



Eagle International Journal of Management, Business and Economics

An International Peer Reviewed, Open-Access and Multidisciplinary Journal

Volume 1 | Issue 1 | September 2026 |

Website: <https://ejrihs.com/index.php/eijmbe/index>

IMPACT OF MULTIPLE TAXATION ON THE GROWTH AND SUSTAINABILITY OF SMALL AND MEDIUM SCALE ENTERPRISES IN ONDO STATE, NIGERIA

Adewumi Adeyemi

Department of Business Administration and Management,
Rufus Giwa Polytechnic, Owo, Ondo State Nigeria

Corresponding Email- yemiacademics2020@gmail.com

ABSTRACT

Small and Medium Scale Enterprises (SMEs) support employment, income generation and entrepreneurial development, yet their operations are constrained by overlapping taxes and levies. This study examined the effect of multiple taxation on the growth and sustainability of SMEs in Ondo State, Nigeria. A quantitative descriptive survey design was adopted. Using multistage and stratified sampling, 120 SME owners and managers were selected, while 114 valid questionnaires were analysed, representing a 95% response rate. Data were analysed with frequencies, percentages, means, standard deviations, Pearson correlation and simple linear regression at the 5% significance level. Respondents reported a high multiple-taxation burden, with an overall mean of 4.12. Multiple taxation had a significant negative effect on SME growth ($\beta = -0.682$, $R^2 = 0.465$, $p < 0.001$) and sustainability ($\beta = -0.645$, $R^2 = 0.416$, $p < 0.001$). It also had a significant negative relationship with overall SME performance ($r = -0.671$, $p < 0.01$). The findings show that overlapping taxes increase operating costs, reduce profitability and investment capacity, restrict expansion and employment decisions, weaken financial stability and threaten long-term continuity. The study concludes that uncoordinated taxation undermines SME growth and survival. It recommends harmonised tax administration, fewer duplicative levies, simpler digital procedures, SME-sensitive tax policies, stakeholder consultation, tax education and complementary business support.

Keywords: multiple taxation, SME growth, sustainability, performance, Ondo State

1.0 INTRODUCTION

Small and Medium Enterprises (SMEs) are important contributors to economic development through employment generation, income creation, innovation, and private sector expansion (Okpara, 2021; Yusuf & Dansu, 2020). SMEs refer to business entities that operate within defined limits of employees, assets, and turnover and contribute substantially to economic activities at local and national levels. In Nigeria, SMEs represent a significant proportion of business establishments and provide livelihood opportunities for millions of individuals across sectors such as manufacturing, trade, agriculture, transportation, hospitality, and services (SMEDAN & NBS, 2021).

Taxation is a compulsory financial contribution imposed by government on individuals and business organisations to generate revenue for public expenditure, infrastructure development, and economic administration (World Bank, 2023). An effective tax system supports economic growth by providing resources for public services and creating a stable business environment. However, excessive tax obligations, complex compliance procedures, and overlapping tax demands may increase the operational burden of businesses, particularly SMEs with limited financial capacity (Oladipupo & Obazee, 2016; Adedeji & Oboh, 2020).

Multiple taxation refers to the imposition of several taxes, levies, fees, and charges on the same taxpayer by different levels of government or government agencies. In Nigeria, SMEs often experience multiple taxation through overlapping demands from federal, state, and local authorities, including business premises levies, signage fees, environmental charges, local government permits, and other regulatory payments (Adebisi & Gbegi, 2013). Although taxation remains necessary for government revenue generation, poorly coordinated tax administration may increase business costs, reduce available capital, and limit investment opportunities (Ojong et al., 2019).

The growth and sustainability of SMEs depend on their ability to maintain profitability, expand operations, invest in resources, create employment, and remain competitive over time (Afolabi, 2018; Okpara, 2021). Multiple taxation may negatively influence these outcomes by reducing retained earnings, limiting expansion decisions, increasing compliance costs, and weakening financial stability (Adebisi & Gbegi, 2013; Ojong et al., 2019). Existing studies have examined taxation and SME performance in Nigeria, but many have focused mainly on general tax compliance or profitability outcomes (Adedeji & Oboh, 2020; Oladipupo & Obazee, 2016). Limited empirical attention has been given to the combined influence of multiple taxation on SME growth, sustainability, and overall performance within the Ondo State business environment.

