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Theories, concepts and models of state and municipal administration

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STATE SUPPORT MANAGEMENT AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA'S FASHION INDUSTRY

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Abstract. Nigerian Small and Medium Enterprises (SMEs) face unique challenges including intellectual property concerns, export licensing complexities, and industry-specific tax regulations. By concentrating on SMEs in the Southwest, the study examines the impact of State support policies on the performance of small and medium-sized businesses in Nigeria with a focus on with significant fashion clusters such as Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti. The purpose of the study is to analyze the management of government support and the effectiveness of SMEs in the fashion industry in Nigeria. Research objectives are to assess the impact of intellectual property regulations, examine export facilitation policies, and evaluate tax incentives on fashion industries as well as to determine licensing efficiency for fashion enterprises in the region. A survey research design was used with 384 fashion industry SMEs registered under Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The results of multiple linear regression analysis showed that government policies significantly improve the performance of fashion SMEs (R2 = 0.623). According to the report, customized government policies are crucial for improving the performance of fashion SMEs in the southwest region of Nigeria. The strong positive relationships that exist between SMEs' performance and different state assistance programs highlight the necessity of designing policies strategically while taking the particular dynamics of the fashion sector into account. In order to promote innovation, development, and global competitiveness, the government may modify regulatory frameworks to meet the unique requirements of fashion companies. The results indicate that successful policy interventions can serve as catalysts for economic growth, bolstering a thorough understanding of the connection between institutional mechanisms and business performance.

Keywords: state support**,** government policies, small and medium-sized enterprises, SMEs, fashion industry, licensing, tax regulation, performance

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Теории, концепции и модели государственного и муниципального управления

Научная статья

УПРАВЛЕНИЕ ГОСУДАРСТВЕННОЙ ПОДДЕРЖКОЙ И ЭФФЕКТИВНОСТЬЮ ДЕЯТЕЛЬНОСТИ МАЛЫХ И СРЕДНИХ ПРЕДПРИЯТИЙ В МОДНОЙ ИНДУСТРИИ НИГЕРИИ

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Аннотация. Нигерийские малые и средние предприятия (МСП) сталкиваются с уникальными проблемами, включая проблемы интеллектуальной собственности, сложности с лицензированием экспорта и специфические для отрасли налоговые правила. В исследовании, посвященном малым и средним предприятиям на Юго-западе Нигерии, рассматривается влияние политики государственной поддержки на эффективность малого и среднего бизнеса в Нигерии с акцентом на крупные кластеры моды, такие как Лагос, Огун, Ойо, Осун, Ондо и Экити. Целью исследования является анализ управления государственной поддержки и эффективности деятельности МСП в модной индустрии Нигерии. Задачи исследования: оценка влияния законодательства об интеллектуальной собственности, изучение политики содействия экспорту, оценка налоговых льгот для индустрии моды, а также определение эффективности лицензирования предприятий индустрии моды в регионе. В исследовании приняли участие 384 МСП, зарегистрированных в рамках Агентства по развитию малого и среднего предпринимательства Нигерии (SMEDAN). Результаты множественного линейного регрессионного анализа показали, что государственная политика значительно улучшает показатели МСП в сфере моды (R2 = 0,623). Согласно отчёту, индивидуализированная государственная политика имеет решающее значение для повышения эффективности малых и средних предприятий в сфере моды в юго-западном регионе Нигерии. Тесная положительная взаимосвязь между эффективностью малых и средних предприятий и различными программами государственной поддержки подчёркивает необходимость разработки стратегической политики с учётом особенностей развития сектора моды. Для содействия инновациям, развитию и повышению глобальной конкурентоспособности правительство может модифицировать нормативную правовую базу, отвечающую уникальным требованиям компаний в сфере моды. Результаты показывают, что успешные политические меры могут служить катализаторами экономического роста, способствуя глубокому пониманию взаимосвязи между институциональными механизмами и эффективностью бизнеса.

Ключевые слова: государственная поддержка, государственная политика, малые и средние предприятия, МСП, индустрия моды, лицензирование, налоговое регулирование, эффективность

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Introduction

It is well known that the role of public policy in the activities of small and medium-sized enterprises (SMEs) is to create economic, legal and political conditions for its free development [1]. Historically, developing countries' economic development and industrialization, including Nigeria have relied heavily on SMEs. These businesses have created employment, generated income, reduced poverty, and fostered innovation and creativity. Nigeria's economy has been driven by SMEs, which have made a large contribution to the GDP of the nation [2]. Their importance in economic, social, and political development has been widely recognized as they provide the country access to affordable goods, services, and employment opportunities [3].

