

Ease of Doing Business on Small and Medium Scale Enterprises (SMES) in Port Harcourt Metropolis

Victor AKIDI*¹, Ibeinmo Friday COOKEY² & Isaac Olubiyi OLADOSU³

^{1&2}Department of Economics, Rivers State University, Nkpolu-Oroworukwo, Port Harcourt, Rivers State, Nigeria. Email: victor.akidi@ust.edu.ng*¹, ibeinmo.cookey@ust.edu.ng²

³Department of Economics, University of Port Harcourt, Rivers State, Nigeria

Email: oluisaac19@yahoo.com

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Abstract: This study examined ease of doing business on small and medium scale enterprises (SMEs) in Port Harcourt Metropolis. The study adopted Institutional theory and Resource-Based View (RBV) theory. The population of the study consisted of 365 registered SMEs in Port Harcourt Metropolis. Applying Taro Yamane formula, the sample size consisted 191 managers of SMEs in Port Harcourt while purposive sampling technique was utilised to select the sample. Utilising structured questionnaire as data gathering instrument, raw (primary) data were collected for this research. Descriptive statistical techniques i.e., frequencies, simple percentages and weighted mean scores were applied to analyse the demographic data of the responding persons and other questionnaire items while regression technique is utilised to test the hypotheses. The research established that access to finance, regulatory environment and infrastructure are noteworthy contributors to spurring SMEs performance in Port Harcourt Metropolis. On the other hand, taxation had negatively considerable effect on SMEs performance. It is therefore concluded from the empirical outcomes that congenial doing business conditions are critical for driving and enhancing SMEs performance. Thus, recommended among others are that government should streamline ex-ant regulatory procedures and reduce bureaucratic red tape that hinder SMEs' operations. This should include simplifying business registration processes, reducing the time and cost associated with obtaining necessary licenses and permits, and ensuring that regulatory actions are clear and transparent.

Keywords: Ease of Doing Business, SMEs, Access to Finance, Regulatory Environment, Infrastructure, Taxation, Port Harcourt Metropolis

INTRODUCTION

Business is literarily said to mean busy-ness or the state of being busy or any activity which keeps a man busy for something. The main objective of every business is profit making. Apart from profit making objective, all businesses share one fundamental objective which is to remain as going concern. Small and medium-scaled businesses (SMEs) are prevalent. The proliferation of these types of firms in Nigeria is largely attributable to the low entry barriers in terms of money, manpower, technology expertise, and management acumen. Further benefits include making use of local resources, creating jobs, and accelerating economic development and industrialisation. For all these reasons and more, SMEs are the backbone of any economy (Essien, 2014). These days, governments all around the globe are focussing on helping SMEs grow. Reason being, most communities involved have seen little to no improvement in their standard of living when efforts to promote economic advancement via the establishment of big companies have been unsuccessful. Thus, it is believed that SMEs are crucial to fair and inclusive economic growth (Memba, Gakure & Karanja, 2012). This industry is crucial to private sector led growth and industrialisation because, as RoK (2015) argues, it does more than just produce products and services; it also drives competition, innovation, and the improvement of corporate culture. Responding to issues in

encouraging economic development, eliminating poverty, and providing productive and sustainable job opportunities are all areas of contribution by the industry. Consequently, the backbone of a stable middle class in many nations is small and medium-scaled firms, which generate around two thirds of the national revenue. As a potent tool in the fight against poverty, they aid in the formation of strong communities. It is true that establishing long-term economic stability and sustainability relies heavily on SMEs. On the other hand, a key factor in the success or failure of SMEs is the degree to which conducting business is easy.

Ease of doing business refers to the overall business environment in a country, including the regulatory framework, administrative procedures, physical and institutional infrastructure that affect the ease with which businesses can start, operate, and thrive. It encompasses various factors i.e., the efficiency of business registration processes, access to credit, protection of property rights, enforcement of contracts, and transparency in government regulations. A higher ease of doing business index indicates a more conducive environment for entrepreneurship and investment, which can attract domestic and foreign investors, stimulate economic growth, create jobs, and foster innovation and competitiveness (Akpoghol, Hanmaikyur, Kwahar & Utile, 2023). In addition, ease of doing business sways the rate of entrepreneurship and business formation, particularly among SMEs. A conducive business environment characterized by streamlined procedures for business registration, reduced administrative burdens, and low entry barriers encourages aspiring entrepreneurs to start new ventures and formalize their businesses. Simplified registration processes and reduced bureaucratic hurdles make it easier for SMEs to enter the formal economy, access formal financing, and benefit from government support programs, fostering a culture of entrepreneurship and innovation (Akpoghol, Hanmaikyur, Kwahar & Utile, 2023). Furthermore, Nwobashi and Elechi (2019) noted that ease of doing business directly affects SMEs' ability to access finance from banks, financial institutions, and investors. A favourable business environment, with clear and transparent regulations, efficient credit markets, and reliable legal frameworks, rises SMEs' creditworthiness, lowers borrowing costs, and improves their access to capital. In support of the foregoing, Adagba, David and Shakpande (2018) affirmed that an environment conducive to doing business enhances SMEs' operational efficiency and productivity by reducing transaction costs, administrative burdens, and regulatory compliance requirements. Simplified regulatory procedures, efficient government services, and transparent business practices enable SMEs to focus on core business activities, allocate resources more effectively, and improve productivity.

