
Administrative Tolerance and Tax Revenue: A Synergistic Desparity

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Abstract: Raising sufficient tax revenue is one of the main objectives of all governments at any given moment. Thus, any policy that goes in this direction and which does not undermine or compromise the rule of law and threatens the sustainability of the government is a welcome initiative. It is in this light that 'administrative tolerance' saw the light of the day in Cameroon's public administrative landscape. The problem of this phenomenon today is that, the initial basis on which it was introduced, currently threatens its existence due to corruption and selfishness of some administrative officials in both public and private organizations. This study aimed at examining the effect of the synergy between administrative tolerance implementation and tax revenue, on a sectorial basis. The ex-facto research design was used since the data for the study were secondary, and a model was developed to suit the objective of the study. The data were analysed using SPSS Version 23.0 with the use of multiple regression model. The results revealed that Administrative Tolerance manifests a synergistic disparity with Tax Revenue over the period of the study, using the three proxies of Private Secondary School Enrolments as a percentage of Total Secondary School Enrolments, Commercial Services Exports measured at current US dollars and percentage Fuel Export as a percentage of Total Merchandise Exports. Therefore, it was observed from the study that Administrative Tolerance on the Private Secondary Education sector has a significant positive effect on Tax Revenue, while any such tolerance on Commercial Services Exports and Fuel Exports negatively affected Tax Revenue. This study recommends that the government should have a framework for Administrative Tolerance in which specifics on when and how or the extent of such tolerance to each particular sector. A blanket policy should not be used at any given period on all sectors as this may result in negative effects on Tax Revenue.

Keywords: Tax Revenue, Synergistic disparity, Administrative Tolerance, School Enrolments tolerance, Exports Tolerance, Fuel Tolerance.

1. INTRODUCTION

The articulation 'administrative tolerance' could be observed to have come into the lime lights of public administration vocabulary in Cameroon during the time of the financial emergency (economic crisis) that the country experienced in the mid 1980s to the early 2000s. During this time of economic recession, the prices of goods and services experienced an increasing trend, trade deficits and loss of government revenue amongst other ills. The expression bloomed in 1993 after the twofold pay cuts worked by the legislature on workers of the Cameroon civil service as a major aspect of the steps of the International Monetary Fund's (IMF) and Structural Adjustment Program (SAP) of the World Bank to put the economy back on its rails. There is no better definition or clarification of what administrative tolerance is, than the one given by the Prime Minister and Head of Government, Philemon Yang in the parliament during the traditional inquiries of questions and answer session with members of parliament on the 19th of November, 2012. Citing from an article by Jean Baptiste Ketchateng of the National bilingual daily Cameroon Tribune, Philemon Yang stated that, "administrative tolerance could be explained by a situation where the administration voluntarily abstains from sanctioning or punishing a violation of the law." He distinguished it from 'administrative inefficiency' which he says "is the absence or deviation of ministerial departments from the missions assigned to them." (Per, 2016).

Considering other aspects in this paper, this illicit phenomenon was started and valorised by the government of Cameroon to allow the different partners of the various sectors of the Cameroonian society to assist them with being increasingly enterprising and to diversify their endeavors to such an extent that the circumstances and end

results of the economic crisis, which the government accused on falling prices of export commodities particularly in the petroleum sector, would minimally affect the household of the average Cameroonian. It is within this framework of helping Cameroonians to create more wealth by operating businesses that the government embarked on providing enabling environments for private entrepreneurs to venture into different sectors of businesses, especially into areas which were, prior to the crisis, the exclusive domain of the State, such as the audio-visual landscape. This led to Law No. 9/52 of 19th December 1990 relating to freedom of mass media agencies, bill posting and audio-visual communication establishments (radio and television) to be passed, which among other things provided State assistance to private media structures operating in the country. This phenomenon helped the government by reducing some economic and social problems such as unemployment and high dependency ratio, while at the same time increased government revenue from taxes, (such as taxes on income, Value Added Tax, Excise Duties, taxes on capital and local taxes) generated from these ‘illegal’ businesses that were allowed to operate; some without completely having the legal authorisation to do so and others by making only a simple declaration of intent to operate a business in a particular sector. Government tax revenue therefore was affected by the concept of ‘administrative tolerance’ either positively (increase in tax revenues) or negatively (decrease in tax revenues) depending on the sector and how the different administrative officials applied the concept, which was only political with no legal backing but having far reaching implications on the economic, social and cultural landscape in the country.

