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Strategic Navigation in the Eye of the Storm: A Resilience Framework for Nigerian SMEs post-reform

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ABSTRACT

This qualitative study investigates the lived experiences and strategic adaptations of SME owners navigating the turbulent landscape of the 2023 dual macroeconomic shocks in Nigeria caused by the sudden elimination of the gasoline subsidy and the consolidation of foreign exchange (FX) rates, which constitute a significant structural disruption. Although intended to enhance long-term budgetary stability and market efficiency, these reforms have triggered a severe crisis for small and medium enterprises (SMEs), which are fundamental to the national economy. Analysis of twenty-five comprehensive interviews with SME proprietors in Lagos, Abuja, and Port Harcourt reveals a multifaceted shock characterized by escalating operational expenses, disrupted supply chains, and diminished consumer demand. A tripartite resilience framework is proposed: (1) Internal Fortification through cost optimization, local sourcing, and renewable energy; (2) Market and Financial Agility via dynamic pricing, revenue diversification, and digitalization; and (3) the essential, yet predominantly lacking, layer of Supportive External Enablers from government and financial institutions. The study concludes that the changes, although a driver for essential SME restructuring, present an existential threat in the absence of coordinated, accessible, and coherent policy assistance. The research proposes a context-specific paradigm, built on empirical evidence, that connects internal strategic actions with external institutional demands for the survival and growth of SMEs in unstable emerging economies.

Keywords: Fuel Subsidy Removal, Forex Harmonization, Business Strategy, SMEs, Nigeria.
JEL Codes: L26, O55, E65, D22

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1. INTRODUCTION

Small and Medium Enterprises (SMEs) are essential to the Nigerian economy, comprising over 96% of enterprises, contributing around 50% of GDP, and employing over 80% of the workforce (SMEDAN & NBS, 2023). Notwithstanding their numerical and economic pre-eminence, Nigerian SMEs have consistently functioned within a precarious ecosystem, hindered by pervasive challenges such as infrastructural inadequacies, restricted access to formal credit, and an onerous regulatory framework (Ariyo, 2018). In 2023, this unstable baseline was abruptly altered by the government's enactment of two significant, simultaneous macroeconomic reforms: the abolition of the long-standing petroleum subsidy and the consolidation of many exchange rate windows into a singular, market-oriented system.

These policies, theoretically justified as essential adjustments to fiscal leakage and currency market distortion (World Bank, 2023), have, in practice, produced an unparalleled "twin shock" for the real economy (Uwak et al., 2024). The immediate repercussions include a significant devaluation of the Naira, inflation escalating to 28.92% (NBS, 2024), and a disastrous increase in energy and transportation expenses. For SMEs, this results in a critical predicament: operating expenses have surged, supply chains are chaotic, access to imported materials has become excessively costly, and consumer purchasing power has diminished.

This study identifies the primary issue as the inadequacy of existing business models and strategic capabilities of most Nigerian SMEs to withstand compounding shocks, jeopardizing widespread business failure and, consequently, national economic stability. Therefore, there is an imperative to go beyond only recording distress to discern and conceptualize the actionable strategic avenues that will elevate SMEs from bare survival to sustainable adaptation. This research aims to address the question: How are Nigerian SMEs strategically manoeuvring through the compounding economic impact of fuel subsidy withdrawal and foreign exchange unification, and what framework can elucidate their resistance or susceptibility?

1.1 Objective of the Study

The main aim of this study is to investigate and outline the techniques that Nigerian SMEs can utilize to effectively manage the economic disruptions caused by the elimination of fuel subsidies and the alignment of foreign exchange rates. Specific objectives encompass:

- To analyze the exact nature and effects of the dual shocks on SME operations.
- To ascertain the adaptive techniques employed by resilient SMEs.
- To construct a conceptual framework for strategic navigation within a high-cost, variable economic landscape.
- To furnish evidence-based advice for small and medium-sized enterprise proprietors and policymakers.

