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EFFECTS OF TAXATION ON MANAGEMENT DECISION-MAKING IN NIGERIA'S PUBLIC SECTOR

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ABSTRACT

Taxation plays a pivotal role in shaping the financial framework of public sector organizations, influencing their decision-making processes. This study explores the effects of taxation on management decision-making in the public sector, focusing specifically on Ekiti State, Nigeria. The research examines key elements such as tax revenue, tax compliance rates, tax burdens, and effective tax rates, providing insight into their implications for governance and resource allocation. The study highlights how tax revenue serves as a critical funding source for public sector operations. An adequate and consistent tax collection system enables government agencies to plan and execute development projects effectively. Conversely, irregularities in tax revenue streams may constrain decision-making, causing delays or cancellations of essential projects. Tax compliance rates, tax burdens, and their equitable distribution further impact management strategies, requiring a balance between sustainable revenue generation and taxpayer satisfaction. The research employed both primary and secondary data to analyze the relationship between taxation and public sector management. Primary data was collected through structured interviews and surveys targeting public sector managers and tax administrators, while secondary data was sourced from government reports, policy documents, and relevant academic literature. This mixed-method approach provides a comprehensive perspective on the issue. This study concludes that

taxation significantly shapes management decision-making in the public sector in Nigeria. Recommendations include adopting transparent tax policies, fostering taxpayer engagement, and ensuring the judicious use of tax revenue to enhance public trust and governance outcomes. These measures can improve the capacity of public sector organizations to make informed decisions, ultimately fostering sustainable development.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The role of management decision-making in public sector organizations is critical to the effective allocation of resources, policy formulation, and service delivery (Goh, 2019). Globally, management decisions in the public sector are influenced by a variety of factors, ranging from organizational goals, political environments, and economic conditions, to resource availability (Gruber 2019). One of the key challenges faced by public sector management is making decisions that ensure sustainability, efficiency, and transparency while fulfilling the overarching mandate to serve the public interest (Ketter et al. 2023). Furthermore, Ineffective decision-making can lead to misallocation of resources, poor service delivery, and the inability to achieve set goals, thereby eroding public trust (Dick-Sagoe, 2020). The efficiency of decision-making processes is therefore, a global concern for public administrations seeking to improve governance and accountability.

In Nigeria, management decision-making in the public sector has been plagued by several challenges (Oladele et al., 2020) including bureaucratic bottlenecks, limited financial resources, and external political interference. The challenges in the Nigerian public sector regarding financial resource mobilization and utilization significantly hinder effective decision–making and revenue generation. Despite efforts to ensure compliance, the sector continues to grapple with insufficient revenue to adequately fund essential services and development projects (Ofurum et al., 2019). This issue underscores the need for improved financial management strategies and innovative approaches to boost revenue generation. Issues such as, corruption and inefficient tax administration have worsened this situation. As a result, public sector managers often face tough choices regarding resource allocation, prioritizing projects, and meeting budgetary demands, which undermines the quality of decision-making.

The crucial component of managing revenue generation process for public sector entities is taxation (Ojo 2020). It serves as a primary source of government income, vital for funding

essential public services like education, healthcare, infrastructure, and security. The effectiveness of the taxation system in generating adequate revenue depends on various factors, including tax compliance, tax burden, and tax administration efficiency (Kangave et al., 2020). In many developing countries, including Nigeria, the inefficiency of the tax system has often led to revenue shortfalls, thereby placing undue strain on government expenditure plans. This shortfall in tax revenue can have significant implications for the strategic decisions made by public sector managers regarding service delivery, operational costs, and public investment priorities.

The interaction between taxation and management decision-making is of critical importance to understanding how public sector entities navigate financial constraints and allocate resources effectively. Hall et al. (2022) affirm that taxation directly influences the financial capacity of public sector organizations, which in turn impacts the range of options available to management when making decisions about public spending, project prioritization, and long-term investment strategies. As a result, this study will explore how taxation affects management decision-making processes within the public sector in Nigeria, with a particular focus on Ekiti State. Through this analysis, the study will contribute to the broader understanding of how effective tax policies and revenue management can enhance public sector efficiency and governance.

1.2 Statement of the Problem

Taxation is a vital mechanism for generating revenue to fund public goods and services in any country. In Nigeria, the public sector heavily relies on taxes to finance infrastructure, social services, and other governmental responsibilities. However, the taxation system in Nigeria presents numerous challenges that affect the ability of public sector management to make sound and strategic decisions.

One major issue is the complexity and inconsistency in tax policies. Frequent changes to tax laws and ambiguous guidelines often lead to confusion and difficulties in tax compliance, both for individuals and organizations. Public sector managers are confronted with the challenge of interpreting these complex policies, which affects their ability to accurately forecast tax revenues. The unpredictable nature of tax revenues hampers effective budgeting and long-term planning, as managers cannot reliably predict the resources available to fund public programs and projects.

Additionally, inefficiencies in tax administration, including delayed collection and poor enforcement, further complicate decision-making processes in the public sector. Bureaucratic delays and corruption within tax collection agencies reduce the reliability and timeliness of revenue inflows. This unpredictability in revenue impacts the ability of public sector managers to allocate resources efficiently, often resulting in underfunded or stalled projects, which affect public service delivery.

Moreover, the heavy reliance on certain taxes, such as petroleum-based revenue, leaves the public sector vulnerable to economic fluctuations. This overdependence on volatile sources of income exacerbates the difficulty in financial planning and forces public sector managers to make reactive, rather than proactive, decisions. Such uncertainty often leads to short-term fiscal decisions that prioritize immediate needs over long-term sustainable development goals, undermining the overall effectiveness of governance.

The lack of transparency and accountability in Nigeria's tax system also hinders the proper use of tax revenues. Without proper oversight, public sector managers face challenges in ensuring that funds are allocated in accordance with national priorities. This situation contributes to inefficiencies and waste in public resource management, which further weakens public confidence in governance.

Given these challenges, it is imperative to examine the specific effects of taxation on management decision-making within the Nigerian public sector. By understanding how taxation influences budgeting, planning, and resource allocation, policymakers can identify necessary reforms to enhance tax administration and support more effective management in public institutions. This study will contribute to improving decision-making processes, fostering better governance, and ensuring sustainable development.

1.3. Objectives of the Study

The broad objective of this study is to examine the effects of taxation on management decision making in the public sector in Nigeria, while the specific objectives are to:

i) Investigate tax revenue on management decision making in public sector in Nigeria;

ii) Assess tax compliance rate on management decision making in public sector in Nigeria;

iii) Evaluate tax burden on management decision making in public sector in Nigeria;

1.4 Research Questions

i) What is the effect of tax revenue on management decision-making in the public sector in Nigeria?

ii) What is the effect of tax compliance rates on management decision-making in the Nigerian public sector?

iii) What is the effect of tax burden on management decision-making in the public sector in Nigeria?

1.5 Research Hypotheses

The hypothesis is formulated in null form, and they are:

i) Tax revenue does not have a positive significant effect on management decision-making in the public sector in Nigeria.

ii) Tax compliance rates does not have a positive significant effect on management decision-making in the public sector in Nigeria.

iii) The tax burden does not have a significant effect on management decision-making in the public sector in Nigeria.

