

EFFECT OF GOVERNMENT REGULATIONS ON THE EASE OF RUNNING SMALL AND MEDIUM SCALE ENTERPRISES IN NORTH CENTRAL NIGERIA (2010-2020)

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Abstract: *The study evaluated the effect of government regulations on the ease of running small and medium scale enterprises in North Central Nigeria. The specific objectives were to; examine the relationship between paying of income tax and quality of service; evaluate the relationship between workplace safety and employee retention. The population of the study was one thousand six hundred and seven (1607) which consists of management and senior staff of small and medium scale enterprises understudy. The study used the survey approach and stratified random sampling. The primary source was the administration of questionnaire. The adequate sample size of three hundred and ten(310) was determined using Freund and William's statistic formula. Two hundred and eighty nine (289) staff returned the questionnaire and accurately filled. Data was presented and analyzed by mean score (3.0 and above agreed while below 3.0 disagreed) and standard deviation using Sprint Likert Scale. The hypotheses were analyzed using F-statistics tool. The findings indicated that Paying of income tax had significant relationship with quality of service of small and medium scale enterprises in North Central Nigeria, $F(95, n = 289) = 2433.553, p <$*

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0.05. Workplace safety had significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria, $F(95, n = 289) = 1581.594, p < 0.05$. The study concluded that Payments of income tax and workplace safety regulations had significant relationship with quality of service and employee retention in small and medium scale enterprises in North Central Nigeria. The study recommended that Government should help the SMEs to grow through allowing them paying taxes that will not affect their businesses and for them to comply with regulations that are effective and necessary.

1.1 Introduction

In the twenty-first century, no nation would want its enterprises to operate without a license since doing so would put its residents' lives in risk and fuel an ongoing rise in informality. Business organizations work inside a complex network of laws and rules, not in a vacuum. To put it another way, they are created inside a structure, run within that framework, and dissolve within that framework (Grilo, 2016). As a result, for business organizations to continue to exist as a corporate entity, they must abide by all applicable federal, state, and local laws. A key driver of economic growth and development is investment attraction, which is increased by an economy's friendliness to business activities. There is a claim that more investors would be motivated to invest and more jobs will be created if starting and operating a business is made simpler.

The rules and policies that the government has established for commercial companies serve as a manual for conducting business. Government, in effect, timely establishes policies, regulations, and processes to which private firms respond (Davis, 2020). Government regulations are frequently criticized by businesses and their spokespersons as illogical roadblocks to profitability, economic efficiency, and employment growth. Unsurprisingly, many businesses have broken antitrust rules, transferred operations overseas, and found loopholes to get around restrictions (Davis, 2020). Businesses could invest a lot of effort and money into adhering to rules that eventually show to be unneeded and useless. However,

companies need to be adaptable enough to adjust to new laws and regulations. This is relevant to the state and local governments in addition to the federal level (Frank, 2019).

An economy cannot prosper without a strong private sector, as the 2019 World Bank Ease of Doing Business annual study observed. When local firms are successful, they provide revenue that may be used for domestic spending and investment as well as jobs. Laws and regulations impacting local small and medium size firms are particularly important to any reasonable government that cares about the prosperity and progress of its constituents (SMEs). Governments have the great job of creating an environment where entrepreneurs and small and medium-sized businesses can flourish, claims Jim (2018). When rules are efficient, transparent, and easily available to the people they are meant for, they are significantly more successful in fostering growth and development. Easy to carry out Business is based on the idea that clear rules promote economic activity. These laws should permit voluntary exchanges between economic players, establish firm property rights, make it easier to resolve business disputes, and protect contractual partners from arbitrariness and exploitation. Rules establish a setting where imaginative newcomers may launch their businesses and where successful businesses can invest, grow, and add new employment. One of the main areas of attention for the ease of doing business is the role of governance in the day-to-day operations of small and medium-sized domestic enterprises. To promote legislation that

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is effective, transparent, and simple to apply so that firms can thrive is the objective of good governance in ease of doing business (Ndukwe and Allison, 2021). A country's regulatory framework is more favorable for establishing, running, and growing local enterprises if it has a high ranking for ease of doing business. It is crucial to note that the ease of doing business score solely evaluates changes to the rules and procedures that enable formal sector business operations. In light of these contexts, the paper explores how government laws and the simplicity of operating small and medium-sized businesses in North Central Nigeria.

1.2 Statement of the Problem

The protection of people's lives and property, the establishment of laws and regulations under which businesses must function, and the promotion of national progress are just a few of the numerous reasons why governments are necessary. This research specifically focuses on the establishment of rules and regulations that serve as the foundation for conducting business. These laws and regulations are intended to level the playing field for different firms and reduce instances of fraud and other unethical behavior that could arise in different economic sectors. Government laws are also put in place to assist safeguard firms from one another. For example, they may stop small and medium-sized businesses from declaring bankruptcy too soon or closing their doors sooner than is necessary. Even while there may be a reason for the creation of these laws, there is a risk that they may be used for political and social gain. The likelihood exists

that the rules and regulations will stifle these firms and obstruct the conduct of business in the nation. This means that the level of business-friendliness of a nation is directly influenced by government laws. The capacity of new groups to form will suffer if the laws are strict. The laws may also affect how overseas investors evaluate the nation's economic environment.