One of the most important roles of public administration, especially at the regional and local levels, is the management of state assistance for SMEs. Under Nigeria's federal system, the Southwest states (Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti) have considerable discretion in carrying out national SME policies and creating locally relevant interventions. Because it necessitates coordinated policy implementation across multiple governmental levels: federal intellectual property frameworks, state-level licensing and taxation systems, and municipal business registration and infrastructure provision; the fashion industry makes an excellent case study for analyzing the efficacy of state and municipal management. This multi-tiered governance system is a reflection of larger issues facing public administration in rising economies, as state and local government procedures are required to effectively put national policy formulation into practice.

With a 2023 valuation of over $4.7 billion, Nigeria's fashion industry has become a major contributor to the creative economy[1]. Over 60 % of Nigeria's fashion companies are based in the Southwest, especially in Lagos State, which makes it the hub of African fashion innovation [4]. The region's fashion SMEs confront particular legislative obstacles, such as intricate intellectual property registration procedures, export documentation specifications, and restricted access to funding programs for the creative sector [5].

Government regulations play a vital role in fostering an atmosphere that supports the growth of SMEs. The performance of SMEs is impacted by policies pertaining to taxation, financing availability, infrastructure development, and regulatory compliance. However, complexity and inconsistency are frequently used to describe Nigeria's link between government policies and SME success [6]. High tax rates, onerous licensing procedures, and poor infrastructure are policy-induced obstacles impeding the growth and competitiveness of SMEs[2]. A 2019 International Monetary Fund report claims that many Nigerian SMEs work in the unorganized sector in order to avoid the expenses and complications of the official tax system. This circumstance emphasizes the necessity of tax reforms that strike a balance between generating income and fostering the growth of SMEs.

Despite the recognized importance of SMEs, they face numerous challenges that hinder their long-term survival and growth [7]. To encourage the expansion of SMEs, the Nigerian government has launched a number of programs and policies. These include putting the National Policy on Micro, Small, and Medium Enterprises into practice and creating organizations like the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). Additionally, financial support schemes, capacity-building programs, and tax incentives have been introduced with intervention funds provided by the Central Bank of Nigeria. However, the effectiveness of these policies and initiatives has been questioned due to issues such as poor funding, corruption, bureaucratic inefficiencies, and political interference [8]. The relationship between state and local governments has often been marked by tension and conflict, particularly regarding resource control and administrative autonomy. Although SMEs in Nigeria have not met their goals, they play a crucial role in economic growth [9].

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[1]Nigerian Export Promotion Council. (2024). Creative industry export statistics 2023. NEPC Research Division. URL: https://nepc.gov.ng/publications/2024.
[2]World Bank (2020). Doing business 2020: Comparing business regulation in 190 Economies. URL: https:// World Bank Publications.

Through budgetary allocation and policies yearly, the three levels of government have shown interest in and recognition of the crucial roles played by the SME sector of the economy, making progress towards vitalizing it. Notwithstanding their potential, SMEs in Nigeria face many obstacles, including inadequate funding sources, inadequate infrastructure, and unfavorable government policies that hinder business performance. The subject of this study is a result of ineffective government policies [10]. The difficulties faced by Nigerian small and medium-sized businesses (SMEs) have been brought to light by studies and literature. These challenges include taxation, regulatory frameworks, infrastructure, access to finance, and policy implementation [11]. SMEs in Nigeria face multiple and high taxes, inconsistent tax policies, a complex regulatory environment, and inadequate infrastructure. The governments of Nigeria have consistently implemented policies aimed at raising tax rates, altering licensing requirements, enhancing entrepreneurship training, and implementing financing programs for businesses [12]. Business failure or stagnation is just as common as the high rates of small business creation shown by national government support. The effects of government policies on the performance of small and medium-sized enterprises have not been sufficiently identified, even though numerous studies have been conducted in the past [6; 9; 12].

Access to finance is limited due to stringent lending requirements and high interest rates, and government financial programs often fail to reach intended beneficiaries. Policy implementation issues, including poor implementation of policies, inadequate monitoring and evaluation, corruption, governance issues, lack of policy continuity, and insufficient support for training and capacity development, have been significant issues for SMEs in Nigeria. The expansion of SMEs is also impacted by limited market access, and competition from imported goods is another issue that SMEs must deal with. Establishing government policies and the performance of small and medium-sized enterprises (SMEs) in the southwestern part of Nigeria is the main objective of this study. Due to their ability to create jobs, generate revenue, eradicate poverty, and contribute to the GDP of the country, SMEs are crucial to Nigeria's growth. The findings of this study will assist federal, state, and local officials in implementing policies for the growth and stability of SMEs. Businesses may easily comprehend how the policies can improve or impair their operations and competitiveness by tracking how they affect the SME's core activities.

