Impact of Economic Reforms on MSMEs Sustainability; A of Study of Zamfara North Senatorial Zone

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Abstract

This research assesses the impact of economic reforms on micro, small and medium enterprises (MSMEs) sustainability; A case study of Zamfara North Senatorial Zone. The study aimed to assess fuel subsidy removal reform, foreign exchange reform and tax regulatory reform on MSMEs sustainability in Zamfara North Senatorial Zone. The study engaged empirical survey research study in carrying out the study, a purposive sample of 120 MSMEs were selected for the study, given that 30 MSMEs were selected from each of the four local government, these include Birni-Magaji local Government, kaura Namoda local Government Shinkafi local Government and Zurmi local Government that constituted the zone under the study. Data were collected using structured questionnaires, design in a closed ended form and using five linker scale approach. Data were analyzed using structural equation model SEM-PLS3, and the hypotheses were tested using multiple regression. The study revealed that there is a statistical relationship between independent variables of fuel subsidy removal, foreign exchange and tax regulatory on MSMEs sustainability in Zamfara North Senatorial Zone. Therefore, it is recommended that clear and transparent policies for fuel subsidy removal be established, including support mechanisms for MSMEs during the transition period. Additionally, tax incentives should be introduced for MSMEs that demonstrate sustainable practices or invest in innovation.

Keywords: MSMEs, sustainability, fuel subsidy removal, foreign exchange, tax regulatory.

1.1 Background of the Study

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the economic development of any nation. According to World Bank Reports (2020), MSMEs account for about 90% of enterprises, over 50% of GDP and 75% of new jobs created globally. Advanced countries like USA, Canada, and Russia navigate through MSMEs to attain higher level of economic sustainability. Likewise, their role in the sustainability of the Nigerian economy cannot be overemphasized. They contribute about 46.31% to the GDP with over 96.7% of Nigerian business outfits, providing 84.02% of jobs thus increasing growth, reducing unemployment and boosting economic capacity (NBS, 2021). The report also revealed that MSMEs accounted for 6.21% of gross exports. A strong MSME sector promotes innovations and investment opportunities which in turn facilitates employment generation and sustainable growth in the GDP of an economy (Jegadeshwari & Velmurugan, 2017). (Ogbeide & Adeboje, (2017) posit that MSMEs contribute significantly to job creation, poverty alleviation, and the overall economic resilience of a country. In Nigeria, MSMEs are the backbone of the economy, accounting for a substantial percentage of employment and contributing to Gross Domestic Product (GDP).

Economic reforms, particularly in developing nations, are critical tools used by governments to foster a more conducive business environment for MSMEs. In Nigeria, several reforms have been implemented over the years, aimed at improving business conditions, enhancing financial inclusion, and promoting economic diversification. These reforms

include fuel subsidy removal, foreign exchange rate unification, tax policies and other institutional reforms intended to stimulate the MSME sector (Goel, 2024). However, despite these efforts, many MSMEs continue to struggle with issues related to sustainability. Zamfara North which comprises of kaura Namoda, Birnin-magaji, shinkafi and Zurmi, like any other regions in Nigeria, has a significant number of MSMEs that contribute to local economies and livelihoods. Despite the existing menace of unique challenge of insecurity, inadequate infrastructure, and limited access to capital, which may undermine the effectiveness of nationwide economic reforms at the local level. Given these regional challenges, it becomes important to assess how economic reforms have impacted the sustainability of MSMEs in Zamfara North. The study is motivated by the need to bridge the gap in existing literature regarding the regional impact of national economic reforms on MSMEs, focusing on sustainability challenges facing MSMEs particularly in Zamfara North.

