Remuneration Structure and Government Revenue Drive Outcomes in Nigeria

Youpele Allison Pouzigha,
Department of Accounting, Faculty of Management Sciences,
Niger Delta University,
Wilberforce Island. Bayelsa State.
pouzighayoupele@gmail.com
&
Stanley Ogoun, PhD (Prof. of Accounting)
Department of Accounting, Faculty of Management Sciences,
Niger Delta University, Wilberforce Island.
stanleyogoun@ndu.edu.ng & stanleyogoun@gmail.com
DOI: 10.56201/ijefm.v10.no3.2025.pg144.156

Abstract
The study investigated the relationship between remuneration structure and government revenue drive in Nigeria, aiming to understand how variations in public sector pay influence revenue drive outcomes. Utilizing an ex-post facto research design, the study analyzed secondary data collected from the Central Bank of Nigeria bulletins and circulars from the National Salary, Income, and Wages Commission. The study focused on 2019 remuneration structure which represents the payment structure prior to the enactment of the National Minimum Wage (Amendment Act 2024). Through descriptive and correlation analyses, the research uncovered patterns and relationships that informed policymakers about the efficiency of current remuneration policies. The findings reveal a weak but positive correlation between remuneration structure and government revenue outcomes. This means that the remuneration structure does not contribute influencing revenue push outcomes. The study highlights the necessity for comprehensive reforms in remuneration policies to align compensation with performance and enhance fiscal discipline.

Keywords: *Revenue, Remuneration Policies, Fiscal Stability and Tax policy reforms*

1. Introduction

Remuneration structure in government typically refers to the systematic way in which public sector employees are compensated for their services (Drozd et al. 2018). This structure often follows standardized pay scales, which are designed to ensure consistency and fairness across various departments. Unlike the private sector, where remuneration can be based on company performance or individual negotiations, government salaries are usually determined through legislation, public service regulations, and union agreements (Kessler, 2012). The goal is to maintain equity and transparency, reflecting the government's obligation to manage public funds responsibly. A key feature of government remuneration structures is the classification of jobs into grades or levels, with corresponding salary ranges. These levels are determined by factors such as job complexity, responsibility, and required qualifications. Entry-level positions might fall into lower grades with lower pay scales, while senior management and specialized roles attract higher remuneration

(Hood, 2010). This hierarchical system aims to balance fairness, ensuring that employees with similar qualifications and experience are compensated equally, while also motivating career progression within the civil/public service.

In many cases, the remuneration structure in government includes non-salary benefits such as pensions, healthcare, and paid leave. These benefits are often a key part of total compensation packages and are considered important in attracting and retaining talent, especially since government salaries are sometimes lower than those offered in the private sector. Public sector pensions are often more generous than those in the private sector, providing long-term financial security for employees (Nalyvaiko et al., 2018). These benefits are crucial in creating an attractive and competitive employment package. However, the perceived inadequacy of some salary levels and disparities within the pay scale have been linked to issues like employee dissatisfaction, low morale, and reduced productivity in government agencies (Pillah, 2023; Adewumi & Adegoroye, 2014). These challenges have important implications for the government's ability to drive revenue, as the efficiency and effectiveness of public servants can significantly influence the success of public policy initiatives. This position was also canvassed by (Ogoun and Owota, 2013; Obara and Ogoun, 2014). They opined that inherent structural defect within the public service management space creates room for systemic failures and exploitation by those with opportunities.

In an attempt to sure up government revenue and foreclose leakages, Nigeria has introduced several revenue reforms measures, such as the Treasury Single Account (TSA), aimed at consolidating government accounts. The Federal Inland Revenue Service (FIRS) has also made efforts to improve tax compliance by modernizing tax collection processes (Udeh, 2015). However, despite these efforts, significant challenges remain, as leakages continue to impact the overall effectiveness of these reforms. Studies have indicated that inadequate compensation can affect the motivation and efficiency of civil servants, which in turn can impact the government's revenue generation capacity (Aule, 2023).

Previous research has largely examined the issues of remuneration and revenue generation in isolation, rather than exploring their potential interconnectedness. Eze and Okonkwo (2018) focused on the impact of poor remuneration on the retention of skilled workers in the public sector, while Adeyemi and Afolabi (2021) addressed the limitations of wage reforms in addressing salary disparities. While, these studies highlight significant challenges associated with both compensation and revenue collection, they do not comprehensively investigate how remuneration practices may directly or indirectly influence the government's revenue drive. This study seeks to fill this gap by exploring the relationship between remuneration structures and the government's ability to drive revenue in Nigeria. Understanding this link is crucial for informing policies that not only address salary disparities and compensation inadequacies but also enhance the government's revenue mobilization efforts.