1.6 Significance of the Study

This study is significant as it seeks to provide valuable insights into how taxation influences management decision-making in Nigeria's public sector. By examining the relationship between tax revenue, compliance rates, tax burden, and effective tax rates, the study will offer a deeper understanding of how fiscal policies impact the efficiency and effectiveness of public sector management. This information is critical for policymakers to formulate tax reforms that promote transparency, compliance, and better decision-making processes, ultimately improving public service delivery.

More so, this study will benefit public sector managers by providing a framework for making more informed and strategic decisions in the face of fluctuating tax policies and revenues. It will also contribute to existing literature by filling gaps on the impact of taxation on governance in developing economies like Nigeria, offering recommendations to enhance public financial management and support sustainable development goals.

1.7 Scope of the Study

This study focuses on examining the effects of taxation on management decision-making in Nigeria's public sector using primary data. Specifically, it will explore the perspectives and

experiences of public sector managers, tax officials, and other key stakeholders regarding the impact of tax revenue, tax compliance rates, and tax burdens. Data will be collected through interviews, surveys, and questionnaires administered to relevant individuals within public institutions, allowing for an in-depth understanding of how taxation influences budgeting, planning, and resource allocation decisions.

The study will be limited to selected government agencies and public sector organizations in Nigeria. Respondents will include senior managers, finance officers, and other personnel directly involved in tax management and decision-making. The geographic scope will cover federal and state-level public institutions to ensure a comprehensive view of taxation's impact on decision-making in various regions. The study will not use secondary data or focus on the private sector, maintaining its emphasis on first-hand, qualitative insights from public sector stakeholders.

1.8   Operational Definition of Terms

i)   Tax Revenue: The income generated by the government through various taxes, including corporate tax, personal income tax, value-added tax (VAT), and other levies used to fund public services and infrastructure.

ii)   Tax Compliance: The degree to which taxpayers (individuals and organizations) adhere to tax laws and regulations, including accurate reporting of income and timely payment of taxes owed.

iii) Tax Burden: The financial strain imposed on individuals or organizations by taxes, usually measured as a percentage of income or profit that goes toward paying taxes.

iv) Public Sector: The part of the economy that is controlled or operated by the government, including federal, state, and local agencies responsible for delivering public services.

v)   Management Decision-Making: The process through which public sector managers plan, organize, allocate resources, and make strategic decisions to achieve organizational goals.

vi) Profit Margin: Measures how much of a company's revenue is turned into profit. Management's effectiveness in controlling costs and maximizing profitability.

CHAPTER TWO: LITERATURE REVIEW

2.1 Conceptual Review

This section clarifies the concepts and variables on effects of taxation on management decision making in Nigeria by providing thorough definitions and explanations. This level of

clarity creates a solid foundation for the research, allowing both readers and researchers to replicate the study accurately.

2.1.1. Management Decision-Making

Management decision-making is a critical organizational function, involving the identification, analysis, and selection of actions that will enable the achievement of objectives. Decision-making in the public sector, particularly, is described as the process by which government entities choose the most suitable courses of action to address public needs while managing resources effectively. According to Daft (2020), decision-making encompasses both rational and intuitive processes that are influenced by a range of external and internal factors, such as policies, regulations, and organizational culture.

In the public sector, decision-making is often shaped by regulatory frameworks and policies, which set the parameters within which decisions are made. Public administrators must balance the competing demands of stakeholders, legal compliance, and the efficient allocation of resources. Buchanan and Huczynski (2021) suggest that the complexity of public sector decision-making is intensified by the need to account for social, economic, and political factors, which may create tension between short-term needs and long-term strategic objectives.

Several models explain how decisions are made within public organizations. The rational decision-making model, as outlined by Jones and George (2022), emphasizes a logical, step-by-step process that includes problem identification, generating alternatives, evaluating options, and implementing solutions. However, in practice, decision-making in the public sector often deviates from this idealized model due to limitations such as incomplete information, time constraints, and bureaucratic procedures (Pettigrew, 2021).

Mintzberg's (2021) theory on the adaptive nature of decision-making highlights the role of incrementalism in public administration. This approach argues that decisions are made in a series of small, manageable steps rather than through comprehensive, radical changes. This is particularly relevant in the public sector, where political constraints and the need for consensus often necessitate a gradual approach to implementing policy reforms.

Moreover, the decision-making process is influenced by the organizational hierarchy and leadership styles prevalent in public institutions. Autocratic or hierarchical decision-making,

as described by Yukl (2020), may limit input from lower-level staff, while participative or democratic approaches can enhance the quality of decisions by incorporating diverse perspectives. The effectiveness of decision-making in the public sector thus depends significantly on the leadership style employed and the degree of employee involvement (Northouse, 2021).

2.1.2 Budget Variance

Budget variance can be described as the difference between the budgeted amount of expenses or revenues and the actual amount incurred or received. It is a critical metric for assessing how effectively an organization manages its resources and adheres to financial plans. In the context of the Nigerian public sector, budget variance can be used as a proxy to measure how tax compliance impacts decision-making.

Impact of Taxation on Budget Variance: Public sector organizations are responsible for ensuring that tax obligations are fulfilled, which may influence their budgeting decisions. Higher tax liabilities can lead to greater pressure on financial resources, causing deviations from planned budgets if revenues fall short or if unexpected tax expenses arise. A higher level of tax compliance means that public sector managers must factor tax payments into their budgetary allocations, potentially leading to more conservative spending plans to avoid deficits.

2.1.3 Taxation

Taxation which is one of the major fiscal instruments used in regulating the economy, boosting investment, regulating inflation, and generating revenue to finance government expenditures, has been overlooked since the inception of oil revenue in the 1970s in Nigeria. According to Samuel and Simon (2011) and Yunusa (2003), taxation is the process by which the government imposes a mandatory levy on all income, goods, services, and properties of individuals, partnerships, trustees, executorships, and companies. The fundamental elements of generating revenue for the government of most nations are taxes and systems of taxation by the tax authorities. According to Brautigam (2008), taxes determine the balance between accumulation and redistribution of wealth that gives states their social character and underwrites their ability to carry out their primary responsibilities to their citizens. Taxation also serve as one of the main venues for conducting relations between the state and society. Therefore, taxes increase the ability of government to provide security, health facilities, basic education, and economic growth (Onyeka & Nwankwo, 2016). Taxation of individuals and

businesses is how a government generates revenue to pay for its expenditures. Without the money raised through taxes, governments cannot create the necessary infrastructure, put necessary laws into place, or create vital programmes. Due to its impact on the government's fiscal policy and developmental goals, taxation promotes an environment that is favourable to business and wealth creation (Ackom, 2023).

A country's tax structure frequently reflects both its societal values and the values of the ruling class (Ross, 2007). In order to establish a taxation system, a country must decide how the tax burden will be distributed and how the money raised from taxes will be expended (Onyeka & Nwankwo, 2016). These decisions represent the kind of community that the public or government wishes to create in democratic countries like Nigeria, where the people elect those responsible for designing the tax system. As a result of the stability and certainty of the tax system, taxation is viewed as a sustainable means of government revenue generation (Aguolu, 1999). Taxes, in contrast to other revenue streams, are always available as long as economic activity is occurring in society (Cobham, 2005). However, recent changes in the national and global economies that have had a substantial impact on government revenue have shifted attention to taxation as a reliable source of funding (FIRS, 2009).