This study therefore examined the relationship between multiple taxation and the growth, sustainability, and performance of SMEs in Ondo State, Nigeria. The study provided evidence on how overlapping tax obligations influence SME operations and generated recommendations for improving tax administration and supporting sustainable SME development.

1.1 Objectives of the Study

The main objective of this study was to examine the effect of multiple taxation on the growth, sustainability, and performance of SMEs in Ondo State, Nigeria.

The specific objectives were to:

1. Identify the types and levels of multiple taxation experienced by SMEs in Ondo State.
2. Determine the relationship between multiple taxation and SME growth indicators, including profitability, investment capacity, employment creation, and business expansion.
3. Examine the relationship between multiple taxation and SME sustainability indicators, including financial stability, continuity, and long-term operational viability.
4. Assess the relationship between multiple taxation and overall SME performance in Ondo State.

1.2 Research Questions

The study was guided by the following research questions:

1. What types and levels of multiple taxation are experienced by SMEs in Ondo State?
2. What relationship exists between multiple taxation and SME growth indicators such as profitability, investment, employment creation, and expansion?
3. What relationship exists between multiple taxation and SME sustainability indicators such as financial stability and business continuity?
4. What relationship exists between multiple taxation and overall SME performance in Ondo State?

1.3 Research Hypotheses

Ho1: Multiple taxation has no significant relationship with SME growth in Ondo State, Nigeria.

Ho2: Multiple taxation has no significant relationship with SME sustainability in Ondo State, Nigeria.

Ho3: Multiple taxation has no significant relationship with SME performance in Ondo State, Nigeria.

2.0 METHODOLOGY

2.1 Research Design

The study adopted a quantitative descriptive survey design to examine the relationship between multiple taxation and the growth, sustainability, and performance of SMEs in Ondo State, Nigeria. The design enabled the researcher to obtain information directly from SME owners and managers regarding their experiences with multiple taxation and its influence on business operations (Creswell & Creswell, 2023; Saunders et al., 2023).

A quantitative approach was considered appropriate because the study involved the collection of numerical data through structured questionnaires and statistical analysis of relationships among study variables. The design enabled the researcher to measure multiple taxation indicators and assess their association with SME growth, sustainability, and performance using descriptive and inferential statistical techniques (Hair et al., 2022).

2.2 Area of the Study

The study was conducted in Ondo State, Nigeria. Ondo State is located in the South-West geopolitical zone of Nigeria and has a diverse economic structure involving agriculture, manufacturing, commerce, transportation, hospitality, and service activities. SMEs contribute significantly to employment generation, income creation, and economic activities within the state (SMEDAN & NBS, 2021).

Ondo State was selected because SMEs operating within the state experience similar challenges associated with taxation, regulatory requirements, infrastructure limitations, and operating costs observed in many Nigerian business environments. The study therefore examined how multiple taxation influences the ability of SMEs in the state to grow, sustain operations, and improve performance (Ojong et al., 2019).

2.3 Population of the Study

The population of the study comprised registered SMEs operating in Ondo State across different sectors, including manufacturing, trading, agriculture-related businesses, transportation, hospitality, and professional services (SMEDAN & NBS, 2021).

The respondents included SME owners, managers, and key decision-makers responsible for business operations and financial decisions. These respondents were selected because of their direct knowledge of business taxation obligations, compliance practices, operational challenges, and the effects of tax burdens on business activities (Oladipupo & Obazee, 2016).

The study obtained information from registered SME records provided by relevant business associations and government agencies, including the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and relevant state business development authorities (SMEDAN & NBS, 2021).

2.4 Sampling Technique and Sample Size

The study selected 120 SME owners and managers as respondents. The sample size was considered adequate for analysing relationships between multiple taxation and SME outcomes (Yamane, 1967). A total of 114 properly completed questionnaires were retrieved and used for analysis, representing a 95% response rate.

The study adopted a multistage sampling technique to select SMEs in Ondo State, Nigeria. The sampling procedure involved three stages.

