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NAIRA REDESIGN AND PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES IN NIGERIA

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Abstract *The study was designed to investigate naira redesign and performance of micro, small and medium enterprises in Nigeria. The objectives of the study are: to determine the economic impact of naira redesign on MSMEs, to evaluate the influence of cash expenditures management of naira redesign on MSMEs and to assess the importance of financial inclusion of naira redesign on MSMEs. The study adopted a descriptive research design, the study population consist of 3,235,987.However, the sample size was determine using Krejcie and Morgan Table cited by Bukhari (2021) and 384 was arrived at. Data collection was done by the used of structural administered questionnaire that was send through Google form to recognized and registered business owners in Lagos State from April to August, 2024. The data analysis was done on SPSS Version 23. The study revealed that naira redesigned have economic impact on micro, small and medium enterprises in Nigeria also, that cash expenditure management posiively influenced MSMEs performance and financial inclusion positively influenced MSMEs performance. The study recommended that the process of naira redesigns should be gradually initiated with an interval of six (6) to twelve (12) months.*

Keywords Naira Redesign, Financial Inclusion, MSMEs Performance, Cash Expenditure, Management

Introduction

The implementation of the Naira redesign policy, aimed at driving the objectives of the country's ongoing migration from a cash-dominated economic environment to an electronic payments market, otherwise known as a cashless economy which has passed through various stages (Emmanuel, 2023). Delayed payments and increasing def ault risks burden SMEs' cash flows, limiting their capacity to cover operational expenses

and negatively impacting overall business p erformance during this period. The CBN Governor cited money hiding, inflation, and counterfeiting as the main reasons for the unprecedented move. The CBN reports that almost N2.73 trillion of Nigeria's N3.23 trillion in circulation is not stored in bank vaults. This accounts for roughly 85% of all money in circulation. Furthermore, counterfeiting of N200, N500, and N1000 denominations poses a threat to the Naira's security. Exchanging old currency for new currency discourages hoarding by asking citizens to account for wrongfully held funds. Failure to do so could result in financial loss. Redesigning a country's currency can reduce counterfeiting and prevent future risks (Aroghene, & Imene, 2023). The cash shortage has impact on MSMEs' capacity to maintain sufficient inventory levels caused supply chain problem, delayed deliver, and consumer's unhappiness.

The redesign of the Naira created economic issues for small firms. In rural places, small companies struggled to dispose of old notes and receive new ones while waiting in huge bank lines. Elderly and unbanked business owners have struggled to adjust to the new system. The likelihood of counterfeit notes has also increased as people adjust to the new design. Furthermore, the lower cash withdrawal limit has resulted in less money in circulation, hurting shoppers who rely on cash transactions (Tarurhor, & Aruoren, (2023). As a result, the strategy has harmed small firms who lack access to digital payment channels. According to empirical surveys, people prefer to pay using cash for digital transactions. Also, during this period MSMEs' risk losing customers, damaging their reputation, and struggling to restore market share. The cash scarcity reduces consumers' purchasing power, affecting demand for goods and service provided by MSMEs. However, reduced customers spending leads to lower revenues and profitability for MSMEs, restricting their opportunities. Customers prefer to use cash for digital transactions, according to empirical research. Customers who lack cash often put off making purchases, which can have a negative affection revenue and earnings (Emmanuel, 2023). The banks' digital systems were overloaded during the financial crisis, resulting in a number of unsuccessful transactions and conflicts between customers and company owners. As a result, there was a decline in public confidence in electronic transactions, which made matters worse for MSMEs (Pillah, 2023). Lower revenues and profitability for MSMEs as a result of decreased customer spending limit their potential to grow. Due of their restricted financial flow, MSMEs have trouble being paid by clients on time. SMEs' cash flows are strained by delayed payments and elevated default risks, which makes it more difficult for them to pay operating costs and negatively impacts overall business performance (Emmanuel, 2023).Small and medium-sized enterprises (SMEs) play an important role in the global economy because they are the most common type of business worldwide, accounting for 90% of all businesses and more than half of all job opportunities. In emerging economies, registered SMEs account for up to 40% of total national income (Ogbu, &Ugwu 2023).