Taxation has been recognized as a substitute for oil revenue and as a more dependable source of revenue for government (McKerchar, 2003). Therefore, the national tax policy of the Nigerian government is to encourage and promote a change in government priorities from non-tax revenue to tax revenue at all levels of the Nigerian economy (FGN, 2009). In order to assist the quick development of the Nigerian ecosystem, the national tax policy tends to foster and encourage healthy competition amongst tax and revenue authorities in Nigeria at the federal, state, and local levels. The competition will be centered on maximizing tax income within the purview of each level of government in accordance with statutory and constitutional requirements.

Government implements growth and development plans that have a favourable influence on the lives of its citizens through efficient taxes. Taxation is thought to serve the primary and most significant purpose of generating revenue. Taxation, however, is not merely a way for government to generate income; it can also be used to nurture other sources of government revenue and expand other sectors of the economy where the government can generate income (Onyeka & Nwankwo, 2016). However, no sustainable development can occur in a country

when there are leakages in tax collection administration due to tax evasion and earnings management. As a result, large rates of tax evasion and real earnings management are typically accompanied by high unemployment, inability of government to provide necessary amenities, and a poor pace of national development.

2.1.4 Tax Revenue

Tax revenue can be described as the funds collected by governments through various forms of taxation, including income tax, corporate tax, value-added tax (VAT), and excise duties. These funds are critical for public administration and the provision of public goods and services. Globally, tax revenue is recognized as the backbone of sustainable government finance, forming a significant part of government budgets, especially in developing economies (Bird & Zolt, 2005).

Direct Taxes: Levied on income, wealth, and corporate profits. Examples include income tax, corporate tax, and property tax. Direct taxes tend to be progressive, meaning the rate increases as the taxable amount increases (Auerbach, 2006).

Indirect Taxes: These are consumption-based taxes, such as value-added tax (VAT) and excise duties. They are generally regressive, as lower-income individuals may end up paying a higher proportion of their income (Stiglitz, 2000).

Tax Revenue in Developing Economies

Developing economies, including those in sub-Saharan Africa, face unique challenges in tax collection and revenue mobilization. Tax evasion, informal economies, and weak administrative capacity hinder efficient tax collection (Fjeldstad & Moore, 2008). However, strengthening tax administration systems has been identified as a key driver of improved tax revenue mobilization (Kaldor, 1963).

Determinants of Tax Revenue

Economic Growth: Higher economic growth typically leads to higher tax revenues as income, consumption, and corporate profits rise (Tanzi, 1987). Tax Rates: Higher tax rates can increase tax revenue, but excessive rates may discourage compliance and economic activity (Laffer, 2004). Tax Compliance and Evasion: High levels of tax compliance boost tax revenue, while tax evasion reduces it. Effective enforcement and incentives for voluntary compliance can significantly improve revenue (Allingham & Sandmo, 1972). Administrative

Capacity: Efficient tax administration, including digitalization, staff training, and effective auditing, is essential for improving tax collection (Bird & Zolt, 2005).

Roles of Tax Revenue in Public Finance

Tax revenue is crucial for public finance because it provides a stable and predictable source of funding for essential government functions. These include: Public Infrastructure: Roads, bridges, hospitals, and schools are largely financed through tax revenues (Tanzi & Zee, 2000). Social Welfare Programs: Governments use tax revenue to fund social safety nets, healthcare, and education. Debt Servicing: Sustainable tax revenue allows governments to service debt and maintain fiscal discipline.

Challenges in Tax Revenue Mobilization

Despite its importance, tax revenue mobilization faces several challenges: Tax Evasion: In both developed and developing economies, tax evasion undermines the potential tax base, reducing the funds available for public services (Schneider & Enste, 2000). Corruption: Corruption within tax authorities can result in the misappropriation of tax revenue, further limiting government budgets (Fjeldstad, 2003). Complex Tax Systems: Overly complex tax codes can discourage compliance and create loopholes, especially for multinational corporations that engage in aggressive tax planning (Slemrod, 2004).

Tax Reforms and Revenue Enhancement: Many countries have undertaken tax reforms aimed at improving tax collection and efficiency. In Nigeria, for instance, the introduction of the Taxpayer Identification Number (TIN) and efforts to digitalize tax systems have helped increase revenue and streamline collection (FIRS, 2019). Reforms often focus on broadening the tax base, simplifying tax systems, and enhancing enforcement mechanisms (World Bank, 2017).

2.1.5 Tax Compliance Rate

Tax compliance can be described as the extent to which taxpayers (individuals, businesses, or public entities) adhere to tax laws and regulations by accurately reporting their income, deductions, and paying taxes owed in a timely manner. In the context of the public sector in Nigeria, tax compliance plays a critical role in determining the effectiveness of tax policies and the sustainability of government revenues. Understanding the dynamics of tax compliance, particularly in the public sector, is essential for evaluating its effects on management decision-making.

Factors Influencing Tax Compliance Rate in the Public Sector**:** Several factors influence the tax compliance rate in the public sector in Nigeria. These factors can be categorized into economic, institutional, psychological, and social dimensions: Economic factors: Public sector institutions, like private entities, consider the financial burden of taxes when making decisions. The size of tax liabilities, the complexity of tax laws, and the potential penalties for non-compliance are critical factors. High tax rates, combined with an inefficient tax collection system, may lead to tax avoidance or evasion. Institutional factors: Nigeria's tax administration system is central to compliance. When tax authorities are efficient, transparent, and equipped with effective enforcement mechanisms, compliance rates are higher. Conversely, bureaucratic delays, corruption, and inadequate technology lead to lower compliance. The level of trust in the tax authorities and government accountability directly affects compliance rates.

Psychological and social factors: The willingness of public sector entities to comply with tax regulations can also be influenced by social norms and the general attitude toward tax obligations. In Nigeria, where tax evasion in some quarters has been normalized, public sector organizations may follow similar patterns unless strict oversight exists.

Tax Compliance and Management Decision-Making in the Public Sector

Tax compliance directly affects management decision-making in the public sector, particularly in the allocation and utilization of financial resources. Public sector managers need to account for tax obligations when budgeting for programs, projects, or capital investments. Higher tax compliance rates ensure a stable flow of government revenue, which is crucial for the smooth functioning of government operations and the provision of public services.

Conversely, low tax compliance rates can lead to revenue shortfalls, which may result in delayed or underfunded government projects, leading to inefficiencies. These shortfalls force public managers to either reduce expenditures or seek alternative sources of funding, such as borrowing, which might affect future decision-making due to increased debt obligations.

Challenges of Tax Compliance in Nigeria's Public Sector**:** The Nigerian public sector faces several challenges that affect tax compliance rates: Complexity of the tax system: The tax structure in Nigeria is complex, with multiple layers of tax jurisdictions (federal, state, and local government). This complexity creates administrative burdens and contributes to non-

compliance due to misunderstandings or delays in meeting obligations. Weak enforcement mechanisms: Inadequate enforcement of tax laws often results in widespread non-compliance. Public sector entities, like individuals and businesses, may exploit loopholes or take advantage of weak monitoring by tax authorities. Corruption and mismanagement: Corruption in the Nigerian tax administration system undermines the compliance rate. Bribery, fraud, and embezzlement can discourage public entities from adhering to tax rules since accountability is perceived to be low.