1.2 Significance of Study

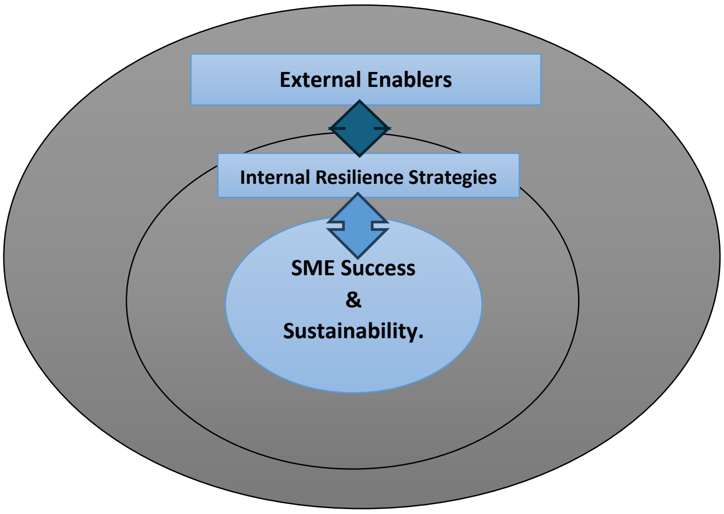
This research is pertinent to various stakeholders. It offers SME proprietors and managers a systematic framework of implementable techniques to bolster resilience and guarantee business continuation. It provides policymakers with essential insights regarding the tangible effects of these reforms, emphasizing areas requiring focused assistance to avert a collapse of the SME sector, such as financial support mechanisms, training programs, and infrastructure improvements. This work enhances the literature on SME resilience, policy shock adaptation, and company strategy in emerging markets, highlighting areas for future research.

1.3 Conceptual Framework

This study is guided by a conceptual framework derived from the literature on organizational resilience and strategic management (Teece, 2018; Williams et al., 2017). It asserts that addressing a substantial external shock necessitates a multifaceted reaction. The paradigm posits that the success of SMEs following a shock is contingent upon three interrelated strategic domains:

- **Internal Resilience Strategies:** Concentrated on optimizing internal processes, encompassing cost leadership, operational efficiency, and supply chain reengineering.
- **Market and Financial Agility:** Focusing on how to improve revenue models, adjust prices quickly, manage finances well, and embrace digital transformation.
- **External Enablers:** The essential support provided by the government and financial institutions, encompassing access to capital, infrastructure development, and policy consistency.

Figure 1: Conceptual Framework for SME Navigation of Economic Shocks



1.4 Propositions of the Study

Due to the qualitative and exploratory nature of this research, formal hypotheses are not evaluated. The study is directed by the following propositions:

- Small and medium-sized enterprises that actively adopt internal resilience methods will demonstrate greater operational stability following a disruption.
- Small and medium-sized enterprises exhibiting market and financial agility will be more adept at sustaining profitability and retaining their customer base.
- The efficacy of SME-led methods is largely dependent on the availability of supportive external facilitators from the government.

2. LITERATURE REVIEW

This review consolidates pertinent academic literature related to the study, concentrating on four primary domains: the function of SMEs, the backdrop of recent reforms, the theoretical foundations of strategic adaptation, and the gaps this research intends to address.

2.1 The Strategic Importance and Innate Vulnerabilities of Nigerian SMEs

The literary consensus confirms that SMEs are essential to the Nigerian economy. According to SMEDAN & NBS (2023), they represent the greatest employers and a substantial contributor to GDP, serving as essential agents for poverty alleviation and income distribution (Onwuchekwa, 2023). Nonetheless, their supremacy coexists with persistent weaknesses. Researchers such as Ariyo (2019) and Nwankwo (2018) have thoroughly documented these obstacles, which encompass a continual financing deficit attributed to collateral demands and elevated interest rates, an unreliable power supply that forces reliance on costly generators, and a convoluted regulatory framework that frequently advantages larger enterprises. This foundational backdrop is essential; it indicates that Nigerian SMEs were already functioning in a high-risk environment prior to the 2023 shocks, devoid of the financial reserves and institutional assistance that larger enterprises may have.

2.2 The Fuel Subsidy and FX Regime: A Legacy of Distortion

The discourse on Nigeria's political economy offers a distinct justification for the current reforms. Obasi et al. (2017) characterized the fuel subsidy as fiscally unsustainable and regressive, with a substantial share of the benefits going to the affluent and cross-border traffickers. The elimination, albeit distressing, was strongly supported by foreign financial institutions and local economists, such as those at BudgIT (2022), to allocate resources for capital investment in infrastructure and social services. The multiple exchange rate system has long been recognized as a significant barrier to economic growth. Research conducted by Igwe (2025) and reports from the CBN (2021, 2023) emphasized how the system fostered an environment conducive to corruption, deterred foreign investment owing to concerns over repatriation, and obscured the genuine value of the Naira. The harmonization was thus a measure aimed at rectifying these market distortions and conforming to the best global practices for a market economy.

