Infrastructures, Taxation and Performance of Small and Medium Enterprises in Nigeria: Evidence from Calabar Metropolis.

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ABSTRACT

This study examined the effects of infrastructural development and taxation on the performance of micro and small enterprises in Calabar Metropolis. The study adopted the survey design. The sample of the study was 370 micro and small enterprises in Calabar Metropolis, the instrument of data collection were the questionnaire and the data collected was analyzed using the chi-square technique. From the chi-square result, it was indicated that there is a significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis, there is a significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis and there is no significant effect of taxation on the performance of micro and small enterprises in Calabar Metropolis. Based on the findings, the study recommended that government should come up with uniform tax policies that will aid development of small scale businesses in Calabar Metropolis, in order to obtain a vibrant and flourishing small scale business sector, the tax policy needs to be appropriate such that it will neither be a burden to the small scale businesses nor discourage voluntary compliance, government should evolve a tax policy that would encourage investments in small scale businesses.

Keywords: Infrastructures, Taxation, Performance of SMES, Chi-square, Cross River State, Nigeria.

INTRODUCTION

Over the years, micro small enterprises (MSEs) in Nigeria have been an avenue for job creation and poverty reduction. MSEs not only contribute largely in bettering the lives of the Nigerian population through job creation, they also contribute to the formation of capital to the local people as well as increase in outputs. Micro, small and enterprises form the bedrock of economic growth and development globally. These firms typically constitute a major source of employment and generates significant domestic and export earnings. MSEs growth not only emerges as a key instrument in poverty reduction efforts but also very important in many country economy's growth process especially in Nigeria since MSEs are well recognized as a tool for achieving sustainable creation of industries, (Walter & Smith, 2020).

Given these key roles of MSEs in an economy, the Federal Government over the years have instituted several policies and programs geared towards enhancing the growth and development of the micro and small enterprises (MSEs) in Nigeria. For instance, The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established by the SMEDAN Act of 2003 to promote the development of the MSME sector of the economy. SMEDAN mission is to facilitate the access of micro, small and medium enterprises and investors to all resources required for their development, (SMEDAN, 2020). Other policies and programs to enhance the growth of the micro small enterprises (MSEs) in Nigeria include the 220

billion CBN MSMEs funds, Bank of Industry (BOI) MSMEs loans, National Enterprise Development Programe (NEDEP) loan initiated in 2013, etc.

In Nigeria today, after the introduction of these policies and programs, MSEs account for 96 percent of businesses and 84 percent of employment. With a total number of about 17.4 million MSEs, they account for about 50 percent of industrial jobs and nearly 90 percent of the manufacturing sector, in terms of number of enterprises. The Micro, Small and Medium Enterprises, MSEs contributes about N38.8 trillion (48.47 percent) to the nation's Gross Domestic Product, (Small and Medium Enterprises Development Agency of Nigeria, 2022; Price Waterhouse Coopers, 2022).

Infrastructures are basic essential services that should be put in place to enable development to occur. Social and economic activities can be facilitated and accelerated by the presence of infrastructures. But unfortunately, the provision of infrastructures to meet the demand of businesses is still in low demand in some parts of the country, (Adenipekun, 2020).

Power/Electricity is very important to the effective performance and continued operation of micro and small enterprises. Many businesses have moved from Nigeria to other countries due to the continued drop in electricity supply. Lack of power/electricity infrastructures negatively affects the productivity and profitability of micro and small enterprises, (Adelakan, 2020; Akinwale, 2020; Doe &Asamoah, 2021). Voltage fluctuations and power outages can halt production, damage equipment's and affect product quality. Therefore, it is generally believed that poor power/electricity infrastructure is a serious constraint on micro and small enterprises performance. In the same vein, due to lack of quality transportation infrastructures, most businesses find it difficult to perform to expectation as they cannot deliver the purchased goods and services at the time they are needed.

Furthermore, in Nigeria there is a high level of displeasure with the tax system, especially at the state and local government levels. In most instances, thugs are used to harass and intimidate business owners to force them to pay, even in situations where it is obvious that such laws (taxes) are illegal and multiple. The level of corruption in the tax assessment, administration and utilization has denied the micro and small enterprises the benefits they ought to derive as tax payers.