Improving Tax Compliance in the Public Sector:To improve tax compliance in the public sector, Nigeria must address several key areas: Simplifying tax laws and regulations: A more transparent and simplified tax system will help public sector entities understand their obligations more clearly, reducing the likelihood of errors or intentional evasion. Strengthening tax administration and enforcement: Modernizing tax collection systems, increasing transparency, and implementing stricter penalties for non-compliance can help raise the tax compliance rate. Building trust in governance: Public sector entities are more likely to comply with tax regulations if they perceive the government to be using tax revenues efficiently and transparently. Therefore, improving governance and reducing corruption can boost compliance rates.

2.1.6 Tax Burden

The tax burden in Nigeria represents the collective financial responsibility imposed on individuals and corporate entities by the government through various levies and duties. The nation's tax landscape encompasses a mix of direct and indirect taxes, each contributing to the overall fiscal demands placed on citizens and businesses (Lelly et al., 2022). Personal income tax, corporate income tax, value-added tax (VAT), and other levies collectively constitute the spectrum of taxes individuals and corporations must fulfill. The tax burden is influenced by regulatory changes, such as those introduced through Finance Acts, shaping tax rates, deductions, and incentives. For individual taxpayers, the burden manifests in the form of direct deductions from income, while corporate entities face the challenge of aligning with changing corporate tax regulations. Despite efforts to strike a balance between revenue generation and economic stimulation, challenges persist in optimizing the tax burden's equitable distribution (Uket, et al., 2020). Issues such as tax evasion, inadequate infrastructure, and bureaucratic complexities pose obstacles to seamless implementation. Navigating this intricate landscape necessitates a comprehensive understanding of the

evolving tax policies and their ramifications, ensuring a sustainable approach to meeting fiscal responsibilities and fostering economic growth in Nigeria.

2.2 Theoretical review

The connection between taxation and management decisions has sparked significant academic interest, especially in emerging economies like Nigeria. This theoretical framework examines various models and theories that reveal how taxation impacts management decision making.

2.2.1 Tax morale principle is the anchoring principle of this study. Tax morale is the willingness to pay taxes, driven by a sense of civic duty, trust in government, and perceived fairness of the tax system. (Danko & Gorden). Tax morale also refers to the intrinsic motivation to comply with tax laws, influenced by factors such as trust, fairness, and civic duty. (Kastlunger et al.) According to the tax morale principle, taxpayers have a moral obligation to fulfil their civic duty to the government by paying their taxes.

Ukaj (2014) asserted that effective governance boosts citizens' confidence in government agencies and strengthens their resistance against tax evasion. Taxpayers are expected to uphold the tax morale principle, which requires businesses and individuals to pay taxes as their contribution to society and to keep good ties with the government (Omodero, 2019). Citizens who adhered to tax morality understand that paying taxes is a moral obligation and do not need to be coerced into compliance by the government before performing their moral responsibility to a constituted authority. When citizens of a nation realize their government is corrupt based on governance system, the loyalty and commitment of citizens to such a government begin to erode. The assumption is that by virtue of the illegal and dishonest actions perpetuated by public servants or tax authority staff, the same taxpayers would consciously decide to avoid paying taxes and manipulate their earnings in such a way that it would reduce tax expenses or invent other ways to do so.

2.2.2 Public Choice Theory

Public choice theory, pioneered by economist James Buchanan and Gordon Tullock in the early 1960s, offers a unique lens for understanding the dynamics of tax reforms and their impact on the tax burden. Buchanan and Tullock challenged traditional economic models by integrating political processes into economic analysis, contending that individuals, including policymakers, act in their self-interest to maximize utility. In the context of tax reforms,

public choice theory asserts that policymakers are motivated not only by economic considerations but also by personal incentives and the desire to secure support for re-election. This theory posits that politicians seek to cater to specific interest groups, lobby organizations, or influential constituents to enhance their political standing. Consequently, tax policies may be shaped by these political dynamics, leading to outcomes that may not always align with economic efficiency. Regarding the tax burden, public choice theory highlights how the distribution of tax benefits and burdens can be influenced by the political process. Policymakers may be inclined to design tax reforms that garner support from key constituencies, potentially leading to targeted tax breaks or loopholes for specific groups. This discriminatory policy formulation might lead to an unequal allocation of the tax responsibility among certain demographic groups. Public choice theory's insights are crucial in comprehending the intricacies of tax policy formulation. It underscores that tax reforms are not solely driven by economic principles but are subject to the political calculus of decision-makers. Recognizing the interplay between self-interest, political motivations, and economic policy choices provides a more comprehensive understanding of how tax reforms can shape the tax burden within a society.

2.2.3 Keynesian Economics Theory

Keynesian economics, formulated by the renowned economist John Maynard Keynes during the 1930s, has played a pivotal role in shaping fiscal policy and understanding the relationship between tax reforms and the tax burden. Keynesian theory posits that government intervention through fiscal policy, including taxation, can be used to manage economic cycles. Keynes contended that in times of economic recession, governments should augment expenditure or decrease taxes to invigorate demand and enhance economic activity. On the other hand, when there is inflation or economic overheating, governments should adopt measures, such as raising taxes, to reduce the intensity of economic activity. Keynesian economics offers a framework for comprehending how tax policies might be employed to impact aggregate demand and bolster economic stability in the context of tax reforms (Finance Acts) and Tax Burden of Listed Consumer Goods Firms in Nigeria. For instance, during an economic slowdown, tax reforms in Nigeria's Finance Acts could include reductions in corporate taxes for consumer goods firms, aiming to promote investment, spur consumption, and foster economic growth. The justification for applying Keynesian theory as an underpinning theory to this specific case lies in its emphasis on using fiscal policy, including tax reforms, as countercyclical tools. By strategically adjusting tax policies in

response to economic conditions, policymakers in Nigeria can address challenges faced by consumer goods firms, ensuring stability and growth. In times of economic downturn or sluggish demand, tax reductions can provide much-needed relief for businesses, potentially fostering expansion, job creation, and increased consumer spending. Conversely, during periods of economic overheating, tax reforms may involve adjustments to prevent inflationary pressures.

2.3 Empirical review

The empirical review provides a comprehensive analysis of existing studies and research findings to investigate the effects of taxation on management decision making within Nigeria's public, particularly in Ekiti state, highlighting key trends, patterns, and implications for policy and practice.

2.3.1 Tax revenue And Management decision-making

Chukwudi et al. (2020) investigated how tax planning affects the value of consumer goods manufacturers in Nigeria. The specific objectives were to assess the influence of the effective tax rate (ETR) and book tax difference (BTDs) on the value of Nigerian consumer goods companies. The researchers used an Ex-post facto research design for their study. A sample size of 21 companies was picked from the population of non-financial companies listed on the Nigerian Stock Exchange. The selection was based on the availability of financial statements. The survey data is obtained from the publicly available financial statements of non-financial corporations over the period of 10 years, from 2009 to 2018. Simple linear regression was employed to evaluate three hypotheses using EViews 9.0. The study demonstrated that ETR had an adverse effect on strong value, and this effect was statistically significant. Nevertheless, studies have discovered that the book tax difference (BTD) has a positive impact on strong value. However, it is important to note that this effect did not reach statistical significance. Hence, the study proposed that the statistically significant influence of the ETR should be considered as a determining factor for enterprise value in Nigeria, among other recommendations. This study diverges from the present study in that it specifically examines the impact of tax planning on firm value, while the current study centres on the tax burden resulting from tax reforms.