2.3 Theoretical Underpinnings of SME Resilience and Strategic Adaptation

This study utilizes established theoretical frameworks to elucidate how SMEs can adapt to such shocks. The Resource-Based View (RBV), augmented by Teece's (2018) notion of dynamic capabilities, is especially pertinent. The resource-based view posits that a firm's distinctive resources and capabilities are the principal factors influencing its competitive advantage. During a crisis, this process entails utilizing internal strengths. "Dynamic capabilities" denote a firm's capacity to integrate, develop, and reorganize internal and external competences to respond to swiftly evolving circumstances. For SMEs, the focus is less on extensive R&D and more on the agility to adapt business models, reorganize supply chains, and rapidly embrace new technology.

Moreover, the notion of organizational resilience offers a valuable perspective. Williams et al. (2017) define resilience as the ability to foresee future dangers, manage disruptive occurrences, and adjust to new circumstances. The strategic reactions seen in crisis situations correspond with this definition:

- **Operational Resilience:** Encompassing cost reduction, efficiency enhancement, and supply chain re-engineering (Inuwa & Usman, 2022).
- **Strategic Resilience:** Encompassing market diversification, product innovation, and digital transformation (Ayokunmi, 2022).
- **Financial Resilience:** Highlighting effective cash flow management, smart pricing, and availability of varied financing alternatives (Brigham & Ehrhardt, 2020).

2.4 Empirical Evidence on Policy Shocks and SME Responses

Historical economic crises offer insightful perspectives on possible responses by SMEs. Ayobami's (2019) study on the FX crisis in Nigeria indicated that SMEs predominantly dependent on imported inputs were the most adversely affected, prompting numerous entities to adopt severe cost-reduction strategies, including workforce reductions, to endure. Research on transportation's non-linear responses to oil price changes demonstrated a clear pass-through effect from gasoline prices to the final costs of products and services, disproportionately impacting SMEs in the logistics and retail sectors (Ihugba & Adefabi, 2025; Sani & Koledoye, 2025). A crucial technique recognized in previous crises and endorsed by academics is backward integration and local sourcing to reduce foreign exchange vulnerability and enhance supply chain resilience, which can help SMEs mitigate the adverse effects of rising transportation costs due to oil price fluctuations (Ayobami, 2019; Oshodi, 2022).

The latest work emphasizes the expedited function of digitalization as a crisis-response mechanism. The COVID-19 pandemic revealed that SMEs utilizing e-commerce, digital payments, and social media marketing were more resilient during lockdowns and fluctuations in demand (Ayokunmi, 2022). This indicates that digital transformation is an essential strategic tool in the present situation. The adaptation of renewable energies in SMEs will help stem the escalating cost of gasoline (Alsharari & Ali, 2025).

2.5 Identified Gap in Literature

Although the current literature offers useful information about SME issues, the need for reforms, and overarching crisis management techniques, a notable deficiency persists. There is a lack of empirical, context-specific research examining the joint effects of simultaneous fuel subsidy elimination and foreign exchange harmonization on Nigerian SMEs. Most studies analyze these shocks in isolation or within varying temporal circumstances. Additionally, a synthesized strategy framework is required that transcends mere enumeration of issues to offer an integrated model for navigation, connecting internal SME efforts with requisite external support, such as partnerships with industry stakeholders and access to financial resources. This study seeks to address this gap by offering a modern, qualitative analysis of the "twin shock" and establishing an empirically based paradigm for resilience and success.