2. Literature Review

Remuneration Structure

Remuneration structure refers to the framework used by organizations to determine employee compensation, typically based on factors such as job role, skills, experience, and overall performance. The primary aim of remuneration structures is to ensure fairness, competitiveness, and adherence to labor standards, creating a system where employees are compensated in a way that reflects their contributions to the organization. In both the public and private sectors, these structures play a critical role in attracting, motivating, and retaining talent. They also help to ensure that compensation packages align with industry standards and legal requirements, which can influence organizational success and employee satisfaction (Armstrong, 2012).

Remuneration structures are generally composed of two main components: fixed and variable compensation. The fixed component, which constitutes the base salary or wage, is a regular payment made to employees regardless of their performance or the organization's financial situation. This element of remuneration serves as the foundational income and is often determined by job level, industry norms, and regulatory guidelines. In contrast, the variable component may include performance-based bonuses, commissions, and other incentives designed to reward employees for meeting specific targets or contributing to organizational objectives. Some remuneration packages also include allowances for housing, transportation, or valuable skills. The balance between fixed and variable pay components varies across sectors, with the private sector tending to emphasize performance-based incentives more than the public sector (Martocchio, 2017).

In the public sector, remuneration structures often prioritize fixed pay components and long-term benefits, such as pensions and job security, which are considered vital for employee retention and morale. These benefits provide long-term financial stability for employees, thereby compensating for what may sometimes be lower salaries compared to the private sector. The goal of public sector remuneration is to create a structured, transparent, and predictable pay system that aligns with the government's objectives of fairness and equity, ensuring that employees with similar qualifications and responsibilities receive comparable compensation. This hierarchical approach aims to motivate career progression while maintaining consistency across different levels of the workforce (Hood, 2010).

Remuneration structures are also influenced by the economic, legal, and social environment within which an organization operates. Economic conditions, such as inflation rates and labor market competition, can impact the effectiveness of remuneration policies in attracting and retaining talent. Legal requirements, including minimum wage laws and regulations concerning employee benefits, further shape the structure of compensation packages. Social factors, such as expectations regarding work-life balance and organizational culture, can also influence how remuneration structures are designed to meet the needs of employees while achieving organizational goals (Ojo & Fapohunda, 2016). Hence, remuneration structure consists of the total wage package for employee services in all spheres of labour contracts.

National Salary, Income and Wages Commission of Nigeria

The National Salaries, Incomes, and Wages Commission (NSIWC) of Nigeria is a key government body established to regulate and oversee the compensation of public sector employees. Its primary role is to ensure a fair and equitable remuneration structure across all levels of government employment. Established by Act No. 99 of 1993, the commission is mandated to review salaries, wages, and incomes within the public sector in accordance with the country's economic realities and social needs (NSIWC, 1993). Through its functions, the NSIWC seeks to promote transparency, eliminate wage disparities, and prevent the inflation of public salaries, which can strain government budgets. One of the core responsibilities of the NSIWC is to provide salary guidelines for public servants at federal, state, and local government levels. The commission works to create a unified wage structure that balances the need for government efficiency with the provision of fair compensation for public employees. According to Okoye and Chiamogu (2015), by regulating wage levels, the NSIWC helps to prevent situations where salary expectations exceed the government's financial capacity, which could lead to fiscal challenges. In addition, the commission helps ensure that salaries in the public sector are competitive enough to attract and retain skilled professionals while preventing excessive wage increases that could lead to inflationary pressures.

The NSIWC also plays a crucial role in addressing the issue of wage disparities in Nigeria. Across the public sector, there have been historical inconsistencies in pay scales between different levels of government employees, particularly in federal and state civil services. These disparities have often led to industrial actions and unrest. Aremu (2017) highlighted that the NSIWC's role in harmonizing wages has reduced instances of labor unrest caused by inequitable wage structures, making the public sector more stable. However, there is still much work to be done in terms of closing gaps between wages in different government sectors. Furthermore, the NSIWC contributes to policy development by advising the government on matters related to wages and incomes. It conducts regular reviews of economic conditions, inflation rates, and cost of living indices, ensuring that wages in the public sector are adjusted accordingly. The commission's work ensures that wage increments are backed by a thorough analysis of macroeconomic conditions, preventing unsustainable wage increases that could destabilize the economy (Ariyo, 1997). Through its advisory role, the NSIWC helps shape national economic policy in relation to labor and remuneration, ensuring that wage growth aligns with the broader economic objectives of the government.

