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INTERNALLY GENERATED REVENUE AND THE REVENUE PROFILE OF SELECTED SOUTH WESTERN STATE GOVERNMENTS, IN NIGERIA

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ABSTRACT

Evidence from the literature of accounting and finance revealed that the adverse impact of declining global oil prices on the Nigerian economy is pushing state governments to adopt approaches that would increase the internally generated revenue (IGR) to enable them survive the difficult times. The study appraises the influence of internally generated revenue on the revenue profile of South Western State governments of Nigeria and how this has impacted on capital expenditure of South Western Sates of Nigeria amongst others, for the period of ten years (2006 – 2015). The research designs adopted were expo facto and descriptive research of a survey type. Three states (Osun, Ondo and Ekiti) were selected from the six southwestern states, to form the sample for the study. The purposive sampling of selected states was based on the availability of relevant data and peculiar revenue characteristics of the three states. Data were collected from secondary sources where specific variables such as State IGRs and revenue profile/total revenue and capital expenditure were extracted from the financial statements of the selected states collected from State Government's Accountant General offices for the period of ten years (2006-2015).Findings from the study showed that there was a significant difference between the major components of IGR of the sampled States except taxes. The result of the study further revealed that there was a significant positive correlation between internally generated revenue and revenue profile of Ekiti State (P-value 0.641), Osun State (P-value 0.925) and Ondo State (P-value of 0.559). The study further showed that, the IGR had no significant influence on capital expenditure of Ekiti and Ondo State with P-value of 0.158 and 0.510, respectively. However, there was a significant influence of Osun State IGR on capital expenditure with the P-value of 0.045.It is therefore recommended that the various components of IGR must be fully harnessed to defray the capital expenditure of the south western state governments to mitigate the effect of dwindling allocation from the Federation account.

KEYWORDS: IGR, Revenue Profile, Southwestern Nigeria, Capital Expenditure, Financial Statements