2.6 Theoretical Contribution of the Present Study

While prior research has applied the Resource-Based View (RBV) and Dynamic Capabilities framework to SME crises, the present study offers three specific theoretical advances. First, it extends dynamic capabilities theory to a simultaneous twin-shock context (fuel subsidy removal and forex harmonization), demonstrating that SME agility is not merely reactive but involves reconfiguring internal resources while simultaneously navigating external institutional voids. Second, the proposed tripartite resilience framework introduces "Supportive External Enablers" as a moderating layer—an addition absent in prior models (Williams et al., 2017; Teece, 2018; Dias et al., 2021). Third, this study empirically validates that in weak institutional environments, internal resilience strategies have diminishing returns without coordinated external support, challenging the assumption that firm-level capabilities alone drive survival. These contributions are particularly relevant for emerging economy literature, where policy-induced shocks are frequent but under-theorized, as they highlight the need for a comprehensive understanding of how external support can enhance internal resilience strategies in these contexts.

3. METHODOLOGY OF THE STUDY

3.1 Research Approach

This investigation employed a qualitative methodology. This paradigm was considered most suitable, as the research examines a complex, contemporary issue within its real-life setting, where the experiences, attitudes, and strategies of SME owners are critical (Creswell & Poth, 2018). A qualitative approach provides the depth and richness of data necessary to comprehend the intricate methods by which SMEs are managing this disruption, such as adapting their business models, leveraging technology, and implementing innovative strategies to remain competitive in a changing market.

3.2 Research Design

A phenomenological research design was utilized. This design aims to articulate the shared significance of a concept or phenomenon as experienced by multiple individuals (Creswell & Poth, 2018). The phenomenon pertains to the experience of manoeuvring through the corporate landscape following the elimination of gasoline subsidies and the harmonization of foreign exchange rates. This design facilitates an in-depth exploration of the participants' strategic decision-making processes.

3.3 Population and Sampling

The study population comprised owners and top managers of registered SMEs in Nigeria. A purposive sampling technique was used to select 25 participants from three major commercial hubs: Lagos, Abuja, and Port Harcourt. This sampling strategy ensured the inclusion of SMEs from diverse sectors, including manufacturing (6), retail (7), agribusiness (5), and services (7), all of whom are directly impacted by the policies under study. Obaje (2020) says that most small businesses in Nigeria fail within the first five years, and very few make it. Therefore, participants were selected based on their experience (minimum of 5 years in business) to ensure they could offer advice about operations both before and after the policy shocks.

3.4 Data Collection

Primary data was obtained via comprehensive, semi-structured interviews. An interview protocol was created using open-ended questions aimed at obtaining comprehensive responses. The semi-structured interview guide covered five domains: (1) business profile and pre-reform operations; (2) specific impacts of fuel subsidy removal and forex harmonization; (3) adaptive strategies employed (probed for cost, market, financial, and digital responses); (4) perceived role of government and financial institutions; and (5) future outlook and unmet needs.

Principal domains of investigation encompassed:

- The elimination of the gasoline subsidy and the harmonization of foreign exchange have significant effects on the business.
- Targeted measures employed to alleviate these effects.

- Obstacles faced in executing these tactics.
- The perception of governmental and financial organizations' roles as essential.
- Prospects for the future of their enterprise.

Each interview, conducted either in person or over secure video conferencing technologies, lasted between 45 and 75 minutes. All interviews were audio-recorded and transcribed verbatim with the participants' approval. Field notes were additionally recorded to document nonverbal signals. Data gathering persisted until theoretical saturation was reached, at which point subsequent interviews produced no further thematic insights. Theoretical saturation was achieved after 22 interviews; three additional interviews confirmed no new themes emerged. Field notes were recorded within 24 hours of each interview.

3.5 Data Analysis

The transcribed data underwent thematic analysis, adhering to the six-phase methodology established by Braun and Clarke (2006), using NVivo 12. Phase 1: Familiarization through repeated reading and listening. Phase 2: Initial line-by-line coding, generating 147 initial codes. Phase 3: Codes clustered into 12 sub-themes, then 4 main themes. Phase 4: themes are reviewed against coded extracts and the entire dataset. Phase 5: Themes defined and named. Phase 6: Report writing.

To ensure reliability: (a) a second coder independently coded 20% of transcripts, achieving 85% agreement; discrepancies were resolved through discussion; (b) member checking with five participants confirmed interpretive accuracy; (c) peer debriefing with two academic colleagues specializing in SME research.

3.6 Ethical Considerations

All participants received an information leaflet and executed a consent form. They were guaranteed anonymity and confidentiality; hence, pseudonyms are employed in the presentation of findings.