The main problem of administrative tolerance on tax revenue in Cameroon today is that, long after the country came out of the economic crisis, this phenomenon has been allowed to be used indiscriminately to the detriment of government (loss of tax revenue from corporate and personal earnings) and to other stakeholders like investors (loss of profits and dividend), and to employees (loss of formal employment revenues) of some sectors which are greatly affected. This is the case with petroleum distribution where almost all the filling stations in five of the ten regions bordering Nigeria are experiencing either complete closure in most cases or in a handful of cases, a drastic reduction in their operations due to the rise and expansion of the black market for these products following the fall in world market price for crude oil and the depreciation of the Nigerian currency, the naira.

To help the government to continuously reduce some economic and social problems such as unemployment and high dependency ratio, while at the same time increasing government revenue from taxes, this paper sought to examine factors that may help policy makers in public administration, by the adoption of Administrative Tolerance concept, to synergize or optimise tax revenue, while minimising correlational disparity. Specifically, this study focuses on Private Secondary Enrollments Tolerance on Tax Revenue, Commercial Services Export Tolerance on Tax Revenue, and Fuel Export Tolerance on Tax Revenue. The contribution of this research is to provoke debate and discussion within and across public administrators and decision makers, legislators and opinion leaders, on the need to close up the scale of disparity unintentionally occasioned by the marriage of these two concepts in the public service.

2. THEORETICAL FRAMEWORK

2.1 Conceptual Framework

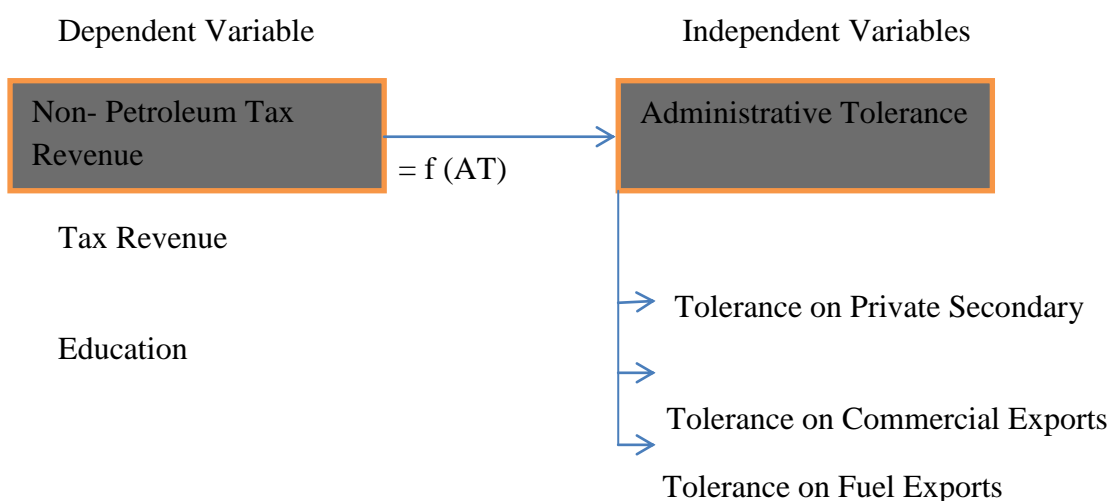


Fig.1: Conceptual Framework of the synergistic disparity between tax revenue and administrative tolerance

A tax may be defined as a compulsory levy imposed by the State on her citizens as part of their own contribution towards nation building for which they should not expect any direct benefits in return. Taxation

constitutes one of the main sources of government revenue. For any government to achieve its targeted tax revenue objectives for any given period, she has to keep the tax policies simple, straight forward, avoid situations of multiple taxation and high tax rates. Revenue, in this context refers to the government's annual income from which public expenses are met. A good proportion of government revenue is generated from taxes of petroleum and non-petroleum activities, customs, royalties, surpluses from government investments as well as borrowings. For this study, we are looking only at the non-petroleum tax revenue.

