



# The Influence of Perceived Financial Autonomy on Development Outcomes in Selected Local Governments Areas in Northeast Nigeria

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## Abstract

**Purpose:** This study investigates the relationship between perceived financial autonomy of local governments and grassroots development outcomes in Northeast Nigeria. It explores how stakeholder perceptions influence governance effectiveness and service delivery. **Design/Methodology/Approach:** A quantitative, cross-sectional survey design was adopted. Data were collected from 397 respondents—including local government officials, community leaders, and civil society representatives—using a structured questionnaire. Descriptive statistics, Pearson correlation, and regression analyses were performed. **Findings:** Results indicate a statistically significant, moderately strong positive correlation ( $r = .524, p < .001$ ) between perceived financial autonomy and grassroots development. Regression analysis revealed that perceived financial autonomy significantly predicts development outcomes ( $\beta = .535, p < .001$ ), explaining 28.6% of the variance. These findings affirm decentralisation theory, which posits that fiscal autonomy enhances local responsiveness and service delivery. **Practical Implications:** Strengthening local government fiscal autonomy through direct allocations, enhanced revenue generation, and accountability mechanisms is essential for improving grassroots development. However, financial autonomy alone is insufficient; institutional capacity and governance reforms are also critical. **Originality/Value:** Unlike previous studies focusing on statutory data, this research captures stakeholders' perceptions of autonomy and development, offering a context-sensitive perspective on Nigeria's decentralisation framework.

**Keywords:** Financial autonomy, Grassroots development, Local government, Fiscal decentralisation, Nigeria, Governance.

## Introduction

### Background to the Study

Nigeria operates a federal system of government comprising three constitutionally recognised tiers: the federal, state, and local governments. The local government, as the third tier, is constitutionally mandated to bring governance closer to the people and facilitate grassroots development. According to Section 7 of the 1999 Constitution of the Federal Republic of Nigeria, local governments are to be democratically elected and are entrusted with specific functions outlined in the Fourth Schedule, including the provision and maintenance of primary education, healthcare, water supply, and rural infrastructure (Constitution of Nigeria, 1999). Despite this constitutional framework, the autonomy of local governments in Nigeria has been a subject of contention. Historically, state governments have significantly influenced the financial operations of local governments, primarily through the State Joint Local Government Account (SJLGA) system established under Section 162(6) of the Constitution. This arrangement has often resulted in delays and deductions in the disbursement of funds to local governments, thereby impeding their capacity to execute developmental projects effectively (Yaro & Sulaiman, 2022).

The importance of financial autonomy in a decentralised governance structure cannot be overstated. Financial autonomy enables local governments to plan, budget, and implement policies tailored to the specific needs of their local communities without undue interference. It fosters accountability, enhances service

delivery, and promotes participatory governance at the grassroots level (Ayozie, 2024). Recognising these benefits, the Supreme Court of Nigeria, in a landmark judgment on July 11, 2024, affirmed the financial autonomy of the 774 local government areas, mandating that their allocations from the Federation Account be paid directly to them, thus bypassing the state governments (Ayozie, 2024).

The developmental mandate of local governments is central to Nigeria's quest for sustainable development. As the tier of government closest to the people, local governments are strategically positioned to identify and address the unique challenges of local communities. Effective local governance, underpinned by financial autonomy, is essential for the provision of basic services, infrastructure development, and the overall improvement of living standards at the grassroots (Disciplines.ng, 2024). However, several challenges have hampered the realisation of this mandate, including limited revenue-generating capacity, overdependence on federal allocations, and political interference from state governments. These challenges have undermined the effectiveness of local governments and have contributed to the persistent underdevelopment observed in many rural areas across the country (Yaro & Sulaiman, 2022).

In light of these issues, this study seeks to examine the perceptions of stakeholders regarding the financial autonomy of local governments in Nigeria and its impact on grassroots development outcomes. Using subjective experiences and assessments of local government officials, community leaders, and residents, the study aims to provide insights into the practical

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implications of financial autonomy on local governance and development.

### **Statement of the Problem**

Local governments in Nigeria are constitutionally mandated to drive grassroots development by delivering essential services such as primary education, healthcare, and rural infrastructure. However, these objectives remain largely unfulfilled, as evidenced by persistent underdevelopment, inadequate service delivery, and widespread poverty across many LGAs, particularly in the Northeast region. A significant factor contributing to this underperformance is the limited financial autonomy of local governments. Despite constitutional provisions, the financial operations of LGAs are often constrained by state governments through mechanisms like the SJLGA, leading to delays and deductions in fund disbursement (Olusesi, 2015). This dependency hampers the ability of local governments to plan and execute development projects effectively, resulting in inefficiencies and a disconnect between governance and community needs.

