Improving public agency performance using balance scorecard in Lagos internal revenue service (LIRS)

Fatile Jacob Olufemi
Faculty of Management Sciences, Lagos State University, Ojo, Nigeria

Ogunlela Yemisi I.
Faculty of Management Sciences
National Open University of Nigeria, Victoria Island, Nigeria

Akindele Iyiola Tomilayo
Faculty of Management Sciences, University of Ilorin, Nigeria

Sanni Oluwole Kazeem,
Faculty of Management Sciences, Lagos State University, Ojo, Nigeria

Keywords

Abstract
Improving public agency performance vis-à-vis productivity is the greatest challenge facing the public sector. All over the world, governments have adopted an array of instruments targeted at public institutions, public managers, citizens, and concerned monitoring institutions to enhance public agency performance for productivity improvement. The main objective of this study is to determine the effectiveness of performance measurement using balanced scorecard (BSC) in Lagos Internal Revenue Service (LIRS) with specific reference to how; financial perspectives cum learning affects productivity, customers attitude aid profitability and how internal procedure affects efficiency in service delivery. Primary and secondary data were utilized for the study. Primary data was collected through copies of questionnaire administered on 300 respondents in 30 selected offices out of 40 tax stations spread across the five divisions in Lagos state using stratified and random sampling techniques. The primary data collected was analyzed using both descriptive statistics while the stated hypotheses were tested using regression analysis. Secondary data was sourced from books, journals, internets, newspaper articles and government publications and so on. The study adopts the theory of change (ToC) postulated by Weiss as a theoretical basis. The findings of the study reveal that using the balanced scorecard to measure performance periodically with stakeholders' reflection in LIRS has increased significantly the annual revenue generation in Lagos State. The study recommends among others that more attention should be paid to the provision of adequate incentives as well as training and development on contemporary issues in tax management for tax officers in order to promote their efficiency and effectiveness. Furthermore, since citizens' expectation on societal general development and demand varies across divisions and localities; state government should therefore accommodate the aspirations of the various groups in order to engender sustainable tax compliance by citizens.

1. Introduction
All over the world, governments have adopted an array of instruments targeted at public institutions, public managers, citizens, and institutional research partners to accomplish improved public agency performance for productivity and sustainability through performance. Performance is a relative concept connected with the phenomenon being studied (Hofer, 1983, Carton 2004). Performance is a multidimensional construct and overwhelmingly contested with various intellectual perception. Performance is a broad concept: it has a choice of meaning for different audiences and
diverse contexts (Carter, 1991). Performance must be defined, to measure or manage it (Armstrong & Baron, 1998). Understanding context of the phenomenon of performance in public arena, Wouter (2003) contended that performance is synonymous with reform in public sector aimed at higher performance leading to a better economy, efficiency, effectiveness, equity and ethical relation inevitably leading to performance measurement. Lewis (2015) sees performance measurement as a social structure hinged on a sequence of measurement - a set of interactions with outputs-consequences, which generate a set of corrections in line with unanticipated and undesirable effects. Further that it is not production model, but about institutions, individuals, interactions and each interrelatedness.

Political policy is foundational formation for performance measure engulfed with a price and visible consequence. It gains more attention with New Public management with concern for measurement and more management as citizens begin to actively ask question on institutional performance as they should. Citizens are more passionately apprehensive about the expenditure on public finances. (Radin, 2006). Numerous factors have been established for performance measurement reasons why public managers measure performance, Behn (2003) listed; to evaluate, control, budget, motivate, promote, celebrate, learn, and improve. Performance measurement is seen as end, its major rationale is to produce measures (Schick, 2001). It implies that three key premises are involved; interaction, institution, and citizens. A key factor amidst the hallmarks of PM is to gain insight into and make verdict pertinently on the organization either public or private owned exclusively for effectiveness and efficiency of its programs, processes, and people solely to demonstrate progress with measures (Jääskeläinen & Lönnqvist, 2011).

Performance measurement is systemically interlinked. It encompasses policy makers, stakeholders, leadership, management capacity and capability, employee commitment and goal clarification with appropriate modus operandi which lead to the better sustainable performance of (MDAs-Ministries Department and Agencies) organization to attain efficiency and effectiveness of slated goals. Kelly et al. (2002) classify values created in the public sector: services, social outcomes, and trust. In services denotes, amplified efficiency, better quality, user’s satisfaction, more patronage of services, greater equity (fairness) in service provision. Social outcome implies social cohesion, equality, wealth distribution, safety, poverty reduction, better-educated population, improved health, represent central aims of public services. Trust is aligned with legitimacy which give societal members a level of satisfactory acceptance of policy accomplishment broadly. A Public sector provide services mainly at cost-effectively and create societal good, value multifaceted thus value is harder to measure (Mulgan & Albury, 2003; Kelly et al., 2002, Bloch & Bugge, 2013).