1.2 Statement of the Problem
Micro, Small, and Medium Enterprises (MSMEs) in Nigeria, particularly in rural areas like Zamfara North, are vital contributors to economic development. They provide employment, foster innovation, and stimulate economic activities in their localities. Despite their importance, MSMEs in this zone are currently performing abysmally, this can be associated with declining in working capital as a result of higher inflation, higher operating cost dues to fuel subsidy removal and higher cost of raw material due to exchange rate volatility. These factors have stampeded and threatened the closure of many MSMEs in Zamfara North. Furthermore, insecurity in northern Nigeria has added another layer of complexity to the business environment, making it even harder for MSMEs to thrive. In response to these challenges, the Nigerian government has implemented several economic reforms aimed at improving the business environment for MSMEs. These reforms include fuel subsidy removal, foreign exchange and tax policies. While these reforms are well-intended and have shown promise in some areas, their impact on MSMEs in specific regions like Zamfara North remains unclear. The sustainability of MSMEs depends on their ability to adapt to economic reforms, remain competitive, and secure the necessary resources to grow. However, there is limited research on how economic reforms have directly impacted the sustainability of MSMEs in Zamfara North, there was no research of this nature in the area. Despite national efforts, MSMEs in this region continue to struggle, raising questions about the effectiveness of these reforms at the local level. It's on this note that the researchers undertake this study to assess the impact of economics reforms on MSMEs sustainability in Zamfara North.

1.3 Research Questions
To guide the study, the following research questions will be addressed,
   a)   How have fuel subsidy removal impacted on MSMEs' sustainability in Zamfara North?
   b)   What effect does foreign exchange reforms had on MSMEs sustainability in Zamfara North?
   c)   In what ways have tax regulatory reforms influenced MSMEs sustainability in Zamfara North?

1.4 Objectives of the Study
The overall objective of this study is to assess the impact of economic reforms on the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Zamfara North. Specifically, the study aims to achieve the following objectives:
   a)   To evaluate the effect of fuel subsidy removal reform on MSMEs' sustainability in Zamfara North.
   b)   To assess the impact of foreign exchange reform on MSMEs sustainability in Zamfara North.
   c)   To examine the effect of tax regulatory reform on MSMEs sustainability in Zamfara North

1.5 Hypotheses for the Study
To test the impact of economic reforms on MSMEs' sustainability in Zamfara North, the following null hypotheses will be formulated to guide the study:
   a) H_{o1}: Fuel subsidy removal reform have no significant impact on MSMEs sustainability in Zamfara North.
   b) H_{o2}: Foreign exchange reform have no significant impact on MSMEs sustainability in Zamfara North.
   c) H_{o3}: Tax regulatory reform does not have significantly impact on MSMEs sustainability in Zamfara North.

2.0 Literature review
2.1 Concepts of Economic Reform
Economic reform usually refers to deregulation, or at times to reduction in the size of government, to remove distortions caused by regulations or the presence of government, rather than new or increased regulations or government programs to reduce distortions caused by market failure (Campos & Grauwe 2023). As such, these reform policies are in the tradition of laissez faire, emphasizing the distortions caused by government, rather than in liberalism, which emphasizes the need for state regulation to maximize efficiency.

Economics reforms programs can be defined as government's conscious formation of economic policies and programs aimed at strengthening the performance of the various sectors of the economic (Mentes, (2023). examples of some of the economic reform programs in Nigeria are the consolidation of financial institutions, privatization and

commercialization, indigenization, nationalization and deregulation. Economic reforms in Nigeria have been diverse, targeting multiple sectors such as finance, agriculture, energy, and trade. These reforms aim to address long-standing structural issues, promote economic diversification, and create an enabling environment for businesses, including MSMEs. However, the effectiveness of these reforms has been mixed, often hindered by factors such as corruption, inadequate infrastructure, policy inconsistency, and socio-political challenges.

Microeconomic reform (or often just economic reform) comprises policies directed to achieve improvements in economic efficiency, either by eliminating or reducing distortions in individual sectors of the economy or by reforming economy-wide policies such as tax policy and competition policy with an emphasis on economic efficiency, rather than other goals such as equity or employment growth (Anam, et'al., 2024). The economic reform program of the present government is aimed at reversing the shortcomings of the implementation of the past reform programs, as well as place the national economy on a strong, sound and sustainable footing (Nwapi, 2024).

2.2 Subsidy Removal Reform

Fuel subsidy is a government policy in which the government provides financial assistance to reduce the cost of fuel for consumers. This is typically done by selling fuel at a price lower than the market rate, with the government covering the price difference through subsidies (Yunusa, (2023). The main goals of fuel subsidies are to make fuel more affordable for citizens and to stabilize domestic prices. According to Barwick, Kwon, & Li, (2024) fuel subsidy has economic, environmental, and fiscal implications, as they often lead to increased government spending and can encourage over consumption of fuel.