In the first stage, the study identified registered SMEs operating within Ondo State using the available records from relevant business development agencies, including the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), business associations, and other recognised SME registration sources. The sampling frame consisted of registered SMEs operating within major commercial locations in the state.

In the second stage, the SMEs were grouped according to their major business sectors. The sectors included manufacturing, trading, services, and agriculture-related enterprises. This classification ensured adequate representation of different categories of SMEs and allowed the study to capture variations in taxation experiences across business sectors.

In the third stage, SMEs were selected from each sector using stratified random sampling (Saunders et al., 2023). The number of SMEs selected from each sector was determined

based on their representation within the identified SME population. The final sample consisted of 120 SMEs distributed across the selected sectors as follows:

Sector	Number of SMEs Selected
Trading	38
Services	31
Manufacturing	27
Agriculture-related businesses	18
Total	120

The selection of 120 SMEs was based on the need to obtain adequate representation across sectors while maintaining feasibility in terms of time, accessibility, and available research resources. The sample size was considered sufficient for the application of descriptive statistics, correlation analysis, and simple linear regression used in the study.

The inclusion criteria consisted of SMEs that had operated for at least one year, were located within Ondo State, and had identifiable owners, managers, or decision-makers responsible for financial and operational decisions. Businesses without identifiable management representatives, businesses operating outside Ondo State, and enterprises that were unwilling to participate were excluded from the study.

2.5 Sources of Data

The study used both primary and secondary sources of data.

Primary data were collected through a structured questionnaire administered to SME owners and managers in Ondo State. The questionnaire collected information on multiple taxation experiences, business growth, sustainability, and performance indicators (Taherdoost, 2021).

Secondary data were obtained from textbooks, peer-reviewed journal articles, government publications, SMEDAN reports, tax policy documents, and relevant institutional publications. These sources provided theoretical and empirical support for the study (Creswell & Creswell, 2023).

2.6 Research Instrument and Measurement of Variables

Data were collected using a structured questionnaire divided into four sections:

Section A: Demographic characteristics of respondents.

Section B: Multiple taxation indicators, including number of tax authorities, frequency of tax payments, tax compliance complexity, and financial burden associated with multiple levies (Adebisi & Gbegi, 2013).

Section C: SME growth indicators, including profitability, investment capacity, employment creation, business expansion, and competitiveness (Okpara, 2021).

Section D: SME sustainability and performance indicators, including financial stability, business continuity, operational efficiency, and long-term survival capacity (Afolabi, 2018).

The questionnaire items were measured using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Multiple taxation was operationalised as the extent to which SMEs experienced overlapping tax obligations from different government authorities. SME growth was measured through indicators relating to expansion, profitability, investment, and employment creation. SME sustainability was measured through financial stability, continuity, and ability to maintain operations over time. SME performance was assessed using profitability, competitiveness, operational efficiency, and business improvement indicators (Ojong et al., 2019).

2.7 Validity of the Instrument

The questionnaire was subjected to face and content validity assessment. Experts in taxation, accounting, entrepreneurship, and research methodology reviewed the instrument to ensure that the items adequately captured the concepts of multiple taxation, SME growth, sustainability, and performance (Saunders et al., 2023).

The recommendations from the experts were incorporated before final administration of the questionnaire. This process improved the relevance, clarity, and suitability of the instrument for achieving the study objectives.

2.8 Reliability of the Instrument

A pilot test was conducted among selected SMEs outside the final study sample to assess the reliability of the questionnaire. The reliability of the instrument was determined using Cronbach's alpha coefficient (Hair et al., 2022).

The reliability results showed acceptable internal consistency, with Cronbach's alpha values above the recommended threshold of 0.70. The overall reliability coefficient for the instrument was 0.85, indicating that the questionnaire items consistently measured the study variables.

2.9 Data Collection Procedure

The researcher administered questionnaires directly to SME owners and managers in selected locations across Ondo State. Before participation, respondents were informed about the purpose of the study and assured of confidentiality. Participation was voluntary, and respondents provided information based on their experiences with taxation and business operations (Taherdoost, 2021).