With an aim to explore new methods of performance measurement, Kaplan and Norton in 1990 led new research to adding other form of creating value and developed Balanced Scorecard (Išoraitė, 2008). Muiruri & Kilika (2015) opined Balanced Scorecard (BSC) is used strategically in business, industry, government and nonprofit organizations worldwide to ally business actions to the vision and strategy of organizations. It is meant to improve more internal and external communications and monitor organizations' performance against strategic goals. Kaplan & Norton (1992) introduced the new tool as balance scorecard which captures activities of customer's issues, internal business process, and employee and stakeholders’ concerns. It was a tool for organization to manage demand of relevant stakeholders and to convert it into strategy through integration with consideration of four (financial perspective, customer perspective, internal perspective, and learning perspective) framework for balanced scorecard.

The public sector's productivity is a complex and multidimensional with various performance measurement system explored, these include; Benchmarking, Continuous Improvement, Management by Objectives (MBO), Quality Control Circle (QCC) and Key Performance Indicators (KPIs), Critical Success Factors (CSF) Activity-Based Costing/Management (ABC/M), Benchmarking, Total Quality Management (TQM), Business Process Reengineering (BPR) and Balanced Scorecard (BSC) (Zakaria, 2011 and Ruzita Kaveh Asiaei, Ruzita 2014). Išoraitė (2008)

Conference proceedings of the Academy of Business and Retail Management (ABRM)
maintained that balanced scorecard is a management system transform the vision, strategy and create a feedback mechanism for internal process and outcomes to persistently improve operational efficiency.

Visionary agenda for Lagos State is designed towards Africa's model megacity and global economic and financial hub that is safe, secure, functional and productive. It is a cosmopolitan city rated the 9th most populated city in the world with about 21 million populations and accounted for 60% of Nigeria industrial investment, foreign trade, and commercial activities, approximately 40% with GDP of $150bn per annum. (LCCI, 2015). Lagos State encounter with the challenges that accompanied staggering population, expansion rates, and resilience cities from crumbling metropolis into a modern, attractive, and purposeful city through financial meticulousness on her internally generated revenue. Public agencies' manager world-wide face accountability-related challenge to adequately manage cost and are on pursuit to attain increased economy, efficiency, and effectiveness in service delivery (Dixon et al., 1996, Dixon, Kouzmin & Korac-kakabadse 1998, Ho & Kidwell 2000, Cokins 2002, Chakrabarty, 2007).

The pursuit for responsive and consensus-oriented outcome in service delivery and non-reliance on federal allocation prompt the state government looks inward the way of revenue. Through strategic visioning for development, political leaders and the public were able to take deliberate broad long-term human development initiatives as well as envisage plan on the resources required for its accomplishment are devised. Lagos state government commence with strategic initiative of Tax Payer Education and Enlightenment, as a foremost step the state organized a Taxation Stakeholders’ Conference in 2007 which was interactive in nature and forum for the State Executive Council to discuss with representative of the chamber of commerce, professional groups, financial institution, traditional rulers and market association etc. The theme of the conference concerned government expectation from them, various means and efforts to radically reform revenue administration in the state. The conference grants feedback of comments, suggestion, and ideas from the stakeholders' interactive platform. Taxation Stakeholders' Conference has become an annual event of the Lagos state government. (Asaolu, Dopemu & Monday, 2015). Lagos State Internal Revenue Service (LIRS) is the major revenue generating public agency of Lagos state since it was set up in 2006 with a strategic measure from an average of 600million in 1999 to 436billion in 2016.

1.2. Statement of the Research Problem.

In the 1990s, the Lagos State Board of Internal Revenue (LSBIR) apparently unproductive due to peculiarity of Nigeria federalism. The increased level of interest on improving performance measurement in government since the late 1980s championed by the new public management movement and the central planks of the "reinventing government" movement (Osborne & Gaebler, 1992, Greling, 2005, Ruzita, Azhar & Abuhasan 2012). Prior to democratic rule in 1999, one major issue associated with Lagos State was that fund collected on tax within the state was minimal as military incursion is order of the nation. Emergent of democratic transition in 1999, led Lagos State Government to engage private sector consultants to assist in tax administration aiming at appropriate taxation policy. Egbonike, Emudainohwo & Gunardi (2018) contended tax by any government is to discover what sum to pay and who is taxable. Tax revenue mobilization for a financial source of development is difficult due to various form of resistance; evasion, avoidance, and form of corrupt practices which is part of the reasons for underdevelopment in Nigeria. (Abata, 2014). Gregory (2008) argued that despite the improvement in the tax system, certain issues require urgent attention.

Simon, Simon & Robert (2017) opined that tax administration is challenging due to a high level of illiteracy, lowly awareness and insufficient orientation. Blessing, Endurance & Stephine (2017) maintained that scarcity of database contributed to tax avoidance poor naming of streets such taxpayers are difficult to locate, a large part of the populations is poor underemployed and unemployed without visible income critical in the state. The democratically elected government
engaged consultants to gather database and information on taxable individual and organization in Lagos. Public services delivery in Lagos requires huge financial investment being the formal capital territory, it lacks adequate federal funding. In order to meet the need of the citizen at large, revenue generated within the state becomes urgent to provide an adequate level of service to its citizens.