Fuel subsidy removal refers to the government's decision to eliminate or reduce subsidies on petroleum products, such as gasoline and diesel (Fyneroad, (2024). This can have significant economic and social implications. As it can reduce the burden on the government's budget and promote more efficient resource allocation. And it often leads to higher fuel prices, which can result in increased costs for consumers and businesses, potentially causing inflation and impacting lower-income individuals and organizations disproportionately (Chukwunonso, et'al., 2024). The decision to remove fuel subsidies is a complex policy choice that government might have weighed carefully, taking into account various economic and political factors.

Jesuola, (2024) confirmed that since fuel subsidies put such a heavy burden on the nation's economy, the Nigerian government has struggled with their elimination on a regular basis. Discussions on the reduction or abolition of subsidies have become necessary due to economic concerns in recent years. Subsidies can be eliminated to relieve the budget, but doing so also has a number of negative economic effects, particularly for MSMEs. Fuel subsidies have historically been implemented to stabilize fuel prices, control inflation, and ease the financial burden on the populace. For MSMEs, fuel subsidies have helped reduce operating costs, making transportation more affordable and ensuring the availability of energy at a reasonable price for production and distribution activities (Agbomire, & Ayo, 2024).

The Nigerian government has periodically struggled with the issue of fuel subsidy removal due to the immense strain it places on the country's finances. In recent years, economic challenges have necessitated discussions on subsidy reduction or elimination. While the removal of subsidies can lead to fiscal relief, it also triggers a series of economic repercussions, especially for MSMEs sustainability in the country. The removal of fuel subsidies for MSMEs in Nigeria as it brings about higher operating costs, inflationary pressure, supply chain disruptions, competition with larger corporations, and job losses (Enejo, & Ojabo, 2024). Higher fuel prices can affect profit margins, pricing strategies, and supply chains, affecting overall sales.

2.3 Foreign exchange Reform

According to Madouri & Tchoketch (2024) exchange rate is the price of one country's currency expressed in terms of some other currency. It determines the relative prices of domestic and foreign goods, as well as the strength of external sector participation in the international trade. The exchange rate according to Akani, (2024) is an important relative price as it has influences on the external competitiveness of domestic goods. Thus, exchange rate has received considerable attention in terms of its influence on investment and economic growth. Existing literature claimed that in Nigeria, exchange rate has changed within the time frame from regulated to deregulated regimes.

Foreign exchange reform refers to changes or adjustments in the system, rules, or policies that govern how a country's currency is valued and exchanged relative to other currencies (Ren, 2024). Such reforms are usually undertaken by governments or central banks to address issues like economic imbalances, inflation, or market volatility, or to make the currency system more efficient and stable (Armah, 2024). Countries implement exchange rate reforms to address problems like currency crises, balance of payments issues, or speculative attacks on the currency. These reforms can help stabilize an economy, improve competitiveness, or align monetary policies with global markets.

The unification of exchange rates will impact households and individuals, as goods and services are currently priced at parallel market exchange rates. In the short to medium term, higher prices will be expected, while lower prices are expected in the long term. Unifying the exchange rate will result in a higher unified rate, increasing the cost of imported goods and raw materials for businesses and equally could lead to business collapse or cost push-inflation (Olamigoke, 2024). However, the mix consequences of unified exchange rate may encourage export opportunities, making Nigerian products more affordable in international markets. But the unification of exchange rates in Nigeria could exacerbate inflation, increase living costs, disrupt the economy, and lead to rising poverty levels, hardship, and high energy prices, particularly for low-income individuals and households, and this could also result in unfavorable adjustments in prices and investments (Ali, 2023).

2.4 Tax Policy Reform

Tax policy reform refers to the process of changing or overhauling a country's tax system, typically with the goal of improving its efficiency, fairness, simplicity, or effectiveness in generating government revenue (Taddesse, 2023). Tax reform can involve adjustments to various aspects of taxation, including tax rates, tax bases, exemptions, and the overall structure of taxes (e.g., direct vs. indirect taxes). Governments pursue tax reform to achieve multiple economic, social, and political goals, such as boosting economic growth, reducing income inequality, or simplifying compliance for taxpayers (Macías & Gaitán, 2024).