The completed questionnaires were collected, screened for completeness, coded, and prepared for statistical analysis.

2.10 Method of Data Analysis

Data collected from the questionnaires were analysed using descriptive and inferential statistics.

Descriptive statistics, including frequency distributions, percentages, mean scores, and standard deviations, were used to summarise respondents' characteristics and perceptions of multiple taxation (Creswell & Creswell, 2023).

Inferential statistics, including Pearson Product Moment Correlation and simple linear regression analysis, were used to determine the relationships between multiple taxation and SME growth, sustainability, and performance (Hair et al., 2022).

The regression models were expressed as:

$$\text{SMEG} = \beta_0 + \beta_1 \text{MT} + \varepsilon$$

Where:

SMEG = SME Growth

β_0 = Constant

β_1 = Regression coefficient

MT = Multiple Taxation

ε = Error term

$$\text{SMES} = \beta_0 + \beta_1 \text{MT} + \varepsilon$$

Where:

SMES = SME Sustainability

MT = Multiple Taxation

Hypotheses were tested at a 5% significance level. A p-value below 0.05 indicated a statistically significant relationship, leading to rejection of the null hypothesis (Saunders et al., 2023).

3.0 RESULTS

3.1 Questionnaire Administration and Response Rate

A total of 120 questionnaires were administered to SME owners and managers in Ondo State, Nigeria. Of the 120 questionnaires distributed, 114 were correctly completed and retrieved for analysis, representing a response rate of 95%. The high response rate provided adequate information for analysing the relationship between multiple taxation and SME growth, sustainability, and performance (Saunders et al., 2023; Creswell & Creswell, 2023).

Table 3.1: Questionnaire Distribution and Retrieval

Questionnaire Status	Frequency	Percentage (%)
Administered	120	100
Retrieved and usable	114	95
Not retrieved	6	5
Total	120	100

Source: Field Survey, 2026.

3.2 Demographic Characteristics of Respondents

The demographic characteristics examined included gender, age, business sector, and years of business operation. These characteristics provided information on the background of respondents and their level of exposure to SME operations and taxation issues (SMEDAN & NBS, 2021; Okpara, 2021).

Table 3.2: Demographic Characteristics of Respondents (n = 114)

Variable	Category	Frequency	Percentage (%)
Gender	Male	67	58.8
	Female	47	41.2
Age	Below 30 years	21	18.4
	30–40 years	43	37.7
	41–50 years	32	28.1
	Above 50 years	18	15.8
Business Sector	Trading	38	33.3
	Manufacturing	27	23.7
	Services	31	27.2
	Agriculture-related businesses	18	15.8
Years of Operation	Below 5 years	29	25.4
	5–10 years	48	42.1
	Above 10 years	37	32.5

Source: Field Survey, 2026.

The respondents comprised both male and female SME operators across different business sectors. Most respondents were between 30 and 40 years of age, indicating that many participants were within an active entrepreneurial age group. A large proportion of the businesses had operated for more than five years, suggesting that respondents had adequate experience with taxation issues affecting SME operations (Afolabi, 2018; Okpara, 2021).

3.3 Multiple Taxation Practices among SMEs in Ondo State

The study assessed respondents' experiences regarding multiple taxation, including the number of tax authorities involved, compliance complexity, operating cost implications, and the effect of multiple levies on business resources (Ojong et al., 2019; Adedeji & Oboh, 2020).

Table 3.3: Multiple Taxation Burden among SMEs

Statement	Mean	Standard Deviation	Decision
My business pays taxes to more than one government authority	4.21	0.82	Accepted
Multiple taxation increases business operating costs	4.35	0.71	Accepted
Tax payment procedures are complicated	3.98	0.91	Accepted
Multiple levies reduce funds available for business expansion	4.18	0.86	Accepted
Tax compliance consumes valuable business time	3.87	0.94	Accepted

Overall Mean = 4.12

Source: Field Survey, 2026.

The findings indicate that respondents experienced a considerable burden from multiple taxation. The overall mean score of 4.12 shows that SMEs generally agreed that overlapping tax obligations increased operational challenges, compliance demands, and financial pressure (Adebisi & Gbegi, 2013; Ojong et al., 2019).

