INTERNATIONAL JOURNAL OF RESEARCH AND INNOVATION IN SOCIAL SCIENCE (IJRISS)
ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

Nexus between Public Finance Management Reforms and Revenue Collection Process in Osun State, Nigeria

Olasoko, A. E., Adegoroye, A.A and Alimi, A. A

Ladoke Akintola University of Technology, Ogbomoso, Oyo State, Nigeria

DOI: https://dx.doi.org/10.47772/IJRISS.2024.8090160

Received: 09 September 2024; Accepted: 17 September 2024; Published: 10 October 2024

ABSTRACT

Osun State, Nigeria, is facing poor public expenditure management, which is affecting government capital projects and budget performance, leading to uncompleted projects. This study aimed to examine the relationship between public finance management reforms and the revenue collection process in Osun State. Six hundred questionnaires were distributed to employees in various departments in Osun State. The study is mainly of a survey type, and a purposive sampling technique was adopted to determine the sample size of 500 respondents. Data analysis included descriptive statistics, correlation, and regression at a 5% level of significance. The results showed that public finance management reforms significantly affected the revenue allocation process in Osun State. Specifically, the R-square from the model revealed that the independent variables collectively explained 53.2% of the variance in the revenue collection process in Osun State. Moreover, fiscal discipline ($\beta = .319$, $p < .05$), accountability mechanisms ($\beta = .180$, $p < .05$), financial reporting quality ($\beta = .195$, $p < .05$), efficiency in resource allocation ($\beta = .144$, $p < .05$), and revenue mobilization ($\beta = .398$, $p < .05$) were all found to be significant predictors of the revenue collection process in Osun State.

All tests were carried out at a 5% level of significance. The regression analysis revealed a significant impact of public finance management reforms on the revenue collection process in Osun State. Fiscal discipline, accountability mechanisms, and revenue mobilization were significant predictors of the revenue collection process.

INTRODUCTION

The escalating public debt of Osun State, largely driven by projects with limited economic value, has significantly impacted the state's budget performance, prompting the need for comprehensive public finance reforms and adherence to the 2012 Fiscal Responsibility Law (Adedotun et al., 2023). Between 2011 and 2020, Osun State witnessed a sharp rise in its debt profile, primarily attributed to a widening gap between projected revenues and estimated expenditures. For example, projected revenue increased from N54.8 billion in 2011 to N105.89 billion by 2020. However, estimated expenditures also surged, rising from N88.14 billion in 2011 to N119.55 billion in 2020. This ongoing budget deficit, financed through both domestic and foreign loans, caused the state's debt to balloon from N18.38 billion in 2011 to N137.3 billion by 2020. Razlog et al. (2020) suggested that data analytics play a critical role in informing budget reforms, helping states manage public resources more efficiently. The subject of public finance, as explored by Bhartia (2019), delves into the financial challenges and policies of governments at various levels, encompassing revenue, expenditure, financial administration, and inter-governmental financial relations. Public finance reforms aim to enhance budget management, financial control, and reporting, thereby promoting fiscal discipline, resource allocation, and service delivery efficiency (Omolehinwa, 2014). Given the dynamic economic and political environment in Nigeria and Osun State, there has been increased pressure on the government to introduce reforms aimed at improving public sector performance, particularly in budget management (Olaoye, 2022).

In response, Osun State implemented several public financial reforms in 2012, including the Fiscal Responsibility Law, Revenue Administration Law, Public Procurement Law, and Audit Law, all designed to improve budget performance and elevate living standards for its citizens (Osun State Government, 2022). Additional measures, such as the prohibition of private entities from collecting personal income tax, further underscore the state's commitment to enhancing public finance management (OIRS, 2023). Effective public finance management reforms are essential for ensuring that resources are utilized transparently and efficiently, leading to improved budget performance at both the state and national levels (Birdsall, 2007).

Previous research has examined the impact of public finance management reforms on budget performance, with findings indicating that certain reforms, such as the Treasury Single Account (TSA) and the adoption of International Public Sector Accounting Standards (IPSAS), can reduce corruption and enhance budget performance (Enofe, Afiangbe & Agha, 2017). However, the effectiveness of these reforms at the state level, particularly in Osun State, remains underexplored. This paper seeks to fill this gap by investigating the relationship between public finance management reforms and budget performance in Osun State, Nigeria.