The CBN said in advance of the 2023 general elections that the old notes will no longer be accepted as legal means of payment. Among other things, the policy's goal was to reduce the excessive flow of money throughout the economy. However, because of its hasty implementation, people and business owners rushed to the bank to deposit their old notes, which the new policy states will no longer be accepted as legal tender by February 10, 2023. This led to chaos throughout the nation. Nigerians flocked to the bank in large numbers to support the program, expecting to swap their cash for the new notes. Sadly, the CBN was unable to control the demand for cash and

disregarded requests for an extension of the deadline. Cash became limited; electronic transfers were unable to handle the spike in transactions; bank systems were unavailable for the most of the day; and the number of unsuccessful transactions skyrocketed as they were unresolved for several days or weeks (Tarurhor & Aruoren, 2023).When the CBN naira makeover was in its infancy, only the wealthy could afford to get currency. Had electronic banking been dependable, Nigeria may have seized the chance to shift to a cashless economy. The fact that the majority of SMEs lacked bank accounts was the biggest cause for worry. Most firms relied on cash-to-cash transactions to run their operations. Buying daily food necessities especially perishable items became challenging since a large number of these dealers lacked bank accounts, let alone the ability to receive transfers.

Statement of the problem

Micro, Small, and Medium-Sized Enterprises (MSMEs) encounter a multitude of obstacles, including challenges in securing funding, insufficient business knowledge, government rules and guidelines, restricted visibility and marketing, inadequate public infrastructure, difficulty hiring qualified staff, creating an online presence, and rivalry and cooperation. The latest Naira devaluation and the ensuing cash flow challenges exacerbated these long-standing, complicated issues, creating MSMEs have a considerably harder time succeeding. For small enterprises, the latest redesign of the Naira has created financial issues. Small firms in remote locations found it difficult to get rid of outdated notes and get fresh ones while waiting in lengthy bank lines. Older and unbanked company owners have found it challenging to adjust to the new framework. As people become used to the new look, there has also been a rise in the possibility of counterfeit notes. Furthermore, because there is less money in circulation as a result of the lower cash withdrawal limit, shoppers who depend on cash transactions suffer. Small companies without access to digital payment networks have so suffered as a result of the legislation.

Due to their heavy reliance on cash flow to operate, agricultural companies and small businesses in rural areas were particularly hard struck by the financial crisis earlier in the year. Due to a shortage of funding, cooperative societies, which the majority of rural farmers often rely on for financial support, were unable to provide the funds needed for their weekly and monthly meetings. Even though the cash issue has now stabilized, the CBN will eventually completely execute the cashless policy. The cashless policy enforced by the Central Bank of Nigeria has diverse effects on MSMEs. They encountered difficulties getting cooperative loans and were unable to participate in cooperative meetings. Some MSMEs suffered huge losses as a consequence of their inability to repay their loans, while others saw poor sales as a result of cash flow issues. As a result, a lot of companies experienced financial difficulties and capital depletion, which finally caused them to close. Consumers' reduced purchasing power due to cash constraint affects the demand for the products and services offered by MSMEs. The capacity of MSMEs to maintain appropriate inventory levels is impacted by cash constraints. Delays in delivery, interruptions in the supply chain, and disgruntled customers are the results of this. As a result, SMEs risk losing clients, tarnishing their brand, and finding it difficult to recapture market share.

Objectives of the study

The study is designed to investigate the naira redesign and performance of Nigeria micro, small and medium enterprises. Specifically, the objectives are stated as follows:

1. To determine economy impact of naira redesign on performance

micro, small and medium enterprises in Nigeria.

2. To evaluate the influence of cash expenditure management of naira redesign on performance of micro, small and medium enterprises in Nigeria.
3. To access the importance of financial inclusion of naira redesign on performance of micro, small and medium enterprises in Nigeria.

Research questions

1. Do naira redesign have economic impact of performance on micro, small and medium enterprises in Nigeria?
2. What are the influence of cash expenditure management of naira redesign on performance micro, small and medium enterprises in Nigeria?
3. What is the importance of financial inclusion of naira redesign on performance of micro, small and medium enterprises in Nigeria?

Research hypotheses

1. There is no effect on economy impact of naira redesign on performance of micro, small and medium enterprises in Nigeria.
2. There is no influence on cash expenditure management on performance of micro, small and medium enterprises in Nigeria.
3. There is no importance of financial inclusion on performance of micro, small and medium enterprises in Nigeria.

