

Need for Discipline Among Civil Servants in Raising and Managing Internally Generated Revenue in Abia State, Nigeria

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Abstract

The study was designed to explore the relationship between discipline among civil servants in raising and managing internally generated revenue in Abia State in Nigeria. The issue of low IGR has become endemic in states in Nigeria as a result of indiscipline and corruption among civil servants in PFM. While Lagos state is reputed for being the highest in IGR in the world. IGR in Abia state is on the downward trend. Exploratory research design was employed for the study and data collected from secondary and primary sources were analyzed through descriptive statistical technique; and the result showed a strong positive association between discipline and IGR. It was a major recommendation of the study that the FRs must be complied with by civil servants to ensure probity and also to promote voluntary compliance in payment of taxes that would increase government revenue.

Keywords

Discipline, Visible Social Contract, Political Will, Good Governance, Corruption

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1. Introduction

Nigeria practices the presidential system of government based on constitutional democracy that has serious pressure on revenue in terms of personnel and other costs. To enhance a true federalism the Constitution of the Federal Republic of Nigeria 1999 (as amended) has provisions with regard to revenue administration. Basically, revenue refers to money that comes to the government from any source; it could come from either external or internal sources. In Nigeria the three levels of government require money annually to finance their operations. Some funds are raised through the provision of services. All levels of government occasionally borrow money to meet their needs. For the most part, however, government obtains revenue by means of taxation. In fact taxation provides most of the government revenue. A major

component of government revenue in Nigeria is what is generally termed “internally generated revenue (IGR)”. For the sake of operationalization, IGR may not mean much more than the revenue generated by government – federal, state and local outside of the receipts from statutory allocations. There is no doubt that the civil servants that romance with any government in power (AGIP) have important key roles to play in raising IGR. In simple definition, a civil servant is a person who is employed in a civil capacity and whose remuneration is paid wholly or directly out of government money. In the Nigerian context, it excludes the armed forces, the staff of quasi-government corporations and staff of local government. The civil service is therefore a professional body of officers, permanent, paid and skilled. A cardinal feature of the civil service is permanence. Government comes and goes but civil servants remain. Civil servants as professionals are expected to be efficient and disciplined, and

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it will not amount to an overstatement to say that there should be discipline among civil servants to raise IGR in Abia State. This requires full compliance with the provisions of the Financial Regulations (FRs) and in tandem with the 1999 Constitution of the Federal Republic of Nigeria (as amended) to the extent that all revenues belonging to government must be paid into government account. The objectives of the FRs among others include the realization and utilization of available financial resources to execute government projects. Discipline relates to the theory of ethics which Kant (1724-1804) thought as what is morally right or wrong in social conduct. Discipline therefore demands a high dose of ethical behavior among individuals in society so as to be effective in professional performance. The ability of an individual to live a useful life for himself and work for the success of the society is contingent upon the cultivation of discipline which serves in many capacities to keep up many organizational settings and enable them to meet the organizational, societal and national objectives. Discipline in a country encourages hardwork and prevents the country from experiencing chaos and anarchy. It is almost generally agreed that for a person to be disciplined, his behavior should reflect the training imposed by the relevant circumstance and environment. The suggestion is that a disciplined person is often submissive to laws, rules and regulations that govern organizations and society. However, the absence of quality conditions that make for discipline and for the achievement of goals equal to indiscipline. Indiscipline manifests itself in many forms like diversion of government funds, negligence of responsibility or duty, absenteeism, by civil servants, among others. Obilor states that discipline is attuning oneself to the dictates and norms of a place, course, work or state, while indiscipline on the other hand, means non-compliance to a set of rules and regulations governing a particular environment or way of life. Indiscipline is the reason why individuals and organizations refuse to pay taxes and rates as a matter of social responsibility to the state; it is also the reason why civil servants divert public revenue into private pockets. There is need for discipline in raising IGR in any state and to be disciplined is through obedience to the laws and affairs of the state. Discipline connotes integrity and truthfulness that are critical elements in revenue generation [1].

1.1. Statement of the Problem

Nigeria is riddled with many problems of indiscipline that undermine good public financial management (PFM), including diversion of IGR by civil servants; and outright refusal by individuals and organizations to pay taxes and rates. These problems relate to personal indiscipline which has to do with an individual or his or her character, moral indiscipline relating to breaking statutory laws, rules and

regulations, environmental indiscipline with regard to avoiding social responsibility and other actions and inactions that deplete natural resources and denies society of appropriate revenue. In many cases, organizations and individuals have to be dragged to the courts to press for payment of legitimate taxes. Indiscipline is rampant among public or civil servants at all levels of government which is a major problem facing government in the provision of amenities. While addressing civil servants in Lagos, Adeshina urged the revenue officers to desist from diverting revenue to private use [2]. Raising IGR and growing the economy of any state requires discipline among the civil servants which is lacking. This is one problem the government contends with in attempts to provide necessary infrastructure and keep faith with civil servants in terms of salary obligation often in gross areas allegedly due to paucity of funds despite various sources of internal revenue. To reverse the trend, Emezie advocates taking hard but necessary steps such as belt-tightening and other forms of financial discipline. The government at the centre, state or local level may not build good will with the people without good revenue base [3]. Addressing civil servants and tax payers, Onilude explains: "As our local government is discovering new revenue points and blocking loopholes, we implore you to help us, not only by paying promptly, but by encouraging others to do same to enhance the equitable development of infrastructure" [4]. This author is not aware of recent reports on discipline and raising IGR in Abia State, Nigeria. While this work is not expected to fill the gap, but as a contribution to solving the problem in Abia State, it is emphasized that lack of discipline among civil/public servants is a catastrophic issue against sound PFM in Nigeria that requires urgent attention for solution.

1.2. Objective of the Study

The study was designed to explore the relationship between discipline among civil servants in raising and managing IGR in Abia State.

