

REVENUE GENERATION AS A MAJOR SOURCE OF INCOME FOR THE STATE GOVERNMENT: AN EMPIRICAL ANALYSIS OF TWO PARASTATALS

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Abstract

Although several studies have been conducted on revenue generation as a major source of income for the State: Problem and Prospect. It is disappointing after review of various literatures to report that very little has been achieved in regulating the problems of Revenue Generation in the State. This may be as a result of some of the earlier identified problems. Since the State government reforms 1989, there have been a lot of problems and distractions arising from revenue generation and collection. The dishonest practices by some tax officials also, pose a serious threat to effective tax administration in Nigeria especially, when such practices are capable of having demoralizing effect on the honest tax payers. These problems range from one class of revenue to another. For this reason, this study intends to investigate the effect of revenue generation as a source of income for the state government and solve the problem of corruption, mismanagement, misappropriation and manipulation as it affected the efficient utilization of revenue generated. Based on the responses elicited by respondents and results from the tested hypotheses, it was revealed that revenue allocation in local government is hindered by corrupt practices also that efficient revenue generation enhances the performance of public sectors

Keywords: Revenue Generation, Public Income, Taxation, Financial Constraint, Budgeting, Government Expenditure, Gross Domestic Investment

INTRODUCTION

Revenue has been defined by various scholars at different time. It lacks universal accepted definition. According to Webster New International Dictionary [Third edition] revenue could be defined as ‘the annual or periodically yield of taxes, exercise as’ the other sources of income that a nation state or public sector collect or receives into their treasury for public use’. This means that it is a public income of whatever kind. Dixon [2000] sees revenue as ‘the total amount obtained from the sale of a merchandise services to customers’. According to Procter [2005] this revenue is an income. Fayemi [2001] sees it as ‘ All tolls, taxes, impress, rates, fees, duties, fine, penalties, fortunes and all other receipt of government from whatever source arising over a period either one year or six months.

Flesher and Flesher [2007] define revenues as ‘an increase in owners’ equity resulting from the performance of a service or sale of something’ this definition is anchored on the concept of equity which may increase due to sale of goods or provision of services in other words there are two sides revenue ; something received and given.

Walgenbach, Glison [2006] defined revenues as the increase in owners’ equity a firm earns by providing goods or services for its customers’. This definition can be regarded as an advancement of the formal in that brought in the concept of customer, the former definitions stated that goods and services will be provided but the definitions stated by Walgenbach et al made it clear that the goods and services have to be provided to a ‘customer’. An issue that is so far from the above two definitions are connotes revenue because it [cavity] has to be earned and it may increase or decrease in line with one performance cone. Further, Land [2008] provides a simple definition of revenue to read ‘the amount received by the firm in exchange for the revenue given up.

Recently the revenue that accrues to state government is derived from two broad sources, viz: the external sources and the internal sources. The increasing cost of running government coupled with dwindling revenue has left various state governments in Nigeria with formulating strategies to improve the revenue base. More so, the near collapse of the National Economy has created serious financial stress for all tiers of government. Hardest hit are the state governments all of whom have experienced unusual reduction in their share of the National Revenue from the Federation Account. Despite the numerous sources of revenue available to the various tiers of government as specified in the Nigeria 1999 Constitution, since the 1970s till now, over 80% of the annual revenue of the 3 tiers of government come from petroleum. However, the serious decline in the price of oil in recent years has led to a decrease in the funds available for distribution to the states. The need for state and state governments to generate adequate revenue from internal sources has therefore become a matter of extreme

urgency and importance. This need underscores the eagerness on the part of state and state governments and even the federal government to look for new sources of revenue or to become aggressive and innovative in the mode of collecting revenue from existing sources. To meet the inescapable need for increased revenue, the use of external tax consultants was introduced by the federal and state governments in Nigeria to boost revenue generation under a programme known as the Accelerated Revenue Generation (ARG) Programme.