Literature Review

Conceptual Review

The Concepts of Nigeria Redesign

Naira redesign policy aims to improve Nigeria's monetary policy, promote cashless transactions, and enhance the naira's credibility. Emmanuel, (2023)cited that the President and CBN Management did not establish or implement the 2022 Naira Redesign Program at their whim. It was primarily predicated on Apex Bank's understanding of local conditions and global best practices necessitating a currency makeover. The Naira redesign program had five main goals: to reduce the number of terrorist attacks and kidnappings; to improve the management of Nigerian currency; to promote the shift to a cashless and digital economy; to comply with international best practices by redesigning national currencies every five to eight years; and, subtly, to get ready for the general elections of 2023. The CBN declared that the primary drivers of the initiative were the nation's high rate of Naira counterfeiting and excessive currency storage, both of which pose significant obstacles to the program's end aims. But the issue still stands: did the program succeed in achieving its ultimate goals after the three months (October 26, 2022 – February 10, 2023) (Morphy, 2023).

When the plan was unveiled in October 2022, banknote hoarding was at its peak, especially among the country's elite corps. More than 85% of the money in circulation at the time the program was implemented, according to CBN statistics made public, was allegedly held by the general public rather than in commercial banks' safes. At the end of September 2022, the CBN's available data indicated that ₦2.73 trillion of the ₦3.23 trillion naira cash in circulation was not within the vaults of commercial banks throughout the nation, according to the Governors of the CBN (CBN, 2022). The entire value of the financial system was ₦500 billion. The challenge of this currency increase, which jumped from ₦1.46 trillion in December 2015 to ₦3.23 trillion in September 2022, compelled the

management of the top bank to begin currency redesign in order to guarantee proper currency management. Between October 2022 and January 29, 2023, or eleven days before the deadline of February 10th for the demonitization of the old notes, the CBN collected 75% (₦1.9 trillion) of the ₦2.73 trillion of old notes that were not in the banking system at the start of the program (CBN, 2023).

The Apex Bank only distributed ₦400 million of the new notes to replace the ₦1.9 trillion of the old notes it received in accordance with the cashless policy. Additionally, it set weekly caps on the quantity of fresh notes that people and institutions may withdraw (CBN, 2022). At first, the CBN ordered that the maximum amount of cash that individuals and organizations may withdraw over-the-counter was ₦100,000 and ₦500,000, respectively. However, the cap was raised to ₦500,000 for individuals and ₦5 million for organizations in accordance with National Assembly guidelines (Adegboyega, 2022). According to (Morphy, 2023), he stated that Bank-run digital payments are frequently problematic, which causes companies to suffer as an increasing number of consumers are unable to obtain the money to pay for products and services. The People can now unlawfully trade the new banknotes on a parallel market thanks to the current circumstances. Numerous companies have had to close as a result of the nation's cash supply issue, which has caused disruptions to enterprises across. The two most important economic sectors—trade and commerce and agriculture—have been severely impacted since most of their transactions, particularly in rural regions, are cash-based. The economic activity in rural areas has stopped as a result of this approach.

The Naira redesign initiative had a very ambitious goal of lowering the number of kidnappings and acts of terrorism by reducing the amount of notes in circulation in order to lower the likelihood of ransom payments (CBN, 2022). Naturally, terrorists have used different currencies, including the CFA Franc, to demand ransom, which has dealt a setback to the program's goal. Indeed, a widely shared video from January 2023 saw three militants in the jungle showing off the new currency. However, a widely publicized incident involving members of the infamous Islamic State West Africa Province (ISWAP) blocking a highway in Borno and giving each passenger ₦100,000 of the old notes indicates that it was partially successful. This was likely due to their concern that the old notes would expire while they were in their possession (Okoye, 2023).

The Concepts of SMEs

Companies categorized as Small and Medium-Sized Enterprises (SMEs) typically have fewer employees and/or produce less income than larger companies. They contribute significantly to economic growth, innovation, and the creation of jobs in economies all over the world (Otitoju, Safugha, Vincent, & Chukwu, 2023). However, because of their smaller size and more efficient decision-making procedures, SMEs are renowned for their capacity to quickly adjust to changes in the market and client needs. Contribution to Employment: In many nations, small and medium-sized enterprises (SMEs) account for a sizable fraction of the labor force by creating jobs. They are frequently regarded as catalysts for economic growth and the creation of jobs, especially in developing nations (Pillah, 2023).

