IMPACT OF GOVERNMENT INFRASTRUCTURAL FACILITIES, TAXATION AND SECURITY POLICY ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN FCT, ABUJA

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Abstract

The various government policies is always perceived to influence the performance of small and medium enterprises (SMEs). Therefore, there is the need to examine and establish the effects of the government infrastructural facilities, taxation and security policy (external business environment) on SMEs so as to contribute to existing studies, as well as to disseminate findings to enhance the general government policies in FCT, Abuja. The study employed survey design. The study population comprised SMEs registered with Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) in FCT, Abuja with the total of 2690. The Krejcie & Morgan (1970) formula was used to obtain a sample size of 336. The owners of these SMEs were selected through a multi-stage sampling technique which involves the cluster, proportionate, and simple random sampling method. The instrument was validated using the Cronbach Alpha coefficient. Results through the application of descriptive and inferential methods of data analysis revealed that infrastructural facilities have a significant and positive effect on SME's performance of the SMEs service quality. The government taxation policy has no significant and positive effect on performance of the SME's sales revenue. The analysis of security policy as performance measure also shows a positive and significant effect of security on SMEs market growth potentials. In conclusion, infrastructural facilities, and security had a significant effect on service quality and market growth respectively, taxation policy support has no significant effect on sales revenue. It was recommended that in order to enhance overall performance, government should be aware of the changes and fluctuations on the policy of infrastructure and security because it has a very strong relationship with the SMEs performance in FCT, Abuja.

Keywords: Small and Medium Enterprises, Business Performance, Government Policy, Infrastructural Facilities, Taxation Policy, Insecurity.

1. Introduction

The government policy globally is perceived to influence the performance of enterprises. The government policy consists of extraneous factors that are beyond the control and cannot be manipulated by the business enterprise management. The business enterprise is obliged to be cognizant of its operating environment in order to heighten its performance. Furthermore, the government policies and business enterprises are in a mutually interdependent interaction. This is because an enterprise exists in the world of threats, resources, limits, and opportunities. For small and medium enterprises in Abuja, several factors influence their performance and tend to make their operation unsafe for investment and profit maximization. Thus, there is a need for knowledge of these policies and how they influence enterprise performance.

For a business to realize its objective, it depends greatly on the ability of the enterprise to accomplish its key performance indicator in a sustainable manner (Simerly & Mingfang, 2000; Wan & Yiu, 2009). The capability of the enterprise itself is determined by factors which includes the method in which the management of the enterprise makes plan, implements the formulated plan and directs the business enterprises' activities and also how the management handles the impact of the external environment (Kwagala, 2011). Factors such as infrastructural inadequacy, unstable political climate, policy inconsistencies and others which are beyond the enterprise management control may affect business operation and performance (Anga, 2014).

Government policy is very crucial to the success or failure of the business. According to the work of Dionco-Adetayo and Adetayo (2003), a healthy business cannot survive in an unstable government policies. Oluremi and Gbenga (2011) posit that business takes its inputs resources (ideas, information, finance, raw materials, and labour) from the government policy and sends its outputs to the environment. The government policy, therefore, is the basis of formulating company objectives, mission statement, policies, strategies, and tactics (Tijani, 2004). Ibidunni and Ogundele (2013) classified the nature of the government policy as stable, dynamic, and unstable and this habitually assists a business enterprise in selecting suitable strategies. Adeoye (2012) opines that for the business to deal with the government policy dynamic nature and the fast-changing operating environment there is a necessity to develop and put into practice suitable strategies that would preserve its operation and as well bring about the preferred result.

The government policy for an enterprise consists of the internal and external factors affecting the performance of business enterprises. The factors according to Alkali and Isa (2012) could

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be infrastructural or fiscal, usually from the outside of the business. In order for small businesses to accomplish their objectives and goals, they have to brace and adjust to the existing and always changing government policies.

The study focused on impact of government infrastructural and fiscal policy on SMEs performance. The study area covered the SMEs operating in the FCT, being the federal capital territory, thus will be a fair representation on the entire country. More so, FCT, in particular, has been a hub for the different categories of service provider enterprises such as hotels, eateries, fast food and restaurants, retail and wholesale stores, supermarkets, electronic accessories, among others, as small and medium scale enterprises. The SMEs for the study businesses registered with the Association of Nigeria (SMEDAN) and must have also operated for at least two years. The owners of the businesses and also managers of the registered SMEs in FCT served as the target population for the study.

Statement of the Problem

In Abuja, SMEs have not performed estimably well as they have not adequately played the expected significant role in the economic growth of the nation (Taiwo & Falohun, 2016). Also, there is shortfall in the performance of the SMEs role in influencing apprentice training so as to speed up employment creation as well as to alleviate poverty so as to promote Nigerian economic development and growth (Osotimehin, Jegede, Akinlabi & Olajide, 2012). Also, Muktar, Gambo, and Mukhtar (2015) posited that there is a high preference among consumers for imported goods and the country engages in more of importation than exportation. Okpara (2011) identified factors such as poor infrastructure, poor managerial skills, and low demand for products and services as the factors which brings about low performance in the SME sector.

The entrepreneurial implication of the government policies on small and medium enterprises may be expressed by looking at the rate at which SMEs are folding up as a result of over bearing regulatory environment, poor infrastructural facilities, insecurity, unstable interest rate and short tenure of loans. These factors put together, have led to increasing cost of production and undermine profit making potential of SMEs situated in Nigeria (Obiwuru, Oluwalaiye & Okwu, 2011; Oghojafo, Dakra & Sulamon, 2011; Olugbenga & Ifeanacho, 2011).

