THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Internally Generated Revenue in Local Government: The Role of Signage and Advertisement Agency

Adekoya, Adesanya Augustine
Adjunct Lecturer, Department of Accounting,
Babcock University, Ilisan-Remo, Ogun State, Nigeria
Olayinka, Ifayemi Moses
Lecturer, Department of Accounting,
Babcock University, Ilisan-Remo, Ogun State, Nigeria
Lawal, Babatunde Akeem
Associate Professor, Department of Accounting and Finance,
McPherson University, Seriki-Sotayo, Ogun State, Nigeria

Abstract:
Internally Generated Revenue (IGR) is vital to the total funds of Local Government (LG) for financing LG expenditures. IGR plays an important role in good governance but constitutes a small fraction of LG's total revenues. However, IGR losses and untapped revenues are very common in LG. This is perceived to have adversely affected LG funds. Many studies have been done on IGR, but not many focused on the role of Signage and Advertisement Agency (SAA). This study examined IGR and the role of agents in revenue generation, using Lagos State Signage and Advertisement Agency (LASAA) as a case study. The study employed an explanatory research design. Secondary data on LASAA revenues generated for LGs were used. Descriptive statistics of data analysis were employed. The study revealed that LASAA as an agent of LGs generated ₦13.69 billion for the years covered. Similarly, generated revenues increased by 138.68% in 2021 over 2015 figure. Also, the study revealed that the creation of SAA in the state for revenue drives and control of outdoor advertising has been an added value to LG funds for providing goods and services. The study recommends that SAA should design appropriate assessment methods that would be acceptable and affordable for payment by all payers. LGs should ensure that signage revenues are invested in public goods and services. This would enhance the standards of living of the citizens and also build payers' trust for voluntary compliance. Additionally, LASAA should increase its public awareness and enlightenment on the importance of signage and advertisement payment to all stakeholders.

Keywords: *Internally generated revenue, local government, signage and advertisement agency, stakeholders, public awareness, voluntary compliance*

1. Introduction

Local government is created to serve as a political and administrative structure for facilitating decentralisation, grassroots developments, national and economic integration, and efficiency in service delivery (Adekoya, 2020). It is the closest government to the citizens and also ensures citizens' participation in political and administrative governance to complement the state and federal government policies and goals. Local governments have various responsibilities for the growth and development of the local areas and also to enhance the standard of living of the citizens within their domain. However, to carry out these responsibilities, funds are required. This has been a major concern and problem for good governance at the grassroots. Local governments' funds can be categorised into two: Internally Generated Revenue and externally generated revenue from either federal, state, donor agencies, banks or international communities. Abegunde (2019), Dada, Adebayo and Adeduro (2017), Eteng and Agbor (2018), and Oduola *et al.* (2019) viewed that most local governments in Nigeria relied so much on external sources of allocation from the federation account for financing both capital and recurring expenditures, with less focus on IGR drives in their local areas. However, Allison, Nwali and Ereke (2020) opined that to enhance the revenues base of local governments, heavy reliance on external sources should be reduced, while efforts should be channeled towards internal sources.

In local governments, various Internally Generated Revenue (IGR) sources are available for generating to finance various activities, programmes and projects for the well-being of the citizens. However, many local governments still fail to tap into some of these sources due to over-reliance on allocation from federal and state governments (Venables, 2010). In the private and public sectors, finance is crucial for good administration. However, local governments at times faced financial crises due to insufficient funds, which arises from low internally generated revenue to complement allocated funds from the federal or state government. Also, lack of effective bye-laws, citizens' mistrust, shortage of experienced officers, high rate of payers' revenue avoidance or evasion, absence of special revenue court for adjudication, and weak revenue monitoring mechanism are other challenges. Besides, in most local governments in Nigeria, internally generated

revenues constitute a small fraction of the total revenues available for funding their activities. This persistent shortfall in IGR arises from losses and leakages and the unpleasant attitude of revenue officers towards fraudulent practices of corruption, embezzlements, fraud and financial impropriety. This affects the funding capability of local governments in achieving their constitutional responsibilities as the third tier of government for the provision of goods and services for the well-being of the citizens at the grassroots.

In recent times, there have been fluctuations in allocation from the federation account due to the impact of world economic meltdown, war and crises, and fluctuations in the prices of crude oil at the international market. These affect local government budget implementation for good governance and the provision of goods and services. Moreover, the financial resources required by the local government to fund its activities increase on daily bases due to population growth, high cost of governance, inflation, infrastructural development demand, insecurity, and citizens' demand for a better standard of living. However, Okeke, Chidi and Eme (2017) advised that with a high cost of governance and dwindling crude oil price, there is a need for the three-tier government in Nigeria to evolve strategy and policy for improving internally generated revenue base. Also, Olusola (2011) opined that the extent to which local government can accomplish its goals, roles, and responsibilities depends on its internally generated revenue potential and strength. In all, this calls for aggressive efforts towards improving the internally generated revenues of local governments with a focus on the role of signage, advertisement and hoarding agencies.

In the 1999 constitution of Nigeria, two major functions of local governments are highlighted. These are mandatory and concurrent roles. One of the mandatory functions, as highlighted in the fourth schedule of the constitution, section J (a), is the control and regulation of outdoor advertising and hoarding. Local government can generate more income from this mandatory role by issuing advertisement licence for outdoor advertisements and hoarding them to individuals, media organisations or companies for fees. Outdoor advertising is a medium of disseminating advertising messages to mass audience. Outdoor medium is one of the veritable channels of mass communication, especially in advertising (Okwechime, 2006). Outdoor advertising companies, to gain customers' attention, used different means such as billboards, trade shows, kiosks and banners along highways, commercial areas, event arenas, market arenas, buildings or business premises within the domain of local government. Advertisement is a means of drawing public attention to a product or service using print, broadcast or electronic media. It is a way to promote ideas, goods, events or services paid for by a designated sponsor. In Nigeria, local governments in Lagos State, through their agent (Lagos State Signage and Advertisement Agency (LASAA)), established by agency law No 9 of 2006, had been saddled with the responsibilities to monitor, control, register, and enforce compliance of outdoor advertising within the domain of local governments. LASAA identifies outdoor advertisements, makes assessments, stipulates fees, and ensures compliance with rules and regulations on payment for commercial advertisement display in business premises, roads, parks, buses and marketplaces.