Government requirements, such as corporate income taxes and safety standards, can occasionally be too much for small and medium-sized businesses to handle. Such organizations' profitability and ensuing viability are impacted by excessive taxes on their income. Additionally, safety rules may seem costly to very small businesses or emerging sectors in general. Additionally, imposing these on them will undoubtedly have an impact on the degree of staff retention, the profitability, and the general success of such firms. When all of these things take place, small and medium-sized businesses lose their little incentives to stay in operation, and the company may have to leave the sector. Because of this, the study looks at how government rules and the simplicity of operating small and medium-sized businesses in North Central Nigeria relate to one another.

1.3 Objectives of the Study

The main objective of the study was to evaluate the government regulations and the ease of running small and medium scale enterprises in North Central Nigeria. The specific objectives were to;

- i. Examine the relationship between paying of income tax and quality of service of

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small and medium scale enterprises in North Central Nigeria.

- ii. Evaluate the relationship between workplace safety and employee retention of small and medium scale enterprises in North Central Nigeria.

1.4 Research Questions

The following research questions guided the study;

- i. What is the relationship between paying of income tax and quality of service of small and medium scale enterprises in North Central Nigeria?
- ii. What is the relationship between workplace safety and employee retention of small and medium scale enterprises in North Central Nigeria?

1.5 Statement of Hypotheses

The following null hypotheses guided the study;

- i. Paying of income tax has no positive significant relationship with quality of service of small and medium scale enterprises in North Central Nigeria.
- ii. Workplace safety has no positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

1.6 Significance of the Study

The owners and managers of these small and medium-sized businesses in Nigeria's North Central would find the research to be of enormous value. The study will aid managers in comprehending how different governmental restrictions impact their company and may serve as motivation for these managers and owners to

lobby for more benevolent governmental policies and regulations. Additionally, the research will arm the government with the knowledge it needs to make choices that will simplify business operations in the region and better use the potential of small and medium-sized businesses.

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Government Regulations

Regulations made by the government serve as useful guidelines for acceptable behavior. The majority of rules are written in natural language (like English), which calls for some interpreting. Regulations may occasionally be purposefully ambiguous to protect special interests or to provide for a variety of situations. Regulations must be understood in the context of a specific organization, and how they are applied may take into account potential implications for the enterprise as a whole and for specific workers as well as risks of infringement, such as the chance of accidents, oversights, or blunders (Cummins, 2009). Government regulation is a growing source of worry. Managers are held accountable for upholding the integrity of their business practices and safeguarding the interests of stockholders. Multinational companies must abide by both business rules in the nations where they operate and product or service restrictions in the nations where they sell (Cummins, 2017).

2.1.2 Components of Government Regulations in the study

The following are components of government regulations reviewed in the study;

2.1.2.1 Income Tax

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The word "income tax" refers to a category of tax that governments apply on income produced by organizations and people under their control. Taxpayers are required by law to file an income tax return each year in order to establish their tax liabilities. Governments receive funding from income taxes. They are used to pay for government commitments, offer commodities for residents, and finance public services (Kagan, 2021). A tax levied against people or organizations (taxpayers) in relation to their income or profits is known as an income tax (commonly called taxable income). Tax rates multiplied by taxable income are often used to calculate income taxes. Taxation rates may vary by type or features of the person and the sort of income (Bizna et al, 2018). (Bizna et al, 2018).

2.1.2.2 Workplace Safety

Employee health and safety is a fantastic approach for staff members to get new knowledge and information on how to properly co-operate with employers, making sure they obtain adequate training on the company's health and safety policies and to encourage excellent work practices which will result in a shift in workplace behaviour. Effective health and safety training for employees will boost morale and reduce accidents at work. Health and safety as a function focuses on protecting and promoting safety and health of the individuals working for the organization includes both physical and mental health (Amahalu et al., 2017). (Amahalu et al., 2017). This position, like most others in management, entails creating and implementing health and safety plans as well as

monitoring and reporting performance problems to internal and external stakeholders. It may be costly to disregard health and safety. Resulting repercussions such as occupational accidents cost money for the firms in which they happen, they lead to financial losses for the employees to whom they happen and they cost society money in health care and loss of working capacity.

2.1.3 Components of the Ease of Running Businesses

The following are the components of ease of running businesses reviewed in the study;

2.1.3.1 Quality Service

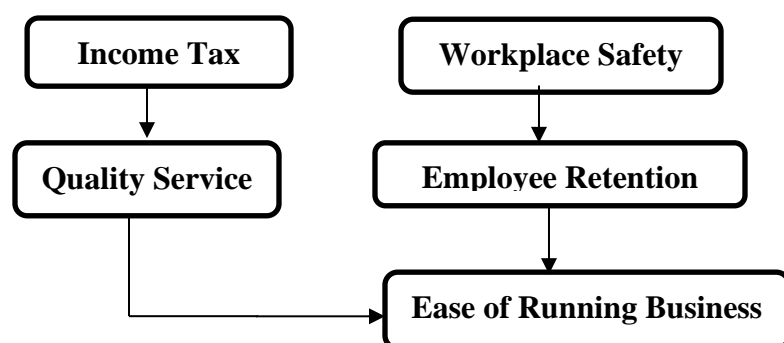
Whether an organization is able to provide top-notch services to its clients determines whether it will prosper or fail. Service quality principles have a long history and have been defined as what the client receives for the price that is agreed upon. The degree to which a customer's demands or expectations are satisfied is another factor in determining the quality of a service (Amjad, Mamou, Bayan and Abu-Lail, 2013). According to Aftab, Sarwar, Sultan, and Qadeer (2016), service quality refers to how well customers' expectations are satisfied. It compares the perceived and expected quality of service. Good quality service assures delighted clients. When a quality management system—a method to control and continuously improve the quality of products and services—is integrated inside business operations, good quality service may be attained. (James & William, 2014) The perspective of each consumer determines the service quality, making it an intangible characteristic. It may be characterized as the type