While numerous studies have examined the structural and administrative challenges facing local governments in Nigeria (e.g., Onyemaechi, 2022), there is a notable gap in research focusing on the perceptions of stakeholders regarding financial autonomy and its impact on development outcomes. Understanding these perceptions is crucial, as they influence stakeholder engagement, trust in local governance, and the overall effectiveness of development initiatives. For instance, Yaro and Sulaiman (2022) highlighted the challenges of policy implementation in Nigerian local governments partly due to a lack of financial autonomy, and Nwankwo *et al.* (2021) questioned whether financial autonomy for local governments in Nigeria is a reality or a myth. Addressing this gap, the present study aims to explore the link between perceived financial autonomy and development outcomes in local governments within Northeast Nigeria. Using the subjective experiences and assessments of local government officials, community leaders, and residents, the study seeks to provide insights into how perceptions of financial autonomy influence the effectiveness of local governance and the realization of development objectives.

### **Objectives of the Study**

The overarching objective of this study is to investigate the relationship between the perceived financial autonomy of local governments and development outcomes in Northeast Nigeria. To achieve this broad aim, the study will pursue the following specific objectives:

- 1) To assess the perceptions of key stakeholders (local government officials, community leaders, and residents) regarding the level of financial autonomy currently enjoyed by local governments in Northeast Nigeria.
- 2) To examine the perceived impact of the current level of financial autonomy on the ability of local governments in the region to deliver essential services such as primary education, healthcare, and rural infrastructure.
- 3) To analyze the relationship between the perceived level of financial autonomy and observable development outcomes in selected local government areas within Northeast Nigeria.
- 4) To identify potential mechanisms through which perceived financial autonomy influences development outcomes at the local government level in Northeast Nigeria.

### **Research Questions**

In line with the objectives of the study, the following research questions are posed to guide the investigation into how perceptions of financial autonomy among stakeholders relate to development outcomes in local governments across Northeast Nigeria:

- 1) What are the perceptions of key stakeholders (local government officials, community leaders, and residents) regarding the level of financial autonomy currently enjoyed by local governments in Northeast Nigeria?
- 2) How is the current level of financial autonomy perceived to impact the ability of local governments in Northeast Nigeria to deliver essential services such as primary education, healthcare, and rural infrastructure?
- 3) What is the relationship between the perceived level of financial autonomy and observable development outcomes in selected local government areas within Northeast Nigeria?
- 4) Through what mechanisms does perceived financial autonomy influence development outcomes at the local government level in Northeast Nigeria?

### **Research Hypotheses**

To empirically test the assumptions underpinning this study, the following hypotheses are formulated based on the research questions. These hypotheses aim to capture the relationships between perceived financial autonomy and development outcomes in selected local government areas across Northeast Nigeria:

H<sub>1</sub>: Stakeholders (local government officials, community leaders, and residents) perceive that local governments in Northeast Nigeria have limited financial autonomy.

H<sub>2</sub>: Stakeholders perceive that limited financial autonomy negatively affects the ability of local governments in Northeast Nigeria to deliver essential services such as primary education, healthcare, and rural infrastructure.

H<sub>3</sub>: There is a significant relationship between the perceived level of financial autonomy and observable development outcomes in selected local government areas in Northeast Nigeria.

H<sub>4</sub>: Perceived financial autonomy influences development outcomes through mechanisms such as enhanced local budgetary control, increased responsiveness to community needs, and improved fiscal accountability.

### **Significance of the Study**

This study offers significant academic contributions to the fields of public administration and decentralisation by examining the relationship between perceived financial autonomy and development outcomes at the local government level in Nigeria. While decentralisation theory posits that fiscal devolution enhances service delivery through improved local responsiveness and accountability (World Bank, 2013), many Nigerian LGAs lack the practical autonomy to make independent financial decisions (Ogunnubi, 2022; Okorie *et al.*, 2023). This study, focusing on perceptions of autonomy among key stakeholders in the under-researched Northeast region, adds a novel dimension to decentralisation theory—namely, the subjective interpretation of autonomy and its practical implications. It also bridges theory and local realities by examining how public administration concepts such as subsidiarity and accountability are experienced on the ground, extending current literature which often relies solely on fiscal or institutional metrics (Ben-Caleb *et al.*, 2021).

Beyond its theoretical value, the study has practical implications for ongoing local government reforms and debates

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on fiscal federalism in Nigeria. Recent policy efforts and legal interventions—including the 2024 Supreme Court decision mandating direct allocations to LGAs—underscore a renewed commitment to strengthening local governance (Agboluaje, 2024). However, for reforms to be effective, they must align with the lived experiences of local actors. Highlighting how stakeholders perceive autonomy to influence service delivery in areas like education, healthcare, and infrastructure, provides actionable insights that can inform fiscal frameworks, constitutional amendments, and participatory governance initiatives (Nigerian Economic Summit Group [NESG], 2024). These insights are particularly valuable for guiding policy on abolishing or reforming the SJLGA system, which is often criticised for undermining local fiscal independence (Okorie *et al.*, 2023).

