

THE EFFECTS OF LEADERSHIP QUALITY ON PUBLIC EXPENDITURE MANAGEMENT: EVIDENCE FROM LAGOS STATE TREASURY UNDER AKINWUNMI AMBODE AS ACCOUNTANT GENERAL

By

Babatunde, Shakirat Adepeju, B.Sc. (Hons.), M.Sc., MBA. FCA, FNIM
Ph.D. Research Fellow
Department of Accounting, School of Post Graduate Studies,
University of Lagos, Akoka, Lagos, Nigeria
yasinfatiha1995@gmail.com +2348033007121, +2348054880236
(Corresponding Author)

Vincent A. Onodugo, Ph. D, FCAI, FIIA, MNIM
Head of department of Management, University of Nigeria, Enugu campus
Vincent.onodugo@unn.edu.ng 08035487972

Kabiru Isa Dandago, Ph.D., FCA, FNIM, ACTI, MNES
Professor, School of Accountancy, College of Business, Bayero University Kano, kidandago@gmail.com
+2348023360386

ABSTRACT

It is a truism that public expenditure management (PEM) dictates the performance of a nation's or state's economy and the welfare of its citizens. This study aims to explore in greater details the potentials of quality leadership on public expenditure management, towards a better life for the citizenry. It specifically examines the effects of leadership quality on public expenditure management outcomes using the six-year tenure of Akinwunmi Ambode as the Accountant General (AG) of Lagos State as the focal point. Secondary data for this study was extracted from all audited published financial accounts of the State for the period 2006 to 2012. It was supplemented with primary data from ten top practicing accountants whose work interfaces with that of AG. Data obtained from the field were analyzed using Karl Pearson coefficient of correlation method of analysis and descriptive statistics. Study findings show a positive significant relationship between leadership quality and growth of the revenue and increase in the welfare of Lagos State Citizens during the period investigated. Further, the study highlighted essential leadership qualities. Conceptual ability, fairness, justice, listening skills, problem solving competencies, teaming skills, among others, are the ingredients that a public officer requires to accomplish public sector assignments. This study recommends that more attention should be paid to leadership quality in the selection of public functionaries.

Keywords: Accountant General; Citizens' welfare; Lagos State; Leadership quality; Public Expenditure Management

1. INTRODUCTION

There is little controversy in the literature about the critical and catalytic role of public expenditure management (PEM) to a nation's economic development. Aggregate public expenditure provides the demand pull which stimulates the production of goods and services and by extension, a nation's gross national product (GNP). Again, government, at all levels leverages on the instrumentality of public expenditure as a fulcrum to provide essential public goods and services to its citizenry and a tool to moderate the tempo and direction of economic activity. It is, therefore, axiomatic, to posit that the economic activity and welfare of any nation depends largely on how it manages its public expenditure.

There is also consensus among development experts that PEM accountability challenges are the bane of most developing countries in general and Nigeria in particular (Babatunde, 2013; Achua, 2011; Dandago, 2007). This explains why Nigeria as the largest economy in Africa, with an average growth rate of 6% in the last ten years still records over 20% unemployment rate for the same period (<http://www.tradingeconomics.com>).

PEM activity like all other function of the government relies on both the policies, structures and institutional framework on the one hand, and more delicately, the political will and integrity of the leadership to do what is right for the other. In the Nigerian federation, PEM is initiated at the top by the executive arm of government who sends budget estimates to the legislature for appropriation and approval. When this is approved, the bills are passed and assented to by the President or governor of the state as the case may be, then the management rests mainly on the office of the Accountant General (AG) for implementation and supervision.

The motivation for this study derives from the fact that over the years in Nigeria, the act of initiation, debating and passing of the appropriation bills with little exception, is known and perfected. The real challenges experienced in PEM are mostly with implementation and monitoring which is essentially the purview of the AG. In the comity of states in the Nigerian federation, Lagos has distinguished herself as a state with distinct PEM credentials in the six years' leadership of Akinwunmi Ambode as AG. For instance, he introduced the unique Lagos State Financial regulations in order to reflect true federalism in Nigeria. He also repositioned the public expenditure management in Lagos State which led to the enactment of Public finance management law 2011.

It is therefore, necessary to examine the underlying leadership qualities of the AG of Lagos for the period under review and highlight the lessons which can be replicated elsewhere. This study is situated within the theoretical context of 'black box' and 'normative institutionalism models of PEM (Andrews and Boyne 2010). The former opines that managerial capability is a critical component of an improved service delivery and assumes that public expenditure management is maximized with effective leadership. The latter on the other hand stipulates that the most important elements are the values by which decisions are taken and not the structures set by the actor.

The black box models assume that public expenditure management is maximized with effective leadership and, as such, this study tests the assumption with the activities of Lagos State Treasury Office, under the able leadership of Akinwunmi Ambode (2007-2012).