of service that balances the requirements and expectations of owners, consumers, and staff. The requirements and expectations of clients must be satisfied consistently by the service. Customers demand to be treated with empathy, responsiveness, dependability, and competence, according to Gebremichael and Singh (2019). Services must be easy to obtain. These ought to be presentable, respectful, and polite.

2.1.3.2 Employee Retention

The ability of an organization to maintain control of its assets and to engage in the expertise of high potentials and value contributors in specialized fields with high demand a position (Bussin, 2018). One of the largest issues facing corporations is the problem of keeping staff (Vasantham and Swarnalatha, 2016). Organizations look for mechanics to increase their appeal as a desirable place to work and to lower expenses related to unanticipated employee turnover. Because the competitive advantage comes from building a loyal staff, it is

2.1.4 Conceptual Framework



crucial for the firm to keep a good employee (Stewart and Brown, 2011). Businesses that adopt effective staff retention strategies benefit from enhanced company performance, lower turnover costs, increased productivity and efficiency in business process implementation, quicker access to markets, consistent customer service, and higher customer retention rates (Hussain, Taher and Hameed, 2021).

Successful staff retention aids in the preservation of knowledge inside a company. A knowledge gap is created if the individual departs the company. Additionally, if there is a high turnover rate among skilled people, the business will suffer a considerable loss, such as a decline in organizational performance. This is due to the high costs associated with acquiring and training new clever capital. The business must examine the reasons why employees depart in order to develop employee retention strategies and protect its human capital (Chen, 2014).

Fig. 2.1 Conceptual Linkages of Study Variables

The diagram above shows the conceptual linkages between the various components and variables in the study. The diagram shows how the imposition of income tax affects the quality of service of small and medium scale enterprises and also, improving workplace safety regulation will impact on employee retention,

2.2 Theoretical Literature

The following theories were reviewed in line with the objectives of the study, while the study was anchored on the Public Interest Theory that strives to explain how government regulations are important for businesses to thrive.

- Public Interest Theory (A.C Pigou, 1932)
- Gibbs Theory (Gibbs, 1988)

2.2.1 Public Interest Theory

Two presumptions form the foundation of the traditional "public interest" or "helping hand" conception of regulation. First, unrestricted markets sometimes fail because of the concerns of monopoly or \sexternalities. Second, governments are benevolent and capable of fixing these market failings through regulation. This theory of regulation has been employed both as a prescription of what governments should do, and as a description of what they actually do, at least in democratic nations. According to this theory, governments control prices so that natural monopolies do not overcharge, impose safety standards to prevent accidents such as fires or mass poisonings, regulate jobs to counter the employer's monopsony power over the employee, regulate

security issuances so that investors are not cheated, and so on. The public interest theory of regulation has become the cornerstone of modern public economics, as well as the bible of socialist and other left-leaning politicians. Much of the expansion of public ownership and regulation throughout the 20th century has been justified by it (Allais, 1947; Meade, 1948; Lewis, 1949).

2.2.2 Gibbs Theory

The idea put forward by Gibb (1988) specifies numerous rules that must be taken into account before beginning a program for the growth of micro and small businesses. This model is dynamic in that policies, institutions, and support programs for the growth of the enterprise sector evolve in response to changes in the demands of micro and small businesses. The make-up of support service programs is determined by the demands of small and medium-sized businesses (SMEs).

Four sorts of help packages for SMEs receive under this strategy. First, the policy framework where the impact of policies for micro and small firms are measured in various ways. Secondly, the aid frame that is separated in both software and hardware support. Software assistance covers training, counseling, consulting, transport etc. while, the hardware support involves credit provision, infrastructure, and supplies. Thirdly, is the needs frame model where Gibb (1988) says that the requirements may be examined from the point of view of the Nation as a whole, the degree of the local communities engagement and from the demand

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of group or people desiring to start up new company. The institutional framework, which comprises of multiple institutional competence components, is also geared toward the promotion of SMEs, right?

2.3 Empirical Review

2.3.1 Paying Income Tax and Quality of Service

Juh and Suh (2017) investigated how government assistance affected company performance as a hedge against global environmental regulations. However, actual investigations reveal a restricted study topic to examine the performance of export SMEs with the aid of government support systems to fulfill international environmental requirements. This study makes conclusions on the relationship between business performance and government assistance for export SMEs between Korea and China. Based on 350 samples from Korea and 320 from China, the study detected government subsidies most favorably effects business performances in the field of eco-innovation. Information support was not significant, but tax, certification, and education support were less urgent sectors to help. The study also discovered that the most powerful driver of corporate performance acceleration is eco-innovation. In comparison to Korean government backing, the Chinese government's support for businesses appears to be more effective.