Momoh (2022) observed that over 75 percent of MSMEs in Nigeria die in infancy not surviving beyond their 4th anniversary due to my riad of challenge that cannot be remedied in the SMEs sub-sector. Identifying one of these key challenges, Raigama (2020) discovered that multiple tax imposed on MSMEs is a major factor responsible for the abrupt folding up of these businesses in Nigeria as these illegal taxes continue to take a large chunk of their earnings (Raigama, 2020). Collaborating this, Abiola (2021) affirms that multiple taxes continue to be a major issue faced by SMEs as similar types of taxes are imposed by different tiers of government in flagrant disobedience to tax laws relating to taxes that are to be collected by each level of government in Nigeria.

Given this situation one doubts the ability of Nigerian tax system on micro and small enterprises to encourage greater investments, transition from informal to formal, and impact significantly and positively on employment generation, sales revenue, innovativeness and profitability of the micro and small enterprises in Calabar Metropolis. It is based on these that the following question arise: Is there any significant effect of electricity supply on the profitability of micro and small enterprises in Calabar Metropolise? Is there any significant effect of road infrastructure on product/service delivery of micro and small enterprises in Calabar Metropolise?

Does taxation significantly affect the performance of micro and small enterprises in Calabar Metropolise? This main objective of this paper is to assess the effects of infrastructural development and taxation on the performance of micro and small enterprises in Calabar Metropolis.

The paper is structured into five sections. After this introductory section, section two reviews related literature. The methodology is discussed in the third section. Section four comprises results and discussion of findings, and finally, section five draws conclusions based on the findings and recommends the way forward.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Empirical Review

1. Infrastructural Development and Micro and Small Enterprises Performance

Akinyele, Akinyele and Ajaguna (2020) examined the effect infrastructures have on SMEs performance in Ogun State. The research design utilized for this study was the quantitative research design while the population includes all the 593 registered SMEs in Ogun-State (According to SMEDAN). A total of 239 questionnaires were administered to the target sample to find out the effects of the mentioned infrastructures on the performance of SMEs. Both the stratified and the simple random sampling techniques were utilized during the course of the study. Furthermore, ANOVA was used in testing these hypotheses with the help of SPSS. The findings show that there is a significant positive correlation between infrastructures and SME performance, this implies that infrastructures play a huge role in ensuring the successful business operation of SMEs.

Hassan, Akor and Bamiduro (2021) investigated the link between infrastructure and productivity of small and medium enterprises (SMEs) in Nigeria Following the Engle and Granger two-step approach to cointegration and employing quarterly time series for the Nigerian economy over the period 1980 to 2017. They found long-run equilibrium relationship between infrastructure and small and medium enterprises output in Nigeria over the period investigated. Particularly, electricity infrastructure impacted most negatively and significantly on SMEs output with a unit change in electricity output causing SMEs output to drop by about 0.2units in the short run. The contribution of water resources and transport infrastructure have not been significant on SMEs productivity. The error correcting term indicates that about 7.33E-09 of the disequilibrium between selected infrastructure and SMEs output in the economy is being restored annually. The conclusion is that the output of SMEs in the country has been constrained by infrastructure gap and this has limited the growth capacity of the Nigerian economy.

Muhammed and Yusuf (2022), examines the impact of quality electricity services on the Performance of Manufacturing SMEs in Nigeria using a survey method. The result from the study shows that electricity accounts for about 50% of the variances in the productivity of manufacturing SMEs in Nigeria. This reflect in the SMEs ability to maximize capacity, create needed jobs and remain in business. The sustainability of SMEs and the aspiration of the country to emerge in to one of the top 20 economies in the world hangs on functional infrastructure provision.

Akinson (2023) examines the effect of infrastructural facilities on performance of SMEs in Nigeria. The research methodology adopted is the quantitative research methodology. A survey research design was used and a judgmental and convenience sampling procedure was applied in collecting data from 200 respondents selected from four major SMEs clusters in Lagos. The data collected with the use of questionnaires were analyzed with percentages and chi square for testing hypothesis formulated for the study. The results obtained shows that many small and medium scale operators in Nigeria provide for the basic infrastructure themselves.

Agu, Isichei, and Olabosinde (2023) inspected the effect of infrastructural development on the growth of MSMEs. The new growth theory provided a theoretical underpinning to the study and extant literatures

Yamane formular a sample size of 300 MSME was used for the study. Content validity provided a validity with expert opinions on the instrument while reliability index was between 0.70 – 0.85 using Cronbach Alpha. The multiple regression technique was used to test the three hypotheses and the result proved the alternate hypothesis significant in all three hypotheses. The study concludes that infrastructural development has impacts on the growth of MSMEs.