Andrews and Boyne 2010 states that PEM practices suffer from leadership capability. The structural framework remains relatively permanent while the leadership comes and goes. It therefore, follows that the palpable performance within a given period are mainly attributed to the quality of leadership.

While there is convergence among scholars of the import of good leadership as a factor for public expenditure management improvement, there is limited comprehensive empirical analysis of the effects of leadership on public expenditure management in governance in a developing economy. It is this gap that this study seeks to fill.

Therefore, this study is unique in several ways: First, it critically analyses the role playing of those charged with the responsibility of accounting for public resources and means of society's welfare. Second, it affords the opportunity for peer review of regimes and states. Third, it examines the intricate relationship between two key aspects of management sciences of human resources and public sector accounting. Fourth, literature to some extent has been silent on the impact of leadership quality on public expenditure management on transitional economies like Nigeria. Fifth, these days, as institutions set agenda and parameters as action plans. Institutions define the road map which the actors should

follow, and each actor has preferences as he or she takes decision on priorities. Unfortunately, if the priorities of the actor do not align with that of the institutions there is chaos for citizens' well-being. Sixth, Putnam (1993) and Ostrom (1990) argue that a good civil spirit ensures economic growth in the first place. This study examines and contextualizes the dictum that 'a good civil spirit ensures economic growth' within the framework of the PEM of Lagos State treasury during the tenure of AG Ambode.

This study specifically seeks to explore in greater details and thus provide deeper understanding of the potentials of quality leadership on public expenditure management, towards a better life for the Nigerian citizenry. The specific objectives are:

- i. To examine the effects of leadership on the management of public expenditure.
- ii. To examine the correlation between leadership quality and welfare of the citizenry.
- iii. To identify the character traits of effective public leadership in Nigeria

The research question that will provide direction to this study is:

How does leadership quality affect public expenditure management for citizen's welfare in the Lagos State public sector?

The associated hypotheses formulated to guide this study are stated in the null form as follows:

Hypothesis 1

H₀: Leadership quality does not have a significant effect on public expenditure management in Lagos State public sector.

Hypothesis 2

H₀: Leadership quality in public expenditure management does not have a significant effect on citizens' welfare in Lagos State public sector.

This study is on Lagos State which is unarguably the leading commercial city in Nigeria where over 65% of the commercial activities take place (Nigeria Business Directory Index 2013). It has achieved significant strides in PEM and it is expected that lessons from its study can be replicated and shared across other states of the federation in Nigeria and worldwide. Specifically the regime of Akinwunmi Ambode as the Accountant General of Lagos between 2007 and 2012 is the focus of the study. The rationale for this is that significant strides were realized during his administration and it became pertinent to highlight and benchmark some of the leadership qualities that made it possible. This study is on PEM which is the pivot upon which service delivery and welfare of the citizens revolves.

The citizenry who are at the receiving end of governance would through the findings of this study benchmark the qualities of leadership required to improve their welfare through effective management of the resources. Study findings will avail policy makers with key lessons on strategic areas of policy gaps that they can focus on to make immediate impact in public service. Supervisory agencies and economic monitors will have insights on where to concentrate their oversight functions for the faster return on governance investment. Jagalla and Weber (2011) state that normative literature has proposed the various recipients of public financial information to include at least seven different groups such as voters, taxpayers, and consumers of public goods. Also policy-makers, their civil service and other advisers, managers within governmental organizations and public sector agencies, employees and professionals working in the public sector. Monitoring bodies and creditors to public sector bodies. And users in non-finance functions such as politicians and line management of administrative units. This study satisfies this group of beneficiaries.

2.0 REVIEW OF LITERATURE

2.1 CONCEPTUAL AND THEORETICAL FRAMEWORK ON PEM AND LEADERSHIP

Public expenditure management is generally explained as the process of allocating and utilizing resources, responsibly, efficiently and effectively (Lalvani, 2010; Vukicevic, and Bartholomew, 2008). This is the most fundamental aspect of public finance function that is backed up by appropriation legislations. It complements revenue generation. The issue of revenue generation and Gross National Products (GNP) growth is not as much of a problem as the issue of allocation and utilization of the resources which is the domain of PEM.

Essentially the issue of PEM is very critical if more persons will be lifted out of poverty. The main outcomes of PEM include aggregate fiscal discipline, allocative efficiency, and operational efficiency (Ebimobowei, and Onuorah, 2012; Andrews, and Boyne, 2010; Lalvani, 2010). There are three theories that guide this work namely: *Theories of*

governance, new public management and agency. The theory of governance highlights the way in which a government chooses to take decisions and carry out its activities. Proponents of this theory argue that resource allocation, distribution and utilization as well as how to resolve the conflicts that flow from it, can be performed by someone who has the authority and is accountable to the citizenry, based on the New Public Management Theory (NPM) (Bevir 2010; Carrington, DeBuse, and Lee, 2008). NPM supports the introduction of private sector management and incentive methods into public institutions. It incorporates agency and governance theories. Maesschalck (2004) and Gruening (2001) explain that NPM is a movement to reform public sector organisations by removing politics from government institutions. This theory runs on the principles of merit, neutral, competent administration and sound financial management. This study examines to what extent the Lagos State AG as an agent of the public applied private sector leadership principles in PEM and the resulting outcome to the maximum advantage of the citizens.