Tax revenue is defined as "the revenues collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property, and other taxes", (OECD, 2019). Non petroleum tax revenue in this context refers to all the government's internal tax revenue generated per period which excludes the tax revenues from petroleum activities. Tolerance on private Secondary Education refers to the silence of administrative authorities in the Secondary Education Sector to allow private institutions to operate without being in possession of valid authorisation documents. Tolerance on commercial exports refers to the silence of administrative authorities in the Ministry of Commerce, which allow individuals and corporate entities to engage in commercial export activities without valid documents as inscribed in the law. Tolerance on fuel exports refers to the silence of administrative authorities in the Ministries of Mines, Industries and Technological Development; Environment, Nature Protection and Sustainable Development; and Commerce, which allow individuals and corporate entities to engage in fuel export activities without valid documents as inscribed in the law. Administration in this context refers to the management of public affairs by the government. This study concentrates on tax administration as desired and directed by the political administration in government.

In this context, tolerance entails the acceptance of everything that the laws of the country disapproves of or considers as being ultra-varies. This study is concern with the widening gap in disparity from the synergistic expectations from the application of administrative tolerance on tax revenue. According to Cameroon's Prime Minister and Head of Government, Philemon Yang, 'Administrative Tolerance could be explained by a situation where the administration voluntarily abstains from sanctioning or punishing a violation of the law' (Cameroon Tribune of 19th November, 2012). Speaking at a debate on the theme: "The 'Administrative Tolerance', supported by the government, is it not to install disorder in Cameroon?" on the 6th December 2012, organised by the 'Le Club de la Pensée' (The Reflection Club), Yaoundé, Francis Bidjocka, a Consultant said, "Administrative tolerance is thus the fact for the authorities to give free rein to things prohibited by law. The administration is often tolerant in particular circumstances. The night of victory of our national football team at a meeting of great importance, drinking places and other leisure facilities are left open beyond the legal closing hours.

Apart from the particular circumstances, we observe a generalized, even disconcerting, tolerance. The field of communication makes it easy to verify this state of affairs. For example, radios emit from all over the Cameroonian territory whereas only about 3% of them have an authorization to operate such entities; many newspapers abound in our territory without fulfilling the legal conditions for existence such as the obligation for the publishers of such entities to have an employment contract with at least three journalists and to affiliate them to the National Social Insurance Fund (which is the country's lone social security and pension management entity). In schools, there are more and more students to a single-teacher classroom; often more than 120 students per class instead of 60 plus or minus 10%. In the field of health, drug trafficking and the practice of medicine have become everyone's business. We spent a year without success in medical school and thereafter, we start selling drugs and become distributors of verbal medical prescriptions. In the field of civil engineering, we are entitled to appalling and distressing views in our cities: lawless constructions, in areas at risk such as swamps or on the lands of the public domain (concessions) of the State. In religion, 'Men of God' also choose to mingle with the masses. There is a proliferation of churches of all kinds and all obedience's (denominations and faith), without their promoters worrying to obtain the necessary prior authorization".

For the honorable Ndinda Ndinda, 'Administrative Tolerance', instead of being that situation leading to anarchy, must be considered as the gap that can be admitted normally without the norm being transgressed. He continues and concludes that at this point, it is difficult to find solutions at once for the phenomenon, that it will be necessary to gradually agree on principles and standards to follow in accepting and implementing Administrative Tolerance and start on a good basis.

The Theory of Tolerance

As stated by Corneo & Jeanne (2009), where endogenous lifestyles and exogenous traits are invested with symbolic value by the people, the value systems chosen by parents for their children affect the esteem enjoyed by individuals in the society. They further stated that, "intolerant individuals attach all symbolic values to a small number of attributes and are disrespectful of people with different ones". Moreso, they observed that, "tolerant people have diversified values and respect social alterity". Their study was also concern with "the formation of values attached to various types of attributes and identify circumstances under which tolerance spontaneously arises". In thier theory, they also stated that, "policy may affect the evolution of tolerance in

distinctive ways, and there may be efficiency as well as equity reasons to promote tolerance” (Corneo and Jeanne, 2009).

The Paradox of Tolerance

Popper (1945) developed “the paradox of tolerance” and it states that, “if a society is tolerant without limit, its ability to be tolerant will eventually be seized or destroyed by the intolerant”. Popper came to a paradoxical conclusion that, “in order to maintain a tolerant society, the society must be intolerant of intolerance”. Popper arrived at the apparently dumbfounding resolution that, “to keep up a tolerant society, the society must be intolerant of intolerance” (Anna, 2020).