In the studies of Onwuka et al. [12] which concentrated on tax policies and small and medium-sized businesses (SMEs) performance in Anambra state. The report draws attention to the main problems that SMEs in Anambra face and the obstacles that restrict their growth, raise operational expenses, prevent innovation, and deter outside investment. The results showed that the numerous taxes levied by various authorities considerably raised operating expenses and that inadequate infrastructure for power also increased overhead and reduced output and performance. Similarly, in a study which investigated how government policies affected the expansion and development of small enterprises through entrepreneurship. The study found that entrepreneurship is essential for driving company expansion and that there is a statistically significant positive correlation between state monetary policy, entrepreneurial policy intervention, growth and development [13]. In the same pattern, Obanaya [9] examined how government policies affected the growth of SMEs in Anambra State. According to the report, government regulations pertaining to taxation, licensing, and loan distribution greatly support the growth of SMEs. The study came to the conclusion that government policies have a major and positive impact on small and medium-sized business growth.

The report by Barinova et al. [14] states that the following are the qualitative issues that Russian SMEs face: a low proportion of exporters and technical startups. In a similar vein, the authors believed that the different regions of Russia had different circumstances for the growth of the SME sector since local entrepreneurial activity is not reliant on government assistance but rather responds to institutional and macroeconomic shifts. However, in the research of Razumovskaia et al. [15], it was shown that there are causal links and correlation coefficients characterizing the influence of public policy support instruments on SME economic development through the application of the Granger test and correlation analysis. Similarly, because different types of state support have varying effects on how SMEs operate, there is a known level of high efficiency in state assistance for SMEs [16].

To support the economic and social development of the Southwest region in particular and Nigeria in general, the study will also be useful for the creation of academic publications that will contribute to the body of knowledge already available on the topic. The disparity between the formulation and implementation of policies continues to be a major obstacle, casting doubt on the government's dedication to creating an environment that is favorable for SMEs to operate in. The performance of small and medium-sized enterprises in Nigeria and government policies are thus examined in this study, with a focus on SMEs in the Southwest area, which includes Osun, Ogun, Ekiti, Oyo, Ondo, and Lagos. Lagos is known as the commercial hub of Nigeria and falls under this region, which makes this research worthy. Traditional and modern apparel design, textile manufacturing, accessory manufacture, and fashion retail are all included in Nigeria's fashion industry. The following are important subsectors: ready-to-wear fashion design; traditional clothing manufacturing (Aso-oke, Adire, and Batik); fashion jewelry and accessories; fashion retail and e-commerce; and fashion technology and digital platforms.

Over 2.3 million people are directly employed by the sector, while an additional 4.1 million jobs are indirectly supported by it (National Bureau of Statistics, 2024). About 12 % of Nigeria's creative economy GDP comes from fashion SMEs, with 65 % of this contribution coming from Southwest Nigeria[3].

The purpose and objectives of the study

This research aims to examine the government policies on the performance of SMEs in Nigeria with the following specific objectives to:

i. Analyze how export facilitation policies affect fashion SMEs' access to foreign markets;
ii. Examine how intellectual property protection policies affect the performance of fashion SMEs;
iii. Evaluate how tax incentives for the creative sector affect the profitability of fashion SMEs;
iv. Assess how well fashion-specific licensing practices affect company operations;
v. Analyze how skills development initiatives affect the ability of fashion SMEs to innovate.

Literature review

Conceptual Review

Government Policies. Support from the government for small and medium-sized businesses includes a range of all-inclusive assistance programs intended to improve the growth and sustainability of the company. These measures include property support, which involves transferring state or municipal assets, such as land, buildings, and equipment, on preferential terms; consulting support, which involves reimbursement of consultation expenses and specialized advisory organizations; and financial support, which includes budget investments, subsidies, and loan guarantees [17]. Additional support areas include foreign economic activity assistance to enable SMEs access global markets and work with foreign organizations, educational support through professional training programs, and agricultural activities through infrastructure development.

Through information support systems, staff development programs, scientific-methodological help, and specialist handicraft support, such as the creation of craft centers and chambers, these government support initiatives also extend to innovation and industrial production. The extensive scope of these assistance programs shows how governments take a multifaceted approach to addressing the range of issues that SMEs encounter, from market expansion and talent development to financial limitations and property access. This support

[3]Fashionomics Africa. (2024). State of African fashion industry report 2024. Fashionomics Research Institute. URL: https://fashionomicsafrica.org/reports/2024.

type framework offers a methodical knowledge of how state involvement might be organized to meet the numerous operational requirements of small and medium-sized businesses in a range of sectors, including newly developing ones like the fashion manufacturing industry.

Among the support measures used in the field under consideration today, [18] also notes that subsidies; grants; the opportunity to study for free or at a discount; leasing programs that provide significant benefits; preferential or free legal advice; the possibility of buying out municipal real estate; advertising support; participation in fairs and exhibitions aimed at supporting small businesses, etc.