Revenue proficient drive in Lagos State began in early 2005, government highlighted tax as an area of vital importance to Lagos State. At this time the LSBIR merely active, exploitation, arbitrary levies and without standard measurement measure are used to abuse citizens without knowledge of tax law by deceitful personnel. (Su & Baird, 2017; Micheli & Mura, 2017; Sonson, Kulatunga & Pathirage 2017) BSC was initiated to review organization performance for certain period. (Su & Baird, 2017; Micheli & Mura, 2017, Sonson, Kulatunga & Pathirage 2017) BSC is a high-quality instrument in the framework of public organizations (Chang, 2006; Niven, 2003; Quilivan, 2000; Smith, 2000). This study aimed at how BSC is used to improve the performance of public agency specifically LIRS with consideration for the framework.

1.3 Objectives of the Study

The main objective of this study is to examine public agency performance measurement using balanced scorecard (BSC) with specific reference to Lagos State Internal Revenue Services. Other specific objectives are to;
- find out the extent which financial perspectives affect public agency productivity
- examine the extent to which learning and development aid productivity
- evaluate how customers perspective affect profitability
- investigate how internal perspectives bring about efficient service delivery

1.4 Research Questions

- How does of financial perspective affect public perspective productivity?
- To what extent development and learning perspective influence productivity?
- What is the nature of the relationship between customers perspective and profitability?
- Is there any relationship between internal perspectives and efficient service delivery?

1.5 Research Hypotheses

The hypotheses are stated in null form;
- That there is no relationship between financial perspective and agency productivity.
- That development and learning perspective does not affect agency productivity.
- That there is no significant relationship between customers' perspective and profitability.
- That internal perspective and efficient service delivery does not have any correlation.

2. Conceptual and Theoretical Review

2.1 Performance

Performance is multidimensional construct and overwhelmingly debated with various intellectual background perceptions. On Performance measurement differs, depending on a variety of factors that encompass it (Fitzgerald & Moon, 1996). Public agency performance critical concerns on expenditure (Lewis, 2015). Performance is about work and results achieved (Otley, 1999). Edis (1995) argues that performance is something that the person leaves behind and that exists apart from the purpose. Mwita (2000) contended that performance is an interrelated variable of three: behaviors (processes), outputs, and outcomes (value added or impact) through which designed objectives is achieved. Performance agenda is a new business technique in the public sector with a prototype change oriented on entrepreneurial government (Osbourne & Gaebler, 1993).

This paper posited performance as an interrelated strategic act that embraces an entrepreneurial government that considered human behaviors, output, and outcome in relation to organization goals. Performance cannot be attained without a certain attribute that affect it. (Armstrong & Baron, 1998 & Mwita (2000) argued that performance factors include; Personal, Leadership, Team, System, and Contextual (situational) factors which are crucial when measuring, modifying and rewarding performance.
2.1.2 Performance Measurement in Public Sector

The term performance measurement has no universally accepted definition for it. What gets measured get managed (Schmennar & Collmann, 1994 Ibrahim, 2015). Lewis (2015) asserted that performance measurement is apolitical utilization of data, collected and used to exhibit effectiveness against a set of criteria that serve as standard gauge for firms, employee and managers for best practices to achieve optimally for better service. Supporting this notion, Radin (2006) argued that performance measurement commences in order to eliminate a programme, chart a new path and it is aimed at making best use of tax income in a transparent way to the public.

Performance measurement implies calculated advancement towards prearranged goals, with availability of adequate data efficiently to transform human and material capital into required goods and services for suitable citizenry acceptability. While the notion of measuring the performance of the public sector was certainly existing prior to NPM, its arrival limited the attention of performance to a deliberation of result, with less consideration for how these are achieved (Van Dooren, Bouckaert, & Halligan, 2010, Lewis, 2015). In public sector, performance measurement is not alien to public sector rather become intensive with reform agitation pushed regarding public management, a such public actors enhanced their policy on service delivery (Pollitt & Bouckaert, 2011). Schick (2001) claimed that performance measurement has turn out to be an end, its main rationale being to produce more standardized measures. It is symbolic not only to undertaken as a goal but a designated policy and organizational rationality (Lewis 2015).

The system involves in measuring performance in the public sector certain inherent barriers as most governments based it on efficiency, effectiveness and economy indicators that are hinged on finance but failed to measure fulfillment of social and environmental goals of the public institution. Chai & Dung (2009) realigned the "3 Es" (efficiency Effectiveness and Economy) to a "5 Es" (Economy, Efficiency, Effectiveness, Environmental and Equity) considering that public organization exists ecologically. Generally, Public sector entails requisite of a relationship between objectives, means, and results but the distinctiveness of peculiar bane embedded in process and procedure varies from nations to nation.

Stefanescu et al (2010) identified causes of the complexity of measuring performance in the public sector; typology of public sector entities; diversity of perception of performance; complexity of the economic-social environment; ascendant trend of consumers; discrepancy between the number of consumers and the one of contributors towards the establishment of public resources; managers' low interest for identifying new financing sources; real non-existence of the correlation financial performance - non-financial performance, respectively the influence of the political system. This implies that all public institution irrespective of category, require a comprehensible and cohesive performance measurement framework at all levels of the organization and that supports objectives within the realm of their goals clearly to all workforce.