Nyirenda, Ngwakwe, and Ambe (2018) looked at how environmental management methods affected a South African mining company's financial performance. The study's main

objective was to determine whether these practices were closely related to the financial success of the mining corporation (represented by return on equity). The strategy involved a case study of a South African mining company listed on the Johannesburg Stock Exchange's socially responsible index (SRI) (JSE). It employs Green-Steel (pseudonym used in lieu of the real name) as a case study. Using multiple regression statistics, the return on equity of Green-Steel regressed on three environmental management strategies of Green-Steel (carbon reduction, energy efficiency, and water utilization) (carbon reduction, energy efficiency, and water usage). The result showed there is no significant relationship between the variables and this lends credence to information gathered from Green-Steel environmental reports that Green-Steel's environmental management practices are driven mostly by a desire to abide by regulations and also by a moral obligation to use environmental management practices to mitigate climate change impact.

Mwasiaji (2019) looked at Kenya's legal system and how it affected the productivity of medium-sized manufacturing businesses. Data were collected from 56 Chief Executive Officers, General Managers, or comparable senior management personnel of sampling businesses with employment levels between fifty-one (51) and two hundred people using a descriptive study approach (200). Mean replies obtained in a Likert scale of 1 – 5 for each of the tested item was computed by adding up all the codes from all the 56 respondents. The study established that

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manufacturing enterprises face challenges brought about by a complicated regulatory regime, unfriendly customs and trade regulations, tight monetary and credit policies, corruption and excessive tax regimes, workforce and labour regulations, thus impacting negatively on their performance. The study indicated that governmental policies are vital in fostering an environment that is favourable to company development.

Obialor (2020) investigated how governmental laws have an impact on the opening of new Pure Water Firms in the Owerri metropolis's beverage sector. The Taro Yammeh algorithm was used to get a sample size of 310 from a population of 1425 workers at newly founded businesses in Imo State. Data analysis methods included regression and correlation analysis. According to study findings, the establishment and operation of new firms in Imo State are significantly impacted by high statutory fees and bureaucratic delays.

2.3.2 Workplace Safety and Employee Retention

In Kenya, a Trans-Nzoia nation, Fred, Gregory, and Maurice (2016) looked examined how government policies and rules affected the expansion of women-owned micro and small businesses between 2009 and 2014. They wanted to know how government policies and laws affected the expansion of women-owned micro and small businesses. Data were examined using correlation analysis at a significance level of 0.05 with a sample size of 170. According to the study, at the 0.05 level of significance, there was no statistically significant correlation between the

growth of women MSEs and governmental policies and laws.

Nduati (2020) examined how workplace health and safety risks affected the retention of staff in private funeral homes in Nairobi County. The study used a quantitative survey research approach and was exploratory in character. The research population consisted of 100 staff, including morticians, receptionists, drivers, cleaners, and hearse crews, who are directly involved in the crucial tasks performed by private funeral homes in Nairobi County. A total of 42 participants recruited from two funeral homes in the County; Montezuma Monalisa Funeral home and Lee Funeral Home, supplied main data for the study using a structured survey questionnaire. Regression analysis was used to analyze the data both descriptively and inferentially. According to the study, the three factors—working environment, psychological contracts, and ergonomic risks—have an impact on how long funeral homes' personnel stay on staff. The three independent factors explained 79.5 percent of the variation in employee retention, according to the research. The three independent factors together have a statistically significant influence on employee's retention in private funeral homes.

In the production department of PT. Sisirau Aceh Tamiang, Mora, Suharyanto, and Yahya (2020) evaluated the impact of work safety and work health on employee productivity. The study is a quantitative type with a sample size of 45 participants. Multiple linear regression analysis is the technique utilized for data analysis. The t

test, F test, and coefficient of determination are used to test hypotheses (R²). According to the findings of the regression equation, $Y = 2.255 + 0.314X_1 + 0.811X_2$ represents the value of employee productivity prior to the effect of work safety and health. The positive work safety regression coefficient is 0.314, which indicates that if workplace safety is improved, employee productivity would rise by 0.314, with a t-count > t-table (2.333 > 1.68195) and significant (0.025 < 0.05).

The impact of environmental cost disclosure on the profitability of oil and gas companies listed on the Nigerian Stock Exchange between 2010 and 2019 was determined by Oshiole, Elamah, and Ndubuisi in 2020. A selective sample of eleven (11) listed oil and gas companies was taken. Waste management cost disclosure, employee health and safety cost disclosure, and environmental remediation cost are some of the substitutes for environmental cost disclosure. Net profit margin was used as a profitability metric. The study's hypotheses were tested using content analysis, and Pearson Correlation Coefficient and Panel Least Square (PLS) Regression analysis were performed using STATA 13 statistical software. The conclusion of this study demonstrated that waste management cost disclosure, employee health and safety cost disclosure and environmental remediation cost disclosure have a substantial favorable influence on net profit margin at 5 percent level of significance accordingly.