Hypothesis of the Study

The following hypothesis in the null form was proposed for the study:

H_{O1}: Public finance management reforms do not have a significant effect on the revenue collection process in Osun State, Nigeria.

LITERATURE REVIEW

Conceptual Review

Public Finance Management (PFM)

Public finance management (PFM) involves controlling public revenue, expenditure, debt, foreign exchange reserves, and economic liquidity, as well as conducting public financial audits (Adesola & Kehinde, 2020). It focuses on the effective mobilization and disbursement of public funds to promote economic development. Studies indicate that aligning PFM reforms with the SDGs can enhance budget efficiency and resource allocation (Ibrahim, 2022). PFM serves as a crucial tool for implementing economic programs through prudent resource management (Olaoye & Olaniyan, 2020). Recent literature has highlighted the role of digital technologies in improving PFM systems. Studies show how digital tools like e-governance and integrated financial management information systems (IFMIS) enhance transparency and reduce corruption in PFM (Kulova, 2021).

Public Finance Management Reforms

Public finance management reforms aim to improve government budget management, financial control, and reporting, with the goals of enhancing fiscal discipline, strategic resource allocation, and service delivery efficiency through strengthened systems and procedures (Omolehinwa, 2014). The Commonwealth guidelines for these reforms emphasize principles that must be implemented to create a robust, effective, and efficient public finance management system. These guidelines are divided into two categories: the process framework and the fiscal framework (Commonwealth, 2014).

Theoretical Review

The following theories were reviewed in this study because they provide insight and background knowledge on the variables of the study.

The Musgrave Theory of Expenditure Growth

This theory suggests that changes in the income elasticity of demand for public services occur at three stages of per-capita income (Hummels & Lee, 2018). In the first stage, typical of pre-industrial societies with low per-capita income, demand for public services is minimal, as most income is devoted to primary needs, resulting in low public expenditure. In the second stage, as per-capita income rises, demand for public services such as health, education, and transport increases, leading to higher government expenditure (Njenga, 2013). In the final stage, seen in advanced economies with high per-capita income, the growth rate of public sector demand declines as basic needs are satisfied (Galor, 2005). The implication for the Osun State public sector is that it is currently in the second stage, where rising per-capita income has increased demand for public services, necessitating robust fiscal measures and public financial management reforms.

The Progressive State Theory

Smith (2011) argued that a progressive state is one that brings well-being and prosperity to all societal groups. He emphasized that prudent management of public finance is crucial for maintaining a high standard of living and increasing per-capita income over time. The implication of this theory for the study is that it highlights the potential of prudent financial management to positively influence the economic well-being of society, thereby demonstrating a positive relationship between public financial management reforms and budget performance.

Wagner's Law of Expanding State Activity

Adolph Wagner's law suggests that as income, growth, urbanization, and electorate enlightenment increase, the public sector's share of national output will rise due to the centralization of economic functions, legal complexities, and investment in culture and welfare. The study suggests that increasing per-capita income, growth, urbanization, and electorate enlightenment will lead to an increase in the public sector's share of national output (Akitoby et al., 2006). To achieve optimal outputs, changes in various sectors, including financial management, are needed.

Theory Adopted

The study adopted the progressive state theory. This theory was selected because it emphasizes the need for public finance management reforms and establishes a relationship between public finance management reforms and budget performance in Osun State, Nigeria.

Review of Empirical Works

Public Finance Management Reforms and Revenue Collection Process

Fasoranti, Koledoye, & Adamu (2019) examined the optimal level of government debt beyond which it negatively impacts economic and budget performance in Nigeria. Using data from the Central Bank of Nigeria's statistical bulletin (1986-2017) and analyzing it with dynamic ordinary least squares, they determined a significant relationship between government debt and Nigeria's economic and budget performance. The study found that economic growth is enhanced at low levels of public debt but is hindered at high levels. The estimated optimal level of public debt was 9.98% of the gross domestic product (GDP).

Olaoye & Olaniyan (2020) investigated the relationship between public sector financial management and economic growth in Nigeria from 1986 to 2016 using an error correction model. Their study found long-run co-integration among the variables, with actual public debt service and total public borrowing significantly related to Nigeria's economic growth. However, total public expenditure and total federally-collected revenue were not significantly related to economic growth in the long run. The study's findings might not reflect the current relationship between public financial management and economic development due to the outdated data. To address this, the current study plans to use a more recent dataset covering 20 years (2001-2020).