Statement of the Problem

Nigeria's regulatory environment is characterized by bureaucratic red tape, complex procedures, and inconsistent enforcement of regulations, making it difficult for SMEs to navigate and comply with regulatory requirements. Small and medium scale enterprises (SMEs) often face delays, high costs, and uncertainty in obtaining permits, licenses, and approvals, leading to operational inefficiencies, project delays, and augmented compliance costs. Nigeria's ranking as the 131st out of 190 countries in the ease of doing business index on the World Bank's Doing Business report 2020 suggests that businesses face substantial regulatory obstacles. In Port Harcourt, Nigeria, SMEs face obstacles in obtaining affordable financing from formal financial institutions owing to difficult borrowing conditions, soaring loan cost (rate), and collateral inadequacy. Furthermore,

the informal sector, which comprises substantial proportion SMEs activities in Port Harcourt, frequently lacks access to formal financial services. The capacity of SMEs to invest in expansion, technology adoption, innovation, and working capital is restricted by a lack of access to finance, which in turn reduces their performance and limits their growth potential. In 2020, the Central Bank of Nigeria (CBN) reported that credit access deficit for SMEs in Nigeria was over N48 trillion. This demonstrates substantial financing gap that SMEs in the country, notably in Port Harcourt, encounter. Additionally, the infrastructure deficit in Port Harcourt presents substantial obstacles for SMEs in conducting business operations. This deficit includes inadequate transportation networks, unreliable electricity supply, and restricted access to water and sanitation facilities. SMEs in Port Harcourt experience inadequate performance due to insufficient infrastructure, which results in augmented production costs, logistics expenses, and operational disruptions. Therefore, drawing from the forging identified issues, this study aims to investigate how the selected ease of conducting business indicators influence SMEs performance in the Port Harcourt Metropolis. Particularly, this research is set out to ascertain how access to finance, regulatory environment, infrastructure and taxation in Port Harcourt Metropolis support SMEs performance. In line with the preceding specific goals, the research responded to the following research questions: how has access to finance, regulatory environment, infrastructure, and taxation impacted small and medium-scale enterprises (SMEs) performance in Port Harcourt Metropolis? In addition, the following null hypotheses are formulated for testing in the course of this study: access to finance, regulatory environment, infrastructure, and taxation do not significantly improve performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis.

LITERATURE REVIEW

Theoretical Framework

The Resource-Based View (RBV) theory and Institutional theory serve as the foundations of this investigation. These theories are discussed below:

Institutional Theory

In late 1970, John Meyer and Brian Rowan proposed the institutional theory to ensure better understanding of the interplay between organisations and their local, regional, national, and international market contexts. Norms, values, and expectations about proper conduct form the social framework within which organisations function, in congruent with institutional theory. What is considered acceptable and lawful in certain setting or organisational domain is the basis for decision-making. An institution is a set of rules and standards that govern a certain system in our society, country, or planet. Industrial businesses are processes and activities that are continuing and changing in congruent with institutional theorists (Heidenreich, 1998; Wilk, 1996). The core idea of institutional theory is that institutions serve as social frameworks that have an impact on individual conduct. The cultural, social, and political milieu in which an institution operates shapes its personality and how its members engage with one another (Karen, 2010). The social norms that govern this place are its institutions. In a more formal sense, they are the constraints on individual freedom of action that society imposes on its members, which in turn shape interpersonal relationships and the formation of enterprises (Tareg, 2015). Organisational behaviour and results are in line with the institutional theory, heavily impacted by the institutional environment, which comprises both official and informal norms, practices, and regulations. Institutional theory posits

that legal frameworks and the business climate substantially impact the development of SMEs and the ease with which they may conduct business. Governments in which businesses are easy to conduct are those that have rules and regulations as transparent, efficient, and enforceable as stated in institutional theory. By easing regulatory barriers, reducing corruption, and increasing legal certainty, nations create environment that is conducive to the launch, operation, and growth of SMEs. In addition, following the institutional theory, societal norms and legitimacy exert substantial influence in determining how SMEs act and what they do. SMEs have better chances of attracting stakeholders, investors, and regulators who will support them if they adhere to institutional standards and practices like ethical business conduct, environmental sustainability, and corporate social responsibility.

Resource-Based View (RBV) Theory

Among the many frameworks utilised to study and explain business success, one of the most well-known is the theory of Resource-Based View (RBV). Scholars like ‘Jay Barney’ and Wernerfelt developed this theory in the late 20th century. In conformity with Myers (1984), this theory states that a company's competitive edge and profitability are mostly driven by its distinctive and valued resources and capabilities, noting that diverse businesses have varied resource sets which is a central tenet of the RBV theory. The diversity of operational resources available to different companies affects their profitability. Achieving above-average earnings is more likely for firms that possess unusual and distinctive resources. Glyn, Cornell, and Samuels (2016) provide the example of technological business that has a patentable, cutting-edge product as an example of an industry that can charge premium rates and yet have large profit margins. A key component of every successful business strategy is the ability to identify and capitalise on resources and competencies that are uncommon, unique, inimitable, and non-substitutable in congruent with the RBV theory. When it comes to conducting business and SME development, the RBV theory posits that overcoming obstacles, capitalising on opportunities, and attaining sustainable growth all hinge on SMEs having access to crucial resources and competencies. The Resource-Based View (RBV) postulates that SMEs benefit from access to financial capital, human capital, technology, infrastructure, networks, and market possibilities when they operate in nations that provide favourable business environments. In an effort to innovate, stand out, and compete in both local and international markets, SMEs must make good use of these resources. In addition, the idea known as Resource-Based View (RBV) underscores the importance of organisational capabilities in propelling the development of SMEs. These qualities include elements like entrepreneurial mindset, strong management talents, and the ability to adapt. Countries with supportive business environments foster the development of these capabilities through entrepreneurship education, training programs, mentorship networks, and institutional support services, enabling SMEs to navigate challenges, seize opportunities, and sustain competitive advantage over time.