Small and medium businesses are combated with the challenges of high tax rates, multiple taxations, intricate tax regulations and deficiency in proper enlightenment about tax related issues (Ocheni & Gemade, 2015), the cumulating effect of this include the high rate of poverty

and increase in the cost of production. Accordingly, if a large proportion of SME costs are devoted to paying tax, they will be forced to transfer the tax burden onto the consumer, and as a result, this will ultimately make their goods and services uncompetitive, which tends to have a negative impact on their performance and growth (Isaac, 2015).

It is observed that even though Nigeria has improved the situation of its telecommunication infrastructure other infrastructural deficiencies such as poor transportation networks (air, roads, rails, and ports), insufficient energy supply are some of the chief constraints to organizational performance of SMEs and as a consequence, the problem of sub- standard quality of goods and services, increase in cost of production and prices of commodities and consequently, closure of the enterprise arises (Agenor & Neanielis, 2006).

Insecurity discourages business investment especially in the SME sector as it makes business investment uninviting to investors (Adegoke, 2013). Okonkwo and Obidike (2016) posted that the condition of insecurity in Nigeria accelerates the cost of operating a business incurred either in the course of taking defense against business uncertainty and risks or through loss of goods and properties. These expenses may have a detrimental impact on business development.

Objective of the Study

The main objective of the study is to examine the impact of government policies of infrastructural and fiscal on the performance of entrepreneurship SME sector in FCT, Abuja. The specific objectives are to:

(i)   examine the effect of infrastructural facilities on the FCT SMEs' service quality;
(ii)   evaluate the effect of government taxation policy on sales revenue of SMEs in FCT Abuja;
(iii)   determine the influence of security policy on job creation in FCT SME sector;

Research Questions

The following questions were answered in this study;
(i)   To what extent is the effect of infrastructural facilities on FCT SMEs' service quality?
(ii)   To what extent is the effect of government taxation policy on sales revenue of SMEs in FCT, Abuja?
(iii)   To what extent do the government security policy influence job creation in FCT

SME sector?

Hypotheses

The following hypothesis were tested at 0.05 level of significance

H_{o1}:   There is no significant effect of infrastructural facilities on FCT SMEs' service quality.

H_{o2}:   There is no significant effect of government taxation policies on sales revenue of SMEs in FCT.

H_{o3}:   There is no significant influence of security policy on job creation in FCT SME sector.

2. Literature Review and Theoretical Framework

2.1. Conceptual Framework

Small and Medium Enterprises (SMEs)

The term 'small and medium enterprises' describes group of business organisations that are especially heterogeneous as they embrace a broad varied form ranging from hotels, manufacturing industries, agriculture, restaurants, computer software firms and small machine shops among many others (Asaolu, Oladoyin, & Oladele, 2005). According to OCED (2004), the sole aim of the introduction of the concept small and medium enterprises into development scenery was to perk up trade and industrialization in the today developed nations. The small and medium enterprise definitions are drawn from each country based on the policies, agencies, programs and institutions, and the role of SMEs in the economy (Abdullah, 2000; Etuk, Etuk & Baghebo, 2014).

According to National Council of Industries (2009), small and medium scale enterprises are business enterprises whose overall costs with land excluded is #200,000,000 or less. The National Council of Industry (2001) defined small and medium enterprises as businesses with between 11 and 100 employees or a total cost of N50 million or less, together with working capital and exclusive of the cost of land. While, medium Scale Enterprise is an enterprise with a labour size of between 101-300 personnel or a total cost of over N50 million but not higher than N200 million, together with working capital but without including the cost of land (Aremu, 2011). The Third National Development plan in Nigeria described SME as a business that employs not up to ten workers and the asset investment did not go beyond #600,000 (Ogechukwu, 2011).

The Government Policy

A policy can be defined as a plan of action agreed and chosen by a group of people, organization, or political party. In business, policies can be categorized as internal or external. The internal policies guide and spell out how business activities are run. The internal policies, also known as business policies, are set by the owners and management of a business, and determine their scope of operations (Oviatt & McDougall, 2005).

Entrepreneurship policies are the plans or courses of action, established by government in order to influence and enhance entrepreneurial decisions and actions (Audretsch, Grilo, & Thurik, 2007; Vesper, 1983; Klapper, Amit, & Guillén, 2010). Government policies in this sense, refers to rules and regulations that enable the startup and viability of entrepreneurial activities. Some policies are targeted to specific businesses while others affect entrepreneurs directly. For instance, in Nigeria, Agro Allied businesses are often exempted from tax during the first five years of operation (Ngerebo & Masa, 2012; Odusola, 2006). Some businesses are also being subsidized while small businesses enjoy tax exemption. Also, policies implemented to discourage the importation of manufactured goods often protect indigenous industries and encourage entrepreneurial activities. The infrastructural policy includes policies on Electricity, Water, Road, security, Transport (road, maritime & Air) while the fiscal policies includes policies on Taxation (Company Income tax, Educational tax, VAT, WHT, Personal Income Tax).

The Government policy and Entrepreneurial Performance of SMEs

Small and medium scale enterprises have been recognized as being important breeding and nurturing foundation for technical ability, technological modernization, domestic entrepreneurial facility, and managerial competencies for the development of a vibrant economy (SMEDAN, 2010).

