Science Journal of Business and Management
2025, Vol. 13, No. 1, pp. 49-57
https://doi.org/10.11648/j.sjbm.20251301.14

Research Article

Government Business Policy Implementation Agents and the Profitability of SMEs in Nigeria

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Abstract

The study examined the effect of the activities of government business policy implementation agents on the profitability of Small and Medium-sized Enterprises in Nigeria, using Awka South, in Anambra state. To achieve the above objective, the study ascertained the extent to which illegal taxes, illegal trade regulations and illegal compliance protocols by implementation agents of government business policy influence SME's profit growth, using a survey research design. The population of this study was made up of 548 small scale entrepreneurs in Awka south, Anambra State, with a sample size of 149. With the use of structured questionnaires, responses were obtained from managers/owners of 149 SMEs in Awka South. Simple tables, mean, and percentages were used to analyse the descriptive statistics of the data, while Spearman Ranked Order Correlation Coefficient was used to test the hypotheses formulated with the aid of Statistical Package for Social Sciences Version 22. From the correlational analysis carried out, it was shown that, illegal taxes by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p=0.010); illegal trade regulations by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p = 0.000); illegal compliance protocols by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p=0.008). The study recommends that government taxation authorities should enforce transparent tax collection processes, ensuring that implementation agents adhere strictly to legal standards. Additionally, they should conduct regular training programs for these agents to enhance their awareness of legal tax policies and discourage any misuse of authority for personal gain.

Keywords

Government Business Policy Implementation Agents, Illegal Tax, Illegal Trade Regulations, Illegal Compliance Protocol

1. Introduction

The nexus between government business policy and the profitability of Small and Medium-sized Enterprises (SMEs) represents a fundamental and dynamic facet of economic interactions. This is because government business policy serves as the bedrock of regulatory frameworks and guidelines meticulously crafted by governmental bodies. Purposively designed, are policies that have influence over the practices, conduct and overall operations space of businesses within a defined region geographically [16]. Government business policies involve complete and elaborate set of

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Received: 18 December 2024; **Accepted:** 19 February 2025; **Published:** 18 March 2025

standards that cover various domains, like, licensing, taxation, trade, environmental regulations, and compliance requirements. They enhance the whole drive and purpose of bodies in authority that seek to improve economic enhancement, maintain market stability, and ensure equal and steady opportunities for businesses of all kinds and sizes [9]. These policies, often articulated through legislative acts, administrative directives, and regulatory frameworks, lay the groundwork for a structured business environment that balances the interests of stakeholders, supports sustainable practices, and safeguards the overall economic health of the region [26].

However, an escalating concern has emerged regarding the activities of implementation agents tasked with enforcing government business policies, particularly their imposition of illegal taxes on Small and Medium-sized Enterprises (SMEs) within the region of Awka South. This growing unease stems from a perceived deviation from the principles of fairness, legality, and transparency, essential cornerstones that should underpin any financial impositions made on businesses. The implications of these practices are profound, as they have the potential to not only disrupt the equilibrium of fair business practices but also to pose significant obstacles to the profitability and sustainable growth of SMEs, thereby impeding their ability to thrive in the already complex business environment [13].

The looming questions surrounding the fairness of these financial impositions bring to light the need for a thorough investigation into the extent and nature of the alleged illegal taxes imposed on SMEs. The illegal taxes imposed on the SMEs create undue financial burden and also thwart the financial strength of SMEs. This, in turn, may restrict their ability to reinvest in their enterprises, innovate, and remain competitive in the marketplace. The imposition of illegal taxes not only challenges the integrity of the business regulatory environment but also jeopardizes the economic vitality of SMEs [2], hindering their contributions to local employment, economic development, and community well-being. Moreover, the imposition of illegal taxes is likely to influence the cost structure of SMEs, leading to increased operational expenses and potential financial strain. This also undermines the sustainability and competitiveness of SMEs, hindering their ability to play a robust role in the economic growth of Awka South. In view of the above problems, this study was conducted to examine how government business policy relates with SMEs' profitability in Awka South, with a specific focus on the activities of implementation agents in Awka South, Anambra state, Nigeria, having observed a dearth in literature on how illegal taxes, illegal trade regulations and illegal compliance protocols by implementation agents of government business policy influence SME's profit in Awka South.