1.3. Significance of the Study

The work is significant for knowledge sharing and to place Abia State civil servants within the current global framework of advocacy for transparency and accountability in IGR. It is expected that the public and in particular the civil servants will enrich their conceptual understanding and cognitive skills and apply them in support of positive practical actions for raising IGR. This is also significant because government revenue should not be seen as free fund; therefore, government should strengthen internal mechanisms because porous regulatory environments provide cheap incentives for unethical practices in PFM that lead to huge leakages of

scarce government revenue into the pockets of unpatriotic civil servants. Discipline is vital for effective PFM because government is often in dire need of financial resources to meet its obligations, and an inadequate framework for government accountability can facilitate corruption [5]. Also, Dorotinsky and Pradhan suggest that strong, transparent PFM systems with well-defined and uniformly applied controls, oversight, and accountability can significantly reduce the risk of corruption. This will in turn provide a robust framework for raising and managing public financial resources and providing the government the opportunity not only to pay salaries in time but also to provide critical infrastructure. This perspective is significant, because when civil servants defend themselves against charges of corruption and weak PFM, they often claim that they receive low and irregular salaries, but forget that salaries cannot be regular in the face of indiscipline and abysmally low IGR [6].

1.4. Research Questions

1. Does self-sacrifice relate to discipline?
2. Is it true that corruption helps in raising and managing

IGR?

3. Is integrity the cornerstone of probity?
4. Do you think that the highest amount of government revenue comes from taxation?
5. Can discipline among civil servants lead to increased IGR in Abia State?

1.5. Conceptual Framework of the Study

The 1999 Constitution of the Federal Republic of Nigeria (as amended) under section 162 (10) subsection (1) describes “revenue” as any income or return accruing to or derived by the government of the federation from any source. By extension it therefore means any income accruing to the state government from any source. However, IGR may be defined as any come generated by a state government within the scope of its constitutional competence. Anyanwu defines IGR as the revenue the state governments generate within the areas of their jurisdiction [7]. The IGR of a state is not formed in a vacuum but thrives through various sources; as reflected in figure 1:

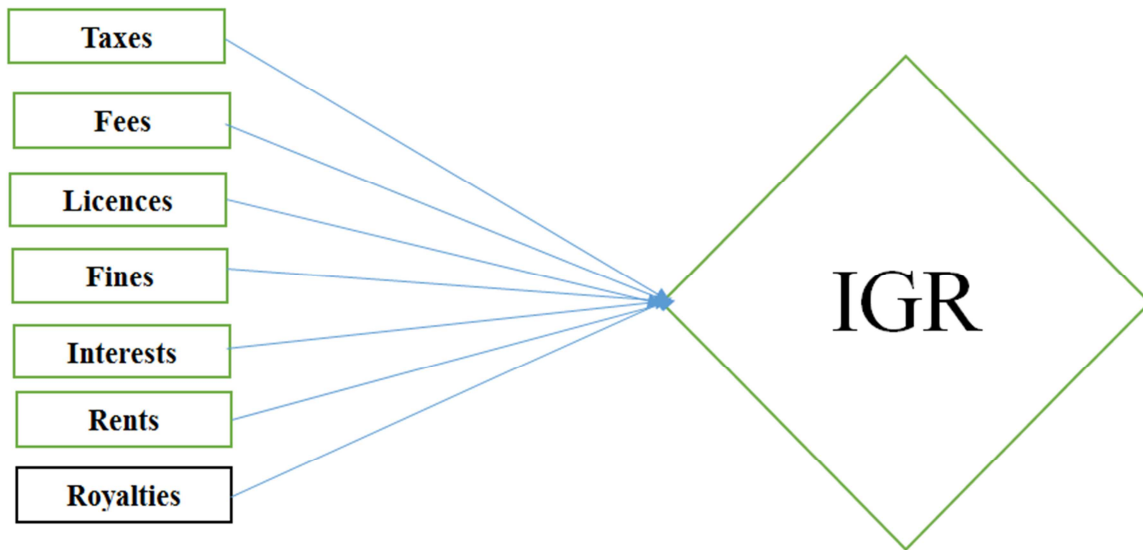


Figure 1. IGR Flow Model.

Source: Author Fieldwork (2018)

A conceptual model often represents the study idea and how it is organized in relation to the study problem and the relevant literature. It is usually summarized in a schematic form that shows the principal variables and their hypothesized relationships. The conceptual model of this study was based on the model developed by Cavusgil and Zou [8]. Academic research shows that taxation is a major source of IGR. It is nevertheless not the only source [9-10]. According to Anyanwu the various sources of internal revenue available to state governments include: taxes, fines, fees, licenses, rents among others. He explains that the

capacity of a state government to raise internal revenue is crucial because of the need to achieve government targets, which it cannot do without money. Babalola opines that projects like the provision of public schools, public health, public infrastructure; security requires huge expenditure from the state government. Despite the monthly allocations from the federation account to states, there is always the important need for state governments to raise IGR to supplement such allocations that fluctuate according to oil prices in the global market [11]. DiJohn postulates that there is a governance imperative by a state government to raise IGR as a starting

