

Perception of infrastructural development and tax compliance among small and medium scale enterprises in Lagos state: The mediating role of taxpayers' satisfaction with revenue utilization

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Abstract

Purpose: This study investigates how small and medium-sized enterprises (SME) in Lagos State, Nigeria, perceive infrastructural development and how these perceptions influence their tax compliance behaviour, using taxpayers' satisfaction as a mediating variable.

Methodology: The study used both secondary and primary sources to collect relevant data. The study adopted a survey research design. A total of 42,072 Small and Medium Enterprise owners in Lagos State were the population, out of which a sample size of 400 was drawn. Four hundred (400) copies of the questionnaire were administered, 364 were returned, while only 342 copies were usable. The data collected were analyzed using descriptive and inferential statistics. Three hypotheses were formulated and tested using regression analysis; Process Macro on SPSS was used to test the fourth hypothesis, testing the mediating effects of taxpayers' satisfaction on the relationship between infrastructure development and tax compliance.

Results and conclusion: Results show that infrastructural development significantly impacts taxpayers' satisfaction with government spending and compliance with tax regulations. The study further revealed that taxpayers' satisfaction plays a mediating role in the relationship between infrastructural development and tax compliance. Based on this finding, it is recommended that the Lagos State government should continue to enhance the provision and quality of infrastructure to improve taxpayers' satisfaction and, in turn, foster greater compliance among residents.

Implication of findings: The findings imply that the level of infrastructural development influences the satisfaction derivable by SME from government spending, and by extension, the relationship between infrastructural development and tax compliance.

Keywords: Revenue utilization, Infrastructure development, Tax compliance, Fiscal exchange, Satisfaction.

1. Introduction

Taxation is required to generate tax revenues for the efficient funding of government expenditures, which include the provision of social amenities and infrastructure (Zwal et al, 2025; Akinadewo et al., 2023). Odunsi (2024) defines tax as compulsory contributions by members of society to the state within a government's authority. According to Omes and Appah (2021), taxes serve the purposes of enabling economic growth, stabilizing the economy, redistributing income, promoting fairness and equity, ensuring fiscal responsibility and accountability, and funding the provision of national goods and services. The effective mobilization of tax revenues depends largely on the compliance of taxpayers with relevant tax laws and the timely payment of their taxes (Vegh & Gribnau, 2018; Fjeldstad et al., 2012).

Tax compliance refers to the willingness of taxpayers to perform their civic responsibilities with respect to tax payment, including the declaration of accurate income and paying the actual tax liability as assessed promptly (Abdu & Adem, 2023; Ige et al, 2023; Salaudeen & Okeke, 2023; Oladipo et al., 2022; Olaniyi, 2021). In developing countries, tax non-compliance challenges governments' and administrators' capacity to generate revenue and provide essential infrastructure to their citizens (Dakhil et al., 2025; Lawal et al., 2024; Jack et al., 2024; Abiola & Asiweh, 2020). Okunogbe and Santoro (2023) opine that tax

resources account for about 10-15 per cent of national income in the underdeveloped world, while it goes up to 30-40 per cent in advanced countries.

Supporting the unwillingness of taxpayers in the developing world is tax evasion and avoidance, which appears to arise as a result of poor utilization of government revenue. Small and Medium Enterprises (SME) taxpayers appear to attribute their reduced compliance to the level of infrastructural development in Lagos State (Oyewumi et al., 2020). Oyewumi et al. (2020b) opined that SME spends their hard-earned money to provide the necessary infrastructure that the government should ordinarily make available to them. If the government fails to provide basic public goods and services or provides them insufficiently, SME may not be willing to pay taxes, and tax evasion and avoidance will be the consequence (Campbell, 2021). Lagos State had spent a total of ₦ 4.221 trillion on capital expenditure between 1999 and 2021 (Lagos State Ministry of Economic Planning & Budget, 1999 - 2021), which has not translated into meaningful infrastructural growth and development (Babatunde, 2018). Lagos State is still greatly affected by a poor road network, a filthy environment as a result of poor waste management, a bad drainage system, poor primary and secondary health care delivery resulting from inadequate hospitals, dilapidated public schools, and a lack of pipe-borne water (Onigbinde, 2018; Chinedu & Ogochukwu, 2019), despite the huge revenue accruing to it. This study, therefore, examines the impact of infrastructural development on tax compliance of SME owners in Lagos State using satisfaction with government utilization of its revenue as a mediating factor.