Government Revenue Drive

The concept of government revenue drive refers to the efforts made by a government to mobilize resources and generate income for the financing of public services, infrastructure, and development projects. This involves strategies to collect revenue through various means, such as taxation, fees, fines, and revenue from state-owned enterprises. The primary aim of a government's revenue drive is to secure sufficient funds to meet the needs of the state and its citizens, ensuring that essential services such as healthcare, education, and transportation are adequately funded (Bird & Zolt, 2005). The efficiency and effectiveness of a government's revenue drive are crucial to the stability and development of any country. Governments typically generate revenue through two main sources**:** tax revenues and non-tax revenues.

Tax revenue is collected from individuals and businesses in the form of personal income tax, corporate tax, Value Added Tax (VAT), property taxes, and other direct or indirect taxes. These taxes form the backbone of a government's revenue drive, as they represent a steady and reliable source of income. Non-tax revenues, on the other hand, include revenues generated from state-owned enterprises, rents, royalties, fines, and fees for public services (Tanzi, 2000). For most governments, taxes are the primary focus of the revenue drive due to their potential for generating large sums of money that can be allocated for public spending. The effectiveness of a government's revenue drive depends on various factors, including the structure of the economy, the efficiency of tax collection mechanisms, and the level of compliance among taxpayers. In countries with a well-diversified economy, governments are able to draw revenue from multiple sectors, reducing their reliance on any single source. Efficient tax administration systems also play a critical role in enhancing revenue collection. Governments must ensure that tax policies are clearly defined, transparent, and fair, so as to encourage voluntary compliance among citizens and businesses (Bird, 2010). Effective monitoring and enforcement mechanisms further support the revenue drive by reducing tax evasion and improving collection rates.

At the heart of the revenue drive is the concept of fiscal sustainability. Governments must ensure that their revenue generation efforts are sufficient to cover expenditures without accumulating excessive debt. A balanced revenue drive enables governments to fund social programs, invest in infrastructure, and maintain public goods and services without resorting to unsustainable borrowing. Fiscal discipline is essential for long-term economic stability, as excessive deficits can lead to inflation, currency devaluation, and a loss of investor confidence (Gupta &Tareq, 2008). Therefore, a well-executed revenue drive is not only about collecting funds but also about managing them effectively to ensure balanced budgets and sustainable development.

In Nigeria's revenue drive, the government has historically relied heavily on oil revenue as a primary source of income. As one of the largest oil producers in Africa, Nigeria's revenue structure has been heavily influenced by fluctuations in global oil prices, which has created vulnerabilities in government financing. In addition to oil revenue, Nigeria collects revenue through taxes, including corporate income tax, personal income tax, and VAT. However, despite efforts to diversify its revenue base, oil still dominates, accounting for a significant portion of government revenue (Ariyo, 1997). The Nigerian government has been working to improve tax collection mechanisms and reduce its reliance on oil by increasing the contribution of non-oil sectors to the national revenue. One of the main challenges facing Nigeria's government revenue driveis the issue of inefficiency and leakages in the tax collection system. Corruption, tax evasion, and a large informal sector make it difficult for the government to collect the full potential of tax revenues. Efforts to address these challenges include reforms such as the introduction of the Treasury Single Account (TSA) and efforts to modernize the tax administration system to improve transparency and accountability in revenue collection (Okoye & Chiamogu, 2015). Additionally, the government is exploring ways to expand the tax base by bringing more businesses and individuals in the informal sector into the formal economy.

Leakages in Government Revenue Drive

Severely, leakages undermine the government's ability to mobilize the resources needed for public services and development projects. Studies have shown that leakages are a significant challenge in both developing and developed countries, with their effects particularly pronounced in nations with weak institutions and poor governance structures (Lonti & Gregory, 2014; Ogbonna & Appah, 2012). In Nigeria, leakages in government revenue have been a long-standing issue, hampering economic growth and impeding the government's ability to meet its fiscal targets. As a result, studies have examined the causes and impact of revenue leakages in Nigeria. Emeke et al. (2023) identified corruption and inefficiency in tax administration as key factors that contribute to revenue losses in the country. Their study revealed that weak oversight mechanisms, coupled with poor enforcement of tax laws, allow both individuals and corporations to evade taxes, depriving the government of significant revenue. The informal sector, which makes up a large portion of the Nigerian economy, is another area where revenue leakages occur due to the difficulties in bringing informal businesses into the formal tax system (Amahalu, 2019).

