

## MANAGERIAL SUPERVISION AND PRODUCTIVITY IN THE EDO STATE BOARD OF INTERNAL REVENUE (2010 – 2012)

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### Abstract

*The dwindling resources at the centre have made reliance on the monthly allocation from the Federal Government to the States somewhat less fashionable. It is then becoming incumbent on the States Governments to look inward, and improve their internally generated revenue profile. Only the strengthening of Edo State Board of Internal Revenue could achieve that. There was a striking progressive increase in the revenue generation profile of the Board between year 2010 and 2012. The investigation of the factors responsible for that was the major preoccupation of this paper. Questionnaire was administered on the tax officers supplemented with in depth telephone interview with some supervisors. The primary data were analyzed with the Binomial (P) test of population proportion statistical tool. In its findings, the research underscored the importance of training for capacity to improve revenue generation performance; equally found out that target setting for field officers was a major motivating factor; and that relationship of cooperation rather than that of “supervisor” and “subordinate” motivated the workers to better effectiveness. Among the recommendations were that public sector organizations should utilize the training institutions in the country to build the capacity of their workforce and that target setting, in the true sense of it, should become part of the tradition of our public service.*

**Keywords:** *Productivity, supervision, revenue, tax administration, capacity*

### Introduction

Every public institution needs capable supervisors. So the traditional administration postulates. The front-line supervisor has an immediate and important impact on each employee’s productivity, quality of work and work attitude (Edemode: 2009). Supervision has been defined in several ways by different authors to suit their specific purposes, (Bernard and Goodyear; 2004) defined supervision as a relationship between senior and junior members of a profession that (a) is evaluative (b) extends over time, (c) monitors the quality of services offered by the junior person and (e) acts as gate keeping to the profession. In effect, it is managing others through leadership and personal influence.

Pierce (2012), defined supervision as a developmental process designed to support and enhance an individual’s acquisition of the motivation, autonomy, self - awareness, and skills necessary to effectively accomplish the job at hand. An effective supervisor according to Johnson (2012) must have the skills in time management, controlling the work environment, delegating tasks and motivational skill. There is need for experience and knowledge before being a supervisor. Effective and strategic supervision according to Hinkle et al (2012) affects organizational results and the overall work environment.

Furthermore, Mills (1997) showed that supervision has direct effect on employee’s performance. Supervisions assign tasks and clear responsibilities for performing those tasks and further, they expect from the assigned accuracy and punctuality. From their point of view, managers have the ability to motivate their employees, for this reason they spend considerable amount of time, looking for

information about subordinate work. Effective managers regularly find out what and how employees are doing. Very important to this discourse is the linkage of managerial supervision to revenue generation performance.

In fact, managerial supervision is intended primarily to enhance the reliability of organizational performance, either directly or indirectly by increasing accountability among information providers in an organization (Jensen, 2003). It further provides, as internal control in revenue generation organization an independent appraisal of the quality of employee performance in carrying out assigned responsibilities (Beeler, 1999). According to Fadzil (2005), an effective internal control system unequivocally correlates with organizational success in meeting its revenue generation target level. Effective internal control in this instance involves regular review of the reliability and integrity of financial and operating information, a review of the controls employed to safeguard assets, an assessment of employees' compliance with management policies, procedures and applicable laws and regulations, an evaluation of the efficiency and effectiveness with which management achieves its organizational objectives (Ittner, 2003).

The performance or productivity that each staff might contribute represents the various factors such as the functions and roles assigned to them, the organizational structure in which they operate; their workload, and work management. In addition, the performance or productivity of staff can be supervised according to the tasks or responsibilities given to them (Henderson and Gysber, 2006). The totality of tasks and responsibility assigned to individual's work add up to achieving goals of the organization. The goals of the organization cannot be said to have been achieved until the productivity issue is clarified especially in an organization such as the one under study.

Akinwumi (1980) argues that productivity is concerned with efficiency and effectiveness. Efficiency seeks to compare the resources expended (input) with the results obtained (output) and effectiveness evaluates the degree to which a chosen course of action leads to the attainment of the results which it was designed to achieve. The role of management according to him involves organisational planning, techniques, coordination, and development management of the organization for growth and leadership. Productivity measurement from the viewing lens of the economist which is output/input ratio is a difficult task because most public sector goods are services are collective consumption (Hatry: 1978).