Public expenditure management motivations for efficient and effective financial performance lie with the values of Agency theory. The essential thrust of this theory is that public administrators are agents of the principal who are the citizens, and they are required to spend the funds entrusted to them in ways that will advance the interests of the citizens, while acting within the limits of the law. Since the major interest of citizens are improvements in welfare and quality service delivery, it makes sense to conclude that the key focus of this theory is for administrators to maximize the welfare of citizens and enhance service quality. This study follows the trend in Leruth and Paul (2010) by using a principal- agent theory approach to public expenditure management system.

2.2 STUDIES AND PERSPECTIVES IN PEM

Arul-Pragasam and Mwonzora (2013) argue that in the short-time, projects may not succeed if the people who best understand the issues themselves are not involved. This research is an improvement because the information supplied narrows down to the office holder. Ebimobowei and Onuorah (2012) examine accountability and public sector financial management in Nigeria. The study finds that accountability is very poor in Nigeria because the attributes of good public expenditure management are lacking. This study is conscious of a wider range of management problems including leadership quality and role playing in the research focus.

Slukhai (2011) finds that there is need for modern approach to public expenditure management monitoring and evaluation. This study utilizes modern approach of the need for peer review to draw up its analysis as a more radical approach.

Lalvani (2010) examines Public Expenditure Management Reform in India via inter- government transfers. The study seeks to introduce a quantifiable measure of expenditure quality and recommended monitorable output targets but considered only one year data. This study covers a period of 2006 to 2012 for all the statistics used and affords an in-depth trend analysis of public expenditure management.

Leruth and Paul (2007) examine Public Expenditure Managements in developing countries using a principal- agent theory approach in the Ministry of finance. This study analyses the Ministry of Finance's statistics and the office holder as an innovation. It concentrates on the output in absolute terms.

Vukicevic and Bartholomew (2008) on Public Expenditure Management Peer-Assisted Learning (PEMPAL) initiative in Europe and Central Asia argue that true peers are perceived as being in the same boat. Professionals see hearing and studying their peers activities and results as relevant and realistic to their work when enjoined with ideas offered by non-peers. The study states that outsiders do not enjoy the legitimacy given to their advice on a daily basis. The study covers elected officers but not specific about the key office of the Accountant General.

2.3 LEADERSHIP QUALITY AND PEM

Feng, Hao, Li, and Zhang (2012) argue that bureaucrats in government play important roles in expenditure management. However, the divergence of preferences between the interest of citizens and government cause some conflicts among the players. Several studies have provided sufficient evidence to suggest the pivotal role of leadership in effective management of public organisations (Andrews, and Boyne, 2010; Meier, and. O'Toole, 2002). They separately and collectively support the fact that effective leadership is associated with high performance. Andersons (2010) finds that there are significant differences in behaviour between public and private managers, however no significant difference in leadership behaviour among public managers. This study seeks to state the differences in managerial performances through a comprehensive measure of leadership quality in the public sector.

Gaffar La Guere and Bissessar (2009) argue that to understand the workings of an institution, it is necessary to assess the workings of leadership in the particular cultural context. The study states that there is need to understand the functioning and impulses behind leadership in public management. This study supports the need to understand leadership role playing in public expenditure management to improve visibility of its long term effects on the citizenry. It goes further to feel the impulses of practitioners through an opinion poll. Shea (1999) tests the effect of leadership style on performance improvement and finds that individuals self-efficacy affect the relationship between leadership style and performance improvement. The study used primary data and as such its findings are based on individual perception only, whereas this study reviews actual performance, and draws definite conclusions on the long run effect of leadership style.

3.0. STATEMENT OF METHODOLOGY

3.1 RESEARCH DESIGN

Data for this study were obtained from both primary and secondary sources. Primary data were obtained from professional accountant practitioners who through their work can make reasonable assessment of the professional conduct of AG. Secondary data were collected by the examination of the financial reports for the period under review which covers 2007 to 2012, including 2006 as the base year. 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 ten accounting practitioners whose work interface frequently with that of the AG. The sampling technique used is judgment sampling, structured interview was used as data collection instrument. Anonymity of the respondents and confidentiality of the responses were used as a ploy to ensure that unbiased data were collected from the respondents.

Data obtained from the field was analyzed using descriptive 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 formulated hypotheses were tested with the aid of IBM Statistical Package for Social Sciences (SPSS) version 22.

3.2 VARIABLES DESCRIPTIONS AND MEASUREMENT

All the leadership qualities and public expenditure measurement data were obtained manually from the annual audited financial reports of Lagos State government from 2006 to 2013. Copies of the annual reports were reviewed and adequately analyzed.