Akyuz (2020) examined the effect of infrastructure on the performance of Small and Medium Scale Enterprises (SMEs) in the Federal Capital Territory (FCT), Abuja, Nigeria. The study adopted a survey research design. The population is 5690 SMEs in Abuja and the sample size is 374 SMEs in Abuja using sample random sampling method to select owners or owner-managers. The study used a questionnaire that was administered to the respondents. The statistical tool adopted was a regression. The findings revealed that there is a negative and significant effect of infrastructure on the performance of small and medium scale enterprises in Abuja, Nigeria.

Akyuz and Opusunju (2023) examined the effect of infrastructure on the performance of Small and Medium Scale Enterprises (SMEs) in the federal capital territory (FCT), Abuja, Nigeria. The study adopted a survey research design. The population is 5690 SMEs in Abuja and the sample size is 374 SMEs in Abuja using sample random sampling method to select owners or owner-managers. The study used a questionnaire that was administered to the respondents. The statistical tool adopted was a regression. The findings revealed that there is a negative and significant effect of infrastructure on the performance of small and medium scale enterprises in Abuja, Nigeria.

2. Taxation and Micro and Small Enterprises Performance

Ongayi, Muzenda, Satande, and Malatji (2022) investigated the impact of taxation policies on the performance of small to medium enterprises. Multiple regression model were used to measure the relationship between point-of-sale transaction tax, mobile money taxes and financial performance. SPSS and EXCEL were used to analyze the study data and to identify the descriptive characteristics of the dependent and independent variables and results of the test. From the research conducted the research findings indicate that intermediate money tax transfer (IMTT) has a significant impact on the financial performance of SMEs, the research also showed that there is a negative impact of mobile money tax transfer and bank transfer tax to the financial performance of SMEs. It was also established that there is a negative relationship between SMEs in the supply chain as all SMESs agree that mobile electronic tax transfer result in increase in cost of transactions and decrease in number of transactions.

Agu, Onwuka and Aruomah (2020) assessed the effect of taxation on the performance of SMEs in Aba Abia State. A survey approach was adopted while the questionnaire was used as an instrument. A randomly selected 162 employees and owners of 40 SMEs were used for the study. Collected data were analyzed using the multiple regression analysis and one sample t-test. Results indicate that significant and positive relationship exist between taxation and the performance of SMEs and that tax assessment, tax collection and tax utilization significantly influence the performance of SMEs in Aba.

Tee, Boadi and Opoku (2021), examined the effect of tax payment on the performance SMEs in West Municipal Assembly in Ghana. The study is based on a survey of 102 managers/ Executive officers of the selected SMEs in the municipality, where structured questionnaires and interviews were used. The study found out that taxes imposed on small and medium enterprises impact their growth in terms of profits and it was further established that changes in tax rates lead to the changes in prices of various goods and services.

Okongo (2020), studied the impact of taxation on financial performance of small-scale enterprises in Ugenya. The study adopted descriptive survey design with both qualitative and quantitative technique was

used for the study. Both qualitative and quantitative techniques were collected. The target population was 265 SSBs in Ugenya Sub County. The study found that business entity is aware of the consequences of failing to pay tax obligations in time. The study found also that taxpayers take low tax rates in Kenyan tax rates in relations to financial performance. The findings indicated that tax administration improve tax payer's convenience in tax assessment.

In addition, Ocheni (2022) conducted a study on the impact analysis of tax policy and the performance of small and medium scale enterprises in Nigerian Economy. Descriptive survey research design was adopted, and the population comprised of sixty-eight (68) SMEs currently operating in Kogi State and Abuja. Descriptive statistics was used to analyze the data collected and to obtain the mean assessment for each scale item. The research hypotheses for this study were tested using z-test statistics to establish $p < 0.05$ significant differences. The analysis revealed that there is no significant difference in the mean opinion scores of managers and accountants on the best tax policy that encourages tax compliance by SMEs in Nigeria. It was also revealed that there is no significant difference in the mean opinion scores of managers and accountants of the implications of tax policy on SMEs growth.

Inim, Udoh and Ede (2020) examined the impact of taxation on the growth of Small and Medium Enterprises (SMEs) in Nigeria from 2007 to 2019. Data was gathered from the Central Bank of Nigeria Statistical Bulletin and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The study adopted the co-integration and error correction modelling as its technique of analysis. While Company Income Tax (CIT) and Value Added Tax (VAT) were found to have significant impact on the growth of SMEs in Nigeria, Custom and Excise Duty (CEDT) was found to have insignificant impact on their growth. As expected however, the three variables, CIT, VAT and CEDT were found to be inversely related with SMEs growth.

