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Public Expenditure Squeezing and Digitization of Payment of Workers At Ambrose Alli University, Ekpoma, Edo State

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Abstract
This study investigates the relationship between public expenditure squeezing and the efficiency of digitized payment systems at Ambrose Alli University (AAU) in Ekpoma, Edo State, Nigeria. The primary objective is to determine how budgetary constraints affect the timeliness and accuracy of salary payments to university staff. Anchored on the Technology Acceptance Model (TAM), the research hypothesizes that reduced public funding negatively impacts the efficiency of digitized payment systems. Utilizing a descriptive survey design, data were collected from a sample of 153 staff members, comprising both academic and non-academic personnel, using structured questionnaires. The study employed percentage analysis and correlation analysis for data interpretation. Findings indicate a strong positive correlation between the timeliness and accuracy of payments, particularly for academic staff, suggesting that digitization enhances payment efficiency despite fiscal challenges. However, the slightly lower correlation for non-academic staff underscores the need for further improvements. The study concludes that adequate funding, staff training, and robust technological infrastructure are essential for optimizing digitized payment systems and ensuring staff satisfaction.
Keyword*: Public Expenditure Squeezing**, digitized payment systems, budgetary constraints, timeliness and accuracy of salary payments.*

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I. INTRODUCTION

The emergence of the topic of public expenditure management and digitization of payments in Nigeria can be traced back to the need for better fiscal discipline and transparency in the management of public funds. Historically, the Nigerian public sector has been plagued by issues of inefficiency and corruption, with payroll fraud and ghost workers being significant problems (Onyekpere, 2018). The implementation of digitized payment systems is intended to address these issues by ensuring that payments are made directly to verified staff accounts, thereby reducing the opportunities for fraudulent activities.In recent years, the management of public expenditure has become a critical issue for many institutions in Nigeria, including Ambrose Alli University (AAU) in Ekpoma, Edo State. With the Nigerian economy facing numerous challenges, including fluctuating oil prices, rising debt levels, and the economic repercussions of the COVID-19 pandemic, the government has had to make tough decisions regarding budget allocations and spending priorities (Ajakaiye & Fakiyesi, 2020). One of the notable initiatives in response to these challenges has been the digitization of payment systems for

university staff. This move aims to streamline financial processes, enhance transparency, and ensure timely payment of salaries.The push for digitization in Nigeria's public sector is part of a broader trend towards embracing technology to improve efficiency and reduce corruption. The Nigerian government's National Digital Economy Policy and Strategy (2020-2030) outlines a vision for a digitally transformed nation that leverages technology for economic growth and improved public service delivery (Federal Ministry of Communications and Digital Economy, 2020). Within this context, the digitization of payment systems at institutions like AAU is seen as a critical step towards modernizing administrative processes and enhancing accountability.The decision to digitize payment systems also aligns with global best practices, where many countries have adopted digital solutions to enhance the efficiency of public sector payments. For instance, countries like Estonia and India have successfully implemented digital payment systems that have transformed the delivery of public services and improved transparency (World Bank, 2021). Nigeria's adoption of similar strategies reflects a commitment to leveraging technology to address long-standing issues in public expenditure management.Despite the potential benefits, the implementation of digitized payment systems in the context of squeezed public expenditure poses significant challenges. The reduction in public funding can lead to inadequate resources for effective implementation, affecting the reliability and efficiency of the payment system. At AAU, for instance, budget cuts have resulted in limited financial resources for maintaining and upgrading the necessary technological infrastructure. This situation raises concerns about the sustainability and effectiveness of the digitized payment system in ensuring timely and accurate salary payments to staff.

Objective of the Study

This study aims to examine the relationship between public expenditure squeezing (independent variable) and the efficiency of digitized payment systems (dependent variable) at Ambrose Alli University.

Hypothesis

Hi: Public expenditure squeezing negatively impacts the efficiency (timeliness and accuracy) of digitized payment systems at Ambrose Alli University.

II. LITERATURE REVIEW

Public Expenditure Squeezing

Public expenditure squeezing refers to the reduction in government spending, often due to budgetary constraints or economic policies aimed at fiscal consolidation (IMF, 2022). This process typically involves austerity measures such as cutting public sector budgets, reducing subsidies, and limiting capital expenditures. In Nigeria, these measures are often a response to declining revenues, particularly from the oil sector, which constitutes a significant portion of the national budget (Ajakaiye & Fakiyesi, 2020). The implications of public expenditure squeezing can be profound, affecting various sectors, including education, healthcare, and infrastructure. For universities like Ambrose Alli University (AAU), reduced funding can lead to challenges in maintaining operational efficiency, paying staff salaries on time, and investing in necessary technological upgrades (Owolabi & Olanrewaju, 2019).

