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Low Revenue Generation and performance of Local Governments in Anambra State

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ABSTRACT

Purpose – This study aims to determine the effects of such system failure factors as inadequacy of qualified revenue officials, insufficient awareness creation, revenue evasion and poor policy enforcement on revenue generation system in the local governments in Anambra State for the period 2015 to 2024; **Methodology/approach –** The study used a descriptive survey design to examine revenue generation across six selected local governments in Anambra State. A population of 1,919,000 was projected, and a sample size of 400 was determined using the Taro Yamane formula, with questionnaires proportionally distributed using Bowley's allocation. Data were collected through a validated and reliable structured questionnaire, supported by secondary sources. Descriptive statistics summarized demographic data, while multiple regression and OLS techniques tested relationships using SPSS. Validity was ensured through expert review, and reliability through test-retest. **Findings –** . Hypothesis testing showed a significant effect of these factors on revenue generation (T = 21.713; p = 0.00; coef = 0.072). The study concluded that revenue weaknesses in Anambra State stem from interrelated institutional, human capacity, and behavioral issues rather than isolated deficiencies. Strengthening administrative structures, professionalizing revenue staff, and improving public sensitization were recommended as essential steps toward sustainable local government financing.

INTRODUCTION

Many local governments struggle to mobilize sufficient internal revenue to fund basic development activities. This persistent shortfall is often linked to a tangle of administrative weaknesses, low taxpayer compliance, corruption, limited awareness, and shortages of competent personnel, creating a cycle that affects both revenue capacity and public trust (Didigwu, 2023). Revenue generation refers to the processes through which governments or organizations collect funds needed to finance their activities. In public finance, it involves assessing, collecting, and managing taxes, levies, fines, and service charges. Effective revenue generation depends on clear administrative structures, competent personnel, transparent procedures, and citizens' willingness to comply. When these elements function well, governments can fund local development, maintain public services, and reduce dependence on external support. Weak systems, however, often lead to leakages, evasion, and low public trust, making it difficult to raise adequate internal resources.

The literature tends to describe revenue generation as a system where the actions of authorities and taxpayers feed into each other, sometimes in productive ways but often in destructive ones. Poor administrative capacity, for instance, is rarely an isolated weakness; it shapes how citizens perceive the entire revenue system. When authorities lack accurate data, clear records, or efficient enforcement mechanisms, the likelihood of taxpayers taking revenue obligations seriously declines. Studies in Nigeria and similar contexts show that when assessment procedures are inconsistent or receipts are not properly documented, people quickly learn that non-compliance carries little consequence (Kettle et al., 2016).

This administrative fragility blends into another recurring issue: widespread revenue evasion and resistance. In many communities, people see revenue collectors approaching and immediately assume that payments can either be negotiated away or avoided altogether. Research on taxpayer behaviour suggests that compliance is influenced not only by enforcement strength but also by perceptions of fairness, transparency, and expected public benefit (Ogungbade et al, 2021). Where administrative structures are weak, public frustration grows, and evasion becomes almost a rational response.

Corruption among revenue collectors intensifies these patterns. Transparency International (2014) notes that systems with unclear procedures and excessive discretion create fertile ground for bribery, diversion of funds, and issuance of fake receipts. A corrupt environment does not only drain revenue; it also conditions taxpayers to resist future payments. Once individuals believe that their contributions will never reach government accounts, they develop a sense of moral justification for evasion. Over time, this weakens the legitimacy of the entire revenue framework. Nigerian case studies repeatedly point to situations where officers collude with business owners, under-assess dues, or pocket payments that never enter official records (ICIDR, 2015).

The problem is compounded by low public awareness of revenue obligations. Many local dwellers do not fully understand what they are required to pay, how rates are determined, or why revenue matters for community development. This knowledge gap, noted in several empirical studies, creates room for misinformation and increases susceptibility to exploitation by corrupt collectors (Ayugi et al, 2023). Where education is lacking, even honest taxpayers may not distinguish between lawful payments and illegal levies imposed informally. Awareness campaigns tend to improve compliance, but only when citizens also observe improvements in how funds are used. Otherwise, increased awareness without visible public benefits can backfire, strengthening resentment rather than cooperation.

Research question, how was the revenue generation system in Anambra State affected by such system failure factors as inadequacy of qualified revenue officials, insufficient awareness creation, revenue evasion and poor revenue policy enforcement in the local governments in Anambra State for the period 2015 to 2024?

LITERATURE REVIEW

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Human resource limitations tighten the circle. A revenue system can only function as effectively as its personnel. Many local governments rely on inadequately trained or poorly supervised staff, some of whom are hired on political grounds rather than technical competence (Gamage & Brooks, 2021). Weak personnel capacity has implications at every stage of revenue administration: assessment, collection, monitoring, and reporting. Didigwu (2023) observes that unqualified staff often misinterpret revenue laws, under-value taxable items, or mishandle financial documentation, all of which contribute to leakages. When collectors lack motivation or professional ethics, the temptation to engage in corrupt practices increases. Low remuneration and minimal accountability further perpetuate such behaviour.