Thus, government agencies are entities that, by funding, enforcing, and other means, seek to regulate and improve the conditions for SMEs and entrepreneurs [19]. An analysis of the scientific literature available to us shows that there are some public policy objectives:

i. To establish a competitive environment in the national economy, SMEs should be developed [1; 14];
ii. ensuring advantageous circumstances for the growth of SMEs [20];
iii. ensuring that sure SMEs are competitive [21];
iv. aid SMEs sell their products (works, services), the outcomes of their intellectual endeavors, both domestically and internationally [4];
v. The number of small and medium-sized enterprises has increased [21];
vi. ensuring people have jobs and encouraging self-employment [17];
vii. raising the proportion of goods (works, services) produced by small and medium-sized enterprises in the gross domestic product [4];
viii. raising the proportion of taxes paid by small and medium-sized enterprises in the federal budget, Russian Federation subject budgets, and local budgets [21].

Some measures of state support are the following:

i. financial assistance through government programs and funds [21; 1];
ii. consulting support on business planning, marketing, financial management [1];
iii. export assistance for small and medium-sized enterprises [1; 18];
iv. development of support infrastructure within business incubators, technoparks and industrial parks [17].

In other words, we see that different countries and various regions have their own special policy of supporting small and medium-sized enterprises, which is due to both individual aspects of the development of a particular business entity and industry, as well as the problems of the country and the region, and, finally, as well as the own views of decision makers on the ways of SME development.

In this regard, it was considered advisable to focus in this article on the consideration of the most relevant instruments of state support for SMEs: tax policy, training and licensing.

Aspects of State Policies and Support. Three key facets of government policy have a major influence on the growth of small and medium-sized businesses [9; 20]. Governments use tax policy as their main instrument to impose taxes on income, earnings, dividends, interest, and commissions across a range of economic activities. Direct and indirect taxes can either encourage or hinder the expansion of businesses [22]. Research shows that training has a good influence on company efficiency and development, especially when it comes to correcting management flaws, which are the second most common reason of MSE failure after financial difficulties [4; 23]. Training is a well acknowledged aspect of MSME expansion. Though supportive regulatory environments are crucial for improving assistance program effectiveness and promoting the establishment of new businesses, licensing frameworks, although necessary for business operations, frequently create significant barriers through complicated requirements, drawn-out procedures, and high costs that burden entrepreneurs [24; 25].

The fashion industry in Nigeria functions within a distinct policy framework that tackles possibilities and difficulties unique to the sector. Given the industry's reliance on creative designs, intellectual property protection is essential. The Trademarks Act 2020 and Copyright Act 2023 offer legal underpinnings for this protection, but enforcement is still difficult because of design theft, counterfeiting, and illegal copying [26; 27]. Due to complicated documentation requirements, a lack of knowledge about international trade norms, and insufficient export funding, only 23 % of fashion SMEs have taken advantage of incentives from the Nigerian Export Processing Zones Authority (NEPZA) and Nigerian Export Promotion Council (NEPC). This highlights the importance of export assistance[4]. Despite studies showing 34 % higher revenue growth for those who take advantage of the tax holidays and lower corporation tax rates offered by the Creative Industry Financing Initiative (CIFI), which was introduced in 2021, fashion SMEs are not well-informed about or use the program [28].

Conceptual Framework is shown in Figure 1 (source: Authors analysis, 2025).

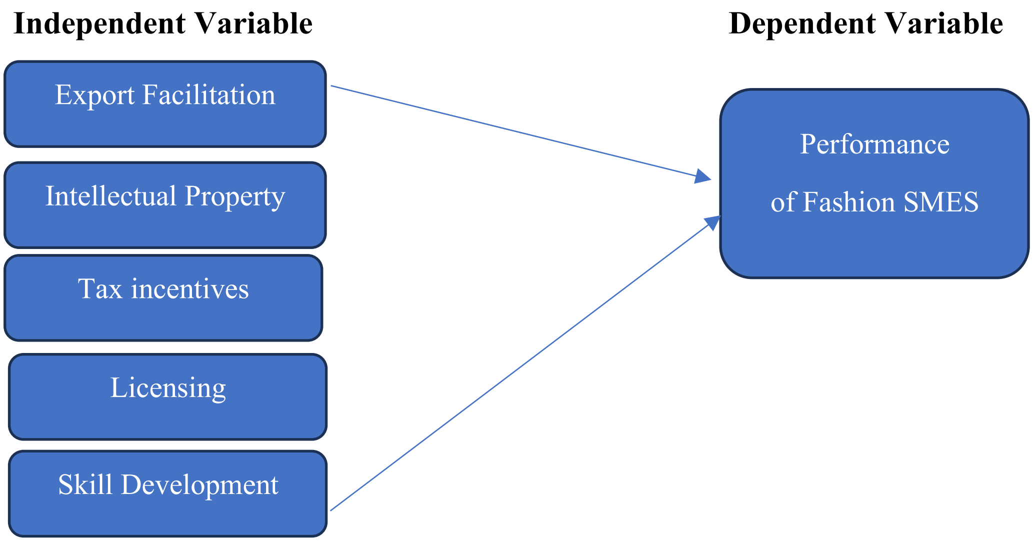

Figure 1 – The conceptual basis of the study
Рисунок 1 – Концептуальная основа исследования