Prior empirical studies have made significant contributions to the tax compliance literature. Empirical review of related extant literature has shown several variables that affect tax compliance, including good governance (Ige et al, 2023), fairness, justice, equity, and fairness in the tax system (Ademe & Simret, 2020), tax knowledge (Fagbemi & Olaniyi, 2023; Jemberie, 2020), trust in government (Adekoya, 2020). However, a cursory review of the literature shows an apparent dearth of empirical studies on the impact of the perception of infrastructure development on tax compliance among SMEs in Nigeria. This is the gap that this study aims to fill. Furthermore, the current study is significant because it provides a rare insight into the mindset and tax behaviour of SME owners regarding how they pay their taxes; hence, it is anticipated, therefore, that this study would help in policy formulation and bridge the knowledge gap resulting from the scarcity of literature around the taxpayer perception of revenue utilization.

2. Literature review

Theoretical framework

This study is supported by the Fiscal Exchange Theory (Buchanan, 1976). Fiscal exchange theory presupposes that taxation and the provision of public goods and services are contractual relationships that exist between taxpayers and the government (Appah & Ebiringa, 2012). It is on this basis that Fjeldstad et al. (2012) opined that the taxpayer may be seen as exchanging their purchasing power in the market in return for government services, with the exchange being largely conditional, and varying as the government vary in its performance. Fiscal exchange posits that individuals are more likely to comply with their tax obligations when they receive state services (Bodea & LeBas, 2013; Fjeldstad et al., 2012). If taxpayers, instead, perceive that their preferences are adequately represented and they are supplied with public goods and services, their willingness to pay taxes rises (Alm & Torgler, 2006). Indeed, the perception of fair fiscal exchange is one of the most relevant determinants of tax compliance (Wenzel, 2002; Hofmann et al., 2008). It is, therefore, reasonable to assume that a taxpayer's behaviour is affected by his/her satisfaction or lack of satisfaction with his/her terms of trade with the government.

Infrastructural development and taxpayers' satisfaction with revenue utilization

Infrastructure consists of the physical components of interrelated systems, which provide essential services for enabling and sustaining good living conditions for the citizens, supporting economic activities, and boosting the economic performance of a nation (Opadeji et al., 2023). Tax literature has established an impact of tax revenue on infrastructure (Oyewumi et al, 2020), but without considering whether taxpayers are satisfied with the utilization of revenue collected by the government. Taxpayers are interested parties in the act of governance and followership, and their perceptions of how their taxes are being spent may be a function of tax compliance or non-tax compliance. Barone and Mocetti (2009) argue that tax morale would increase if taxpayers thought that the government is efficiently spending its budget. Akinwale (2010) considered the adequacy of infrastructure in Nigeria. The study gathered data from archival materials and through participant observation. The study's results found that despite efforts aimed at enhancing Nigeria's infrastructure quality, the problem of inadequacy persists. The study hypothesizes that:

- H1: Taxpayers' perception of infrastructural development has a significant impact on taxpayers' satisfaction with revenue utilization in Lagos State.

Infrastructural Development and Tax Compliance

Infrastructure development is the creation, provision and supply of physical structures, including transportation, communication, electricity, clean water supply, and efficient waste management facilities, to support a nation's growth and development (Rath, 2021). Olugbade and Adegbe (2020) examined the contributions of personal income tax to infrastructural development in Lagos State to determine the effect of personal income tax on infrastructural provisions of the state using an ex-post facto research design. The study covered data from 1997 to 2018 from Lagos State Internal Revenue Service (LIRS) and found that Personal Income Tax has a significant effect on infrastructural development in the state. Ajike et al. (2020) investigated the impact of internally generated revenue on infrastructural development in Lagos State, Nigeria (1998-2018) using an ex-post facto research design. The study, which covered an evaluation of annual time series data for the twenty-one-year period, revealed that internally generated revenue components had a significant effect on transport infrastructure in Lagos State, Nigeria. The study hypothesizes that:

- H2: Taxpayers' perception of infrastructural development has a significant impact on tax compliance in Lagos State.