Tax reform is a crucial component of fiscal adjustment and plays a significant role in economic policy. the reform is an instrument that integrates the tax dynamics which must be designed based on a specific point as proposed (Ranaldi & Milanovic, 2022). the configuration of taxes leads to the formation of a tax system capable of ensuring a systematic collection process in order to maintain cash flow for the state.

The reform aims to create a simpler, more efficient, and equitable tax system that can effectively raise revenue while minimizing negative impacts on economic decisions (Ahmed, 2019). The process often involves broadening the tax base, reducing exemptions, and simplifying tax structures (Gerçek & Bakar Türegün, 2020). Countries like Turkey and Ethiopia have undergone tax reforms to adapt their systems to changing economic and social conditions (Gerçek & Bakar Türegün, 2020; Ahmed, 2019).

2.5 MSME

Micro, Small and Medium Enterprises (MSMEs) are productive business units that stand alone and are carried out by individuals or business entities in all economic sectors. In principle, the distinction between Micro Enterprises (ME), Small Enterprises (SE), Medium Enterprises (ME), and Large Enterprises (LE), is based on the initial asset value (not including land and buildings), the average annual turnover, or the number of permanent employees. Increasing the MSME population will be directly proportional to the increase in the community's economy (Tambunan, 2017).

Organization for Economic Cooperation and Development (OECD, 2021) defines Micro, small, and medium-sized enterprises (MSMEs) as companies that are independent and have less than a set number of employees, with the exact number varying by nations. MSMEs are categorized within the specific framework of national boundaries, however defining them universally based on size and scale of operation can be challenging (Nakku, Agbola, Miles, & Mahmood, 2020):

Central Bank of Nigeria (2019) defines a Micro Enterprises between 1 and 9 employees, small and medium-sized enterprise (MSME). Any business with 10–49 employees and an asset base of more than N5 million but less than N50 million (not including land and construction costs) is considered a small-scale enterprise. Nigeria, a medium-sized business is defined as one that employs 50–199 people and has assets of more than N50 million but less than N500 million (not including land and building costs). As per SMEDAN (2024), the updated National Policy on MSME classified MSMEs based on two criteria: employment base and asset value (not including land and building costs). Micro enterprises could be defined as any business with less than 10 employees and less than N10 million in assets. Medium Scale Enterprises have an asset basis of more than N100 million but less than N1000 million, and Small-Scale Enterprises have an employment base of 10–49 workers with an asset base of more than 10 million but less than 100 million.

2.6 Theoretical frame work

This study is anchored on Institutional Economics theory, this theory provides a framework for understanding economic reforms and their impact on micro, small, and medium-sized enterprises (MSMEs). This theory holds that economic systems and performance are deeply intertwined with the institutions that govern them. Improving these institutions by lowering transaction costs, securing property rights, ensuring fair competition, and fostering innovation can lead to better economic outcomes. This theory explains how economic reforms impact the sustainability of Micro, Small, and Medium Enterprises (MSMEs). MSMEs are sensitive to their institutional environment, which can either support or hinder their

sustainability. Reforms aimed at this theory reduce transaction costs, enhance market access, improve financial inclusion, and foster innovation, creating a supportive environment for MSMEs to thrive in competitive markets.

2.7 Empirical Review

Goddey, Iheagwara and Otu (2014) investigated the effects of fuel subsidy removal on small business performance in South-East Nigeria. Two research questions were raised as a guide to this study while data generated through the questionnaire were analyzed using the Nonparametric Kruskal Wallis test. The statistical software package MINITAB version 16.0 was used for the analysis. The use of Bartlet's test of homogeneity of variance shows variation in the data, and the test for normality assumption rejected the null hypotheses which lead to the use of non-parametric methods. The study found that fuel subsidy removal has significant impacts on the financial performance of small businesses in Nigeria, and fuel subsidy removal has a significant impact on the market performance of small businesses in Nigeria.