The Federal government appointed Consultants/ Monitoring agents on Value Added Tax (VAT) and Withholding Tax (WHT) in the Oil Industry. Professional Import Duties Administrators (PIDA) was appointed in 1996 by the federal government for the collection of import duties side by side with certain custom officials. Some State governments also appointed consultants to boost revenue generation in their states.

This development attracted diverse comments among various interest groups and individuals. These various comments have been most often biased depending on which interest they represent. For instance, while the revenue officials see the tax consultants as usurping their powers, to the taxpayers the modes of operation of the consultants was a nightmare. Similarly, while company executives and even some chartered accountants particularly of the big firms abhor this practice, smaller firms of chartered accountants and Tax practitioners, on the one hand, applaud it.

The scope of this study is limited to Revenue Generation as a major source of income for the State: Problem and Prospect. The Concepts of Revenue Generation will be reviewed for 2008-2012 different types of Revenue Generation process will be looked into, Necessary suggestions and recommendations will be suggested to the State Government. A lot of limitations will be encountered in the study, some of which include the financial constraint, time, and response of the respondents. However, in spite of these limitations, the success and benefits of the study as a whole has not been eroded. Besides, such limitations are inherent in research studies.

LITERATURE REVIEW

Revenue generation in Nigeria state governments is principally derived from TAX. Tax is a compulsory levy imposed by government on individuals and companies for the various legitimate function of the state (Olaoye, 2008). Tax is a necessary ingredient for civilization. The history of man has shown that man has to pay tax in one form or the other that is either in cash or in kind, initially to his chieftain and later on a form of organized government (Ojo, 2003). No system or rules can be effective whether foreign or nature unless it enjoys some measures of financial independence.

State governments in Nigeria have developed over a number of years. Historically, the development of direct taxation in state government in Nigeria can be traced to the period before the British pre-colonial period. Under this period, community taxes were levied on communities (Rabiu, 2004) recently the revenue that accrues to state government is derived from two broad sources, viz: the external sources and the internal sources. The state government in Nigeria was established for the purpose of rendering services and supplying amenities to the people in rural and urban area according to document establishing the state government reforms 1976.

Federal government cannot perform all the activities of the rural areas by themselves, but this can only be done by the people elected in that, does not prevent or stop the federal government from implementing their roles by providing all the social amenities such as construction of roads, provision of pipe borne water, hospitals, good education for the youth, stadium, electricity and museum etc. All these social amenities are made available from the revenue generated from the people.

Moreover, a lot has been written and said on the finances of state government in Nigeria. Most of the contributors identified inadequate finance as a major problem hindering the efficient performance of the functions of state government in Nigeria (Adedeji, 2006). In fact, the so called independent sources of revenue are not really independent because they require government authorization before they can be collected. No state authorities can increase the rate of state tax (community tax). Independently there must be legal provisions for state fees and all these are approved by government before inclusion in the estimates. Whereas, the following responsibilities are assigned to state government in Nigeria.

Economic Planning and Development, Health Services, Land use, Control and Regulation of Advertisements, Pets, Small Business Markets, Public Conveniences, Social Welfare Sewage and Refuse Disposal, Registration of Births, Deaths, Marriages, Primary, Adult, Vocational Education, Development of Agriculture and Natural Resources (Olaoye, 2008).

Theoretical Review

Taxation or tax is most often used as a major instrument for revenue generation. Nonetheless, Naiyeju (1987) is of the opinion that the revenue role of taxation is still very relevant. The revenue function or objective of taxation is still vital in the sense that without mobilization of funds via savings or through taxation, government may find it difficult to execute most of its developmental programmes that can lead to economic growth and or wealth creation.

It is clear that government expenditures via infrastructural establishment, road construction, energy and power generations, health facility, to mention just a few, lead to creation of an atmosphere conducive for capital formation (CF) and or gross domestic investment (GDI) which

invariably will raise economic growth and development and eradicate poverty (Uremadu, 2008; Ogamba 2003; Dienning, 1981). Thus, taxation can be used as a principal tool for generating revenue for the government which it uses to prosecute various expenditure programs targeted at raising the living standard of its people.