3.4 Multiple Taxation and SME Growth

The study examined the relationship between multiple taxation and SME growth indicators, including profitability, investment capacity, expansion, employment decisions, and competitiveness (Yusuf & Dansu, 2020; Ojong et al., 2019).

Table 3.4: Multiple Taxation and SME Growth

Statement	Mean	Standard Deviation	Decision
Multiple taxation reduces business profitability	4.29	0.76	Accepted
Tax burden limits business expansion plans	4.14	0.83	Accepted
Multiple taxes reduce investment capacity	4.22	0.79	Accepted
Tax obligations affect employment decisions	3.96	0.89	Accepted
Tax payments reduce business competitiveness	4.08	0.85	Accepted

Overall Mean = 4.14

Source: Field Survey, 2026.

The results show that respondents perceived multiple taxation as a major constraint to SME growth. High tax obligations were associated with reduced profitability, lower investment capacity, restricted expansion decisions, and challenges in maintaining competitiveness (Adebisi & Gbogi, 2013; Yusuf & Dansu, 2020).

3.5 Multiple Taxation and SME Sustainability

The study assessed the relationship between multiple taxation and SME sustainability indicators, including financial stability, continuity, and long-term operation (Oladipupo & Obazee, 2016; World Bank, 2023).

Table 3.5: Multiple Taxation and SME Sustainability

Statement	Mean	Standard Deviation	Decision
Multiple taxation affects business survival ability	4.16	0.81	Accepted
Tax burden reduces financial stability	4.24	0.77	Accepted
Multiple taxes discourage long-term investment	4.09	0.88	Accepted
Tax pressure influences business continuity decisions	3.95	0.92	Accepted
High taxation encourages informal business practices	4.02	0.87	Accepted

Overall Mean = 4.09

Source: Field Survey, 2026.

The findings indicate that respondents associated multiple taxation with reduced SME sustainability. Increased tax obligations were perceived to affect financial stability, investment decisions, and the ability of businesses to maintain long-term operations (Oladipupo & Obazee, 2016; World Bank, 2023).

3.6 Reliability Test of the Research Instrument

The reliability of the questionnaire was assessed using Cronbach's alpha coefficient (Hair et al., 2022).

Table 3.6: Reliability Statistics

Variable	Number of Items	Cronbach's Alpha
Multiple Taxation	5	0.82
SME Growth	5	0.86
SME Sustainability	5	0.84
Overall Instrument	15	0.85

Source: Field Survey, 2026.

The reliability results indicate that all constructs achieved Cronbach's alpha values above the acceptable threshold of 0.70, confirming internal consistency of the instrument (Hair et al., 2022; Taherdoost, 2021).

3.7 Correlation Analysis

Table 3.7: Relationship Between Multiple Taxation, SME Growth, and SME Sustainability

Variables	Multiple Taxation	SME Growth	SME Sustainability
Multiple Taxation	1		
SME Growth	-0.682**	1	
SME Sustainability	-0.645**	0.714**	1

**Correlation significant at 0.01 level.

Source: Field Survey, 2026.

The correlation analysis shows a significant negative relationship between multiple taxation and SME growth ($r = -0.682$, $p < .01$), indicating that higher tax burdens reduce SME growth outcomes (Ojong et al., 2019; Yusuf & Dansu, 2020). Similarly, multiple taxation showed a significant negative relationship with SME sustainability ($r = -0.645$, $p < .01$), suggesting reduced financial stability and continuity (Oladipupo & Obazee, 2016).

3.8 Test of Hypothesis One

Ho1: Multiple taxation has no significant relationship with SME growth in Ondo State, Nigeria.

Table 3.8: Regression Analysis of Multiple Taxation and SME Growth

Dependent Variable: SME Growth

Variable	β	Std. Error	t-value	p-value
Constant	4.112	0.246	16.72	<.001
Multiple Taxation	-0.682	0.071	-9.61	<.001

$R = 0.682$

$R^2 = 0.465$

Adjusted $R^2 = 0.460$

$F(1,112) = 92.35, p < .001$

Source: Field Survey, 2026.