Many researchers have conducted research on IGR with reference to areas like entrepreneurship (Abosede & Akintola, 2014), local government sustainability (Ishola *et al.,* 2020), a panacea for state development (Oseni, 2013), local government performance (Ironkwe & Ndah, 2016; Otu & Anam, 2019), challenges of expansion (Coker *et al.,* 2015), and revenue leakages, prevention and control (Elekwa & Okechukwu, 2014) with less emphasis on the role of signage and advertisement agency in revenue collections. The objective of the study is to look into the role of signage and advertisement agencies in revenue generation for local governments with a focus on LASAA in Lagos State. The paper studied the relationship between Local governments (principals) and Signage and Advertisement Agencies (agents) on revenue generation for local governments by taking into consideration Agency theory and Benefit theory. The paper attempts to answer the question: Does Signage and Advertisement Agency impact on Internally Generated Revenue (IGR) of local governments? The rest of the paper is divided into four sections:
- Section two deals with a review of extant literature,
- Section three deals with the methodology,
- Section four deals with the discussion and data analysis,
- Section five deals with summary, conclusion and recommendations.

2. Review of Extant Literature

2.1. Conceptual Review

2.1.1. Internally Generated Revenue (IGR)

Revenue in local government is a generic term that involves tax and non-tax sources (Adekoya, Agbetunde & Akinrinola, 2021). Agya, Ibrahim and Emmanuel (2015) defined revenue as all forms of monetary receipts of non-taxes and taxes. Non-tax revenues are receipts from usage or approval for activities, while tax revenue is compulsory payment on income, profit and property. However, IGRs are forms of revenues that are endowed and collectible within the jurisdiction of local governments, such as taxes, levies, licences, stallages, fees, rates, fines, interest and permits. It is the only constant source of revenue that the local government has control to generate and use for local government development. Besides, finance is the backbone for all financial transactions in all organisations. At the time, the lack of local government autonomy renders revenue generation ineffective. Also, state tax structures and expenditures policy underpin the fiscal power of local government in revenue generation (Bartle, Kriz & Morozov, 2011). Local governments revenues are classified into six heads, which are:
- Taxes
- Rates

- Local licences, fines and fees
- Earning from commercial undertakings
- Rent on local government property
- Interest payment and dividend

Nevertheless, revenue generation in local government is influenced by political, demographic, social, economic, and technological changes.

2.1.2. Problems of IGR in Local Government
- Corruption and embezzlement of revenues,
- Political intervention in revenues collections,
- Lack of administrative and manpower capacity to enforce compliance,
- Resistance and high rate of tax evasion,
- Lack of effective Bye-laws

2.1.3. Outdoor Advertising
Outdoor advertising is vital to the local economy as it is a form of medium that is more cost-effective in reaching the larger population in the rural and inter land areas when compared with other means such as magazines, newspapers, televisions and radios. There has been a tremendous growth in the use of billboards in bus shelters, hotels, parks and recreation centers, airports and rail stations, and on roads, bus/trailers for signage and advertisement in recent times in most local governments' areas. These billboards are owned by companies, religious bodies, political parties, individuals, agencies, governments and media outfits for information dissemination to the public. Therefore, several opportunities abound from outdoor signage and advertisement. One such opportunity is the revenue sources for local governments. Apart from being a revenue source, there is also the need to coordinate and control billboard erection and hoardings to avoid their nuisance to surrounding environments and road users. In addition, not to constitute physical damage during periods of rain or storm, nor to be used to display unpleasant messages or words with a negative impact on human life and environments. Through their agent, local governments approve the different type of signage and advertisement, which comes in different sizes, shapes, designs and structure of different materials for outdoor advertisement. Fees are paid for usage based on the different benefits derived by users.

2.1.4. Historical Development of Signage and Advertisement Agency in Nigeria
The first signage and advertisement agency law was enacted by Lagos State in 2006. Lagos State Signage and Advertisement Agency (LASAA), as an agent for local governments, was established by Lagos State Structures for Signage and Advertisement Agency Law of 2006 to regulate and control outdoor advertising and signage displays within the metropolis of the state. After this law, several other states in the country followed, states like Ekiti (2008), Oyo (2012), Delta (2015), Enugu (2016), Federal Capital Territory (2017), Niger (2018), and Imo (2019). The objective of the agencies is to support modernisation, eliminate clutter, centralise the regulation of outdoor hoardings, define standards, create employment opportunities, and increase revenue generation based. The agencies have the power to charge commercial fees on structures and signage, although these vary from one area to another and state to state. The signage law had been proved in court to be legal and constitutional. This was affirmed in the matter of Appeal No CA/L/888/2012 between Bunjay Integrated Services and the Attorney-General of Lagos State. The court ruled that Lagos State Structure for signage and advertisement agency law. No 9, 2006 was legal and constitutional. The applicant claimed that the law was un-constitutional and inconsistent with section 7 of the 1999 constitution of the Federal Republic of Nigeria and, therefore, should be declared null and void. However, Justice Oke ruled in favour of the Lagos State Government and submitted that the issue of advertisement and signage laws are residual matters. Hence, the State House of Assembly has the right to legislate on it.

2.1.5. Functions of Signage and Advertisement Agency
- To issue licences and permits for the construction and placement of outdoor advertisement structures in any area of the state.
- To maintain the database of all outdoor advertising structures as it relates to their owners and operators, as well as their location and purpose of operations.
- To ensure that outdoor structures are soundly and carefully designed, erected, modified, maintained and compatible with the tenet of the environment.
- To control the pasting and display of posters on highways, markets, public institutions and structures, parks, and other places of convenience.
- To grant the Right to revoke or modify permit to advertising agencies for violation of approval.
- To control the number, size, and location of outdoor structures.
- To monitor outdoor signage and advertisement for total compliance with the instant law.
- To regulate decorative flashing lights, flags, banners, posters, strings of lights, ribbons, and steamers for advertising purposes and guides its adverse impact from visual blights.
- To prepare and keep all records related to the issuance and denial of outdoor structures permits.