Taxpayers' satisfaction with revenue utilization and tax compliance

The government utilizes revenues on various expenditure heads leading to the maintenance of itself, the economy, the society at large, the protection of its citizens, and the provision of public goods, such as roads, education, health, and power (Ogundipe & Oluwatobi, 2013). Taxpayer satisfaction is described as a situation where the wishes, expectations, and needs of the taxpayer are met (Astia, 2015). One type of expenditure directly benefiting citizens is basic infrastructure expenditure for improving citizens' quality of life. Over the years, the three tiers of government in Nigeria have allocated large sums of money for economic and social development; yet the results on the ground have been extremely disappointing (Aigheyisi, 2013). Consequently, taxpayers are more inclined to comply voluntarily when they are satisfied with the government's provision of essential public amenities, even in situations where the likelihood of detection or enforcement is low (Listokin and Schizer, 2013). On the other hand, taxpayers may not comply when they are dissatisfied with services provided by the government, or when they dislike the way, their taxes are spent (Palil, 2010). A cursory look at the review of literature shows

that, as important as the satisfaction of taxpayers might be to their commitments to payment of taxes, there has been a dearth of extant literature relating to the impact of revenue utilization on tax compliance.

- H3: Taxpayers' perception of satisfaction with revenue utilization has a significant impact on tax compliance in Lagos State.
- H4: Taxpayers' satisfaction with revenue utilization has a significant mediating effect on the relationship between taxpayers' perception of infrastructural development and tax compliance in Lagos State.

3. Methodology

A survey research design was used to fulfil the research objectives for this study by examining the relationship among variables, which can be measured and analyzed using statistical procedures (Creswell, 2014). The population of the study is made up of 42,067 owners of small and medium-scale enterprises (SMEs) in Lagos State (Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN) and Bureau of Statistics, 2021), grouped into 37,135 and 4,932 small and medium enterprises, respectively. This study used the stratified sampling method to classify its respondents. Primary data was collected via a five-point Likert linear scale questionnaire (Likert, 1932), which is more appropriate in the field of social and behavioural sciences, where hypothesis testing is concerned with the relationship between non-manipulated variables (Kothari & Garg, 2014). The study validated the research instrument by carrying out a pilot study to increase the reliability and validity of measures (Musbah, 2014). The reliability test, which is a significant test of a sound measurement of research instruments (Kothari & Garg, 2014), was performed using Cronbach's Alpha with the aid of the Statistical Package for Social Science (SPSS). The results of the reliability test, presented in Table 1, posted 93%, 95%, and 84% respectively, which means a positive, adequate, satisfactory, reliable and consistent instrument (Hair et al, 2021)

Table 1: Reliability test (Cronbach's Coefficient Alpha)

Measures	Questionnaire Items	No. of Items	Alpha (a)
Infrastructural development	B21 – B29	9	.928
Taxpayers' satisfaction with revenue utilisation	B61 – B69	9	.947
Revenue utilisation	D1 – D5	5	.837

Source: SPSS Output, 2021

Descriptive statistics, such as frequency and percentages, were used to analyze and present the demographic background information of the respondents. To test the hypotheses, Pearson correlation and multiple regression were performed at a 0.05 level of significance to present and analyze the data by testing the impact of the independent variables and the extent of variation occasioned by the explanatory variables. The regression models are as stated below:

$$\begin{aligned} \text{TxpSatis} &= \beta_1 + \beta_1 \text{InfDevi} + \epsilon_1 & (i) \\ \text{TxpComp} &= \beta_2 + \beta_1 \text{InfDevi} + \epsilon_2 & (ii) \\ \text{TxpComp} &= \beta_3 + \beta_1 \text{TxpSatis} + \epsilon_2 & (iii) \\ \text{TxpComp} &= \beta_4 + \beta_1 \text{InfDevi} + \beta_2 \text{TxpSatis} + \epsilon_3 & (iv) \end{aligned}$$