In the case of revenue generating public establishment like the one under study, the effectiveness can at least be determined based on progressive increase in their yearly revenue yield which gravitates toward revenue adequacy for the government. This will depend largely on the effectiveness of the tax system.

Indeed, revenue adequacy is the basic elementary standard that a tax system ought to achieve. The existing budget deficits in many developing countries suggest that the tax systems are not revenue productive. Some may overlook this and attribute the cause of deficits to excessive spending, or temporary adverse economic conditions (Osoro, 1993). The importance of taxation as a veritable tool of economic growth and development depends on a proper tax system which has the capacity to generate revenue through tax. This implies that the tax system must be efficient and effective (Oriakhi and Osemwengie, 2013).

Taxation is the most important source of revenue for modern governments, typically accounting for ninety percent or more of their income (Adams: 2001). Taxation is seen by Aguolu (2004), as a compulsory levy by the government through its agencies on the income, consumption and capital of its subjects. These levies are made on personal income, such as salaries, business profits, interests, dividends, discounts and royalties. It is also levied against company's profits petroleum profits, capital gains and capital transfer, whereas, Ojo (2008) stresses that, taxation is a concept and the science of imposing tax on citizens. According to him, tax is itself a compulsory levy which is required to be paid by every citizen. It is generally considered as a civic duty. The imposition of taxation is expected to yield income which should be utilized in the provision of amenities, both social and security and creates conditions for the economic well - being of the society.

Okon (1997) states that income tax can be regarded as a tool of fiscal policy used by government all over the world to influence positively or negatively particular type of economic activities in order to achieve desired objectives. For instance, section 1 of the Personal Income Tax Act (PITA) affirmed the imposition of tax on communities and families, although such is rare in practice. Also, a tax may have

objectives other than public revenue generation. Odusola (2006) is of the opinion that Nigeria is governed by a federal system, hence its fiscal operations also adhere to the same principle which has serious implications on how the tax system is managed in the country.

In Nigeria, the government's fiscal power is based on a three-tiered tax structure i.e. the Federal, State and Local Governments, each of which has different tax jurisdictions. Even with the jurisdictions clearly spelt out by relevant tax laws, there are still problem of overlaps thus making tax administration in Nigeria a complex enterprise, Odusola (2006) states that Nigeria's tax system is characterized by unnecessary complexity, distortion and largely inequitable tax laws that have limited application in the informal sector that dominates the economy. Abubakar (2008) further opines that the Nigerian tax system has undergone significant changes in recent times. The tax system is the process of taxation involving sets of rules, regulations and procedures with the organs of administration interacting with one another to generate fund for government (Agbetunde 2010). The Nigerian system is of tripartite activities which include the tax laws, tax policies and tax administration (Adesola 2004). Under current Nigerian law, taxation is enforced by the three tiers of Government, i.e. Federal, State, and Local Government with each having its sphere clearly spelt out in the Taxes and Levies (approved list for Collection) Decree, 1998 (Abubakar, 2008). With each tier of government having clearly defined jurisdictions in the relevant laws, it is expected that the different tiers of government should be able to cash in on the opportunities at their disposal to generate adequate revenue without having to go cap in hand to any other tier for survival. This is far from being the reality in Nigeria. But the current reality where the dwindling oil resources at the centre stares everyone in the face, it is becoming increasingly imperative for all the tiers especially the states to look inwards and concentrate on its internally generated revenue, boost it and be self reliant.

#### **Statement of the Problem**

Most states of the federation depend largely on allocations from the Federal Government to run their yearly budget. With the dwindling resources at the centre, it is increasingly becoming imperative for states to look inward for revenue through taxation. Edo State Board of Internal Revenue is saddled with the responsibility of generating revenue not only for the running of the government which must include meeting of the government's both capital and recurrent expenditure, it must be able to mobilize financial resources for its over – head cost and possibly that of other ministries, departments and agencies of government in order that government at the state level is not at the mercy of the federal government's allocation before it can meet its basic obligations to its constituents.