Government needs money to build schools and hospitals, to maintain law and order, to construct and maintain roads, and so forth. Through tax activities of government the required revenue or developmental funds could be raised, as a matter of fact. However, Akujobi (1988) has a contrary view. He states that this function of taxation, of late, can be questioned in that government has the power to create more money through deficit financing, however, mainly at federal government level, the monetary authorities can do this on behalf of the apex government.

This arbitrary creation of money is deficit budgeting, according to Uremadu (2000). The states and state authorities should not exercise such powers as such authorities have not been bestowed upon them in most modern states. Ndulue (2005) disagrees with the view that this function of taxation is not relevant as government can create money. If government resorts to printing money any time it needs funds, it will definitely spark off inflationary pressures on the financial system and this development may not be good for the economy. In a bid to control inflation, government should not always resort to printing money at will just for the sake of money creation, rather the required funds can be generated through taxation and or borrowing from the capital market and/or money markets through issues of municipal bonds (Uremadu, 2008; Okafor 1983).

Empirical Review

Globally, government is saddled with the responsibility of providing some basic infrastructures for her citizens. Among these are the provisions of Schools, Hospitals, construction Roads, Bridges, Railway lines, Airports and seaports. More so is the security of the life and properties of the citizens in the country against foreign and or state aggression.

Abdulfattah, et al (2010), stated, “Most south east governors are spending fortune to keep the Police and other security agencies”. The stabilization of the economy, the redistribution of income and the provision of services in the form of public goods are among other functions or obligations government may owe her citizens.

Miller and Oats (2009) noted that due to the inefficiency of the private market, the provision of public goods such as security of life and property which the public might not be prepared to pay for directly, are left in the hands of the government rather than the private market.

James and Nobes (2008) observed that even without payment, the consumption of “pure public goods cannot be to the total exclusion or in isolation of certain individual. Government therefore, makes it free for all and sundry. A very good example is in the area of security e.g. Police, Arm Force etc. Their services cover all the citizens without specific charges to the people.

Besides, public goods do not diminish as consumption increases. Simply put, the consumption of public goods by one person does not stop or prevent another from consuming it neither does it reduce the satisfaction the later consumer will derive from its consumption. It is on the strength of the above two reasons that it becomes practically impossible for the private market or firm to produce public goods as the resultant effort could be underproduction of such goods and services. Lopez and Kadar (2001) posit that taxation among Organisation for Economic Development Countries (OECD) had uniformly been geared towards efficiency, increased tax revenue, equity and enforceability. Having stated some of the functions of government to the citizens using taxation as a tool, the objective of taxation can therefore be summed up as in Nightingale (2002) and Lyme and Oats (2010): Raising revenue to finance government expenditure; Redistribution of wealth and income to promote the welfare and equality of the citizens; and, Regulation of the economy thereby creating enabling environment for business to thrive.

Research Questions

- i. What are the problems that hinder revenue generation from tax in the State government parastatals performance?
- ii. What are the basic principles and techniques necessary for revenue generation in the State government establishment?
- iii. What are various taxes from which revenue can be generated?
- iv. Does corruption practice in state government hinders revenue generation?

Hypotheses

H₀: There is no significant relationship between revenue generation and government parastatals performance.

H₁: There is a significant relationship between revenue generation and government parastatals performance.

H₀: Corruption practice in state government does not hinder revenue generation.

H₁: Corruption practice in state government hinders revenue generation.

METHODOLOGY

Research Design

Research design is a framework for conducting the research project by obtaining the required information that is necessary in solving identified problems in research. Essentially descriptive research design was adopted for this study; it is based on population characteristics and a representative sample of the population.