The regression analysis shows that multiple taxation was significantly associated with SME growth ($\beta = -0.682, p < .001$), consistent with prior findings on tax burden effects on SMEs (Adebisi & Gbegi, 2013; Yusuf & Dansu, 2020). Therefore, the null hypothesis was rejected.

3.9 Test of Hypothesis Two

Ho2: Multiple taxation has no significant relationship with SME sustainability in Ondo State, Nigeria.

Table 3.9: Regression Analysis of Multiple Taxation and SME Sustainability

Dependent Variable: SME Sustainability

Variable	β	Std. Error	t-value	p-value
Constant	3.985	0.264	15.10	<.001
Multiple Taxation	-0.645	0.078	-8.27	<.001

$$R = 0.645$$

$$R^2 = 0.416$$

$$\text{Adjusted } R^2 = 0.411$$

$$F(1,112) = 68.39, p < .001$$

Source: Field Survey, 2026.

The regression result indicates that multiple taxation was significantly associated with SME sustainability ($\beta = -0.645$, $p < .001$), aligning with evidence that tax burden reduces SME survival capacity (Oladipupo & Obazee, 2016; World Bank, 2023). The null hypothesis was rejected.

3.10 Test of Hypothesis Three

Ho3: Multiple taxation has no significant relationship with SME performance in Ondo State, Nigeria.

Table 3.10: Pearson Correlation Analysis Between Multiple Taxation and SME Performance

Variables	Multiple Taxation	SME Performance
Multiple Taxation	1	
SME Performance	-0.671**	1

**Correlation significant at 0.01 level.

Source: Field Survey, 2026.

The Pearson correlation analysis revealed a significant negative relationship between multiple taxation and SME performance ($r = -0.671$, $p < .01$), consistent with studies linking taxation burden to reduced SME efficiency and profitability (Ojong et al., 2019; Yusuf & Dansu, 2020). Therefore, the null hypothesis was rejected.

3.11 Summary of Hypothesis Testing

Table 3.11 Table of Summary of Hypotheses Testing

Hypothesis	Statistical Test	Result	Decision
Ho1: Multiple taxation has no significant relationship with SME growth	Regression analysis	$\beta = -0.682$, $p < .001$	Rejected
Ho2: Multiple taxation has no significant relationship with SME sustainability	Regression analysis	$\beta = -0.645$, $p < .001$	Rejected
Ho3: Multiple taxation has no significant relationship with SME performance	Pearson correlation	$r = -0.671$, $p < .01$	Rejected

Source: Field Survey, 2026.

The hypothesis testing results demonstrate significant negative relationships between multiple taxation and SME growth, sustainability, and performance in Ondo State (Adebisi & Gbegi, 2013; Ojong et al., 2019; Yusuf & Dansu, 2020).

4.0 Discussion of Findings

4.1 Multiple Taxation Burden among SMEs in Ondo State

The study examined the influence of multiple taxation on the growth, sustainability, and performance of SMEs in Ondo State, Nigeria. The findings revealed that SMEs experienced considerable challenges arising from overlapping tax obligations, multiple levies, and compliance requirements from different government authorities. The overall mean score of 4.12 indicates that respondents generally perceived multiple taxation as a major operational challenge affecting SME activities.

The finding supports previous studies that identified multiple taxation as a significant constraint affecting SMEs in Nigeria. Adebisi and Gbegi (2013) reported that multiple taxation increases operational costs, reduces profitability, and weakens the competitive capacity of SMEs. Similar concerns were observed in the present study, where respondents indicated that multiple tax obligations reduced available business resources and increased administrative demands.

Although taxation remains important for government revenue generation and public service provision, the challenge for SMEs lies in excessive and poorly coordinated tax obligations. An efficient tax system should provide a balance between revenue generation and the ability of businesses to operate sustainably. When SMEs face several tax demands from different authorities, financial resources that could support expansion and innovation may be diverted towards tax compliance (Ojong et al., 2019; Yusuf & Dansu, 2020).

4.2 Relationship between Multiple Taxation and SME Growth

The study found a significant negative relationship between multiple taxation and SME growth. Regression analysis showed that multiple taxation was significantly associated with lower SME growth outcomes ($\beta = -0.682$, $p < .001$), explaining 46.5% of the variation in SME growth.

