

E-Revenue Adoption in State Internal Revenue Service: Interrogating the Institutional Factors

Aderonke A. Oni, Covenant University, Ota, Nigeria

Ugbedejo Musa, Federal Polytechnic Idah, Idah, Nigeria

Samuel Oni, Covenant University, Ota, Nigeria

ABSTRACT

This paper focuses on investigating factors affecting e-revenue adoption in State Internally Revenue Service. The study utilizes a quantitative research methods. A conceptual research model to investigate factors affecting e-revenue was developed by integrating technology, organisation, and environment framework. The constructs employed in predicting e-revenue adoption include technological competence, financial cost, internal need, satisfaction with existing system, competitive pressure, taxpayer readiness, government regulation. Data were collected from 140 staff of the ICT department, collection departments, and some management staff of State Internal Revenue Service in three state of Nigeria. The data were analysed based on PLS-SEM using SmartPLS 3.0. The result shows that financial cost, level of satisfaction with existing system, internal need of the revenue agencies, government regulation, and competitive pressure are significant factors influencing the adoption of e-revenue in Nigeria.

KEYWORDS

adoption, e-revenue, IS innovation, Revenue, State Internally Revenue Service, Taxation, TOE

INTRODUCTION

A sound revenue system empowers a country and sets the pace for a successful fiscal policy, since it provides enabling ground for administrative accountability (Okiró, 2015). It enables the government to provide public services to the citizens and particularly in the developing countries if they are to achieve the Millennium Development Goals (MDGs) (Rahim, 2017). Unfortunately, public service delivery in Nigeria has not met up with expectations (Rahim, 2017; Abasilim & Edet, 2015).

Electronic revenue (E-revenue) services provide convenient revenue collection, with the capacity to improve revenue system and gain a competitive edge (Ndunda et al., 2015). Revenue is the general term for all monetary receipts accruing from both tax and non-tax sources (Ndemanishi, 2014). Internally Generated Revenue (IGR) is generated within by State governments, which depends on taxation (Omodero, et al., 2018).

State Internal Revenue Services (SIRS) are responsible for the collection and management of internal revenue of every state. According to Edogbanya (2013), IGR as instruments and institutions are still poorly structured in Nigeria. Also, the fluctuating political and economic environments of States in Nigeria reflect critically on IGR in part because institutions and structures (including database) that drive stability in IGR collection and remittance are weak or altogether non-existent. Although,

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several measures taken by State governments witness a surge, this is neither sustained nor indeed sustainable. Besides this, institutional mechanisms that should drive steady growth are simply not available, the problem is even compounded by hiring tax consultants to manage these aspects of IGR (Onuiri et al., 2015). Despite establishment of different bodies and policy to support the adoption of technology in day-to-day running of the government businesses in Nigeria, many functions are still been carried out manually (Adeyemo, 2011, Oni et al., 2016). Many state governments are yet to fully explore the potential of technology in their operations or comply with the National ICT Policy (Oni et al., 2016). It is on this note that Oni et al. (2016) reiterated the need to investigate internal constraints and factors that impact e-government implementation at state level in Nigeria.

Information Technology (IT) innovation provides organizations the opportunity to improve their efficiency and effectiveness as well as gain competitive advantage. Yet, the slow rate of adoption of these technological innovations by SIRS is a critical issue (Githinji *et al.*, 2014). Technology Innovation adoption is made up of three stages namely: initiation, adoption, and implementation (Thong, 1999). Gathering and evaluating information about the technological innovation is done at the initiation stage, the adoption state handles the decision to adopt the technological innovation and the implementation stage is concerned with implementing the technological innovation in an organization. But research shows that, to date, more concentration is on the implementation stage of e-revenue in particular (Onuiri et al., 2015; Nkanor & Udu, 2016; Chatama, 2013; Efunboade, 2014; Githinji *et al.*, 2014; Adesoji & Chike, 2013). Few research works (Ndunda et al., 2015; Chatama, 2013) have considered the factors affecting IT adoption in SIRS. This is very important for developing countries such as Nigeria, given the current state of technological and economic development and literacy.

Other studies on Information System (IS) adoption (Armah-Attoh & Awal, 2013; Al-Mamary et al., 2014; Ibrahim, 2015; Zabadi, 2016; Rosli et al., 2012; Hameed & Arachchilage, 2016) examined other aspects of public sectors, but findings from these studies are unlikely to be generalizable to e-Internal Revenue Generation because of various fundamental differences. For instance, e-revenue as a subset of e-Government is associated with providing opportunities to increase the connectivity, availability and modes of interactivity between governance at multiple levels and the citizen (Mundy & Musa, 2010). The research work investigates the institutional factors that constitute enablers and barriers to the adoption of electronic revenue (e-revenue) system in SIRS using Technology-Organization and Environment (TOE) Framework.

LITERATURE REVIEW

Information and Communication Technology (ICT) has found relevance in all works of life and continued to change the mode of business transaction, education and governance. The application of ICT in government (i.e. e-government) has become a global phenomenon. The term e-government, which was coined in the late 1990s, has now become a self-contained concept and integrated in the field of information system research. It has become the generic term for Web-based services in all tiers of government. E-government is about social, cultural, political and economic transformation.

Several bodies and researchers have defined e-government from various perspectives. The World Bank defined e-government as “the use by government agencies, of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government” (www.worldbank.org). These technologies can serve a variety of different ends such as better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information and or more efficient government management. Grant and Chau (2006) described e-government as broad based initiatives that leverage the capabilities of ICT to develop and deliver high quality, seamless, and integrated public services; enable effective constituent relationship management and support the economic and social development goals of citizens, business, and civil society at local, state, national and international levels.

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