It is then ironical that despite the much talk – about taxation and other revenue drive embarked upon by Edo state government through its Board of Internal Revenue, the government is still not able to generate enough revenue through this agency despite the myriad of opportunities that abound in the state. But something became striking about the Edo State Board of internal Revenue within the period under review. There is a progressive yearly increase in the tax revenue yield (Table 1). The concern of this work therefore is to find out what factors were responsible so that they can be amplified and brought to the attention of government with a view to strengthening the policy for better performance and give other states the opportunity of benefiting from the template.

**Table 1: Edo State Detailed Internally Generated Revenue (IGR) 2010 - 2012**

Categories	2010	2011	2012
PAYE	6,785,209,604.11	8,297,890,145.94	NIL
Direct Assessment	393,071,890	1,755,882,812.61	NIL
Road Tax	455,230,623.00	447,116,765.90	NIL
Others	3,018,487,239.29	4,263,128,512.99	NIL
Total	10,651,999,356.40	14,764,018,237.44	18,880,055,380.83

Source: National Bureau of Statistics / Joint Tax Board

### **Objectives of the study**

The objectives of this study are:

1. To find out the impact of capacity building on tax collection productivity in the Edo State Board of Internal Revenue.
2. To determine whether or not target setting affect the progressive increase in tax collection by Edo State Board of Internal Revenue within the period under study.
3. To determine the extent to which supervision in the Edo State Board of Internal Revenue was responsible for progressive increase in the tax revenue collection in Edo State within the period under study.

### **Hypotheses**

The work was guided by the following null hypotheses:

1. There is no significant relationship between capacity building and productivity in Edo State Board of Internal Revenue.
2. There is no significant relationship between target setting and productivity in tax revenue collection in Edo State Board of Internal Revenue
3. There is no significant relationship between supervision and productivity in revenue generation at the Edo State Board of Internal Revenue

### **Theoretical Framework**

This work adopts Chester Barnard's theory of organization as a cooperative system for its framework of analysis. Barnard regards organization as a system of consciously coordinated two or more persons held together by some common purpose; the willingness to contribute to the functioning of the system; and the ability of such people to communicate with one another. The willingness to cooperate is induced by a system of incentives offered by the organization and the contributions required of the participants which Barnard technically referred to "contribution- satisfaction equilibrium" (Sapru, 2013). While contributions are the work of an individual, satisfactions are the inducements or incentives which the individual derives in exchange for his contributions. The said equilibrium is lubricated by communication as an organization activity in conveying the purpose of the organization from the equilibrium and in the exercise of authority (Mahoney, 2012).

Barnard's definition of authority emanates from his conceptualization of organization as a system of exchange. He sees authority as "the character of an order by virtue of which it is accepted". This means that the subsistence of authority lies not with the given but the person accepting the order which clearly indicates that authority resides in the relationship between a superior and a sub-ordinate, supervisor and supervisee and only becomes effective when accepted but not when issued.

The continued participation is normally contingent on the assessment of a net positive balance of inducements over required contributions and so, the existence of a net inducement is the only reason for accepting any order as having authority and consequent upon which participants' contributions are enhanced for the benefit of the organization (Gabor, 2000). For the acceptance of an order as authoritative, it must be clearly communicated, conform to the purpose of the organization, must be compatible as a whole with his own personal interests and must be feasible.

In the context of the current study, internally generated revenue in quantity and quality is the purpose of the existence of Board of Internal Revenue; the purpose of the tax officers is to work, achieve the organizational goal and earn a decent living there from; the target normally set for the organization is the order; while its acceptance as an authority which is binding is mediated by its feasibility and incentive regime whose net value the workers considered reasonable and acceptable. The relevance of the theory to this study finds its expression in the fact that the management structures of the Edo State Board of Internal Revenue demonstrates a relationship of hierarchy where the operations department has a head who communicates the revenue generation target handed down by the government to field officers' teams' supervisors who relate with their different team of supervisees in the task of tax collection and mobilization of tax-paying public. This relationship involves the issuance of targets in form of orders. There is, of course, a regime of incentive system that lubricates, as it were, the contributions of the workers which creates contribution-satisfaction equilibrium.