3.7 Limitations of the Study

This research possesses multiple limitations. The qualitative design and limited sample size, although offering depth, restrict the generalizability of the findings to all Nigerian SMEs. The study concentrated on established, registered SMEs; the experiences of micro-enterprises and informal firms may vary considerably. The dynamic character of the economic landscape indicates that the suggested strategies pertain to a particular moment, and therefore, their effectiveness may change as market conditions evolve. Future longitudinal studies would be essential in monitoring the progression of these techniques over time.

4. DATA PRESENTATION AND ANALYSIS

The examination of the interview data uncovered a compelling combination of obstacles and tactical replies. The results are structured according to the principal themes that surfaced, aligned with the conceptual framework.

Table 1: Thematic Structure of Empirical Findings

Main Theme	Sub-Themes	Frequency (n=25)	Representative Quote ID
Multifaceted shock	Operational cost surge	25/25	M4
	Supply chain disruption	21/25	R2
	Consumer demand decline	23/25	S5
Internal resilience	Cost optimization	24/25	M1
	Local sourcing	18/25	A3
	Renewable energy adoption	9/25	M2
Market/financial agility	Dynamic pricing	22/25	S1
	Revenue diversification	19/25	R5
	Digital transformation	20/25	R7
External Enablers (gap)	Unattainable government aid	24/25	M5
	Adverse financial climate	23/25	A1
	Policy inconsistency	22/25	S3

4.1 Theme 1: The Multifaceted Nature of the Shock

All participants characterized the policy changes as a significant and cumulative shock.

4.1.1 Operational Cost Surge

A manufacturing SME proprietor in Lagos remarked, "The cost of everything has tripled." The expenses for diesel to operate my facility, the transportation costs for importing flour, and the price of the flour itself have risen owing to currency swings. Our monthly operating expenses have surged by more than 200% (Participant M4, Manufacturing).

4.1.2 Supply Chain Disruption

A shopkeeper in Abuja stated, "My suppliers are raising prices weekly. Occasionally, products fail to arrive due to exorbitant transportation expenses. I can no longer provide my customers with steady prices or reliable inventory" (Participant R2, Retail).

4.1.3 Consumer Demand Decline

A service provider in Port Harcourt observed, "Individuals are exclusively purchasing essential items. Individuals currently perceive our consultation services as a luxury commodity. Previously, we settled invoices within 30 days; however, they now require 90 days, assuming we receive payment at all" (Participant S5, Services).

4.2 Theme 2: Internal Resilience Strategies

In response, SMEs are implementing internal measures to strengthen their operations.

4.2.1 Proactive Cost Optimization

This was the predominant immediate reaction. Strategies encompassed shrinking physical office space, minimizing non-essential personnel, transitioning to energy-efficient lighting, and implementing stringent inventory management to save carrying costs. As one manufacturing participant explained, “We reduced our warehouse space by 40% and renegotiated all supplier contracts. It was painful, but we had no choice" (Participant M1, Manufacturing).

4.2.2 Supply Chain Re-engineering and Local Sourcing

Numerous manufacturers are currently pursuing domestic substitutes for imported materials. An agribusiness proprietor stated, "We previously imported all our packaging materials. We are now collaborating with a local supplier. The quality is not identical; however, the cost savings exceed 60%, and we are assisting them in enhancement" (Participant A3, Agribusiness).

4.2.3 Adoption of Renewable Energy

Several SMEs with substantial capital reserves are investing in solar energy. "The diesel expenses were debilitating us. We secured a loan and installed solar panels. Despite the substantial initial expenditure, our energy expenses have now become consistent and significantly reduced. It constitutes a long-term investment" (Participant M2, Manufacturing).

4.3 Theme 3: Market and Financial Agility Strategies

Small and medium-sized enterprises are also modifying their market-oriented and financial strategies.

4.3.1 Dynamic Pricing and Value Re-engineering

Most players have raised prices; however, many are doing so with strategic intent. Some have launched smaller, more economical product sizes. Others have disaggregated services, providing fundamental and premium bundles. "We cannot simply double our price. We need to elucidate the cost breakdown to our clients and present a simplified version of our service that maintains essential value" (Participant S1, Services).