Since definitions of micro enterprises vary depending on national laws, there is no one, widely recognized definition. According to the Organization for Economic Cooperation and Development (2017), a firm's "micro" dimension is related to the size of its economy. Nonetheless, a company's workforce, assets, sales, and loan size—all of which the corporation falls into—are

frequently utilized to categorize it as Micro, Small, or Medium (World Bank, 2019). In the Nigerian context, microenterprises are defined as businesses with three to nine employees and a N3 million to N25 million annual revenue. These are the most common kind of businesses in Nigeria, accounting for 38, 413,420, or96.90% of all MSMEs, whichare39, 654,385. Existing as of 2020 in Nigeria. Small businesses are defined as those that employ between 10 and 49 people and have annual revenue of at least N25 million but not N100 million. Medium-sized businesses are defined as those with 50–199 workers and annual revenue of more than N100 million but less than N1 billion (Small and Medium Enterprise Development Agency, 2021; National Bureau of Statistics, 2021).

MSMEs, or micro, small, and medium-sized enterprises, are seen as key contributors to economic growth in both developed and developing nations. Nonetheless, the majority of developing nations lack the policies necessary to support MSMEs' long-term expansion. Following Nigeria's return to democratic administration, the government founded the Small and Medium Enterprise Agency in 2003 to support the growth of MSMEs. In 2021, the agency published the results of its fourth survey of MSMEs. Thus, the primary goal of this research is to conduct trend analyses of the expansion, contributions, and ongoing difficulties that MSMEs face from 2010 to 2020 (Akingbade, 2021; Usaini and Elijah 2020).

In order to foster the growth of the MSME sector of the Nigerian economy, the National Assembly passed an act in 2003 creating the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The agency's mission is to create an organized and effective MSMEs sector in Nigeria that would support the country's sustainable economic growth by making it easier for small businesses to obtain the resources they need to grow.

Nevertheless, they are more flexible and willing to take chances that larger companies might shy away from, SMEs are frequently centers of innovation and entrepreneurship. They are essential to the development of new products and services as well as the growth of technology. SMEs frequently have a big impact on the local and regional economy, promoting social cohesion and community development (ITC 2019).

Economic Impact of Naira Redesign and Micro, small and medium enterprises in Nigeria

It is often known that SMEs are everywhere in almost every area of the Nigerian economy and play a significant role in the country's development. These include raising government revenue, creating wealth, reducing poverty, slowing the flow of people from rural to urban areas, expanding and diversifying the industrial base, and using local resources and expertise. The mobilization of idle financial resources, fostering competition by providing a range of goods and services, easing the burden on foreign exchange demand through import substitution, supplying large companies with intermediate services and supplies, generating employment, serving as a source of innovation, and so on are all examples of the economic imperatives of SMEs (Abdullahi, & Sulaiman, 2015).According to the literature studied, the redesign of the Naira is for economic objectives, including but not limited to controlling inflation, combating counterfeiting, preventing financial insecurity, and reducing the amount of money in circulation. Iwedi, Wachuku, and Court (2023) conducted a theoretical analysis of the impact of Naira redesign on Nigerian economic growth. The study aimed to identify the economic repercussions of Naira redesign, the reasons for redesigning Naira, and the recommended relevance of the Central Bank of Nigeria's Naira redesign strategy.

Nevertheless, the majority of recently founded SMEs fail to survive their first two years, while existing ones either close their doors or operate at subpar levels, despite the enormous efforts made by succeeding governments and other stakeholders. Thompson and MacMillan (2010), who proposed that "the failure rate for start-ups is high," support this claim. Additionally, emerging economies present new businesses with obstacles like unpredictably fluctuating costs and pricing, a lack of infrastructure or one that is unreliable, government monetary policies and unpredictable competition. Owing to the high death rate among SMEs, it is critical to assess the efficacy and efficiency of internal operations as well as the intricate web of external environmental factors that can restrict SMEs' adaptability and capacity to take advantage of opportunities for growth and profitability. In contrast, Ofoegbu, Akanbi, and Joseph (2013) investigated the effects of contextual factors on the performance of small and medium-sized enterprises (SMEs) in Nigeria and found that a variety of factors, such as government policy, the accessibility of raw materials, capital, and a supportive environment, significantly influenced the expansion of SMEs. SMEs and national economic strength is evaluated in terms of long-term outcomes, such as sustainable growth and development, as well as short-term outcomes, such as how long it takes for an economy to stabilize following a sudden and unexpected incident which is of no doubt had a negative effects on SMEs in Nigeria during the period of Naira redesign. According to the Central Bank of Nigeria, revamping naira banknotes is intended to boost the economy while also improving security. The following are deemed relevant or important of the revamping of the naira currency:

Controlling Money in Circulation and Promoting E-Naira: Customers would need to deposit their old notes in order to acquire the new ones after the naira currency redesign. As a result, there is less money in circulation, which lowers the rate of inflation. The requirement that people deposit their money in banks would accelerate the adoption of the e-naira and advance the cashless agenda (Omoyeni, 2023). More than 85% of the naira in circulation, according to Governor Godwin Emefiele of the Central Bank of Nigeria, was not within the banking system. This had an impact on the CBN's monetary policies, which needed to be reined in to prevent an uncontrollable spike or rise in inflation (CBN, 2022).

Mitigation of Counterfeit: The governor of the Central Bank of Nigeria claims that because the naira hasn't undergone a redesign in nearly 20 years, Nigeria has failed to join the global norm of generating and circulating their nation's money every 5-8 years. The naira currency is now more susceptible to counterfeiting as a result. The Governor claims that developments in printing and photography technologies have made counterfeiting simple. Vanguard (2022) reports that the activities of currency hoarders have become apparent due to the presence of extremely filthy and odorous Naira notes in circulation. This is particularly evident since political activities have increased nationwide, suggesting that the notes have likely been stored in moist areas for an extended period of time.

***The decrease in the amount of cash insecurity and money laundering*:** Redesigning Nigeria's currency, according to the Central Bank of Nigeria, would lessen cash insecurity by promoting and advancing the cashless policy, which is thought to impede the actions of criminals like kidnappers who want cash in order to release their victims (Actionable Info, 2022). On the other hand, revamping the naira could be the government's solution to decreasing and even eliminating money laundering in Nigeria. It is arguably true that some members of the public simply wander around with vast amounts of ill-gotten

money that they cannot invest or deposit into banks because they are afraid of being discovered by the government. (The Punch, 2022).

Cash expenditure management of naira redesign and micro, small and medium enterprises in Nigeria

Cash expenditure management is the process of managing and controlling an organization's or individual's cash flow to ensure that expenses are successfully managed and resources are used productively. Create a detailed budget including expected revenue and expenses for a specified time period, usually monthly or annually. The budget should cover both fixed and variable expenses. Maintain thorough records of all expenses, including receipts and invoices. This aids in determining where money is being spent and allows for better decision-making on cost-cutting initiatives. However, during the naira redesign SMEs lack the ability of analyze cash flow statements on a regular basis to better comprehend cash inflow and outflow. Which was aid in spotting patterns, projecting future cash requirements, and planning accordingly. Prioritize expenses according to their relevance to the aims of SMEs was defeated .

The surplus of a company's current assets after its current liabilities is referred to as capital expenditures. The investment made by a company in short-term assets, such as cash and cash equivalents, inventory, short-term or marketable securities, and accounts receivable, is referred to as capital expenditure. Stated differently, it is the total of all current assets less current liabilities (Micheal, 2017). Capital expenditure management also refers to the proportion of assets used by management to run a business on a daily basis. Nurein (2014) defined capital expenditure as the excess of current assets over current liabilities. The basic ideas of working capital were effectively integrated into this formulation along with the capital expenditure (current assets and current liabilities).In order to lower the average cost of capital, current liabilities should be utilized rather than long-term debt, and proper capital expenditure management should guarantee that current asset holdings are increased to the point where the marginal returns on such assets are equal to the cost of capital required to finance the increase. Capital expenditure management in relation to the administration of the company's current assets and current obligations in light of Nigeria's economic environment typically decides the company's success or failure. Thus, a financial manager in an organization prioritizes ensuring that cash outflows do not outweigh cash inflows (Nwanyanwu, 2015).

However, managing cash expenditures during a currency redesign, such as the redesign of the Nigerian naira, presents various issues. During the transition to the new currency design, businesses and individuals experienced logistical difficulties in managing both the old and new money denominations. This caused difficulties in accounting systems, cash registers, and financial transactions. The process of replacing old currency with new currency incurs expenses such as creating new banknotes, distributing them around the country, and exchanging old cash for new was the major challenge of SMEs. Managing these expenditures while ensuring a smooth transition was difficult for financial institutions and government agencies as well was critical (Emmanuel, 2023). The currency redesign process disrupted cash flow patterns, especially for enterprises that rely substantially on cash transactions. Delays in getting the new currency, as well as difficulty exchanging old currency for new, have an impact on liquidity and operational efficiency.