Conceptual Clarifications

Ease of Doing Business

Ease of doing business refers to the overall business environment in a country, including the regulatory framework, administrative procedures, and institutional infrastructure that affect the ease with which businesses can start, operate, and thrive. It encompasses various factors like efficiency of business registration processes, access to credit, protection of property rights,

enforcement of contracts, and transparency in government regulations. A higher ease of doing business index indicates a more conducive environment for entrepreneurship and investment, which can attract domestic and foreign investors, stimulate economic growth, create jobs, and foster innovation and competitiveness. Eisingerich, Auh and Bindl (2014) defined ease of doing business as "the degree of conduciveness of the business environment of a country to start up and sustainably remain in business is characterized by the simplicity and efficiency of administrative procedures, transparency in government regulations, and the protection of property rights.

Factors Swaying Ease of Doing Business

The ease of doing business is influenced by a number of factors that collectively shape the business environment and regulatory landscape. Some of these factors include:

- i. *Regulatory Environment:* A conducive regulatory environment is characterized by clear, transparent, and consistent regulations that minimize bureaucratic red tape, facilitate compliance, and promote business growth and innovation. The regulatory environment substantially impacts the ease of doing business. Simplified and transparent procedures for business registration, obtaining permits, and complying with regulations can lower barriers to entry and reduce administrative burdens for entrepreneurs. In contrast, complex and burdensome regulations can hinder business formation and growth.
- ii. *Access to Finance:* Adequate access to finance is essential for businesses to fund investment projects, meet working capital needs, expand operations, and pursue growth opportunities. Factors swaying access to finance include the efficiency of financial markets, banking infrastructure, creditworthiness of borrowers, regulatory environment, and risk perception. Adequate access to finance is crucial for business development. Factors i.e., the availability of credit, the efficiency of banking systems, and the presence of venture capital markets sway the ease with which businesses can secure funding for investment, expansion, and working capital needs.
- iii. *Infrastructure:* Well-developed infrastructure is essential for businesses to operate efficiently, deliver goods and services, and access markets. Well-developed infrastructure, including transportation networks, energy supply, and telecommunications, is essential for business operations. Efficient infrastructure reduces transaction costs, enhances market access, and facilitates the movement of goods, services, and people, thereby improving the ease of doing business.
- iv. *Labour Market Regulations:* Labour market regulations aim to balance the interests of employers and workers, ensure fair and equitable treatment, and promote social welfare. The impact of labour market regulations on businesses varies depending on factors i.e. labour market flexibility, skill availability, productivity, and labour market institutions. Labour market regulations affect business operations and hiring practices. Flexible labour laws, streamlined employment procedures, and skilled workforce availability can enhance business productivity and competitiveness. Conversely, rigid labour market regulations may deter hiring and investment.
- v. *Taxation:* Taxation policies sway business decisions, investment behavior, and economic outcomes by affecting the cost of doing business, profitability, incentives for entrepreneurship and investment, and resource allocation. Key aspects of taxation include tax rates, tax bases, tax exemptions, deductions, credits, compliance requirements, and

administrative procedures. Effective taxation policies aim to balance revenue generation with economic efficiency, equity, and simplicity, while minimizing tax evasion, distortionary effects, and administrative burdens on businesses.

- vi. *Trade Policies*: Trade policies sway international business activities. Open trade policies, low tariffs, and simplified customs procedures facilitate cross-border trade and investment, enhancing market access and business opportunities. Protectionist measures and trade barriers, on the other hand, can restrict trade flows and impede business growth.

Small and Medium Scale Enterprises (SMEs)

Businesses are considered small and medium-scaled if their total expenses, not including land, do not exceed two hundred million naira (N200, 000,000.00), in congruent with the National Council of Industries (2009). However, academics and policymakers cannot agree on what size of company constitutes a small or medium enterprise. Unless there is a very special need to define business size, there is not a generally accepted definition anywhere in the world. Developing nations have it worse when it comes to identifying SMEs. Not only are these companies hard to count, but they are also hard to measure individually. As an outcome, statistics on enterprise size, location, activity, on the SME sub-sectors are incomplete and very unreliable (USAID, 2004). A small or medium-sized firm is defined by Sanusi (2013) and supported by Eniola, Entebangm, and Sakariyau (2015) as an establishment with five to one hundred employees and estimated yearly revenue of 'four hundred thousand Naira (N400,000)'.