point to building a social contract between the state and the citizens through the provision of quality services. But the problem in most states in Nigeria, including Abia State, is the misuse of IGR by civil servants who are directly involved in the IGR processes. Cases of corruption, diversion, understatement, conversion, stealing of IGR frustrate the optimization of IGR. It is therefore safe to state that raising IGR in Abia State, for example, requires the civil servant who recognizes and encourages the perspectives of transparency and accountability [12]. Cheeseman and Owen, suggest that building support for IGR requires transparency, and that collection of taxes must be seen to be transparent. They insist that public revenue such as taxes should be professionally collected without any recourse whatsoever to diversion and extortion. Also accounting for public revenue like IGR should be open and made accessible to the public and there must be strategies put in place by government to reduce wasteful or unaccountable spending of public money. They emphasize that through ethical and professional conduct and building effective public relations and the provision of quality public services Lagos state government has proved to be one of the most successful state governments in the world at raising IGR over the past decade [13]. According to Ani revenue is the live-wire of any successful undertaking not only for the private sector but much also for the public sector [14]. Ezeokonkwo agrees that the major objective of public finance is ensuring efficient generation and allocation of funds including IGR [15]. Unfortunately, in some states in Nigeria, civil servants that have the responsibility of collecting internal revenue through taxes, fines, among others try to misuse such funds thereby depriving the government of huge sums required to fund its projects. Anyanwu states that the problem of lack of fiscal transparency as a result of mismanagement of funds, corruption, poor internal controls and lackadaisical attitude to government work and property still exists. To actually raise and optimize IGR in Abia State, the government requires the political will to cultivate civil servants *imbued* with ethical values and who have the eagerness for transparent handling of public funds, look for new sources of revenue or to become more aggressive and more innovative in the manner of collecting IGR from existing sources [16-17].

2. Literature Review

When state governments in Nigeria talk about IGR they simply mean the income they receive outside of the statutory allocations from the federation account. However, despite the various sources of internal revenue available to the state governments in accordance with the clear provisions of the 1999 Constitution of the Federal Republic of Nigeria (as amended) over 80 percent of the annual revenue of the three

levels of government still flows from petroleum resources. But since the global financial crisis and the quagmire in the global oil market the allocations to the different tiers of government have witnessed some dramatic decline which underscores the refocusing of attention by state governments on IGR. In this context, state governments have become more concerned with the mode of capturing IGR as means of executing their projects. Kiabel and Nwokah posit that the 2007 – 2009 global financial crisis created financial stress for all the tiers of government. They explain that the hardest hit are the state governments that now experience huge reductions in their share of the statutory revenue allocation from the federation account. This position was also stressed by Okonjo-Iweala (2015) that Nigeria lost about 50 percent revenue as its income from oil as the result of 50 percent oil prices collapse worldwide. This problem is compounded because some state governments in Nigeria depend more on federal allocation than others [18]. The reasons are due to the different nature and status of the states. These include: unequal resource endowment, inequalities in human capital development, economic growth and development as well as the levels of voluntary compliance in terms of tax collection. On the matter of IGR, academic research reveals that one of the striking features of the 36 states in Nigeria is the fact that they differ in relation to economic, geographical, demographic, legal, socio-cultural, fiscal and infrastructural characteristics. While some states are grouped as urban states because of their level of economic, agricultural, infrastructural, industrial and technological development, others are classified as rural states because of the levels of absolute poverty. Examples of urban states in Nigeria are: Lagos, Kano, Oyo, Rivers, Enugu, Kaduna, Anambra, among others, while Ekiti, Ebonyi, Abia, Yobe, Zamfara, among others fall under the rural states category. It is important to stress that the capacity of a state to earn IGR is largely determined by the status of its economic, agricultural, commercial, industrial, and infrastructural endowment and development as well as the caliber, integrity, and professionalism of its civil service. Research supports the argument that the capacity of states to increase IGR will depend on the nature and the proportion of their economies that are formalized, the-type of industry and agriculture that is practiced, the size and distribution of the population, the level of trade with other states and the outside world, and the amount of IGR already being collected. However, raising IGR will depend on stronger accountability and better quality public services among other variables. It is believed that the most effective factors in building public support for tax collection is the provision of public services, knowledge of government reforms, and evidence of action against corruption. In this case, the political will to fight against corruption among civil servants must not be seen as a

political game or within the *political partyspectrum*, but rather from the *good governance imperative*, to purge the government of economic saboteurs so as to enable it have all the available IGR to execute its projects and by so doing establishing *visible social contract* with the citizens [19-20].

2.1. The Civil Servant as Key Role Player in IGR Process

IGR can be raised from various sources with the active involvement of the civil servant under the watch of the governor through the appropriate ministries, departments and agencies (MDAs). The government cannot achieve the goal of raising the level of IGR without an ethical and disciplined civil service. Discipline is important in government to pave the way for good governance and accountability. Barlow opines that ethics as a body or bodies of rules, regulations or laws expressed in a fixed and authoritative written form clearly setting out morally based standards of behavior are important in the management and administration of society [21]. Therefore, the civil servant requires huge moral capacity and discipline to deal properly and effectively with state IGR. The civil servant who is expected to have integrity should be beyond bribery and corruption. He has the responsibility to spend government money for the benefit of all and not just to enrich himself or herself, a small group of people or even an individual. The civil servant must obey the contents of the FRs that provide a body of guiding principles and a number of methods for handling public revenue to enhance the achievement of probity and accountability in government revenue transactions. Among the objectives of PFM include the utilization of available revenue resources in the most efficient manner. To this extent it means that in matters of public revenue, civil servants must work within the FRs, not just only in the areas of expenditure but also in the areas of revenue generation. Financial management in the governmental environment involves the civil servants as key role players on both the administrative side and the accounting side of the organizational architecture. The civil servant is involved on one hand in decision-making and on the other hand on the implementation process. Therefore, the integrity of the civil servant on both sides in generating and utilizing government revenue is critical. This is important because the largest volume of IGR in Nigeria comes from taxation and without transparency there cannot be any rise in IGR. In many sub-Saharan African nations including Nigeria, academic research shows that huge tax revenue is misappropriated corruptly by civil servants in collaboration with their sister public servants. In Nigeria the risk of financial irregularities in the generation and disbursement of public revenue have been in existence for a very long time. It was the fear of this and the need to provide government with a unique means of protecting its revenue from embezzlement