Ozili and Obiora (2023) investigated the implications of the 2023 fuel subsidy removal in Nigeria using the discourse analysis methodology. The study found that the negative implications of fuel subsidy removal included decreased economic growth in the short term, increased inflation, increased poverty, increased fuel smuggling, increased crime, and increase in the prices of petroleum products and loss of jobs in the informal sector.

Edoko, et'al, (2018) assess the Impact of Exchange Rate on the Performance of Small and Medium Enterprises in Nigeria. The main objective of the study is to examine the impact of exchange rate on the performance of small and medium enterprises in Nigeria. The study engaged quantitative survey study and administered a structured questionnaire on the sample drawn from the population of the study, using regression model to test the hypotheses. The study reveals that the result showed that exchange rate, capital, tax, managerial skill, market size, infrastructure and level of education conformed to the a priori expectation of the study and are statistically significant in explaining the SMEs performance in Nigeria.

Anna & Asep, (2023) conducts a study titled the Influence of Tax Policies on Investment Decisions and Business Development of Micro, Small, and Medium-Sized Enterprises (MSMEs) and its Implications for Economic Growth in Indonesia. The study aimed to examine the influence of tax policies on investment decisions and business development and their implications for economic growth. Using a quantitative strategy based on a survey research design, data were collected from a drawn sample from the population of the study. Data were analyzed using descriptive statistics and path analysis to test the hypotheses. The study's findings emphasize the critical significance of tax policy in affecting investment decisions, business development, and economic growth in the context of MSMEs.

3.1 Methodology

This is an empirical survey research study and the population under study consisted of all formal and informal MSMEs in Zamfara North. A purposive sample of 120 MSMEs were selected for the study, given that 30 MSMEs from the four local government that constituted the area of the study. Data were collected using structured questionnaire, design in a closed ended form and using five linker scale approach. Data were analyzed using structural equation model SEM-PLS3. Construct validity and reliability were conducted on the instrument. Regression analysis was used to test the hypotheses.

3.2 Model Specification

To capture the impact of economic reforms on MSMEs sustainability, the model is formulated as thus:

MSS = f (FSR, FEV, TPR).

$$MSS = \beta o + \beta_1 FSR + \beta_2 FEV + \beta_3 TPR + \mu ....2$$
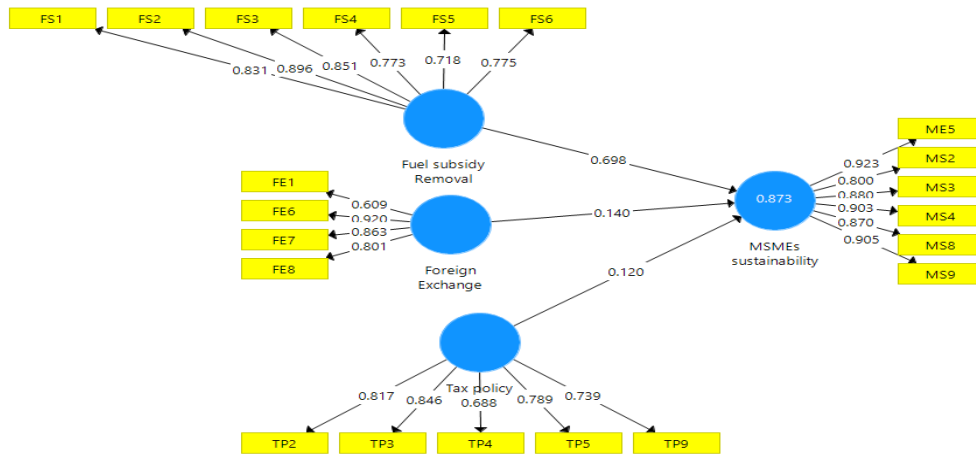
Where:

MSS = MSME Sustainability

FSR = Fuel Subsidy Removal

FEV = Foreign Exchange

TPR = Tax policy Reform

Model of the study

Source: Authors Results for analysis of Validity Testing and Hypothesis Testing

Table 1. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Foreign Exchange	0.814	0.853	0.880	0.651
Fuel subsidy Removal	0.893	0.904	0.919	0.655
MSMEs sustainability	0.942	0.945	0.954	0.776
Tax policy	0.846	0.888	0.884	0.605

Smart PLS-SEM output 2024

The above table shows constructs for reliability and validity (Foreign Exchange, Fuel Subsidy Removal, Tax Policy and MSMEs Sustainability) using common statistical measures.