In line with the mediating impact of employees' commitment, Muhammad, Qasim, and Khan

(2021) looked into the connection between a healthy and safe environment (HSE) and employee retention. 200 workers of four significant textile firms in Pakistan completed a closed-ended questionnaire to provide the study's data. Using Smart PLS v3.2.8, partial least squares (PLS) modeling was used to examine the connection between the variables. The study's conclusions showed that, with the exception of one factor, emergency information, there is a substantial correlation between employee dedication and the health and safety aspects. However, there is a strong inverse correlation between employee dedication and retention. The study also discovered that there is no relationship between employee dedication, retention, and health and safety.

Hussain, Taher and Hameed (2021) evaluated the influence of employees' retention strategy on organizational memory. This study is analytical, descriptive, and historical in nature. 158 professors from five Baghdad-area private institutions make up the sample. SEM (Structural Equation Modeling) and SPSS are the methods utilized to examine the data (Statistical Package for the Social Sciences). The study comes to the conclusion that organizational memory is maintained by employing an effective approach for keeping personnel. The results and suggestions from this study provide assurance to the administrators of private schools that staff retention strategies are crucial to keeping their personnel and, consequently, to maintaining organizational memory. This study is different from other studies in that it focused on

motivating employees to stay with the company rather than on the reasons why people leave or flip over. According to this study, an organization's retention strategy for workers aids in retaining personnel and, as a result, preserves organizational memory.

METHODOLOGY

3.1 Research Design

The study employed survey research design because people's opinion was sought using questionnaire, and their views were used to justify the current practice, and consequently suggest better ways for improvement.

3.2. Sources of Data

Sources of data for the empirical study were primary and secondary source.

3.2.1 Primary Sources of Data

Sources of Primary data include: questionnaires, interviews, etc

(i) **Questionnaire:** Questionnaire as one of the primary sources of data is an observational technique which comprises series of items presented to a respondent in a written form, in which the individual is expected to respond in writing. The study made use of fifteen (15) structured questionnaires and was divided into sections representing the various variables adopted for the study.

3.2.2 Secondary Sources of Data

Secondary data are the already existing data collected by the investigator from agencies and organizations. The secondary data include

government publications, websites, books, journal articles, internal records etc.

3.3. Area of the Study

The area of the present study is North Central of Nigeria. North Central Nigeria (also known as the Middle-Belt region) consists of the seven states situated geographically spanning from the west, around the confluence of the River Niger and the River Benue. Two each from the seven states of North Central, Nigeria. They include: **Abuja.** Neimeth International Pharmaceuticals, No.1346 Ahmadu Bello Way; Nochiz Foods Limited, P38A Kano Emirate Lane, Sunnyvale Estate, Dakwo. Kwara- Sweet 'n' Savory Confections; Danialu, Upper GaaAkanbi and White Classic Events and Projects; 159, Ibrahim Taiwo Road, Opp. Access Bank, Kogi - MYNMASTER CORPORATE DESIGNERS, Lokoja, Kogi and EDO Entrepreneurs desk with Ojoarome - Landan Plaza Ganaja Junction lokoja Kogi state, **Niger** Gamji-tec Aluminium and Profile Company Limited, Muhammed Muaazu Way, Old Secretariat Road, Minna. and Abi-benn International Limited, Industrial Layout Cluster, Chanchaga Minna, Niger State; Nasarawa - HI-QLAZ BRANDING, MONOGRAM AND GARMENT FACTORY, Lockup shops, beside Nasarawa State Polytechnic's police Station Ombi 1, Lafia. Nasarawa State., Lafia, Nasarawa and Novum Agric Industries Ltd. 38 Abuja-Keffi Rd, Karu, Keffi, Keffi, Nasarawa; Plateau - Grand Cereals Ltd, Km 17, Zawan Round About Plateau State, Nasco Foods Ltd, No 1 Old Air Port Road, Jos and Benue - Seraph Nig. Ltd, Km 7 Gboko Road

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Makurdi Benue State; Masco Agro Allied Ind. Ltd, University Of Agriculture Road Markudi Benue State.

3.4. Population of the Study

The study population comprised of the management and senior staff of the fourteen (14)

Table 3.1 Population Distribution

Selected Firms from the states in North Central	Mgt	Senior	Total
Abuja FCT			
Neimeth International	25	145	150
Nochiz Foods Limited	21	113	134
Benue State			
Seraph Nig. Ltd	18	119	137
Masco Agro Allied Ind.	21	98	119
Nasarawa State			
HI-QLAZ BRANDING,	11	67	78
Novum Agric Industries	16	141	157
Niger State			
Gamji-tec Aluminium	10	77	87
Abi-benn International	11	134	145
Kogi State			
Mynmaster Corporate De	7	45	52
EDO Entrepreneurs desk	3	65	68
Kwara State			
Sweet 'n' Savory Confect.	6	89	95
White Classic Events	9	45	54
Plataeu State			
Grand Cereals Ltd	19	112	131
Nasco Foods Ltd	74	123	197
Total	251	1356	1607

Source: Administrative desk office, 2022.

3.5 Sample Size Determination

The population of the study was drawn from the two levels of employees in these organizations under study using stratified sampling method. To determine the adequate sample size, the study opted for the Freund and William's statistical formula. The study used the statistic formula for selecting a finite population as formulated by

selected Small and medium enterprises (SMEs) using stratified sampling method. Two each from the seven states of North Central, Nigeria. The total population was one thousand, six hundred and seven (1607).