Questionnaire and personal interview was the major instrument used to collect data for this study. The questionnaire were carefully structured and simply designed for easy answering and to obtain consistence in respondent's responses. All questions were designed in an open ended style and provided alternative for respondents. The questionnaires were distributed to various departments which include the administrative department, finance department, human resources department, auditing department, store keeping of the staff and management of two parastatals in Lagos State to elicit necessary information and all questions collected were subjected to critical analysis.

The Population

The populations used for the study comprises of the junior and senior staff of administrative, finance, human resources departments, auditing department of two parastatals in Lagos State. The total staff strength were 250 workers.

Sample Size and Sampling Techniques

The sample size used for this project was sampled from the total number of two parastatals. Stratified Simple random sampling techniques were adopted and a quantitative sampling technique was considered to determine the sample size. The sample size for the research work was 100.

Top level management	40
Middle level management	80
Low level management	130
Total	250

The sample size was 40% of the total population which is

$$\frac{40}{100} \times \frac{250}{1} = 100$$

$$100 \quad 1$$

The sample size was divided into sub 3 categories

Categories A

Top level Management

$$\frac{40}{100} \times \frac{40}{100} = 16\%$$

100 1

Middle level Management

$$\frac{40}{100} \times \frac{80}{100} = 32\%$$

100 1

Low level Management

$$\frac{40}{100} \times \frac{130}{100} = 52\%$$

100 1

Total = 100

Method of Data Collection

The primary data were gathered from personal interview through the use of questionnaire. One hundred (100) questionnaires were distributed but only ninety- nine (99) were returned. The questionnaire was close ended types as this enable the researcher to apply scientific methods in analyzing data collect and to test hypothesis.

Test of Validity

Validity is the extent to which a test measures what it expected to measure. It is vital for a test to be valid in order for the results to be accurately applied and interpreted.

Content validity was adopted to measure how well the content of a measurement instrument (questionnaire) measures what it is designed to measures. An expert opinion was consulted as to the data instrument to ascertain whether the questionnaire (scale) item adequately covers the domain of the construct. Items that are rated as strongly relevant were included. If the questionnaire is seen to have omitted any important dimension of the construct, it is deemed to be inadequate. The instrument certified the content validity in which questionnaire was designed based on the research problem.

Test of Reliability

The test of reliability is concerned with the extent to which a research instrument e.g. questionnaire produces constant of the same result over time. It is concerned with stability, consistence, the same over time.

In this research, the multiple form of reliability is used. The multiple form reliability tests for reliability through the use of the same measuring instrument administered on different dimensions of the same variables. It is a measure of the equivalence of the forms, a high association among the forms shows a high reliability of the instrument.

Data Analysis Method

The responses from the data collection instrument were analyzed using the Chi-square statistical techniques through SPSS method. This is adopted to provide answer to the research hypotheses that is being stated earlier on, it concerned with establishing whether the discrepancies between the observe frequency and expected frequency are statistically significant or whether they may be attributed to change sampling error or variation in the data that were employed.

Limitations of the Study

No matter how much effect is put into the implementation of this methodology, some imperfections still occurred such as:-

- The limited knowledge of the researcher about revenue Allocation, more could have been achieved if the practical knowledge was available
- The inherent nature of the questionnaire and the inability of the respondents to understand some variables in the question.
- The knowledge of the respondents which varies from individual to individual.

ANALYSIS AND FINDINGS

Demographic profile of the Respondents

Table 1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	50	50.5	50.5	50.5
	Female	49	49.5	49.5	100.0
	Total	99	100.0	100.0	

This table shows that the percentage of male is 50.5% while that of the females is 49.5%. It indicates that more male gender responded to questionnaires than female.

Table 2: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	57	57.6	57.6	57.6
	Married	40	40.4	40.4	98.0
	Divorced	2	2.0	2.0	100.0
	Total	99	100.0	100.0	

The table shows that the singles are 57.6%, married are 40.4% and divorced are 2%. This indicates that more singles attended to the questionnaire.