The primary data was analyzed based on the adaptation of Galford and Maruca (2006) leadership assessment guide. The choice of the variables used was informed by previous study by Andrews and Boyne (2010). Two categories of variables were analyzed: they are the dependent and independent variables. Dependent variable = Public expenditure management (PEM) and the independent variable is leadership quality (LQ).

PEM is measured as service performance based on third party assessment in form of independent audit opinion. The audit opinion is a gauge of leadership quality. This study extracted audit opinion from the annual audited financial reports on State Treasury Office (STO) of the Accountant General. It is recorded as '1' for unqualified opinion and '0' for otherwise. Leadership Quality is measured by efficiency, effectiveness and the team spirit quotient of the Accountant General in his responsibilities to the citizens. The indicators are explained as:

Efficiency: this is measured by the ability to ensure that the technical issues that the general public need to know are disclosed to them on time. It is measured as timely publication of annual financial reports, in line with the requirement of the *Constitution of the Federal Republic of Nigeria (First Alteration), Act 2010*. It is recorded as '1' if timely and '0' if otherwise.

Effectiveness: Effectiveness in fiscal discipline. This is the second variable of Leadership quality and it is measured using the ability to expand resources available for service delivery. Data for internally generated revenue (IGR) from 2006 to 2012 was utilized for this research.

Team spirit: This indicator captures the involvement of external players who can disrupt or improve Accountant General’s efforts. It is measured as the use of third parties such as consultants for total service improvement and quality management. It is recorded as ‘1’ if present and ‘0’ if otherwise between 2006 and 2012.

Citizens’ welfare: This indicator is measured by the increase in incentive and motivation as a result of performance. This is measured by the data recorded in civil servants’ remuneration as represented by the annual personnel cost between 2006 and 2012.

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 DESCRIPTIVE STATISTICS

In Table 1 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 1 is used to explain the reliability of the variables.

TABLE 1: DESCRIPTIVE STATISTICS OF PUBLIC EXPENDITURE MANAGEMENT AND LEADERSHIP QUALITY VARIABLES

Item No.	Description	N	Minimum	Maximum	Mean	Std. Deviation
1.	Citizens welfare	7	29	82	50.71	20.79
2.	Team spirit	7	0	1	.71	.488
3.	Efficiency in the duty of disclosure to the public	7	0	1	.57	.535
4.	Effectiveness in fiscal discipline for resources generation	7	62	274	180.29	79.66
5.	Public expenditure management valid n (listwise)	7	0	1	.71	.488

Source: Field survey 2014

Table 1 shows the descriptive statistics carried out which suggests that the model correctly classifies 100% of the variables tested as shown in items number 1 to 5. Citizens’ welfare recorded an average of 50.71 which improved from the minimum or the starting point of 29 by 183% to a maximum of 89 over the years under review. This implies that there is marked improvement in citizens’ welfare during the period under review. As a matter of fact, Figure 1 shows the trend of growth in the quality of citizens’ welfare.

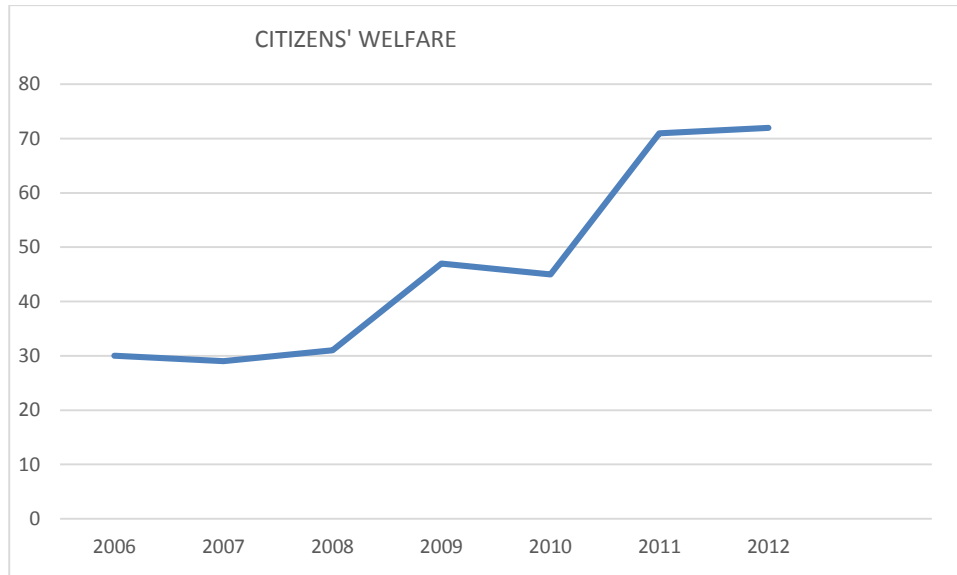
Item 2 on team spirit, record a mean of .71 with a standard deviation of 0.488. The mean is close to the maximum of 1 with a less than one standard deviation of .488. The implication is that there is team spirit in the leadership quality on public expenditure management throughout the period under review. The opinion of experts analysed in Figure 3 supports this fact.