## Literature Review

### Conceptual Clarification

**Financial Autonomy in Local Governance:** Financial autonomy refers to the degree to which a local government can independently generate, allocate, and manage its financial resources without undue interference from higher levels of government (Ekpo & Ndebbio, 1998). In the context of Nigerian local governance, financial autonomy is a contested and unevenly realised principle. Although the 1999 Constitution (as amended) provides for local government autonomy, including financial independence (Federal Republic of Nigeria, 1999, Section 162), in practice, most local governments remain financially subservient to state governments through mechanisms such as the State-Local Government Joint Account (Okorie *et al.*, 2023; Olaniyi & Ayeni, 2022). This financial subordination has profound implications for service delivery and governance effectiveness. Local governments often lack the fiscal latitude to initiate or sustain development projects, leading to what scholars term “nominal autonomy” (Ikeanyibe *et al.*, 2020). The World Bank (2013) underscores that true decentralisation, including fiscal devolution, must entail the authority to make budgetary decisions, collect revenues, and disburse funds at the local level. Without this autonomy, accountability mechanisms are weakened, and development responsiveness is compromised (Ben-Caleb *et al.*, 2021).

**Grassroots Development and Its Multidimensional Nature:** Grassroots development is broadly conceptualised as the enhancement of socioeconomic conditions at the most local level of society, often through the provision of basic services such as education, healthcare, water supply, rural roads, and market infrastructure (Arowolo, 2011). It is inherently multidimensional, encompassing physical infrastructure, human capital development, institutional capacity, and participatory governance (Todaro & Smith, 2020). This multidimensionality reflects the complexity of local needs and the range of actors involved in addressing them. Scholars have argued that grassroots development is most effective when local institutions are empowered both politically and financially (Agba *et al.*, 2013; Adedire, 2014). Financial autonomy is therefore not an end in itself but a means to enable locally driven development planning and implementation. The link between financial control and development outcomes is especially salient in federal systems where decentralisation is expected to bridge the gap between governance and community needs (Rondinelli, 1981). In Nigeria, the persistent underdevelopment of rural areas has often been linked to the constrained financial agency of local governments (Oviasuyi *et al.*, 2010). This study therefore adopts a holistic approach that considers not just whether financial autonomy exists, but how it is perceived to

function in facilitating grassroots development across multiple sectors.

### Theoretical Framework

This study is anchored on Fiscal Decentralisation Theory, which provides a foundational lens for analysing the relationship between financial autonomy and development outcomes at the subnational level. The theory, widely applied in studies of public finance and local governance, posits that devolving fiscal responsibilities to lower tiers of government enhances efficiency, accountability, and responsiveness in service delivery (Oates, 1972; Bahl & Bird, 2008). According to the seminal work of Oates (1972), fiscal functions should be decentralised to the lowest level of government that is capable of effectively performing them. The rationale is that local governments are better positioned to understand and respond to the preferences and needs of their constituents, thereby leading to allocative efficiency and improved developmental outcomes. This view is supported by the World Bank (2001), which asserts that fiscal decentralisation contributes to improved governance by bringing decision-making closer to the people and strengthening local accountability structures.

The Fiscal Decentralisation Theory typically encompasses three main dimensions: (1) revenue assignment, (2) expenditure responsibilities, and (3) intergovernmental transfers (Martinez-Vazquez & McNab, 2003). For decentralisation to be meaningful, local governments must not only have expenditure responsibilities but also access to own-source revenues or predictable transfers. Without control over financial resources, local governments remain mere implementers of centrally designed policies (Shah, 2007). In Nigeria, the disconnect between constitutional provisions for local government autonomy and practical fiscal constraints has drawn attention to the limits of decentralisation (Eboh & Ogbu, 2020). Despite formal decentralisation structures, financial dependence on state governments via the SJLGA significantly undermines the core tenets of fiscal decentralisation, such as autonomy and accountability (Ikeanyibe *et al.*, 2020). Consequently, development at the grassroots level is hindered, as local governments are constrained in initiating context-specific projects or responding swiftly to local needs.

Applying Fiscal Decentralisation Theory to the Nigerian local government context allows for a structured examination of whether perceived financial autonomy influences observable development outcomes. It also facilitates a critical assessment of the mechanisms—such as revenue control, budget discretion, and service delivery capacity—through which fiscal autonomy may (or may not) translate into tangible developmental impacts. Moreover, the theory aligns with broader discourses in public administration regarding the balance between centralisation and decentralisation, particularly in federal systems (Rodríguez-Pose & Gill, 2005). By linking theoretical expectations with empirical perceptions and realities in Northeast Nigeria, this study contributes to a nuanced understanding of how fiscal structures shape development at the local level.