Popper (1945), further stated that “unlimited tolerance must lead to the disappearance of tolerance, and if we extend unlimited tolerance even to those who are intolerant, on the off chance that we are not set up to guard a tolerant society against the invasion of the intolerant, the tolerant will be devastated”. He further stated that “In this formulation, I do not imply, for instance, that we should always suppress the utterance of intolerant philosophies; as long as we can counter them by rational contention and hold them under control by public opinion, suppression would absolutely be unwise, yet we should guarantee the privilege to suppress them if important even by force; for it might effortlessly turn out that they are not set up to meet us on the degree of reasonable contention, yet start by censoring all contention; they may prohibit their followers to listen to rational contention, since it is deceptive, and instruct them to answer contentions by the utilization of their fists or pistols”. Thus he concludes that, “we should therefore claim, in the name of tolerance, the right not to tolerate the intolerant”.

The Theory of Justice

Rawls (1971), submitted thus, “to solve the problem of distributive justice, there is the need of making use of variants of familiar device of the social contract”. According to this theory, Justice as Fairness derives two principles of justice. First, the society should be structured so that the greatest possible amount of liberty is given to its members in a manner that the liberty of one member does not cause the situation of other members worst off. Second, inequalities (social and economic) are only permitted if the worst off will be better than they might be under equal distribution. Thus, he concluded that, “if there is such a thing as beneficial inequality, this inequality should not make it harder for those with resources to occupy positions of power such as, public office”.

According to Goubin, (2020), ‘from a representation theory point of view, trust in political institutions is strongly related to the responsiveness of these institutions to citizens’ preferences. However, is this also true when the political power of citizens is not equal, which is often the case in more unequal societies? In this article, it was argued that the link between perceptions of responsiveness to individual preferences and political trust differs across equal and unequal societies. We find that in inclusive societies, perceived political responsiveness is strongly related to political trust, whereas this link becomes weaker in more unequal societies. In other words, when economic inequality and exclusion are high, traditional accountability mechanisms between political actors and their citizens are less apparent. We speculate that this weaker link is due to habituation or a lack of political engagement, causing citizens to withdraw from political life altogether.

According to Ugarriza & Trujillo-Orrego, (2020), ‘one of the foundational promises of deliberation in contemporary democracies was the transformation of citizen’s preferences by the force of the better arguments. However, deliberation has proved so far to be ineffective to promote intergroup changes for the better in terms of attitudes. As a result, evidence shows that even discussions lying relatively close to the theoretical ideal might nevertheless push changes in either a positive or a negative direction. We argue that deliberation lacks the necessary built-in mechanisms for constraining polarization and unleashing desired changes, particularly in deeply divided societies. Thus, efforts aimed at bridging the divides between adversarial groups require the promotion of specific, empathy-generating discursive contents, which even highly deliberative debate cannot ensure. Based on two experimental studies, we show how deliberation and intergroup reconciliation operate through different mechanisms. While there is no reason to believe they are incompatible, it remains to be seen how they can be set in motion simultaneously’.

According to Kwansik, Hermandó, David & Helen (2019), ‘the importance of political conservatism, perceived (in)security, and communication channels (i.e. mass media) increased or decreased tolerance toward certain groups. The study advances knowledge in this area by integrating the importance of media exposure, interpersonal communication and attitudes toward political elites in shaping tolerance levels toward the Revolutionary Armed Forces of Colombia-People’s Army (FARC, after the initials in Spanish). For this, the authors analyzed the national survey data collected in Colombia and carried out a path analysis to explore the formation of political (in)tolerance toward FARC. Results from exploring tolerance toward FARC, a rebel group transitioning from a military force to a political one, showed the importance of interpersonal discussion and attitudes toward political elites in fostering tolerance both directly and indirectly via increased preference for a peace negotiation over a military solution’.