Item 3 on efficiency depicts a mean of .57 204.63 which is very far from the minimum of 0 recorded in the base year. The deviation from the mean is .535. The low deviation shows that AG maintained his efficiency traits throughout the period. Figure 3 substantiates this result.

Item 4 on effectiveness depicts a mean of 180.299 which is so distant from the starting point and grew to a maximum level of 279. It is a growth rate of 154%, the standard deviation from the mean is high at 79.65 because of the tremendous growth in internally generated revenue during the period under review. Leadership quality in resource mobilization and management as a source of financing public expenditure management grew immensely over time. This shows a high sense of fiscal discipline as depicted in Figure 2.

Item 5 on public expenditure management recorded a mean of .71 which is close to the maximum of 1, at a standard deviation of .788 which is less than one. This implies that Mr. Akinwunmi Ambode recorded a good audit opinion during the period under review. He maintained the position throughout his tenure as the Accountant General of Lagos State. Figure 3 corroborates this fact.

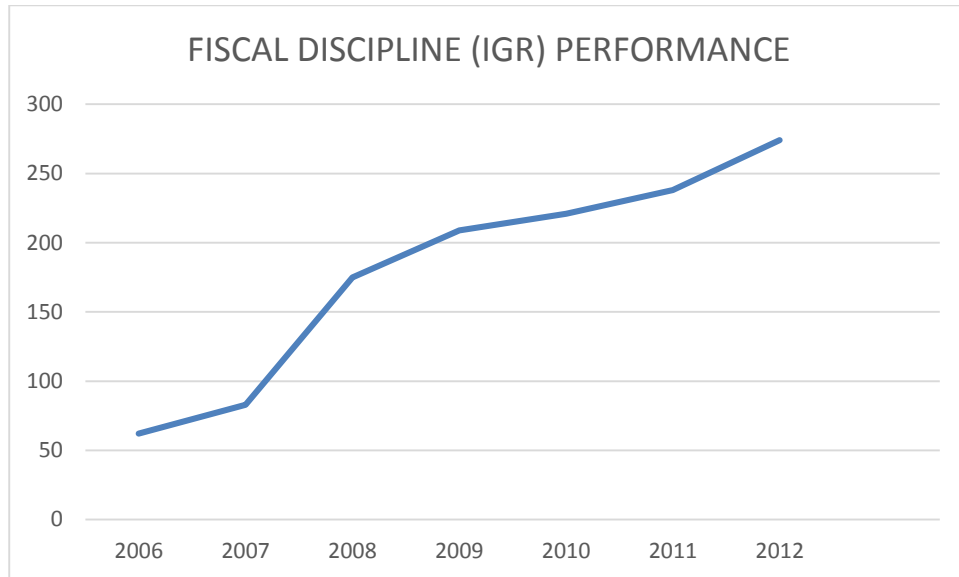
Figure 1: Quality of Citizens welfare in terms of personnel emoluments



Source: Field survey 2014

Figure 1 shows that there is improvement of 206% in the quality of citizens 'welfare from 2006, especially in 2009 to 2011.

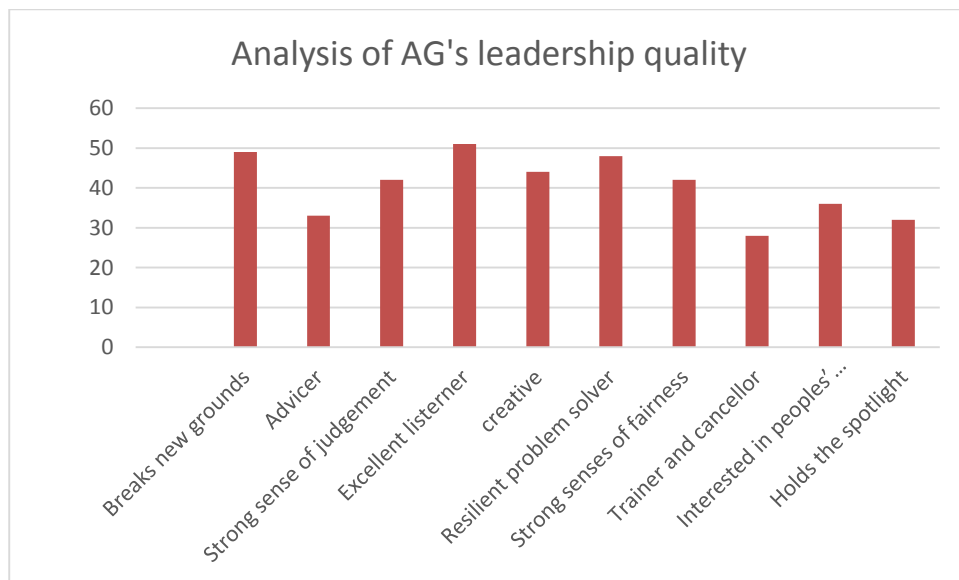
Figure 2: Quality of fiscal discipline in terms of internally generated revenue



Source: Field Survey 2014

Figure 2 shows a growth of 348% in fiscal discipline performance from 2007 steadily till 2012. Effectiveness of resources sourcing and management set the pace for continuity of development and growth in Lagos State.