1.1. Objective of the Study

1) To investigate the extent to which illegal taxes by implementation agents of government business policy influence SME's profit growth in Awka South, Anambra state, Nigeria.
2) To examine the extent to which illegal trade regulations by implementation agents of government business policy influence SME's profit growth in Awka South, Anambra state, Nigeria.
3) To ascertain the degree to which illegal compliance protocols by implementation agents of government business policy influence SME's profit growth in Awka South, Anambra state, Nigeria.

1.2. Research Hypotheses

H01) Illegal taxes by implementation agents of government business policy do not significantly influence SME's profit growth in Awka South, Anambra state, Nigeria.

H02) Illegal trade regulations by implementation agents of government business policy do not significantly influence SME's profit growth in Awka South, Anambra state, Nigeria.

H03) Illegal compliance protocols by implementation agents of government business policy do not significantly influence SME's profit growth in Awka South, Anambra state, Nigeria.

2. Review of Literature

2.1. Conceptual Review

2.1.1. Government Business Policy

Government business policy is a comprehensive framework encompassing a myriad of guidelines, regulations, and strategic directives meticulously crafted and instituted by governmental authorities to exert influence upon and systematically regulate the conduct and operations of businesses within a specific jurisdiction [4]. It is designed with the aim of fostering a structured and conducive environment for economic activities while concurrently safeguarding the interests of various stakeholders, including businesses, consumers, and the broader community [10]. The regulatory influence exerted by government business policy extends to the enforcement mechanisms employed by relevant authorities. Implementation agents tasked with overseeing adherence to these policies play a pivotal role in ensuring compliance and mitigating any deviations from the prescribed norms [10]. This involves a judicious balance between monitoring, enforcement, and facilitating the ease of doing business, all of which collectively contribute to the effective functioning of the regulatory framework [15].

Ultimately, the role of government business policy extends beyond mere regulation; it serves as a guiding force, shaping the trajectory of businesses, fostering economic development, and contributing to the overall stability and growth of a region or nation [4]. In essence, government business policy is an indispensable tool that seeks to harmonize the interests of diverse stakeholders, ensuring that businesses operate ethically, responsibly, and in a manner conducive to sustained economic prosperity [16].

2.1.2. Illegal Tax Imposition by Business Policy Implementation Agents

Illegal tax refers to a form of taxation that is imposed in violation of established laws, regulations, or constitutional provisions governing the taxation system of a particular jurisdiction [14]. Such taxes are deemed unlawful because they deviate from the legal framework that dictates the proper procedures, criteria, and rates for taxation. Illegal taxes may take various forms, including unauthorized levies, hidden fees, or any financial imposition on individuals or entities that lacks the legal basis or authority mandated by the governing tax laws. Engaging in the collection or imposition of illegal taxes is typically considered a breach of the established legal and ethical standards within a tax system. The complexity of tax laws and regulations, combined with a lack of knowledge and expertise in tax compliance and high cost of tax compliance, make it difficult for small scale entrepreneurs to keep up with the multiple tax requirements [7]. Consequently, this can lead to reduced profitability, cash flow problems, and financial distress for small scale entrepreneurs [23]. As such, addressing the issue of illegal tax is crucial for improving the financial performance and survival of SMEs in Awka south metropolis of Anambra state.

2.1.3. Illegal Trade Regulations

The enforcement of trade regulations illegally by government implementation agents refers to instances where individuals within government agencies, tasked with overseeing and enforcing trade regulations, engage in corrupt or unlawful practices. This misconduct may involve actions such as bribery, extortion, or collusion with illicit traders, allowing them to evade legal restrictions and engage in prohibited activities, including the exchange of counterfeit goods, trafficking of prohibited substances, or the illicit acquisition of products. Combatting the illegal enforcement of trade regulations necessitates comprehensive anti-corruption measures, enhanced transparency, and strengthened institutional frameworks. This may involve implementing strict ethical standards, conducting thorough investigations into allegations of corruption, and holding accountable those found guilty of engaging in illicit practices. Additionally, fostering a culture of integrity, accountability, and professionalism within government agencies is crucial to ensuring that trade regulations are enforced legally and in the best interest of society.

2.1.4. Illegal Compliance Protocols

Illegal Compliance Protocols are procedures or practices that deviate from legal standards, regulations, or requirements, constituting actions that fail to adhere to established rules and norms, and may involve violations of laws or ethical standards. The illegal enforcement of compliance protocols by government implementation agents refers to situations where those responsible for upholding legal standards and ensuring organizations adhere to established protocols deviate from their roles and exploit their positions for personal gain. Addressing the illegal enforcement of compliance protocols requires a concerted effort to combat corruption within government agencies. Implementing stringent anti-corruption measures, conducting thorough investigations into allegations of misconduct, and holding accountable those involved in illegal enforcement are essential steps. Strengthening internal controls, fostering ethical leadership, and encouraging the reporting of misconduct are vital components of efforts to curb illegal enforcement by government implementation agents.