The motivation for the current study grows from persistent concerns that internally generated revenue in the state has remained far below its developmental needs. Several reports suggest that despite policy reforms, most local governments still struggle with weak administrative structures, leakages, and declining taxpayer compliance, yet the specific drivers of these challenges have not been fully quantified (Agbu & Magaji, 2024; Okorie et al, 2023). Earlier studies tended to focus on state-level tax systems or national revenue trends, leaving local government dynamics in Anambra underexplored (Agbo, 2024). There is also limited empirical evidence covering the post-2015 period, a decade marked by digital reforms, shifting political leadership, and changes in local economic activities. Existing research often highlights issues like corruption and low awareness but rarely links these factors to actual revenue performance using systematic data (Moerenhout & Yang, 2022). Furthermore, comparative analyses of how administrative capacity, staff competence, and taxpayer behaviour collectively shape revenue outcomes across the 21 local governments remain scarce. This study is motivated by these gaps. It aims to provide updated, data-driven insights that can guide targeted reforms and improve sustainable revenue mobilization in the state.

METHOD

The study employed a descriptive survey design to investigate revenue generation patterns across selected local governments in Anambra State. This design was considered appropriate because it allows researchers to observe real-world situations, describe existing conditions, and identify relationships among variables without manipulating the environment. It also supports the collection of data from a large population through representative samples, making it possible to examine trends and variations across different locations. The approach was particularly relevant for this study because it enabled the identification of patterns associated with revenue performance in urban, semi-urban, and rural communities, while also laying the groundwork for future empirical inquiry.

The research was carried out in six local government areas chosen from the three senatorial zones of Anambra State: Awka North, Idemili North, Aguata, Nnewi North, Anambra East, and Onitsha North. Within these LGAs, various communities were selected as specific study sites, such as Achalla, Amansea, and Mgbakwu in Awka North; Obosi, Nkpor, and Ogidi in Idemili North; Ekwulobia, Amesi, and Isuofia in Aguata; and several others across the remaining LGAs. These areas were selected to ensure a balanced representation of different geographical, demographic, and socioeconomic contexts.

The study population, based on projected figures from the 2006 national census, was estimated at 1,919,000 people across the six local governments. Population projections assumed uniform growth rates across LGAs, and area values were generated using geospatial data. The population distribution ranged from 159,900 residents in Awka North to 614,200 in Idemili North. To obtain a manageable and representative sample, the Taro Yamane formula was applied, producing a sample size of 400 respondents. Purposive sampling was adopted to select individuals considered most relevant to the study objectives. Questionnaires were distributed across the six LGAs, and Bowley's proportional allocation formula was used to determine how many questionnaires went to each LGA, ensuring proportional representation. For example, Idemili North, with the highest population, received 128 questionnaires, while Awka North received 33.

Data collection relied on both primary and secondary sources. Primary data were obtained through a structured questionnaire distributed to respondents in all selected local governments. Secondary sources included books, journals, library materials, and other scholarly publications that provided background information and contextual understanding. The questionnaire served as the main instrument for primary data collection. It was accompanied by a cover letter introducing the researcher and explaining the study's purpose. Section A gathered demographic data, while Section B addressed the study objectives through closed-ended items measured on a 5-point Likert scale ranging from Very Low Extent to Very High Extent. This structure was intended to maintain consistency and reduce response variability.

To ensure validity, the instrument underwent both face and content validation. Experts, including statisticians and research supervisors, reviewed the questionnaire for clarity, relevance, content coverage, and appropriateness of language. Their feedback helped refine the final draft. Reliability was confirmed through a test-retest method: the instrument was administered twice to a small group of respondents, and the similarity of results across both rounds demonstrated its consistency. Data analysis involved descriptive and inferential techniques. Frequency counts and percentages were used to analyze demographic data, while multiple regression analysis (using the Ordinary Least Squares technique) was applied to examine relationships between variables and test hypotheses. SPSS version 20 facilitated the data processing. Key statistical tools included F-statistics for overall model significance, the coefficient of determination (R^2) to measure the explanatory power of independent variables, and regression coefficients to determine individual variable contributions.

The decision rule for hypothesis testing stated that at a 5 percent significance level, any probability value of 0.05 or below would lead to rejection of the null hypothesis and indicate a statistically significant relationship. Probability values above 0.05 implied acceptance of the null hypothesis and a conclusion of no significant effect

RESULT AND DISCUSSION

Table 1: Age Distribution of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Below - 30 years	96	26.5	26.5	26.5
30 - 40 Years	137	37.7	37.7	37.7
41 - 50 Years	109	30.0	30.0	30.0
51 Years and Above	21	5.8	5.8	100.0
Total	363	100.0	100.0	

The result on Table 1 is the age distribution of the respondents which showed that 96 respondents accounting for 26.5% of the respondents within the age bracket of those below 30 years. The 137 members which is the majority of the respondents are those within the age bracket of 30 to 40 years, representing 37.7% of the sample. 109 of the respondents

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representing 30.0% fall within the age bracket of 41 to 50 years, while 21 respondents accounting of 5.8% fall those above the age of 50 years. From the analysis, it appears that majority of the population in selected Local Governments Area in Anambra State are youths within the age bracket of 30 to 40 years..