2.1.6. Lagos State Signage and Advertisement Agency (LASAA) Operation and Governing Board

LASAA operations are carried out via various departments and units for effective and efficient performance. These departments and units are special duties and information technology, billing and debt recovery, planning and budget, legal, finance and account, registry, business development and support, corporate affairs and personnel relationship, innovation and design, procurement, audit and internal control, administrative and human resources, and monitoring, enforcement and compliance department. The agency has governing board. The members of this board are:

- Commissioner for the environment or the representative,
- The chairman of each of the local government areas or representative,
- The General Manager of the Lagos State Signage and Advertisement Agency, who also acts as the Chief Executive Officer of the Agency.
- Secretary of the board, who also acts as legal adviser.
- Seven members from each of the following Ministry and Parastatal: Justice,
- Physical Planning and Urban Development,
- Transportation,
- Works and Infrastructures,
- Local Government and Community Affairs,
- Information and Strategy and
- Lagos Electricity Board
- Four members of the public, including at least two representatives of Outdoor Advertising Association of Nigeria.
- The chairman of the board shall be appointed by the Governor from among the Chairmen of Local government areas and holds office for a period of two years. Besides, Board members shall be on a part-time basis for a period of three years.

2.1.7. Local Government(S)

Local governments are created for grassroots mobilisation and development and are responsible for administrative control and governance of at least seventy percent of the Nigerian population. They are the third tier of government in a Federal system of government, established by law to have political authority over a defined frame or locality and governed by constituted representatives of the citizens. Local governments' creation is subject to political, social and cultural structures of self-governance with unique economic, political, social and cultural characteristics (Adekoya, Agbetunde & Akinrinola, 2021). As the third tier and closest government to the citizens in the federal system of government hierarchy, local governments contribute to the growth and development of a nation through their impacts on social and economic grassroots development. Local government is vested with the administrative power over its locality and power to impose rates, taxes, fees and other charges as a means of revenue generation. Funds to local government in Nigeria are classified into three: Allocations from the federation account (sec 162(3) of 1999 constitution), State allocation (sec162(7) of 1999 constitution) and Section 4(1) of the Federation Account Act of allocation revenue and internally generated revenue, as highlighted in the fourth schedule of 1999 constitution.

2.2. Theoretical Review

The study anchored on two theories:
- Agency theory and
- Benefit theory

2.2.1. Agency Theory

Agency theory originated from the work of Max Weber in 1947, who is a German Sociologist. His work focused on the bureaucracy of individual rationality and where preferences and rules are clearly respected. Weber focused on formal power as the basis for delegated authority in agency theory. This is where one party (principal) delegates his decision power to another party (agent) to undertake an assigned task in a contractual capacity on his/her behalf. However, Agency theory was propagated by Jensen and Meckling (1976). Agency theory was defined by them as a form of contract between two parties, where one or more individual(s) (principal) engaged another individual (agent) to carry out some functions on their behalf. This involves delegating some decision-making power to the agent. Agency theory, as related to the study on IGR, is a contractual relationship between local governments (principals) and signage and advertisement agencies (agents), where local governments (principals) give signage and advertisement agencies (agents) the responsibility to manage all outdoor advertising within their local areas in an efficient and effective's manner. It is expected that the agent should act in the principal's best interest also to be transparent, honest and accountable in the discharge of its duties regularly. However, there could be a conflict of interest where the agent might not act in the best interest of the principal. Other conflicts arise under the condition of asymmetry information and uncertainty where principal and agent objectives differ. In order to minimise this conflict of interest, certain costs are associated with the relationship. These are monitoring cost by the principal, bonding cost by the agent, and residual loss.

2.2.2. Benefit Theory

This stipulates that taxes and levies should be imposed on individuals or firms based on benefits received or derived. The theory was developed by two Swedish economists: John Gustaf K. Wiksell (1851-1926) and Erik Lindahl (1891-1960). The theory emanated from the public finance theory of taxation, the aspect of tax justice. The theory based

tax payment on the principle of willingness to pay taxes for benefits received by taxpayers from the government. In relation to this study, signage and advertisement services assessment for fee payment should be based on the benefit received by users in terms of sizes, area of coverage, time frame, and mode of signage and advertisement. The benefit principles of taxation stated that a firm or individual should purchase government goods or services in a manner similar to other commodities purchased for use. This means that in signage and advertisement services, fees serve as a function of prices of goods and services as in private purchases. Also, it measures the benefits derived by individuals or firms for fee assessment and payment. This brings about equity, transparency, fairness and justice to signage and advertisement fees payment.

2.3. Empirical Review

Adeola (2017) studied internally generated revenues in Nigeria's local governments with a focus on Ibarapa East local government in Oyo State. The study revealed that paltry revenue collection had been a major challenge to citizens' inability to enjoy the dividend of democracy. The study recommends that local governments should intensify efforts on revenue generation in order to reduce the burden of fund shortages from the challenge of global economic meltdown. Similarly, Nwaigwe (2018) studied internally generated revenue and local government administration. The study revealed that the bulk of internally generated revenues came from a single revenue head despite the various sources of revenues which can be harnessed. The study recommends that untapped sources of revenues in local government should be harnessed, documented and worked upon. Also, Otu and Anam (2019) studied internally generated revenues and local government performance in Nigeria and its implication on rural developments. The study revealed that local governments in Nigeria are faced with poor revenue generation capacity, which affects service delivery and project execution for rural developments. The study recommends improvement to the financial base of local government. In addition, Allison, Nwali and Ereke (2020) investigated the process of improving the revenue base of local governments for the enhancement of rural development in Nigeria. The study revealed that the revenue base of local governments can be improved with stakeholders' collective responsibilities. The study recommends that local governments should exploit all their extant revenue sources as approved by laws to improve funds for service delivery. In the same vein, Bartle, Kriz and Morozov (2011) studied local government revenue structure trends and challenges. The study revealed economic changes as serious challenges to local government funding. The study recommends the need for local governments to shape their revenue structures in line with external economic, technological and demographic changes.