Ocheni and Gemade(2020) evaluated the effects of multiple taxation on the performance of small and medium scale enterprises (SMEs). Over the years, small and medium scale enterprises (SMEs) have been an avenue of job creation and the empowerment of Nigerian citizens, providing about 50% of all jobs in Nigeria and also for local capital formation. However, the mortality rate of these small firms is very high. Among the factors responsible for these untimely close-ups are tax related issues, ranging from multiple taxation to enormous tax burdens. The study therefore examines the effect of multiple taxation on SMEs survival. The study involves a survey research design with a population of 91. The researchers derived their sample size to arrive at 74 and a self-administered questionnaire was used to collect data. This data was quantitatively analyzed with simple percentages and the research hypotheses were tested with ANOVA. Findings revealed Findings revealed that multiple taxation has negative effect on SMEs' survival and the relationship between SMEs' size and its ability to pay taxes is significant

Research Gap

From the review of past studies to the best of my knowledge, no one has examined infrastructural development, taxation and performance of micro and small enterprises in Calabar Metropolis in Cross River State. Thus this study will attempt to fill these gaps by investigating the effects of infrastructural development and taxation on micro and small enterprises performance in Calabar Metropolis, Cross River State.

Theoretical Framework

The theoretical framework of this research is based on the financial growth theory as well as the human capital theory. According to the financial growth theory, firms that are smaller or younger depend on initial internal funding or trade credit as sources of finance as the firm grows, it qualifies for acquiring both short and long term loans for expansion. This theory is linked to the contributions of small and medium

enterprises in Cross River State since most small, and medium scale enterprises in Cross River State depend largely internal funding during their early stages and as there grow they resort to borrowings so as to expand their businesses so as to generate employment opportunities, sustain livelihoods as well as poverty reduction.

Human capital theory is also adopted as the theoretical framework for this study. The theory is concerned with knowledge and experiences of entrepreneurs. The general assumption is that the human capital of the founder of small and medium firm provides chances to survive. Since human capital acts as a resource which makes the founder more efficient in organizing financial and material resources and in attracting customers and investors to their businesses This theory has an important implication since the theory is concerned with knowledge and capacities and processes as well. For any nation to grow there must be positive change in the performance of SMEs and for the business to succeed It must be developed through conscious learning by the owner and in most cases failure in entrepreneurial activities is attributed to poor management tactics. It is therefore believed that training in management functions can help reduce business failure substantially and contribute to success of an enterprise in terms of employment generation, livelihood sustenance and poverty reduction.

RESEARCH METHODOLOGY

Research Design

This study adopted a survey design to establish the effects of infrastructural development and taxation on micro and small enterprises in Calabar Metropolis, Cross River State. Survey research studies involves selecting and studying samples chosen from the population to discover the relative incidence, distribution and interrelations of the variables, (Ndiyo, 2005).

Study Area

The study area is Calabar Metropolis. Calabar metropolis comprised of two local government areas (Calabar Municipality and Calabar South Local Government Areas). Calabar Metropolis is the capital of Cross River State. Calabar is often described as the tourism capital of Nigeria. It has an area of 406 square kilometers and a population of 321,022 as at 2006 census. Calabar metropolis is sandwiched between the Great Kwa River to the East and the Calabar River to the West.

Population of Study

The target population of the study comprised of three hundred and seventy (370) randomly selected micro and small enterprises in Calabar metropolis.

S/N	Groups of small scale businesses in Calabar Metropolise	Numbers of questionnaires assigned to each business	S/N	Groups of small scale businesses in Calabar Metropolise	Numbers of questionnaires assigned to each business
1	Hair dressing saloon	10	20	Car wash	10
2	Carpentry	10	21	Video game center	10
3	Welding	10	22	Pharmaceuticalcompany	10
4	Furniture making	10	23	Appliance repair service	10
5	Catering services	10	24	Sports betting Agency	10

	(indoor)				
6	Laundry	10	25	Animal feed production	10
7	Barbing saloon	10	26	Cooking gas sales	10
8	Bakery	10	27	Computer repair and accessories sales	10
9	Super market	10	28	Mobile phone sales and repairs	10
10	Photography	10	29	Rentals services	10
11	Fishery	10	30	Boutique	10
12	Restaurant	10	31	Tailoring	10
13	Cosmetic shop	10	32	Nail studio (Manicure and pedicure)	10
14	Frozen food sales	10	33	Makeup studio	10
15	Cement sales and distribution	10	34	Agricultural services	10
16	Poultry farming	10	35	Football showing centre	10
17	Transportation	10	36	Printing services	10
18	Printing and book production	10	37	Jewelries	10
19	Selling fruits (fruit sellers)	10			

Source: Researchers, computation, 2023.