2.1.5. SMEs Profitability

Firm profitability is referred to as the ability of a company to generate revenue, manage costs, and create value for its stakeholders [25]. It can also be defined as the phenomenon used to describe a firm's potency with respect to meeting its financial needs. Organization that can meet their financial needs are said to be financially healthy [21]. Thus SMEs profitability denotes the measurement of the financial status of an SME where the entity is either making profit or loss, financially. High profitability is essential to long-term survival and success of SMEs. Business profitability or what they termed financial performance is influenced by a range of factors, such as sales growth, profitability, cash flow, and debt levels [22]. Small scale entrepreneurs in Awka, Anambra state may need to take a range of actions to improve their financial performance, such as optimizing their operations, investing in new technology, improving their marketing strategies, and exploring new market opportunities. By growing their sales level, small scale entrepreneurs can improve their ability to access financing, expand their operations, and contribute to the economic development [21, 17]. Sales growth as the percentage increase in revenue over a specified period, typically a year. It is a key performance indicator used to measure a company's success in increasing sales volume and capturing market share [18].

2.2. Theoretical Framework

Agency theory was developed by various scholars, and its foundations were laid by multiple contributors. However, one of the prominent figures associated with the development and popularization of agency theory is Michael C. Jensen. Together with his collaborator William H. Meckling, Jensen co-authored a seminal paper titled "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure" in 1976, which is often considered a foundational work in agency theory. Agency theory is a concept in economics and finance that describes the relationship between a principal and an agent [11]. The principal is the person who hires the agent to do something on their behalf, and the agent is the person who is hired to do the task. The principal delegate authority to the agent, but the agent may not always act in the best interests of the principal. This is because the agent may have different goals or incentives than the principal, just like government business policy implementation agents who go about imposing and collecting illegal taxes from business operators. Agency theory is often used to explain problems in corporate governance. For example, a company's shareholders are the principals, and the company's executives are the agents. The shareholders hire the executives to run the company, but the executives may not always make decisions that are in the best interests of the shareholders [25]. This is because the agents may be more interested in their own compensation than in implementing the policies of the government as regards taxing small businesses.

Agency theory postulates that the relationship between a principal (for example, business owner) and an agent (for example, tax consultant) is inherently characterized by a conflict of interest. The principal desires to maximize their profits, while the agent may prioritize their own self-interest. In the context of this research, agency theory helps to explain the relationship between small-scale entrepreneurs and agents engaged with implementation of government business policy such as taxation.

2.3. Empirical Review

Ahmadu investigated the effect of government policies on Small and Medium Enterprises (SMEs) support programs, like SMEs growth, sustainability and development, in the Federal Capital Territory, Abuja, Nigeria, using 135 responses from SME business participants and program organizers [3]. The data obtained was subjected to Linear regression and the findings had it that some factors, like tax policies, finance availability or accessibility and initiatives for building capacity, that pose as challenges to the growth and development of these SMEs were actually opportunities for them to thrive in Nigeria, once those hurdles were conquered. The researcher recommended among others, the implementation of solutions which were technologically driven, were the SMEs could present their challenges, receive feedbacks and monitoring where necessary.

Nwoye appraised the fiscal policy implementation effect on the performance of Micro, Small and Medium Enterprises (MSMEs) in Anambra state [18]. With the use of 119 sampled questionnaire respondents, which consisted of finance staff and MSMEs in the Awka South Local Government Area of Anambra state, Simple Linear Regression analysis and Spearman Ranked Order Correlation test was used to test hypothesis. Findings reviewed that double taxation had a significant but negative on the performance of MSMEs, tax based projects had a significant and positive relationship with the performance of MSMEs in Awka South. The recommendations had it, that the government evaluate taxes levied on MSMEs, so as to avoid double taxing and also first embark on tax-based projects, like electricity, that promote the activities of MSMEs.

Omar conducted a study to investigate the impact of value added tax (VAT) on the financial performance of small and medium enterprises (SMEs) in Mombasa County [21]. The study aimed to determine the effect of zero-rated Value Added Tax (VAT) on SMEs' financial performance in the region. The sample size was 300 small and medium enterprises, selected through stratified random sampling, and data was collected through structured questionnaires. The findings were analyzed using descriptive and inferential statistics with the Statistical Package for Social Sciences. The study showed a direct effect of VAT on SMEs' financial performance and recommended that the Kenyan government should consider allowing input tax credits to improve the tax system. This would reduce the taxes paid on inputs and move consumers to cheaper options to improve revenue for consumer goods firms.