This study examines the impact of supervision; the target; that of training or capacity building and a few other incentives that eventuate the yearly progressive increase in the productivity or

effectiveness profile of Edo Board of Internal Revenue for the period under study as exemplified in table 1.

**Research Methods**

Population Sample and Data Collections:

This study is a survey. The population of study was the 450 members of staff of the Edo State Board of Internal Revenue. The population samples were 50 randomly drawn from “Operations” and “Tax Audit” Departments which are the main departments related to the object of this study with 40 quota from 250 staff in operations and 10 from 50 in audit. A total of 6 supervisors were included in the sample in a proportion 5 to 1 between the two departments.

A questionnaire was used to elicit responses from the sampled population. This enabled a reasonable wide coverage of the sample population.

In order to complement the responses from the questionnaire, there was a telephone interview conducted with four of the six supervisors: three from operations and one from tax audit. This was done to enable supervisors throw light on some of the issues and to reduce the rigidity and confinement which the questionnaire could have limited to information supply.

**Data Analyses and Hypotheses Testing**

**Table 2: Does training of staff positively contribute to their productivity in tax revenue collection?**

Capacity Binding	Productivity		Total
	Supervisors	Supervisees	
Yes	5	30	35
No	1	14	14
Total	6	44	50

Source: Field Survey, 2015.

From table 2, it can be seen that 35 out of the 50 representing 70% respondents answered the question in the affirmative while 14 representing 30% disagreed. The agreement percentage can be clearly seen to be greater than the disagreement percentage.

**Table 3: Was target setting a major factor responsible for yearly increase in revenue generation in the Edo State Board of Internal Revenue?**

Target Setting	Productivity		Total
	Supervisors	Supervisees	
Yes	4	35	39
No	2	9	11
Total	6	44	50

Source: Field Study, 2015.

Table 3 shows that 39 respondents representing 78 percent of the total respondents answered “Yes” to the question while 11 representing 22 percent answered “No”. The agreement percentage is much higher than the disagreement in respect of the question.

**Table 4: Was your supervision by superior officers responsible for annual increase in your productivity profile in tax revenue collection?**

Supervision by superior officers	Productivity		Total
	Supervisors	Supervisees	
Yes	2	11	13
No	4	33	37
Total	6	44	50

Source: Field Survey, 2015

Table 4 shows that 26% agreed that supervision positively contribute to productivity while 74% disagreed. This response yields a sample proportion of 0.26 which falls within 0.139 and 0.381. The lower limit of 0.139 and upper limit of 0.381 fall within the rejection region. So the Ho is accepted.

Ho3: There is no significant relationship between supervision and productivity in Edo Board of internal Revenue.

**Table 5: Test of Hypotheses: summary of Results of table 2-4**

	$P_0 \frac{x}{n}$	$q_0 = 1 - P$	$S \hat{P}_0 \sqrt{\frac{p_0 q_0}{n}}$	Zcl @ $\infty$ 0.05	SLRR= $P + Z_{ii} ((S \hat{P}))$	Research Decision
H <sub>01</sub>	0.70	0.30	0.648	1.96	0.573... 0.827	Reject H <sub>01</sub>
H <sub>02</sub>	0.78	0.22	0.586	1.96	0.67 ... 0.89	Reject H <sub>02</sub>
H <sub>03</sub>	0.26	0.74	0.062	1.96	0.139 ... 0.381	Accept H <sub>03</sub>

Key: P<sub>0</sub> = Proportion of “Yes”  
 q<sub>0</sub> = Proportion of “No”  
 SP<sub>0</sub> = Standard error  
 Zcl = Z score of confidence level  
 SLRR = Significance level/ Rejection Region  
 ∞ = 0.05 (95 percent confidence level and possibility of 5 percent error in sampling).

Test of Hypothesis 1:

H<sub>01</sub>: There is no significant relationship between capacity building and productivity Edo stated Board of internal revenue.