Sampling Technique and Sample Size

The simple random sampling technique will be used to select the sample of three hundred and seventy (370) respondents drawn from owners of randomly selected micro and small enterprises in Calabar Metroplis, in Cross River State. In Calabar Municipality, a sample of one hundred and eighty-five (185) respondents was chosen while in Calabar South, a sample of one hundred and eighty-five (185) respondents was also chosen. The total sample size for the study is 370 respondents.

Sources of Data

The sources of data for this study were grouped into primary and secondary sources.

Instrument for Data Collection

The main instrument for data collection was the questionnaire. The questionnaire reflect the research's topic which was design by the researcher with the help of the supervisor. The questionnaire will contain two sections 'A' and 'B'. Section 'A' was designed to capture demographic information (personal data) of the respondents while Section 'B' was designed to capture items that require opinion of the respondents on the subject matter with boxes provided for respondents to tick (√) the option that best suit their opinion. Data for the study were primarily obtained through questionnaire designed to reflect four (4) point Likert scale.

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Method of Data Analysis

The data for this research was analyzed with the chi-square statistical technique with k-1 degrees of freedom, where K means the number of categories and the justification for using this method is because the responses are represented in categorical data. Furthermore, the chi-square as a non-parametric test is used to examine whether or not two variables are related.

The basic formula for chi-square is stated as thus:

$$X^2 = \sum (Of - Ef)^2 / Ef$$

Where:

X^2 = Chi-square statistics

$\sum$ = Summation sign

Of = Observed frequencies

Ef = Expected frequencies

The degree of freedom for chi-square is computed as

$$df = (r - 1)(c - 1)$$

Where,

df = degree of freedom

c = Column

r = Row

Limitations of the Study

Inadequate finance constituted a major impediment to this study. Also, there were challenges in terms of having access to relevant data and current literatures in this area. Furthermore, this study was limited by lack of time to enhance more robust research.

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

Presentation of Data

TABLE 4.1: Summary of respondents

Questionnaire	Responses according to youths	Total	Percentage (%)
No. returned	365	365	98.65
Not returned	5	5	1.35
Total	370	370	100

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Source: Field survey by the Author, 2023

From table 4.1 three hundred and seventy (370) questionnaires were administered to respondents and out of this number, 365 questionnaires were returned while 5 questionnaires were not returned. The total number of questionnaire returned was 365 representing 98.65 per cent while the total number of questionnaire not returned were 5, representing 1.35 per cent of the respondents who did not return their questionnaire.

Test of Hypotheses

Hypothesis One

There is no significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis.

The Chi-square analysis was employed to test for the hypothesis while statistical package for social science (SPSS) software was utilized for the calculation of Chi-square analysis. The researcher adopted 0.05 level of significance. The decision rule is as follows:

Decision rule 1: reject null hypothesis, if chi-square calculated value is greater than the table value at the chosen degree of freedom and the p-value is less than 0.05 chosen significance level.

Decision rule 2: Otherwise accept null hypothesis.

Figure 4.1: Summary of Chi-square computation to show if there is a significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis,

Test Statistics	
	Electricity supply and profitability of micro and small enterprises in Calabar Metropolis
Chi-Square	170.493[a]
Df	14
Asymp. Sig.	.000
Source: Field work, 2024	

From figure 4.1 above, it can be observed that since the chi-square calculated value of 170.493 is greater than the table value of 23.68 at 14 degree of freedom and the p-value of 0.000 is greater than 0.05 chosen significance level. We therefore reject the null hypothesis which states that there is no significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis. and concluded that there is a significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis. This result implies that electricity supply has a significant effect on the profitability of micro and small enterprises in Calabar Metropolis.

Hypothesis Two

There is no significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis.

The Chi-square analysis was employed to test for the hypothesis while statistical package for social science (SPSS) software was utilized for the calculation of Chi-square analysis. The researcher adopted 0.05 level of significance. The decision rule is as follows:

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Decision rule 1: reject null hypothesis, if chi-square calculated value is greater than the table value at the chosen degree of freedom and the p-value is less than 0.05 chosen significance level.

Decision rule 2: Otherwise accept null hypothesis.

Figure 4.2: Summary of Chi-square computation to show if there is a significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis.