Chukwu, Ogbonnaya-Udo, & Chimarume (2021) examined the effect of Nigeria's public debt on public investment from 1985 to 2018. Data for the analysis were obtained from the Central Bank of Nigeria's statistical bulletin, and Nigeria was chosen as the sample. An ARDL (Auto-regressive Distributed Lag) model was used to test the effect of the independent variables (Public Debt, Budget Deficit, Debt Servicing, Public Debt to GDP Ratio) on the dependent variable (Public Investment). The co-integration test found the existence of a long-run relationship among the investigated variables. The short-run result shows that public debt has an insignificant effect on public investment in Nigeria.

Olaoye & Orimogunje (2022) investigated the relationship between public financial management and economic development in Nigeria. Data were extracted from the CBN statistical bulletin for a 20-year period spanning from 2001 to 2020 and were analyzed using correlation analysis, unit root analysis, co-integration analysis, and long-run and short-run estimation results. The findings revealed that public financial management, if reformed to enhance its efficiency, will improve government revenue and minimize government expenditure. Therefore, economic development will be achieved through improved budget performance.

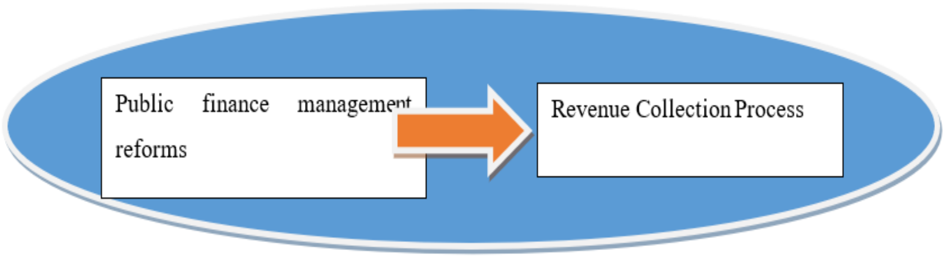
Research Gap

The Nigerian state government's budget performance has consistently fallen due to insufficient revenue to finance key infrastructure projects and increasing recurrent expenditure. This has left only a small percentage of resources for critical infrastructure, resulting in minimal impact on economic growth. This raises questions about the effectiveness of public financial management reforms, particularly in Osun State, and whether these reforms have positively impacted government recurrent and capital expenditure management (Olaoye & Orimogunje, 2022). Existing studies on public finance management (PFM) reforms in Osun State are limited, with few examining their impact on budget performance. The potential improvements in efficiency and transparency brought by these reforms have not been adequately evaluated (Enofe et al., 2017). There is a research gap in assessing how effective these reforms are in reducing revenue leakages and improving collection mechanisms. Additionally, further investigation is required to understand the direct impact of these reforms on the revenue collection process, as well as the long-term effects of debt management strategies.

Conceptual Framework

Figure 1 depicts the nature of the relationship that exists between public finance management reforms and the revenue allocation process in Osun State. The diagram explains the impact of corruption on the relationship between public finance management reforms and the revenue allocation process in Osun State. The model shows the variables of interest. The conceptual model is illustrated in Figure 1

Figure 1: Model on Public Finance Management and Budget Performance.



Source: Research survey, 2024

METHODOLOGY

This study examined the relationship between public finance management reforms and the revenue allocation process in Osun State. The study area is Osun State, and data were collected for the period from 2011 to 2020. The study population includes all state ministries, state agencies, and state departments in Osun State, as depicted in Table 2.

Table 1: List of Ministry, Agencies, and Departments

S/N	Government Ministry, Agency and Departments	Document required
1.	Ministry of finance	Approved Annual Budget, Record of Federal Allocation to the state, Record of state IGR, and debt profile of the state.
2	Ministry of economic planning and budget	Medium term expenditure framework and state budget performance report

3	Office of the Accountant General of the State	Audited Annual Report of the state
4	Ministry of works and transport	List of developmental project of the state
5	Osun state internal revenue services	Report of Taxes and other levies collected, Year by year taxes and levies projection and actual collection report.
6	State of Osun fiscal responsibility commission	Report of compliance with the fiscal responsibility law
7	Osun public procurement agency	State public procurement report
8	Osun state house of assembly	Assembly oversight report on revenue generating units and budget implementation monitoring report