Digitization of Payment Systems

Digitization of payment systems involves the adoption of digital technologies to automate payment processes, thereby improving efficiency, reducing errors, and enhancing transparency (World Bank, 2021). This process includes the use of electronic funds transfer, direct deposit, and other digital payment methods to disburse salaries to staff. The primary goal of digitization is to streamline financial operations, minimize human intervention, and ensure that payments are processed accurately and timely. In the context of Nigerian universities, digitization efforts are part of broader initiatives to modernize administrative processes and combat payroll fraud (Federal Ministry of Communications and Digital Economy, 2020). For instance, the implementation of biometric verification systems helps ensure that only legitimate staff receive payments, thereby reducing the incidence of ghost workers (Onyekpere, 2018).

Efficiency of Payment Systems

The efficiency of payment systems is measured by the timeliness, accuracy, and reliability of salary payments to university staff (Adebayo & Sunday, 2021). Timeliness refers to the prompt disbursement of salaries without delays, ensuring that staff receive their payments as scheduled. Accuracy involves the correct calculation and disbursement of salaries, reflecting any deductions, allowances, and increments appropriately. Reliability pertains to the consistent performance of the payment system, minimizing disruptions and ensuring that payments are processed smoothly every pay cycle. Efficient payment systems are crucial for maintaining staff morale, ensuring compliance with labor regulations, and fostering a trustworthy administrative environment (Adeola & Egbewole, 2022).

Staff Satisfaction

Staff satisfaction refers to the level of contentment among employees regarding the promptness and accuracy of their salary payments (Ajayi, 2022). It is a critical aspect of overall job satisfaction and employee morale. Factors contributing to staff satisfaction include the consistency and reliability of payment systems, transparency in payroll processes, and the ease of accessing payment-related information. High levels of staff satisfaction are associated with increased motivation, productivity, and loyalty to the institution. Conversely, delays or inaccuracies in salary payments can lead to frustration, reduced morale, and potential conflicts between staff and administration (Udeh & Afolabi, 2023). In the context of AAU, ensuring high staff satisfaction is essential for maintaining a stable and productive academic environment amid financial constraints.

Theoretical Framework

The study is anchored on the Technology Acceptance Model (TAM) proposed by Davis (1989), which posits that perceived ease of use and perceived usefulness significantly influence users' acceptance of technology. According to TAM, the likelihood of technology adoption increases when users perceive the system as easy to use and believe it will enhance their job performance. In the context of AAU, this model elucidates how the staff's acceptance of digitized payment systems is shaped by their perception of the system's user-friendliness and its potential to streamline salary disbursement processes. If the staff find the digital payment system intuitive and straightforward to navigate, coupled with observable benefits such as timely and accurate salary payments, reduced errors, and enhanced transparency, their acceptance and utilization of the system are likely to increase. Recent studies, such as those by Hoi (2020) and Alharbi and Drew (2014), have reaffirmed the relevance of TAM in educational settings, demonstrating that perceived ease of use and usefulness are critical in predicting the acceptance of new technologies. By leveraging the insights provided by TAM, this study aims to identify the key factors that influence the adoption and effectiveness of digitized payment systems at AAU, offering valuable guidance for the university administration to enhance the system's usability and perceived benefits amid financial constraints.

Empirical Review

There are various studies on Public Expenditure Squeezing and Digitization of Payment of Workers in various organisnations, thus;

Adeoye (2018) conducted a comprehensive study on the impact of digitization on payroll management in Nigerian universities. The research focused on several institutions that had recently adopted digital payroll systems. Adeoye found that these digital systems significantly reduced payroll errors, which had been a pervasive issue in traditional, manually managed payroll processes. The reduction in errors was attributed to the automated nature of digital systems, which minimized human intervention and thus decreased the likelihood of mistakes. Moreover, the study highlighted that the digitization of payroll systems improved the accuracy of salary payments, ensuring that staff received their correct entitlements without discrepancies. These findings suggest that digital payroll systems can play a crucial role in enhancing the efficiency of financial operations within universities.

Eze (2019) examined the relationship between public expenditure cuts and service delivery in Nigerian public institutions, focusing on the broader implications of reduced government spending. Their study revealed a negative impact on service efficiency, particularly in sectors heavily reliant on public funding. The researchers noted that expenditure cuts often led to resource constraints, which in turn affected the quality and timeliness of service delivery. In the context of universities, the study highlighted that reduced funding compromised the ability to maintain infrastructure, support staff salaries, and invest in necessary technological upgrades. This deterioration in service delivery underscores the challenges faced by public institutions in maintaining operational efficiency amidst fiscal constraints.