Infrastructural Facilities

Infrastructure connotes structures, systems, and facilities allocated to serve the economy of an industry, country, production, business, town, or city (O'Sullivan & Sheffrin, 2003). Also, Fulmer (2009) added that infrastructure includes all the services and facilities that are indispensable for an economy to function well. In a 1983 report, the Congressional Budget Office (CBO) described infrastructure as amenities that are directly significant to nation's economy activities with the general characteristics of high public capital and investment at

every levels of the government. Onugu (2005) identified infrastructure as one of the ten major challenges facing Nigerian SMEs. According to Aminu, Salau and Pearse (2013) not all types of infrastructure are adequately developed in Nigeria. Aminu et al (2013) listed the infrastructural deficiencies in Nigeria as the challenges of inefficient road transportation system, poorly maintained transportation network system, deficiency in the supply of electricity, badly equipped health care system, and so on. Jegede (2003) posited that inadequacy of infrastructure facilities in Nigeria may encumber the improvement of enterprise activities in the country. Lack of adequate infrastructure has impeded the performance of SMEs and all businesses in the country (Abiodun, 2014). The author also decried the overwhelming costs of running generators to manufacture goods, which has consequently increased the costs of production and prices of goods and services.

Taxation Policy

Taxation policy is one of the various factors that make up the small and medium scale enterprises' economic environment (Ojeka, 2011). According to Afuberoh and Okoye (2014), taxation is a requirement for a mandatory payment of money by the citizens of a country by the government for the government support and also for the support of the general public.

The tax administration system adopted in Nigeria is the tripartite system and the tax evaluation and collection is done by the revenue collection agencies namely; the Federal Inland Revenue Service (FIRS) and the State Board of Internal Revenue (SBIR). The tax administration in Nigeria is principally obligated by Acts of the National Assembly (Ojeka, 2011). According to the SMEDAN, eighty percent of the Nigerian SMEs die before the5th year anniversary. Atawodi and Ojeka (2012) posited that among the external environment of an enterprise responsible for these failures are tax related issues. Additionally, Olotu (2012) sees taxation as an instrument that can be used to accomplish explicit economic objectives of nations.

Security

Security is the course of action allied with the eradication of any sort of threat to man and his values (Adegoke, 2014). The concept of security is embedded in the freedom from threat and the society's aptitude to retain an independent distinctiveness as well as their functional integrity coupled with forces of change (Afolabi, 2014; Odekunle, 2005).

The deficiency in adequate and proficient security brings about the notion of insecurity. Nwagbosa (2012) asserts that insecurity signifies different meanings such as: anxiety, fear, instability, uncertainty; danger; hazard; absence of safety; and lack of protection. According to Beland (2005), insecurity brings about panic or unease springing from an actual or assumed deficiency in the provision of adequate protection. Insecurity can be viewed from two perspectives. First and foremost, insecurity is the condition that constitutes the threat or intimidation of being prone to mischief or harm.

The Concept of Performance

Business performance is the effort expended by an enterprise so as to reach and achieve its stated objectives which could include: its employee's satisfaction, its customer's satisfaction, the societal satisfaction, its survival, sales growth, and return on investment, employment, and ultimately profitability. This means performance is actual output as against expected output (Mark & Nwaiwu, 2015). Furthermore, Mark and Nwaiwu (2015) added that business performance entails how well the business enterprise is managed in terms of the value perceived by customers in relation to the organisation's delivery and other stakeholder should be acknowledge when defining performance.

Conceptual Model
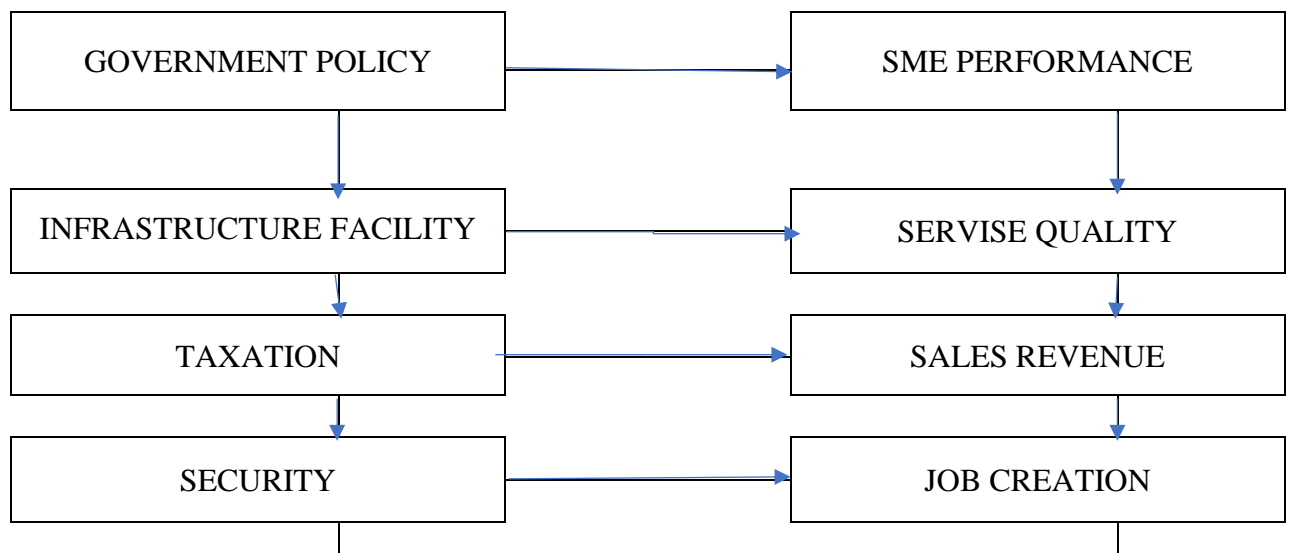
*Source***:** Author's modelling.