### Empirical Review

The relationship between local government financial autonomy and development outcomes has attracted growing scholarly interest both in Nigeria and internationally. Numerous empirical studies affirm the theoretical proposition that fiscal decentralisation can enhance service delivery and socio-economic development. However, these studies also reveal significant contextual nuances, and they point to methodological gaps, especially in the exclusive reliance on objective financial data.

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Globally, fiscal decentralisation has been associated with improved public service delivery when local governments possess genuine financial discretion. For example, Faguet (2004) found that decentralisation in Bolivia enabled municipalities to allocate resources in alignment with local priorities, thereby improving investment in education, water, and sanitation. Similarly, Sepúlveda and Martínez-Vázquez (2011), in a cross-country analysis, showed that fiscal decentralisation is positively correlated with human development outcomes, especially when local governments enjoy both expenditure and revenue autonomy. However, international studies also caution against overgeneralisation. For instance, Rodden (2004) argued that decentralisation without adequate institutional capacity and accountability mechanisms may entrench subnational inefficiency or elite capture. Thus, while financial autonomy is necessary, it is not sufficient in isolation; local institutional conditions matter significantly.

In the Nigerian context, the evidence is mixed. Several studies have documented the persistent constraints on LG financial autonomy, including irregular allocations, state-level interference through the SJLGA, and limited internally generated revenue (Eboh & Ogbu, 2017; Ikeanyibe *et al.*, 2020). Empirical analyses have often linked these constraints to poor developmental performance at the grassroots level, such as deteriorating primary health care, inadequate infrastructure, and weak educational outcomes (Adeyemi, 2013; Arowolo, 2011). For example, Aluko (2010) examined 12 local governments across three geopolitical zones in Nigeria and found that higher levels of fiscal autonomy correlated with increased capital spending and improved service delivery. Similarly, Akinbileje (2014) highlighted that autonomy in budget implementation enhances responsiveness to local needs. However, these findings are often tempered by the broader political economy of intergovernmental relations in Nigeria, where the subversion of decentralisation principles remains common.

Despite their contributions, many Nigerian and international studies assess autonomy primarily through objective indicators such as budget size, expenditure share, or statutory allocations (Oluwole, 2015; Martínez-Vázquez & Smoke, 2010). While these metrics provide quantifiable insights, they often fail to capture the lived experience of financial autonomy as perceived by stakeholders—such as LG officials, community leaders, and residents. Such perceptions can reveal informal constraints, political interference, and operational bottlenecks that objective metrics might obscure. As Boex (2011) argues, “de facto” autonomy, which reflects the practical ability of local governments to make and execute financial decisions, can diverge significantly from “de jure” autonomy codified in laws or fiscal frameworks. Consequently, perception-based empirical approaches are increasingly advocated to complement financial data, offering a fuller understanding of how autonomy influences development outcomes in practice (Smoke, 2015; Eboh & Ogbu, 2017).

### **Research Gap**

The extant literature on local government (LG) financial autonomy and grassroots development in Nigeria has predominantly focused on the analysis of fiscal transfers, statutory allocations, and budgeting figures, often employing quantitative methods based on secondary financial data (Adeyemi, 2013; Oluwole, 2015; Akinbileje, 2014). While these studies offer valuable insights into the structural and procedural limitations facing LGs, they fall short of capturing the subjective and experiential dimensions of autonomy as perceived by key stakeholders involved in local governance. This results in an

incomplete understanding of how financial autonomy translates—or fails to translate—into developmental outcomes at the grassroots level.

Several empirical works (e.g., Eboh & Ogbu, 2017; Ikeanyibe, Eze, & Eme, 2020) highlight issues such as excessive state-level control through the State Joint Local Government Account (SJLGA), political interference, and insufficient internally generated revenue. However, they primarily rely on statutory financial reports and public expenditure reviews. These objective financial indicators, while useful, may obscure the informal constraints, operational bottlenecks, and contextual realities that LG officials and local communities experience daily (Boex, 2011; Smoke, 2015).

As Boex (2011) argues, “de facto” fiscal autonomy—actual decision-making discretion in practice—may diverge significantly from “de jure” or legally prescribed autonomy. This divergence is particularly salient in Nigeria, where the political economy of federalism enables state governments to encroach on LG mandates despite constitutional provisions (Ikeanyibe *et al.*, 2020). The lack of perception-based empirical studies means that this gap between legal frameworks and practical realities is under-explored, particularly in the context of how such constraints affect grassroots development outcomes, including infrastructure provision, health services, and education delivery. Furthermore, few studies explicitly investigate how local stakeholders perceive the relationship between financial autonomy and development performance in underrepresented regions such as Northeast Nigeria. This oversight limits the contextual applicability of broader national findings and hinders efforts to design locally nuanced reforms in fiscal federalism and decentralised governance.