Empirical Review

In their 2023 study, Suwaiba, Bruce, Musa, and Hudu examined how the external business climate affected SMEs in Nigeria's Kaduna state. Kaduna State SMEs registered with the Small and Medium Enterprise Development Agency of Nigeria constituted the study population, numbering 904. We utilised the Taro Yamane formula to get a sample size of 400. The research utilised a survey methodology. Infrastructure facilities substantially and favourably affect the service quality of SMEs, in congruent with the upshots. It is important for SMEs to conduct a thorough assessment of their external business environment in an effort to discover potential possibilities and risks. This assessment reveals that insecurity has a negative and substantial impact on SMEs' market development potentials. In their research, Ekeh and Mohammed (2023) looked at how the external business environment affected the performance of SMEs in Gboko city. The study investigated three hypotheses about the external business environment, which was defined as the political, economic, and socio-cultural realms. The research utilised a cross-sectional design and surveyed 1,811 business owners in Benue State who were involved in SMEs. We utilised a questionnaire to gather data and multiple regression to analyse it, but our sample size was still 327. In congruent with the research, SMEs in Benue State are very sensitive to the state's political climate, economic climate, and sociocultural climate. In their study, Akpoghol, Hanmaikyur, Kwahar, and Utile (2023) looked at how entrepreneurship education and business facilitation impacted the expansion of SMEs in the Gboko city of Benue State, Nigeria. This study utilised a survey design, which meant that the researcher created a structured questionnaire utilising a Four Likert Scale, to collect data. A total of four hypotheses and research questions utilised to direct the investigation. The questionnaire has an estimated reliability (Cronbach Alpha) of 0.941. Of the 650 SMEs registered in Gboko metropolitan, 248 had their managers selected utilising the Taro-Yamane method. We

utilised standard deviation and mean to examine the data, and applied analysis of variance approach to estimate four hypotheses at the conventional 5% significance level. SMEs in Gboko city, Benue State, had a considerable impact on sales development from entrepreneurship training and business-friendliness policies. Researchers Ezenyili and Adekunle (2023) looked examined how the federal government's Ease of Doing Business policy affected the expansion of SMEs in the state of Delta. Practical theory and the PESTLE analysis provided the theoretical foundation for the investigation. In an effort to determine the degree to which the Federal Government's policies on Ease of Doing Business have contributed to the growth of SMEs in Delta State, this research utilised a descriptive and analytical approach that relied on information from secondary sources. Even though the federal government has implemented measures to make it easier for businesses to operate, the research shows that the business climate in Delta State is still not conducive to the expansion of SMEs.

In their 2023 study, Azmat, Muhammad, Nooshen, Soofia, Sidra, Ameer, Awais, and Aleem looked at how SMEs' perceptions of the ease of doing business affected their desire to develop. The purpose of this research is to examine subjective perceptions of the ease of doing business in developing countries by analysing primary data obtained from SMEs. Positivism served as the philosophical framework for this investigation. utilising a Likert scale, we were able to quantify partakers' perceptions of the ease of conducting business and their incentive for expansion. We analysed the data utilising PLS-SEM. The research found that SMEs' perceptions of the ease of doing business favourably affect their willingness to expand. Olufemi, Patrick, and Martin (2021) investigated the methods utilised by SMEs in Lagos, Nigeria. Analytical tools utilised in this investigation included a survey methodology and hierarchical linear modelling. When asked about the effects on job creation, operators were less certain that the changes had augmented income and decreased costs, especially in the areas of credit, energy, and property registration. In their 2019 evaluation, Olasunkanmi and Jonathan looked at the ups and downs of putting the "ease of doing business" strategy into action. In an effort to achieve the policy goals, the research looked at how different programs worked. Owing to secondary sources of information, this research found that the strategy has had some success, but that the business environment in Nigeria is still not great because of contradictions in its execution, which have made it hard to see the whole picture. Nwobashi and Elechi (2019) looked at the environment's effect on Nigeria's business-friendliness in light of the country's sociopolitical and security issues, likewise the government's reforms, policies, and agencies responsible for implementing and regulating these efforts. The study employed a qualitative descriptive research approach to discuss its results; data came from secondary sources; and the research design was exploratory and historical in character. The results showed that while the government has done a lot to improve the business environment in Nigeria, the discourse owing to the theory of decision making has not been successful. In their 2018 study, Tambari, Chioma, and Ononogbo looked at how environmental variables affected the productivity of SMEs in River State. Data for the research came mostly from a descriptive survey that utilised a five-point Likert scale. Researchers utilised a purposive selection approach to pick 124 participants from a pool of 150 employees from three SMEs across Rivers-state's three senatorial zones. Environmental variables have an effect on the productivity of SMEs, in congruent with the results of the joint test. While socio-cultural variables do have an impact on SMEs, the individual

test upshots indicated that SMEs are more negatively impacted by economic and political contextual factors.

METHODOLOGY

The study made use of a survey design. The sample population was comprised of three hundred and sixty-five (365) registered ‘SMEs operating in Port Harcourt’ as at second quarter, 2024. These details were extracted from the Port Harcourt Chamber of Commerce, Industry, Mines, and Agriculture (PHCCIMA). Although the population of this study was known, the sample size was determined utilising Taro Yamane's formula at a 5% significance level. The Taro Yamane formula is mathematically expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where, n denotes the desired sample size, 1 = theoretical constant, N represents the estimate of the population size, e denotes probability of error (i.e., the desired precision, e.g., 0.05 for 95% confidence level), The application of Taro Yamane formula is given as:

$$n = \frac{365}{1 + 365 * (0.05)^2}$$

$$n = \frac{365}{1 + 365 * (0.0025)}$$

$$n = \frac{365}{1 + 0.9125}$$

$$n = \frac{365}{1.9125}$$

$$n = \underline{191} \text{ (approximately)}$$

The above computation indicates that a total of 119 managers from SMEs in Port Harcourt made up the sample size for this investigation. For this reason, purposive sampling was adopted to identify these managers.