Table 2: Analysis of the factors that affect revenue generation in Anambra State

SN	Question Items	Very Low	Low	Moderate	High	Very High	Remark
1	Poor administrative capacity of revenue authorities to enforce revenue payments	35 (11.2%)	158 (50.5%)	35 (11.2%)	42 (13.4%)	43 (13.7%)	Low extent
2	Revenue evasion and resistance from the payers	35 (11.2%)	123 (39.3%)	30 (9.6%)	78 (24.9%)	47 (15.0%)	Low extent
3	Corrupt practices among revenue collectors	42 (13.4%)	83 (26.5%)	118 (37.7%)	34 (10.9%)	36 (11.5%)	Moderate extent
4	Lack of awareness among local dwellers on the need to pay revenue	205 (65.5%)	28 (8.9%)	24 (7.7%)	35 (11.2%)	21 (6.7%)	Very low extent
5	Lack of qualified and competent revenue personnel	181 (57.8%)	46 (14.7%)	30 (9.6%)	35 (11.2%)	21 (6.7%)	Very low extent
	Cumulative % Average Response	159/5 **31.82%**	139.9/5 **27.98%**	75.8/5 **15.16%**	71.6/5 **14.32%**	53.6/5 **10.72%**	Very low extent

Source: SPSS 20

The result on Table 2 is the baseline information on the status of the factors that affect revenue generation in Anambra State. The results are analyzed using five question items numbers 1 to 5. The results showed low extent of administrative capacity of revenue authorities to enforce revenue payments and revenue evasion and resistance by revenue payers. However, there is moderate extent of corrupt practices among revenue collectors while lack of awareness among local dwellers on the need to pay revenue and lack of qualified and competent revenue personnel in Anambra State scored a very low extent. The overall result revealed that majority of the respondents scored 59.80% on low extent of the factors that affect revenue generation; 15.16% was moderate while 25.04% said high. This showed that revenue generation in Anambra state was negatively affected on low extent by the five mitigating factors that were identified and measured.

Hypothesis

Ho1: There are no factors affecting revenue generation in local governments in Anambra state

Hi1: There are several factors which significantly affect revenue generation in local governments in Anambra State

The test of null hypothesis two from the t-test result (21.713; $p < 0.00$) depicted a p-value less than 0.05 level of significance. Thus, the study rejected the null hypothesis two that “Revenue generation in Anambra State is not affected by any factor”; and accepted the alternate hypothesis that “Revenue generation in Anambra State is significantly affected by some factors”. It therefore concludes that there are factors that affect revenue generation negatively and significantly at (coef = 0.072, T=21.713; p = 0.00) influence level.

Discussion

The result showed that such factors as corruption, lack of qualified revenue officials, lack of awareness, revenue evasion and lack of policy enforcement negatively and significantly affect Revenue Generation system in the local governments in Anambra at (coef = 0.072, t=21.713; p = 0.00) influence. The lackadaisical attitude of revenue authorities and lack of commitment and dishonesty on the part of some revenue collectors constitute impediments to revenue generation exercise. Some of them tend to under-collect revenues after being tipped by the revenue payers. Some collectors print their own receipt booklets for the purpose of depriving the council authorities of the much-needed revenues. (Edoyugbo 2012). The findings also revealed that some tax payers agitate against revenue collection due to lack of accountability by local government authorities. Even when desirable, quite a number of revenue collectors are scared of mob actions. (Ola and Tonwe 2005:262). Another factor which significantly affects local government internal revenue generation system is the fear by revenue officers of incurring the anger of revenue payers in the communities.

CONCLUSION

The study brought a clearer picture of how revenue generation has been shaped across local governments in Anambra State between 2015 and 2024. The patterns that emerged were not entirely surprising, yet they felt more pressing when viewed together. Weak administrative capacity, frequent evasion, and a worrying level of corruption among collectors created a kind of quiet drag on the system. Even more striking was the very low level of awareness among residents and the shortage of competent revenue staff, which made the entire structure feel a bit hollow in places. What the findings suggested was that revenue problems were not the result of a single failing but a cluster of interconnected weaknesses that gradually limited what local governments could achieve. The statistical evidence confirmed that these factors had a significant negative influence on revenue performance, making it harder for councils to meet development obligations or expand essential services. Strengthening revenue systems, improving staff capacity, and deepening public awareness came across as necessary steps rather than optional reforms.

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