2.1.2 Public Agency and Improving Public Service

All Administration in public institution is based on structure and system irrespective of the system operation adopted: ministries, departments and agencies (MDAs) serve as a platform for the realization of the policy. Laking (2005) contended that agencies are organizations which are not within the typical government and not integrated institution. Agencies are outside the mainstream has internal modalities but work with related rules. OECD (2002) identifies three types of organization that can be differentiated from core government and that are not in a vertically integrated hierarchical relationship with core government organizations namely; Departmental Agencies: are core part of ministries with same legal identity, but their internal management is different, generally operate separately when compared to their parent ministry. Public law administration is established with public statute, possessed legal identity under public law at times have board of directors. Private law bodies are under direct control of ministers and have governing
board. Furthermore, Talbot et al. (2000) identified five agencies in developing and transition economies:

**Parastatals:** are business enterprises, corporatized or privatized fully in line with corporate governance rules.

**AGETIPs:** These mostly francophone organization, non-profit in nature for implementing public works.

**Social funds:** They are designed to finance a variety of projects to drastically reduce poverty alleviation sometimes called "social investment funds".

**Extra-budetary fund administrations:** examples are pension funds, health insurance funds, agricultural subsidy funds, etc.

**Independent revenue authorities (IRAs):** agencies charged with tax collection and administration within general tax policy.

World Bank (2002) illuminated that Independent revenue authorities (IRAs) are independent agencies, that has workforce, provide motivation and thoroughly scrutinized of performance. The LIRS fall within the (IRAs) agency charged with tax collection and administration created by statutory law in 2007. Public service aims at improved social welfare standard for all citizens through service rendered with enhances productivity. It is entangled in domicile predicament either as conceptual or as a measurement problem. (Van de Walle, 2008).

Productivity should not be considered anymore as a possibility, but as an imperative in the current world context, it can be defined as the rate in which products are generated in terms of units of any of these inputs: labour, capital, land and time (Sánchez 2000) productivity is defined mostly as a measurement of the amount of output generated per unit of input. In many countries, including Nigeria, public sector productivity has been assumed to be zero in the national accounts. The output of the government sector has been measured as of value equal to the total value of inputs. The challenge is to devise alternative estimates based on output measurement, in a public sector context where there is a provision of collective services and where there is no market transaction in services provided to individuals in most instances. A problem that is generally considered to be the only sustainable way of improving living standards in the long-term.

### 2.1.3 The Balance Scorecard and adaptation in LIRS at a Glance

The conceptualization of BSC instituted with the private sector mindset and was advocated from both theoretical and practical understanding (Olve, Roy & Wetter, 1999). The BSC framework emphasizes that the financial objectives and more limelight on other the component of performance. These other features of BSC have attracted government and public sector enterprises which must meet performance management purpose (Aidemark, 2001; Bilkhu-Thompson, 2003; Modell, 2004).

There is upward substantiation on its appropriateness and relevance in the not-for-profit sector, especially the government sector (Atkinson & McCrindell, 1997; Irwin, 2002; K loot & Martin, 2000; Silk, 1998, Bolivar et al 2010). Furthermore, BSC utilization and outcome in public services likes hospital and healthcare services (Aidemark, 2001; Amaratunga, Haigh, Sarshar, & Baldry, 2002; Chan & Ho, 2000; Chow, Ganulin, Haddad, & Williamson, 1998; Forgione, 1997; Potti, 2002), police services (Elefalk, 2001) and tertiary education (Chang & Chow, 1999; Stewart & Carpenter-Hubin, 2001). Wilson, Hagarty & Gauthier (2003) analyzed the use of BSC in public organizations in different countries and concluded that the BSC approach has proven to be a well-accepted management practice. In the 21st century, public sector has advance from an information method based on financial measures to another broader-based to promote the future success of the organization (Hoque, 2005).

The Balanced Scorecard was conceptualized by Robert Kaplan & David Norton (1992) to formerly shape measurement system and as a reaction to criticism about the one-sided measurement of performance capability of a company on financial portion. The crux of the study was on the increase opinion that fiscal measures of performance not sufficient for the contemporary company.
(Išoraitė, 2008). Possible alternatives were examined but the team established on the proposal of a scorecard, distinguishing performance measures and consider other activities in the organization; customer related-issues, internal business processes, employee activities in the organization and shareholders disposition. While there are many reasons for measuring the performance of an organization performance measure of an organization remains validly imperative as stakeholders need to know whether or not the organization is fulfilling its purpose (Etim & Agara 2011).

Kaplan & Norton position the Balanced Scorecard as a tool for organizations to manage the demands of all relevant stakeholders and to translate strategies into action. The BSC serves as an indicator to identify two crucial guides: that focuses on the feat of strategic target in the outlook (provided meter) as well as results (underprovided meter) to depict the effectiveness and efficiency of measurement.

2.1.4 BSC is designed from four different viewpoint.

**financial perspective**: financially, how should our shareholders identify with us in term finance data management. It entails satisfactory fund, prudent utilization of fund and record for proper audit and measurement against cash flow. More often there is more than enough handling and processing of financial data.

**Customer perspective**: vision wise, how our appearance aligned with our customers? Modern management ideology has shown an increasing realization of the importance of customer focus and customer satisfaction in any government policy as citizens are more aware and demand better satisfaction on governance. provided citizens are not satisfied, human is bound to locate other solution provider. (Kaplan & Norton, 1997, Isoraite 2008)

**Internal perspective**: Expectation wise of our shareholders, clients and customers, what aspect must stand out and be improved on. This improvement would improve and change outlook of services when more grey areas are strategically redefining for efficiency in output.