3. Methodology

The study employed an exploratory research design. Reviewed of relevant books, journals and other works of literature on taxation, public finance and local government administration were done extensively. Secondary data on Lagos State Signage and Advertisement Agency revenue generated for local governments were extracted from Lagos State Auditor's General for Local Government Audit Reports for 2015-2021. A descriptive statistical method of data analysis was adopted, and this involved the use of trend analysis, tabulation and bar chart. A purposeful sample technique was adopted to select the study state: Lagos State. The study state was selected based on the following characteristics:

- The first state in Nigeria to enact the signage and Advertising Act in 2006.
- The state is the commercial hub of Nigeria; it has at least 70% of the country's industrial and commercial activities.
- The state is the most densely populated state in the country, with a population estimate of over 20 million (LBS, 2021)
- In Nigeria and for the past ten years, the state always has the highest Internally Generated Revenue (NBS, 2020)

4. Discussions and Data Analysis

Year	2015	2016	2017	2018	2019	2020	2021
Total revenue generated (₦'Billion)	1.06	2.22	1.67	2.41	2.25	1.54	2.53

*Table 1: LASAA Revenues Generated for All Local Governments (2015-2021)*
Source: Authors' Computation from Auditor General's Reports (2023)

Table 1 shows the revenues generated for all local governments (20 local governments and 37 Local council development areas) in the state for the year 2015-2021. LASAA generated revenues steadily increased from ₦1.06billion in 2015 to ₦2.53 billion in 2021. However, COVID-19 pandemic had a negative impact on LASAA activities in 2019/2020. The pandemic affected business operations and performance globally, and, as a result, revenue generation got decreased during these periods. In addition, EndSARS protest in Nigeria in year 2020 also brought about additional negative impacts and challenges to individuals and businesses operating performance in the country. The combination of COVID-19 pandemic and EndSARS protests affected and influenced most businesses in Lagos state and also hindered LASAA from generating revenues in line with 2019/2020 projections/estimates. However, the performance of LASAA for these periods was an added value to local government funds for financing programmes and tackling the menace. Reflecting on the amount generated in 2021 (₦2.53billion), this is an increase by 138.68% over 2015 figure. This shows the positive role of the agency in improving funds to Local governments.

Mean	97,739,432	Std. Deviation	82,034,483
Median	72,176,373	Skewness	2.439559
Maximum	468,329,570	Kurtosis	9.612572
Minimum	19,793,916	Jarque-Bera	393.9361
Observations	140	Probability	0.000000

Table 2: Descriptive Statistics for ALL Local Governments
Source: Authors' Computation from Lagos State LASAA data (2023)

Table 2 is the descriptive statistics for LASAA revenue received by all local governments in Lagos State between 2015 and 2021. The mean, median, minimum and maximum revenues received for the period were ₦97.74 million, ₦72.18 million, ₦19.79 million and ₦468.33 million, respectively. The standard deviation, which is a measure of dispersion from the mean, was 82.03 million. The total revenues for all local governments were positively skewed at 2.44. This implied that the distribution was skewed to the right. Also, the kurtosis was 9.61. Since the value is greater than 3, then the distribution was leptokurtic. The Jarque-Bera of the distribution was 393.94. All these statistical values were at a probability of 0.0000.
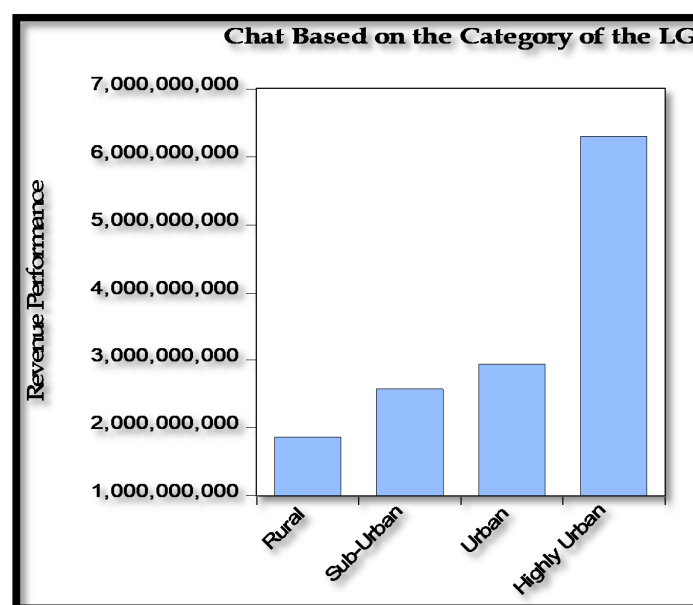
Figure 1: LASAA Collections Bar Chart for Classified Local Government
Source: Authors' Computation (2023)

Classification	Total LASAA Revenue Received by Classified Local Governments	Classification	Total LASAA Revenue Received by Classified Local Governments
Rural	1,865,593,610	Urban	2,942,308,667
Sub-Urban	2,572,574,099	Highly-Urban	6,303,044,142

Table 3: Total LASSA Revenues Received by Local Governments Based on Classifications
Source: Authors' Computation (2023)

Figure 1 and table 3 are the revenue bar chart and table for classified local governments for the period 2015-2021. The total revenues collected by each classified local government of Rural, Sub-urban, Urban, and Highly-Urban were ₦1.87 billion (13.64%), ₦2.57 billion (18.80%), ₦2.94 billion (21.50%), and ₦6.30 billion (46.06%), respectively. This showed that signage and advertisement revenue for local governments seem better in other classified local governments apart from rural areas. Although sub-urban and urban were very low when compared with the highly-urban local governments, this was due to lesser commercial activities, public awareness, and low levels of advertising and hoarding activities in the areas. Nevertheless, the highly-urban local governments are the commercial hub of the state with greater businesses and commercial activities. Also, they are mostly densely populated areas in the state for advertising potentials with more features for signage and advertisement. Rural local governments are the indigenous local governments within the state with fewer commercial activities and low population density. It also has lesser features for publicity, thereby, lesser audience attention. This was reflected in the revenue generated from the areas. However, some of these local governments have commenced transformation into commercial and industrial hubs with opportunities for advertisement in recent times due to huge investment in industrialisation in these local areas, population increased, urbanisation, and infrasructural development. All these enhance advertisement and revenue potential for local governments.