The research model for this study is based on the research topic with the Independent variable as Government policy and the Dependent variable as SMEs Performance.

2.2. Theoretical Framework

Theory of the Firm

This theory emanated from the work of Peter F. Drucker's in 1994. The author contended that every business function to a 'theory' that is built upon an assumptive framework that responsibly guides and nurtures the business activities. Also, it can be an influential channel for business organisations' sustainability and growth. Drucker described the Theory of the Business as the suppositions that nature could shape any business organisation's activities, determines its decisions as regards what to accomplish as well as what not to accomplish and define what the business organisation considers as meaningful results (Storey & Grene, 2010). The business theory was based on the style of the organisation's principal business assumptions concerning its market preference/position, its declared mission, and its proficiency agenda. Drucker's in his theory of the Business highlighted the essential hypothesis of enterprise built around suppositions which had three parts. Firstly, there are suppositions about the environment of the organization: the market, the customer and technology, society and its formation. Secondly, there are suppositions regarding the precise mission of the organization. Thirdly, there are suppositions as regards the core competencies required in order to bring about the accomplishment of the organization's mission. **Complexity Theory**

Complexity according to Mason (2007) is the evaluation of heterogeneity or diversity in external and internal environmental factors which include customers, suppliers, technology, and socio-politics or government policies. Complexity assists in explaining how systems can change in unpredicted ways, showing signs of dramatic instability and even collapse (McKelvey, 1999; Rudolph & Repenning, 2002).

2.3. Empirical Review

There have been several studies relating to the relationship between the government policy and performance but with varied results, for example, the findings of Dragnic (2014), Essien (2014), and Gado (2015). In the same vein, several studies have concluded that the government policy is positively related to an enterprise performance. Aikali and Isa (2012) evaluating the government policy factors influence on the performance of small business manufacturing enterprises based in Bauchi State, identified the factors influencing performance and found that access to government support and to financial capital were notably associated with small business manufacturing enterprise performance. Furthermore, the study also found

entrepreneurial readiness, business plan, and technology usage to be insignificant to business performance.

According to previous researchers, the government policy of the SME sector shapes its potential performance of job creation, innovation and growth (Ashrafi & Murtaza, 2008; Cai, Fang, & Xu, 2011; Kayanula & Quartey, 2010; Olugbenga, 2012). The external factors have been identified in several literatures; in the study of Akinbogun (2008), Lixin (2010), and World Bank (2000), entrepreneurial performance of SMEs have been influenced by the government legal-regulatory stance and SMEs access to finance, availability of adequate and required infrastructure facilities and government policies. In addition, taxes and power supply have been listed among environmental essentials that affect the potential performance of SMEs (Adebisi & Gbegi, 2013; Okpara, 2000; Olorunsola, 2003). According to SMEDAN (2005) and Udechukwu (2003), the Nigerian external government policy in general and particularly FCT appear to be characterized by heavy tax levy, inappropriate state policies and regulatory burdens, erratic electricity power supply. The resulting outcome of the above is the absence of a strong SME sector and industrial gap.

However, some researchers have also established a negative relationship between the government policy and performance. The study of Oginni and Adesanya (2013) centered on the inference of the government policy on the manufacturing sector's growth and survival. The finding of the study revealed that there exist negative effects of environmental variables such as organisational policies, electricity, infrastructural facilities, financial credits, government policies, and fraudulent practices on the survival of businesses in the manufacturing. Also, factors including government policies, raw materials, inflation indicates an indirect significant in their effect on business survival.

Similarly, Okwu (2015) using descriptive statistics tools and empirical analysis to explore the effect of government policy on SMEs growth potentials, job creation, innovation, employment generation found a negative relationship between external variables such as business policy, legal framework, social, and cultural factors, and the growth potentials of SMEs. Corruption was found to a negative effect on innovation and growth potential. The study also revealed that competition drives innovation and growth but impedes job creation and employment. In the same vein, Abimbola and Agboola (2011) and Nnaman and Ajagu (2014) found that the entrepreneurial environment has a negative effect on entrepreneurial activities in Nigeria. Mark and Nwaiwu (2015) found the political environment which was portrayed by repeated

alterations in government policies and programmes to have a negative effect on corporate long-term planning. Based on the findings of the study, it was concluded that there is a negative relationship between the political environment and business performance is as a result of party politics with threats or war, growing height of criminal activities and terrorism, kidnapping, and bomb explosion all of which hinder business patronage and scares away investors.

3. Methodology

Research Design

This study adopted the survey design. This research design was permissible for employing a coherent research instrument for gathering information and generating data that were drawn on in this study. The design focused on the collection and data analysis from the study population which enabled the researcher to look into the causal association connecting the identified variables. This method also gave the respondents the chance to express their opinions on the variables under investigation (Essien, 2014; Gado, 2015; Kanu, 2015; Omenka, 2013).

Population of the Study

The population for the study consists of the small and mediums enterprises (SMEs) that operate their businesses in FCT, Abuja and also registered with Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The entirety figures of SMEs listed with SMEDAN as at May, 2019 is 2690. The study area covered the SMEs operating in FCT, Abuja for the reason that most of the registered SMEs in Nigeria are located in Abuja and also given that the city is regarded to as the economic nerve centre of Nigeria since it's the federal capital.

Sample size and sampling Technique

The study adopted a multi-stage sampling technique; the first stage employed the cluster sampling method. This involved grouping the SMEs according to their location. The six area councils of the FCT, Abuja were selected for this study purposively since many SMEs operate in this area. The second stage involved the use of proportional sampling technique, and lastly the third stage involved the use of simple random sampling method to pick the respondents from each division as used by previous researchers. For the purpose of arriving at the proportional sample size for each of the divisions, the formula below was adopted.