Another study by Ariyo (1997) explored the role of poor financial management in revenue leakages, particularly in the allocation and use of public funds. The study highlighted the

inefficiencies in Nigeria's budgeting process, where funds are often misallocated or misappropriated, leading to massive financial losses. Furthermore, the lack of transparency in public procurement and expenditure tracking mechanisms facilitates opportunities for leakages. These inefficiencies not only reduce the resources available for critical sectors like healthcare and infrastructure but also foster corruption and waste within the government. Efforts have been made to address some of these leakages through reforms such as the implementation of the Treasury Single Account (TSA). According to Okoye and Chiamogu (2015), the TSA was introduced to centralize government accounts, thereby improving transparency and reducing the chances of mismanagement. However, while the TSA has been effective in curbing some forms of financial mismanagement, the persistence of systemic corruption and weak institutional capacity continues to allow significant leakages in other areas. Studies such as those by Adeyemi and Afolabi (2021) emphasize that addressing revenue leakages in Nigeria requires comprehensive reforms that go beyond administrative adjustments and target the root causes of corruption and inefficiency.
In Nigeria, the implications of revenue leakages are profound. With substantial losses from tax evasion, mismanagement, and corruption, the government struggles to meet its revenue targets, leading to budget deficits and inadequate funding for essential services. These leakages also perpetuate economic inequality, as the wealthier sectors of society often evade taxes while the burden falls disproportionately on low-income earners who cannot afford to avoid their tax obligations.

Empirical Review and Formulation of Hypotheses

In a comprehensive study, Wambua and Njoroge (2019) investigated the impact of remuneration structure on public sector efficiency in Kenya. The research aimed to determine whether the existing compensation policies in the Kenyan civil service contributed to effective service delivery. Through a mixed-method approach involving surveys and interviews with public sector employees and officials, the study found that Kenya's wage structure exhibited significant disparities across various cadres, resulting in discontent and reduced morale among lower-tier employees. Additionally, the study revealed that salary increments were largely based on seniority rather than performance, leading to inefficiencies and a lack of motivation to excel. The findings suggested that the lack of a performance-based remuneration framework contributed to inefficiencies in government operations, affecting overall productivity. The researchers recommended reforms that would introduce performance-linked pay to enhance motivation and efficiency within the civil service.
Adeola and Ojo (2020) examined the relationship between remuneration policies and fiscal discipline in Nigeria's public sector. The study sought to evaluate the effectiveness of the Nigerian government's wage policies in promoting fiscal responsibility while ensuring fair compensation for public employees. Using a combination of quantitative data analysis and interviews with policymakers, the study found that Nigeria's wage structure was highly centralized and characterized by frequent wage increments not tied to productivity. This created a significant fiscal burden on the government, with wage bills consuming a large portion of the national budget. The study also highlighted disparities in pay across different government ministries, which led to labor strikes and disruptions in service delivery. The authors recommended a comprehensive review of the remuneration structure, advocating for wage reforms that align compensation with performance and fiscal capacity.

In an empirical study, Mthembu (2018) explored the impact of public sector pay on economic growth in South Africa. The research was aimed at understanding how the structure of government wages affected the country's fiscal stability and long-term economic development. Using panel data analysis of public sector wages and economic performance indicators over a 15-year period, the study found that high wage expenditures constrained the government's ability to invest in infrastructure and other growth-inducing sectors. The research revealed that wage increments were often politically driven and disconnected from actual productivity gains, resulting in an inefficient allocation of resources. Furthermore, the study showed that wage disparities within the public sector contributed to labor unrest, further weakening the government's ability to deliver essential services. The study concluded that wage reforms, particularly the introduction of performance-based pay, were necessary to ensure fiscal sustainability and improve public sector efficiency.

A study by Mukama and Kyeyune (2019) assessed the relationship between government wage structures and public service delivery in Uganda. The research focused on understanding whether the existing pay policies in the Ugandan civil service were adequate in motivating employees and promoting effective service delivery. Through surveys and interviews with government employees, the study found that Uganda's remuneration structure was marked by significant wage disparities between different government ministries and between different levels of public servants. These disparities, coupled with a lack of performance incentives, resulted in low employee morale and inefficiencies in public service delivery. The study also noted that frequent wage delays further demoralized employees, leading to absenteeism and poor productivity. The authors recommended the implementation of a more equitable and performance-based remuneration framework to enhance public service delivery in Uganda.