Classification	Rural	Sub-Urban	Urban	Highly-Urban
Mean	66,628,343	73,502,117	70,054,968	180,444,234
Median	49,997,900	65,204,276	60,569,045	141,224,303
Maximum	162,204,528	175,321,022	154,348,788	468,329,570
Minimum	19,793,916	27,338,576	30,407,181	44,953,404
Std. Deviation	43,997,041	37,712,571	30,882,759	119,111,204
Skewness	0.936155	1.187429	1.269503	1.016808
Kurtosis	2.751346	3.870854	4.126351	2.981669
Jarque-Bera	4.161934	9.330907	13.50162	6.031566
Probability	0.124809	0.009415	**0.001170**	0.049007
Observation	28	**35**	42	35

Table 4: Descriptive Statistics of LASSA Revenue Received by Local Governments Based on Classification
Source: Authors' Computation for LASAA (2023)

Table 4 is the descriptive statistics of LASSA revenues received by local governments based on classified local governments of rural, sub-urban, urban and highly urban. The mean and median revenue for rural, sub-urban, urban and highly urban local governments were:
- (₦66.62 million and ₦50.00 million),
- (₦73.50 million and ₦65.20 million),
- (₦70.05 million and ₦60.57 million),
- (₦180.44 million and ₦141.22 million), respectively
  Furthermore, the maximum and minimum revenues generated were: (₦162.20 million and ₦19.79 million),
- (₦173.32 million and ₦27.34 million),
- (₦154.35 million and ₦30.41 million), and
- (₦468.33 million and ₦44.95 million), respectively

The highest revenue (₦468.33 million) within the period 2015-2021 comes from the highly urban group (Eti-Osa), while the least revenue (₦19.79 million) comes from the rural classified local government (Epe). Standard deviation, which measures dispersion from the mean for the classified local governments, were ₦44.00 million, ₦37.71 million, ₦30.88 million and ₦119.11 million, respectively. This showed that all the local governments were subjected to higher variability. Furthermore, LASSA revenues generated for each classified local government were positively skewed as they were greater than the figures (0.94, 1.19, 1.27 and 1.02, respectively). This suggests that individual items were greater than the median and, therefore, stand to the right. The kurtosis, which shows the degree of peakedness of distribution when compared with normal distribution, were: 2.75, 3.87, 4.13, and 2.98, respectively. The sub-urban and urban classified distribution were greater than 3. Therefore, they were leptokurtic, while rural and highly urban-classified local governments had figures less than 3. Therefore, they were regarded as platykutic, which means they are less peaked than the normal curve.
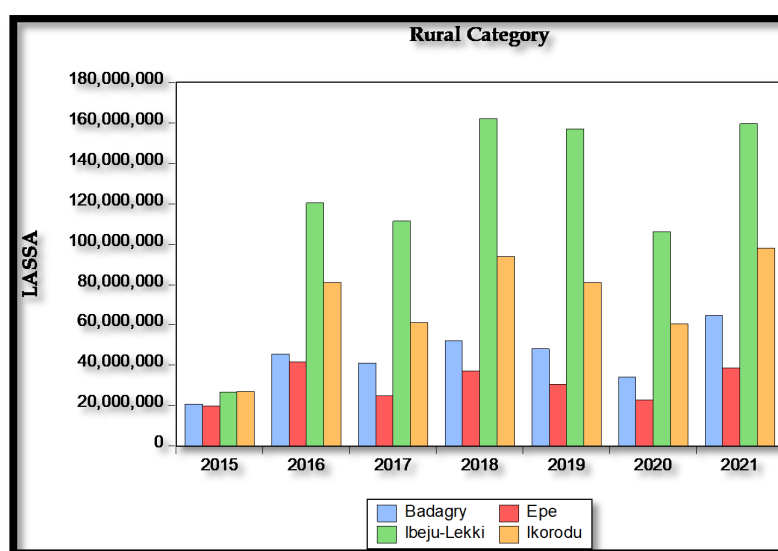

Figure 2: LASAA Collections Bar Chart for Rural Classified Local Governments
Source: Authors' Computation (2023)

Figure 2 is the bar chart of LASAA revenue received for the period 2015-2021 in respect of rural classified local governments. The local governments are four in numbers:
- Badagry,
- Ibeju-Lekki,

- Epe and
- Ikorodu
  The total revenueS collected for each local government were:
- ₦305.32 million (16.35%),
- ₦843.80 million (45.25%),
- ₦214.20 million (11.48%), and
- ₦502.27 million (26.92%), respectively

The highest revenue in the group came from Ibeju-Lekki local government, with ₦162.20 million in 2018, while the least revenue was ₦19.79 million in 2015 from Epe local government. Ibeju-Lekki local government had 45.25% of the total group revenues for the period covered; this was followed by Ikorodu with 26.92%. Rural classified local governments are predominantly indigenous local governments with fewer commercial and industrial activities. LASAA's performance in these rural local governments showed the level of professionalism and efforts that had been adopted in achieving this milestone. However, 45.25% of the total revenues achieved for Ibeju-Lekki was due to the population explosion and new commercial development in the area in recent times. Ibeju-Lekki and Ikorodu local governments are transforming into commercial hubs within indigenous local government with an increase in growth and development, population, and commercial activities within the rural setting. Ibeju-Lekki local government is the home of Lekki free trade zone. This resulted in an influx of industries and companies, a new refinery by Dangote refinery, construction of a new seaport and cargo airport. Similarly, Ikorodu local government has the largest land mass and residential populated areas in the group. This translates to its 26.92% performance due to a higher targeted audience in the local areas. All these opened more doors for commercial activities in the local areas and enhancement of signage and advertisement revenues. The local government is one of the fast-growing local governments in the country, and this draws signage and advertising activities. This has been the reason for the higher value of signage and advertisement fees from the area.
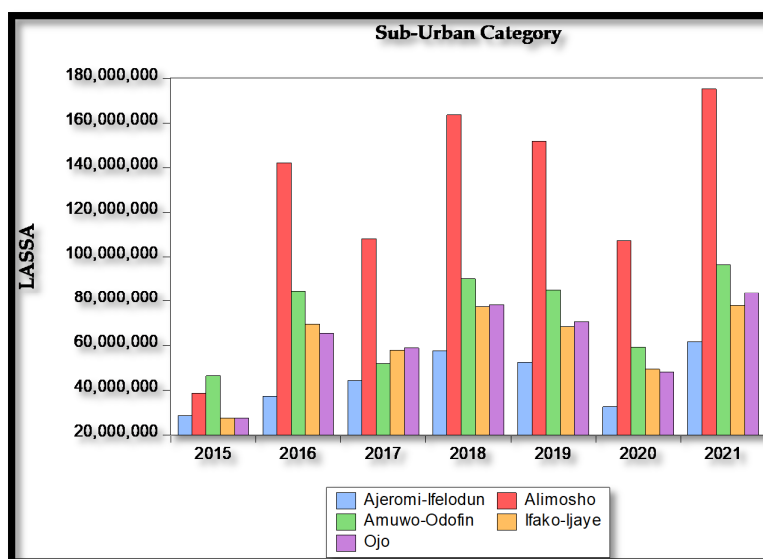