(Krejcie & Morgan, 1970) sample determination formula as follows:

$$S = \frac{X^2 NP(1-P)}{d^2(N-1) + X^2 P(1-P)}$$

Where:

S   =   *Required Sample size*

X   =   *Z value (e.g. 1.96 for 95% confidence level)*

N   =   *Population Size*

P   =   *Population proportion (expressed as decimal) (assumed to be 0.5 (50%)*

d   =   *Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error*

$$s = \frac{1.96^2 \times 2690 \times 0.5(1-0.5)}{0.05^2(2690-1) + 1.96^2 \times 0.5(1-0.5)}$$
$$= 336.26$$
$$approximatly\ 336$$

Table 1: Proportionate Distribution of Sample Amongst the Selected SMEs in FCT

S/N	Area Councils	Population Size for each Division	Total study Population	Sample Size	Proportionate Sample Size	Sample percentage (%)
1	AMAC	531			66	19.74%
2	Gwagwalada	435			54	16.17%
3	Bwari	491	2690	336	61	18.25%
4	Kuje	388			48	14.42%
5	Abaji	453			57	16.84%
6	Kwali	392			49	14.57%

*Source***:** Author's computation, 2019.

Method of Data Collection

The required data for this study were taken from primary source. The primary data were generated from representative sample which are the owners/managers of the registered SMEs in FCT, Abuja.

Method of Data Analysis

This study adopted two stages of analysis: the descriptive and inferential analysis. The descriptive analysis which was the first stage was carried out using frequencies as well as other descriptive items to show variations in responses and opinions. The second stage which is the inferential analysis carried out using the regression analysis in SPSS to assess the effect of the independent variable (government policy) on the dependent variable (SMEs performance) in order to generate estimates such as mean and standard deviations.

Instrument Source

Variables	Source(s) of Instrument
Infrastructural Facilities	Suleiman (2007), Oyedele (2012) and Obokoh and Goldman (2016), Okwu (2013)
Taxation Policy	Adedeji and Oboh (2012), Okwu (2013) Atamodi and Ojeka (2013), Adebisi and Gbeji (2013), and Issac (2015)
Security	Bodunde, Ola and Afolabi (2014), Nnamdi (2015)
Service Quality	Osoko (2016)
Sales Revenue	Issac (2015)
Job Creation	Igwe, Adebayo, Olakanmi, Ogbonna and Aina (2013), and Asotibe and Ikpa (2015), Okwu (2013)

Source: Literature review, 2019.

Research Instrument

To congregate data from the respondents, a structured questionnaire was used. A questionnaire is a set of constructed and detailed questions used by the researcher in acquiring information from the respondents. The questionnaire titled Government policy and SMEs Performance Questionnaire was divided into six sections (A, B, C, D, E, and F) as it relates to the area under discussion.

Section A focused on the characteristics of the enterprise, Section B focused on the personal characteristics of the respondents, Section C focused on infrastructural facilities (adopted from Okwu, 2013), Section D focused on government taxation policy, adopted from Issac (2015), support, Section E focused on insecurity, while, Section F focused on SME performance. From

section C to Section F, each section of the questionnaire is in Likert Scale which requires the respondents to grade their options on a scale of 1- 5 to obtain opinions, which have scaled responses as follows: Strongly Agreed (Coded 5); Agreed (Coded 4); Neutral (Coded 3); Disagreed (Coded 2) and Strongly Disagree (Coded 1).

Reliability of Instrument

According to Obadara (2007), reliability is the extent of internal consistency of the research instrument. To this effect, a reliability scrutiny was done to verify the reliability level of the variable of the study. This study adopted the test-retest method, which involves giving an instrument the second time to the same group of respondents. Reliability was therefore confirmed through correlation between the scores on the two independent instruments. The output was calculated using Cronbach's Alpha with Statistical Package of Social Sciences (SPSS). The result generated from the pilot study indicated a high level of internal consistency for eight (6) constructs: infrastructural facilities (0.87), taxation policy (0.70), and security (0.71), service quality (0.73), sales revenue (0.75), and job creation (0.89).

Table 2: Cronbach's Alpha's for all Variables

S/N	Variables	No of Items	Cronbach's Alpha
1	Infrastructural Facilities	4	0.87
2	Taxation Policy	4	0.70
3	Security	4	0.71
4	Service Quality	4	0.73
5	Sales Revenue	4	0.75
6	Job Creation	4	0.89

Souurce: Author's computation, 2019.

Model Specification

The model used in ascertaining the effects of the independent variables on the dependent variables of the study has been specified in this section as:

$Y = f(X)$

X = Independent Variable

Y = Dependent Variable

Where

X = Government policy

Y = SME Performance

Therefore, Y = (y_1, y_2, y_3, y_4)

X = (x_1, x_2, x_3, x_4)

Where

x_1 = Infrastructural Facilities

x_2 = Taxation Policy

x_3 = Insecurity

y_1 = Service Quality

y_2 = Sales Revenue

y_3 = Job Creation

Functional Relationship

Y = f(X)

$y_1 = f(x_1)$

$y_2 = f(x_2)$

$y_3 = f(x_3)$

Regression Models

$y_1 = \alpha_0 + \beta_1 x_1 + \mu$ ... Equation 1

$y_2 = \alpha_0 + \beta_2 x_2 + \mu$ ... Equation 2

$y_3 = \alpha_0 + \beta_3 x_3 + \mu$ ... Equation 3

α_o = Intercept of Government policy- the average value of the dependent variable when the independent variable is equal to zero.