**Learning and growth perspective**: This perspective engulfs and encompass employee training both individual and corporate self-improvement in an organized strategy. Training and organizational attitudes related to both employee and organizational enhancement on learning and growth structure create the groundwork for the accomplishment of organization. (Kaplan & Norton, 1997, Isoraite 2008).

The balanced scorecard is an agenda for setting organization's strategic intention into a lay down blueprint of performance pointer within the BSC framework. With BSC organization keep an eye on both its present performance and steps embarked on to progress, inspire and enlighten employees, and enhance information coordination.

BSC adoption principally entails premeditated sustainable and long-term dedication to make an organization effective. The severe decline in the price of crude oil affect finance availability for distribution at national level. This encourage other tiers mostly state generate revenue from internal sources. (Dennis & Emmanuel, 2014). Aguolu (2004), states that though taxation contribution is seeming menial, but to the government, it is the most certainty, and consistency of taxation. This assertion is partly not out of place as LIRS has being one of the most important sources of revenue that is consistent, certain and commendable with each year surpassing the previous in Lagos State.

Lagos State Internal Revenue Service (LIRS) is the revenue agency of the Lagos State Government engaged with the task of collecting taxes the aim of the LIRS is to make Lagos State take away focus on distribution from the Federal Government. The agency draws a blueprint on tax technique system and execute a self-sustain income format to guarantee citizen compliance. The Lagos state government begins to identify the necessity of financial independent state, after a long battle between the federal and state over revenue allocation withheld by the federal government during President Obasanjo era. It has become apparent that need to survive through taxation become
imperative. In line with the management's policy of taxpayer engagement, LIRS has per annum hos the Lagos State Taxation Stakeholders' Conference ever since 2007.

The conference provides a forum for The Executive Governor of Lagos State and His Executive Council to converse with representatives of the Chambers of Commerce, Professional Groups, Financial institutions, traditional rulers, and trade & market associations etc on the various means and efforts to reform tax administration, the state government declared that only 600,000 pay tax while 3.5 million evade tax in Lagos State. (https://lagosstate.gov.ng). Through balanced scorecard tenet of;

**Financial perspective:** The state government established LIRS make it autonomous and self-accounting in January 2006 by passing it into law. Lagos is the most financially viable in terms of revenue generation in the federation.

**Customers perspective:** A customer wants value for their commitment, this brings about the initiative on tax education and yearly tax conference of stakeholders where input is required to service the society at large better.

**Internal perspective:** the process of efficiency and effectiveness are germane, their regular training, once in a week board discussion to discuss feedback from an agency employee enjoy 13-month salaries to promote

**Innovation and learning perspectives:** there are series of technologically driven measure put in place for citizenry include; e-tcc, online payment, online self-assessment tailored towards costumer's suitability and comfortability.

2.2 Theoretical Framework

The state existence hinged on many interrelated, interdependent and inextricably intertwined boundary aimed at positive change in the society. The change process requires various actor and stakeholders to contribute objectively towards better society coupled with a model to attain organizational vision and strategy. Change procedure provides consideration to inputs, processes, outputs, goals, assessment, and evaluation, and learning. In its early conceptualization, Weiss (1995) described ToC as "a theory of how and why an initiative works". James (2001) ToC has been developed following two different fields: evaluation processes and part of social change theories. ToC emerged as need to concentrate on poor evaluation practices which were not able to satisfactorily deal with the complexity of initiatives (Center for ToC, 2013) According to Anderson (2004) ToC is a mini-steps that lead to a durable goal and the link connecting activities to the outcomes of a programme.

Isabel (2012) there is no single definition of what theory of change is and no set methodology. Lund (2018) argued that Theory of Change is considered into many different things: an approach, a tool, a methodology, a planning methodology, a strategic planning process, and a process, and a product. Terminology associated with ToC include; a pathway of change (Anderson, 2005), the roadmap (Taplin et al., 2013 a blueprint, an engine of change, a theory of action and more. (Stein & Valter, 2012).

Stein and Valters (2012) numerous organizations are more contented on ToC as a variant of the ‘logic model and sum up ToC through simple "if... then" statements. collaborating this position, CARE (2012) If there is constructive engagement among key stakeholders on political economy issues, then it will improve information flow and lead to a shift in policy and decision making"

stein and Valters (2012) further identified mainly and categorized into four the purpose of theory of change;

**strategic planning:** this entails understanding process and outcome for project execution by adopting log frame model.

**monitoring and evaluation:** concerned with reviewed and revise outcome for assessment of organisation
Description: focused on internal and external associate with medium to relate for better engagement. Learning: aimed at making ToC as a thinking tool for developing model for action.

This implies that the state government understands that in achieving revenue more drive the need to explore; the stakeholder is means to an end itself, the tax conference of 2007 sows the seed of all input exchanging materials with its information flow. All ideas, contributions, demand, expectation, and yearning of the citizenry of Lagos state aid policy shift and decision making towards better robust revenue drive. It is a mini-step that define a long-term goal of viable revenue agency a pathway of change (Anderson, 2005), the roadmap (Taplin et al., 2013) a blueprint, an engine of change, a theory of action and more. (Stein & Valter, 2012).