Figure 3: LASAA Collections Bar Chart for Sub-Urban Classified Local Governments
Source: Authors' Computation (2023)

Figure 3 is the bar chart of LASAA revenues received by each local government in the group for the period 2015-2021. This group comprises five local governments:

- Ajeromi-Ifelodun,
- Amuwo-Odofin,
- Ojo,
- Alimosho and
- Ifako-Ijaiye

Total revenues generated for the local government were: ₦313.68 million (12.20%), ₦513.20 million (19.94%), ₦431.68 million (16.79%), ₦886.8 million (34.47%), and ₦427.21 million (16.60%) for Ajeromi-Ifelodun, Amuwo-Odofin, Ojo, Alimosho, and Ifako-Ijaiye local government, respectively. The highest revenue from the group came from Alimosho local government, with ₦175.32 million in 2021, while the least revenue of ₦27.34 million came from Ojo local government in 2015. Alimosho had the highest percentage of 34.47% of the total revenue collected for the period, while the least percentage of (12.2%) comes from Ajeromi-Ifelodun local government. Alimosho local government is the largest local government within the group in terms of population and land mass. This necessitated a higher percentage of returns from hoarding and advertisement activities in the area. The success of LASAA in this group when compared with the rural classified local government was its urbanization potential, followed by adequate coverage, monitoring, control and enforcement.
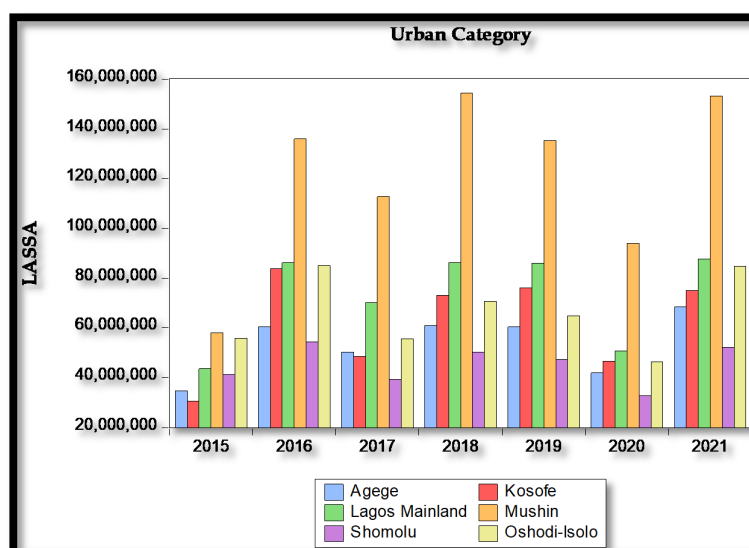
Figure 4: LASAA Collections Bar Chart for Urban Classified Local Governments
Source: Authors' Computation (2023)

Figure 4 is the bar chart of LASSA revenues generated for urban classified local governments. This comprises six local governments: Agege, Lagos-Mainland, Somolu, Kosofe, Mushin and Oshodi-Isolo. Total revenues generated for the period 2015-2021 for each local government were:

- ₦ 376.17 million (12.78%),
- ₦510.55 million (17.36%),
- ₦ 316.65 million (10.76%),
- ₦ 433.13 million (14.72%),
- ₦ 843.64 million (28.68%) and
- ₦ 462.17 million (15.70%), respectively

Revenues generated for each local government in the group were evenly distributed for the period 2015-2021. However, Mushin local government had the highest percentage of 28.68% of the total group revenues. The result shows the level of awareness and compliance across these local governments. Local governments in the group are the commercial and industrial hubs of the state. This gives more opportunities for LASAA to operate and generates revenue on signage and advertisement. This shows more awareness, monitoring and enforcement. However, revenues generated for local governments in the group looked better than the rural and sub-urban classified local governments. The highest revenue of ₦154.35 million in the group came from Mushin local government in 2018, while the least revenue of ₦30.41 million came from Kosofe local government in 2015.
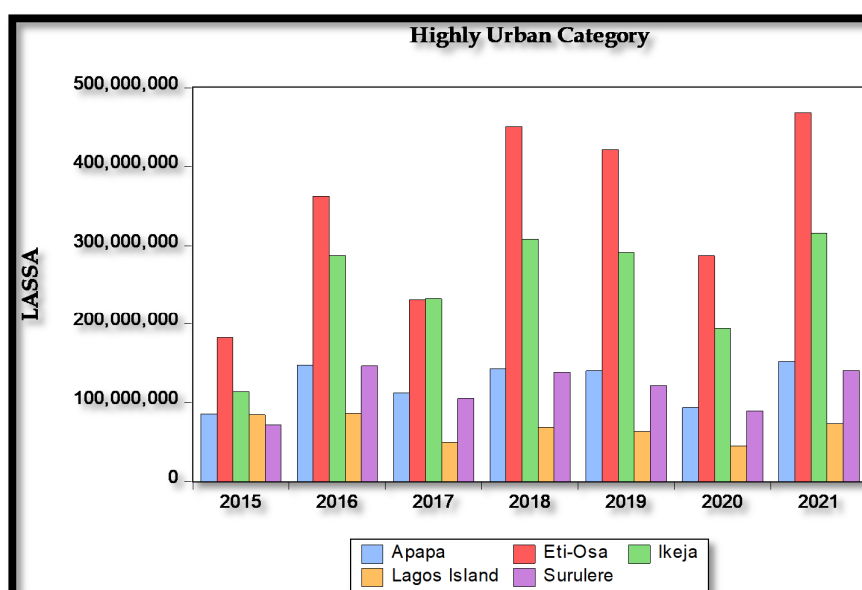