The result indicates that increased tax burdens were associated with reduced profitability, limited investment capacity, restricted business expansion, and challenges in employment creation. SMEs depend heavily on retained earnings to finance growth activities such as purchasing equipment, improving technology, increasing production capacity, and expanding market reach. Excessive tax obligations reduce the financial resources available for these activities (Adebisi & Gbegi, 2013; Okpara, 2021).

The finding agrees with Adebisi and Gbegi (2013), who reported that multiple taxation negatively affects SME performance by increasing operating costs and reducing business competitiveness. The result also supports the resource constraint perspective of SMEs, which suggests that small businesses are more vulnerable to financial pressures because they often have limited access to external financing (Creswell & Creswell, 2023).

However, the finding does not imply that taxation itself prevents business development. Properly structured taxation systems may support business growth when revenue is used to improve infrastructure, security, and public services that create a favourable business environment (World Bank, 2023). The major concern identified in this study is the burden created by overlapping and uncoordinated tax obligations.

4.3 Relationship between Multiple Taxation and SME Sustainability

The study revealed a significant negative relationship between multiple taxation and SME sustainability. Regression analysis showed that multiple taxation was significantly associated with lower sustainability outcomes ($\beta = -0.645$, $p < .001$), accounting for 41.6% of the variation in SME sustainability.

This finding suggests that multiple taxation affects SMEs' ability to maintain stable operations over time. High tax obligations reduce cash flow, weaken financial stability, and limit resources available for long-term planning. SMEs operating with limited capital may experience difficulties maintaining operations when a significant proportion of available income is directed towards taxes and levies (Yusuf & Dansu, 2020).

The finding is consistent with Yusuf and Dansu (2020), who observed that taxation affects SME profitability and operational decision-making. It also aligns with Okpara (2021), who identified financial constraints and regulatory pressures as important challenges affecting SME survival in developing economies.

The result further suggests that excessive taxation may encourage some businesses to operate informally to reduce compliance costs. Although informal operation may provide short-term relief from taxation pressure, it may limit access to formal financial support, government programmes, and opportunities for business expansion (SMEDAN & NBS, 2021).

4.4 Relationship between Multiple Taxation and SME Performance

The study found a significant negative relationship between multiple taxation and SME performance ($r = -0.671$, $p < .01$). The result indicates that SMEs experiencing higher levels of taxation burden reported lower performance outcomes.

SME performance in this study was assessed through indicators such as profitability, competitiveness, investment capacity, and operational efficiency. Multiple taxation affects these areas by increasing expenses and reducing funds available for productive activities (Afolabi, 2018; Oladipupo & Obazee, 2016).

The finding supports earlier research showing that complex tax systems and excessive compliance requirements create challenges for small businesses. When tax administration involves multiple agencies and repeated payments, SMEs experience additional financial and administrative pressure (Adedeji & Oboh, 2020).

The findings highlight the need for improved coordination among tax authorities. A simplified tax administration structure may reduce compliance costs and enable SMEs to direct more resources towards productive business activities (Saunders et al., 2023).

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study examined the relationship between multiple taxation and the growth, sustainability, and performance of SMEs in Ondo State, Nigeria. The findings demonstrated that SMEs experience substantial challenges from overlapping tax obligations and multiple levies imposed by different government authorities.

The study established that multiple taxation was significantly associated with lower SME growth. Higher tax burdens were linked with reduced profitability, limited investment capacity, restricted expansion opportunities, and challenges in employment creation (Adebisi & Gbegi, 2013; Okpara, 2021).

The study also showed that multiple taxation was significantly associated with reduced SME sustainability. Excessive tax obligations affected financial stability, continuity planning, and the ability of SMEs to maintain long-term operations (Yusuf & Dansu, 2020).

Furthermore, the study found a significant negative relationship between multiple taxation and SME performance. Increased taxation burden was associated with lower profitability, competitiveness, operational efficiency, and business improvement (Oladipupo & Obazee, 2016).