Table 3: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25years	19	19.2	19.2	19.2
	26-30years	34	34.3	34.3	53.5
	31-35years	24	24.2	24.2	77.8
	36-40years	15	15.2	15.2	92.9
	41years and above	7	7.1	7.1	100.0
	Total	99	100.0	100.0	

The table shows that 19.2% of the population is 20-25 years, 34.3% is between the ages of 26-30 years, 24.2% are between the ages of 31-35years, and 15.2% are between the ages of 36-40 years while 41years and above is 7.1%. This proves that majority of the sample frame is between 26-30 years.

Table 4: Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	OND/NCE	28	28.3	28.3	28.3
	B.Sc/HND	70	70.7	70.7	99.0
	Professional Qualification	1	1.0	1.0	100.0
	Total	99	100.0	100.0	

The table shows that the NCE/OND holders are 28.3%, HND/B.Sc holders are 70.7%, while Professional qualification holders are 1.0%. This indicates that more HND/B.SC holders attended to the questionnaire.

Table 5: Management Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	top management level	26	26.3	26.3	26.3
	middle management level	33	33.3	33.3	59.6
	lower management level	40	40.4	40.4	100.0
	Total	99	100.0	100.0	

The table shows that 26.3% of the populations are top management level, 33.3% are middle management level, and 40.4% are lower management level. This proves that majority of the sample frame are lower management level.

Table 6: Length of experience/service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5years	60	60.6	60.6	60.6
	6-10years	27	27.3	27.3	87.9
	11-15years	12	12.1	12.1	100.0
	Total	99	100.0	100.0	

The table shows that people with 1-5 years' experience are 60.6%, 6-10 years' experience are 27.3%, while 11-15 years experience people are 12.1%. It implies that more staff with 1-5 years experience attended more to the questionnaire.

Descriptive Statistics

Table 7: Question 1: Revenue allocation in state government is hindered by corrupt practices

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	36	36.4	36.4	36.4
	Agreed	37	37.4	37.4	73.7
	Undecided	3	3.0	3.0	76.8
	Disagree	19	19.2	19.2	96.0
	strongly disagree	4	4.0	4.0	100.0
	Total	99	100.0	100.0	

The analysis shows that agreed is the highest percentage. This means the respondent agreed with the statement that revenue allocation in state government is hindered by corrupt practices.

Table 8: Question 2: Revenue generation enhances the performance of public sectors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	38	38.4	38.4	38.4
	Agreed	51	51.5	51.5	89.9
	Undecided	6	6.1	6.1	96.0
	Disagree	3	3.0	3.0	99.0
	strongly disagree	1	1.0	1.0	100.0
	Total	99	100.0	100.0	

The analysis shows that Agreed is the highest percentage. This means the respondent agreed with the statement that revenue generation enhances the performance of public sectors.

Table 9: Question 3: Corruption practice in state government hinders revenue generation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	14	14.1	14.1	14.1
	Agreed	53	53.5	53.5	67.7
	Undecided	6	6.1	6.1	73.7
	Disagree	20	20.2	20.2	93.9
	strongly disagree	6	6.1	6.1	100.0
	Total	99	100.0	100.0	

The analysis shows that agreed is the highest percentage. This means the respondent agreed with the statement that corruption practice in state government hinders revenue generation.

Table 10: Question 4: Fraudulent actions of the revenue collector hampers revenue collection

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	24	24.2	24.2	24.2
	Agreed	41	41.4	41.4	65.7
	Undecided	8	8.1	8.1	73.7
	Disagree	22	22.2	22.2	96.0
	strongly disagree	4	4.0	4.0	100.0
	Total	99	100.0	100.0	

The analysis shows that agreed is the highest percentage. This means the respondent agreed with the statement that fraudulent actions of the revenue collector hamper revenue collection.

Table 11. Question 5: Efficient and effective service delivery by the state government improves revenue generation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	61	61.6	61.6	61.6
	agreed	27	27.3	27.3	88.9
	undecided	4	4.0	4.0	92.9
	disagree	7	7.1	7.1	100.0
	Total	99	100.0	100.0	

The analysis shows that Strongly Agreed is the highest percentage. This means the respondents strongly agreed with the statement that efficient and effective service delivery by the state government improves revenue generation.