According to Sara, kijewski, Carolin & Rapp (2019), “how war experiences, interethnic attitudes, and intergroup forgiveness affect the prospects for political tolerance in postwar Sri Lanka”, ‘addresses the complex relationship between war experience, interethnic attitudes, interethnic forgiveness, and the willingness to permit basic civil liberties to former enemies in the context of postwar Sri Lanka. Political tolerance, in the literature, is considered a crucial micro-level condition for peaceful coexistence, yet, its determinants, in particular the role of war experiences, have not received sufficient attention. Using new and unique all-island representative survey data (N = 1,420), they examined the mutual permission of civil liberties of these two ethnic groups. Their analyses revealed two important findings: first, the likelihood of granting civil liberties varies by civil liberty and ethnic group. Whereas most members of both ethnic groups are willing to grant the right to vote, to hold a speech, and to hold a government position, the right to demonstrate is highly contested, with only low shares of both Tamils and Sinhalese being willing to grant the other group this right. Second, the structural equation models reveal that the direct impact of war exposure is less powerful than expected and depends on the political right in question. Not forgiving the other ethnic group, partly driven by war experience and ethnic prejudice, appears to be a more consistent predictor of intolerance. These results imply that postwar efforts to further forgiveness are important to promote political tolerance and thereby long-lasting peace’.

3. METHODOLOGY

The expo-facto research design was appropriate for this study as the data were obtained from secondary sources published by the Cameroon General Directorate of Taxation and from the World Bank world development indicators for Cameroon retrieved online void of manipulations. A multiple regression model was used since we had one dependent and three (3) independent variables acting as proxies for Administrative Tolerance. The dependent variable was Tax Revenue (TR) representing the total amounts of non-petroleum tax revenues generated annually and the independent variables were; percentage of secondary private school enrolments on total secondary enrolments for Private Secondary Education Tolerance (PSET), commercial service exports (at current US \$) for Commercial Services Exports Tolerance (CSET) and Fuel Exports (percentage of merchandise exports) for Fuel Exports Tolerance (FET).

The Model

$$TR = f(AT)$$

$$TR = \beta_0 + \beta_1 PSET + \beta_2 CSET + \beta_3 FET + \mu$$

Where,

TR = Tax revenue (the dependent variable)

AT = Administrative Tolerance (the independent variable)

PSET = Private Secondary Education Tolerance

CSET = Commercial Services Exports Tolerance

FET = Fuel Export Tolerance

β_0 = Regression constant term

$\beta_1, \beta_2, \beta_3$ = Regression coefficients

μ = Stochastic error element

The data used for the study were obtained from two distinct sources: the General Directorate of Taxes provided annual data on Non-Petroleum Tax revenue for the period under study in the local currency CFA Franc; data for the three proxies used for measuring ‘Administrative Tolerance’ were obtained from the data base of World Development Indicators (WDI) in 2018. Commercial Services Exports were valued in US\$ on the basis of current exchange rates applicable in the respective years; the other two proxies were relative measures. Private Secondary Education Enrolment was measured as a percentage of Total Secondary School Enrolment in the country, and the value of Fuel Exports was measured as a percentage of Total Merchandise Exports realised by the country in the respective years.

4. RESULTS

Table 1 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.994 ^a	.989	.955	44698.55905	.989	29.586	3	1	.134	3.441

a. Predictors: (Constant), FUEL EXPORT TOLERANCE, COMMERCIAL SERVICES EXPORT TOLERANCE, PRIVATE SECONDARY EDUCATION TOLERANCE

b. Dependent Variable: NON PETROLUUM TAX REVENUE

Table 2 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	177337585858.472	3	59112528619.491	29.586	.134 ^b
	Residual	1997961180.536	1	1997961180.536		
	Total	179335547039.008	4			

a. Dependent Variable: NON PETROLUUM TAX REVENUE

b. Predictors: (Constant), FUEL EXPORT TOLERANCE, COMMERCIAL SERVICES EXPORT TOLERANCE, PRIVATE SECONDARY EDUCATION TOLERANCE

