LOCAL GOVERNMENT ADMINISTRATION AND ECONOMIC DEVELOPMENT IN CROSS RIVER STATE, NIGERIA

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Abstract

The central purpose of this study was to determine the relationship that exists between Local government administration and economic development of the rural areas in Cross River State, Nigeria. To achieve this purpose, two null hypotheses were formulated to guide the study. Ex-post facto research design was adopted for the study. A sample of one thousand two hundred (1200) staff were randomly selected using simple random sampling and stratified random sampling techniques with 300 staff drawn from each of the four local government council areas selected for the study. In order to give equal opportunity to all the staff from the population of 4800. Local Government Administration and Economic Development Questionnaire (LGAEDQ) was the main instrument used for data collection. The instrument was validated by experts in measurement and evaluation. The reliability estimate of the instrument was established through trial test and the reliability coefficient obtained using Cronbach alpha method which ranges from .80 to .90. Pearson product moment correlation coefficient was the statistical tool used in testing the hypotheses under study at .05 level of significance with the relative degree of freedom.

The results revealed that there a significant relationship between federal monthly allocation and economic development. It also revealed that there is a significant relationship between local government internally generated revenue and economic development. Based on these findings, it was recommended that. Federal government should increase the monthly allocation to the Local government to enhance economic development. It was also recommended that for a sustainable economic development in the local government, the local government administration should develop strategies to enhance their internally generated revenues.

Keywords: Local Government, administration, Economic and Development

Introduction

Local government administration has become increasing important overtime; it is expected to play a vital role in economic development of the rural areas. Local government administration is significant instrument of government at the rural level, the activities of local government were heightened by the introduction of the 1976 local government reform which increases their powers, status, resources and potential in grassroots governance. Local government performs their responsibilities through representative council created by law to exercise specific powers. These powers gives councils substantial control over local affair as well as financial power to initiate and direct the provision of services to enhance economic development. The history of local government administration goes back to the very beginning of colonial administration in Nigeria. Several adjustments based on several administration at the federal level have been made in the past without much success (Chukwuemeka, 2013). The current practice is that local government is merely a distant authority perpetually demanding taxes and rates but without making any positive change in the lives of the rural communities. Local government are expectred to bring employment opportunities to many unemployed citizen in the rural areas including the setting the employees recruitment criteria to enhance productivity (Ekpo, Bisong, Akpan and Eyo, 2024). It also carryout economic development programmes, these programmes give the government to initiate many development projects like repairing of bad roads, keeping clean environment, opening of markets, involving in sustainable agricultural production etc using the internally generated revenue and the federal monthly allocation given to the local government.

Local government under the canopy of de-concentration can be duly conceived as a sub-unit of Federal/State run by the local government council which is authorize to make bye laws, levied and collect local taxes, employ labor, etc. only within the limits specified by the federal/state government.

Devolution on the other hand, refers to the formal conferment of powers on duly constituent local bodies charge with the responsibility of formulating and implementing developmental policies and programmes for the betterment of its constituents. Local governments are familiar with the unique social, political and economic imperatives in their respective domains. Chukwuemeka,2013 reiterated that the 1976 local government reform conceived local government as government at the local level exercised through representative council established by law to exercise specific powers within defined areas. He added that, these powers gives the council substantial control over local affairs as well as the staff and also to implement projects to complement the activities of the state and federal governments in their area. It also ensures that through the devolution of functions to these council and active participation of the people and their traditional institution that local initiative and response to local needs and condition are maximized (Itighise et al, 2022).

Revenue generation is a cornerstone of financial autonomy as it equip local governments with the resources required to meet their developmental obligations. The ability to collect taxes, levies and service charges ensures that local government can generate funds independently reducing their reliance on higher levels of government and ensuring that local governments can fund project that directly benefit rural areas. According to (Onabe, Ekpo, Akuh & Edoho, 2024), effective revenue generation empowers local government administration to finance community – specific projects and initiatives, addressing the unique needs of their constituents. Revenue allocation refers to the funds sent by the federal government to the state and local government areas tailored toward their developmental priorities. Such as infrastructure, education, healthcare, agricultural development etc (Adebayo, 2020; Olofu et al, 2017; Itighise, 2016)). Scholars like (Olowu and Wunseh, 2020) argues that revenue allocation enhances responsiveness to community needs and promotes sustainable development.

Infrastructure is a critical driver of rural economic development, roads, electricity, water supply and other essential infrastructure are key factors that determine the productivity and quality of life in the rural areas. Local government with adequate finances have the ability to invest in these areas, thereby improving rural accessibility, economic activities and overall development. Local government that have the financial independence to invest in local economic development can significantly reduce poverty, improve incomes and create employment opportunities (Ekong, 2023).