Figure 3: Analysis of AG's leadership quality



Source: Field survey 2015

AG's leadership quality scores are excellent in his ability to break new grounds, listening and resilience in solving problems. He has a strong sense of fairness, and sense of judgment. He is interested in people and holds the spot light. A very good adviser and very creative. He is a trainer and counsellor to a large extent.

4.2 ANSWER TO THE RESEARCH QUESTION

Using the results of the descriptive statistics in Table 1 and the graphs in Figures 1, 2 and 3 all the parameters of measurement of leadership quality (efficiency, effectiveness and fiscal discipline) affected public expenditure management for citizens’ welfare positively in Lagos State during the period under review. It also highlights that effective PEM depicted by fiscal discipline results in radical increase in internally generated revenue of Lagos state as shown in figure 2. AG’s concern for citizens’ welfare led to increase in personnel emoluments expenditure. This resulted into improvement in citizens’ welfare throughout the period under review.

4.3 RESULTS OF THE HYPOTHESES TESTED

Table 2: Result of the Pearson correlation of the dependent and independent variables

Hypothesis 1:

The Pearson correlation as shown in Table 2 predicts a positive significant effect of leadership quality on public expenditure management in Lagos State public sector in terms of team spirit at 0.000 level of significance which is less

		PEM	EFFICIENCY	EFFECTIVENESS	TEAM SPIRIT	CTIZENS WELFARE
PUBLIC EXPENDITURE MANAGEMENT	Pearson Correlation	1	.730	.924**	1.000**	.648
	Sig. (2-tailed)		.062	.003	.000	.116
	N	7	7	7	7	7
EFFICIENCY	Pearson Correlation	.730	1	.864*	.730	.887**
	Sig. (2-tailed)	.062		.012	.062	.008
	N	7	7	7	7	7
EFFECTIVENESS	Pearson Correlation	.924**	.864*	1	.924**	.874*
	Sig. (2-tailed)	.003	.012		.003	.010
	N	7	7	7	7	7
TEAM SPIRIT	Pearson Correlation	1.000**	.730	.924**	1	.648
	Sig. (2-tailed)	.000	.062	.003		.116
	N	7	7	7	7	7
CTIZENS WELFARE	Pearson Correlation	.648	.887**	.874*	.648	1
	Sig. (2-tailed)	.116	.008	.010	.116	
	N	7	7	7	7	7

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Field survey 2014

than .01. The correlation r is 1 at .01 level (2-tailed).The effect size $(r)^2$ is $(1)^2 = 100$ percent. The Pearson correlation coefficient evidences a positive significant effect of Leadership quality in terms of effectiveness on public expenditure management in Lagos State public sector of .003 at .01 level of significance (2-tailed). The correlation r is .924. The effect size $(r)^2$ is $(.924)^2 = 184$ percent effect. Hence, the null hypothesis is rejected and it is concluded that leadership quality has a positive significant effect on public expenditure management in the Lagos state public sector.

Hypothesis 2:

Table 2 shows that there is a positive significant effect of leadership quality in terms of efficiency on citizens’ welfare at .008. The correlation is r .887 at 0.01 level of significance (2-tailed). The effect size $(r)^2$ is $(.887)^2 = 78.67$ percent. A positive significant relationship of .010 exists between effectiveness and citizens’ welfare. The correlation is r .874 at 0.05 level of significance (2-tailed). The effect size $(r)^2$ is $(.874)^2 = 76.38$ percent. Hence the null hypothesis is rejected and it is concluded that leadership quality in public expenditure management has significant effect on citizens’ welfare in Lagos state public sector

4.3 DISCUSSION OF RESULTS

The result of this study supports the trend in the established body of knowledge. There are parallel findings in China, England and USA that corroborate this result. Specifically, the findings of the study by Feng et al (2012) in China which noticed significant changes in government expenditure due to the replacement of Party Secretary is a case in point. Another study by Andrews and Boyne (2010) in England finds that management capacity possesses a positive statistical association with local government performance and that leadership can enhance the impact of effective management systems. It also supports Shea (1999) in the United States of America which finds that individuals exposed to considerate leadership had superior initial performance. This result is also in consonance with Gaffar and Biessessar (2009) in the Caribbean, which finds that leadership, is a major variable in public management organizations. The AG stands out in the discharge of his fiduciary responsibility and the duty of care to the citizens of Lagos State. In a country that is stigmatized as corrupt, this result shows that there is hope for Nigeria.