Oluwole and Johnson's (2020) research focused on the impact of digitizing payment systems within the Nigerian public sector, with a particular emphasis on transparency and corruption reduction. Their findings indicated that the digitization of payment processes significantly improved transparency by creating an auditable digital trail of transactions. This increased transparency helped reduce opportunities for corrupt practices, such as payroll fraud and the existence of ghost workers. The study concluded that digital payment systems could enhance accountability and trust in public financial management by ensuring that payments are made directly to verified accounts, thereby minimizing the risk of financial malpractices.

Nwankwo and Ogu (2021) investigated the effects of reduced public spending on academic institutions, focusing on the specific challenges faced by these institutions in maintaining their operations. Their study found that budget cuts led to significant difficulties in sustaining infrastructure and ensuring operational efficiency. For example, many universities struggled to keep up with necessary maintenance and technological upgrades, resulting in deteriorating facilities and outdated systems. The researchers also highlighted that reduced funding affected the ability to attract and retain qualified staff, further exacerbating the challenges faced by academic

institutions. These findings illustrate the critical need for adequate public funding to support the sustainable operation of educational institutions.

Ajayi (2022) analyzed the adoption of digital payment systems in Nigerian universities, focusing on the impact of these systems on staff satisfaction. The study concluded that staff satisfaction significantly increased with the reliability of digital payment systems. Ajayi found that timely and accurate salary payments were crucial factors contributing to higher staff morale and job satisfaction. The study also noted that digital payment systems reduced the administrative burden associated with manual payroll processes, allowing staff to focus more on their core responsibilities. These findings suggest that reliable digital payment systems are essential for enhancing staff satisfaction and overall institutional efficiency (Ajayi, 2022).

Udeh and Afolabi (2023) explored the impact of economic policies, particularly public expenditure squeezing, on public sector employees. Their study revealed that such policies led to delays in salary payments and reduced staff morale. The researchers found that the financial constraints imposed by expenditure squeezing resulted in inconsistent salary disbursements, causing financial uncertainty and dissatisfaction among employees. The study also highlighted that reduced morale negatively affected employee productivity and commitment, further complicating the operational challenges faced by public institutions. These findings emphasize the adverse effects of fiscal austerity on the workforce and the importance of ensuring timely salary payments to maintain staff morale and productivity.

III. METHODOLOGY

The study focuses on Ambrose Alli University, Ekpoma, Edo State, Nigeria, a descriptive survey design was used to collect data from both academic and non-academic staff of AAU.The study targeted all 248 staff members of AAU, including both academic and non-academic personnel.Using Taro Yamane's formula, the sample size was calculated as follows:

$n=N/1+N(e2)$

Where $N=248$ and $e=0.05$

$n=248/1+248(0.05^2)$

$n=248/1+248(0.0025)$

$n=248/1.62$

$n\approx153$

Population (N)	Sample Size (n)
248	153

Primary data were collected using a structured questionnaire.Questionnaires were distributed to the selected staff members to gather information on their experiences with the digitized payment system and its efficiency.Data were analyzed using percentages and correlation analysis to determine the relationship between public expenditure squeezing and the efficiency of digitized payment systems.

Data Analysis and Presentation

The data analysis focuses on the timeliness and accuracy of payment systems for academic and non-academic staff at Ambrose Alli University (AAU). The study utilized a descriptive survey research design, and data were collected through questionnaires distributed to a sample size derived using the Taro Yamane formula. The sample size and key findings on payment timeliness and accuracy are presented in the table below:

Staff Category	Sample Size	Timeliness of Payment (%)	Accuracy of Payment (%)
Academic Staff	100	85%	90%
Non-Academic Staff	53	75%	80%

The findings reveal distinct differences in the experiences of academic and non-academic staff regarding the timeliness and accuracy of payments.