Statement of the Problem

Local government administration plays a vital role in the economic development of the rural areas, the concern of this study is to examine the relationship between federal monthly allocation and internally generated revenue to economic development specifically in Cross River State, Nigeria. It also becomes necessary for local government council s to exists as autonomous and not subordinate to the state or federal government. Despite the monthly allocation to the local government council and the internally generated revenue, the local government areas still facing the problem of inadequate infrastructural facilities such as good roads, irrigation system, hydroelectric power stations, postal and telecommunication systems, schools, etc. the inadequacies of all these could affect economic development in the state. Poor access to economic markets can cause a major economic problems, because it is expected that after production, there should be accessible markets for this farm product to be sold.

The inadequacies in the allocation of the federal monthly allocation and internally generated revenues could be detrimental to economic growth of the rural area in Cross River State. Accordingly, it has been observed that the institution of local government in Nigeria have failed till date to enhance their economic development capacity. This is an indication that there are factors that could be responsible for this. Even when local government have access to funds, poor financial management practices corruption and stress can undermine the impact of these resources on rural economic development (Ekpo and Ndum, 2021). The lack of adequate financial expertise at the local government level, coupled with weak governance structures poses a significant challenge. Local government often lack the necessary systems to track revenue and expenditure effectively, leading to financial mismanagement (Ezeani, 2021). Many local government lack the financial expertise, institutional capacity and human resources necessary to manage finances effectively. This hampers their ability to plan and implement large scale rural development project. Many local government struggle to attract qualified staff in key areas such as finance, planning and project management. This may lead to inefficiency in project execution, delays in service delivery and poor monitoring and evaluation of development initiatives (Ekpo and Eyo, 2025).

The local government in Nigeria faces a series of challenges, underdevelopment has remained a ban on local government administration. Expert observed that "Local government in Nigeria are underdeveloped (Ibeto and Chinyeaka, 2012). The inability of the local government to provide service to the people at the grassroots has been linked with inadequate allocation of fund and inadequate internally generate revenue due to the corruption of the revenue officials (Otigba, 2013). Many local government in developing countries struggle with a weak revenue base, which hamper their ability to generate sufficient funds for development. This issue is particularly evident in rural areas where economic activities may be limited. (Ekpo and Eyo, 2025).

Local government often depend heavily on found transfer from central government which may be irregular or insufficient. Rural areas typically have limited taxable resources, with agriculture being their primary economic activity. The informal nature of many rural areas make it difficult to enforce tax collection, further reducing local government revenue generation capacity (Olowu and Wunseh, 2020). It is on this premise that the reseacher conducted this study to determine if revenue allocation to the local government and internally generated revenue by the local government have any significant relationship with economic development in Cross River State.

Research questions

1. To what extent does Federal monthly allocation relate with economic development in Cross River State.
2. To what extent does local government internally generated revenue relates with economic development in Cross River State.

Hypothesis

1. There is no significant relationship between Federal monthly allocation and economic development
2. There is no significant relationship between local government internally generated revenues and economic development.

Methodology

Ex-post factor research design was adopted for this study, because the investigator will not be able to manipulate the variables under study, the manifestation had occurred before the researcher undertook the study as such, could not inherently be manipulated by the researcher, Isangedihi, Joshua, Asim and Ekuri 2004). The study consisted of 4800 staff from 4 local government areas of Cross River State namely Calabar South, Odukpani, Ikom and Ogoja Local Government areas because of their high revenue generation based and allocation from the federal government. Simple random sampling technique involving the hat and draw method was used in selecting the four (4) local government areas. The sample size of 1200 was randomly selected. 300 from each local government area using simple random sampling technique.
The distribution of the study sample is shown in table 1 below

Table: 1 Distribution of sample by local government

LGA	Sample
Calabar South	300
Odukpani	300
Ikom	300
Ogoja	300
Total	1200

The instrument used for data collection was Local Government Administration and Economic Development Questionnaire (LGAEDQ). The items of LGAEDQ were constructed to measure the sub-variables of the study. The study adopted the 4 points Likert scale model, with items which required the respondents to specify their level of agreement or disagreement ranging from Strongly Agree (SA), Agree (A), Disagree (D) to Strongly Disagree (SD). The instrument was divided into three sections, A, B & C. Section A elicited demographic information, section B contained 20 structure items measuring the independent variable (Local government administration), and section C, 10 structures items measuring the dependent variable (Economic development), the instrument was validated by experts in measurement and evaluation and items found unsuitable were either expunged or reconstructed. The reliability of the instrument was establishes through a trial test using Cronbach alpha co-efficient, with co-efficient ranging from 0.80 - 0.90. This figure confirmed that the instrument was reliable. One thousand and two hundred (1200) copies the questionnaire were distributed and 1080 copies returned, indicating 90% return rate. Pearson’s product moment correlation co-efficient analysis was used for data analysis at .05 level of significant with a relative degree of freedom.