Retolaza (2011) affirmed that ToC provides practitioner with a prospect to connect more openly with the intricacy of revolutionize procedure. These practitioners' Shapiro (2004) assumed are three, namely;

Changing individuals: (involve approach that modify stance and insight, sentiment, manners and encourage partaker in an intervention) the state through the tax conference in 2007 begin to harness and explain the citizen expectation on tax revenue.

Programmes that center on altering relationships (entails new set of connections, partnership, treaty and other supportive bond between members of conflicting groups to fostering social changes that help resolve contending issues). Various contending issues are resolved through the conference as a relationship between state, actors, towards better societal change.

"Structural, institutional and systemic changes are the crucial focus for some variance programmes (entails made efforts often directly aimed at legislative, electoral and judicial reform, establishing new mediating mechanisms and forums within society, economic development initiative). The State restructured LSBIRS to LIRS, with legislative backing and systemically spread it within the five division of Lagos for efficiency and effectiveness.

2.3 Empirical Review

BSC is one of the most broadly used tools by executive worldwide the research on the BSC cut across different field; hospitality and tourism, education, health sector accounting and management and public sector service (Trotta, Cardamone, Cavallaro, & Mauro, 2012, Sayed, 2013, Dreveton, 2013 Madsen, 2015, Palatková, 2015). Also, Quesado, Guzmán and Rodrigues (2012) outcome on an empirical research situated in context of theories of contingencies and institutional model, with aim to reveal advantages derived from the implementation of the BSC in Portuguese public organizations precisely area of borough, health and /inter-municipal business.

The outcome revealed that 91.7% explained that BSC; facilitated implementation of the strategy and has a positive influence on development of more strategy. It prompted enhancement in organizational performance (83.3%), promote lucid communication of the strategy (75%). Furthermore, Quesado, Aíbar & Lima (2018) identify and analyses effect derived from BSC execution, their findings include; that the BSC has these tasks; performance appraisal system, transform the mission and organizational tactic, support more feasible means of communication procedure, the strategic alignment and improve overall organizational learning. Bhagwat and Sharma (2007) researched three case studies in India, the outcome established that BSC help internal and external function better with wider monitoring of organization business.

Hoque & James (2000), in a study conducted in 66 Australian industrialized corporation, concluded that the BSC promote advancement of organizational performance. Muiruri & Kilika (2015) collaborated the Hoque & James from their study in some selected public sector organizations in Kenya relating to the BSC on Performance of Public sector and four BSC perspective in Kenya, the finding; revealed that 71% difference in performance is ascribed to the BSC as a tool for use in strategic management is relevant for application in the public sector however, its comparatively low score on innovation due to the widespread bureaucratic cultural surroundings of the sector.
3 Methodology

This study adopted a qualitative approach using a primary data obtained through self-administered questionnaires to the respondents. The population of the study comprised all tax stations in Lagos State spread across the 20 Local Government Area (LGAs) and 37 Local Council Development Area (LCDAs). There are 1401 employees working in the 57 LGA & LCDA in Lagos state. Using Yamane’s (1973) sampling formula for sample size determination, a sample size of 40 tax stations and 302 employees were selected using simple random sampling and stratified random sampling techniques respectively.

\[ n = N / (1 + N (e)^2) \]

where:

- \( n \) = sample size
- \( N \) = population size =
- \( e \) = error term (minimum margin error 5%).

Determination of sampled tax stations in Lagos state given that \( N = 57, e = 0.05 \)

\[ n = 57 / [1+ 57 (0.05)^2] = 49 \text{ Tax Stations} \]

Determination of sampled employees working in tax stations in Lagos state given that \( N = 1201, e = 0.05 \)

\[ n = 1401 / [1+ 1401 (0.05)^2] = 300 \text{ Respondents} \]

Three hundred (300) copies of the questionnaire were administered to selected respondents in the selected forty (40) tax stations in Lagos state. The area was chosen because the researcher anticipated that it will provide all the necessary information for the study. The results were presented in simple visual forms using tables. The regression and correlation tools of analysis were used to show how public agency performance using balanced scorecard in Lagos State Internal Revenue Service (LIRS).

Cronbach’s Alpha coefficient of reliability was calculated for six (6) major constructs. The results show that the research instrument reliable and internally consistent since the Cronbach’s Alpha result for all the construct is greater than 0.7. The result of the pilot study indicates a high level of internal consistency for seven (7) constructs: Financial Perspective (0.749), Development and Learning Perspective (0.824), Customers’ Perspective (0.776), Internal Perspective (0.862), Productivity (0.777), Profitability (0.810) and Efficient Service Delivery (0.910). The benchmark for reliability Cronbach’s Alpha score is .70 as recommended by Nunnally (1978), thus all the constructs have above the minimal 0.70; therefore, the overall reliability of the scale is guaranteed.

The information retrieved from the questionnaires revealed that Two hundred and twelve (212) copies of the questionnaire were fully completed which gives a 71% response rate.