Qualities data gleaned from the interview responses indicate that the AG is well respected and highly regarded. It also underscores salient leadership qualities that are responsible for the results experienced during his regime. Few instances are documented here thus: For instance one respondent contributes that:

Akinwunmi Ambode is a very intelligent and hard -working Chartered Accountant who was a Former Accountant General of Lagos State. Ambode is a very articulate strategist who has a very good understanding of the Public Sector. He contributed greatly to the serious discuss at the Federation Accounts Allocation Technical Sub-Committee. He is a strong, loyal and dependable Officer of Government.

Another respondent states that:

Leadership is more than just being ahead of others. It encompasses carrying the team along in the right direction. Akin Ambode is one that displays the ability to carry people on to achieve good results. A strong professional manager of people and other resources, Akin is a Chartered Accountant of note that has served his profession, his State and indeed our dear nation Nigeria meritoriously; displaying a high level of honesty, probity and integrity. He has surpassed even the legacy of his late father (my primary school teacher) who taught us to live a life that would always make us stand TALL. His records in the civil service are there for all to see. He is one person that will continue to lead Lagos State aright.

It is not surprising that the result indicates that leadership has a direct significant relationship with Citizens' welfare. For instance a respondent states that:

Akinwunmi is an employees' centered person. He discusses goals and ways of achieving them. He encourages subordinates to initiate ideas and take appropriate decisions for the progress of the organization. Even, where you make mistakes, he is ready to defend you and take responsibility for your action. He never left a subordinate in limbo. He is sensitive to the challenges of his staff. He never believes that there is any risk that cannot be taken for the sake of an assignment. He abhors laziness and he is a thorough and detailed person. Above all, he has understanding of his environment and is a professional to the core. Because he has desire to have the job done, he had close supervision of workers through the established structure. This actually worked for him. No matter what, he had trust and faith in his subordinates.

Mr. Ambode is not afraid of criticism, he always want to better himself and what he touches, He is not rigid, he is not a dictator. He instituted the Lagos state annual accountants' retreat where his performance is openly analysed with a way to move the State, the Personnel and the profession forward always.

This is corroborated further:

Akinwunmi Ambode is the proponent of the New Financial Regulations for Lagos State. He created a better working environment for the State Civil Servants in STO. He created Financial Advisory Service to support the operation of Lagbus. He introduced the service level agreement with Banks. He grew through the ranks in the civil service and knows where the shoe pinches.

4.4 CONTRIBUTION TO KNOWLEDGE

In all, the three research objectives set are met in the answers to the research question. The result of this study contributes to the body of knowledge by bringing to the fore key factors that make for effective practice of accounting. It is believed that the specific lessons from the style of AG of Lagos, Akinwunmi Ambode could be a model for public servants in Nigeria. The methodology used is somewhat unique in its contribution to the body of literature on leadership and public expenditure management. It is a pointer to stewardship using a real life situation. The research is a case study that is not common in the existing body of knowledge.

5.0 CONCLUSION AND RECOMMENDATION

5.1 CONCLUSION

This study which set out to investigate the correlation between leadership quality and effective PEM concludes that leadership quality impacts positively on PEM and more importantly results in radical improvement in the welfare of the citizens of Lagos State. This study gives an insight into responsibility accounting; it is a demonstration of the fact that key government officers have the responsibility of accounting to the public about their stewardship. Findings of the study highlight essential leadership qualities such as conceptual ability, fairness, justice, listening skills, problem solving competencies, teaming skills as the ingredients that a public officer requires to accomplish public sector assignments. This study evidences that PEM policy do not represent adequate policy in the face of bad leadership. A mixed system of an excellent leader like Akinwunmi Ambode and PEM policies would better harness the power of PEM, in developing the Lagos economy to a World class standard, in a cost effective manner.

5.2 RECOMMENDATION FOR POLICY IMPLEMENTATION

1. The study improves information flow on who to hold responsible for public expenditure management hence, an improvement of accountability culture in the society. This study would be widespread in the public finance system, for public sector professionals worldwide. It serves as a validation of a typical public expenditure management performance for other reform strategies such as development and monitoring.
2. Public officers should take accountability as their watchword when managing public expenditure for a better Nigeria.
3. There should be a mechanism for regular peer review for Accountants General in Nigeria so that good governance practices could be emulated and replicated in the interest of citizens. Peer review can improve standard of behaviour in governance.
4. Citizens are made to appreciate the effects of the quality of leadership on their welfare. This will provide useful guide in choosing their leaders during elections. Lagosians should strive to exercise their right to vote because it is about the peoples' lives and those of the future generation.
5. In a situation where it is believed that government is powerful and has command of a substantial level of resources, good governance necessitates a free and fair election strategy.
6. In line with the popular saying that 'only the wearer knows where the shoe pinches'. The solution to the future of Lagosians lies in with the re-invention of the nature and purpose of government to develop the nation through a tested hand who knows where the shoe pinches, in order, to make sustainable economic development a reality in Nigeria.