Abdulrahman conducted a study to examine the impact of high tax rates and multiple taxation on tax compliance among SMEs in Zamfara state, Nigeria [1]. The study focused on Gusau, the state capital with a population of 682,700, and sampled 400 small and medium business owners in the state using Taro Yamane's sampling formula. The study used multiple regression analysis, Analysis of Variance (ANOVA), coefficient, and collinearity tests to assess the influence of high tax rates and multiple taxation on SMEs' tax compliance. The study found that the multiple tax system had a significant impact on tax compliance and high tax rates had a negative effect on tax compliance among small business owners. The study recommended that the government should avoid high tax rates to improve tax compliance among SMEs in Zamfara State.

Obananya investigated the impact of government policies on the growth of small and medium enterprises (SMEs) in Anambra State, anchored on the business growth theory. Using a descriptive survey design with a population of 1,200 SME operators, the study employed a sample size of 300 SMEs through Yamane's formula [19]. Data were collected using questionnaires, and regression analysis was applied to test formulated hypotheses. Findings revealed that government credit, tax, and licensing policies significantly positively influenced SME growth in Onitsha North Local Government area, Anambra State. The study concludes that government policies play a crucial role in SME growth and recommends a reassessment of policies impacting credit, tax, and licensing in Anambra State.

Okeke conducted a study on the impact of multiple taxation on business sustainability in Nigeria. The study aimed to investigate the influence of multiple taxation on business sustainability, focusing on SMEs in Rivers state [20]. A sample of twenty firms was selected, and a survey research design was used, followed by multiple regression analysis.

Descriptive statistics were used to analyze the data collected through a structured questionnaire, and ordinary least square regression was applied. The results showed that the cost of compliance and value-added tax had a significant and negative effect, while property tax and mobile fees and levies had a positive effect on returns on assets. However, the effect of mobile fees and levies was insignificant. The study recommended that multiple taxation should be outlawed.

Tunde conducted research on the impact of tax incentives on the growth of small and medium-scale enterprises in Kwara state. The study employed a descriptive design, and primary data was collected on variables contributing to tax influence and their effect on the growth of SMEs [24]. A sample of 260 respondents representing a percentage of targeted population enterprises in the production sector of Kwara State Industrial area was selected through Stratified and Simple Random Sampling techniques. Data collected through questionnaires, interviews, and observations was analyzed using an ordinary least square regression model. The study found a significant correlation between taxation and SMEs' growth. The study recommended a friendly tax policy for all start-up businesses, such as a tax holiday or the introduction of a growth limit that is stable enough to sustain tax payment.

Rita conducted a study that examined the impact of multiple taxation on the financial performance of small and medium-scale enterprises in Nigeria, specifically in the Abuja metropolis [22]. The study surveyed 15 selected SMEs within the Abuja Municipal Area Council (AMAC) area of Abuja, with a population of 415 respondents and a sample size of 200. Primary source of data was used to gather information for the study, and the main instrument of data collection was the questionnaire. The majority of the respondents strongly agreed with all the questions posed regarding the effects of multiple taxation and disproportionate multiple taxation on the finance performance of SMEs in Abuja. The study concluded that there is a strong correlation between multiple-taxation and the financial performance of SMEs in Abuja, Nigeria, and disproportionate multiple taxation practices constitute a major challenge in the budgetary and planning performance of SMEs in Abuja, Nigeria.

Cross focused on the impact of multiple taxation on the operations, growth, and development of SMEs in Nigeria. The study employed descriptive statistics and a well-structured questionnaire to analyze the data collected [8]. The findings revealed that multiple taxation has negatively affected the survival of SMEs, which make up 95% of the economy and serve as a source of employment generation, innovation, competition, and economic dynamism in the development of the Nigerian economy.

Ilemona investigated the effects of multiple taxes on the growth of SMEs in Nigeria. The study used non-parametric statistics, including mean score, standard deviation, and z-test, to analyze the data obtained from a survey conducted on staff and owners of SMEs in Lokoja – Kogi State [12]. The results revealed that multiple taxes have negatively affected the growth of SMEs in Nigeria. The study recommended that the government should restrict tax collection to those taxes within their tax jurisdiction as stipulated by law and impose stiff penalties against any tier of government, tax officials, and tax agencies using illegal means to enforce multiple taxes on SMEs in Nigeria.