The majority of the respondents are male, single with BSC/HND qualification within the age range of 30-39 years and 5-10 years job experience. This implies that the agency considers goal attainment in the selection of its work force as it picks active workforce.

3.1.1 Hypothesis Testing

**Hypothesis one**

There is no relationship between financial perspective and agency productivity.

<table>
<thead>
<tr>
<th>Table 2: Correlations</th>
<th>FINANCIAL PERSPECTIVE</th>
<th>PRODUCTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL PERSPECTIVE</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>212</td>
</tr>
<tr>
<td><strong>PRODUCTIVITY</strong></td>
<td>Pearson Correlation</td>
<td>.850*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.029</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>212</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
Pearson Product Moment Correlation was used to test this hypothesis.

The Pearson Product Moment Correlation Coefficient result suggests that there is a positive relationship between financial perspective and productivity \((r = 0.852)\). This relationship is statistically significant because the p-value for the result \((0.029)\) is less than the level of significant \((0.05)\) used for the study. This suggests that financial perspective is related to productivity positively and significantly.

Decision

Null hypothesis was rejected, while the alternative hypothesis was accepted. This implies that there is a significant positive relationship between financial perspective and agency productivity.

3.1.2 Hypothesis two

Table 3: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.920(^a)</td>
<td>.846</td>
<td>.844</td>
<td>.035</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), LEARNINGPERSPECTIVE

Development and learning perspective do not affect agency productivity.

Regression analysis was used to show the extent to which development and learning perspective affects agency productivity at 5% level of significance. The results are as presented in Tables 3 to 5 showing the regression model summary, ANOVA and the regression coefficients respectively.

The model summary in table 3 shows that the coefficient of determination (R-square) is 0.846. This means that 84.6% of the variance recorded in productivity is accounted for by development and learning perspective. The result is statistically significant because the p-value for the result \((0.000)\) is less than the level of significant \((0.05)\).

Table 4: ANOVA\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>34.156</td>
<td>1</td>
<td>34.156</td>
<td>64.766</td>
<td>.003(^b)</td>
</tr>
<tr>
<td>Residual</td>
<td>110.746</td>
<td>210</td>
<td>0.519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>144.902</td>
<td>211</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: PRODUCTIVITY
   b. Predictors: (Constant), LEARNING PERSPECTIVE

Table 3 shows that the model used has a good fit since the calculated F ratio of 64.766 is greater than the tabulated F ratio value of 3.00 (\(F_{1,210}= 3.00\)).

Table 5: Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>3.664</td>
<td>.037</td>
<td>2.991</td>
</tr>
<tr>
<td></td>
<td>LEARNING PERSPECTIVE</td>
<td>0.17</td>
<td>.009</td>
<td>.119</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PRODUCTIVITY

The simple regression model is given as:

\[ P = 3.664 + 0.17LP \]
An evaluation of the unstandardized coefficient of learning perspective in the coefficient table and its associated p-value ($\beta_{LP} = 0.17$, $p < 0.05$) shows that learning perspective is statistically significant and can be used in predicting productivity. This signifies that for every unit increase in learning perspective, productivity is increased by 17 percent.

Decision

Null hypothesis is rejected while the alternative hypothesis is accepted. This means development and learning perspective affects agency productivity significantly.

3.1.3 Hypothesis three

There is no significant relationship between customers’ perspective and profitability. Pearson Product Moment Correlation was used to test this hypothesis.

<table>
<thead>
<tr>
<th>Table 6: Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>CONSUMER PERSPECTIVE</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>PROFITABILITY</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The Pearson Product Moment Correlation Coefficient result suggests that there is a positive relationship between consumer perspective and profitability ($r = 0.862$). This relationship is statistically significant because the p-value for the result (0.000) is less than the level of significance (0.05) used for the study. This suggests that consumer perspective is related to profitability positively and significantly.

Decision

Null hypothesis was rejected, while the alternative hypothesis was accepted. This implies that there is a significant positive relationship between customers’ perspective and profitability.

3.1.4 Hypothesis four

Internal perspective and efficient service delivery does not have any correlation. Pearson Product Moment Correlation was used to test this hypothesis.

<table>
<thead>
<tr>
<th>Table 7: Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>INTERNAL PERSPECTIVE</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>EFFICIENCY IN SERVICE DELIVERY</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The Pearson Product Moment Correlation Coefficient result suggests that there is a positive relationship between internal perspective and efficient service delivery ($r = 0.731$). This relationship is statistically significant because the p-value for the result (0.000) is less than the level of significant
null hypothesis was rejected, while the alternative hypothesis was accepted. This implies that there is a significant positive relationship between internal perspective and efficient service delivery.