Theoretical Review

Institutional Theory. John W. Meyer and Brian Rowan created institutional theory in 1977, and it offers a strong foundation for comprehending how organizations are influenced by the larger social and cultural context. According to this theory, institutions, which are characterized as regulations, systems that guarantee their application, and behavioral standards that organize recurring encounters between individuals become recognized as the supreme authority on appropriate social conduct [29]. In contrast to strictly logical decision-making, the idea emphasizes how organizations are impacted by economic efficiency, legal frameworks, cultural norms, and societal expectations. Institutional theory has been especially helpful in understanding the dynamics of entrepreneurship in developing economies such as Nigeria, which frequently have weaker institutional environments than developed countries with stronger institutional frameworks [30].

Because institutional theory explains why small and medium-sized businesses may adhere to government norms and policies, its application to state support management and SME performance in Nigeria's fashion sector is especially pertinent. SMEs may comply with government regulations not just for financial benefit but also to establish credibility and social acceptability, according to the idea, which holds that firms progressively embrace practices and behaviors that give legitimacy within their organizational sphere. This paradigm aids in the analysis of how external factors impact the behavior and performance results of SMEs,

[4] Nigerian Export Promotion Council. (2024). Creative industry export statistics 2023. NEPC Research Division. URL: https://nepc.gov.ng/publications/2024.

such as coercive restrictions from governmental legislation and isomorphic tendencies within the corporate environment.

Policymakers can better design state support mechanisms that align with the institutional realities facing SMEs in the fashion industry by having a better understanding of the regulatory, normative, and cognitive elements that shape entrepreneurial activities in Nigeria's institutional context. This will ultimately improve policy compliance and business performance outcomes.

Methodology and research methods

This study looks at state support management in the context of Nigeria's federal, state, and local tiers of government. With Lagos State creating the Creative Industry Initiative and other Southwest states putting complementing initiatives in place, the Southwest area (Ogun, Osun, Oyo, Ekiti, Ondo, and Lagos) was chosen because it exhibits active state-level policy innovation in the creative industries. The study focuses on state-level policies that are administered and carried out, such as export facilitation programs (coordinated between federal agencies and state economic development boards), business licensing (managed by state Ministries of Commerce), and state tax incentives (managed by State Internal Revenue Services). This method makes it possible to investigate how state governments convert national policy frameworks into workable support systems, which is a major area of study in public administration.

A survey research design method was employed in this investigation. The research utilized online forms using Google document in order to distribute questionnaires to respondents, which made it fair and convenient for respondents. SMEs in the fashion sector that are classified as fashion industries and have SMEDAN registrations. Lagos (12,340), Ogun (3,245), Oyo (2,890), Osun (2,156), Ondo (1,567), and Ekiti (1,258) are the locations of 23,456 registered fashion SMEs in the area, according to the Nigerian Fashion and Creative Industry Report (2024) and Badiru (2024).

394 respondents make up the sample size, calculated using the Yamane method for a population of 23,456 fashion SMEs with a 95 % confidence level and 5 % margin of error. Lagos (124), Ogun (41), Oyo (36), Osun (27), Ondo (20), and Ekiti (16) are allotted proportionately.

Using the test-retest method and Cronbach's Alpha test, the instrument's reliability was assessed and found to be 0.72, suggesting that it is reliable. Regression analysis and correlation were used to evaluate each independent factor's predictive ability over the dependent variable. Multiple linear regression was used to test the hypothesis, and SPSS version 26, a statistical tool for social research, was used to examine the data.

Discussion and Analysis

Test of Hypotheses

Hypothesis One. Ho_1: Tax regulation has no significant influence on the performance of small and medium enterprises.

Table 1 – Model Summary
Таблица 1 – Краткое описание модели

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.674[a]	.455	.453	.857	.455	319.604	1	383	.000

a. Predictors: (Constant), Tax regulation

Table 1's correlation coefficient, R = 0.674, indicates a strong relationship between the independent variable of tax regulation and the dependent variable of performance. Moreover, the model's R2 value of 0.455 suggests that, when all variables are considered simultaneously, it can forecast a 45.5 % change in performance. Furthermore, the indicators account for 45.5 % of the performance variability in this presentation, with variables beyond the scope of the inquiry influencing the remaining 54.5 % of the variability.