Table 3 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	-5356611.803	853202.260		-6.278	.101			
	PRIVATE SECONDARY EDUCATION TOLERANCE	252565.324	31016.082	1.227	8.143	.078	.944	.993	.860
	COMMERCIAL SERVICES EXPORT TOLERANCE	-6.378E-5	.000	-.065	-.597	.657	-.284	-.513	-.063
	FUEL EXPORT TOLERANCE	-3824.803	1331.633	-.425	-2.872	.213	.441	-.944	-.303

a. Dependent Variable: NON PETROLUUM TAX REVENUE

Table 4 Correlation Results

		Non Petroleum Tax Revenue	Private Secondary Education Tolerance	Commercial Services Export Tolerance	Fuel Export Tolerance
Non Petroleum Tax Revenue	Pearson Correlation	1.00			
	Sig.(1-tailed)				
	N	5			
Private Secondary Education Tolerance	Pearson Correlation	0.944	1.00		
	Sig.(1-tailed)	0.008			
	N	5	5		
Commercial Services Export Tolerance	Pearson Correlation	-0.284	-0.218	1.00	
	Sig.(1-tailed)	0.322	0.363		
	N	5	5	5	
Fuel Export Tolerance	Pearson Correlation	0.441	0.700	-0.113	1.00
	Sig.(1-tailed)	0.228	0.094	0.428	
	N	5	5	5	5

Source: Authors' calculations

4.1 Tests of Hypotheses

Hypothesis One

H0: Private Secondary Education Tolerance does not significantly affect Tax Revenue

H1: Private Secondary Education Tolerance significantly affects Tax Revenue.

Table 4 shows that the correlation coefficient R between Private Secondary Education Tolerance and Non Petroleum Tax Revenue is 0.944 (94.40 percent), and the P-value is 0.008. Since P-value (0.008) is less than a (0.05), we do have enough evidence to reject H0, which states that Private Secondary Education Tolerance does not significantly affect Tax Revenue. We therefore accept H1, and conclude that Private Secondary Education Tolerance significantly affects Tax Revenue. Further test shows that r (0.944) is greater than tabulated (critical) R0.05 (0.16), we therefore reject H0 and accept H1.

Hypothesis Two

H0: Commercial Services Export Tolerance does not significantly affect Tax Revenue.

H1: Commercial Services Export Tolerance significantly affect Tax Revenue.

Table 4 shows that the correlation coefficient R between Commercial Services Export Tolerance and Non Petroleum Tax Revenue is -0.284 (-28.40 percent), and the P-value is 0.322. Since P-value (0.322) is greater than a (0.05), we do have enough evidence to accept H0, which states that Commercial Services Export Tolerance does not significantly affect Tax Revenue. We therefore reject H1, and conclude that Commercial Services Export Tolerance does not significantly affect Tax Revenue. Further test shows that r (-28.40) is greater than tabulated (critical) R0.05 (0.16), we therefore accept H0 and reject H1.

Hypothesis Three

H0: Fuel Export Tolerance does not significantly affect Tax Revenue

H1: Fuel Export Tolerance significantly affects Tax Revenue

Table 4 shows that the correlation coefficient R between Fuel Export Tolerance and Non Petroleum Tax Revenue is 0.441 (0.441 percent), and the P-value is 0.228. Since P-value (0.228) is greater than a (0.05), we do have enough evidence to accept H0, which states that Fuel Export Tolerance does not significantly affect Tax Revenue. We therefore reject H1, and conclude that Fuel Export Tolerance does not significantly affect Tax Revenue. Further test shows that r (0.441) is greater than tabulated (critical) R0.05 (0.16), we therefore accept H0 and reject H1.

DISCUSSIONS

In Table 1, the R value of 0.994 indicates the synergistic correlation between the dependent and the independent variables. This shows a positive correlation between the observed and the predicted values of the dependent variable since the value 0.994 is very close to 1.00. R- square also known as known as coefficient of multiple determination, measures the extent to which changes in the dependent variables are explained by the explanatory variables (predictors) represented here by three proxies, viz., fuel export as a percentage of total merchandise exports, private secondary school enrolments as a percentage of total enrolments in secondary schools and commercial services exports at current US\$. The table shows the R-Square value of 0.989, indicating that the model fits the data used very well since it is very close to 1.00. This implies 98.9% of the generated tax revenue is accounted for by administrative tolerance, represented here by fuel export as a percentage of total merchandise exports, private secondary school enrolments as a percentage of total enrolments in secondary schools and commercial services exports at current US\$. The Adjusted R Square attempts to correct the R Square to more closely reflect the goodness of fit of the model in the population. From Table 1, 0.956 indicates that the model fits the data very well since it is very close to 1.00 although with a 0.034 reduction from the R Square. This tells us that, 95.5% of the variance of the dependent variable is explained by the independent variables. The Durbin-Watson test for autocorrelation shows a value 3.441 which lies between 2.00 and 4.00, indicating that there exist a negative autocorrelation between the variables.