Figure 5: LASAA Collections Bar Chart for Highly-Urban Classified Local Governments
Source: Authors' Computation (2023)

Figure 5 shows the bar chart of LASSA revenues generated for highly-urban classified local governments for the period 2015-2021. The group comprises five local governments:

- Apapa,
- Lagos Island,
- Eti-Osa,
- Surulere and
- Ikeja

Total revenues generated for each local government for the period were: ₦873.31 million (13.85%), ₦469.34 million (7.44%), ₦2.40 billion (38.14%), ₦812.50 million (12.90%), and ₦1.74 billion (27.67%), respectively. The highest revenue of ₦468.33 million came from Eti-Osa in 2021, while the least revenue of ₦44.95 million came from Lagos Island in 2020. These local governments are the highly commercial hub for signage and advertisement in the state. These areas have most of the high-rise properties for commercial and residential purposes, markets, seaports, seats of administration, rail stations and sports stadia. This gives an opportunity for more advert and publicity to the targeted audience. Eti-osa local government has the figures in the group and generally, it is the hub center for advertisement in the state as home to most headquarter of companies and banks. Similarly, Ikeja, which followed with 27.67%, is the seat center for state administration. The influence of this can be seen in the outcome as the areas attract more advertising and signage. Lagos Island is a merchandise hub and is full of commercial activities. However, the least percentage in the group is 7.44%, which is a point of concern. When the total revenues are compared with other local governments outside the group, it seems good, but efforts should be put in place to beef up its performance in the future.

5. Summary, Conclusion and Recommendations

5.1. Summary and Conclusion

The study examined internally generated revenue in local governments and the role of signage and advertisement agencies. The study revealed that LASAA, as an agent of local governments on signage and advertisement, generated ₦13.69 billion for local governments in Lagos State for the period 2015-2021. However, each classified local government of rural, sub-urban, urban and highly-urban had individual revenue percentages of 13.64%, 18.8%, 21.50% and 46.06% of the total revenues generated, respectively. LASAA as an agent to have achieved revenues of ₦1.87 billion (13.64%) in rural classified areas (indigenous local government), was a great task of good success. Total revenues for all local governments were positively skewed with 2.44, meaning that the distribution was skewed to the right. The kurtosis was 9.61. This was leptokurtic as it was greater than 3. LASAA improved revenues generated steadily within the period from ₦1.06 billion in 2015 to ₦2.53 billion in 2021. This is an increase of 138.68% over 2015 figure. This shows the positive role of the agency relationship in improving funds to local governments. Although the least revenue generated after 2015 figure was ₦1.54 billion in 2020. This occurred due to the impact of COVID-19 in 2019/2020 and EndSARS protest in 2020. These have a negative impact on business activities and the economy at large. The two menace affects the operation and performance of the agency on revenue drives and payers compliance.

The study revealed that the creation of a signage and advertisement agency in the state for revenue drives and control of outdoor advertising has an added value to local government funds for the provision of goods and services. However, before the creation of LASAA in Lagos state, signage, advertisement and hoarding revenues for local governments seemed paltry and characterized by challenges of collections of fraudulent practices of embezzlement, ineffective Bye-law, a multiplicity of payment, lack of public awareness/enlightenment, insufficient modern tools and types of machinery, and lack of records/database, and use of unprofessional/unskilled personnel. Today, LASAA has played a good role in the principal/agent relationship as stipulated in agency theory. It has created a system of good databases for operators and increased revenue generation for local governments. In addition, some of the local governments with challenges of paltry revenue collection, especially those of rural settings, have improved revenues with LASAA funds for the provision of good governance. In the sub-urban group, Alimosho local government, with the highest revenues of ₦886.8 million (34.47%), has been blessed from the role of the agency with additional funds to solve the problem of insufficient funds that normally confront the local government from exercising its constitutional roles. Apart from revenue contribution, LASAA has added value to the street direction and beatification of the environment in rural and inter land areas within the state. Also, it has reduced the multiplicity of advertisement payments within the state by adopting centralized assessment and payment methods. LASAA's success is based on a strong foundation that involves professionalism, a modern system for identification and valuation of signage structures, electronic billing and payment, monitoring and enforcement, adoption of modern operational types of machinery, good administrative policies, efficiency and effective operation. Similarly, many signage and advertisement payers have been captured and issued with identification numbers. This ensures that fee payment is based on the benefit derived according to benefit theory. After years of operation, LASAA has added value to the business of signage, advertisement and hoardings revenue generation and control. This has become a reference point for other states in Nigeria to emulate.

Moreover, LASAA should increase its public awareness and enlightenment on the importance of signage and advertisement payment, especially to the informal sector operators, religious bodies, government agencies, individuals, organisations, clubs and associations. However, transparency and accountability to ratepayers on the application of these revenues would build trust among the citizens. According to Adekoya, Enyi and Akintoye (2019), accountability is critical to tax or rate compliance, but where government exhibits corrupt practices and mistrust on tax or rate revenues, this would affect payment compliance. Accordingly, public trust, accountability and transparency drive revenue generation in

the public sector. This should be embraced for meaningful success in signage and advertisement revenues in untapped areas. Besides, LASAA, as an agent of government, should design a good enforcement policy for non-compliance with appropriate punishment, prosecution and penalties for individual and corporate defaulters. This would build a culture of rate or tax payment and equity in taxation.

5.2. Recommendations
- An agency should design appropriate signage and advertisement assessment methods that would be acceptable and affordable for payment by all payers.
- Local government should ensure that signage revenues are invested in public goods and services, which enhance the standards of living of the citizens. This builds payers' trust and enhances voluntary compliance.
- There should be continuous training and capacity building for technical officers of the agency for efficiency and effectiveness in operation.
- There should be proper monitoring by the agency to minimise evasion and avoidance of signage and advertisement rate.
- More publicity and enlightenment should be channeled towards informal sector operators, individuals, religious bodies, clubs and associations on signage and advertisement payment compliance.
- An agency should acquire modern equipment and employ more professionals for ease of signage and advertisement assessment, monitoring and compliance.
- An agency should embrace more technology to automate billing and payment systems. This improves revenue collection, eradicates corruption, and minimises fraudulent practices in signage and advertisement administration.