Source : www.osunstate.gov.ng (2023)

A non-probability sampling method, specifically purposive or judgmental sampling, was used to determine the sample size. Purposive sampling encompasses a variety of non-probability sampling approaches. Purposive sampling, also known as judgmental, selective, or subjective sampling, involves picking units based on the researcher's assessment (Rai & Thapa, 2015)

This approach is appropriate for achieving the objectives of this paper. Data were collected from primary sources. The primary data collection technique is deemed most suitable for the study's scope. To ensure the validity and reliability of the data collection instruments, these tools were pre-tested. According to Mugenda & Mugenda (2003), validity refers to the degree to which an instrument measures what it is intended to measure. Each questionnaire item was rated based on a four-point scale of relevance, clarity, simplicity, and ambiguity. Descriptive statistics, correlation analysis, and regression analysis were used to examine the effect of public finance management reforms on the revenue collection process. Descriptive statistics provided general characteristics of the study variables (Evans, 2019). Pearsons and Spearman correlation analyses were conducted to identify the direction, degree, and significance of associations among the variables and to test for potential multicollinearity (Dormann et al., 2015). Regression analysis was also performed to assess the impact of public finance management reforms on budget performance in Osun State over the ten-year period.

Model Specifications

The model specification used in this study is based on the description of the relationship between the dependent variable of budget performance and independent variable of public finance management reforms from the work of Magani (2018) with little modification. The multiple linear regression models for this study is defined as:

BP = f (PR) ……………………………………….. (1)

Model Specification

BP = f (PR)

Model: Effect of public finance management reforms on revenue collection process

$RAP_{it} = f\ (BT_t, FD_t, AD_t, FRQ_t, ERA_t, RM_t, EXM_t)$..(Eqtn 3.1)

$$BP_{it} = \beta_0 + \beta_1 BT_i + \beta_2 FD_i + \beta_3 AD_{it} + \beta_4 FRQ_t + \beta_5 ERA_t + \beta_6 RM_t + \beta_7 EXM_{it} + \varepsilon_{it} \quad \text{(Eqtn 3.2)}$$

Where;
RAP- Revenue Allocation Process

RG-Revenue generation

BT-budget transparency

FD-fiscal discipline

AM-accountability mechanisms,

FRQ-financial reporting quality

ERA-efficiency in resource allocation

RM-revenue mobilization

EXM-expenditure management

RESULTS AND DISCUSSION

The study examined the impact of public finance management reforms on Osun State's budget performance, focusing on transparency, fiscal discipline, accountability, financial reporting quality, resource allocation efficiency, and revenue mobilization. The results suggest positive relationships between the variables.

Socioeconomic Characteristics of Respondents

Table 2 presents the demographic statistics of the study. The respondents included 264 males (52.8%) and 236 females (47.2%). The largest age group was 41 and above, with 195 respondents (39%), followed by the 20-25 age group with 96 respondents (19.2%). In terms of academic qualifications, 214 respondents (42.8%) had a BSc, while 145 (29.0%) had a Master’s degree and 117 (23.4%) had an NCE. The majority of respondents' professional qualifications were ACA, with 375 respondents (75.0%), followed by ACCA with 69 respondents (13.8%). The respondents came from various ministries, departments, and agencies, with the Osun State Internal Revenue Service having the highest number of respondents (87, 17.4%), followed by the Ministry of Works and Transport (65, 13.0%) and the Office of the Accountant General of the State (64, 12.8%).

Table 2: Socioeconomic Characteristics of Respondents

		N	%
Gender	Male	264	52.8%
	Female	236	47.2%
Age of Group	20 – 25	96	19.2%
	26 – 30	90	18.0%
	31 – 35	44	8.8%
	36 – 40	75	15.0%
	41 and above	195	39.0%
Academic Qualification	Masters	145	29.0%
	B.Sc	214	42.8%
	NCE	117	23.4%

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

	O`Level	24	4.8%
Professional Qualification	ACCA	69	13.8%
	ACA	375	75.0%
	CITN	42	8.4%
	Others	14	2.8%
Ministry, Department, or Agency of the Respondent	Ministry of finance	72	14.4%
	Ministry of economic planning and budget	57	11.4%
	Office of the Accountant General of the State	64	12.8%
	Ministry of works and transport	65	13%
	Osun state internal revenue services	87	17.4%
	State of Osun fiscal responsibility commission	53	10.6%
	Osun public procurement agency	61	12.2%
	Osun state house of assembly	41	8.2%