Freund and Williams as quoted in Uzoagulu (2011).

$$n = \frac{Z^2 N(pq)}{N(e)^e + Z^2(pq)}$$

Where n = Sample Size

N = the population

p = Probability of success/proportion

q = Probability of failure/proportion

Z = Standard error of the mean

e = Limit of tolerable error (or level of significance)

$N = 2,588$

$p = .5$

$q = (1 - .5) = .5$

$Z = 95 \text{ percent} = 1.96$

$e = 0.5 \text{ percent}$

$$\frac{(1.96)^2 \times 1607 \times .5 \times .5}{1607(0.05)^2 + (1.96)^2 \times .5 \times .5} = 309.99 \sim 310.$$

3.6 Instrument for Data Collection

The study used a questionnaire as the primary data collection instrument. The questionnaire was designed to introduce selected Small and medium enterprises (SMEs) in North Central, Nigeria. Fifteen (15) designed questions of the questionnaire were adopted for the study. The responses generated were used thereafter for data analysis. The responses from the participants were measured using 5-Liket scale as follows: Strongly Agree [SA] – 5 points, Agree A – 4 points, Undecided UD – 3 Points, Disagree [DA] – 2 points and strongly Disagree SD – 1 point.

3.7 Validity of the Research Instrument

The instrument was given to five experts from the industry and academia to measure face and content validity. To make sure that the research instruments applied in the work are valid, the

research ensured that the instrument measure the concept they are supposed to measure. A proper structuring of the questionnaire and a conduct of a pre-test of every question contained in the questionnaire was carried out to ensure that they are valid.

3.8 Reliability of the Research Instrument

Reliability of a test instrument is the consistency of the test in measuring whatever it proposes to measure. The questionnaire was developed using 5-point Likert scale and was administered to the sample of the study. A test-retest method was used to test the reliability of the instrument. This was done by administering 20 copies of the prepared questionnaire to the sample of the study, after a period of time, the same questionnaire was re-administered on the respondents at the end of the exercise the response of the group was consistent. Cronbah's Alpha was used in determining the extent of consistency of the reliability.

The formula is as follows:

$$= \frac{K(\text{Cov}/\text{Var})}{1 - (k-1)(\text{Cov}/\text{Var})}$$

Where

K = number of items on the survey.

Cov = Average inter item covariance.

Var = Average item variance.

I = Constant.

A Cronbach's alpha value (∞) of greater 0.776 indicated very strong reliability.

Scale: ALL VARIABLES

Case Processing Summary

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		N	%
Cases	Valid	15	100.0
	Excluded ^a	0	.0
	Total	15	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	No. of Items
.78	8

Scale reliabilities were calculated using Cronbach's Alpha; the result obtained was 0.777. This shows that the internal consistency of the scale is good for the purpose of this study, because it is greater than 0.78 which is the standard. Cronbach's Alpha is considered the most appropriate statistics test for reliability. Given the nature of responses used to construct the scale. For this kind of data, this is equivalent to the Kuder-Richardson formula 20 (KR20) coefficient.

3.9 Method of Data Analyses

Data from the questionnaire was analyzed with the aid of SPSS version 20 using simple, percentages and correlation co-efficient. Data from the questionnaire was further analyzed using simple percentages, mean and standard deviation. F - Statistics was used to test the hypotheses. The three hypotheses was tested using students-distribution to determine the nature and strength between the research variables.

DATA PRESENTATION, ANALYSES AND INTERPRETATION

Table 4.1: Distribution and Returned Questionnaire

S/No	Questionnaire	No. of respondents	Percentage
1	Returned	289	93
2	Not returned	21	7
	Total Distributed	310	100

Source: From the questionnaire administration, 2022

Three hundred and ten (310) copies of the questionnaire were distributed to the respondents and two hundred and eighty-nine (289) copies were returned representing ninety three percent while twenty-one copies were not

returned representing seven percent (7%). This shows high rate of responses.

4.2The relationship between paying of income tax and quality of service of small and medium scale enterprises in North Central Nigeria.

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Table 4.2.1: Responses to the relationship between paying income tax and quality of service of small and medium scale enterprises in North Central Nigeria.

		5 SA	4 A	3 N	2 DA	1 SD	ΣFX	- X	SD	Decision
1	High tax discourages work and the standard of service.	655 131 45.3	420 105 36.3	57 19 6.6	42 21 7.3	13 13 4.5	1187 289 100%	4.11	1.099	Agree
2	Savings are discouraged as tax reduces marketing money	685 137 47.4	220 55 19.0	39 13 4.5	98 49 17.0	35 35 12.1	1077 289 100%	3.73	1.490	Agree
3	Investment is affected by tax payment and reduces provision of customers' needs.	415 83 28.7	436 109 37.7	39 13 4.5	98 49 17.0	35 35 12.1	1023 289 100%	3.54	1.377	Agree
4	The level of innovation is reduced with high tax and offering help to customers.	820 164 56.7	116 29 10.0	39 13 4.5	98 49 17.0	34 34 11.8	1107 289 100%	3.83	1.526	Agree
5	Allocation of economic resources are affected by specific tax preferences	300 60 20.8	556 139 48.1	39 13 4.5	98 49 17.0	28 28 9.7	1021 289 100%	3.53	1.261	Agree
Total Grand mean and standard deviation								3.748	1.3506	