John and Dickson (2020) using Error Correction Models analyzed the influence of tax revenue on economic growth using both unadjusted and adjusted Gross Domestic Product from 1984 to 2018. When GDP was not adjusted for inflation, PPT had a minor but beneficial

effect on economic growth, whereas VAT and CIT had a large but negative impact on GDP. PPT had a negative and insignificant impact on adjusted GDP, but VAT had a positive and considerable impact, and CIT had a negative and significant one. Yadawananda and Achal (2020) investigated the long-run and short-run relationship between tax structure and state-level growth performance for the year 1991 till 2016 using the panel regression method. The findings revealed that commodity and service tax were bad for the economy and an increase in those taxes will lead to inflation while income taxes were found to be significant for the economy as it mostly impacts the savings and labour supply which is regarded as the drive for economic growth.

Adeusi et al. (2020) investigated the impact of non-oil revenue of the economic growth of Nigeria where company income tax, value added tax, personal income tax and custom and excise duties where the non-oil revenue for the period 1994–2018 with data gotten from Federal Inland Revenue Service and National Bureau of Statistics. Ordinary Least Square Regression Techniques was used for data analysis. The study revealed that Value Added Tax and Custom and Excise duties have more significant positive impact on economic growth while Company Income Tax and Personal Income Tax have a negative but significant effect on economic growth.

Atolagbe and Abiodun (2021) investigated whether the correlation between tax revenue and the interaction of macroeconomic factors is crucial for maximising the benefits of the African Union's proposed removal of non-tariff barriers. The purpose of this study was to examine the effects of trade liberalisation and six macroeconomic variables on tax revenue in Nigeria between 1981 and 2019. The autoregressive distributed lag (ARDL) technique to cointegration and the Error Correction Model (ECM) were utilised for this investigation. The study modified the ARDL model to specify an unbounded error-correction model. The prediction of total tax and domestic tax revenues was based on the analysis of trade liberalization and several macroeconomic variables. When all other factors in the model remained constant, a single unit increase in trade liberalization resulted in a 3% rise in both total and domestic tax revenues. The ECM analysis revealed the presence of both short-term and long-term equilibrium in the system. The macroeconomic indicators that have been identified as predictors of both domestic and external tax revenues include the proportion of petroleum and mining in the gross domestic product (GDP), foreign direct investment, the proportion of agriculture in GDP, per capita income, exchange rate, and inflation rate.

Therefore, it is crucial to elucidate the significance of these factors in understanding tax revenue in Nigeria. To enhance and maintain tax income, it is crucial to implement extensive trade liberalization policies and effectively manage changes in macroeconomic variables. Although there is a one-year time delay in this study, it specifically examined tax revenue and macroeconomic indicators. This study distinguishes itself from the current research by its specific region of concentration and the methodology employed for data processing.

2.3.2 Tax compliance rates and management decision-making

Yuniadi (2018), investigated the link between tax compliance and tax morale. Firms pay taxes, and in his opinion think they should comply to rules and regulations. Making people and firms pay taxes will only encourage them to evade or perhaps avoid paying taxes completely. Tax authorities must ensure in raising tax morale in order to reduce tax evasion and avoidance. Tax morale tends to boost inner drive to pay taxes, displaying that paying taxes is motivated by more than merely following the law. Low level of tax compliance rate is as a result of low tax morale. He used the torgler model, and findings from other researchers.

2.3.3 tax burden and Management decision making

Wei Tianbao (2018) found that the reduction of tax burden can increase the level of investment, while indirect taxes have an inhibitory effect.

2.4 Gap in Literature

A notable gap in the literature regarding the effects of taxation on management decision-making in the public sector in Nigeria lies in the lack of comprehensive studies exploring how tax policies specifically influence strategic decision-making processes within government agencies. While existing research often focuses on taxation's impact on private sector investment and business decisions, there is limited empirical evidence examining how public sector managers adapt their strategies and operational choices in response to tax regulations and fiscal policies.

Additionally, much of the current literature does not adequately address the variation in responses among different levels of government or types of public sector entities. Understanding these nuances could provide deeper insights into how taxation influences public sector efficiency and effectiveness, highlighting areas where policy adjustments could better align with strategic management needs in Nigerian public institutions.

2.5 Conceptual Framework (Conceptual Model)

Taxation   Management Decision

```
        ↓                                                        ↓
┌─────────────────────────┐                        ┌─────────────────────────────┐
│      Tax revenue        │                        │                             │
│                         │                        │       Budget variance       │
│                         │                        │                             │
├─────────────────────────┤                        │                             │
│      Tax burden         │                        └─────────────────────────────┘
│                         │
│                         │
├─────────────────────────┤
│   Tax compliance rate   │
│                         │
│                         │
└─────────────────────────┘
```
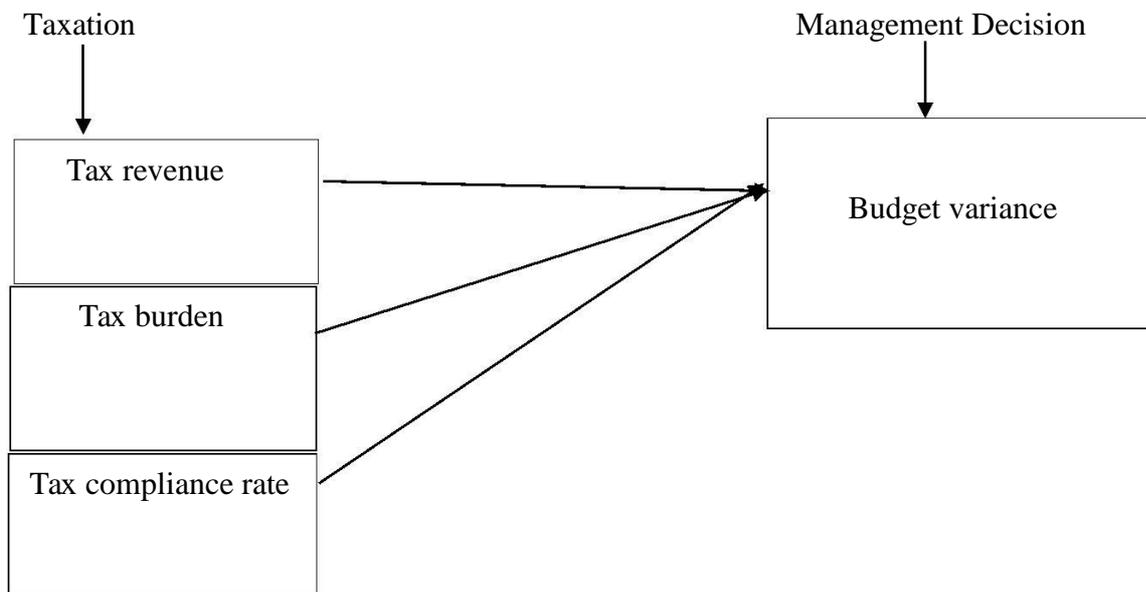
This model helps visualize the direct and indirect effects of taxation on management practices and public sector outcomes, providing a basis for exploring and analyzing these relationships in this research.