Fuel Subsidy Removal= Cronbach's Alpha value of 0.893 suggests excellent internal consistency, as values above 0.7 are generally acceptable for reliability meaning that the items strongly correlate with each other. rho_A value of 0.904 indicates strong reliability of the construct, showing excellent internal consistency. Composite Reliability value of 0.919 indicating a very high construct with a great consistency. AVE value of 0.655 exceeds the minimum threshold, indicating good convergent validity, meaning that Fuel Subsidy Removal explains more than 65% of the variance in the measurement items. Fuel Subsidy Removal exhibits very high reliability and good validity, making it a well-measured and dependable construct.

Foreign Exchange construct= Cronbach's Alpha value of 0.814 suggests good internal consistency, as values above 0.7 are generally acceptable for reliability. This indicates that the items used to measure Foreign Exchange are closely related. The rho_A value of 0.853 reinforces the construct's reliability, confirming that it is measured consistently. With a Composite Reliability value of 0.880, the construct demonstrates high reliability, further supporting that the items consistently measure Foreign Exchange reform. The AVE value of 0.651, being above the 0.5 threshold, indicates that the construct captures a substantial portion of the variance, signifying good convergent validity. More than 65% of the variance in the items is explained by Foreign Exchange reform. Overall, the Foreign Exchange construct exhibits strong reliability and validity, meaning it is consistently measured and effectively captures the intended concept.

Tax Policy construct= Cronbach's Alpha value of 0.846 indicates good internal consistency, as values above 0.7 are generally acceptable for reliability, this is showing that the items are sufficiently correlated. The rho_A value of 0.888, being high, confirms the reliability of the construct. The Composite Reliability value of 0.884 suggests that the construct is measured consistently and reliably. Although the AVE value of 0.605 is the lowest among the constructs, it is still above the acceptable threshold of 0.5, indicating adequate convergent validity. Overall, Tax Policy demonstrates good reliability and validity, though it is slightly weaker in terms of convergent validity compared to the other constructs.

MSMEs Sustainability construct, the Cronbach's Alpha value of 0.942 indicates excellent internal consistency, suggesting that the items are highly interrelated. The rho_A value of 0.945 further confirms the construct's extremely high reliability. With a Composite Reliability value of 0.954, the highest among all constructs, it demonstrates exceptional reliability. The AVE value of 0.776, significantly above the 0.5 threshold, reflects very strong convergent validity, explaining about 78% of the variance—an impressive result. Overall, MSMEs Sustainability is measured with remarkable reliability and validity, making it the strongest construct in the dataset.

Table 2: R Square

	R Square	R Square Adjusted
MSMEs sustainability	0.873	0.869

Data analysis output from SEM-PLS 3

The R Square value of 0.873 indicates that 87.3% of the variance in MSMEs sustainability is explained by the predictors or independent variables included in the model. This is a very high value, suggesting that the model does an excellent job of accounting for the factors that influence MSMEs sustainability.

The R Square Adjusted value of 0.869 adjusts the R Square to account for the number of predictors relative to the sample size. It provides a more accurate estimate of the variance explained by the model, especially when multiple predictors are included. The small difference between R Square and R Square Adjusted (0.873 vs. 0.869) shows that the model does not suffer much from over fitting and remains highly predictive.

Table 3: Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ($|O/STDEV|$)	P Values
Foreign Exchange -> MSMEs sustainability	0.740	0.749	0.239	7.005	**0.000**
Fuel subsidy Removal -> MSMEs sustainability	0.698	0.696	0.109	6.406	**0.000**
Tax policy -> MSMEs sustainability	0.820	0.814	0.269	7.733	**0.000**

Data analysis output from SEM-PLS 3

Foreign Exchange → MSMEs Sustainability=Original Sample (O) of 0.740, indicates a strong positive relationship between Foreign Exchange and MSMEs Sustainability. For every unit increase in Foreign Exchange, MSMEs Sustainability increases by 0.740 units. T Statistics of 7.005, is well above the critical value of 1.96, indicating that this relationship is statistically significant. P Value of 0.000, the value is below 0.05, confirming that the relationship is highly statistically significant. Foreign Exchange has a strong and significant positive effect on MSMEs Sustainability. Since the P value is 0.000 (which is less than 0.05) and the T statistic is 6.406 (well above 1.96), we reject the null hypothesis (H_o1). This means that Fuel Subsidy Removal has a significant impact on MSMEs sustainability in Zamfara North. The data strongly supports the conclusion that fuel subsidy removal reforms are a significant factor influencing MSMEs sustainability in Zamfara North.