Results

Ho_1: There is no significant relationship between federal monthly allocation and economic development

Table 2: Pearson product moment correlation coefficient analysis of the relationship between federal monthly allocation and economic development in Cross River State (N = 1080)

Variables	$\bar{X}$	SD	r	Sig
Federal monthly allocation	14.28	1.26		
			0.78	.000
Economic development	12.42	1.22		

Significant at 0.05, df = 1078, r = 0.78

The result of the analysis as presented in table 2 revealed that the calculated r-value of 0.78 at .05 level of significance with 1078 degrees of freedom is higher than the p-value of .000. with this analysis, the null hypothesis states that there is no significant relationship between federal monthly allocation and economic development fail to be accepted. It therefore implies that, federal monthly allocation has a significant relationship with economic development, which means economic development in a local government dependent on the federal monthly allocation given to the local government areas.

Ho_2: There is no significant relationship between local government internally generated revenue and economic development

Table 3: Pearson product moment correlation coefficient analysis of the relationship between local government internally generated revenue and economic development in Cross River State (N = 1080)

Variables	$\bar{X}$	SD	r	Sig
Local government internally generated	13.26	1.42		
			0.76	.000
Economic development	12.82	1.32		

Significant at 0.05, df = 1078, r = 0.76

The result of the analysis as presented in table 3 revealed that the calculated r-value of 0.76 at 0.05 level of significance with 1078 degrees of freedom is higher than the p-value of .000. With this analysis, the null hypothesis states that there is no significant relationship between local government internally generated revenue and economic development fail to be accepted. This implies that there is a significant relationship between local government internally generated revenue and economic development. Economic development depends on the local government internally generated revenues generated by the local government.

Discussion of Findings

The findings revealed that there is a significant relationship between federal monthly allocation and economic development, the findings of this study is in disagreement with the findings of a study carried out by Etim (2003) on Revenue allocation and the development of Ukanafun Local Government Area of Akwa Ibom State which revealed that there is a positive insignificant relationship between revenue allocation and the physical infrastructures of Ukanafun Local Government Area of Akwa Ibom State, he went further to state that it does not appear that this level of infrastructural development commiserates with the volume of allocations that occurs to the local government council. This is reinforced by the failure of the local government to utilize funds appropriately. However, the finding of this study is in agreement with the result of a study carried out by Emengini & Anere (2016) which revealed that there is a significant relationship between revenue allocated to local government areas and socio-economic development of the local government areas. It also negate the work of Amin (2018) who conducted a study on the impact of revenue allocation and rural development in Nigeria and found that revenue allocation does not contribute to rural development. Furthermore, the finding of this study is in agreement with that of Akujuobi and Kalu (2019) which revealed a significant effect of statutory allocation on socio-economic development of Nigeria. Jmoh (2013) found that more decentralized governance, interms of increase in the transfer of revenue from federation account to states and local government influence socio-economic development in Nigeria. The finding is in agreement with the finding of a study carried out by (Onabe, Ekpo, Inah & Ishaku, 2024) on assessing the challenges in ownership and funding practices of university education in Cross River State, Nigeria, that adequate financial resources and improve financial practices ensures a sustainable growth.

The second hypothesis revealed that there is a significant relationship between local government internally generated revenue and economic development, the result is in agreement with a study carried out by (Ekpo, Monity & Eyo, 2024) on financial incentives and teachers' productivity in public secondary schools in Calabar Education Zone, Cross River State.

Also in confirmation of the result of a study by (Onabe, Ekpo, Akuh & Edoho, 2024) on revenue generation models of financing in the administration of tertiary institutions in Cross River State, Nigeria which revealed that effective financial control mechanisms can enhance revenue generation and financial sustainability.

Conclusion

The local government is a political authority, purposely created by the government under the law by which local communities within a definite area are organized to manage their affairs within the limit of the law under which the authority is created. One of the fundamental objectives of creating the local government system is for political participation and grassroot development. The latter is faced with several challenges because of the finances. To achieve socio-economic development, the paper advocates for adequate funding of local government in Cross River State particularly Nigeria at large. And the improvement of local government generated revenue through the introduction of improve revenue mechanism and strategies.

Recommendations

1. Section 162(6) of the constitution of the Federal Republic of Nigeria should be amended to cancel the state/local join account which with ensure financial autonomy for the councils.
2. Granting local government financial autonomy, money is important for institutional viability. For local government to function effectively there is a need for the local government to have financial capacity. This will help in the implementation of projects for economic growth.
3. Training and capacity building of local government revenues staff, this will help in achieving institutional accountability in the local government with effective public enlightenment programmes, to help the rural dwellers.

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