Financial inclusion of naira redesign and micro, small and medium enterprises in Nigeria

When people and businesses have access to practical, reasonably priced financial goods and services—like payments, transactions, investments, credit, borrowing, savings, and insurance—that satisfy their needs and are provided in an environmentally friendly and sustainable way, it's referred to as financial inclusion. Financial inclusion strategies are action plans that have been established and agreed upon at the national or subnational levels in order to achieve the financial inclusion/deepening goals. Strategies that are successful should coordinate efforts with the primary stakeholders, establish duties, and state a clear resource planning by, for example, highlighting targets (Anokwuru, & Wike, 2021). Recently, an increasing number of countries have implemented financial inclusion and deepening programs. These programs may involve many government agencies as well as other stakeholders and are often a component of larger financial development agendas. According to the World Bank Global Financial Inclusion and Consumer Protection 2017 Survey, 25% of countries have implemented these kinds of policies recently, and the remaining 25% are getting ready to implement new ones. (Ifeakachukwu and Olasunkanmi, 2013).Many countries have already undertaken a variety of policies and reforms to help SMEs achieve financial inclusion. They included direct interventions to strengthen bank credit, such as through state-owned banks for SMEs, loan guarantee schemes, and interest rate regulations. Financial inclusion for small and medium-sized firms (SMEs) is central to many countries' economic diversification and growth challenges. In many regions, SMEs account for a significant portion of enterprises, and many countries lag behind when it comes to getting credit. However, during this period of naira redesign SMEs faced temporal breakdown, redesign of the naiar undermine consumer confidence and faith in the monetary system, resulting in reluctance to accept the new currency or doubts about its legitimacy. Which have severe impact on SMEs' sales and transactions, particularly customers prefer alternative payment methods or delay purchases until they are more comfortable with the new currency.Financial inclusion for small and medium-sized firms (SMEs) is central to many countries' economic diversification and growth challenges. In many regions, SMEs account for a significant portion of enterprises, and many countries lag behind when it comes to getting credit. Strategies can support efficient and effective procedures aimed at significantly increasing financial inclusion; these are typically developed in collaboration with the business sector in order to create and accomplish common, attainable goals for financial inclusion/deepening. Targeting at least three of the financial inclusion criteria—access to financial services and products, use of financial services and products, and quality of financial services and products—is a fairly comprehensive approach to financial inclusion/deepening (Ovedje, 2021).

Empirical Review

Tarurhor, &Aruoren, (2023) empirically reviewed the effects of Cash Crunch on Small and Medium Scale Enterprises in Delta State. As a result of Nigeria's cashless policy, small and medium-sized enterprises' (SMEs) sales turnover has been significantly impacted by customers' propensity to curtail their spending. The impact of the financial crisis on SMEs' sales in Delta State is investigated in this study. One hundred and ten copies of research questionnaires were sent to SMEs owners, and a descriptive survey design was used. Eighty-seven copies of the retrieved questionnaires, however, were determined to be analytically significant. At the 0.05 level of significance,

the results show a positive and statistically significant association between the cash crisis and SMEs' sales.The study recommended that in order to boost electronic transfers and promote the use of electronic money, the government and the Central Bank of Nigeria (CBN) ought to force commercial banks to make investments in expanding their network capacity.

An empirical examination of the expansion of MSMEs in Nigeria and their effects on economic development from 2000 to 2017 was conducted by Akinyosoye (2018). The World Bank, Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS), Global Entrepreneurship and Development Institute (GEDI), GDP, inflation rate, and unemployment rate were the sources of the data used in this study. The investigation was supported by grounded theory. On the basis of the data gathered, a student t-test regression analysis was performed to ascertain the impact of selected variables on the MSMEs' performances. The regression analysis's findings showed a favorable relationship between GDP and GEI.thus, an increase in GEI is indicating that performance and accomplishments of MSMEs lead to increase in GDP which brings about economic development.