Owusu and Mensah (2017) conducted a study on remuneration systems and wage disparities in Ghana's public sector. The objective of the research was to investigate how wage policies affected employee motivation and the overall performance of government agencies. Using a combination of interviews and salary data analysis, the study revealed that Ghana's public sector pay structure was fragmented, with wide disparities between high-ranking officials and lower-level employees. These wage differences contributed to low morale among junior staff, who felt undervalued and underpaid. The research also found that wage increments were often arbitrary and not linked to employee performance, leading to inefficiencies and reduced productivity. The study recommended reforms aimed at harmonizing wages across the public sector and introducing performance-based pay systems to improve employee motivation and productivity.

A detailed study by Chuma and Nambala (2020) investigated the link between public sector compensation and budgetary allocations in Tanzania. The research aimed to determine whether the existing wage structure was sustainable given the country's fiscal constraints. Using a mixed-methods approach that included interviews with government officials and analysis of budgetary data, the study found that Tanzania's public sector wages accounted for a large portion of the national budget, leaving limited funds for development projects. The research also revealed that salary increments were often politically motivated and not linked to actual economic performance, leading to inefficiencies in the allocation of public resources. The study concluded that Tanzania needed to reform its remuneration policies to ensure that public sector wages were aligned with the country's economic realities and fiscal capacity.

Mwansa and Zulu (2018) examined the relationship between government pay structures and labor strikes in Zambia's public sector. The research aimed to understand how wage disparities and remuneration policies contributed to industrial action in the country. Through interviews with labor unions and government employees, the study found that wage disparities between different levels of government employees were a major source of discontent, leading to frequent strikes and disruptions in public services. The research also revealed that wage increments were often delayed; further aggravating tensions between employees and the government. The authors recommended the adoption of a more transparent and equitable pay structure, as well as the timely payment of wages, to reduce the incidence of labor strikes and improve public sector stability.

Khumalo and Sebele (2021) conducted a study on the impact of public sector pay on employee motivation in Botswana. The research aimed to assess whether the current remuneration policies in the country's public sector were sufficient to motivate employees and enhance productivity. Using surveys and interviews with public sector employees, the study found that Botswana's wage structure was generally fair and competitive compared to other African countries. However, the research revealed that the lack of performance-based pay limited employees' motivation to exceed expectations. The study also noted that while wages were stable, there was little opportunity for salary progression, which led to stagnation in employee motivation over time. The authors recommended the introduction of performance-linked bonuses and clearer career progression pathways to improve employee motivation and productivity.

Getachew and Ayalew (2019) investigated the impact of remuneration reforms on fiscal responsibility in Ethiopia's public sector. The research aimed to determine whether recent wage reforms had improved the government's ability to manage its wage bill while ensuring fair compensation for public employees. Using a combination of interviews and budgetary analysis, the study found that while the wage reforms had reduced some of the disparities in public sector pay, they had not significantly improved fiscal discipline. The research revealed that salary increments were still largely disconnected from employee performance, leading to inefficiencies in public spending. The study recommended further reforms that would tie wage increases to both performance and the government's fiscal capacity to ensure long-term fiscal responsibility.

Moyo and Chigumira (2017) explored the relationship between wage policies and public sector productivity in Zimbabwe. The research aimed to assess whether the current remuneration structure in the country's public sector was conducive to enhancing productivity. Through surveys and interviews with government employees, the study found that Zimbabwe's wage structure was marked by significant disparities between different levels of public servants, leading to low morale and reduced productivity. The research also revealed that wage delays and inflation eroded the real value of public sector salaries, further demoralizing employees. The study recommended wage reforms that would harmonize salaries across the public sector and introduce performance-based pay to improve productivity and employee motivation.

Based on the reviews of these studies, the following null hypothesis was formulated as:

Ho: There is no significant relationship between remuneration structure and government revenue drive outcomes.

3. Methodology

The study adopted an ex-post facto research design. The design is well-suited for investigating the relationships between remuneration structure and government revenue drive, as it allows for the examination of historical data to discern patterns and correlations. The period of the study focused on the 2019 remuneration structure, representing the payment framework in place prior to the enactment of the Minimum Wage (Amendment) Act of 2024, and correlated it with government revenue data for that year. Spot data was collected relying on secondary sources**,** primarily from the Central Bank of Nigeria (CBN) bulletins (for government revenue) and circulars issued by the National Salary, Income, and Wages Commission (for collection of remuneration structure). These sources provided comprehensive information on government revenue streams and the remuneration structures in place for public sector employees. The study employed descriptive statistics to summarize the data and present an overview of trends in government revenue and remuneration structures. In addition, the Spearman Rank-Order correlation tool was used to investigate the relationship between remuneration structures and government revenue drive outcomes, enabling the researcher to assess whether the public sector wage structure relates to government revenue outcomes.