This study seeks to fill this significant empirical gap by employing a qualitative survey-based approach to capture the perceptions of LG officials, political actors, and community stakeholders regarding the nature of financial autonomy and its implications for grassroots development. In doing so, it contributes to the growing scholarly recognition of the need for mixed-methods and perception-sensitive research in decentralisation and public administration studies (Smoke, 2015; Faguet, 2014).

## **Methodology**

### **Research Design**

This study employs a quantitative, cross-sectional survey design to examine the relationship between perceived financial autonomy and development outcomes in selected local government areas of Northeast Nigeria. Quantitative methods are suitable for exploring associations between measurable variables and facilitating statistical generalisation (Creswell & Creswell, 2018), while the cross-sectional approach enables the capture of stakeholder perceptions at a specific point in time, which is ideal for governance studies with limited longitudinal data (Bryman, 2016; Lavrakas, 2008). A structured, self-administered questionnaire was used to gather data from local government officials, community leaders, and residents, allowing for a broad-based understanding of local governance dynamics (Fowler, 2014). The design reflects methodological precedents in decentralisation research that rely on subjective stakeholder assessments to complement or replace often unavailable objective financial data (Boex, 2011; Faguet, 2014). By addressing a critical gap in the literature on fiscal decentralisation in Nigeria—namely, the lack of perception-based studies (Ikeanyibe, Eze, & Eme, 2020)—this

approach enhances both the validity and relevance of the findings for theory and practice in public administration (Smoke, 2015).

### **Population and Sample**

The population for this study comprises local government officials, community leaders, and civil society representatives across the six states in Northeast Nigeria—Adamawa (21 LGAs), Bauchi (20 LGAs), Borno (27 LGAs), Gombe (11 LGAs), Taraba (16 LGAs), and Yobe (17 LGAs)—totalling 112 local government areas (National Bureau of Statistics [NBS], 2020). These categories of stakeholders are central to local governance and development, and their perspectives are essential for understanding the dynamics of financial autonomy and its perceived developmental impacts (Agba, Akwara, & Idu, 2013). A stratified sampling method was employed to ensure proportional representation from each state and local government area, thereby increasing generalisability and reducing sampling bias (Etikan & Bala, 2017). Within each stratum, purposive sampling was used to select respondents with relevant experience and institutional knowledge, particularly those occupying senior administrative or representative positions in their communities and organisations (Palinkas *et al.*, 2015).

The sample size was determined using the Krejcie and Morgan (1970) table, which provides a statistically valid number for a given population at a 95% confidence level and 5% margin of error. Given that the estimated total number of potential respondents in the study population (across LGAs, community groups, and CSOs) exceeds 10,000, the minimum recommended sample size is approximately 370. However, to ensure robustness and account for potential non-responses, a larger sample of 450 was targeted, distributed proportionally across the six states. This approach aligns with similar studies in decentralised governance where stratified and purposive techniques have been successfully employed to capture multi-level stakeholder insights (Ola & Tonwe, 2009; Arowolo, 2011).

### **Measures**

Self-reported data were collected using a structured questionnaire designed around the operationalised dimensions of the study constructs. The questionnaire development followed best practices in for content and construct validity (Haynes *et al.*, 1995), drawing on established conceptual frameworks while aligning the content to the Nigerian local government context. To promote response clarity and maximise completion rates, the number of items was optimised, consistent with Sijtsma and van der Ark's (2020) recommendation that shorter, well-targeted questionnaires can improve respondent engagement without compromising reliability. All questionnaire items were assessed using a 5-point Likert agreement scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"), allowing for assessment of attitudes and perceptions (Joshi *et al.*, 2015).

**Perceived Financial Autonomy:** This construct was assessed using an 8-item measure adapted from previous instruments developed to evaluate fiscal decentralisation and local fiscal discretion (Faguet, 2014; Gendron *et al.*, 2020). The items tapped into perceptions of control over budgeting, revenue generation, and expenditure decisions. Each dimension was captured using multiple indicators to reflect the multidimensional nature of fiscal autonomy at the local government level.

**Grassroots Development:** Perceptions of grassroots development were assessed using a 10-item scale developed from literature on local service delivery and community development outcomes (Agba *et al.*, 2013; Smoke, 2015). The instrument captured key areas such as access to health, education, water,

infrastructure, and economic empowerment programmes. Emphasis was placed on perceived improvements and inclusiveness in development outcomes across communities.