Aribaba examined the effect of tax policies on the survival of entrepreneurship in Ondo State, Nigeria. The study used ordered logistic regression to analyze the data collected from a structured questionnaire administered on duly registered SMEs in nine local government areas under Small and Medium-Scale Enterprise Development Agency of Nigeria (SMEDAN) in Ondo State [6]. The results revealed that multiple taxation has a negative significant effect on entrepreneurship sustainability, while tax rates and tax incentives have a positive relationship with entrepreneurship sustainability. The study recommended that the government should provide a favorable tax regime to encourage entrepreneurship sustainability and reduce social vices.

3. Research Method and Data Analysis

The study adopted a survey research design in order to examine the effect of the activities of government business policy implementation agents on the profitability of SMEs in Awka South of Anambra state. The geographical area of the study is Awka South, which is located in the southeastern part of Nigeria, specifically in Anambra State. The population of this study was made up of 548 small scale entrepreneurs in Awka south, Anambra State, according to the last SMEDAN and National Bureau of Statistics collaborative survey [5], with a sample size of 149, using Taro-yamane's formula. The primary method of data collection was adopted for the study, precisely the questionnaire, which was distributed to the SMEs in Awka South. Simple tables, mean, and percentages were used to analyse the descriptive statistics of the data while Spearman Ranked Order Correlation Coefficient was used to test the hypotheses formulated with the aid of Statistical Package for Social Sciences V. 22. The tests of hypotheses of the study were conducted at 5% level of significance. Thus, as a decision rule, reject null hypotheses if p-value is less than 0.05; otherwise, accept null hypotheses if p-value is greater than 0.05.

The study examined the effect of the activities of government business policy implementation agents on the profitability of SMEs in Awka South. Spearman Ranked Order Correlation Coefficient was used to test the hypotheses formulated with the aid of Statistical Package for Social Sciences V. 22.

3.1. Test of Hypothesis I

H01) Illegal taxes by implementation agents of government business policy do not significantly influence SME's profit growth in Awka South.

Table 1. Test of Hypothesis I.

			SME's Profit Growth
Spearman's rho	Illegal taxes by implementation agents of government business policy	Correlation Coefficient	-.244
		Sig. (2-tailed)	.010
		N	110

Source: Statistical Package for Social Sciences V. 22.

The analysis of Hypothesis 1 (H01) regarding the influence of illegal taxes by implementation agents of government business policy on SMEs' profit growth in Awka South is presented in Table 1. The Spearman's rho correlation coefficient is calculated as -0.244, indicating a negative correlation between illegal taxes and SMEs' profit growth. Thus, as illegal taxes increase, SMEs profit growth reduces. The associated p-value is 0.010, which is less than the significance level of 0.05. Therefore, the correlation is statistically significant, leading to the acceptance of the alternate hypothesis. This suggests that illegal taxes by government agents negatively influence SMEs' profit growth in Awka South. Therefore, Illegal taxes by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p=0.010).

3.2. Test of Hypothesis II

H02) Illegal trade regulations by implementation agents of government business policy do not significantly influence SME's profit growth in Awka South.

Table 2. Test of Hypothesis II.

			SME's Profit Growth
Spearman's rho	Illegal trade regulations by implementation agents of government business policy	Correlation Coefficient	-.407
		Sig. (2-tailed)	.000
		N	110

Source: Statistical Package for Social Sciences V. 22.

The analysis of Hypothesis 2 (H02) examining the impact of illegal trade regulations by implementation agents of government business policy on SMEs' profit growth is presented in Table 2. This reveals a Spearman's rho correlation coefficient of -0.407. The corresponding p-value is 0.000, indicating a highly significant negative correlation between illegal trade regulations and SMEs' profit growth. Thus, as illegal trade regulations are enforced, SMEs profit growth reduces. Consequently, the alternate hypothesis is accepted, signifying that illegal trade regulations negatively influence SMEs' profit growth in the Awka South context. Hence, Illegal trade regulations by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p = 0.000).

3.3. Test of Hypothesis III

H03) Illegal compliance protocols by implementation agents of government business policy do not significantly influence SME's profit growth in Awka South.

Table 3. Test of Hypothesis III.

			SME's Profit Growth
Spearman's rho	Illegal compliance protocols by implementation agents of government business policy	Correlation Coefficient	-.583
		Sig. (2-tailed)	.008

		SME's Profit Growth
	N	110

Source: Statistical Package for Social Sciences V. 22.