4.3.2 Revenue Diversification

Numerous entities are investigating alternative income sources. A retail clothing business proprietor established a thrift division. A restaurant commenced providing culinary workshops and retailing bottled spices. "One can no longer depend on a singular source. We must exhibit creativity" (Participant R5, Retail). Another service provider added: "I started offering online training sessions to corporate clients because individual consultations dried up. That now accounts for 35% of our income" (Participant S2, Services).

4.3.3 Digital Transformation for Enhanced Efficiency and Outreach

The adoption of digital tools has intensified. Small and medium-sized enterprises utilize social media for cost-effective marketing, implement accounting software for enhanced financial management, and exploit e-commerce platforms to diminish dependence on physical customer visits. "Our online sales have become essential to our survival. Foot stores have declined; nevertheless, we are engaging clients in other states via Instagram and WhatsApp" (Participant R7, Retail). Another retailer noted: "We were forced to learn Facebook and

Instagram ads in two weeks. Now, 60% of our orders come through social media" (Participant R4, Retail).

4.4 Theme 4: The Critical Gap in External Enablers

A predominant and uniform issue throughout all interviews was the perceived dearth of adequate external help.

4.4.1 Unattainable Government Assistance

Participants articulated significant dissatisfaction with governmental intervention initiatives. "Palliatives and loans are frequently mentioned in the news; however, the process of obtaining them is exceedingly difficult. They are accessible only to individuals with connections, not to someone of my stature" (Participant M5, Manufacturing).

4.4.2 Adverse Financial Climate

Banks were characterized as risk-averse and uncooperative. "Loan interest rates are currently exorbitant. They are recalling existing loans and denying new ones. Could you elucidate how we are anticipated to invest in solar energy or new gear with a 30% interest rate?" (Participant A1, Agribusiness).

4.4.3 Policy Inconsistency

The incessant alterations in foreign exchange market laws and the absence of transparent information from authorities were considered significant obstacles to strategic planning. “Just when you think you understand the new FX regulation, it changes again.” There is a lack of stability to strategize for the upcoming quarter" (Participant S3, Services).

4.5 Mapping Empirical Findings to the Conceptual Framework

Table 2: Empirical Confirmation, Enrichment, and Modification of the Conceptual Framework

Framework Dimension	Empirical Support	Confirmation/Enrichment/Modification
Internal Resilience Strategies	Strong (24/25 participants)	**Confirmed:** Cost optimization and local sourcing are foundational. **Enriched:** Renewable energy emerged as a long-term strategy not initially emphasized.
Market & Financial Agility	Strong (22/25 participants)	**Confirmed:** Dynamic pricing and digitalization are critical. **Enriched:** Revenue diversification through non-core activities (e.g., thrift divisions, training services) was an unexpected but widespread tactic.
Supportive External Enablers	Weak (0/25 reported effective access)	**Modified:** The framework originally assumed external enablers as facilitative; findings show their absence is actively debilitating. This suggests reframing external enablers as a necessary condition rather than a supporting factor.

The findings thus modify the original framework by indicating that external enablers are not merely "supportive" but constitute a binding constraint. In their absence, internal strategies exhibit diminishing marginal returns.

5. DISCUSSION OF FINDINGS IN LIGHT OF PRIOR LITERATURE

This study's findings both corroborate and extend existing research on SME resilience during macroeconomic shocks.

5.1 Comparison with Prior Empirical Studies

Table 3: Comparison of Findings with Prior Studies

Study	Context	Key Finding	Comparison with Present Study
Ayobami (2019)/Nadani and Yusuf (2025)	FX crisis in Nigeria (2016–2017)/Exchange rate volatility	Import-dependent SMEs are the most affected; their primary response is cost reduction, while foreign exchange rate volatility impacts their costs.	Confirms cost reduction as an immediate response, but our study finds more strategic diversification (digital, revenue) due to simultaneous shocks.
Ihugba & Adefabi (2025)	Oil price-inflation pass-through	Fuel prices fully transmit to SME operating costs.	Confirms transmission mechanism; extends by documenting specific coping thresholds (e.g., 200% cost increase as tipping point).
Ayokunmi (2022)	COVID-19 and SME digitalization	Digital adoption enabled survival.	Confirms but shows digitalization is now a necessity, not an option; it also reveals barriers (data costs, digital literacy) not emphasized previously.
Okafor & Uche (2024) [AREBJ]	Currency devaluation and SME agility	Strategic agility mediates performance during devaluation.	Supports finding that agility is critical; extends by specifying which agility dimensions (revenue diversification, pricing) matter most.
Adeleke (2023) [AREBJ]	Policy inconsistency and SME investment	Policy volatility reduces investment horizons.	Strongly confirms our finding that policy inconsistency is a primary obstacle to strategic planning.