Source: Field Survey, 2022

Table 4.2.1, 232 respondents out of 289 representing 81.6 percent agreed that High tax discourages work and the standard of service 4.11 and standard deviation of 1.099. Savings are discouraged as tax reduces marketing money 192 respondents representing 66.4 percent agreed with mean score of 3.73 and standard deviation of 1.490. Investment is affected by tax payment and reduces provision of customers' needs 192 respondents representing 66.4 percent agreed with mean score of 3.54 and standard deviation of 1.377. The level of innovation is reduced with

high tax and offering help to customers 193 respondents representing 66.7 percent agreed with mean score of 3.83 and 1.526. Allocation of economic resources are affected by specific tax preferences 199 respondents representing 68.9 percent agreed with a mean score of 3.53 and standard deviation of 1.261.

4.3 The Workplace safety has no positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

Table 4.3.1: Responses to Workplace safety has no positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

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		5 SA	4 A	3 N	2 DA	1 SD	ΣFX	- X	SD	Decision
1	Safety improves retention by preventing accidents and injuries	380 76 26.3	492 123 42.6	39 13 4.5	98 49 17.0	28 28 9.7	1037 289 100%	3.59	1.302	Agree
2	Workplace safety improves communication flow among the employees.	495 99 34.3	400 100 34.6	39 13 4.5	98 49 17.0	28 28 9.7	1060 289 100%	3.67	1.354	Agree
3	Taking care of the employees provides opportunity to grow.	375 75 26.0	496 124 42.9	39 13 4.5	98 49 17.0	28 28 9.7	1036 289 100%	3.58	1.299	Agree
4	Employees operating freely in their places of work ensures loyalty.	270 54 18.7	624 156 54.0	39 13 4.5	66 33 11.4	33 33 11.4	1032 289 100%	3.57	1.240	Agree
5	Providing meaningful benefits enhances culture and connection	455 91 31.5	440 110 38.1	39 13 4.5	66 33 11.4	42 42 14.5	1042 289 100%	3.61	1.406	Agree
Total Grand mean and standard deviation								3.604	1.3202	

Source: Field Survey, 2022

Table 4.3.1, 199 respondents out of 289 representing 68.9 percent agreed that Safety improves retention by preventing accidents and injuries 3.59 and standard deviation of 1.302. Workplace safety improves communication flow among the employees 199 respondents representing 68.9 percent agreed with mean score of 3.67 and standard deviation of 1.354. Taking care of the employees provides opportunity to grow 199 respondents representing 68.9 percent agreed with mean

score of 3.58 and standard deviation of 1.299. Employees operating freely in their places of work ensures loyalty 210 respondents representing 72.7 percent agreed with mean score of 3.57 and 1.240. Providing meaningful benefits enhances culture and connection 201 respondents representing 69.6 percent agreed with a mean score of 3.61 and standard deviation of 1.406.

4.3. Test of Hypotheses

4.3.1 Hypothesis One: Paying of income tax has no significant relationship with quality of service of small and medium scale enterprises in North Central Nigeria.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.287 ^a	.887	.887	.17354

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ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	366.438	5	73.288	2433.553	.000 ^b
	Residual	8.523	283	.030		
	Total	374.961	288			

a. Dependent Variable: THER

b. Predictors: (Constant), RTE, HGF, IUJ, JNM, WSX

Where:

THER = Paying of income tax has no significant relationship with quality of service of small and medium scale enterprises in North Central Nigeria.

RTE = High tax discourages work and the standard of service.

HGF = Savings are discouraged as tax reduces marketing money

IUJ = Investment is affected by tax payment and reduces provision of customers' needs.

JNM = The level of innovation is reduced with high tax and offering help to customers

WSX = Allocations of economic resources are affected by specific tax preferences.

$$\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5$$

Coefficient of Multiple Determinants {R²}

The R² {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as 0.889 and adjusted to 0.887. This means that R² accounts for 88.7 percent approximately 88.7 percent. This indicates that the independent variables accounts for about 89 percent of the

variation in the dependent variable. This shows a goodness of fit.

F-Statistics (ANOVA)

The F-statistics is used to test for simultaneous significance of all the estimated parameters.

The hypothesis is stated;

$$H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5$$

$$H_1: \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq \beta_5$$

H₁: Paying income tax has significant relationship with quality of service of small and medium scale enterprises in North Central Nigeria.

H₀: Paying income tax has no significant relationship with quality of service of small and medium scale enterprises in North Central Nigeria.

Level of significance: α at 5%

$$\text{Degree of freedom: } \frac{K-1}{N-K} = \frac{5-1}{289-5} = (284, 4) = 3.8046$$

$$F\text{-Tab} = 3.8046$$

Decision Rule:

If the f-calculated is greater than the f-tabulated {f-cal > f-tab} reject the null hypothesis {H₀} that the overall estimate is not significant and

conclude that the overall estimate is statistically significant.