Table 12. Question 6: Low educational background of revenue collectors is responsible for low revenue generation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	2	2.0	2.0	2.0
	Agreed	30	30.3	30.3	32.3
	Undecided	6	6.1	6.1	38.4
	Disagree	38	38.4	38.4	76.8
	strongly disagree	23	23.2	23.2	100.0
	Total	99	100.0	100.0	

The analysis shows that Disagree is the highest percentage. This means the respondents disagree with the statement that low educational background of revenue collectors is responsible for low revenue generation.

Table 13. Question 7: Poor services rendered by state government are responsible for low revenue generation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	5	5.1	5.1	5.1
	Agreed	20	20.2	20.2	25.3
	Undecided	9	9.1	9.1	34.3
	Disagree	56	56.6	56.6	90.9
	strongly disagree	9	9.1	9.1	100.0
	Total	99	100.0	100.0	

The analysis shows that disagree is the highest percentage. This means the respondent disagree with the statement that poor services rendered by state government are responsible for low revenue generation.

Table 14. Question 8: There is a significant relationship between revenue generation and government parastatals performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	7	7.1	7.1	7.1
	Agreed	45	45.5	45.5	52.5
	Undecided	18	18.2	18.2	70.7
	Disagree	26	26.3	26.3	97.0
	strongly disagree	3	3.0	3.0	100.0
	Total	99	100.0	100.0	

The analysis shows that Agreed is the highest percentage. This means the respondent agreed with the statement that there is a significant relationship between revenue generation and government parastatals performance.

Table 15. Question 9: The state at any time overruled revenue collected by your local government

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	8	8.1	8.1	8.1
	Agreed	32	32.3	32.3	40.4
	Undecided	16	16.2	16.2	56.6
	Disagree	40	40.4	40.4	97.0
	strongly disagree	3	3.0	3.0	100.0
	Total	99	100.0	100.0	

The analysis shows that Disagree is the highest percentage. This means the respondent disagree with the statement that the state at any time overruled revenue collected by your local government.

Table 16. Question 10: State government employment of private revenue collectors is a waste of resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	16	16.2	16.2	16.2
	Agreed	33	33.3	33.3	49.5
	Undecided	4	4.0	4.0	53.5
	Disagree	32	32.3	32.3	85.9
	strongly disagree	14	14.1	14.1	100.0
	Total	99	100.0	100.0	

The analysis shows that Agreed is the highest percentage. This means the respondent agreed with the statement that state government employment of private revenue collectors is a waste of resources.

Table 17. Question 11: State government should borrow money to complement revenue generated to perform its responsibility

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	42	42.4	42.4	42.4
	Agreed	35	35.4	35.4	77.8
	Undecided	11	11.1	11.1	88.9
	Disagree	8	8.1	8.1	97.0
	strongly disagree	3	3.0	3.0	100.0
	Total	99	100.0	100.0	

The analysis shows that strongly agreed is the highest percentage. This means the respondent strongly agreed with the statement that state government should borrow money to complement revenue generated to perform its responsibility.

Table 18. Question 12: State government staff are well monitored in the process of collecting revenue

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	8	8.1	8.1	8.1
	Agreed	55	55.6	55.6	63.6
	Undecided	5	5.1	5.1	68.7
	Disagree	22	22.2	22.2	90.9
	strongly disagree	9	9.1	9.1	100.0
	Total	99	100.0	100.0	

The analysis shows that agreed is the highest percentage. This means the respondent agreed with the statement that state government staffs are well monitored in the process of collecting revenue.

Table 19. Question 13: Public sector should encourage revenue generation in the state

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	53	53.5	53.5	53.5
	Agreed	40	40.4	40.4	93.9
	Undecided	5	5.1	5.1	99.0
	strongly disagree	1	1.0	1.0	100.0
	Total	99	100.0	100.0	

The analysis shows that Strongly Agreed is the highest percentage. This means the respondent strongly agreed with the statement that public sector should encourage revenue generation in the state.