TxpComp is the dependent variable of this study, whereas InfrDev constitutes the independent variable. Taxpayers' compliance, denoted by TxpComp, is measured by registration with the revenue agency,

timely filing of tax returns, accurate reporting of tax liability, timely payment of taxes, and adequate record-keeping of tax documents and transactions. InfrDev represents infrastructural development, and it is measured by the availability and access to public goods such as roads, drainage systems, power, telecommunication, security, water supply, housing facilities, and health care facilities. TxpSatis, representing SME satisfaction with revenue utilization, serves as both a dependent, independent and mediating variable. It is measured by the satisfactory delivery and quality of education, healthcare, infrastructure, and happiness with the disbursement of budgeted funds for preferred projects. It is expected that improvements in infrastructural development, which Small and Medium Enterprises can directly feel and benefit from, will enhance their overall satisfaction with government services and positive response to tax demands, leading to a proportionate increase in tax compliance.

4. Results and discussion

Descriptive Statistics

Demographic information in Table 2 reveals that the males, 221 (65%) were more than their female (121) 35% counterparts. It also shows that 280 (86%) were within the age group of 30 to 60 years, which means that the respondents were still in their prime and active. Maritally, the data show that 263 (77%) respondents were married, meaning that the majority were married. The respondents were quite learned (OND/NCE: 54; BSc/HND:177; MSc/MBA:68; and PhD:15), revealing a high level of literacy. Out of the sampled respondents, 144 (42.1%) had professional qualifications, while 198 (57.9%) did not have them, showing that there were fewer respondents in the professional cadre engaging in small and medium-scale businesses. The majority of the respondents, 287 (73.9%) had been in business for an upward of six years, which means that all the respondents were businessmen and women with a requisite number of years of experience.

The demography shows that the respondents were in several fields of endeavours and interests, including manufacturing, accommodation, agriculture, and other services, which entails that the respondents cover substantially all the businesses represented in the report of SMEDAN. Financially, 302 and 40 respondents representing 88.3% and 11.7% respectively had an asset base of between ₦5.00m to ₦50m and ₦51m - ₦500m. Income-wise, 67 respondents representing 19.6% had an average income of less than ₦10m, 275 respondents representing 80.5% had a composite average annual income of between ₦11m to ₦500m. This shows that the majority of the respondents were in the ₦11m - ₦500m income band. Furthermore, 284 respondents representing 83% had between 11 - 49 staff, and 58 respondents had a total staff strength of between 50 and 199. These show that all the respondents fulfilled the study's set criteria for measuring small and medium-scale enterprises.

As part of the descriptive analysis, the mean and standard deviation values of each variable were computed using the mean and standard deviation. The descriptive analysis shows a mean score for taxpayers' perception of the level of infrastructural development and taxpayers' satisfaction with the government, having $\mu = 2.10$ and $\mu = 2.10$, respectively.

Inferential statistics

A correlation analysis was carried out at a 0.05 level of significance to establish empirical interactions between the perception of infrastructural development, satisfaction with government spending, and tax compliance to test the hypotheses of the study. In addition, multiple regression analysis was used to test hypotheses.

From Table 3, it can be seen that taxpayers' perception of infrastructural development and taxpayers' satisfaction with government spending correlated significantly and positively with all the dependent variables, that is, compliance with registration, filing of tax returns, computation of accurate tax liability, tax payment, and tax record keeping (TxReg: $p < .01$, $r = .000$; TxFiling: $p < .01$, $r = .000$; TxLiab: $p < .01$, $r = .000$; TxPyt: $p < .01$, $r = .000$; and TxRec: $p < .01$, $r = .000$).

Table 3: Pearson correlation matrix of independent and dependent variables

		SME Compliance with Registration	SME Compliance with filing	SME Compliance with Tax Liability	SME Compliance with Tax Payment	SME Compliance with Tax Record keeping
Taxpayers' Perception of Infrastructural Development	Pearson Correlation	.249**	.454**	.448**	.444**	.413**
	Sig. (2- tailed)	.000	.000	.000	.000	.000
	N	342	342	342	342	342
Taxpayers' Perception of Satisfaction on Govt. Spending	Pearson Correlation	.265**	.427**	.465**	.436**	.383**
	Sig. (2- tailed)	.000	.000	.000	.000	.000
	N	342	342	342	342	342

** Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Source: Research Survey (2021).

Test of hypothesis one

The null hypothesis (H1) has been formulated to proffer solutions to the research questions: Taxpayers' perception of infrastructural development has a significant impact on taxpayers' satisfaction with revenue utilization in Lagos State. Regression results show that a positive relationship exists between the perception of taxpayers on infrastructural development and satisfaction with government spending at ($R = 0.951$, $R \text{ square} = 0.905$, $F\text{-test} = 3237.849$, $t = 56.90$ and $p = 0.000$) (see Table 4). At the p-value of 0.000, the taxpayers' perception of infrastructural development shows a significant impact on taxpayers' satisfaction with government spending in Lagos State, $p < 0.01$, respectively. Consequently, hypothesis 1 should be accepted.

Table 4: Summary of coefficients for the regression analysis for hypothesis one

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.282	0.355		0.793	0.428
Taxpayers' Perception of Inf. Dev	0.984	0.017	0.951	56.902	0.000

a. Dependent Variable: Taxpayers' satisfaction with revenue utilization.

Source: Research Survey (2021).

Test of hypothesis two

The following null hypothesis (H2) has been formulated to proffer solutions to the research questions: Taxpayers' perception of infrastructural development has a significant impact on tax compliance in Lagos State, Nigeria. The taxpayers' perception of the level of infrastructural development was regressed against the tax compliance of the respondents. The results as presented in Table 5 show ($R = 0.490$, $R^2 = 0.240$, $F\text{-test} = 107.127$, $t = 10.35$ and $p = 0.000$). At the p -value of 0.000, the taxpayers' perception of infrastructural development significantly impacts tax compliance in Lagos State, $p < 0.01$. In this regard, hypothesis 2 should be accepted.

Table 5: Summary of coefficients for the regression analysis for hypothesis two

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
(Constant)	55.901	2.564		21.804	0.000
Taxpayers' Perception of Infrastructural Development	1.292	0.125	0.490	10.350	0.000

Dependent Variable: Taxpayers' Compliance.

Source: Research Survey (2021).

Test of hypothesis three

The following null hypothesis (H3) has been formulated to proffer solutions to the research questions: Taxpayers' satisfaction with revenue utilization has a significant impact on tax compliance in Lagos State, Nigeria. To test the hypothesis, taxpayers' satisfaction with the government's utilization of revenue was regressed against the tax compliance of the respondents. The results, as presented in Table 4 show ($R = 0.480$, $R^2 = .230$, $F\text{-test} = 101.383$, $t = 10.07$ and $p = 0.000$). At the p -value of 0.000, the taxpayers' satisfaction with revenue utilization has a significant impact on tax compliance in Lagos State, $p < 0.01$. In effect, hypothesis 3 should be accepted.

Table 6: Summary of coefficients for the regression analysis for hypothesis three

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
(Constant)	57.212	2.507		22.818	.000
Taxpayers' satisfaction with revenue utilisation	1.223	.121	.480	10.069	.000

a. Dependent Variable: Taxpayers' Compliance

Source: Research Survey (2021).

Table 6 shows that the relationship between taxpayers' satisfaction with revenue utilization and tax compliance is positive and statistically significant, with a correlation coefficient of $r = .480$, $t (10.069)$, $p < .05$.

Mediation analysis

The following null hypothesis (H4) has been formulated to proffer solutions to the research questions: Taxpayers' satisfaction with revenue utilization significantly mediates the relationship between taxpayers' perception of infrastructural development and tax compliance in Lagos State. To test Hypothesis 4, a mediation analysis was performed using the Process Macro for SPSS version 4 to assess