Table 2 – ANOVA[a]
Таблица 2 – Дисперсионный анализ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	234.654	1	234.654	319.604	.000[b]
	Residual	281.200	383	.734		
	Total	515.855	384			

a. Dependent Variable: Performance
b. Predictors: (Constant), Tax regulation

Table 2 shows a significance esteem of 0.000, or less than 0.05. According to the aforementioned finding, the model is recommended to have factual significance in terms of its ability to assess the influence of tax legislation on the performance of SMEs. The whole relapse model is beyond the fundamental F-value at the 5 % noteworthiness level, as indicated by the evaluated F-value of 319.604, which indicates that it is extremely factually critical in terms of its goodness of fit. Consequently, the null hypothesis is disproved. This study concludes that performance and tax regulation have a strong and favourable association.

Table 3 – Coefficients[a]
Таблица 3 – Коэффициенты

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.190	.160		7.430	.000
	tax regulation	.675	.038	.674	17.877	.000

a. Dependent Variable: Performance

The regression equation derived when keeping tax regulation constant at zero predicts 1.190 expected performance. With a t-value of 17.877 and a statistically significant performance at a 5 % confidence level, the data analysis also shows that performance rises by 0.674 for every unit increase in tax regulation. As a result, the analysis confirms a high correlation between tax regulation and the performance of SMEs, rejecting the null hypothesis.

Hypothesis Two. Ho_2: Licensing has no significant influence on the performance of small and medium enterprises.

Table 4 – Model Summary
Таблица 4 – Краткое описание модели

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.554[a]	.307	.305	.845	.307	119.226	1	269	.000

a. Predictors: (Constant), licensing

The correlation coefficient between license and performance in Table 4 is R = 0.554, suggesting a strong relationship. The model's R2 value of 0.305 predicts a 30.5 % change in performance when all factors are taken into account simultaneously. To put it another way, the signs indicate that only 30.5 % of the variability in performance is explained, with the other 69.5 % being influenced by variables not covered by the inquiry.

Table 5 – ANOVA[a]
Таблица 5 – Дисперсионный анализ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	85.071	1	85.071	119.226	.000[b]
	Residual	191.940	383	.714		
	Total	277.011	384			

a. Dependent Variable: Performance
b. Predictors: (Constant), licensing

Less than 0.05, or 0.000, is the importance esteem shown in Table 5. Based on the previously described result, the model's ability to measure the impact of licensing on SMEs' performance qualifies it as factually significant. Based on the evaluated F-value of 85.071 – which is higher than the fundamental F-value at the 5 % noteworthiness level – the complete relapse model is considered to have a very high degree of factual criticality regarding its goodness of fit. This refutes the null hypothesis. According to the study's findings, licensing and SMEs' success are positively correlated.

Table 6 – Coefficients[a]
Таблица 6 – Коэффициенты

Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.756	.231		7.613	.000
	licensing	.573	.052	.554	10.919	.000

a. Dependent Variable: Performance

According to the regression equation, the predicted performance is 1.756 when licensing is held constant at zero. With a t-value of 10.919 and a statistically significant performance at a 5 % confidence level, the data analysis also shows that performance increases by 0.554 for every unit increase in licensing. As a result, the analysis confirms a strong and favorable correlation between licensing and the performance of SMEs, rejecting the null hypothesis.

Table 7 – Hypotheses testing via Correlations
Таблица 7 – Проверка гипотез с помощью корреляций

		Tax regulation	Licensing	Performance
Tax regulation	Pearson Correlation	1	.540*	.516*
	Sig. (2-tailed)		.000	.000
	N	384	384	384
licensing	Pearson Correlation	.540**	1	.636**
	Sig. (2-tailed)	.000		.000
	N	384	384	384
performance	Pearson Correlation	.516**	.636**	1
	Sig. (2-tailed)	.000	.000	
	N	384	384	384

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

The table presents the correlation results among tax regulation, licensing, and SME performance. The Pearson correlation coefficient between tax regulation and licensing is 0.540, indicating a moderate positive relationship. The statistical significance of this association at the 0.01 level (Sig. = 0.000) implies that if tax laws are improved or made more advantageous, licensing procedures may also favorably align, which might facilitate SMEs' operations within the regulatory environment. There is a somewhat positive link (Pearson correlation value of 0.516) between tax regulation and SME success. Additionally, at the 0.01 level (Sig. = 0.000), this association is statistically significant, indicating that favorable tax laws have a beneficial effect on the performance of SMEs. SMEs may gain from well-organized, controllable tax laws that enable them to better invest in expanding their businesses. The p-value for both associations (tax regulation with performance and tax regulation with licensing) is 0.000, indicating statistical significance at the 1 % level. This high significance level indicates a strong confidence in these relationships, which supports the hypotheses that both tax regulation and licensing are positively associated with SME performance.