β = Regression parameter- measures the coefficient of Government policy, each measures the effect of a given change in Government policy on SMEs' Performance.

μ = Error term- included in the model to accommodate the influence of other variable that affect the dependent variables that are not included in the model.

4. Data Presentation, Analysis and Interpretation

Data Analysis

Likert tables of variables

Research question = To what extent is the effect of infrastructural facilities on FCT SMEs' service quality?

SN	Section C: Infrastructural Facilities Items	SA	A	N	D	SD	Fx	n	mean
1	Access to clean water and sanitation improves the general performance of SMEs	142	130	14	41	9	1363	336	4.06
2	Conditions of the roads and access to market affect the SMEs.	143	42	9	85	57	1137	336	3.38
3	This SME have been confronting electricity supply problem in the production and other process.	117	138	13	49	19	1293	336	3.85
4	Inadequate infrastructure brings about an increase in operating costs	77	129	35	71	24	1172	336	3.49
	Sectional Mean						3.69		

From the likert table above, the group frequencies of the respondents' perception on "To what extent can Infrastructural Facilities enhance a good standard of living in terms of social amenities?" were presented in the likert table. The sectional mean of the respondents' perception is 3.69 approximately (4) which represent agree on the likert scale. This simply implies that the respondents agree that to a great extent Infrastructural facility enhance a good standard of living to some good extent.

Research question = To what extent is the effect of government taxation policy on sales revenue of SMEs in FCT, Abuja?

SN	Section D: Taxation Policy Items	SA	A	N	D	SD	fx	N	mean
5	The nature of taxes on SME reduces their revenue base.	145	37	32	96	26	1187	336	3.53
6	Taxation policy brings about increase in selling price.	105	194	7	22	8	1374	336	4.09
7	Improper portfolio management leads to higher task of taxation.	105	141	25	34	31	1263	336	3.76
8	Government taxation policy on SME does not consider the scale of operation.	120	11	59	84	62	1051	336	3.13
				Sectional Mean			3.63		

From the likert table above, the group frequencies of the respondents' perception on "To what extent can Government Taxation Policy affect business impact on the capacity of the entrepreneur to start-up and grow its business?" were presented in the likert table. The sectional mean of the respondents' perception is 3.63 approximately (4) which represent agree on the likert scale. This implies that the respondents agree that to a great extent Government Taxation Policy can affect business impact on the capacity of the entrepreneur to start up and grow its business.

Research question = To what extent do the government security policy influence job creation in FCT SME sector?

SN	Section F: Insecurity Items	SA	A	N	D	SD	fx	n	mean
9	The absence of peace and security makes it uneasy for businesses to survive.	163	36	39	9	89	1183	336	3.52
10	Insecurity discourages business investment.	140	28	22	24	122	1048	336	3.12

							fx	n	mean
11	The Nigerian business environment insecurity has a detrimental impact on the SME sector.	233	12	5	83	3	1397	336	4.16
12	The increasing challenge of insecurity in Nigeria business environment has halted business operations.	267	13	4	51	1	1502	336	4.47
	Sectional Mean								3.82

From the likert table above, the group frequencies of the respondents' perception on "To what extent can Insecurity affect business impact on the capacity of the entrepreneur to start-up and grow its business?" were presented in the likert table. The sectional mean of the respondents' perception is 3.82 approximately (4) which represent agree on the likert scale. This implies that the respondents agree that Insecurity in business environments can affect business impact on the capacity of the entrepreneur to start up and grow its business.

Likert table to measure the level of the entrepreneurship performance

Section G: SME Performance										
	Items	SA	A	N	D	SD	fx	n	mean	Sectional Mean
Service quality	There is reliability in the quality of service provided to our consumers.	150	103	9	33	41	1156	336	3.44	3.70
	This enterprise is highly responsive to our customer demands.	172	95	2	31	36	1216	336	3.62	
	This enterprise maintains high credibility and competency in customer service.	200	77	3	19	37	1276	336	3.80	
	This enterprise performs its promised services dependably.	201	104	0	29	2	1331	336	3.96	
Sales revenue	There is a notable increase in the amount realized from the sales of our goods and services.	172	137	0	25	2	1236	336	3.68	3.26
	This SME accomplishes its annual sales revenue target.	176	138	1	21	0	1243	336	3.70	
	The firm's annual sales revenue exceeds expectations.	110	124	8	37	57	1027	336	3.06	
	There is satisfaction with sales revenue.	40	177	26	52	41	881	336	2.62	

Job creation	This enterprise creates new activities within its operational scope	196	12	32	39	57	1313	336	3.91
	The enterprise sustains optimal operation capacity	153	61	31	59	32	1248	336	3.71
	The firm evolves operations that require new skills.	155	52	35	60	34	1258	336	3.74
	This enterprise creates opportunities for unemployment prone groups	137	155	9	28	7	1141	336	3.40
				Overall sectional mean			3.55		

The "3.69" value appears on the right margin alongside the Job creation rows.

From the likert table above, the group frequencies of the respondents' perception on "To what extent can Service Quality, Sales Revenue, and Job Creation affect SME Performance?" were presented in the likert table. The Overall sectional mean of the respondents' perception is 3.55 approximately (4) which represent "agree" on the likert option. This strongly suggest that the respondents agree that the Service Quality, Sales Revenue, and Job Creation can affect SME Performance to some good extent.

Regression Analyses Model

Model 1

$$\text{Service Quality (SQ)} = 2.957 + IF0.105 + \mu \dots \qquad (1)$$

H_{01}: There is no significant effect of infrastructural facilities on FCT SMEs' service quality.