that the FRs were introduced. Even with the existence of the FRs government revenue under the watch of civil servants or public servants still flows freely into private pockets because of corruption and indiscipline. For example, according to Rotimi, et al despite the existence of Nigeria Extractive Industries Transparency Initiative (NEITI) the government lost about US\$300m in payment discrepancies and official corruption between 1999 and 2008. IGR does not raise itself rather it is raised by the government through the civil servants. Therefore, any discussion about raising IGR will be less than plausible without condemning corruption and indiscipline among civil servants [22]. It is not an exaggeration to state that corruption and indiscipline among civil servants are among the fundamental problems confronting state governments and why most of them are grossly underperforming in IGR and by extension unable to carry out their basic responsibilities, including inability to pay salaries. Therefore, to the highest extent, raising IGR in Abia State hinges on proper management of public revenue by civil servants. Mismanagement and financial inefficiency in the public sector have a long history all over the world, so for any existing government to achieve its objectives it must embrace financial discipline to enhance the method of its internal revenue generation and allocation processes [23]. Exploring the link between discipline among civil servants and raising IGR cannot be over emphasized and nobody can seriously challenge the idea that mismanaging public revenue reduces the ability of the state government to perform creditably. Because of the importance of revenue to government, and the role of civil servants in PFM, Obasanjo in Maduabum while addressing civil servants canvassed: "Henceforth, rules and regulations designed to promote honesty and transparency in dealing with government would be restored, strengthened and vigorously enforced. Accordingly, it is mandatory for all public officials to ensure strict compliance with the rules and regulations as contained in the FRs. Primary responsibility in this regard falls on the shoulders of permanent secretaries in their double capacity as accounting officers of their ministries and advisers to their ministers. They are expected to ensure that all officers subordinate to them adhere strictly to these rules and regulations" [24]. This statement underscores the need for civil servants to comply religiously with the contents of the FRs in handling government revenue [25].

2.2. Discipline and Higher IGR Model

The institutionalization of discipline is among the reasons why governments have written codes of ethics for civil servants. However, there are some unwritten codes which civil servants must imbibe to enforce discipline in the performance of their duties. These include ethics and values. According to Ekiyor ethics and values are rules of conduct

that are held by a group of individuals in a given society that govern their actions [26]. In Nigeria discipline has been variously applied. While discipline is frequently seen as a useful factor for an individual in his daily activities, it is also known to be an indispensable ingredient in organizations, governments, and society as a whole. For the purpose of operationalization, discipline may be regarded as a positive force connected with the achievement of set objectives. Ozigi describes discipline as involving such characteristics as self-

sacrifice, diligence, co-operation, integrity, truthfulness, patriotism, consideration for others, devotion and commitment to duty [27]. Discipline does not only refer to a punitive measure or mechanism. It is a system of rules and procedures for enhancing ethical codes of conduct by employees. It implies a situation where, for example, civil servants are expected to co-operate and behave in a normal and orderly way, as any reasonable person would expect an employee to act [28].

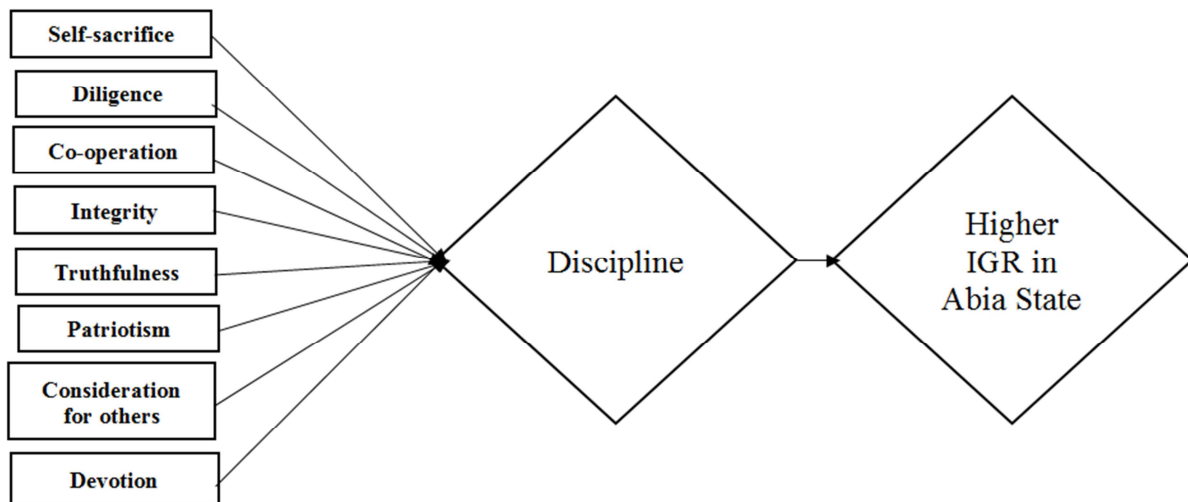


Figure 2. Discipline And Higher IGR Model.

Source: Author Fieldwork (2018)

The model in figure 2 is imperative to explain clearly the important relationship between discipline and raising IGR in Abia State. Models have been extensively used in research to enhance learning, clarify relationships and processes, and to express important points that would otherwise be hidden in unnecessary excess of words. Clearly describes a model as a simplified representation of reality. He suggests that the purpose of any model is to simplify and clarify thinking, to identify important aspects, to suggest explanations and to predict consequences [29-30]. As the model suggests, discipline based on the various variables can be recognized as the most critical and dependable parameter for raising IGR. Discipline has been recognized by earlier scholars as an important tool for the measurement of the operational success of any system of management and administration. A disciplined civil servant would demonstrate self-sacrifice, integrity, co-operation, patriotism among others that would ultimately lead to optimization of public revenue. On the other hand, the opposite of discipline is indiscipline that manifests in the lack of integrity, transparency, accountability and probity in PFM and poor IGR. In 1984 the Buhari/Idiagbon military government launched the War Against Indiscipline (WAI) to refocus the attention of Nigerians, including super civil servants who were accused of depleting government revenue through 10 percent upfront

bribery on government contracts towards the paths of integrity and accountability in public office. Even though there is corruption and indiscipline everywhere, it is growing more and more in the public sector perhaps for the fact that it is the biggest spender of public money and therefore provides the greatest incentives for misappropriation of government revenue. Although the civil servant possesses the necessary professional and academic qualifications to be so employed, it is very important for him or her to possess the moral capacity to function effectively. There is no doubt whatsoever that Abia State needs ethically sound and highly disciplined civil servants so as to make the desired progress in IGR [31-33].