Yahaya, et al. (2016) used a case study of the Damaturu metropolis of Damaturu Local Government Yobe state to examine the importance of MSMEs in Nigeria's economic development and the issues therein. The study was carried out using a qualitative descriptive research approach that involved conducting in-depth interviews with eight (8) managers of MSMEs, SMEDAN officials, and a loan officer from a microfinance bank in the state. The study's theoretical foundation is nonexistent. After a qualitative study of the data gathered, the findings showed that MSMEs are helpful catalysts for Nigeria's economic development since they create jobs, which raise GDP.MSMEs in the research region face a number of obstacles, including insurgent activity, trouble obtaining financing, high lending interest rates, inconsistent government policies regarding MSMEs, electrical issues, and a labor shortage.

An empirical analysis of the naira swap aims and the influence of SMEs was conducted by Aroghene and Akpoyigbo (2023). The study looks at how naira swap goals affect the way SMEs in Nigeria's Delta State perform. The research design used for the study was descriptive in nature. All 3,976 SMEs that have registered with the Delta State office of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) are included in the research population.An approximate sample size of 363 was obtained by using the sample size formula. A 5-point Likert scale questionnaire was used to gather primary data, and only 300 (83%) of the completed forms were returned. The data was analyzed using tables, basic percentages, and frequency counts. Using SPSS version 22, the Pearson Product Moment Correlation was employed to verify the hypotheses. The theories looked at showed that while limiting counterfeiting and naira hoarding had a significant positive impact on the performance of SMEs in Delta State,

Theoretical Framework

Reason Action Theory

The theory explained the link between attitudes and behaviors in human action. It is mostly used to forecast how people will act based on their pre-existing views and behavioral intentions. An individual's decision to engage in a specific activity is dependent on the results that the individual anticipates to receive as a result of executing the behavior. Martin Fishbein and Icek Ajzen developed the idea in 1967, building on prior research in social psychology, persuasion models, and attitude theories.

SMEs can utilize reason-action theory to create more effective marketing campaigns. Identifying the elements that influence consumers' attitudes and perceptions allows firms to customize their marketing messaging and promotional efforts to address these aspects and encourage desired behaviors, such as purchasing a product or service. Reason action theory can assist SMEs produce services that are consistent with consumers' attitudes and preferences to understanding what drives consumers to engage in specific behaviors allows firms to innovate and produce goods that match their needs and desires, resulting in increased customer satisfaction and loyalty.

Reason action theory offers a framework for conducting market research and gaining customer insights. Businesses can get significant insights into consumer behavior patterns, preferences, and trends by gathering data on attitudes, subjective norms, and perceived behavioral control. This information can then be used to guide strategic decision-making campaigns based on the naira redesign However, reason action theory is useful for organizations because it provides a paradigm for understanding, forecasting, and influencing consumer behavior, employee performance, decision-making processes, and organizational change. By adopting this theory, CBN and MSMEs can build more successful strategies, goods, and services that fit the wants and preferences of their target audience, eventually leading to greater success and competition in the marketplace.

Research Methodology

A descriptive research design was used in the study to ascertain the impact of Naira Redesign and Performance of Micro, Small and Medium Enterprises in Nigeria. The study population consist of 3,235,987 all registered MSEs in Lagos State (Punch Newspaper, 2024). However, the sample size was determine using Krejcie and Morgan Table cited by Bukhari (2021), the need for a representative statistical sample in empirical research requires an efficient approach for estimating sample size. The table for selecting sample size already includes all necessary elements, eliminating the need to use a formula. Therefore, by the table if the population is more than 100000 the sample size that will be used is 384. Data collection was done by the used of structural administered questionnaire that was send through Google form to recognized and registered business owners in Lagos State. The research instrument scaling was 5-point likert scale. The items for variable measurements were 5 each making it 28 total items for variable measurements. The Cronbach Alpha value for the variables was 0.736. The researchers contacted different bodies (Association of Small Business Owners of Nigeria(ASBON); National Association of Small and Medium Enterprises (NASMEs) among others) and the google was sent to different Whatsapp groups of the bodies in Lagos State.The data analysis was done on SPSS Version 23, tables representing the research questions based on simple percentage frequency count was used for analyzing the research question while Pearson Product Moment Correlation was used to confirm the state of hypotheses with a correlation significance of 0.5 level.