From table 2, the F-Statistics test, also called the overall significant, which is the test for adjusted R- squared, shows that the result is insignificant at 5% level of significance. As shown by the probability value of 0.134, which is above the alpha value of 0.05. Hence we accept the null hypothesis and reject the alternative hypothesis which states that the estimated coefficient of the independent variable and the adjusted R-Squared are insignificantly different from Zero. Given this, we can say that the result is less than 95% reliable. Thus it can be concluded that administrative tolerance has a less than 95% influence on Tax Revenue.

In Table 3, the regression equation can be written as follows: Tax Revenue = -5356611.803 + 252565.324*PSET - 6.378^{E-5}*CSET - 3824.803*FET. The coefficients of the three proxies of Private Secondary Education Tolerance of 252565.324, found to be positive; those of Commercial Services Export Tolerance and Fuel Exports Tolerance were found to be negative of -6.378^{E-5} and -3824.803 respectively. Since these variables were measured in different units, the Standardized Coefficients or Betas attempt to make them comparable. The unstandardized coefficient for Private Secondary Education Tolerance of 252565.324

indicates that, for every one unit change in ‘Administrative Tolerance’, there will be a 252565.324 increase in Tax Revenue. Also, the unstandardized coefficients for Commercial Services Export Tolerance and Fuel Exports Tolerance were found to be negative at -6.378^E-5 and -3824.803 respectively, indicating that for every one unit change in Administrative Tolerance, there will be a decrease in Tax Revenue by their respective unstandardized coefficients. Since the beta coefficient for Private Secondary Education Tolerance sector is positive 1.227 and its t value 8.143 which is largely greater than 2.00, it indicates that as ‘Administrative Tolerance’ level increases in the Private Secondary Education sector, the Tax Revenue collection will increase, hence a positive effect. However, increases in the ‘Administrative Tolerance’ level in the Commercial Services Export and Fuel Exports sectors with beta values of -0.065 and -0.425 respectively and t values of -0.597 and -2.872 respectively, with both falling below -2.00 , will decrease Tax Revenue, hence a negative effect in these sectors. These effects are in line with our a priori expectations. Statistically, the probability values at 5% significant level were 0.078 for Private Secondary Education Tolerance, which is below 5% thus, significant; 0.657 and 0.213 for Commercial Services Export Tolerance and Fuel Exports Tolerance which are both above 5% thus insignificant. Hence, it can be concluded that ‘Administrative Tolerance’ on the Private Secondary Education sector has a significant positive effect on Tax revenue, while any such tolerance on Commercial Services Export and Fuel Exports will negatively affects Tax Revenue. Moreover, the results shows that other factors besides the three used as proxies for ‘Administrative Tolerance’, have negative effects on Tax Revenue as the unstandardized regression coefficient -5356611.803 and the t value -6.278 are negative.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of the study, the following conclusions are drawn: Private Secondary Education Tolerance has a significant effect Non Petroleum Tax Revenue; Commercial Services Export Tolerance has no significant effect Non Petroleum Tax Revenue; Fuel Export Tolerance has not got a significant effect Non Petroleum Tax Revenue. On the aggregate, administrative tolerance has implicative effects on tax revenue.

Based on the findings of the study, the following recommendations are made: ‘Administrative Tolerance’ in the Private Secondary Education sector would affect significantly Non Petroleum Tax Revenue. That is, there will be a significant increase in Non Petroleum Tax Revenue. Public administrative authorities are therefore called upon to apply ‘Administrative Tolerance’ in the Private Secondary Education Sector; Administrative Tolerance in both the Commercial Services Export and Fuel Export sectors would not affect significantly the Non Petroleum Tax Revenue. Their negative coefficients indicates that, if ‘Administrative Tolerance’ is encouraged in these two sectors, the amount for Non Petroleum Tax Revenue will decrease. Thus, Public Administrative officials should strictly apply the requirements to operate in these two sectors. The government should have a framework for ‘Administrative Tolerance’ in which it specifies when and how, or the extent of such tolerance in a particular sector. A blanket policy should not be used at any given period on any sector as some of the sectors may result in negative effects on tax revenue.

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