Test Statistics	
	Road infrastructures and product/service delivery of micro and small enterprises in Calabar Metropolis.
Chi-Square	205.611[a]
Df	12
Asymp. Sig.	.000
Source: Field work, 2024	

From figure 4.2 above, it can be observed that since the chi-square calculated value of 205.611 is greater than the table value of 21.03 at 12 degree of freedom and the p-value of 0.000 is greater than 0.05 chosen significance level. We therefore reject the null hypothesis which states that there is no significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis and concluded that there is a there is a significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis. This result implies that road infrastructures has a significant effect on product/service delivery of micro and small enterprises in Calabar Metropolis.

Hypothesis Three

There is no significant effect of taxation on the performance of micro and small enterprises in Calabar Metropolis.

The Chi-square analysis was employed to test for the hypothesis while statistical package for social science (SPSS) software was utilized for the calculation of Chi-square analysis. The researcher adopted 0.05 level of significance. The decision rule is as follows:

Decision rule 1: reject null hypothesis, if chi-square calculated value is greater than the table value at the chosen degree of freedom and the p-value is less than 0.05 chosen significance level.

Decision rule 2: Otherwise accept null hypothesis.

Figure 4.3: Summary of Chi-square computation to show if there is a significant effect of taxation on the performance of micro and small enterprises in Calabar Metropolis.

Test Statistics	
	Taxation and performance of micro and small enterprises in Calabar Metropolis.
Chi-Square	24.014[a]
Df	15
Asymp. Sig.	.104
Source: Field work, 2024	

From figure 4.3 above, it can be observed that since the chi-square calculated value of 24.014 is less than the table value of 25.00 at 15 degree of freedom and the p-value of 0.104 is greater than 0.05 chosen significance level. We therefore accept the null hypothesis which states that there is no significant effect of taxation on the performance of micro and small enterprises in Calabar Metropolis and concluded that taxation has no significant effect on the performance of micro and small enterprises in Calabar Metropolis. This result implies that taxation does not impact significantly on micro and small enterprises performance in Calabar Metropolis.

DISCUSSIONS OF FINDINGS

From the results, there is a significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis. The significant effect of electricity supply may be that the power supply in Calabar Metropolis has improved slightly thus making it to impact significantly on the profitability of micro and small enterprises. This finding is in line with the findings of Akinyele, Akinyele and Ajaguma (2016) as well as that of Hassan, Akor and Bamiduro (2019) whose studies stressed that electricity supply impacts significantly on the profits of micro and small enterprises.

From the results, there is a significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis. This outcome may be that the roads network in Cross River State have improved due to government intervention hence making it to have a significant effect on product/service delivery of micro and small enterprises in Calabar Metropolis. This result confirms the result of Akinyele et al (2016) who states that roads infrastructures has a significant effect on the growth of micro and small enterprises.

Finally, from the results that there is no significant effect of taxation on the performance of micro and small enterprises in Calabar Metropolis. The finding which states that taxation has no significant effect on the performance micro and small enterprises in Calabar Metropolis maybe that the multiple taxes imposed on businesses in Calabar Metropolis have gone a long way in reducing the income and growth potentials of these micro and mall scale enterprises thus affecting their profits. This finding agrees with that of Inim, Udoh and Ede (2020) and Ocheni and Gemade (2015. This finding however do not agree to that of Tee, Boadi and Opoku (2016) whose study stressed that taxation has a positive relationship with profits of small scale businesses.

CONCLUSION AND POLICY RECOMMENDATIONS

Conclusion

From the findings of the study, it is concluded that there is a significant effect of electricity supply on profitability of micro and small enterprises in Calabar Metropolis, there is a significant effect of road infrastructures on product/service delivery of micro and small enterprises in Calabar Metropolis and there is no significant effect of taxation on the performance of micro and small enterprises in Calabar Metropolis.

Policy Recommendations

Based on these research outcomes, the following recommendations are made:

i. Government should come up with uniform tax policies that will aid development of small scale businesses in Calabar Metropolis.

ii. In order to obtain a vibrant and flourishing small scale business sector, the tax policy needs to be appropriate such that it will neither be a burden to the small scale businesses nor discourage voluntary

compliance.

iii. Government should evolve a tax policy that would encourage investments in small scale businesses.

iv. The government should ensure that corrupt tax officials who carry out tax assessment and collection are replaced so as to avoid imposition of multiple taxes on small scale businesses.

v. The Government should continue to provide good infrastructures such as good road network, stable power supply, etc in the country.

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