6. References
i. Abegunde, O. (2019). Local government administration and service delivery in Nigeria: Prospects and challenges. *International Journal of Research and Innovation in Social Sciences*, *3*(4), 211–217.
ii. Abosede, A. J., & Akintola, O. A. (2014). Local government funding: Entrepreneurial perspective to internally generated funds. *International Journal of Managerial Studies and Research*, *2*(5), 9–16.
iii. Adekoya, A. A. (2020). Financial management in local governments: The challenges and prospects of the 21st century. *Journal of Economics, Commerce and Management*, *8*(8), 339–357.
iv. Adekoya, A. A., Agbetunde, L. A., & Akinrinola, A. O. (2021). COVID-19 pandemic and internally generated revenue in local governments: Nigeria experience. *International Journal of Applied Economics, Finance and Accounting*, *9*(2), 63–75.
v. Adekoya, A. A., Enyi, P. E., & Akintoye, I. R. (2019). Government accountability and voluntary tax compliance behaviour in selected states in South-West, Nigeria. *International Journal of Advanced Studies in Business Strategies and Management*, *7*(1), 114–135.
vi. Adeola, A. (2017). Internally generated revenue in Nigerian local governments: Lesson from Ibarapa East local government of Oyo state. *Journal of Technology Management and Technopreneurship*, *5*(1), 1–10.
vii. Agya, A. A., Ibrahim, Y. M., & Emmanuel, E. (2015). Internal revenue generation in Taraba state, Nigeria: Problems and prospects. *International Journal of Economics, Commerce and Management*, *3*(2), 1–13.
viii. Allison, P., Nwali, T. B., & Ereke, K. I. (2020). Improving the revenue base of the local government system for rural developments in Nigeria. *Global Journal of Multidisciplinary Research*, *2*(4), 78–97.
ix. Bartle, J. R., Kriz, K. A., & Morozov, B. (2011). Local government revenue structure: Trends and challenges. *Journal of Public Budgeting, Accounting and Financial Management*, *23*(2), 268–287.
x. Coker, M. A., Eteng, F. O., Agishi, T. V., & Adie, H. I. (2015). Challenges of expanding internally generated revenue in local government council areas in Nigeria. *Journal of Sustainable Development*, *8*(9), 79–88.
xi. Dada, R. A., Adebayo, I. A., & Adeduro, O. A. (2017). An assessment of revenue mobilisation in Nigeria local government: Problems and prospects. *Archives of Business Research*, *5*(9), 119–127.
xii. Elekwa, N., & Okechukwu, E. (2014). Internal revenue leakages prevention and control in the local government system. *Global Journal of Management and Business Research*, *14*(4), 50–57.
xiii. Eteng, F. O., & Agbor, U. I. (2018). The challenges of internal revenue generation and inclusive development of local government areas in Cross-River state, Nigeria. *International Journal of Public Administration and Management Research*, *4*(4), 1–9.
xiv. The Federal Republic of Nigeria. (1999). *Constitution of the Federal Republic of Nigeria, 1999*. Lagos, Nigeria: Federal Government Press.
xv. Ironkwe, U. I., & Ndah, E. N. (2016). Impact of internally generated revenue on the performance of local government in River State, Nigeria. *International Journal of Business and Law Research*, *4*(4), 42–58.
xvi. Ishola, A. A., Abdulkareem, A. K., Bello, M. L., Dumade, E. O., & Ogunlusi, A. D. (2020). Internally generated revenue and local governments' sustainability in Nigeria. *Dynamics of Public Administration*, *37*(2), 141–149.
xvii. Jackson, B. R., & Milliron, C. V. (1986). Tax compliance research: Findings, problems and prospects. *Journal of Accounting Literature*, *5*(1), 125–165.
xviii. Lagos Bureau of Statistics (LBS). (2021). *Lagos State household survey report 2020*. 9th Edition. Ikeja, Lagos, Nigeria: Ministry of Economic Planning and Budget (MEPB).

xix.   National Bureau of Statistics. (2020). *Internally Generated Revenue at the State level*. Abuja, Nigeria: Nigerian National Bureau of Statistics.

xx.   Nwaigwe, H. C. (2018). Internally generated revenue and local government administration in Umunneochi local government area of Abia state 2007-2015. *South East Journal of Political Science*, *4*(1), 224–241.

xxi.   Oduola, S. O., Sawaneh, B., Ogunbela, G. K., & Babarinde, L. B. (2019). Revenue generation in Lagelu local government area of Oyo state: A correlate of tax mobilisation and utilisation. *Canadian Social Science*, *15*(1), 15–21.

xxii.   Okeke, M. I., Chidi, M., & Eme, O. I. (2017). Enhancing internally generated revenue: Issues, strategies, foresight and insights. *Science Arena Publication Specialty, Journal of Humanities and Cultural Science*, *2*(1), 1–22.

xxiii.   Okwechime, C. (2006). Outdoor advertising: A medium in unending conflicts. *International Journal of Communication*, *5*(9), 77–88.

xxiv.   Olusola, O. (2011). Boosting internally generated revenue of local governments in Ogun state (A study of selected local governments in Ogun state). *European Journal of Humanities and Social Sciences*, *8*(1), 336–348.

xxv.   Oseni, M. (2013). Internally generated revenue in Nigeria: A panacea for state development. *European Journal of Humanities and Social Sciences*, *21*(1), 1050–1066.

xxvi.   Otu, J. E., & Anam, B. E. (2019). Internally generated revenues and local government performance in Nigeria: Implication for rural development. *International Journal of Development Strategies in Humanities, Management and Social Sciences*, *9*(2), 112–120.

xxvii.   Venables, A. J. (2010). Resource rents, when to spend and how to save, in decentralisation local taxation and citizenship in Senegal. *Development and Change*, *37*(4), 821–846.