The study concludes that the issue facing SMEs is not taxation itself, but the complexity and duplication of tax obligations. A coordinated, transparent, and simplified tax system is required to support SME development while maintaining government revenue objectives (World Bank, 2023).

5.2 Recommendations

Based on the findings, the study recommends the following:

1. Harmonisation of Taxes and Levies
Federal, state, and local government authorities should improve coordination of taxation systems to reduce duplication of taxes and unnecessary compliance demands on SMEs (Ojong et al., 2019).
2. Simplification of Tax Administration
Tax registration, filing, payment procedures, and reporting requirements should be simplified through digital platforms. A clearer tax structure would reduce administrative burdens experienced by SMEs (Saunders et al., 2023).

3. Development of SME-Friendly Tax Policies
Government should design taxation policies that consider the financial capacity of SMEs. Tax incentives, simplified tax categories, and supportive compliance measures should be strengthened for small businesses (SMEDAN & NBS, 2021).
4. Improved Tax Education
Tax authorities and business support agencies should provide regular tax education programmes to improve SME owners' understanding of tax obligations, compliance procedures, and available support mechanisms (Adedeji & Oboh, 2020).
5. Strengthening Stakeholder Engagement
SME associations, government agencies, and tax authorities should participate in regular consultations to develop taxation policies that reflect the operational realities of small businesses (Okpara, 2021).
6. Improved Business Support Services
Government should complement taxation policies with access to finance, entrepreneurship training, infrastructure development, and business advisory services to strengthen SME competitiveness (World Bank, 2023).
7. Promotion of Digital Tax Systems
Tax authorities should expand electronic tax registration, filing, and payment systems to reduce physical interactions with multiple agencies and improve transparency (Saunders et al., 2023).

5.3 Suggestions for Further Studies

Future studies may examine the effects of specific tax categories, such as company income tax, value-added tax, and local government levies, on SME outcomes. Further research may also compare the experiences of SMEs across different Nigerian states to identify regional variations in taxation challenges (Afolabi, 2018; Okpara, 2021).

REFERENCES

- Adebisi, J. F., & Gbegi, D. O. (2013). Effect of multiple taxation on the performance of small and medium scale business enterprises: A study of West African Ceramics Limited, Ajaokuta, Kogi State. *Mediterranean Journal of Social Sciences*, 4(6), 323–334.
- Adedeji, A. A., & Oboh, C. S. (2020). An empirical analysis of tax compliance among small and medium enterprises in Nigeria. *International Journal of Economics and Financial Issues*, 10(3), 1–10.
- Afolabi, B. (2018). Constraints affecting the growth and survival of small and medium scale enterprises in Nigeria. *Journal of Business and Management*, 20(5), 45–52.
- Creswell, J. W., & Creswell, J. D. (2023). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE Publications.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2022). *Partial least squares structural equation modeling (PLS-SEM) using R: A workbook*. Springer.
- Okpara, J. O. (2021). Factors affecting the growth and development of SMEs in developing economies. *Journal of Small Business and Enterprise Development*, 28(6), 823–840.
- Ojong, N., Anthony, O., & Arikpo, I. (2019). The impact of taxation on economic growth in Nigeria. *International Journal of Economics and Finance*, 11(5), 1–10.
- Oladipupo, A. O., & Obazee, U. (2016). Tax knowledge, penalties and tax compliance in small and medium scale enterprises in Nigeria. *iBusiness*, 8(1), 1–9.
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2023). *Research methods for business students* (9th ed.). Pearson.
- Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) & National Bureau of Statistics (NBS). (2021). *Survey report on micro, small and medium enterprises in Nigeria*. SMEDAN.
- Taherdoost, H. (2021). *Data collection methods and tools for research: A step-by-step guide to choose data collection technique for academic and business research*.

projects. *International Journal of Academic Research in Management*, 10(1), 10–38.

World Bank. (2023). *Small and medium enterprises finance: Improving access to finance for SMEs*. World Bank Group.

Yamane, T. (1967). *Statistics: An introductory analysis* (2nd ed.). Harper and Row.

Yusuf, A., & Dansu, S. (2020). Effect of taxation on the performance of small and medium enterprises in Nigeria. *Journal of Accounting and Financial Management*, 6(2), 55–68.