Source: Field Survey, 2024

The effect of Public Finance Management Reforms on Revenue Collection Process of Osun state

Table 3 examines the effect of public finance management reforms on the revenue collection process in Osun State. The majority of respondents agreed that the reforms had led to the digitalization of tax collection processes in the state, with 120 (24.0%) strongly agreeing and 168 (33.6%) agreeing. Additionally, 281 (56.2%) respondents agreed that the reforms had led to the development of a database for all entities operating in the state. Respondents also agreed that the reforms had improved transparency and accountability in the revenue collection process, with 268 (53.6%) strongly agreeing and 212 (42.4%) agreeing. Finally, the respondents agreed that the reforms had made the revenue collection process in Osun State more flexible and efficient, with 171 (34.2%) strongly agreeing and 216 (43.2%) agreeing, and that they had reduced the cost of revenue collection in the state, with 146 (29.2%) strongly agreeing and 225 (45.0%) agreeing.

Table 3: The effect of Public Finance Management Reforms on Revenue Collection Process of Osun state

		N	%
The reforms as lead to digitalisation of tax collection process in the state	Strongly Agree	120	24.0%
	Agree	168	33.6%
	Undecided	94	18.8%
	Disagree	81	16.2%
	Strongly Disagree	37	7.4%
The reforms as lead to development of data base for all entities operating in the state	Strongly Agree	98	19.6%
	Agree	281	56.2%

	Undecided	92	18.4%
	Disagree	20	4.0%
	Strongly Disagree	9	1.8%
The reforms has improve transparency and accountability in the process of revenue collection of the state	Strongly Agree	268	53.6%
	Agree	212	42.4%
	Undecided	16	3.2%
	Disagree	4	0.8%
The Reforms has made the process of revenue collection in Osun state to be economical	Strongly Agree	161	32.2%
	Agree	186	37.2%
	Undecided	16	3.2%
	Disagree	109	21.8%
	Strongly Disagree	28	5.6%
The reforms has made the process of revenue collection in Osun state to be flexible and efficiency	Strongly Agree	171	34.2%
	Agree	216	43.2%
	Disagree	20	4.0%
	Strongly Disagree	93	18.6%
The reforms has remove unnecessary and administrative bottleneck in the process of revenue collection in Osun state	Strongly Agree	161	32.2%
	Agree	175	35.0%
	Undecided	9	1.8%
	Disagree	80	16.0%
	Strongly Disagree	75	15.0%
The reforms has reduce the cost of revenue collection in Osun State	Strongly Agree	146	29.2%
	Agree	225	45.0%
	Undecided	19	3.8%
	Disagree	13	2.6%
	Strongly Disagree	97	19.4%

Source: Field Survey, 2024

Pearson Correlation Coefficients between various Financial and Fiscal Management Variables.

Table 4 presents the Pearson correlation coefficients between various financial and fiscal management variables. The Revenue Allocation Process shows significant positive correlations with Revenue Generation (0.162**), Budget Transparency (0.141**), Fiscal Discipline (0.377**), Accountability Mechanisms (0.113*), Efficiency in Resource Allocation (0.113*), and Revenue Mobilization (0.174**). Revenue Generation is significantly positively correlated with Expenditure Management (0.138**), Budget Transparency (0.101*), Accountability Mechanisms (0.160**), Financial Reporting Quality (0.164**), Efficiency in Resource Allocation (0.313**), and Revenue Mobilization (0.385**). Expenditure Management shows significant positive correlations with Fiscal Discipline (0.160**) and Financial Reporting Quality (0.139**). Budget Transparency is positively correlated with Fiscal Discipline (0.145**), Accountability Mechanisms (0.156**), Financial Reporting Quality (0.196**), and Efficiency in Resource Allocation (0.144**). Fiscal Discipline has significant positive correlations with Accountability Mechanisms (0.196**), Financial Reporting Quality (0.283**), and Revenue Mobilization (0.100*). Accountability Mechanisms are significantly positively correlated with Financial Reporting Quality (0.350**), Efficiency in Resource Allocation (0.462**), and Revenue Mobilization (0.159**). Financial Reporting Quality shows strong positive correlations with Efficiency in Resource Allocation (0.569**) and Revenue Mobilization (0.401**). Lastly, Efficiency in Resource Allocation is strongly positively correlated with Revenue Mobilization (0.454**).