H<sub>R1</sub>: There is significant relationship between capacity building and productivity in Edo State Board of Internal Revenue.

Drawing from table 5, particularly the significance level and rejection region, the binominal (p) test of the population proportion, the proportion of 0.70 falls within 0.573 and 0.827 at alpha 0.05. The inference to be drawn from here is that H<sub>01</sub> is rejected and the H<sub>R1</sub> accepted. Put differently, there is a significant relationship between capacity building and productivity of tax officers in the Edo State Board of Internal Revenue.

For Hypothesis 2, the 0.78 population proportion yields the binomial (p) test computation of 0.67 ... 0.89 at alpha 0.05, and Z<sub>cl</sub> of 1.96 and confidence level of 95%. The 0.78 falls within the range of 0.67 and 0.89. The inference therefore is that the null hypothesis that there is no significant relationship between target setting and productivity in tax collection in Edo State Board of Internal revenue is rejected and the alternate hypothesis accepted.

For hypothesis 3: the 0.26 population proportion yields the binomial (P) test computation of 0.139 ... 0.381 at alpha 0.05, and Zcl of 1.96 and confidence level of 95%. The 0.26 population proportion falls within the range of 0.139 and 0.381 with lower and upper limits falling within the rejection region. The inference therefore is that the null hypothesis that there is no significant relationship between supervision and productivity in revenue generation at the Edo State Board of internal Revenue is accepted.

**Major Findings**

- i. This research underscores the importance of training in order to enhance capacity building in the public service. The unstructured interview revealed that periodic training of officers in the operations department has widened the scope of tax payers within the tax net in the state. It has also created the awareness on the part of tax officers that tax payers are their customers and they should be treated like “kings” but not individuals who must be whipped into line at minor provocation.
- ii) It was found out that target setting for tax officers particularly in the operations department was a major factor contributory to productivity of officers. Through the interview, all the supervisors interviewed noted that incentives, though minor, given to tax officers, and reprimand at less than 60 percent achievement of monthly target coupled with threat to job at three months consecutive poor performance were responsible for yearly increase in the period under study.
- iii) It was equally found out that majority of the sampled population were of the opinion that supervision has no significant impact on their productivity. Buttressing that position the supervisors interviewed opined that coordination rather than supervision is the right terminology. Their position is that their productivity is an outcome of cooperative effort where individuals with entry skill and capacity building performed the assigned responsibility with relevant motivational factors introduced into the process.

### **Recommendations**

- i) It is hereby recommended that Ministries Departments and Agencies of government particularly Edo State Board of internal Revenue should organize more intensive trainings for its staff. On the job trainings make workers learn new things and skills that ultimately improve their performance. The various training institutions and centres such as Public Services Institute of Nigeria (PSIN) located in Kubwa, Abuja, Administrative Staff College of Nigeria (ASCON), Centre for Management Development (CMD) located at Shangisha in Lagos etc should be reinvigorated and equipped to cater for the training and human capacity development needs of the workers in the Nigeria public service. The training budget made yearly should be expended in these centres rather than embarking on training outside the country.
- ii) It is also recommended that target setting in the real sense of the word should be part of public service tradition in Nigeria. Most MDAs in Nigeria only set target on paper especially when filling the Annual Performance Evaluation Reports (APER) forms meant solely for their promotion exercise. There should not only be target setting, meeting the target should be rewarded while there must be consequence for poor performance. Effectiveness of public service delivery can only be achieved if this recommendation is adhered to strictly.
- iii) It is becoming increasingly clear that the tag “supervisor” and “supervisee” denoting superior and inferior/subordinates is fast becoming obsolete in the modern day work environment. Going by the organization as a cooperative social system, the orientation of the public service should also start changing to seeing all the workers as members of the same team working together to achieve organizational goals with one person being the team leader or the coordinator. A scenario like this will make everybody feel important to the achievement of the organizational goal. His input would matter a lot and the coordinator will see himself as part of the team rather than a “boss” who would sit down somewhere in the office to dish out instructions. This will no doubt bring a new lease of life into the public service.

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