Decision

From the result, f -calculated {2433. 553} is greater than the f -tabulated {3.8046}, that is, $f_{cal} > f_{tab}$. Hence, we reject the null hypothesis $\{H_0\}$ and accept Alternative hypothesis which

4.3.2 Hypothesis Two: Workplace safety has no positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 ^a	.766	.766	.07348

a. Predictors: (Constant), TREE

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	426.988	5	85.398	1581.594	.000 ^b
	Residual	1.528	283	.005		
	Total	428.517	288			

a. Dependent Variable: TREE

b. Predictors: (Constant), WAS, YGV, TGB, NBV, IJK

Where:

TREE = Workplace safety on positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

WAS = Safety improves retention by preventing accidents and injuries

YGV = Workplace safety improves communication flow among the employees.

TGB = Taking care of the employees provides opportunity to grow.

NBV = Employees operating freely in their places of work ensure loyalty.

IJK = Providing meaningful benefits enhances culture and connection

$$\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5$$

Coefficient of Multiple Determinants $\{R^2\}$

The R^2 {R-Squared} which measures the overall goodness of fit of the entire regression, shows the value as 0.768 and adjusted to 0.766. This means that R^2 accounts for 76.6 percent approximately 77 percent. This indicates that the independent variables accounts for about 77 percent of the variation in the dependent variable. This shows a goodness of fit.

F-Statistics (ANOVA)

The F-statistics is used to test for simultaneous significance of all the estimated parameters.

The hypothesis is stated;

$$H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5$$

$$H_1: \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq \beta_5$$

H₁: Workplace safety has positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

H₀: Workplace safety has no positive significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria.

Level of significance: α at 5%

$$\text{Degree of freedom: } \frac{K-1}{N-K} = \frac{5-1}{289-5} = (284, 4) = 3.8046$$

$$F\text{-Tab} = 3.8046$$

Decision Rule:

If the f-calculated is greater than the f-tabulated {f-cal > f-tab} reject the null hypothesis {H₀} that the overall estimate is not significant and conclude that the overall estimate is statistically significant.

Decision

From the result, f-calculated {1581.594} is greater than the f-tabulated {3.8046}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H₀} and accept Alternative hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that Workplace safety had positive significant relationship with

employee retention of small and medium scale enterprises in North Central Nigeria.

4.4 Discussion of Findings

4.4.1 The relationship between paying income tax and quality of service of small and medium scale enterprises in North Central Nigeria

As a consequence, the f-calculated value of 2433.553 was higher than the f-tabulated value of 3.8046, indicating that f-cal > f-tab. This indicates that the total estimate had a good fit, indicating that our independent variables are likewise significant at the same time. Our investigation has led us to the conclusion that paying income taxes significantly influenced the level of service provided by small and medium-sized businesses in North Central Nigeria. Mwasiagi (2019) looked at the legal system's impact on Kenya's medium-scale manufacturing businesses' performance in order to support the conclusion. The study found that the performance of manufacturing firms is significantly impacted by problems caused by a complex regulatory framework, unfavorable customs and trade rules, strict monetary and credit policies, corruption, and exorbitant tax regimes. The study came to the conclusion that governmental policies are crucial in creating a setting that is supportive to corporate growth. Obialor (2020) investigated how rules from the government had an impact on the opening of new Pure Water Firms in the Owerri metropolis's beverage sector. According to study findings, the establishment and operation of new firms in Imo

State are significantly impacted by high statutory fees and bureaucratic delays.

4.4.2 The relationship between workplace safety and employee retention of small and medium scale enterprises in North Central Nigeria

As a consequence, the f-calculated value of 1581.594 was higher than the f-tabulated value of 3.8046, indicating that $f\text{-cal} > f\text{-tab}$. This indicates that the total estimate had a good fit, indicating that our independent variables are likewise significant at the same time. In light of the data, we can say that workplace safety in small and medium-sized businesses in North Central Nigeria had a substantial positive link with employee retention. Nduati (2020) examined the effects of occupational health and safety risks on staff retention in private funeral homes in Nairobi County in order to substantiate the conclusion. The study found that staff retention in funeral homes is influenced by the three study variables of working environment, psychological contracts, and ergonomic risks. In line with the mediating impact of employees' commitment, Muhammad, Qasim, and Khan (2021) looked into the connection between a healthy and safe environment (HSE) and employee retention. The study's conclusions showed that, with the exception of one factor, emergency information, there is a substantial correlation between employee dedication and the health and safety aspects.

5.1 Summary Findings

- i. Paying of income tax had significant relationship with quality of service of small and medium scale

enterprises in North Central Nigeria, $F(95, n = 289) = 2433.553, p < 0.05$.

- ii. Workplace safety had significant relationship with employee retention of small and medium scale enterprises in North Central Nigeria, $F(95, n = 289) = 1581.594, p < 0.05$.

5.2 Conclusions

According to the study's findings, paying income taxes and maintaining a safe workplace were significantly correlated with small- and medium-sized businesses in North Central Nigeria's service quality, employee retention, and profitability. The rules and policies that the government has established for commercial companies serve as a manual for conducting business. Government, in effect, timely establishes policies, regulations, and processes to which private firms respond (Davis, 2020).

5.3 Recommendations

The following suggestions are made in light of the findings.

- i. The government should assist firms in expanding by enabling them to pay taxes that won't harm their operations and by requiring them to abide by rules that are both effective and essential.
- ii. SMEs should view worker safety as a prerequisite for operational success rather than a problem since it will increase their ability to accomplish their jobs.

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