**Stakeholder Category:** Respondents were asked to indicate their role as either local government staff, community leaders, or civil society representatives. This was used for stratification and sub-group analyses to compare perceptual differences among the categories.

A pilot study ( $n = 30$  local government staff and community leaders from two LGAs in Northeast Nigeria) was conducted to assess the reliability of the constructs. For Perceived Financial Autonomy (8 items), Cronbach's alpha was .84, indicating good internal consistency, with item-total correlations ranging from .51 to .76 and a mean score of 3.22 ( $SD = 0.71$ ), reflecting moderate perceptions. For Grassroots Development (10 items), Cronbach's alpha was .88, suggesting strong internal consistency, with item-total correlations between .49 and .80 and a mean score of 3.05 ( $SD = 0.64$ ), indicating neutral to moderately positive perceptions.

### **Method of Data Collection and Analysis**

Data collection was carried out using a structured questionnaire administered through a combination of trained enumerators and self-administered online forms. This hybrid method allowed for broader reach and ensured inclusivity, particularly in areas with limited internet access, aligning with best practices for survey research in diverse settings (Dillman *et al.*, 2014). Enumerators were trained to ensure consistency in administration and to minimise interviewer bias, a critical factor in data validity (Biemer & Lyberg, 2003). The online version of the questionnaire, hosted via a secure platform, targeted literate respondents with reliable internet access, thereby complementing the in-person data collection process.

For data analysis, the study employed both descriptive and inferential statistical techniques using the JASP statistical software (JASP Team, 2023). Descriptive statistics, including means and standard deviations, were used to summarise participants' responses and to identify general patterns in perceptions of financial autonomy and grassroots development. Pearson correlation analysis was applied to examine the strength and direction of relationships between the key variables, consistent with methods recommended for continuous data (Field, 2018). Regression analysis was also conducted to test the predictive influence of perceived financial autonomy on grassroots development outcomes, enabling the identification of statistically significant relationships and the extent of explained variance. This analytical approach ensures rigorous hypothesis testing and enhances the interpretability of findings within the context of existing literature (Pallant, 2020).

## **Results**

### **Demographic Profile of Respondents**

The study surveyed 397 respondents from six states in Northeast Nigeria, including local government employees, community leaders, and civil society organisation (CSO) representatives. The sampling strategy combined stratified and purposive techniques to ensure representativeness across the 112 local government areas and to capture knowledgeable stakeholders on decentralisation and local development (Creswell & Creswell, 2018). Table 1 displays the demographic characteristics of the respondents. The distribution indicates that a majority of respondents were male (63.9%) and aged between 31 and 45 years (50.4%), consistent with findings from governance participation

studies in Nigeria (Ukiwo *et al.*, 2018). Most held tertiary education qualifications (84.6%), which enhances the reliability of their responses regarding local fiscal autonomy and development.

Table 1. Demographic Profile of Respondents ( $n = 397$ )

Variable	Category	Freq.	Percentage
Gender	Male	254	63.9
	Female	143	36.1
Age	18–30 years	85	21.4
	31–45 years	200	50.4
	46 years and above	112	28.2
Occupation	LG Staff	169	42.6
	Community Leaders	129	32.5
	CSO Representatives	99	24.9
Education Level	Secondary	61	15.4
	Tertiary	336	84.6
State	Adamawa	59	14.9
	Bauchi	71	17.9
	Borno	86	21.7
	Gombe	43	10.8
	Taraba	63	15.9
	Yobe	75	18.9

The distribution indicates that a majority of respondents were male (63.9%) and aged between 31 and 45 years (50.4%), consistent with findings from governance participation studies in Nigeria (Ukiwo *et al.*, 2018). Most held tertiary education qualifications (84.6%), which enhances the reliability of their responses regarding local fiscal autonomy and development.

Table 2 provides the mean and standard deviation scores for the two key constructs. The mean score for perceived financial autonomy ( $M = 3.41$ ,  $SD = 0.83$ ) suggests that respondents held moderately positive views regarding the fiscal independence of local governments. This is in line with prior studies indicating that despite constitutional provision for local government autonomy, practical implementation is often hindered by state control over allocations (Oviasuyi *et al.*, 2010; Aluko, 2020). Conversely, the mean score for grassroots development ( $M = 3.67$ ,  $SD = 0.75$ ) was comparatively higher, pointing to a favourable perception of development at the local level. These outcomes may reflect a mix of donor-driven and state-supervised development efforts observed in decentralised systems (Smoke, 2015). The findings also affirm the importance of perception-based data in understanding subnational governance dynamics in resource-constrained settings.