Data Analysis and Interpretation

Testing of Hypotheses

The study observed a Pearson Correlation Moment Correlation Coefficient of Naira Redesign and Performance of Micro, Small and Medium Enterprises in Nigeria using the sub-variables of the study as adopted in the research hypotheses Economy Impact of Naira Redesign (EINR) on MSMEs, cash expenditure management (CEM) on MSMEs and Financial Inclusion (F.I) on MSMEs

Table 1. Correlation Results

		Test Results	Remarks
EINR	Pearson Correlation	.250	.
	Sig. (2-tailed)	.000	
	N	384	
CEM	Pearson Correlation	.299	
	Sig. (2-tailed)	.026	
	N	384	
F.I	Pearson Correlation	.832	.
	Sig. (2-tailed)	.000	
	N	384	

Dependent Variable: MSMEs Performance

The table above represent the correlation analysis involved the indicating sub-variables presented in "initials" exhibiting positive values among the variables. The correlation analysis shows Economy Impact of Naira Redesign (EINR) exhibits significant positive correlation on MSMEs performancesince r^2=0.250, p <0.01. Similarly, there is a positive correlation between cash expenditure management (CEM) and MSMEs performance since r^2=0.299, p<0.01. It is also observed that there is a positive correlation between Financial Inclusion (F.I) on MSMEs performance r^2=0.432, p<0.01.

Table. 2

Model Summary

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	.703[a]	.676	.670	1.4506	.011	2.062	2	382	.00

a. Predictors: (Constant), Economy Impact of Naira Redesign (EINR), Capital Expenditure Management (CEM) Financial Inclusion (F.I)

Table 6 above shows the extent to which the independent variables accounted for change on the dependent variables as shown on the model summary. It shows that change in performance of Micro, Small and Medium Enterprises in Nigeria (MSMEs) since the adjusted R^2 value of 67% (0.670). MSMEs perceive negative impact, but those with better Economy Impact of Naira Redesign (EINR) cash expenditure management (CEM), and financial inclusion were less affected.

Table 3 Fitness of the Model

ANOVA[a]

Model		Sum of Squares	Degree of freedom df	Mean Square	F	Sig.
1	Regression	8.674	2	4.337	2.062	.031[b]
	Residual	803.570	382	2.104		
	Total	812.244	384			

a. Dependent Variable: MSMEs Performance

b. Predictors: (Constant), Economy Impact of Naira Redesign (EINR); cash expenditure management (CEM), Financial Inclusion (F.I)

The F-ratio in Table 7 above shows if the overall regression model is a goodfits for the data or not. The Table shows that Naira Redesign significantly influence the performance of Small and Medium Enterprises in Nigeria, F (2, 382) = 2.062 p (0.031) < 0.05. This implies that the regression model is a good fit for the data

Conclusion

The study observed that was designed to investigate Naira Redesign and Performance of Micro, Small and Medium Enterprises in Nigeria, it was observed that during the period inadequate currency circulation highlighted problems in the country's e-banking infrastructure. The mishandled execution of the Naira redesign initiative underscores the necessity of stepping up efforts to fight corruption in Nigeria's banking industry and upgrade infrastructure for a cashless economy. The world's leading economies have implemented the scheme and pushed for a cashless society in an effort to integrate Nigeria's economy into the global economy, allowing international financial institutions like the World Bank and International Monetary Fund (IMF) to more easily take advantage of it.

However, the study revealed that the economic impact of naira redesign on micro, small and medium enterprises in Nigeria was severe as during this period POS operators exploited Nigerians, exaggerating problems and causing panic and riots. This has led to a decrease in business activities and impatience among the people. Also, the study shows that cash expenditure management of naira redesign associated with performance of micro, small and medium enterprises in Nigeria since redesigning a currency has considerable expenses. This includes the costs associated with creating new banknotes, printing them, distributing them, and disposing of old currency. These expenditures can be burdensome for the government and taxpayers, especially if the redesign occurs frequently. Furthermore, while a currency is redesigned there is a risk of increased counterfeiting because counterfeiters can take advantage of the transition phase while both old and new notes are in use. This might result in economic losses and erode confidence in the currency.

Recommendations

The study therefore recommended as follows:

1. A poor executed currency redesign might destabilize economic activity. Government adequate plans for intervention during process and such plan should be test-run before further implications.
2. The process of disbursing new notes should be managed by micro finance banks too so as to encourage proper examination during the transition phase while both old and new notes are in use. The Central Bank of Nigeria should make microfinance banks and NIPOST for last mile distribution of new notes.
3. The introduction of newly designed banknotes can cause confusion and trouble for businesses and individuals, especially if the changes are significant. Therefore, the process should be gradually initiated with an interval of 6-12 months.

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