2.3. Fiscal Policy and Tax Revenue

A discussion on government revenue usually relates to fiscal policy. Revenue is strategic to any government owing to its importance to economic growth and development. Taxation as the most critical source of government revenue accounts for about 90 percent of government revenue income in most states in Nigeria. Fiscal policy on the other hand involves the use of government spending and revenue generating activities to achieve government objectives. Fiscal policy can therefore be regarded as a part of government policy relating

to the raising of revenue through taxation and other means and determining the level and pattern of expenditure for the major purpose of executing government activities. It is concerned with the way and manner all different elements of public finance is collected and allocated by the government, and it recognizes that the first duty of taxation is to raise revenue for the government. Some states in Nigeria have large IGR than others, due to some factors that must be coordinated by civil servants. Despite the strengths and weaknesses of the *benefit principle* of taxation, it remains the largest source of government revenue. Original tax theorists like Henry George (1839 – 1897) thought that everyone benefits from government expenditures on public education, health, transportation, although the amount of benefit cannot be measured. PAYE and VAT are major components of tax revenue and should be collected in the most efficient manner to raise IGR of a state. For example, VAT which is a tax on spending aims at moderating and rationalizing conspicuous consumption and shifts the tax burden from production to consumption. The net revenue from VAT which accrue solely to the state government after making an allowance of about 20 percent to cover the cost of administration is often divert [34]. Tax theorists often argue that people have no means of paying taxes except out of the incomes which they earn. Therefore, since it is impossible to measure the benefits of government services to the people, it follows that the only remaining option for distributing the tax burden is income. In which case, those people with more income pay more taxes than those with less income. This *principle of fairness* encourages *voluntary compliance* in tax payment which is needed to raise IGR. Another magic wand to support the principle of fairness and voluntary compliance is the provision of services. However, the principle of fairness and provision of services cannot be possible without the commitment and devotion of the civil servant. A major need for VAT in Nigeria is to enhance total tax revenue (TTR) of the government. Therefore, since VAT is based on general consumption, the expected high yield will boost government revenue with minimum cost of collection and without resistance from payers. However, low VAT revenue in Nigeria over the years arises from the failure by civil servants to take necessary steps to capture VAT revenue [35]. Cases where fake or cloned invoices are used to claim payment from government under the watchful eyes of civil servants deprive government of VAT revenue. For example, in the recent case of procurement scandal involving the Nigerian Army and others, the Presidential Committee on Audit of Defence Equipment Procurement (CADEP) state that even though there were no credible evidence of delivery of vehicles or equipment, the vendors were fully paid huge amounts both in naira and dollars without deducting withholding tax (WHT) and denying government of VAT

revenue. Traditional Keynesian economists and advocates of fiscal policy argue that the main purpose of government spending is to provide services for the public, and the main purpose of taxation is to pay for such services. On this basis, the matter of tax revenue must be of great importance to government to enable it build credible social contract with the people. According to Kaufmann and Dininio sound financial management characterized by transparency and accountability, reflecting sound revenue collections is a strong pillar of good and clean government. Academic research proves that unplanned revenue short falls between the projected and actual revenues reflect low administrative capacity, and corruption among civil servants. Klugman suggests that for government to succeed in raising revenue, the civil service needs competence and honesty to minimize corruption. He insists that by so doing, the civil service will earn the respect of the people and be in a better position to help the government in providing services necessary to reduce poverty among the citizens [36-43].

2.4. Comparative Revenue by States

Whether a state in Nigeria is classified as rural or urban its ability to raise IGR rests on the ability and integrity of the civil servants. Without the necessary revenue a government cannot function effectively. Among the reasons for starting the WAI in 1984 was to save government revenue leakages and to stop brazen acts of indiscipline in the public service, corruption and huge misappropriation of public funds. In the public service, the issue of code of ethics is considered very paramount not only to enhance productivity but also to ensure smooth operations of the service in terms of morality and accountability. Disdain for ethical codes and corruption can influence poor performance by civil servants. Former President Obasanjo was once worried about this and had to state: “The government and all its agencies have become thoroughly corrupt and reckless” [44]. Civil servants are vested with considerable powers over government activities therefore, conduct rules are necessary to prevent the misuse of such powers by them for their personal ends [45]. Discipline in the civil service demands the observance of certain code of ethics in the official, private and domestic life and exhibition of integrity by the civil servant. The Abia State civil servant has a key role to play in addressing the declining trend of IGR in the state. They should use Lagos state as a model and strive to follow the trend in Nassarawa which is also a rural state. Studies by Tuan show that revenue officials rank among the most corrupt officers in public institutions and that corruption in tax administration leads to both efficiency and equity problems; and one of the leading causes for public revenue leakage and loss [46].

3. Methodology

The method for the study was based on the qualitative technique of the exploratory research design. Secondary data were obtained from government reports, audit reports and other reports on IGR in Nigeria. Primary data were generated

through personal interviews. The mixed methods of data collection were considered appropriate so as to, enhance the accuracy, audacity and potency of the result of the study. Data were analyzed through the descriptive statistical method and result presented in tables [47-48].