CHAPTER THREE: METHODOLOGY

3.1 Research Design

In order to provide the structure that would facilitate the answering of the restated research questions and testing of hypothesis objectively, economically and with minimal error, the cross-sectional survey design is adopted. Basically, this study combines the elements of both descriptive and assessment research

3.2 Population of the Study

The population of the study consists of government agencies located in Ekiti state while the target population samples of the study consists 150 from the selected agencies. The study will focus on public sector/government agencies located in Ekiti state.

Table 3.1: Population of the Study.

S/N	Enterprises Name	Population
1.	Ekiti State Water Corporation	30
2.	Ekiti State Transport Management Agency	20
3.	Ekiti State Waste Management	25
4.	Ekiti State Tourism Development Corporation	25
5.	Ekiti State Agricultural Development	50
Total		150

Source: Researcher's Design (2025)

3.3 Sample Size and Sampling Technique

The simple random sampling techniques was adopted for the purpose of the research work.

The sample of the study places emphasis on public sector / some selected government agencies in Ekiti state, Nigeria.

A sample size 50% was employed for this study. The selected agencies and their respective population are tabulated in Table 3.1.

Table 3.2: Sample size for the Study.

S/N	Enterprises Name	Population	Sample Size	Percentage
6.	Ekiti State Water Corporation	30	15	50
7.	Ekiti State Transport Management Agency	20	10	50
8.	Ekiti State Waste Management	25	13	50
9.	Ekiti State Tourism Development Corporation	25	13	50
10.	Ekiti State Agricultural Development	50	25	50
Total		150	76	50

Source: Researcher's design (2025)

3.4   Research Instrument

The primary research instrument used in this study is a structured survey. The survey was designed to collect relevant data on the effect of taxation on management decision in the public sector in Ekiti state. It consists of both closed-ended and open-ended questions,

allowing respondents to provide quantitative data and express qualitative insights. The use of survey was deemed appropriate due to their efficiency in gathering large amounts of data within a short period and their suitability for statistical analysis.

3.5 Validity of Research Instrument

The validity of the research instrument was confirmed by an expert to review the survey. The content validity of the instrument was evaluated with a panel consisting workers of publicly/agencies listed. We then used their feedback to polish up the questions so that a better representation of what we sought to measure.

3.6 Reliability of Research Instrument

The test-retest method was used to determine reliability of the research instrument. The survey was delivered with an interval of 2 weeks between the first and second administration to a subsample population. Data from both the administrations were obtained and compared using Pearson be correlation to determine response consistency.

3.7 Administration of Instrument

The questionnaire was administered to the selected respondents through survey. This approach was chosen to maximize response rates and ensure convenience for respondents. To maintain confidentiality and encourage honest answers, respondents were assured that their identities would remain anonymous and that their responses would be used solely for academic purposes.

3.8 Model Specification

The analysis of raw data of an investigation is the means by which research problems are solved. This is the ordering and breakdown of data with its constituent parts. The model of the study is the regression model which has investigated linkage between taxation and management decision

$$Y = \beta + \beta 1x + \mu \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots i$$

Where:

Y = dependent or unexplained variable which is management decision making.

β = Constant

$\beta 1$ = The regression co-efficient or multiplier of the dependent variable

X = Independent variable, which represented tax revenue, tax compliance, tax burden etc.

$\boldsymbol{\mu}$ = The error term which represent other factors that may affect the mode but are outside the scope of the model. The model was invented by Sir Francis Galton.

A priori **Expectation**

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1   Social Demographic Information

Data presentation means the various ways of carrying the different forms of data obtained through various data collecting techniques to enable the researcher perform analysis and extract new meaning from it. This research is targeted at understanding in a comparative analysis the effects of taxation on management decision making in the public sector in Nigeria, Ekiti State, data analyzed and derived by way of survey administration are presented and analyze and so is done by statistical calculations / computations as tool for hypothesis is analysis of variance (ANOVA) and percentages. At the end inferences and conclusions are arrived at based on the statistical calculations.

4.2 Analysis/Interpretation of Results

Table 1: Sex distribution of respondent.

Response option	Number of responses	Percentage%
Female	80	66.6%
Male	40	33.3%
Total	120	100

Source: Field survey 2025

Table 1 shows that out of 120 respondent, 80 respondent representing 66.6% were female, while 40 respondents representing 33.3% were male. From the above, we can deduce that majority of the respondent are female.

Table 2: Level and position in office.

Variables	Respondents	Percentage {%}
Senior staff	20	16.6%
Middle staff	45	38%
Junior staff	55	46%
Total	100	100

Source: Field survey 2025

Table 2 show that out of the 120 questionnaires were returned. 20 respondents representing 16.6% are senior staff, 45 respondents representing 38% are middle staff, while 55 respondents representing 46% are junior staff.

Statement 1. To what extent does tax revenue influence your organization's budgeting and financial planning decisions?

Table 3:

Responses	Number of respondents	Percentage %
Strongly agreed	55	45.8%
Agreed	35	29.1%
Undecided	-	-
Disagreed	20	16.6%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 3 shows that out of 120 respondents, 55 respondents who represent 45.8% strongly agreed that tax revenue influence organization budgeting and financial planning decision. 35 respondents who represent 29.11% agreed, 20 respondents who represents 16.6% disagreed ,10 respondents who represent 8.3% strong disagreed.

Statement 2. How often does the amount of tax revenue collected impact your management decisions on project prioritization?

Table 4

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 4 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that tax revenue collected impact your management decisions on project prioritization. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 3. How would you rate the tax compliance rate in your organization?

Table 5

Responses	Number of respondents	Percentage %
Strongly agreed	100	83.3%
Agreed	20	16.6%
Undecided	-	-
Disagreed	-	-
Strongly disagreed	-	-
Total	120	100

Source: Field survey 2025.

Table 5 shows that out of 120 respondents, 100 respondents who represent 83.3% strongly agreed that tax compliance rate in your organization is high. 20 respondents who represent 16.6% agreed.

Statement 4. Does your organization's tax compliance rate affect decision-making processes (e.g., funding allocations, staffing decisions)?

Table 6

Responses	Number of respondents	Percentage %
Strongly agreed	-	%
Agreed	-	%
Undecided	10	8.3%
Disagreed	10	8.3%
Strongly disagreed	100	83.3%
Total	120	100

Source: Field survey 2025.

Table 6 shows that out of 120 respondents, 100 respondents who represent 83.3% strongly disagreed that organization's tax compliance rate affect decision-making processes (e.g., funding allocations, staffing decisions). 10 respondents who represent 8.3% disagreed,10 respondent who represent 8.3% undecided.

Statement 5. Do the costs associated with complying with tax regulations hinder your management decision-making process?

Table 7

Responses	Number of respondents	Percentage %
Strongly agreed	-	%
Agreed	-	%
Undecided	10	8.3%
Disagreed	10	8.3%
Strongly disagreed	100	83.3%
Total	120	100

Source: Field survey 2025.