The general form of the model is specified as follows:

$GovRev=\beta_0+\beta_1 RemStruc+\varepsilon$

Where:

- **GovRev** = Government revenue (employed in measuring dependent variable leakage in government revenue)
- **RemStruc** = Remuneration structure (independent variable)
- β_0 = Intercept (constant term)
- β_1 = Coefficient of the remuneration structure, indicating the effect of remuneration structure on government revenue
- ε = Error term, accounting for other factors not captured by the model

4. Data Analyses and Outcomes

Descriptive Statistics Result

DESC. MEASURES	GOVREV	REMSTRUC
Mean	8830.115	1660767.
Median	9544.317	1460038.
Maximum	12586.53	4484379.
Minimum	4844.592	360000.0
Std. Dev.	2137.778	1296430.
Skewness	-0.243220	0.801753
Kurtosis	2.306932	2.657995
Jarque-Bera	0.448104	1.680123
Probability	0.799274	0.431684
Sum	132451.7	24911502
Sum Sq. Dev.	63981340	2.35E+13
Observations	**15**	**15**

Source: EViews 9.0

The descriptive statistics reveals the distribution and characteristics of government revenue (GOVREV) and remuneration structure (REMSTRUC). The mean government revenue is 8,830.115, indicating the average revenue generated by the government during the study period. The median value (9,544.317) is slightly higher than the mean, suggesting that the distribution of government revenue is slightly skewed to the left, which is further confirmed by the skewness value of -0.243220. The negative skewness indicates a slight leftward skew in the distribution, meaning more observations lie on the higher side of the mean. The standard deviation of 2,137.778 reflects moderate variability in government revenue. The maximum value of 12,586.53 and the minimum value of 4,844.592 indicate a wide range in government revenue during the study period.

For the remuneration structure (REMSTRUC), the mean value is 1,660,767, indicating the average level of remuneration over the period. The median (1,460,038) is lower than the mean, suggesting that the distribution is skewed to the right, as confirmed by the positive skewness value of 0.801753. This means there are more observations with lower remuneration levels, with a few higher remuneration values pulling the mean upwards. The standard deviation is relatively high at 1,296,430, indicating considerable variability in the remuneration structure. The maximum value is 4,484,379, while the minimum is 360,000, showing a substantial difference between the highest and lowest remuneration levels. The Jarque-Bera statistics for both variables (GOVREV and REMSTRUC) show that the data are approximately normally distributed, as the probability values (0.799274 for GOVREV and 0.431684 for REMSTRUC) are above the 0.05 threshold, indicating no significant departure from normality.

Correlation Result

Correlation Analysis: Spearman rank-order
Date: 09/19/24 Time: 02:39
Sample: 1 15
Included observations: 15

Correlation t-Statistic	GOVREV	REMSTRUC.
GOVREV	1.000000	--- ------
REMSTRUC	0.342857 1.315952	1.000000 ---

Source: EViews 9.0

The correlation analysis using the Spearman Rank-Order correlation method provides insights into the strength and direction of the relationship between government revenue (GOVREV) and remuneration structure (REMSTRUC). The Spearman correlation coefficient between government revenue and remuneration structure is 0.342857, indicating a positive but weak correlation between the two variables. This suggests that as the remuneration structure increases, leakages government revenue tends to increase as well, though the relationship is not particularly strong. The positive sign of the coefficient implies that the two variables move in the same direction, but the weak magnitude suggests the relationship is not very strong. The t-statistic for this correlation is 1.315952, which measures the statistical significance of the correlation. Given this t-value, the correlation does not appear to be statistically significant, as it falls below the critical value needed to confirm significance at typical confidence levels (e.g., 5%).The Spearman Rank-Order correlation coefficient of 0.342857 indicates a weak positive relationship between remuneration structure and government revenue. However, the t-statistic of 1.315952 is below the critical value typically required for statistical significance at a 5% confidence level. Given that the t-statistic does not reach the threshold for significance, we fail to reject the null hypothesis. Therefore, based on the result, we conclude that there is no statistically significant relationship between remuneration structure and government revenue drive outcome.