4. Presentation of Result and Explanations

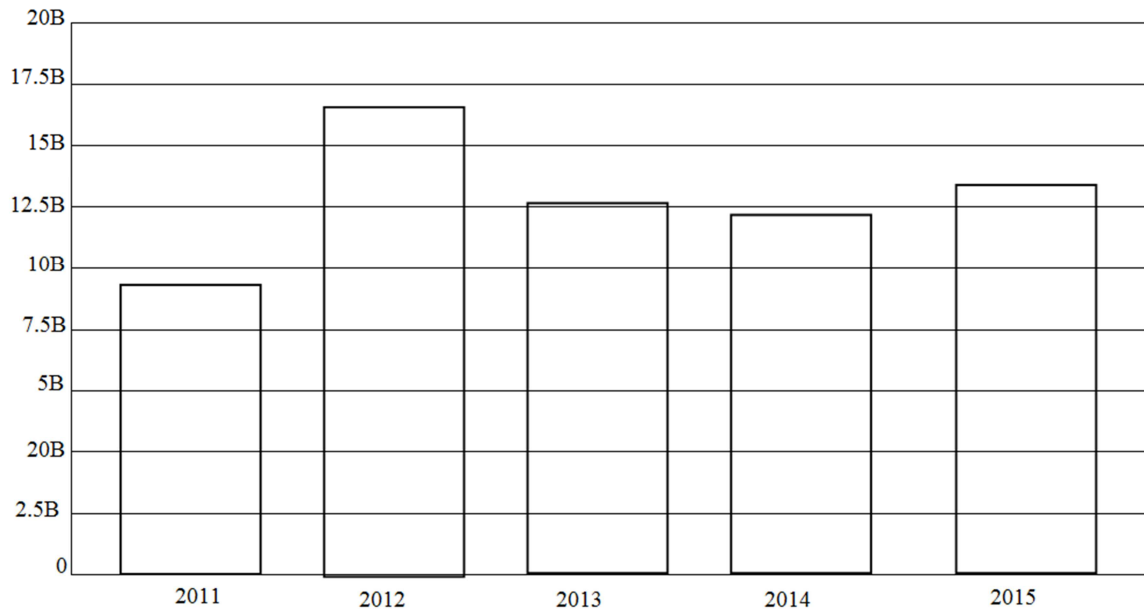


Figure 3. Abia State Tax Revenue by Source (2011 – 2015).

From figure 3 revenue generation has not been impressive in recent years; in Abia State. From about 12billion in 2011, it rose to about 17billion in 2012, and crashed to about 13billion in 2015.

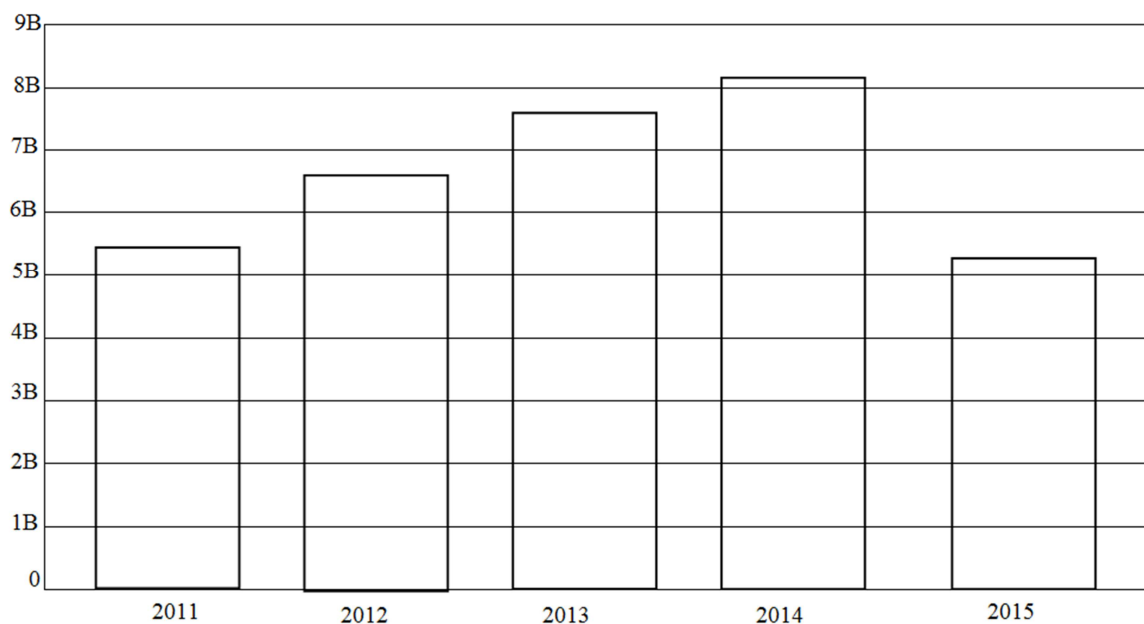


Figure 4. Imo State Tax Revenue by Source (2011 – 2015).

Figure 4 showed that government revenue in Imo State is on the decline.

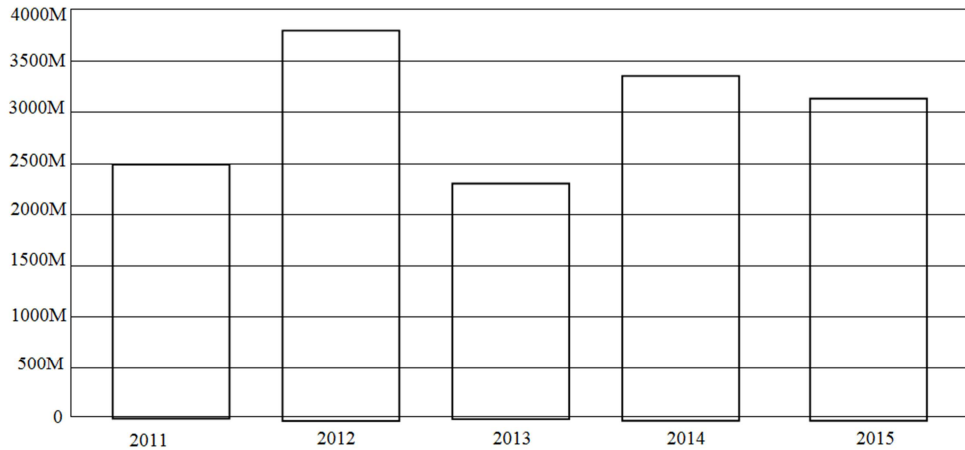


Figure 5. Ekiti State Revenue by Source (2011 – 2015).