Table 4 Regression Result

Correlations										
		Revenue Allocation Process	Revenue generation	Expenditure management	Budget transparency	Fiscal discipline	Accountability mechanisms,	Financial reporting quality	Efficiency in resource allocation	Revenue mobilization
Revenue Allocation Process	Pearson Correlation	--								
	N	499								
Revenue generation	Pearson Correlation	.162**	--							
	Sig. (2-tailed)	.000								
	N	499	499							
Expenditure management	Pearson Correlation	.071	.138**	--						
	Sig. (2-tailed)	.111	.002							
	N	499	499	499						
Budget transparency	Pearson Correlation	.141**	.101*	.021	--					
	Sig. (2-tailed)	.002	.024	.636						
	N	499	499	499	499					
Fiscal discipline	Pearson Correlation	.377**	.007	.160**	.145**	--				
	Sig. (2-tailed)	.000	.874	.000	.001					

INTERNATIONAL JOURNAL OF RESEARCH AND INNOVATION IN SOCIAL SCIENCE (IJRISS)
ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

	N	499	499	499	499	500				
Accountability mechanisms,	Pearson Correlation	.113*	.160**	.003	.156**	.196**	--			
	Sig. (2-tailed)	.011	.000	.952	.000	.000				
	N	499	499	499	499	500	500			
Financial reporting quality	Pearson Correlation	.003	.164**	.139**	.196**	.283**	.350**	--		
	Sig. (2-tailed)	.944	.000	.002	.000	.000	.000			
	N	499	499	499	499	500	500	500		
Efficiency in resource allocation	Pearson Correlation	.113*	.313**	.006	.144**	.081	.462**	.569**	--	
	Sig. (2-tailed)	.012	.000	.898	.001	.070	.000	.000		
	N	499	499	499	499	500	500	500	500	
Revenue mobilization	Pearson Correlation	.174**	.385**	.022	.004	.100*	.159**	.401**	.454**	--
	Sig. (2-tailed)	.000	.000	.620	.929	.026	.000	.000	.000	
	N	499	499	499	499	500	500	500	500	500
**. Correlation is significant at the 0.01 level (2-tailed).										
*. Correlation is significant at the 0.05 level (2-tailed).										

Regression Analysis

The regression coefficients for each variable are as follows:

Budget Transparency (B = .109, T-statistics = 2.862, p = .004), Fiscal Discipline (B = .319, T-statistics = 5.808, p < .001), Accountability Mechanisms (B = .180, T-statistics = 4.449, p < .001), Financial Reporting Quality (B = .195, T-statistics = 4.871, p < .001), Efficiency in Resource Allocation (B = .144, T-statistics = 3.900, p < .001), and Revenue Mobilization (B = .398, T-statistics = 7.057, p < .001). The constant was also significant (B = 3.520, T-statistics = 5.852, p < .001). The results of the regression analysis indicate that budget transparency, fiscal discipline, accountability mechanisms, financial reporting quality, efficiency in resource allocation, and revenue mobilization are all significant predictors of the revenue allocation process in Osun State. A unit increase in budget transparency, fiscal discipline, accountability mechanisms, financial reporting quality, efficiency in resource allocation, and revenue mobilization is associated with respective increases of .109, .319, .180, .195, .144, and .398 units in the revenue allocation process, controlling for other variables in the model. The model has one dependent variable, which is the revenue allocation process, and six predictor variables: budget transparency, fiscal discipline, accountability mechanisms, financial reporting quality, efficiency in resource allocation, and revenue mobilization. The model summary shows that the predictor variables account for 53.2% of the variation in the dependent variable, as denoted by the R-squared value. It also shows that the adjusted R-squared value is 0.518, indicating that the model has a good fit since it is close to the R-squared value.

The ANOVA table further confirms the effectiveness of the model in predicting the dependent variable, as the p-value (0.000) is less than the alpha level (0.05) typically used for statistical significance. This means that the relationship between the predictor and dependent variables is statistically significant. According to the ANOVA results, the model with one predictor variable, public finance management reform, accounts for a significant amount of variation in the revenue allocation process ($F(6, 493) = 30.615$, $p < .001$).