Fuel Subsidy Removal → MSMEs Sustainability=Original Sample (O) of 0.698, shows a strong positive relationship between fuel subsidy removal and MSMEs Sustainability. For every unit increase in fuel subsidy removal, MSMEs Sustainability increases by 0.698 units. T Statistics of 6.406, is above 1.96, confirming statistical significance. P Value of 0.000, it further confirms the strong statistical significance. Fuel Subsidy Removal has a substantial and significant positive impact on MSMEs Sustainability. Since the P value is 0.000 (which is less than 0.05) and the T statistic is 7.005 (well above 1.96), we reject the null hypothesis (H_o2). This indicates that Foreign Exchange reform has a significant impact on MSMEs sustainability in Zamfara North. The analysis strongly supports the conclusion that foreign exchange reforms are a significant factor influencing MSMEs sustainability in Zamfara North.

Tax Policy → MSMEs Sustainability = Original Sample (O) of 0.820, this suggests a very strong positive relationship between Tax Policy and MSMEs Sustainability. A unit increase in Tax Policy results in a 0.820 increase in MSMEs Sustainability. T Statistics of 7.733, is very high, indicating that this relationship is highly statistically significant. P Value of 0.000, the value confirms that this relationship is statistically significant, meaning H_o3: Tax regulatory reform does not have a significant impact on MSMEs sustainability in Zamfara North. Since the P value is 0.000 (which is less

than 0.05) and the T statistic is 7.733 (well above 1.96), we reject the null hypothesis (Hₒ3). This indicates that Tax regulatory reform does have a significant impact on MSMEs sustainability in Zamfara North. The analysis strongly supports the conclusion that tax regulatory reforms are a significant factor influencing MSMEs sustainability in Zamfara North.

5.1 Conclusion

This study aimed to assess the impact of various reforms namely, Foreign Exchange, Fuel Subsidy Removal, and Tax Policy on the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Zamfara North. The analysis provided compelling evidence of the significant roles these reforms play in enhancing MSMEs sustainability.

Fuel Subsidy Removal was found to have a substantial positive impact, with a high degree of statistical significance, suggesting that such reforms create an enabling environment for MSMEs to thrive by reducing operational costs and increasing competitiveness.

Foreign Exchange reforms were also shown to significantly influence MSMEs sustainability, indicating that stable foreign exchange policies can facilitate better access to international markets and resources, thereby contributing to the growth and sustainability of MSMEs.

Tax Policy reforms demonstrated a strong positive effect as well, suggesting that favorable tax regulations can enhance the financial viability of MSMEs, making it easier for them to invest in growth and innovation. The findings underscore the critical importance of implementing effective and supportive reforms in these areas to foster the sustainability and growth of MSMEs in Zamfara North. Policymakers should prioritize these reforms as strategic initiatives to bolster the MSME sector, which is vital for economic development, job creation, and overall socio-economic progress in the region.

2.2 Recommendations

Implementing the following recommendations can significantly enhance the sustainability and growth of MSMEs in Zamfara North. By focusing on supportive policies and capacity-building initiatives, stakeholders can create a vibrant MSME sector that contributes to economic development and community resilience. The researchers recommends as follows.

A clear and transparent policies for fuel subsidy removal that include support mechanisms for MSMEs during the transition period. This could involve providing alternative energy sources or financial incentives to help offset initial operational cost increases.

Establishing a robust regulatory framework to ensure stable foreign exchange rates. This may include collaboration with financial institutions to create hedging options for MSMEs against currency fluctuations.

Introduce tax incentives for MSMEs that demonstrate sustainable practices or invest in innovation. This can encourage reinvestment and growth within the sector.

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