Testing of Hypotheses

Hypothesis 1

H₀: There is no significant relationship between revenue generation and government parastatals performance.

H₁: There is a significant relationship between revenue generation and government parastatals performance.

Table 20. Hypothesis 1 - Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Revenue generation enhances the performance of public sectors	99	1.7600	.78005	1.00	5.00
Efficient and effective service delivery by the state government improves revenue generation	99	1.5700	.86754	1.00	4.00
There is a significant relationship between revenue generation and government parastatals performance	99	2.7400	1.03103	1.00	5.00
Public sector should encourage revenue generation in the state	99	1.5500	.68718	1.00	5.00

Table 21. Hypothesis 1 - Kendall's W Test, Ranks

	Mean Rank
Revenue generation enhances the performance of public sectors	2.39
Efficient and effective service delivery by the state government improves revenue generation	2.08
There is a significant relationship between revenue generation and government parastatals performance	3.38
Public sector should encourage revenue generation in the state	2.16

Table 22. Hypothesis 1 - Kendall's W Test, Test Statistics

N	99
Kendall's W ^a	.305
Chi-Square	91.400
Df	3
Asymp. Sig.	.000
a. Kendall's Coefficient of Concordance	

Using the significance of (0.05), that is 5% which is greater than the chi-square asymptotic significance of (0.000), the result is significant and thus-we accept the alternative hypothesis and reject the null hypothesis.

Alternatively, the calculated chi-square value (91.400) with 3 degree of freedom at 95% confidence level is greater than the table value of 7.815, which makes the chi-square calculated to fall at the rejection region. As a result of this, the Null Hypothesis is rejected; while the alternative hypothesis is accepted that there is a significant relationship between revenue generation and government parastatals performance.

Hypothesis 2

H₀: Corruption practice in state government does not hinder revenue generation.

H₁: Corruption practice in state government hinders revenue generation.

Table 23. Hypothesis 2 - Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
Revenue allocation in state 99 government is hindered by corrupt practices		2.1700	1.22314	1.00	5.00
Corruption practice in state 99 government hinders revenue generation		2.5000	1.14150	1.00	5.00
Fraudulent actions of the 99 revenue collector hampers revenue collection		2.3900	1.19675	1.00	5.00
Poor services rendered by state 99 government are responsible for low revenue generation		3.4300	1.07548	1.00	5.00

Table 24. Hypothesis 2 - Kendall's W Test, Ranks

	Mean Rank
Revenue allocation in state government is hindered by corrupt practices	2.10
Corruption practice in state government hinders revenue generation	2.44
Fraudulent actions of the revenue collector hampers revenue collection	2.26
Poor services rendered by state government are responsible for low revenue generation	3.22

Table 24. Hypothesis 2 Kendall's W Test, Test Statistics

N	99
Kendall's W ^a	.210
Chi-Square	63.026
Df	3
Asymp. Sig.	.000
a. Kendall's Coefficient of Concordance	

Using the significance of (0.05), that is 5% which is greater than the chi-square asymptotic significance of (0.000), the result is significant and thus-we accept the alternative hypothesis and reject the null hypothesis.

Alternatively, the calculated chi-square value (63.026) with 3 degree of freedom at 95% confidence level is greater than the table value of 7.815, which makes the chi-square calculated to fall at the rejection region. As a result of this, the Null Hypothesis is rejected; while the alternative hypothesis is accepted that corruption practice in state government hinders revenue generation.

CONCLUSION

In the research, it is clear that poor revenue generation by local government in Nigeria affects the spread of development to all the nooks and crannies of the country. Thus local government councils and their management should strategically plan on proper measures to generate revenue as to meet with their functions as provided by the constitution of the country. This will enhance their financial ability to implement their constitutional functions or responsibilities to the rural peoples.

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