Table 5: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.778[a]	.532	.518	1.214
a. Predictors: (Constant), Budget Transparency, Fiscal Discipline, Accountability Mechanisms, Financial Reporting Quality, Efficiency in resource allocation, Revenue Mobilization				

Source: Field Survey, 2024 using SPSS 17

Table 6: ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.445	6	43.445	30.615	.000[b]
	Residual	705.292	493	1.419		
	Total	748.737	499			
a. Dependent Variable: Revenue Allocation Process						
b. Predictors: (Constant), Budget Transparency, Fiscal Discipline, Accountability Mechanisms, Financial Reporting Quality, Efficiency in resource allocation, Revenue Mobilization						

Table 7: Coefficients

Coefficients					
	Unstandardized Coefficients B	Standardized Coefficients	t	Sig.	Unstandardized Coefficients
Constant	3.520	.601		5.852	.000
Budget Transparency	.109	.038	.129	2.862	.004
Fiscal Discipline	.319	.055	.248	5.808	.000
Accountability Mechanisms	.180	.040	.190	4.449	.000
Financial Reporting Quality	.195	.040	.206	4.871	.000
Efficiency in resource allocation	.144	.037	.168	3.900	.000
Revenue Mobilization	.398	.056	.310	7.057	.000

Dependent Variable: Revenue Allocation Process

Discussion of Finding

The study confirms that public finance management reforms significantly impact revenue collection in Osun State. This aligns with previous research by Nwezeaku & Akujuobi (2015) and Odo, Igberi, & Anoke (2016), which suggest that these reforms can boost economic development through sound financial controls, reduced opportunities for corruption, increased accountability and transparency, and improved financial reporting quality. The reforms can also enhance revenue collection by providing incentives to taxpayers, such as tax breaks for prompt payment or penalties for non-compliance (Enofe, Afiangbe, & Agha, 2017).

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study investigates the impact of public finance management reforms on Osun State's revenue collection process. Despite initial hypotheses suggesting no significant effect, the results revealed a significant effect. The implementation of these reforms led to efficient revenue collection, enhancing transparency, fiscal discipline, accountability, financial reporting quality, resource allocation efficiency, and revenue mobilization. This improved management in Osun State promotes economic growth and increases revenue collection opportunities, highlighting the importance of effective public finance management in achieving sustainable development.

Recommendations

The following recommendations were made to address potential issues related to the implementation of public finance management and the revenue collection process in Osun State:

i. The Osun State government should prioritize the implementation of public finance management reforms to ensure improved revenue generation and the provision of essential commodities and services for its people, as well as to achieve economic growth and development in the state.

ii. State governments in Nigeria should consistently review and improve their measures to ensure continuous growth and development.

REFERENCES

1. Adesola, V. A. & Kehinde, D. I. (2020). Financial resource management in the Nigerian public sector: policy measures to address loopholes. Problems and Perspectives in Management, 18(2), 329-339. doi:10.21511/ppm.18(2).2020.27
2. Adedotun, S. B., Ibrahim, R. B., Ogundahunsi, D. S., & Ewedairo, K. (2023). Sustainable land use as panacea for efficient households' trips in Osun State Nigeria. Cogent Engineering, 10(1), 2220488.
3. Akitoby, B., Clements, B., Gupta, S., & Inchauste, G. (2006). Public spending, voracity, and Wagner's law in developing countries. European Journal of Political Economy, 22(4), 908 -924.
4. Bhartia, H.L. (2019). Public finance (14th ed.). New Delhi: Vikas publishing house
5. Birdsall, M. (2007). Effective utilization of tax revenue in Nigeria. International Journal of Academic Research in Business and Social Sciences 2(7), 280-289
6. Dalton, B. (2017). The causes and consequences of corruption. A thesis presented to the school of Economics and Finance, Queensland University of Technology.
7. Dormann, C. F., Elith, J., Bacher, S., Buchmann, C., Carl, G., Carré, G., ... & Lautenbach, S. (2013). Collinearity: a review of methods to deal with it and a simulation study evaluating their performance. Ecography, 36(1), 27-46.
8. Enofe, A. O., Afiangbe, S. E., & Agha, D. I. (2017). Financial Management Reforms and Corruption in Nigeria Public Sector. International Journal of Advanced Academic Research 3(7).
9. Evans, I. S. (2019). General geomorphometry, derivatives of altitude, and descriptive statistics. In Spatial analysis in geomorphology (pp. 17-90). Routledge.