The evaluation of Hypothesis 3 (H03) addressing the influence of illegal compliance protocols by implementation agents of government business policy on SMEs' profit growth is detailed in Table 3. The Spearman's rho correlation coefficient is found to be -0.583, and the associated p-value is 0.008, both indicating a strong and statistically significant negative correlation. Thus, as illegal compliance protocols are enforced, SMEs profit growth reduces. Therefore, the alternate hypothesis is accepted, indicating that illegal compliance protocols negatively influence SMEs' profit growth in Awka South. Hence, Illegal compliance protocols by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p =0.008).

4. Findings and Discussion

The result of the correlational analysis carried out to examine the effect of the activities of government business policy implementation agents on the profitability of SMEs in Awka South is summarized below:

1) Illegal taxes by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p=0.010).
2) Illegal trade regulations by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p = 0.000).
3) Illegal compliance protocols by implementation agents of government business policy significantly and negatively influence SME's profit growth in Awka South (p=0.008).

The first finding explores the negative influence of illegal taxes imposed by implementation agents of government business policy on SMEs' profit growth in Awka South. The statistical analysis reveals a significant negative correlation between illegal taxes and SMEs' profit growth. This suggests that SMEs facing illegal taxation are more likely to experience a decline in profitability. The negative impact may stem from the additional financial burden placed on SMEs, hindering their capacity to reinvest and grow. Similarly, [22, 24, 28, 6] reached same conclusion.

The study also assessed the detrimental effects of illegal trade regulations by government implementation agents on SMEs' profit growth in Awka South. The statistical results demonstrate a highly significant negative correlation between illegal trade regulations and SMEs' profit growth. This implies that SMEs subject to such regulations are likely to witness a decline in profitability. The negative correlation may be attributed to increased operational challenges, compliance costs, and uncertainties associated with illegal trade regulations, which collectively impede SMEs' ability to optimize profits. This result is in tandem with the findings by [27]. Also, the study by [19] argues that trade regulations will enhance firm profit when it is enforced appropriately.

The third finding explored the adverse impact of illegal compliance protocols by government implementation agents on SMEs' profit growth in Awka South. A significant and negative correlation was found between illegal compliance protocols and SMEs' profit growth. This signifies that SMEs facing non-compliance issues are more likely to experience a decline in profitability. The negative correlation could be linked to the operational disruptions and additional costs incurred by SMEs in attempting to navigate illegal or inconsistent compliance requirements, affecting their profit margins. In the study by [19], it was concluded that SMEs profit is enhanced when government implementation of business policy is done legally. The findings however coincide with those of [20].

5. Conclusion

An equitable government business policy contributes to promoting economic growth, fostering fair competition, and bolstering the profitability of small enterprises now and in the future. A well-coordinated implementation of government policies is marked by transparency, fairness, and adherence to legal practices, enabling SMEs to operate financially viable and make positive contributions to the local economy. The complexities and uncertainties associated with illegal trade regulations can impede SMEs' ability to compete effectively in the market, thereby hindering their profitability. Also, illegal compliance protocols may force SMEs to allocate resources to meet requirements that are not legally mandated, resulting in unnecessary costs. Additionally, such protocols may divert SMEs' focus from core business activities to navigating through compliance issues. As a result, the time and resources spent on illegitimate compliance can hinder SMEs' productivity and hinder their ability to maximize profits. Therefore, the imposition of illegal taxes, trade regulations, and compliance protocols by implementation agents of government business policies can significantly impede SMEs' profitability in Awka South. These issues introduce financial burdens, operational complexities, and uncertainties that create challenges for the growth and sustainability of small and medium enterprises in the region, hence should be considered if the growth of Small and Medium-sized Enterprises will be assured now and in the future.

6. Recommendations

Government Taxation Authorities should enforce transparent tax collection processes, ensuring that implementation agents adhere strictly to legal standards. Government Regulatory Bodies should review and revise trade regulations, ensuring clarity and consistency. Government agencies overseeing business compliance should implement regular audits and monitoring mechanisms to identify and rectify any illegal compliance practices.

Abbreviations

AMAC	Abuja Municipal Area Council
ANOVA	Analysis of Variance
MSME	Micro, Small and Medium-sized Enterprises
SME	Small and Medium-sized Enterprises
SMEDAN	Small and Medium-Scale Enterprise Development Agency of Nigeria
VAT	Value Added Tax

Conflict of Interest

The authors declare no conflicts of interest.

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