Model Summary

	R	R Square	Std. Error of the Estimate
1	.811[a]	.658	1.66814

a. Predictors: (Constant), Infrastructural Facilities

ANOVAª

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.075	1	13.075	4.699	.031ᵇ
	Residual	929.422	334	2.783		
	Total	942.497	335			

a. Dependent Variable: Service Quality

b. Predictors: (Constant), Infrastructural Facilities

Coefficientsª

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.957	.212		13.938	.000
	Infrastructural Facilities	.105	.049	.118	2.168	.031

a. Dependent Variable: Service Quality

Table above reveals a regression result of the influence of Infrastructural Facilities (IF) on Service Quality (SQ). A critical inspection of the result also shows that Infrastructural Facilities (IF) has a positive (0.811) relationship with Service Quality (SQ). This invariably implies that an improvement on the Infrastructural Facilities (IF) will bring a corresponding improvement on Service Quality (SQ). The t-statistics revealed that Infrastructural Facilities (IF) is significant at 0.031, which implies that the parameter of measurement is individually significant. The R- Square of 0.658 reveals the explanatory power of the independent variable Infrastructural Facilities (IF); the result shows that 65.8% variation on Service Quality (SQ) is as a result of Infrastructural Facilities (IF). This means that the parameters are statistically significant in explaining Service Quality. Hence, the null hypothesis is rejected and alternative hypothesis is accepted which implies that there is significant effect of infrastructural facilities on FCT SMEs' service quality.

Model 2

$$\text{Sales Revenue (SR)} = 2.935 + TP0.033 + \mu \quad \dots \qquad (2)$$

H$_{02}$: There is no significant effect of government taxation policies on sales revenue of SMEs in FCT.

Model Summary

Model	R	R Square	Std. Error of the Estimate
1	.730[a]	.533	1.42350

a. Predictors: (Constant), Taxation Policy

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.905	1	.905	.447	.504[b]
	Residual	676.797	334	2.026		
	Total	677.702	335			

a. Dependent Variable: Sales Revenue

b. Predictors: (Constant), Taxation Policy

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.935	.162		18.168	.000
	Taxation Policy	.033	.049	.037	.668	.504

a. Dependent Variable: Sales Revenue

Table above reveals a regression result of the influence of Taxation Policy (TP) on Sales Revenue (SR). A critical inspection of the result also shows that Taxation Policy (TP) has a

positive (0.730) relationship with Sales Revenue (SR). This invariably implies that an improvement on the Taxation Policy (TP) will bring a corresponding improvement on Sales Revenue (SR). The t-statistics revealed that Taxation Policy (IF) is not significant at 0.504, which implies that the parameter of measurement is not significant. The R- Square of 0.533 reveals the explanatory power of the independent variable Taxation Policy (TP); the result shows that about 53.3% variation on Sales Revenue (SR) is as a result of Taxation Policy (TP). This means that the parameters are not statistically significant in explaining Sales Revenue. Hence, the null hypothesis is accepted which implies that there is no significant effect of government taxation policies on sales revenue of SMEs in FCT.

Model 3

$$\text{Job Creation (JC)} = 2.935 + \text{I} \, 0.033 + \mu \quad \dots \quad (1)$$

H_{03}: There is no significant influence of security policy on job creation in FCT SME sector.

Model Summary

Model	R	R Square	Std. Error of the Estimate
1	.662[a]	.438	1.83536

a. Predictors: (Constant), Insecurity

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	85.591	1	85.591	25.409	.000[b]
	Residual	1125.097	334	3.369		
	Total	1210.688	335			

a. Dependent Variable: Job Creation

b. Predictors: (Constant), Insecurity

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	3.444	.221		15.585	.000
	Insecurity	-.271	.054	-.266	-5.041	.000

a. Dependent Variable: Job Creation

Table above reveals a regression result of the influence of Insecurity (I) on Job Creation (JC). A critical inspection of the result also shows that Insecurity (I) has a positive (0.662) relationship with Job Creation (JC). This invariably implies that an improvement on the Security (I) will bring a corresponding improvement on Job Creation (JC). The t-statistics revealed that Insecurity (I) is significant at 0.000, which implies that the parameter of measurement is individually significant. The R- Square of 0.438 reveals the explanatory power of the independent variable Insecurity (I); the result shows that about 43.8% variation on Job Creation (JC) is as a result of Insecurity (I). This means that the parameters are statistically significant in explaining Job Creation. Hence, the null hypothesis is rejected and alternative hypothesis is accepted which implies that there is a significant influence of security policy on job creation in FCT SME sector.

Test of Hypotheses

Service Quality (SQ) = 2.957 + IF0.105 + μ …   (1)

H_{01}: There is no significant effect of infrastructural facilities on FCT SMEs' service quality.

The F-statistic reveals that the parameter of the general model is significant at 0.031 which is less than the 0.05 level of significance. This means that the parameters are statistically significant in explaining Service Quality. Hence, the null hypothesis is rejected and alternative hypothesis is accepted which implies that there is significant effect of infrastructural facilities on FCT SMEs' service quality.

Sales Revenue (SR) = 2.935 + TP0.033 + μ …   (2)

H_{02}: There is no significant effect of government taxation policies on sales revenue of SMEs in

FCT.

The F-statistic reveals that the parameter of the general model is not significant at 0.504 which is greater than the 0.05 level of significance. This means that the parameters are not statistically significant in explaining Sales Revenue. Hence, the null hypothesis is accepted which implies that there is no significant effect of government taxation policies on sales revenue of SMEs in FCT.