5. Conclusion, implications and recommendations

The correlational test outcome indicates that remuneration structure bears very weak relationship with revenue drive outcomes. This conclusion clear negates the philosophy of pay-performance link. If the earning structure of the public service does not instigate positive outcomes for revenue efforts, it implies that there is a cause for concern. Revenue generating agencies should be seen to motivate staffers via proper earning structure as the employee earnings contributes to motivating performance despite the deposition of Fedrick Herzberg's two factor theory. Hence, the study's finding, which show a weak and statistically insignificant but positive correlation between remuneration structure and government revenue, have important practical and policy implications for public sector management. Practically, the result indicates that the 2019 remuneration has failed to effectively drive significant changes in government revenue. This result aligns earlier conclusions by (Moyo and Chigumira, 2017; Getachew and Ayalew, 2019; Wambua and Njoroge, 2019; Adeola and Ojo, 2020; Khumalo and Sebele, 2021; Adeyemi and Afolabi, 2021; Emeke et al., 2023; Aule, 2023).

For public sector managers and policymakers, this suggests that a wage structure or changing salary structures that is not performance driven will automatically undermine efforts at harnessing higher government revenue. Therefore, any reforms aimed at improving public sector remuneration should be linked to performance in targeting revenue generation. The reported massive leakages in the revenue efforts have been reported to connect with poor remuneration. This is as remuneration reforms often fail to reflect true economic realities, thus incentivizing the circumvention of processes for personal gain. For instance, the 2024 minimum wage package falls way below economic realities and it would be unthinkable for anyone to think that it has opened a bigger flood gate for massive leakages in the revenue earning efforts.

From a policy perspective, the study highlights the need for a comprehensive approach in public financial management that goes beyond simply adjusting pay scales. Policymakers should focus on creating an integrated policy framework that links remuneration reforms with broader fiscal and economic reforms to boost government revenue. This could involve aligning salary increments with performance metrics, thus incentivizing public sector workers to improve productivity and accountability.

Therefore, efforts should be made to ensure that remuneration structures in the public sector are not only competitive but also linked to performance indicators to encourage accountability and efficiency among public servants. Introducing performance-based incentives could help align individual and organizational objectives, potentially leading to better revenue outcomes.

REFERENCES

Adeola, O., & Ojo, T. (2020). Remuneration policies and fiscal discipline in Nigeria's public sector. *Journal of Public Sector Management*, 22(3), 115-132.

Adewumi, T., & Adegoroye, O. (2014). *Salary disparities and job satisfaction in Nigeria's civil service*. Journal of Public Administration and Policy Research, 6(3), 45-54.

Adeyemi, B., & Afolabi, M. (2021). *Remuneration reforms in Nigeria: An assessment of the new minimum wage*. International Journal of Public Administration, 43(4), 231-245.

Amahalu, N. (2019). Effect of tax leakages on economic development of Nigeria. *Journal of Global Accounting*, *6*(1).

Aremu, O. (2017). *The Role of the National Salaries, Incomes, and Wages Commission in Industrial Relations in Nigeria*. Journal of Public Administration, 12(1), 54-70.

Ariyo, A. (1997). *Revenue allocation and its implications for macroeconomic stability and growth in Nigeria*. Nigerian Economic Society.

Armstrong, M. (2012). *Armstrong's handbook of reward management practice: Improving performance through reward*. Kogan Page Publishers.

Aule, O., Musa, U., & Onyowo, A. R. (2023). Mitigating Corruption in the Nigerian Public Service Via Sufficient Financial Remuneration: A Conceptual Review.

Bird, R. M. (2010). *Taxation and Development: What Have We Learned from Fifty Years of Research?* Economic Policy Research Unit Working Papers, University of Toronto.

Bird, R. M., & Zolt, E. M. (2005). *Redistribution via Taxation: The Limited Role of the Personal Income Tax in Developing Countries*. UCLA Law Review, 52(6), 1627-1695.

Chuma, P., & Nambala, J. (2020). Public sector compensation and budgetary allocations in Tanzania. *African Journal of Economics and Public Policy*, 15(1), 67-85.

Drozd, O., Kostiuk, V., &Ilkov, V. (2018). Specificity Of Remuneration For Public Servants. *Baltic Journal of Economic Studies*, *4*(5), 82-86.

Emeke, E., Okoko, O. M., & Olajide, D. S. (2023). Revenue Leakages and Economic Growth in Nigeria: The Place of Forensic Accounting. *International Journal of Accounting, Finance and Risk Management*, *12*(1), 12-20.