The research also relied on original data gathered via structured questionnaires. Each of the two parts of the questionnaire dealt with a different set of relevant factors. Section one contained a set of items regarding the partakers' biographical data, while section two contained a set of items or queries regarding the convenience of conducting business for SMEs in Nigeria. The questionnaire is based on ‘five-point Likert’ rating structures as ‘Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD) which are rated as 5, 4, 3, 2, and 1 points respectively. Finally, descriptive statistics are employed to analyse the demographic data of the partakers. These consist of straightforward percentages, frequencies, and tables. Subsequently, the research queries were addressed utilising weighted means, straightforward percentages, and frequencies. Third, the regression technique was employed to evaluate the previously formulated hypothetical statements through bivariate analysis. Implementation of the Statistical Package for Social Sciences (SPSS) 23.0 enabled this outcome.

ANALYSES RESULTS AND DISCUSSIONS

Table 4.1: Questionnaire Administration and Retrieval

Particulars	Number of Cases	Percentage
Copies of Administered Questionnaire	191	100.0
Copies of Retrieved Questionnaire	157	82.2
Copies of Questionnaire Not Retrieved	34	17.8
Copies of Invalid Questionnaire	7	3.7
Copies of Valid Questionnaire	150	78.5

Source: *Field Survey, 2024.*

Table 4.1 indicates that of the one hundred and ninety-one (191) questionnaires distributed to the partakers, one hundred and fifty-seven (157) were returned, accounting for 82.2%. Thirty-four (34) questionnaires, representing 17.8%, were not returned. Nevertheless, seven (7) copies of the questionnaire, which represent 3.7% of the total were completed but rendered invalid. One hundred and fifty (150) copies of the questionnaire, which represent 78.5% of the total were filled correctly, hence appropriate for analysis of data.

Analysis of Demographic Data

This section presents a descriptive analysis of the demographic data of the partakers. Table 4.2 displays the managers' demographic information of the designated small-medium-scale firms located in Port Harcourt of Rivers State, who were eligible partakers for this study. It encompasses ages, genders, marital statuses, educational qualifications, and work experiences. In congruent with the data in the table, 10.7% of the total partakers are in the 18–24 age bracket, 22.0% are in the 25–34 age bracket, 36.0% are in the 35–44 age bracket, and 31.3% are 45 and up. As you can see from the graph, most of the responses fell somewhere between the ages of 35 and 44. Out of the total number of partakers, 62.7% were male and 37.3% were female, in congruent with the gender distribution. Of the partakers, 94 were male and 56 were female. In congruent with this breakdown, men made up the vast majority of responders. Looking at the breakdown of the partakers owing to their marital status, we find that thirty-two (32.1%) were single, forty-eight (48) were married, five (3.3%) were divorced, and five (3.3%) were widows or widowers. The majority of partakers were married, as it relates to the distribution of marital status.

The breakdown of the partakers in terms of their degree of education as tabulated in Table 4.2 reveals that 6.0% had O'levels, 48.0% had ONDs or a combination of the two, 38.0% had bachelor's degrees, and 8.0% had master's degrees for twelve partakers. Pertaining to the breakdown of partakers' educational backgrounds, most of them had an OND or OND-level certificate. Last but not least, looking at the distribution of the partakers by years of experiences revealed that twenty-one percent of the total had acquired 1–5 years of experience, fifty-three percent had garnered 6–10 years of experience, forty-eight percent were within 11–15 years of experience, and twelve percent are of sixteen years of experience or more. Most partakers had between six and ten years of experience, in congruent with this distribution of years of experience.

Table 4.2: Demographic/Personal Data of Partakers

Observation	Frequency	Percentage
Age		
18-24 years	11	10.7
25-34 years	31	22.0
35-44 years	50	36.0
45 years and above	42	31.3
Total	150	100.0
Genders		
Male	94	62.7
Female	56	37.3
Total	150	100.0
Marital Statuses		
Single	48	32.0
Married	92	61.3
Divorced	5	3.3
Widow/widower	5	3.3
Total	150	100.0
Educational Qualifications		
O' Level	9	6.0
OND/OND	72	48.0
Bachelor's Degree	57	38.0
Masters	12	8.0
Total	150	100.0
Working Experiences		
1-5 years	31	20.7
6-10 years	53	35.3
11-15 years	48	32.0
16 years and above	18	12.0
Total	150	100.0

Source: *Field Survey, 2024.*

Univariate Analysis

The study of the data underlined in this part on SMEs in Port Harcourt Metropolis shows sway of ease of conducting business. Every item on the questionnaire on every one of these factors was arranged and scored on a five-point Likert Scale anchored as follows.: Strongly Agree (SA) = 5 points, Agree (A) = 4 points, Undecided (U) = 3 points, Disagree (D) = 2 points, Strongly Disagree (SD) = 1 point.

Research Question One: What is the effect of access to finance on the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis?