5.3. SUGGESTION FOR FUTURE STUDY

This study provides a snap shot of the effects of leadership on public expenditure management. It does not pretend to be exhaustive but only provides an innovation to the body of existing literature. The study covers Lagos State and as such the result may not be generalized. Therefore, a future study is required to cover the whole Nigeria.

REFERENCES

- Achua, J. K., (2011). Anti-corruption in public procurement in Nigeria: Challenges and competency strategies. *Journal of public procurement. Volume 11, issue 3*, 323-353
- Andrews, R. & Boyne, G.A (2010). Capacity, Leadership, and Organizational Performance: Testing the Black Box Model of Public Management. *Public Administration Review*, 443-453.
- Arul-Pragasam & Mwonzora, M. (2013). What does country ownership mean to health? *Africa Health*, 36-37.
- Babatunde, S. A. (2013). Stakeholders' perception on the effectiveness of internal control system on financial accountability in the Nigerian public sector, *International Journal of Business and Management Invention*, 2(1), 16-33.
- Bevir, M. (2010), Governance as Theory, Practice and Dilemma, *The SAGE Handbook of Governance*, United Kingdom. SAGE Publications Ltd
- Carrington, DeBuse, J. & Lee, H. (2008). The Theory of Governance & Accountability. Retrieved on December 17, 2013 from <http://blogs.law.uiowa.edu/ebook>
- Constitution of the Federal Republic of Nigeria (First Alteration), Act 2010.*
- Dandago, K.I. (2007). Public Wealth and Accountability in Islam: A Case Study Of The Shari'ah Administration of Shekarau in Kano State, Nigeria, *Public Fund Digest, the Official Journal of the International Consortium on Governmental Financial Management (ICGFM), Vol.6, No.1, Alexandria, United State of America*, 1-10.
- Ebimobowei, A., & Onuorah A. C. (2012). Accountability and public sector financial management in Nigeria. *Arabian Journal of Business and Management Review (OMAN Chapter) Vol. 1(6)*, 1-17.
- Feng, J., Hao, R., Li, Y., and Zhang, K. (2012). The Effect of Leadership Transition on Government Expenditure: Evidence from China. *ANNALS OF ECONOMICS AND FINANCE 13-1*, 91-112.
- Gaffar la guerre, J & Bibsessar, A.N. (2009). The role of leadership in public management: the case of Trinidad and Tobago and Guyana. *Social and Economic Studies* 58, Vol. 1 125-139
- Galford, R. M. & Maruca, R.F. (2006). *Your Leadership Legacy: Why Looking Toward the Future will Make You a Better Leader Today*. Boston. Harvard business press.
- Gruening, G. (2001). Origin and theoretical basis of New Public Management, *International Public Management Journal* 4, 1-25.
- Gupta, S. P. (2009), *Statistical Methods*. New Delhi. Sultan and Sons Educational Publishers.
- 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), 0267-4424.
- Lalvani, M. (2010). Public Expenditure Management Reform in India via Intergovernmental Transfers. *Public Budgeting & Finance* 98 -133.
- Leruth, L. & Paul, E. (2007). A Principal-Agent Theory Approach to Public Expenditure Management Systems in Developing Countries. *OECD Journal on Budgeting. Vol. 7(3)*, 103- 131.
- Maesschalck, J. (2004). The Impact of New Public Management Reforms on Public Servants' Ethics: Towards a Theory, *Public Administration*, Vol. 82, (2), 465-489.
- Meier, K.J., & O'Toole, L.J. (2002). Public Management and Organizational Performance: The Impact of Managerial Quality. *Journal of Policy Analysis and Management* 21(4), 629-43.
- Nigeria business directory index (2013). Retrieved on December 30, 2014, from <http://www.nigeriabusinessdirectory.com>
- Ostrom, E. (1990). *Governing the commons: The evolution of institutions for collective action*. New York: Cambridge University Press.
- Putnam, R. D. (1993). The prosperous community: Social capital and public life. *American Prospect. Volume 13*, 35-42.
- Shea, C.M. (1999). The Effect of Leadership Style on Performance Improvement on a Manufacturing Task. *Journal of Business*. 1999, vol. 72 (3), 407-422.
- Slukhai, S. (2011), Monitoring and evaluation as tools for enhancing public expenditure management in Ukraine. *Financial Theory and Practice*, 35(2), 217-239.
- Tradingeconomics (2015). Nigerian unemployment rate 2006-2015. Retrieved on January 30, 2015, from <http://www.tradingeconomics.com>
- Vukicevic & Bartholomew, R. (2008). Public Expenditure Management Peer Assisted Learning (PEMPAL) Initiative in Europe and Central Asia. *International Journal of Governmental Financial Management*, 15-23.