As in figure 5, Ekiti which is among the rural states like Abia generated total revenue of about N3.700m in 2012 against about N2.400m in 2011, and went up to about N3.400m in 2014 crashing to about N3,200m in 2015.

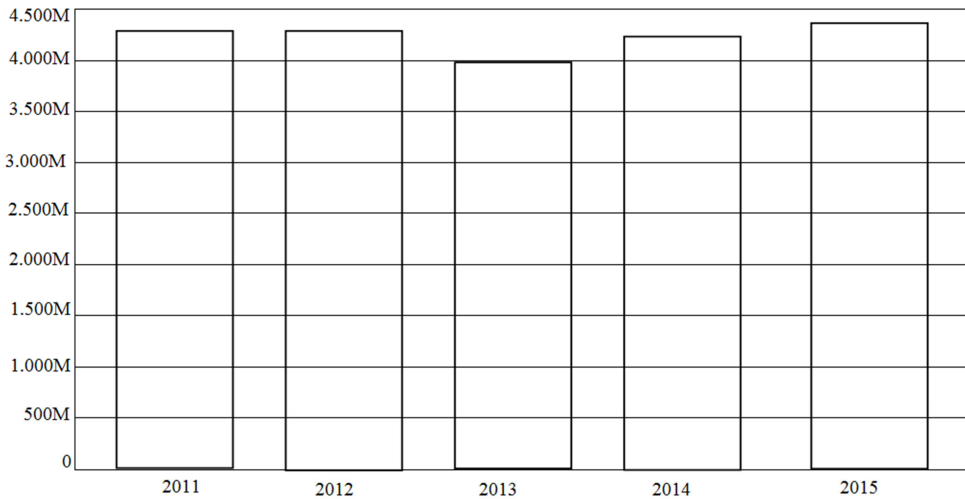


Figure 6. Nassarawa State Revenue by Source (2011 – 2015).

As indicated in figure 6 revenue collection in Nassarawa a rural state in the North Central geopolitical zone is impressive. Total revenue generated in the state moved from about N4.100m in 2011 to about N4.250m in 2015.

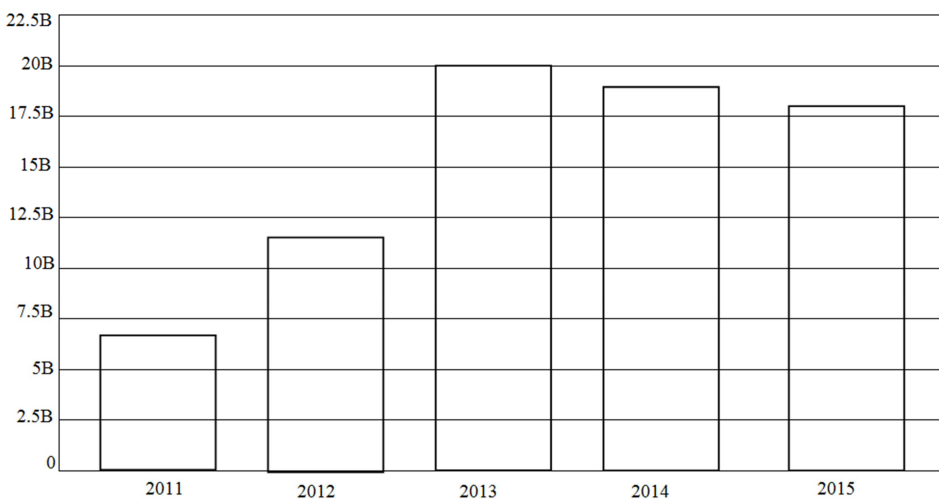


Figure 7. Enugu State Revenue by Source (2011 – 2015).

As can be seen from figure 7, revenue generation in Enugu State is commendable, rising from about a meagre N6.900billion in 2011 to about N20.1 billion in 2013, before coming down again to about 17.7billion in 2015. However, as an urban state, the revenue level is no match for an urban state like Lagos.

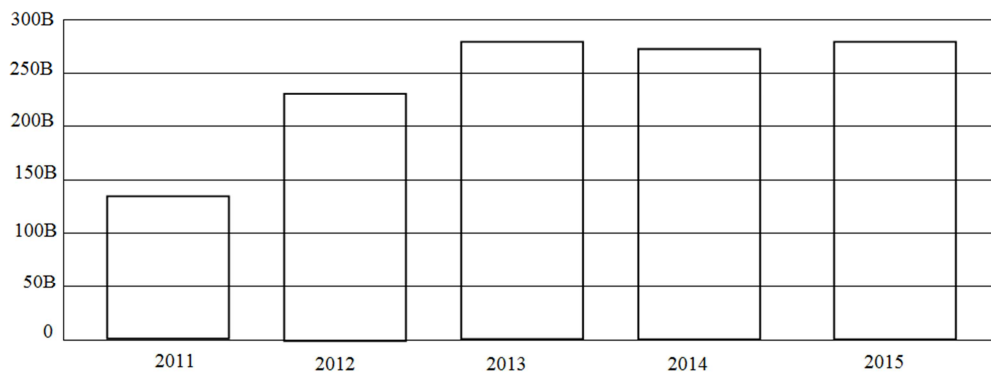


Figure 8. Lagos State Revenue by Source (2011 – 2015).

Source: Author Fieldwork (2018)

Lagos State is reputed for generating the highest IGR in the world. As in figure 8, the amount rose from about N210billion in 2011, through N270billion in 2014, and down to N260billion in 2015, and yet remains the highest in the world in recent years. In addition to high level professionalism in terms of manpower available in the state, the capacity for discipline, as well as compliance with rules, regulations and laws must have contributed to this exceptional performance in IGR.

Table 1. Frequency and Mean for Responses to Research Statements (n=87).