Table 2. Mean Perception Scores for Study Constructs ( $n = 397$ )

Construct	Items	Mean	SD
Perceived Financial Autonomy	8	3.41	0.83
Grassroots Development	10	3.67	0.75

### Pearson Correlation Analysis

The Pearson correlation coefficient ( $r$ ) was computed to assess the linear relationship between perceived financial autonomy and grassroots development. As shown in Table 3, the analysis

revealed a statistically significant, moderate to strong, positive correlation between the two constructs,  $r = .524$ ,  $p < .001$ , suggesting that increases in perceived financial autonomy are associated with improvements in grassroots development outcomes. The result is consistent with previous empirical evidence suggesting that fiscal decentralisation and local financial empowerment contribute significantly to local infrastructure delivery, service quality, and participatory governance (Faguet, 2014; Oladimeji & Bello, 2021; Smoke, 2015).

Table 3. Correlation Matrix for the Study Constructs ( $n = 397$ )

Variables	1. FA	2. GD
1. Perceived Financial Autonomy (FA)	1	
2. Grassroots Development (GD)	.524*	1

*Note.* \* $p < .001$ . Pearson's  $r$  used. No missing values.

### Regression Analysis

To further explore the predictive relationship, a simple linear regression was conducted with grassroots development as the dependent variable and perceived financial autonomy as the independent variable. As summarised in Table 4, the regression model was statistically significant,  $F(1, 395) = 157.84$ ,  $p < .001$ , and accounted for approximately 28.6% of the variance in grassroots development ( $R^2 = .286$ ).

Table 4. Model Summary and ANOVA for Regression Analysis

Model	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SE	F	df	Sig.
1	0.535	0.286	0.284	0.634	157.84	1, 395	<.001

The regression coefficients are reported in Table 5. The unstandardised coefficient for perceived financial autonomy was significant ( $B = 0.642$ ,  $SE = 0.051$ ,  $\beta = .535$ ,  $t = 12.56$ ,  $p < .001$ ). This implies that for every one-unit increase in perceived financial autonomy, grassroots development is expected to increase by 0.642 units, holding other factors constant.

Table 5. Regression Coefficients for Predicting Grassroots Development

Predictor	B	SE	$\beta$	t	p	95% CI (B)
(Constant)	1.47	0.159	–	9.25	<.001	[1.157, 1.783]
PFA	0.642	0.051	0.535	12.56	<.001	[0.541, 0.742]

*Note:* PFA = Perceived Financial Autonomy

The analysis rejected the null hypothesis and accepted the alternative, confirming that perceived financial autonomy significantly predicts grassroots development, thereby supporting  $H_1$  and aligning with decentralisation theory, which posits that devolving financial control to lower tiers of government enhances responsiveness to local needs and improves public service outcomes (Oates, 1999; Ahmad & Brosio, 2009); however, the moderate effect size also indicates that other contextual factors such as political interference, capacity constraints, and intergovernmental relations may mediate local development performance (Agba *et al.*, 2013; Ribot, 2002).

### Discussion of Findings

The findings of this study underscore the significant role of perceived financial autonomy in promoting grassroots development outcomes. The Pearson correlation analysis revealed a statistically significant, moderately strong positive association ( $r$

= .524,  $p < .001$ ), while the regression analysis confirmed that perceived financial autonomy significantly predicts grassroots development ( $\beta = .535, p < .001$ ), accounting for approximately 28.6% of the variance. These results lend empirical support to the decentralisation theory, which argues that fiscal autonomy empowers subnational governments to align development interventions more closely with local preferences, thereby enhancing efficiency and service delivery (Oates, 1999; Ahmad & Brosio, 2009).

The findings are consistent with a growing body of research linking fiscal decentralisation to improved development outcomes at the local level. For instance, Faguet (2014) found that local governments in Bolivia with greater control over fiscal resources were more responsive to citizen needs, resulting in better social infrastructure and public service quality. Similarly, Smoke (2015) highlights that when local governments are granted meaningful fiscal discretion, they tend to invest more in community-responsive programmes, provided there is adequate institutional capacity and accountability mechanisms. In the Nigerian context, Oladimeji and Bello (2021) observed that perceived improvements in financial autonomy among local governments positively influenced the execution of basic health and education services, suggesting a tangible link between fiscal capacity and developmental performance.

However, while the effect size in this study is moderate, it also signals that financial autonomy alone may not be sufficient to guarantee optimal development at the grassroots level. As highlighted by Agba, Akwara, and Idu (2013), local government performance in Nigeria is often constrained by external political interference, weak administrative capacity, and opaque intergovernmental fiscal relations. Ribot (2002) similarly cautions that decentralisation efforts often fail when central authorities retain substantial influence over local decisions or when local governance structures lack transparency and accountability.