### 3.1.5 Table 8: Summary of the findings

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Tools of Analysis</th>
<th>Models</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no relationship between financial perspective ((X_1)) and agency productivity ((Y_1))</td>
<td>Correlation (X_1 \leftrightarrow Y_1)</td>
<td>(p &lt; 0.05; H_1) rejected.</td>
<td></td>
</tr>
<tr>
<td>Development and learning perspective ((X_2)) does not affects agency productivity ((Y_1)).</td>
<td>Regression (Y_1 = a + bX_2)</td>
<td>(p &lt; 0.05; H_2) rejected.</td>
<td></td>
</tr>
<tr>
<td>There is no significant relationship between customers' perspective ((X_3)) and profitability ((Y_2)).</td>
<td>Correlation (X_3 \leftrightarrow Y_2)</td>
<td>(p &lt; 0.05; H_3) rejected.</td>
<td></td>
</tr>
<tr>
<td>Internal perspective ((X_4)) and efficient service delivery ((Y_3)) does not have any correlation</td>
<td>Correlation (X_4 \leftrightarrow Y_3)</td>
<td>(p &lt; 0.05; H_4) rejected.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Computed by the Researcher (2018)

### 4. Discussion of findings

The study investigated improving public revenue agency and performance measurement using balanced scorecard (BSC) from the findings; it revealed that 65% variation in revenue agency performance can be attributed to the effectiveness and efficiency of their balance scorecard components. This outcome is in aligned with findings of Madsen (2013) interviewed 39 managers of Scandinavian organizations which had adopted the BSC, and found that; BSC improve processes related to performance measurement, budgeting, and strategy, organizational politics, and changes, broader cultural and social trends and finally it increased focus on being 'balanced' and take into account more than just financial performance measures.

Quesado et al (2018) documented that BSC allows organizations to build a high-performance culture, to the extent that it promotes the alignment of key indicators to the strategic objectives of the company in each and every organizational level. The primary purpose of the BSC is to help implement a strategy, Kaplan, and Norton (1996, 2001). First hypothesis outcome revealed that there is a relationship between the financial perspective and agency productivity. This aligned with research on level of efficiency and effectiveness of operational cost conducted by (Wu, Lin and Chang, 2011; Suhendi, 2012; Christina and Sudana, 2013; Nur, 2013; Rumintjap, 2013; Angriani, 2014; Antariksa et al., 2014; Quezada et al., 2014; Sudaryo, 2015). In 2006, the state government passed a law to make LIRs financial autonomous and maximize to the betterment of the state significantly.

Secondly, it was discovered that development and learning perspective does affect agency productivity positively, on a percentage that 84.6% of the variance recorded in productivity is accounted for by development and learning perspective. This equally collaborated with research on Learning and growth perspective on staffs capability (Wu et al., 2011; Fooladvand et al., 2015) improvement of manpower quality (Wu et al., 2011; Suhendi, 2012) employees’ education level (Hermawan, 2008) work experience (Hermawan, 2008) number of education and training (Suhendi, 2012; Christina and Sudana, 2013; Nur, 2013; Rumintjap, 2013; Angriani, 2014), with more adequate
staff capability, improvement on manpower quality, training and development productivity level turned out to be remarkable.

Thirdly, there is a significant relationship between customers' perspective and profitability. This collaborated empirical finding: improving service quality (Wu et al., 2011; Nur, 2013; Quezada et al., 2014; Fooladvand et al., 2015) value of customer satisfaction (Hermawan, 2008; Sukesti, 2010; Tohidi et al., 2010; Wu et al., 2011; Aljardali et al., 2012; Effendi, 2012; Suhendi, 2012; Atafar et al., 2013; Rumințăp, 2013; Santhi et al., 2013; Angriani, 2014; Antariksa et al., 2014; Quezada et al., 2014; Fooladvand et al., 2015; Sudaryo, 2015) consistent with customer expectation (Atafar et al., 2013) and timely delivery (Fooladvand et al., 2015). it implies that organization that modifies its services to suit costumers would experience a steady increase in patronage of services. The agency profitability has continued to grow immensely.

Finally, internal perspective and efficient service delivery have correlation this in line with research conducted on; utilization of new technology (Suhendi, 2012; Aljardali et al., 2012), capability of information system (Wu et al., 2011; Suhendi, 2012; Angriani, 2014; Fooladvand et al., 2015). The findings of the study subscribe to the fact that overall performance over the years improved significantly with a premeditated course of BSC integration into LIRS.

**Conclusion**

Revenue is equivalent to the human blood in governance, it's not only important but imperative for general societal good. Financial performance occupies a significant place in the agency operation. However, other factors of a balanced scorecard that are interrelated indicator and can promote positivity in strategic goals, boost learning productivity and efficiency in service delivery should always be reexamined to meet citizens satisfaction leading to Economic efficiency of the enterprise. More so, the need to ensure process, procedure and pressured are mounted on an employee to be more productive, organization and citizens to file a tax return as at when due would bring better development in all ramifications.

6. **Recommendations**

The agency should adopt more feedback mechanism from citizens and staff for a better strategy which serve as a manifestation of its progression, output of the mechanism will be important to encourage this process of better agency role. The implication of these feedback on service delivery should be identified and reported to all key stakeholders. Each local government areas and local council development areas that constitute the State has certain peculiarities the State government, should find a way to harmonizing and harness their need in order to avoid backsliding in revenue contribution over issues of non-delivery of need associated with such division. furthermore, it is important to recognize more how to capture the informal sector towards improving agency revenue drive. Strengthen tax audit in order to discover organization and individual that ceased to file return annually, company who declare distrustful profit and rigid consequence for tax evasion.

**References**


Conference proceedings of the Academy of Business and Retail Management (ABRM)


Cokins, Gary 2002, Activity-Based Cost Management in Government