Table 4.3: Analysis of the Effect of ‘Access to Finance on the Performance of Small and Medium-Scale Enterprises (SMEs)’ in Port Harcourt Metropolis

S/N	QUESTIONNAIRE ITEMS	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
1.	Our business mostly accesses deposit money bank loans, microfinance loans, venture capital and grants to finance daily activities.	67 (44.7%)	51 (34.0%)	5 (3.3%)	17 (11.3%)	10 (6.7%)	3.99	Agreed
2.	Access to financial services i.e., loans, credit, grants) contributes to the growth and expansion of our business	63 (42.0%)	63 (42.0%)	4 (2.7%)	10 (6.7%)	10 (6.7%)	4.06	Agreed
3.	Availability of financial resources has swayed our ability to invest in new technology or equipment for quality service delivery.	59 (39.3%)	64 (42.7%)	3 (2.0%)	13 (8.7%)	11 (7.3%)	3.98	Agreed
4.	Access to affordable financing affects our ability to hire additional staff or expand workforce for improved performance.	61 (40.7%)	62 (41.3%)	4 (2.7%)	14 (9.3%)	9 (6.0%)	4.01	Agreed

Source: *Field Survey, 2024.*

The descriptive statistics of the responses to the four questions about the sway of access to financing on SMEs performance in Port Harcourt Metropolis were given in Table 4.3. The scale used to quantify the extent of the impact was five points. Items 1 through 5 in the table received weighted mean ratings of 3.99, 4.06, 3.98, and 4.01, respectively, throughout the course of the survey. Owing to the fact that these evaluations are higher than the target mean of 3.0, they are approved. The total number of participants who either strongly agreed or agreed with each of the five statements or items concerning the impact of access to finance on SMEs performance in Port Harcourt Metropolis was greater than the total number of participants who either strongly disagreed or disagreed with the statements or items. The conclusion that SMEs performance in Port Harcourt Metropolis is impacted by access to financing is supported by the fact that there is a sufficient quantity of statistical evidence of this.

Research Question Two: How does regulatory environment affect the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis?

Table 4.4: Analysis of the Effect of Regulatory Environment on the Performance of Small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis

S/N	QUESTIONNAIRE ITEMS	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
5.	Regulatory requirements i.e. licensing and permits affect operational efficiency of our business.	70 (46.7%)	57 (38.0%)	2 (1.3%)	13 (8.7%)	8 (5.3%)	4.12	Agreed
6.	The complexity of regulatory procedures affects our business ability to expand operations for improved performance.	64 (42.7%)	66 (44.0%)	4 (2.7%)	9 (6.0%)	7 (4.7%)	4.14	Agreed
7.	Our business mostly encounters difficulties with compliance to local, state, or federal regulations in our operations.	58 (38.7%)	69 (46.0%)	3 (2.0%)	11 (7.3%)	9 (6.0%)	4.04	Agreed
8.	Government policies are not effective in supporting the growth and sustainability of small and medium enterprises (SMEs).	63 (42.0%)	60 (40.0%)	5 (3.3%)	12 (8.0%)	10 (6.7%)	4.03	Agreed

Source: *Field Survey (SPSS Output), 2024.*

Table 4.4 displayed the descriptive statistics of the responses to the four items regarding the impact of the regulatory environment on SMEs performance in Port Harcourt Metropolis, as measured on a five-point scale. Item 6-10 received weighted mean ratings of 4.12, 4.14, 4.04, and 4.03, respectively, which exceed the criterion mean of 3.0. Consequently, the results in the table are acceptable. In other words, the total number of partakers who either strongly agreed or agreed with each of the five statements/items regarding the impact of the regulatory environment on SMEs performance in Port Harcourt Metropolis exceeded the total number of partakers who either strongly disagreed or disagreed. This suggests that the regulatory environment has a substantial impact on SMEs performance in Port Harcourt Metropolis, owing to the ample statistical evidence.

Research Question Three: To what extent does infrastructure affect the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis?

Table 4.5 below showed the descriptive statistics of the four items that asked SMEs in Port Harcourt Metropolis to rate the sway of infrastructure on their performance on a five-point scale. Things 11–15 had weighted mean ratings of 4.00, 3.97, 3.90, and 4.11, correspondingly. These scores are satisfactory as they are higher than the standard mean of 3.0. That is to say, when it came to the five statements/items concerning the sway of infrastructure on SMEs performance in

Table 4.5: Analysis of the Effect of Infrastructure on the Performance of Small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis

S/N	QUESTIONNAIRE ITEMS	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
9.	Availability of good roads network plays a vital role in the operational efficiency of our business.	65 (43.3%)	60 (40.0%)	4 (2.7%)	14 (9.3%)	7 (4.7%)	4.08	Agreed
10.	Government investment in infrastructure plays a vital role in creating a conducive environment that enhances our business performance.	61 (40.7%)	59 (39.3%)	4 (2.7%)	16 (10.7%)	10 (6.7%)	3.97	Agreed
11.	Quality infrastructure impact our business ability to compete effectively in the market.	57 (38.0%)	63 (42.0%)	3 (2.0%)	12 (8.0%)	15 (10.0%)	3.90	Agreed
12.	Steady electricity supply improves our business operations and productivity.	64 (42.7%)	64 (42.7%)	3 (2.0%)	13 (8.7%)	6 (4.0%)	4.11	Agreed

Source: *Field Survey, 2024.*

Port Harcourt Metropolis, more people strongly agreed or agreed than disagreed or strongly disagreed. So, it seems like there is enough data to say that infrastructure has an effect on SMEs performance in the Port Harcourt Metropolis.

Research Question Four: What is the effect of taxation on the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis?

Using a five-point scale, Table 4.6 below shows the descriptive statistics of the four issues concerning the effect of taxes on SMEs performance in Port Harcourt Metropolis. The weighted mean scores for items 16–20 are 4.13, 3.97, 4.03, and 4.08, respectively, in congruent with the table. We accept these ratings since they are higher than the criteria mean of 3.0. That is to say, more people than that strongly opposed or disagreed with each of the five statements/items about the effect of taxes on SMEs performance in Port Harcourt Metropolis. Because of this, it is reasonable to assume that taxes affect the efficiency with which SMEs in the Port Harcourt Metropolis operate.