5.2 Critical Reflection and Disconfirming Cases

While most participants (22/25) reported severe distress, three SMEs (subject matter experts) showed remarkable resilience. These "positive deviants" shared two characteristics: (a) they had pre-reform diversified revenue streams, and (b) they accessed diaspora funding rather than local bank loans. This suggests that financial agility may be more critical than operational agility—a nuance not captured in the original framework. Conversely, two manufacturing SMEs that attempted local sourcing faced quality control failures, leading to customer loss. This disconfirming evidence indicates that backward integration (Oshodi, 2022) carries significant risks when local supplier ecosystems are immature.

5.3 How Findings Extend Theory

The results extend organizational resilience theory (Williams et al., 2017) by demonstrating that in weak institutional environments, resilience is not merely a firm-level capacity but a system-level property requiring coordinated state action. This challenges the individualistic bias in much SME resilience literature, suggesting that a collective approach involving multiple stakeholders is essential for enhancing resilience in such contexts. Furthermore, the findings support Nwachukwu's (2025) [AREBJ] moderated mediation model, showing that external enablers moderate the relationship between internal capabilities and survival outcomes.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The elimination of the fuel subsidy and the unification of foreign exchange rates signify a major reconfiguration of the Nigerian economy. The transition has been a challenging and disruptive process for SMEs, jeopardizing their viability due to a series of cost escalations and reduced demand. This study concludes that strategic navigation channels are indeed present. Small and medium-sized enterprises that actively cultivate internal resilience via cost leadership and local sourcing, exhibit market agility through innovation and digitalization, and meticulously oversee their finances are positioning themselves not merely to endure but to potentially prosper in the emerging economic landscape. However, a poor support system is hurting their commendable efforts, particularly in areas such as access to funding, mentorship, and resources that are crucial for their growth and sustainability. The final success of these essential yet arduous economic reforms will rely equally on the strategic adjustments of SMEs and the government's capacity to establish a cohesive, stable, and supportive policy framework.

6.2 Recommendations

6.2.1 For SME Owners and Managers

- **Systematize and Digitize:** Transition from informal recordkeeping. Implement accounting and inventory management software to achieve real-time financial visibility and facilitate data-driven decision-making.
- **Adopt Collaborative Ecosystems:** Establish partnerships with other non-competing SMEs to attain economies of scale in procurement, logistics, and marketing.
- **Allocate Resources to Strategic Marketing:** Avoid eliminating marketing expenses. Concentrate on economical digital marketing that effectively conveys your value offer and fosters client loyalty in a competitive landscape.

6.2.2 For Policymakers

- **Establish Transparent and Accessible Financing Mechanisms:** Develop SME intervention funds with streamlined application procedures, overseen by reputable third parties to prevent bureaucratic and corrupt impediments. Loans ought to feature single-digit interest rates and extended moratorium periods.
- **Expedite Infrastructural Investments:** The savings from subsidy elimination must be transparently allocated to enhancing the national grid and optimizing domestic crude oil processing. Dependable power and reduced domestic fuel costs are the most efficacious remedies for enterprises.

- **Guarantee Policy Transparency and Consistency:** The Central Bank of Nigeria and the Ministry of Finance must articulate foreign exchange policies clearly and uphold them consistently to facilitate business planning. Frequent policy reversals undermine confidence and dissuade investment.

6.2.3 For Future Research

- A comprehensive quantitative analysis is advised to examine the correlations quantitatively between the strategic themes revealed in this research and specific metrics of SME performance (e.g., profitability, survival rate).
- **Sector-Specific Analyses:** Future study ought to examine the effects and strategic adaptations within distinct sectors (e.g., technology startups versus agribusiness) to yield more customized insights.
- **Longitudinal Research:** Longitudinal research monitoring a cohort of SMEs during this transitional time would offer invaluable insight into the long-term effectiveness of various navigation techniques.

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