Eze, C., & Okonkwo, C. (2018). *Remuneration and employee retention in Nigeria's public sector*. Journal of Human Resource Management, 3(2), 101-115.

Getachew, M., & Ayalew, B. (2019). Remuneration reforms and fiscal responsibility in Ethiopia's public sector. *Ethiopian Journal of Public Administration*, 12(2), 45-59.

Gupta, S., & Tareq, S. (2008). *Mobilizing revenue: Strengthening domestic revenue bases is key to creating fiscal space for Africa's developmental needs*. Finance and Development, 45(3), 44-47.

Hood, C. (2010). *The blame game: Spin, bureaucracy, and self-preservation in government*. Princeton University Press.

Kessler, I. (2012). Remuneration systems. *Managing human resources: Human resource management in transition*, 243-267.

Khumalo, P., &Sebele, M. (2021). Public sector pay and employee motivation in Botswana. *Southern African Journal of Public Policy*, 25(3), 134-152.

Lonti, Z., & Gregory, R. (2014). *Accountability or countability? Performance measurement in the New Zealand public service*. Public Administration Review, 60(5), 490-503.

Martocchio, J. J. (2017). *Strategic compensation: A human resource management approach*. Pearson.

Moyo, T., & Chigumira, E. (2017). Wage policies and public sector productivity in Zimbabwe. *Journal of African Economic Development*, 14(4), 78-101.

Mthembu, N. (2018). Public sector pay and economic growth in South Africa. *South African Economic Journal*, 17(2), 145-163.

Mukama, G., & Kyeyune, B. (2019). Government wage structures and public service delivery in Uganda. *East African Journal of Public Administration*, 9(2), 54-71.

Mwansa, D., & Zulu, P. (2018). Government pay structures and labor strikes in Zambia's public sector. *Zambian Journal of Industrial Relations*, 11(1), 34-49.

Nalyvaiko, L., Chanysheva, G., & Kozin, S. (2018). Remuneration of Public Servants in The Federal Republic of Germany. *Baltic Journal of Economic Studies*, *4*(5), 228-232.

National Salaries, Incomes, and Wages Commission (NSIWC) Act, No. 99 of 1993.

Obara, C. L. & Ogoun, S. (2014) Fiscal Transparency, Accountability and Corporate Collapse: APost-Mortem Analysis of Failure of State-Owned Enterprises (SOEs) in Nigeria. *Research journal of Finance and Accounting*. Vol 5, No. 18, pp 183-190

Ogbonna, G. N., & Appah, E. (2012). *Impact of tax reforms and economic growth of Nigeria: A time series analysis*. Current Research Journal of Social Sciences, 4(1), 62-68.

Ogoun, S. & Owota P. G. (2013). Institutional Control Measures, Fiscal Transparency and Accountability in Nigeria: A Public Service Behaviour Modification Assessment. *International Journal of Innovative Research and Development.* Vol. 5, Issue 2. Pp 1123-1135

Ojo, A., & Fapohunda, T. (2016). *Public sector remuneration in Nigeria: An assessment of wage policy effectiveness*. Nigerian Journal of Economic and Social Studies, 58(2), 189-202.

Okoye, J. C., & Chiamogu, A. P. (2015). *The Treasury Single Account (TSA) as an instrument of financial prudence and accountability in Nigerian public administration*. International Journal of Multidisciplinary Research and Development, 2(10), 79-85.

Okoye, J. C., & Chiamogu, A. P. (2015). *Wage Administration in Nigeria's Public Sector: Issues and Challenges*. International Journal of Public Sector Management, 2(4), 79-85.

Owusu, D., & Mensah, K. (2017). Remuneration systems and wage disparities in Ghana's public sector. *Ghanaian Journal of Public Policy*, 10(1), 23-43.

Pillah, T. P. (2023). Federal Civil Service remuneration and salary in Nigeria: an overview of structural change. *International Journal of Public Administration and Management Research*, *8*(6), 62-72.

Tanzi, V. (2000). *Taxation in Latin America in the Last Decade*. Working Paper, Inter-American Development Bank.

Udeh, S. N. (2015). *Tax administration and revenue generation in Nigeria*. African Research Review, 9(1), 199-217.

Wambua, P., & Njoroge, J. (2019). Remuneration structure and public sector efficiency in Kenya. *Kenyan Journal of Public Administration and Management*, 15(1), 62-88.