Table 4.6: Analysis of the Effect of Taxation on the Performance of Small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis

S/N	QUESTIONNAIRE ITEMS	SA (%)	A (%)	U (%)	D (%)	SD (%)	MEAN	DECISION
13.	There are incidences of multiple taxations of businesses.	60 (40.0%)	72 (48.0%)	3 (2.0%)	7 (4.7%)	8 (5.3%)	4.13	Agreed
14.	Multiple taxations substantially reduce the profitability of our business.	55 (36.7%)	67 (44.7%)	6 (4.0%)	12 (8.0%)	10 (6.7%)	3.97	Agreed
15.	Multiple taxations substantially affect our ability to expand and invest in new technology.	61 (40.7%)	63 (42.0%)	4 (2.7%)	14 (9.3%)	8 (5.3%)	4.03	Agreed
16.	Government tax incentives are not effective in supporting the growth and development of our business.	70 (46.7%)	53 (35.3%)	5 (3.3%)	4.08	9 (6.0%)		Agreed

Source: *Field Survey, 2024.*

Hypotheses Testing

In an effort to make a decision about the population owing to sample information in the context of verifying a hypothesis, we must make certain assumptions about the population. We refer to these assumptions as statistical hypotheses, as they may or may not be accurate. Consequently, hypothesis testing pertains to the confirmation or denial of an assumption regarding uncertain characteristics. Utilising regression analysis, we conducted hypotheses testing in this investigation. **Decision Rule:** Reject the null hypothesis at 5% level of significance if the p-value is below 0.05. On the other hand, do not reject the null hypothesis at 5% level of significance if the p-value is greater than 0.05.

Testing of the First Hypothesis

H₀₁: Access to finance does not have substantial effect on the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis.

Table 4.7 illustrates that the co-efficient value of access to finance is favourable (0.970). There is a favourable correlation between the efficacy of SMEs in the Port Harcourt Metropolis and their access to finance. Consequently, SMEs performance in Port Harcourt Metropolis will improve owing to augmented access to finance. Furthermore, the null hypothesis (H₀₁) is rejected due to the p-value (0.000) being below 0.05, which implies that SMEs performance in Port Harcourt Metropolis is substantially swayed by access to finance.

Table 4.7: Regression Analysis of Access to Finance and the Performance of Small and medium-scale enterprises (SMEs)

Model	Unstandardized Co-efficient		Standardized Co-efficient	T	Sig.
	B	Std. Error	Beta		
(Constant)	.144	.053		2.688	.008
1 Access to Finance	.970	.013	.971	76.501	.000

a. Dependent Variable: Performance of Small and medium-scale enterprises (SMEs)

Source: Field Survey, 2024.

Testing of the Second Hypothesis

H₀₂: Regulatory environment does not have substantial effect on the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis.

Table 4.8: Regression Analysis of Regulatory Environment and the Performance of Small and medium-scale enterprises (SMEs)

Model	Unstandardized Co-efficient		Standardized Co-efficient	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.128	.091		12.399	.000
1 Regulatory Environment	.759	.022	.878	34.683	.000

a. Dependent Variable: Performance of Small and medium-scale enterprises (SMEs)

Source: Field Survey (SPSS Output), 2024.

Table 4.8 illustrates that the regulatory environment has a favourable co-efficient value of 0.759. There is a favourable correlation between the efficacy of SMEs in the Port Harcourt Metropolis and the regulatory environment. Therefore, SMEs in the Port Harcourt Metropolis will experience an improvement in their performance owing to the regulatory environment. Furthermore, the null hypothesis two (H₀₂) is thus rejected, as the p-value (0.000) is below 0.05. Consequently, it is concluded that SMEs performance in Port Harcourt Metropolis is substantially swayed by the regulatory environment.

Testing of the Third Hypothesis

H₀₃: Infrastructure does not have substantial effect on the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis.

Table 4.9: Regression Analysis of Infrastructure and Performance of Small and medium-scale enterprises (SMEs)

Model	Unstandardized Co-efficient		Standardized Co-efficient	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.843	.100		8.442	.000
1 Infrastructure	.859	.024	.883	35.683	.000

a. Dependent Variable: Performance of Small and medium-scale enterprises (SMEs)

Source: Field Survey, 2024.

In congruent with Table 4.9, infrastructure has a favourable co-efficient value of 0.859. This suggests that infrastructure has a beneficial effect on SMEs performance in Port Harcourt Metropolis. As an upshot, SMEs performance in Port Harcourt Metropolis will improve owing to the augmented infrastructure. Additionally, the null hypothesis three (H03) is rejected due to the p-value (0.000) being below 0.05. Consequently, we can infer that infrastructure has a substantial impact on SMEs performance in Port Harcourt Metropolis.

Testing of the Fourth Hypothesis

H04: Taxation does not have substantial effect on the performance of small and medium-scale enterprises (SMEs) in Port Harcourt Metropolis.

Table 4.10: Regression Analysis of Taxation and the Performance of Small and medium-scale enterprises (SMEs)

Model	Unstandardized Co-efficient		Standardized Co-efficient	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.074	.064		1.163	.246
1 Taxation	-1.002	.015	.960	-65.208	.000

a. Dependent Variable: Performance of Small and medium-scale enterprises (SMEs)

Source: Field Survey, 2024.