Table 7 shows that out of 120 respondents, 100 respondents who represent 83.3% strongly disagreed that costs associated with complying with tax regulations hinder your management decision-making process 10 respondents who represent 8.3% disagreed,10 respondent who represent 8.3% undecided.

Statement 6 How significant is the tax burden on your organization's ability to make strategic management decisions?

Table 8

Responses	Number of respondents	Percentage %
Strongly agreed	-	%
Agreed	-	%
Undecided	10	8.3%
Disagreed	10	8.3%
Strongly disagreed	100	83.3%
Total	120	100

Source: Field survey 2025.

Table 8 shows that out of 120 respondents, 100 respondents who represent 83.3% strongly disagreed that tax burden on your organization ability to make strategic management decision 10 respondents who represent 8.3% disagreed,10 respondent who represent 8.3% undecided.

Statement 7 Does the tax burden limit your organization's ability to invest in infrastructure or services?

Table 9

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 9 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that tax burden limit organization ability to invest in infrastructure or services. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 8 How often does your organization reassess its strategies due to the tax burden

Table 10

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 10 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that organization reassess its strategies due to tax burden. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 9 What is your perception of the effective tax rate imposed on your organization**?**

Table 11

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 11 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that effective tax rate imposed on organization is very high. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 10 How does the effective tax rate influence long-term decision-making in your organization?

Table 12

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 12 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that effective tax rate strongly influence long term decision making in organization. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 11 Do you think the effective tax rate in your sector is equitable and reasonable?

Table 13

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 13 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that effective tax rate in sectors are equitable and reasonable. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 12 Does a higher effective tax rate affect the efficiency of management decision-making processes

Table 14

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 14 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that higher effective tax rate affect the efficiency of management decision making processes. 30 respondents who represent 25% agreed,6 respondent who represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

Statement 13 Overall, how would you rate the effect of taxation on your organization's ability to make efficient management decisions

Table 15

Responses	Number of respondents	Percentage %
Strongly agreed	55	45.8%
Agreed	35	29.1%
Undecided	-	-
Disagreed	20	16.6%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2025.

Table 15 shows that out of 120 respondents, 55 respondents who represent 45.8% strongly agreed that taxation has an effect on the organization ability to make efficient management decision. 35 respondents who represent 29.11% agreed, 20 respondents who represents 16.6% disagreed ,10 respondents who represent 8.3% strong disagreed.

Statement 14 Do you believe changes in tax policies would improve the quality of management decision-making in your organization?

Table 15

Responses	Number of respondents	Percentage %
Strongly agreed	64	53.3%
Agreed	30	25%
Undecided	6	5%
Disagreed	10	8.3%
Strongly disagreed	10	8.3%
Total	120	100

Source: Field survey 2024.

Table 15 shows that out of 120 respondents, 64 respondents who represent 53.3% strongly agreed that changes in tax policies would improve the quality of management decision making in organization. 30 respondents who represent 25% agreed,6 respondent who

represent 5% undecided, 10 respondents who represents 8.3% disagreed, 10 respondents who represent 8.3% strong disagreed.

4.3 Test of Hypotheses/ Examining of Research Questions

In this section, the research hypothesis stated in the chapter is tested. The **statistical** tool employed is chi-square(x^2) . The hypothesis could be stated as thus

Test of Hypothesis one

Ho: Tax revenue has a significant impact on management decision-making in the public sector in Nigeria.

From the table: critical value X02 = 5.99

Decision

30.4 critical values 5.99, therefore, the null hypothesis

{Ho} The tax burden has a significant influence on management decision-making in the public sector in Nigeria {Hi} is accepted.

Table 19

Response variable	No of respondent (Fo)	Expected freq (Fe)		Fo-Fe	(Fo-Fe	$\frac{(Fo-Fe)^2}{(Fe)}$
Strongly agreed	55	24.0	31.0	961.0		17.4
Agreed	30	24.0	6.0	36.0		1.2
Undecided	6	24.0	-18	-324.0		-54
Disagreed	9	24.0	-15	-225.0		25
Strongly disagreed	20	24.0	-4	-16.0		0.8
Total	120	120	74	1562		98.4

Source: table 4

Chi – square computed value (x02) = 98.4

At 0.05 level of significance

Degree of freedom {df}{3-1}{2-1}= 2

From the table: critical value xo2 = 5.99

Computed x2 value for hypothesis two

Chi- square computed value {X02}= 30.4

At 0.05 level of significance

Degree of freedom {df}{3-1}{2-1}= 2

From the table: critical value X02 = 5.99

Decision

30.4 critical values 5.99, therefore, the null hypothesis {Ho} accepted which states Tax revenue has a significant impact on management decision-making in the public sector in Nigeria. While the alternative hypothesis {Hi} is accepted.

4.4 Discussions of Findings

This section discusses the findings of this study with relevant and related research findings so as to confirm or refute the present findings in order to offer further suggestions on research studies. The first finding of this study revealed that tax revenue as measured in this study, significantly influence management decision making. The results shows that managers considers tax implications when making decisions related to investments, financing, and dividend payments. This finding supports the work of Anilowski and Jaervensivu, (2020) that conducted a research on impact of tax revenue on investment decisions. It was concluded that managers prefer projects with higher tax benefits.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The effects of taxation on management decision-making in the public sector in Nigeria have been explored in various studies, highlighting the significant role taxes play in shaping policy, budget allocation, and financial planning. Taxation influences decision-making in terms of revenue generation, resource distribution, and public service delivery. Literature indicates that inadequate or inconsistent tax policies often hinder the ability of public sector managers to plan effectively, as they create uncertainty in revenue streams and lead to fiscal instability. The complexity and inefficiency in the Nigerian tax system further complicate decision-making, often forcing managers to make short-term financial decisions rather than focusing on long-term goals.

A recurring theme in the literature is that high tax burdens and the inefficiency of tax collection mechanisms in Nigeria affect the optimal allocation of public funds. Public sector managers are often forced to make decisions that prioritize urgent financial needs over developmental projects, which may result in suboptimal outcomes for public service delivery. Additionally, studies suggest that frequent changes in tax laws, coupled with poor

enforcement, further complicate managerial decisions, leading to ineffective budgeting and planning. These factors often reduce the capacity of public sector managers to meet the objectives of sustainable development and efficient governance.

Another critical finding from the literature is the relationship between tax compliance and managerial decision-making. Public sector managers in Nigeria are frequently faced with the challenge of ensuring compliance with tax regulations while balancing budgetary constraints. The literature reveals that poor tax compliance and a lack of transparency in tax administration lead to a reduction in available government resources, forcing managers to make compromises that may not align with public interest. This lack of revenue can affect the implementation of key social services and infrastructure projects, impacting the overall development goals of the public sector.

In conclusion, taxation significantly impacts decision-making within the public sector in Nigeria by influencing resource allocation, financial planning, and service delivery. The findings suggest that improving tax collection efficiency, simplifying tax regulations, and ensuring greater compliance could enhance the effectiveness of public sector management decisions. By addressing these challenges, Nigeria could foster a more stable fiscal environment that enables public managers to make more informed and strategic decisions for long-term development.