S/N	Restatement of Research Questions	Scores					Σx	No of Resp.	\bar{x}	Decision @ 3 points
		SA	A	N	D	SD				
		5	4	3	2	1				
1	Self sacrifice enhances discipline	42	18	2	10	15	323	87	3.71	Accepted
2	Corruption helps in raising IGR	10	20	3	30	24	223	87	2.56	Rejected
3	Integrity is the corner stone for probity	40	20	4	12	11	327	87	3.76	Accepted
4	The highest amount of government revenue comes from taxation	38	22	5	9	17	328	87	3.77	Accepted
5	Discipline among civil servants is critical in raising IGR in Abia State	35	26	2	15	9	324	87	3.72	Accepted

Source: Author Fieldwork (2018)

As in table 1, the decision rule for the cut-off point for the analysis of responses to the research statements was at 3 points. In research, this method is most appropriate to analyze responses to relevant research statements [49].

4.1. Discussion

From the analysis in table 1, the responses in item 2 support the views of Zuleta, et al that corruption undermines public revenue generation. The response as in item 5 supports the suggestion of Mohammed that discipline is critical for nation building. The response in item 5 also reflects the statement of Kaufmann and Dininio that PFM characterized by financial discipline, transparency and accountability is critical for public revenue collection and a strong pillar of good and clean government. Where there is accountability the IGR figures in Abia State should be on the increase at least, for the preponderance of micro, small and medium enterprises (MSMEs) in Aba and Umuahia axis of the state. At present

there is no accurate statistics of the number of MSMEs in Abia State, but it is not unlikely that not less than 10 percent of the estimated 17m MSMEs in Nigeria are in the state. Even though it is estimated that about 75 percent of MSMEs are not currently in the tax system and about 30 percent of the companies operating under the Pioneer Status Incentive (PSI) abuse their privilege, government cannot rest on its oars in the face of dwindling IGR. Enhancing IGR will therefore require that the state government works in collaboration with the Corporate Affairs Commission (CAC), as is the case in South Africa, to ensure that all newly registered enterprises/companies operating in the state are captured for tax payment to be collected in a transparent manner by civil servants on behalf of government. With the evidence that Bayelsa state even though highly endowed in mineral resources, but with less than ten local government areas makes about ₦1billion monthly in IGR, if there is financial discipline, Abia State can do better in IGR in view

of the numerosity of MSMEs in the State [50-51]. Abia State is on the road map for multiple levies, yet the IGR is on the decline, for reasons that may be connected to indiscipline. For example, Sampson reports Aba traders lamenting about duplicated levies thus: "Each year, they keep bringing in new levies and some of these levies are duplicated and forced on us. The levies are so many that they will force us out of business. They include: income tax ₦3,600, stallage fee, ₦2,000, infrastructure levy, ₦2,000, sanitation levy (ASEPA) ₦3,600, security levy, ₦2,000.00. Others are renewal of Abia State signage Agency (ABSA) levy, ₦3,000, Scooping levy ₦800, renewal of business premises levy, ₦2,000, fire service levy among others [52-53].

4.2. Limitations and Assumptions

The study was seriously constrained by time and lack of current relevant academic literature in the areas. There is also no particular information about the separate sources of revenues that made up the annual figures for the respective states. It was however the assumption that the figures obtained were state revenues outside the monthly statutory allocations.

4.3. Recommendations

- i While the government has the primary responsibility to create new avenues for generating revenues internally, it must also have the political will to ensure accountability in the generation and allocation of such incomes.
- ii Taxation is no doubt the largest source of IGR and therefore needs to be managed in the most prudent and efficient manner by the civil servants involved in the process.
- iii Government should try always to build positive social contract with the people through the provision of quality services so as to promote *voluntary compliance* with the payment of taxes and levies by the people. This will greatly increase the volume of IGR.
- iv The FRs are essentially made to ensure probity in handling public revenue by civil servants and this must be complied with for improving IGR necessary to enable the state government execute its projects.
- v The civil servant in Abia State should learn from the experience in Lagos state that for years in a previous government sustained government activities through IGR and the state remains one of the most successful governments in raising IGR in the world over the last decade.
- vi Speaking against corruption and indiscipline must be seen not as a political game but a tool to ensure that public revenue is properly allocated to enable the government

carry out its huge responsibilities.

- vii The civil servant who has the privilege to romance with AGIP must demonstrate the highest level of morality to the extent of helping the government to succeed and not to sabotage and humiliate it out of office.
- viii The Abia State civil servant must see the battle against corruption as a duty so as to appreciate the relevance of PFM which has become very complex and needful in modern governance. Shunning corruption and cultivating the culture of discipline will block the incentives of diverting public revenue away from critical public purposes that jeopardizes the capacity of government in power in fulfilling its electoral promises.
- ix Raising IGR requires that government should strengthen internal control mechanisms because porous regulatory environments provide cheap incentives for unethical practices in PFM that lead to leakages of scarce government revenue into the pockets of unpatriotic civil servants.
- x Discipline in government implicates the institutionalization of the values, ethics and attitudes shared by the civil servants and to ensure the sustainability of a culture of punishment for deviation without fear or favour by the government.

5. Conclusion

This study believes that *the power of the purse* is critical for any government to achieve its objectives. Revenue that comes from various resources such as taxation, fees, fines, among others, must be properly handled by civil servants so as to improve collection levels. To raise IGR in Abia State the state government should demonstrate the *political will* to enforce compliance with FRs and build social contract with the people to ensure voluntary compliance with the payment of relevant taxes. This study found a positive relationship between discipline and high IGR. This finding supports the author's believe that raising performance and public revenue calls for transparency, accountability and discipline among tax officials or civil servants. Ethical standards and discipline are critical as they apply to raising IGR in Abia State. Raising IGR cannot be achieved without eliminating unethical issues like corruption and promoting transparency, accountability, probity and good leadership to enhance the chances of good governance in the state.

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