Hypothesis Three. Ho_3: Intellectual property protection policies have no significant influence on the performance of fashion SMEs.

Table 8 – Model Summary - Intellectual Property Protection
Таблица 8 – Краткое описание модели - Защита интеллектуальной собственности

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Sig. F Change
1	.682[a]	.465	.463	.834	342.156	0.000

a. Predictors: (Constant), IP

Table 9 – ANOVA[a] - Intellectual Property Protection
Таблица 9 – Дисперсионный анализ - Защита интеллектуальной собственности

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	238.432	1	238.432	342.156	.000[b]
	Residual	274.268	393	.698		
	Total	512.700	394			

a. Dependent Variable: Performance
b. Predictors: (Constant), IP

Table 10 – Coefficients[a] - Intellectual Property Protection
Таблица 10 – Коэффициенты - Защита интеллектуальной собственности

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	
1 (Constant)	1.234	.156		7.910
IP Protection	.703	.038	.682	18.496

a. Dependent Variable: Performance

Interpretation: The results of the investigation show a significant positive association (R = 0.682) between the performance of fashion SMEs and intellectual property protection laws. R2 = 0.465 indicates that 46.5 % of the variation in performance can be explained by the model. Effective IP protection greatly improves the performance of fashion SMEs, according to the statistically significant association ($p < 0.001$).

Hypothesis Four. Ho4: Export promotion facilitation policies have no significant influence on the performance of fashion SMEs.

Table 11 – Model Summary - Export Facilitation Policies
Таблица 11 – Краткое описание модели - Политика содействия экспорту

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Sig. F Change
1	.598[a]	.358	.356	.912	218.734	0.000

Predictors: (Constant), Export Facilitation

Table 12 – ANOVA[a] - Export Facilitation Policies
Таблица 12 – Дисперсионный анализ - Политика содействия экспорту

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	181.923	1	181.923	218.734	.000[b]
	Residual	326.877	393	.832		
	Total	508.800	394			

a. Dependent Variable: Performance
b. Predictors: (Constant), Export Facilitation policies

Table 13 – Coefficients[a] - Export Facilitation Policies
Таблица 13 – Коэффициенты - Политика содействия экспорту

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	1.456	.178		8.180
Export Facilitation	.598	.040	.598	14.790

a. Dependent Variable: Performance

Interpretation: The performance of fashion SMEs on the global market is moderately positively correlated ($R = 0.598$) with export facilitation policies. R2 = 0.358 indicates that 35.8 % of the performance variation can be explained by the model. The statistical significance of the link ($p < 0.001$) indicates that fashion SMEs' worldwide competitiveness is enhanced by better export procedures.

Discussion of Findings

Tax regulation and the performance of SMEs have a positive association of 0.674, according to the results of the first tested hypothesis. This indicates that there is a strong and favorable correlation between better SME performance and efficient tax regulation. A somewhat favorable connection of 0.540 is also found between tax regulation and licensing, according to the research. According to this research, simplified licensing procedures are likely to be accompanied by advantageous tax policies, which might lessen the regulatory burden on SMEs.

Performance and licensing have a positive correlation of 0.554, according to the results of the second hypothesis test. There is a moderately favorable link (Pearson correlation value of 0.516) between tax regulation and SME success. This shows that licensing and SME success are significantly correlated, indicating that effective licensing procedures benefit SMEs by lowering administrative barriers and freeing up more time for company expansion. The significance of favorable tax and licensing laws in promoting the development of SMEs is generally highlighted by these findings.

These findings had both theoretical and practical ramifications. The practical implications indicated that policymakers should think about lowering tax loads and streamlining tax laws to facilitate compliance and help SMEs succeed. Regulatory agencies and legislators could also simplify licensing processes to lower administrative burdens. This change will create an atmosphere that encourages entrepreneurship by enabling SMEs to concentrate resources on expanding their businesses rather than complying with regulations. Given these findings, SMEs may benefit from embracing institutional requirements, such as compliance with tax and licensing standards, as they enhance credibility, attract investors, and promote stable growth.

The theoretical implications showed that institutional theory suggests that organizational performance is influenced by regulatory, normative, and cultural-cognitive elements in the environment. This study's findings support this by showing that regulatory aspects (tax regulations and licensing) significantly impact SME performance. These findings affirm that regulatory compliance is not just a requirement but a strategic asset for organizations to achieve legitimacy and performance gains. Also, the positive relationships observed showed how institutional mechanisms (tax and licensing) contribute to the resilience and formalization of SMEs. The paper contends that regulatory compliance fortifies SME structures, so protecting them against market volatility, in accordance with institutional theory. This feature contributes to the body of knowledge on institutional impacts by highlighting the ways in which regulatory frameworks impact the operational performance and resilience of SMEs. These findings add to the literature on institutional theory, particularly in light of the unique difficulties faced by SMEs in emerging economies. The findings broaden the theory's applicability outside conventional corporate environments by highlighting the crucial role supporting institutional frameworks play in promoting SME success in these contexts.