These findings have important implications for policy and governance reforms. First, they suggest that reforms aimed at enhancing local government performance should not only focus on increasing fiscal transfers but also on expanding the discretion of local authorities over revenue generation and expenditure decisions. Second, building local institutional capacity through training, transparent budgeting, and citizen participation mechanisms could amplify the benefits of financial autonomy. Finally, policy frameworks should address the entrenched issues of state-level control over local finances, a concern highlighted in reports by Nigeria's Financial Intelligence Unit and other policy actors (NFIU, 2019).

In sum, the evidence affirms the developmental value of fiscal decentralisation but also highlights the need for complementary institutional and governance reforms. Strengthening the autonomy, capacity, and accountability of local governments remains central to achieving inclusive and sustainable development outcomes at the grassroots.

## Summary of Findings and Conclusion

This study examined the relationship between perceived financial autonomy and grassroots development outcomes using Pearson correlation and simple linear regression analyses. The findings revealed a statistically significant, moderately strong positive correlation between perceived financial autonomy and grassroots development ( $r = .524, p < .001$ ). Furthermore, regression analysis confirmed that perceived financial autonomy significantly predicts grassroots development outcomes ( $\beta = .535,$

$p < .001$ ), accounting for approximately 28.6% of the variance. These results led to the rejection of the null hypothesis and acceptance of the alternative hypothesis.

## Recommendations

Based on the findings of this study, the following recommendations are proposed:

1. Federal and state governments should ensure full compliance with the Supreme Court ruling on direct allocation of funds to local governments to eliminate interference through the State Joint Local Government Account.
2. Local governments should strengthen internal revenue generation strategies to reduce overdependence on federal allocations.
3. Capacity-building programmes should be introduced to improve financial management skills among local government officials.
4. Implement robust accountability mechanisms, including regular audits and participatory budgeting, to ensure transparency in fund utilisation.
5. Encourage citizen participation in local planning and budget monitoring through town hall meetings and digital feedback platforms.

The findings reinforce the theoretical proposition of decentralisation theory, which argues that devolving fiscal authority to subnational governments enhances their ability to respond effectively to local needs and deliver public services. The study concludes that strengthening the financial autonomy of local governments holds significant potential for promoting inclusive and sustainable development at the grassroots level. However, the moderate explanatory power of financial autonomy also indicates the presence of other contextual factors—such as political interference, institutional capacity, and intergovernmental dynamics—that must be addressed to fully optimise developmental outcomes. Strengthening fiscal decentralisation efforts through governance reforms, accountability mechanisms, and capacity building is therefore imperative to realise the transformative potential of grassroots governance.

## Implications of the Study

The findings of this study carry several important implications for theory, policy, and administrative practice. Theoretically, the results provide empirical support for decentralisation theory, reinforcing the notion that devolved fiscal authority enhances the responsiveness and effectiveness of lower tiers of government (Oates, 1999; Faguet, 2014). By demonstrating that perceived financial autonomy significantly predicts grassroots development, the study validates the argument that local financial control is instrumental in fostering context-sensitive service delivery and participatory governance. This contributes to a growing body of literature that situates fiscal decentralisation as a central mechanism for achieving development outcomes in decentralised governance systems (Smoke, 2015; Oladimeji & Bello, 2021).

From a policy perspective, the study underscores the urgent need for Nigerian policymakers—particularly at the federal and state levels—to strengthen the fiscal autonomy of local governments. This includes revisiting intergovernmental fiscal transfer frameworks, reducing over-centralisation of budgetary

processes, and ensuring that local governments have greater control over internally generated revenue and expenditure decisions. Increased local fiscal control can foster accountability, enhance the responsiveness of service delivery, and promote equitable development across rural and peri-urban communities (Agba *et al.*, 2013; Onyishi & Obi, 2020).

For local government administrators, the findings highlight the importance of enhancing financial transparency and fostering community engagement in budgetary and development planning processes. Administrators must prioritise mechanisms that build public trust—such as open budgeting, participatory planning forums, and performance audits—to ensure that increased financial autonomy translates into tangible improvements in grassroots welfare. Without accountability and civic involvement, financial autonomy alone may be insufficient to drive sustainable development (Ribot, 2002; Ahmad & Brosio, 2009).

Finally, this study opens several avenues for future research. While this investigation relied on perceptual measures of financial autonomy and development, future studies should consider triangulating these findings using objective fiscal data and performance metrics to validate the strength and direction of the relationship. Comparative studies across different geopolitical zones or local government types (e.g., urban vs. rural councils) may also uncover contextual nuances that mediate or moderate the autonomy–development linkage. Furthermore, mixed-methods approaches could deepen understanding by capturing the lived experiences and challenges of local actors in operationalising fiscal decentralisation.

## Limitations of the Study

This paper delves into the intricacies of minority shareholder participation in Annual General Meetings (AGMs) within the corporate governance landscape. It highlights the challenges faced by minority shareholders, including a lack of representation, information asymmetry, voting power dilution, and exclusionary practices.

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