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

10. Ezenwobi, N. F., & Anisiobi, C. A. (2021). Effect of government public debt on economic development in Nigeria. Social science research, 7(2).
11. Fasoranti, M. M., Koledoye, E. S. & Adamu, T.H. (2019). Optimal government debt and economic performance in Nigeria. International Journal of Academic Research in Economic & Management Sciences,8(3):385-399.
12. Fraumeni, B. M. (2022). Gross domestic product: Are other measures needed?. IZA World of Labor.
13. Galor, O. (2005). From stagnation to growth: unified growth theory. Handbook of economic growth, 1, 171-293.
14. Godwin, N. B. O. (2021). External loans and poverty challenge in Nigeria, 2010-2020: Towards deconstruction of an antithesis. Sch J Arts Humanit Soc Sci, 12, 607-617.
15. Hummels, D., & Lee, K. Y. (2018). The income elasticity of import demand: Micro evidence and an application. Journal of international Economics, 113, 20-34.
16. Ibrahim, S. A. (2022). Impact of Public Sector Financial Management Reforms on the Performance of Government Entities' in Nigeria (Doctoral dissertation, Kwara State University (Nigeria)
17. Kulova, D. M. (2021). Influence of financial management reforms on public expenditures in the county governments of the western region of Kenya (Doctoral dissertation, Kca University).
18. Maina, R. W. (2016). The role of public financial management practices on service delivery in selected counties: perception of members of county assembly (Doctoral dissertation).
19. Mugenda, O. M., & Mugenda, A. G. (2003). Research methods: Qualitative and Quantitative Approaches. Nairobi: Acts Press.
20. Njenga, A. N. (2013). The relationship between financial management reforms and the economic performance of public sector in Kenya (Doctoral dissertation, University of Nairobi).
21. Nwezeaku, N. C., & Akujuobi, A. B. C. (2015). Globalization and Capital Market Development in Emerging Economies (Evidence from Nigeria): A Cointegration and Causality Approach. International Proceedings of Economics Development and Research, 85, 49.
22. Olaoye et al., (2023). Domestic Debt and Public Expenditure: Evidence from Southwest region of Nigeria. Fuoye journal of accounting and management, 6(1).).
23. Olaoye, F. O., & Olaniyan, O. N. (2018). Public sector financial management and economic growth (Study in Nigeria). International Journal of Economics and Business, 3(1), 56-65.
24. Olaoye, F. O., & Orimogunje, F.S. (2022). Public Financial Management and Economic Development in Nigeria. Academic Journal of Accounting and Business Management 3(2).
25. OIRS - Osun Internal Revenue Service (2023) Osun Internal Revenue Service. Available at: https://irs.os.gov.ng/ (Accessed: 31 August 2024).
26. Olusegun, E. A. (2023). Assessing The Effects of Revenue and Budget Risk Factors on Capital Expenditure of Federal Government in Nigeria.
27. Omolehinwa, E. (2014). Public Finance Management: Issues and Challenges on Budget Performance. ICAN Symposium on Federal Government of Nigeria 2014 Budget.
28. Osun State Government (2022). State of Osun Public Procurement Manual.
29. Razlog, L., Lee, Y. M., Li, Y., & Garron Bozo, J. (2020). State Debt Management in Nigeria: Challenges and Lessons Learned. World Bank.
30. Rai, N., & Thapa, B. (2015). A study on purposive sampling method in research. Kathmandu: Kathmandu School of Law, 5(1), 8-15.
31. Sajuyigbe, A. S., Amusat, A. W., & Fadahunsi, A. C. (2023). Improving Income Generation in Osun State, Nigeria: The Importance of Training Tax Personnel for Revenue Enhancement. Journal of Business and Entrepreneurship, 11(2), 175-189.
32. Smith, H. M. (2011). How to Approach and Reduce Society's Problems.
33. Sulistiyo, H., & Pratiwi, F. A. (2021). The effect of budget planning and budget evaluation on social services performance of Karawang District. Nominal Barometer Riset Akuntansi dan Manajemen, 10(1), 118-134. **www.osunstate.gov.ng** **(2023)**