When combined, the results of these theories demonstrate that the performance of SMEs and government policy are strongly correlated. The performance of SMEs and government policies are closely related, as shown by this. According to the results of the study, the objective of this research is to investigate and evaluate how government policies affect the performance of SMEs in the Southwest area of Nigeria. Regression analysis was used to examine the study's data. Finally, at a significance level of 0.05, all null hypotheses were disproved. The study's conclusions are consistent with research on the impact of government policies on the performance of SMEs [15] [12]; and the impact of government policies on the expansion and development of small businesses [6]. Consequently, these results have demonstrated how licensing and tax laws enhance the performance of small and medium-sized businesses in Southwest Nigeria.

Conclusion, Recommendations and Limitations of the Study

Conclusion. Through an analysis of five government policy mechanisms: tax regulation, licensing, intellectual property protection, export facilitation, and skills development. This research looked at how state assistance management affects the performance of fashion SME's in Southwest Nigeria. According to the research, fashion SME performance is greatly improved by coordinated government initiatives, which together account for 62.3 % of performance variance. The results demonstrate how regulatory frameworks influence organizational legitimacy and competitive ability, so validating the relevance of institutional theory to creative sectors in emerging economies. The discovery that the top performance factor for fashion companies was intellectual property protection often disregarded in generic SME policy is especially noteworthy and emphasizes the need of industry-specific policy formulation.

From the standpoint of public administration, the study shows both achievements and difficulties in managing state assistance. Even while policy frameworks are in place and have a positive correlation with performance, there are still significant implementation gaps, and many fashion SMEs are either ignorant of or unable to use the programs that are offered. This implies that in addition to excellent policymaking, strong information systems, implementation procedures, and capacity building at the state and local levels are necessary for efficient public administration.

The study advances our knowledge of how to best support SMEs through multi-level governance structures in federal systems, showing that converting policy goals into business outcomes requires coordination between federal policy frameworks and state-level implementation mechanisms. The finding aligns with the success stories of Nigerian fashion brands like Maki Oh, Lisa Folawiyo, and Orange Culture, which leveraged improved export procedures to gain global market presence [15].

Recommendations. To enhance Nigeria's fashion industry, the government should prioritize expanding the Creative Industry Financing Initiative (CIFI) tax benefits and increasing awareness among fashion SMEs, as current utilization remains low despite a 34 % higher revenue growth potential. Streamlining the tax payment and collection system specifically for creative industries will reduce administrative burdens while maintaining revenue objectives. Implementing graduated tax rates based on business size will further support emerging fashion SMEs, allowing them to reinvest profits into growth. Additionally, establishing online platforms for licensing applications and creating integrated service centers will simplify the licensing process, reducing bureaucratic inefficiencies identified by Zakowska [28] and enhancing overall performance.

Moreover, strengthening intellectual property protection is crucial, necessitating the development of specialized enforcement units to combat counterfeiting and design piracy, addressing key challenges identified by Chuma-Okoro [29] and Oluwasemilore [30]. To facilitate exports, the government should streamline export procedures and create specialized processing zones that offer integrated services, thereby increasing SME participation in international markets, which currently stands at only 23 % (NEPC) [4]. Collaborating with international fashion trade organizations will provide valuable market intelligence and opportunities for participation in global events. Increasing funding allocations for fashion and creative industry financing schemes will further bolster government support, building on the positive correlation between government support and SME performance demonstrated in the study.

Limitation of the Study. It is important to recognize a number of limitations even though this study offers valuable insights into the connection between government policies and the success of fashion SMEs. The study only looks at the Southwest area of Nigeria, which is home to 60 % of the nation's fashion SMEs and has the most advanced fashion cluster. The findings' applicability to other Nigerian areas with distinct institutional capabilities, economic structures, and stages of fashion industry growth is, however, constrained by this geographic focus.

Additionally, only SMEDAN-registered enterprises were included in the sample frame, which would have excluded informal fashion operators that might have a different perspective on government policy. Although the study finds favorable relationships between policies and performance, it does not completely take into consideration how differently the six Southwest states execute policies. For example, Lagos State's institutional infrastructure is more advanced than Ekiti State's, which might influence how identical policies effect the results for SMEs.

Notwithstanding these drawbacks, the study offers insightful information about state support management for fashion SMEs across Nigeria's most important cluster of creative industries, laying the groundwork for future cross-regional comparisons and long-term studies monitoring the effects of policies.

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