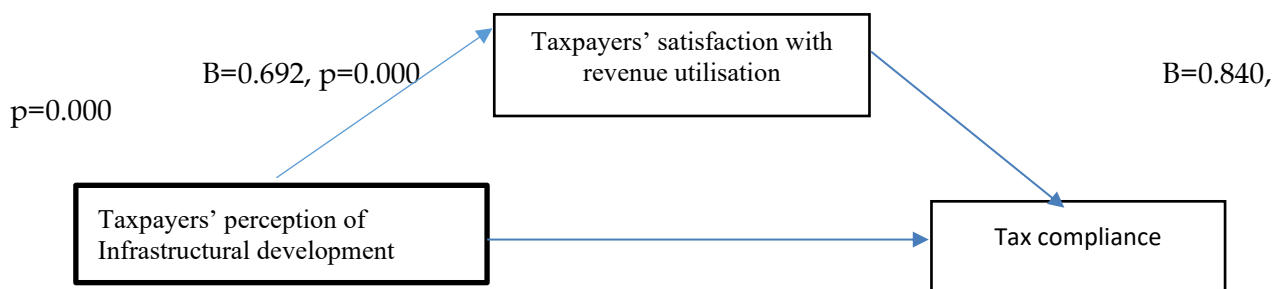
the mediating role of taxpayers' satisfaction with revenue utilization on the relationship between taxpayers' perception of infrastructural development and tax compliance. The study tested the indirect effect using a percentile bootstrap estimation approach with 5000 samples (Hayes, 2018). Using taxpayers' perception of infrastructural development, taxpayers' compliance and taxpayers' satisfaction as the independent variable, dependent and mediating variables respectively, the total, direct and indirect effects were computed, and the mediation results are as follows:

Table 7: Mediation analysis of the effect of taxpayers' satisfaction on infrastructural development and tax compliance

	<i>Beta (b)</i>	<i>Std. Error</i>	<i>t</i>	<i>Sig.</i>	<i>LLCI</i>	<i>ULCI</i>
Infrastructural development to taxpayers' satisfaction	0.692	0.037	18.814	0.000	0.620	0.765
Infrastructural development to tax compliance	0.514	16.600	3.096	0.002	0.188	0.840
Total effect	0.444	0.120	9.134	0.000	0.861	1.333
Indirect effect	0.580				0.304	0.908

Source: Research Survey, 2021.

Table 7 shows that taxpayers' perception of infrastructural development significantly predicts taxpayers' satisfaction $b = .692$, $SE = .037$, $t = 18.814$, 95%CI (0.620, 0.765), $p = .000$. The introduction of taxpayers' satisfaction into the model shows that infrastructural development also significantly predicts tax compliance, $b = 0.514$, $SE = 16.60$, $t = 3.096$, 95%CI (.188, .840), $p = .002$ and taxpayers' satisfaction also significantly predicts tax compliance, $b = 0.840$, $SE = 0.170$, $t = 4.920$, 95%CI (510, 1.180), $p = .000$. The total effect of infrastructural development on tax compliance, that is, without the mediator shows a significant impact, $b = 0.444$, $SE = 0.12$, $t = 9.134$, 95%CI (0.861, 1.333), $p = .000$. The indirect effect results show that taxpayers' satisfaction has mediating effect on the relationship between infrastructural development on tax compliance, $b = 0.58$, 95%CI (0.304, 0.908), since this range does not include a zero (Kenny et al. 2003; MacKinnon et al. 2007). Consequently, the mediation effect is supported, hence the hypothesis is retained.



Direct effect $b=0.514$, $p=0.002$

Indirect effect, $b = 0.581$, 95% CI (0.304, 0.908)

Fig. 1: Path diagram on the mediation analysis.

Source: Research Survey, 2021.

Discussion of findings

The descriptive statistics show a low average mean score and standard deviation, which suggests that the respondents scored the government low on infrastructural development. With the lack of basic infrastructure, the owners of SMEs are forced to generate their own water, rebuild or repair roads and drainage, and generate their own power, thereby limiting their growth and disposable income, which would invariably affect tax payments. This finding agrees with the fiscal exchange theory, which suggests that taxpayers expect the government to reciprocate their action of tax payment with equivalent provision of basic amenities that are beneficial to them.

The study's findings also showed that taxpayers were not satisfied with the way the government had been spending the revenues entering its coffers. The results indicated that a positive relationship exists between the perception of taxpayers on infrastructural development and taxpayers' satisfaction with revenue utilization. Individually, the findings showed that taxpayers' perception of infrastructural development impacts taxpayers' satisfaction with revenue utilization in Lagos State. This suggests that where the government is perceived to be committed to meaningful infrastructural development, the resultant effect would be increased satisfaction with revenue utilization.