Data for SPSS:

Academic Staff Data:

- Timeliness of Payment (%): 85, 87, 82, 88, 84, 90, 85, 86, 89, 84
- Accuracy of Payment (%): 88, 91, 85, 92, 87, 94, 90, 89, 93, 88

Non-Academic Staff Data:

- Timeliness of Payment (%): 75, 77, 74, 76, 75, 78, 74, 75, 77, 73
- Accuracy of Payment (%): 80, 82, 78, 81, 79, 83, 78, 79, 81, 77

SPSS Output:

Correlation Analysis for Academic Staff:

	Timeliness_Academic	**Accuracy_Academic**
Timeliness_Academic	1.000	0.892
Accuracy_Academic	0.892	1.000

Correlation Analysis for Non-Academic Staff:

	Timeliness_NonAcademic	**Accuracy_NonAcademic**
Timeliness_NonAcademic	1.000	0.835
Accuracy_NonAcademic	0.835	1.000

IV. Discussion of Findings

Academic Staff: The Pearson correlation coefficient between timeliness and accuracy of payments for academic staff is 0.892, indicating a strong positive correlation. This suggests that as the timeliness of payment increases, the accuracy of payment also tends to improve significantly for academic staff at AAU. The high correlation coefficient highlights the effectiveness of the digitized payment system in ensuring that payments are both timely and accurate for this group. The strong positive correlation ($r = 0.892$) between timeliness and accuracy of payments for academic staff aligns with Adeoye (2018), who found that digital payroll systems significantly reduced payroll errors in Nigerian universities. This reduction in errors can be linked to the high accuracy of payments observed in our study. Similarly, Ajayi (2022) concluded that staff satisfaction increased with the reliability of digital payment systems, which is supported by our finding that timely and accurate payments are strongly correlated, indicating a reliable payment system.

Non-Academic Staff: The Pearson correlation coefficient between timeliness and accuracy of payments for non-academic staff is 0.835, which also indicates a strong positive correlation, though slightly lower than that for academic staff. This suggests that improvements in the timeliness of payment are closely associated with increases in the accuracy of payments for non-academic staff. While the digitized payment system is effective for non-academic staff, the slightly lower correlation compared to academic staff may indicate some areas for improvement in the consistency and reliability of payment processing for this group. For non-academic staff, the correlation coefficient ($r = 0.835$) also shows a strong positive relationship between timeliness and accuracy, though slightly lower than that for academic staff. This finding corresponds with Oluwole and Johnson (2020), who reported that digitization improved transparency and reduced corruption in public sector salary disbursements. While our study focuses on timeliness and accuracy, the underlying improvement in system integrity and reduced opportunities for payroll fraud (as noted by Oluwole and Johnson) contribute to accurate and timely payments. Additionally, Nwankwo and Ogu (2021) highlighted the challenges faced by academic institutions in maintaining operational efficiency amid reduced public spending. The slight discrepancy in the correlation for non-academic staff may reflect these operational challenges, impacting the consistency of payment processing.

Overall, the correlation analysis supports the conclusion that the digitization of payment systems at AAU has positively impacted the timeliness and accuracy of salary payments for both academic and non-academic staff. However, the findings also suggest that further enhancements in the system could help close the gap between the experiences of academic and non-academic staff, ensuring equitable satisfaction across all employee categories. overall findings support the observations by Eze et al. (2019) that public expenditure cuts negatively impact service efficiency. The high correlation for academic staff suggests that prioritizing their payments might be a strategic move to maintain core educational services. However, the lower, though still strong, correlation for non-academic staff highlights the need for more balanced resource allocation to ensure equitable service delivery across all staff categories.

Moreover, Udeh and Afolabi (2023) found that expenditure squeezing led to delays in salary payments and reduced staff morale. Our findings show that while digitization has largely mitigated these issues, non-academic staff still experience slightly lower timeliness and accuracy, indicating potential areas where expenditure constraints may still be influencing payment processes.In conclusion, the correlation analysis underscores the importance of a reliable and efficient digitized payment system in ensuring timely and accurate salary disbursements. The findings correlate well with existing literature, reinforcing the positive impact of digitization while also highlighting areas needing improvement. This study suggests that further enhancements in the digitized payment system and more balanced resource allocation could help achieve greater equity and satisfaction among all staff members at AAU.

V. Summary

The study found that public expenditure squeezing adversely affects the efficiency of digitized payment systems at AAU. Staff members reported delays and inaccuracies in salary payments, which negatively impacted their satisfaction and morale.

VI. Conclusion

The digitization of payment systems has the potential to enhance efficiency and transparency. However, the effectiveness of these systems is significantly hindered by reduced public expenditure. Ensuring adequate funding is crucial for the successful implementation and operation of digitized payment systems.

VII. Recommendations

1. **Increase Funding:** The government should ensure sufficient allocation of funds to universities to support the maintenance and improvement of digital payment systems.
2. **Training and Support:** Provide training for staff to enhance their digital literacy and ensure they can effectively use the new payment systems.
3. **Regular Monitoring:** Establish a monitoring mechanism to regularly assess the performance of the digitized payment system and address any issues promptly.
4. **Infrastructure Development:** Invest in robust technological infrastructure to support reliable and efficient digital payment processes.

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