Job Creation (JC) $= 2.935 + I\ 0.033 + \mu$ ... (1)

H_{03}: There is no significant influence of security policy on job creation in FCT SME sector.

The F-statistic reveals that the parameter of the general model is significant at 0.000 which is less than the 0.05 level of significance. This means that the parameters are statistically significant in explaining Job Creation. Hence, the null hypothesis is rejected and alternative hypothesis is accepted which implies that there is a significant influence of security policy on job creation in FCT SME sector.

Discussions of Finding

From the analysis presented on Regression Model 1, the findings of the current study indications that when infrastructural facilities are perceived to be well-organized it enhances service quality and thus improves performance of an enterprise, but in the absent of this efficiency, it negatively relates to enterprise service quality and its performance. Similarly, the study conducted by Ben-Caleb, Faboyede and Fakile (2013) and Sanni (2009) supported this result in their study that shows that poor infrastructural facilities affect negatively the SMEs.

From the analysis presented on Regression Model 2, a critical inspection of the result also shows that Taxation Policy has a positive relationship with Sales Revenue This invariably implies that an improvement on the Taxation Policy will bring a corresponding improvement on Sales Revenue. However, the t-statistics revealed that Taxation Policy is not significant at 0.504, which implies that the parameter of measurement is not significant. This supports the study of Atamodi and Ojeka (2012) using sustenance and expansion as indices of SMEs growth to ascertain whether a relationship exists between tax policies, the SMEs' growth, and the Nigerian economy found that there is a considerable negative relationship existing between tax

and businesses' capability to keep going and make itself bigger (in terms of profitability, revenue growth, and turnover.).

From the analysis presented on Regression Model 3, and in support of the current findings of this study, Evans, Dongmei and Michael (2016) in a study of the Agricultural business sector in Ghana examined the impact of security policy on SMEs performance found that security support have a direct and significant effect on SMEs performance. A positive relationship was reported to exist between institution support and the performance of SMEs. In the same vein, Adeusi and Aluko (2014) in a study of the role played by the government in small scale businesses (SSBs) promotion found that in the absence of government security support, the majority of SSBs would have not survived.

From the analyses conducted, two of the three postulated hypothesis is rejected with details as follows:

SN	Hypothesis	level of significance	conclusion
1	H_{01}: There is no significant effect of infrastructural facilities on FCT SMEs' service quality.	5% Level of sig.	Rejected
2	H_{02}: There is no significant effect of government taxation policies on sales revenue of SMEs in FCT.	5% Level of sig.	Not rejected
3	H_{03}: There is no significant influence of security policy on job creation in FCT SME sector.	5% Level of sig.	Rejected

5. Conclusion And Recommendations

From the descriptive analysis, statistical treatment and empirical analysis results of data derived from responses of SME- respondents.

Based on the nature of business distribution of the SMEs respondents, more SMEs engage in service activities and have been operating in the environment for more than five years.

On the basis of current values of assets, a common decisive factor, number of employees and value of assets definitional criteria adopted in this study, it was found that more small enterprise

operate in the state. Majority of respondents show that the value of their assets is more than to fifty million naira.

Based on the gender distribution of the SME-respondents, more SMEs are operated by male than female entrepreneurs and owners/managers 31-40 years have the highest age distribution.

Also, a good number of the SME-operators had enterprise experiences in the FCT between 5 – 8 years.

Infrastructural facilities have been found to have a positive and significant effect on SME's service quality. Hence, the infrastructural policy of the government allow for quality in the service provided by SMEs in other words, the presence of absolute availability of infrastructural facilities will positively influence SMEs performance in terms of service quality.

Effects of government taxation policy on sales revenue of SMEs in FCT were found to be not significant but positive. Thus, the government taxation policy does not significantly affect the sales revenue of the SMEs.

The analysis of the effect of security on market growth potential of SMEs shows that there is a significant relationship between security and market growth. That is, the business owners/managers perceived security policy as a factor that constitutes constraint on business enterprise investment and hinders their market growth.

From the analysis conducted, the following conclusions are made:

There is a significant effect of infrastructural policy on the SME sector in FCT service quality. This is manifested by the positive association that was found in the analysis. In addition, the coefficient of determining value that was gotten in the analysis affirms the conclusion that infrastructural policy have a significant effect on the entrepreneurship performance in terms of service quality.

Taxation policy has no significant effect on FCT SMEs sales revenue. Considering, p value of the analysis which was greater than 0.05, it can be therefore concluded that taxation policy has no significant effect on sales revenue.

Security policy according to this study has a significant effect on the entrepreneurship performance in terms of market growth. It is worthy to note that the level of insecurity in an operating environment of an enterprise negatively affect its market growth potential.

Recommendations

Emanating from the findings, conclusions of the study, the below recommendations are made:

The condition of infrastructure facilities in FCT, Nigeria should be given apt consideration in order to bring about improvement in the performance of SME performance in terms of service quality. Given that the SMEs in Nigeria are assumed to take part in the role of achieving economic improvement along with national growth there is a need for the government to improve the state of infrastructure so as to help in minimizing costs of production and prices of goods/service.

To augment overall performance, SMEs should always ensure an adequate scan of the external business environment to identify potential threats and opportunities within their operating environment.

In order to enhance increase in revenue base of SMEs, the government should charge lower amount of tax payable. The reduction in tax rate would enable them to have the necessary funds for other activities that will lead to growth in their business and yield profitability.

There is a rising need for more security measures in the country. The government, industries, and individuals are to ensure that they contribute to the improvement and betterment of the security of the nation. For where there is safety, there is progress and enormous benefits to all stakeholders.

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