The findings of the study showed that the level of infrastructural development affects tax compliance, as revealed by the results, a statistically significant positive relationship between infrastructural development and tax compliance. Hence, the study supports the alternative hypothesis that infrastructural development has a significant impact on tax compliance. In effect, the higher the level of infrastructural development, the higher the level of tax compliance. This finding agrees with the findings of Bodea & Lebas (2013), Fjeldstad & Semboja (2001). This finding confirmed Moore's (2004) assertions on Fiscal Exchange theory that taxpayers' compliance behaviour will be influenced by the provision of public goods and services by the government.

Based on the mediation result, there exists a mediating role of taxpayers' satisfaction on the relationship between taxpayers' perception of infrastructural development and tax compliance of SME owners in Lagos State. In the first instance, taxpayers' perception of infrastructural development significantly predicts taxpayers' satisfaction. With the introduction of taxpayers' satisfaction into the model, although infrastructural development still significantly predicts tax compliance, taxpayers' satisfaction does not significantly predict tax compliance. The total effect of infrastructural development on tax compliance, that is, without the mediator, shows a significant impact, but the indirect effect results show that taxpayers' satisfaction has no mediating effect on the relationship between infrastructural development on tax compliance. Based on this, the study posits that infrastructural development affects taxpayers' satisfaction with revenue utilization, which in turn does not influence tax compliance. It means that whether there is infrastructural development or not, tax compliance is not impacted. This is at variance with the conclusion of the regression analysis, where it was found that infrastructural development impacted tax compliance.

5. Conclusion

Finally, the study concluded that SME satisfaction mediated the relationship between infrastructure development and tax compliance. Hence, SME' satisfaction with the revenue utilization of the government affects the relationship between infrastructure development and tax compliance. There is a need for infrastructure development in Lagos State to be sustained for tax compliance to increase. To

enhance that, the Lagos State government must shift from consumption expenditure to infrastructural spending.

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Appendix

Table 4: Analysis of respondents' biodata

Variable	Category	No of respondents (%)	Variable	Category	No of respondents (%)
Gender	Male	221(64.6)	Prof. qualification	Yes	144(42.1)
	Female	121(35.4)		No	198(57.9)
	Total	342(100)		Total	342(100)
Age	less or equal to 30	36(10.5)	Marital Status	Single	40(11.7)
	31 - 40	92(26.9)		Married	263(76.9)
	41 - 50	109(31.9)		Separated	23(6.7)
	51 - 60	79(23.1)		Divorced	16(4.7)
	Above 60	25(7.3)		Total	342(100)
	Total	342(100)	Years in business	1 - 5	55(16.1)
Qualification	WASSCE/GCE/NECO	28(8.2)		6 - 10	137(40.1)
	OND/NCE	54(15.8)		11 - 15	107(31.3)
	BA/B.Sc/HND	177(51.8)		16 - 20	21(6.1)
	MA/M.Sc/MBA	68(19.9)		Above 20	22(6.4)
	Ph.D	15(4.4)		Total	342(100)
	Total	342(100)	Average assets	₦5.00 - ₦50.00m	302(88.3)
Business types	Manufacturing	33(9.6)		₦51.00 - ₦500m	40(11.7)
	Mining and quarrying	14(4.1)		Total	342(100)
	Accommodation/catering services	31(9.1)	Number of Employees	11 - 49	284(83.0)
	Agriculture	23(6.7)		50 - 199	58(17.0)
	Wholesale/Retail Trade	43(12.6)		Total	342(100)
	Construction	32(9.4)	Income per annmu	Below ₦10m	67(19.6)
	Transportation	24(7.0)		₦11m - ₦100.00m	256(74.9)
	Information Communication	22(6.4)		₦101m - ₦500m	19(5.6)
	Education	37(10.8)		Total	342(100)
	Administration and support services	29(8.5)			
	Recreation	16(4.7)			
	Science and technology	4(1.1)			
	Water supply and waste mgt	14(4.1)			
	Land/estate services	6(1.8)			
	Hospitals, health services	11(3.2)			
	Other Services activities	3(0.9)			
	Total	342(100)			