5.2 CONCLUSION

In conclusion, taxation significantly influences management decision-making in the Nigerian public sector, shaping not only the financial framework but also the effectiveness of governance and public service delivery. The literature consistently points to the challenges posed by inefficient tax systems, fluctuating revenue streams, and complex tax regulations, which hinder the ability of public sector managers to make informed, long-term decisions. In an environment of fiscal uncertainty, managers often prioritize immediate financial needs over strategic development goals, which can compromise the quality of public services and infrastructure projects.

Moreover, the inefficiency in tax collection and poor tax compliance further exacerbates fiscal instability, limiting the resources available for essential public functions. Public sector managers frequently face the dilemma of trying to balance revenue generation with the pressures of maintaining tax compliance, which often results in a reactive rather than

proactive approach to budgeting and planning. The lack of a stable and transparent tax system ultimately limits the capacity of the public sector to address Nigeria's socio-economic challenges effectively.

To improve management decision-making, the Nigerian government must focus on tax reforms that simplify tax administration, enhance compliance, and ensure greater transparency. By creating a more predictable and efficient tax environment, public sector managers would be better equipped to allocate resources effectively, prioritize long-term development goals, and optimize public service delivery. This would not only improve governance but also contribute to more sustainable economic growth in the country.

In essence, while taxation remains a key tool for revenue generation in Nigeria, its current inefficiencies and complexities continue to pose significant challenges for public sector management. Addressing these challenges through comprehensive reforms will empower managers to make better decisions, drive national development, and enhance the overall welfare of Nigerian citizens.

5.3 Recommendations

Based on the findings from this study on the effects of taxation on management decision-making in the Nigerian public sector, several key recommendations can be made to improve the efficiency of tax policies and enhance decision-making processes. These recommendations aim to address the issues identified and promote better governance and resource management.

Tax System Simplification and Streamlining: The complexity of the Nigerian tax system has been a major hindrance to effective management decision-making. Simplifying tax codes and procedures would reduce administrative burdens and improve tax compliance. A streamlined system that is easier for taxpayers to understand and navigate could increase revenue generation while fostering a more transparent and predictable fiscal environment. Public sector managers would benefit from a clearer framework, enabling them to make more informed and strategic decisions.

Strengthening Tax Collection Mechanisms: Inefficiency in tax collection is a major challenge facing the Nigerian public sector. To address this, the government should invest in modernizing tax administration systems, adopting digital solutions, and leveraging

technology for real-time tracking and reporting of tax payments. This would reduce corruption, minimize leakages, and ensure that more tax revenue is collected and allocated appropriately. Strengthening the capacity of the tax authorities, including training personnel and improving enforcement measures, will improve compliance and ensure steady revenue inflows.

Tax Policy Stability and Predictability: The frequent changes in tax policies and regulations in Nigeria have created an environment of uncertainty for public sector managers. To improve decision-making, the government should focus on creating a stable and predictable tax policy framework. This would allow public sector managers to plan and allocate resources with greater confidence and long-term perspective. Clear communication of any changes in tax laws should be made well in advance, ensuring that managers can adjust their strategies and budgets accordingly.

Public Awareness and Education on Taxation: Enhancing taxpayer education and awareness is critical for improving tax compliance. Public sector managers should be proactive in engaging with the public to raise awareness of the importance of taxes and the role they play in funding essential services. Providing clear information on tax obligations, benefits, and the consequences of non-compliance will encourage greater voluntary compliance and build trust in the tax system. Public education campaigns could also help reduce the informal economy and increase the tax base.

Decentralization of Revenue Management: In some cases, revenue management could be more effective if decentralized, giving local governments more autonomy over their tax revenue. This would allow public sector managers at the local level to make decisions that are more aligned with the specific needs and priorities of their communities. Decentralization could foster greater accountability and transparency, ensuring that revenue is used more efficiently in addressing local challenges. Additionally, local tax policies tailored to regional conditions could boost compliance and revenue generation.

Fostering Public-Private Partnerships (PPP): Public sector managers should explore partnerships with private sector players to improve tax compliance and revenue generation. Collaborations between the government and private firms, particularly in sectors like telecommunications, financial services, and technology, could help improve data collection, enhance tax administration, and increase overall tax compliance. PPPs could also facilitate

the provision of public goods and services, easing the financial burden on government resources.

Comprehensive Monitoring and Evaluation: Lastly, the government should establish a robust monitoring and evaluation system to track the effectiveness of tax policies and their impact on public sector management decisions. Regular assessments would help identify areas where improvements can be made, such as in tax collection, policy implementation, or resource allocation. A feedback loop that incorporates input from public sector managers and other stakeholders would ensure that policies remain responsive to the needs of both the government and the citizens.

In summary, addressing the challenges faced by the Nigerian public sector in terms of taxation requires a multi-faceted approach. By simplifying the tax system, strengthening tax collection mechanisms, ensuring policy stability, raising public awareness, decentralizing revenue management, fostering PPPs, and implementing regular evaluations, Nigeria can create a more efficient tax environment that supports better decision-making in the public sector. These reforms would not only enhance fiscal stability but also contribute to improved public service delivery and sustainable economic development.

5.4 Contributions to Knowledge
This study contributes to the existing body of knowledge by providing a detailed examination of how taxation affects management decision-making in the Nigerian public sector. It highlights the complexities of the tax system, including issues related to tax inefficiency, policy instability, and compliance challenges, and how these factors hinder effective decision-making in public sector management. The research also offers insights into the practical implications of these challenges for resource allocation, budgeting, and service delivery. Furthermore, the study proposes actionable recommendations for improving tax administration and policy, thereby contributing to the discourse on enhancing public sector governance and fostering sustainable development in Nigeria.

5.5 Limitations of the Study
This study has several limitations that should be noted. While it draws from both secondary data and primary data collected through surveys, the sample size and scope of the respondents may limit the generalizability of the findings. The study focused on a specific group of public sectors, which may not fully represent the experiences of all stakeholders in

the public sector. Additionally, the self-reported nature of the survey responses may introduce biases, as respondents may not always provide fully accurate or representative insights. The study also concentrated on the Nigerian context, so its findings may not be applicable to other countries with different tax systems, governance structures, or socio-economic environments. Lastly, the rapid pace of policy changes in Nigeria means that the conclusions of this study may need to be revisited as tax reforms and public sector management practices evolve.

5.6 Suggestions for Further Studies

Future studies could explore the impact of specific tax reforms on public sector decision-making in Nigeria, particularly focusing on recent changes to tax laws such as the Finance Act and the implementation of digital tax systems. Research could examine how these reforms have directly affected revenue generation, budgeting processes, and service delivery at both federal and state levels. Additionally, longitudinal studies that track the long-term effects of tax policy changes on public sector management would provide valuable insights into the sustainability of reforms and their influence on governance.

Another area for further research could involve a more detailed investigation into the role of corruption in tax administration and its impact on public sector decision-making in Nigeria. While this study addressed broader tax policy issues, exploring the specific challenges posed by corruption in tax collection and enforcement could offer actionable recommendations for improving compliance and efficiency in tax administration. Qualitative studies involving in-depth interviews with key stakeholders, including tax officers, public sector managers, and policymakers, would enrich the understanding of the practical barriers to effective tax management in Nigeria.

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