It is evident from Table 4.10 that taxation has a negative co-efficient value of -1.002. This suggests that SMEs performance in Port Harcourt Metropolis is adversely affected by taxation. Therefore, the augmented taxation will result in a decline in SMEs performance in Port Harcourt Metropolis. Additionally, the null hypothesis four (H04) is rejected due to the p-value (0.000) being below 0.05. Consequently, it is concluded that taxation has a substantial impact on SMEs performance in Port Harcourt Metropolis.

Discussion of Results

This investigation is conducted to examine the impact of congenial doing business indicators on SMEs in the Port Harcourt Metropolis. We used descriptive statistics to examine the demographic data of the participants as well as the study questions. These statistics included weighted mean scores, simple percentages, and frequencies. The regression approach was used to test the hypotheses, and the version 23.0 of the Statistical Package for Social Sciences (SPSS) was used to ease the estimation process.

Following the outcomes of this research, availability of financial resources exerted favourable effect on SMEs performance in Port Harcourt Metropolis. In congruent with this beneficial impact, SMEs performance in Port Harcourt Metropolis would improve owing to a rise in access to financial resources. Furthermore, it was found that the first hypothesis suggested that SMEs performance in Port Harcourt Metropolis is substantially impacted by the availability of financial resources ($p = 0.000 < 0.05$). With this in mind, there is a wealth of statistical data to demonstrate that SMEs performance in Port Harcourt Metropolis is substantially and favourably swayed by access to financial resources. In addition, Tambari, Chioma, and Ononogbo (2018) found that the availability of financial resources has a substantial and favourable sway on the growth of SMEs in Nigeria. This discovery is in line with what they discovered in their investigation.

Furthermore, the regulatory climate in the Port Harcourt Metropolis is favourable to small and medium-sized businesses, which is a particularly attractive situation. Due to the fact that this impact is favourable, it suggests that SMEs performance in Port Harcourt Metropolis would rise owing to an improvement in the regulatory environment. We also investigated the second hypothesis, and the upshots revealed that the regulatory environment has a substantial impact on SMEs performance in Port Harcourt Metropolis ($p = 0.000 < 0.05$). As a consequence of this, there is a wealth of statistical information that suggests that the regulatory environment has a substantial and favourable impact on SMEs performance in Port Harcourt Metropolis. In congruent with Salihu, Ezenyili, and Adekunle (2023), the regulatory environment in Nigeria has a substantial sway on the performance of SMEs. The results of their investigation support this conclusion.

Additionally, infrastructure had favourable influence on the operating efficiency of SMEs in the Port Harcourt Metropolis. It is clear from this beneficial impact that SMEs performance in Port Harcourt Metropolis would improve owing to a rise in infrastructure construction. Furthermore, the outcome of the third hypothesis test revealed that infrastructure has a substantial sway on SMEs performance in Port Harcourt Metropolis ($p = 0.000 < 0.05$). As a consequence of this, there is a wealth of statistical information that suggests that infrastructure has a substantial and beneficial sway on the operations of SMEs in the Port Harcourt Metropolis. They proved that infrastructure is a substantial factor of company success in Nigeria, and their results are in agreement with this. Azmat, Muhammad, Nooshen, Soofia, Sidra, Ameer, Awais, and Aleem (2023) published their upshots.

SMEs performance in Port Harcourt Metropolis is suboptimal owing to taxes. Because of this unfavourable outcome, it is clear that SMEs performance in Port Harcourt Metropolis would suffer owing to a rise in taxes. The results of the fourth hypothesis suggested that taxation had a

substantial sway on SMEs performance in Port Harcourt Metropolis ($p = 0.000 < 0.05$). Consequently, there is a wealth of statistical data which suggests that taxes had a substantial but harmful sway on SMEs performance in Port Harcourt Metropolis owing to this. Olasunkanmi and Jonathan (2019) revealed that the performance of SMEs in Nigeria would decrease owing to a rise in taxes, often referred to as multiple taxation. This discovery is in line with what they discovered in their investigation.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This investigation explored the ease of doing business for SMEs in the Port Harcourt Metropolis. The results of this investigation demonstrated that SMEs performance in Port Harcourt Metropolis is substantially and favourably swayed by their access to finance, regulatory environment, and infrastructure. Conversely, taxation has a substantial yet adverse effect on SMEs performance in Port Harcourt Metropolis. The study concluded that SMEs performance in Port Harcourt Metropolis is substantially swayed by the convenience of doing business, as evidenced by the upshots.

Recommendations

The subsequent suggestions are proposed in accordance with the results:

- i. Government and financial institutions should collaborate to create more accessible and affordable financing options for SMEs. This can be achieved by establishing specialized SME funds, offering low-interest loans, and providing credit guarantees to reduce the risk for lenders.
- ii. Government should streamline regulatory procedures and reduce bureaucratic red tape that hinders SME operations. This should include simplifying business registration processes, reducing the time and cost associated with obtaining necessary licenses and permits, and ensuring that regulations are clear and transparent.
- iii. Government should prioritize infrastructure development, particularly in areas that directly impact SME operations, i.e., transportation, energy, and telecommunications. Improving road networks, ensuring a stable power supply, and expanding access to high-speed internet will reduce operational costs for SMEs, enhance their productivity, and allow them to compete more effectively in both local and global markets.
- iv. In an effort to facilitate the expansion and sustainability of small and medium-sized enterprises (SMEs), tax policies ought to be implemented. This can be achieved by offering tax incentives, i.e., reduced corporate tax rates, tax holidays, and exemptions for start-ups and small businesses.

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