. Retrieved on February 29, 2015 from <http://www.study.com/academy>.