

The Effect of Naira Redesign Policy on the Wellbeing of Nano and Micro Scale Enterprises in Northern Nigeria

¹Muhammad Sulaiman, PhD, ²Fatima Isa, ³Lawal Ahmed Tanimu, ⁴Bello Rilwan and ⁵Mahmood Yakubu Moukhtar

^{1&2}Department of Economics, Federal College of Education, Zaria-Nigeria

³Department of Business Administration and Management, Federal Polytechnic Kaura Namoda, Nigeria

⁴Department of Economics, Federal College of Education, Yola-Nigeria

⁵Department of Economics, Faculty of Management and Social Sciences, Federal University Gusau, Nigeria

Email: smuhammad1981@gmail.com

Abstract

This study was conducted to determine the effect of Naira redesign policy on the wellbeing of nano and micro scale enterprises in northern Nigeria. Primary data were obtained through structured questionnaire and interview method. A multi-stage sampling procedure was employed to select 386 respondents from 13 wards of 2 LGAs in Zaria metropolis. Descriptive statistics, Shapiro-Wilk and Kolmogorov-Smirnov tests for normality, Wilcoxon signed-rank test and Cohen (1988) guideline were used to achieve the objectives of the study. Results of the socio-economic characteristics revealed that majority of the respondents were male (75%), married (61.4%), had some level of education, 89.12% did not belong to any relevant business association, 86% had no access to credit and the few that had, were majorly from informal sources in the study area. They mostly engaged in the businesses of buying and selling of foodstuff, snacks and drinks. The results further showed that owners of nano enterprises, due to the policy, experienced decline in sales, income, employment and consumption expenditure by 57.82%, 52.77%, 55.05% and 41.45%, respectively more than the owners of micro enterprises. Constraints such as bad financial internet services, insufficient supply of new Naira notes, increase in cost of doing business were among the major problems encountered by nano and micro enterprises as a result of the policy. The null hypothesis (H_0) of the study was rejected and the study concludes that, the introduction and implementation of the new Naira redesign policy significantly affected the activities and wellbeing of nano and micro enterprises in the study area. The study recommends full orientation of citizens about any potential policies before they are implemented, provision of efficient and reliable financial internet services, severe penalties upon anyone who misuses a policy for personal gain, regardless of their status.

Keywords: Consumption expenditure, Employment, Micro enterprises, Naira redesign & Nano enterprises

Introduction

The Nigerian private sector is a diverse group of businesses that vary in size, industry, ownership, employment, and technology. National policies on private sector development should be tailored to the specific needs of each category of enterprise. Non-farm micro, small and medium enterprises (MSMEs) are a major source of employment in Nigeria, accounting for over 25% of total

employment. The enterprises also contribute significantly to the GDP, accounting for 20%. Large enterprises are relatively few in number in Nigeria, but it accounts for a disproportionately large share of the GDP. This is because it tends to be more capital-intensive and export-oriented than MSMEs (National Policy on MSMEs, 2020). This is supported by findings of World Bank (2021) where it stated that, globally, MSMEs contribute an average of 40% to GDP of nations, more than 50% of employment, account for 90% of businesses and unmet financing need of \$5.2 trillion every year. According to Bank of Industry (2021), Nigeria has 41 million MSMEs, contributing 48% to the national GDP which account for 96% of businesses, 90% of enterprises in manufacturing and industrial sector, 84% of employment and 7% of exports.

The government has developed many national policies over the years to address various sectors of the economy. Some of these policies have implications for the development of MSMEs and these must be taken into account when developing a new MSMEs policy (National Policy on MSMEs, 2020).

Nigeria's human capital development ranked among the worst globally with only 150 of 157 countries in the World Bank's 2020 Human Capital Index. The country continues to face massive development challenges, including the need to reduce the dependence on oil for exports and revenues, diversify its foreign exchange sources, close the infrastructure gap, build strong and effective institutions, as well as address governance issues and strengthen public financial management systems. Inequality, in terms of income and opportunities, remains high and has adversely affected poverty reduction. The lack of job opportunities is at the core of the high poverty levels, regional inequality, and social and political unrest. High inflation has also taken a toll on household's welfare and price increases in 2020-2022 have pushed more Nigerians into poverty (World Bank, 2023).

According to Nigeria Multidimensional Poverty Index (2022), the global Multidimensional Poverty Index, MPI showed that 46.4% of Nigerians were multidimensionally poor, while an additional 19.2% were classified as vulnerable to multidimensional poverty (37.6 million people). Forty percent of Nigeria's population or 82.9 million live at or below the poverty line, according to latest data from the National Bureau of Statistics' 2018-19 household survey. The National Poverty Reduction with Growth Strategy (NPRGS)(2021) stated that, the national poverty line was established at N137,430.00, and individuals living in households whose per capita annual consumption expenditures is below this are considered poor by national standards (on aggregate, 72 percent of the extremely poor live in the North East, the North West and the North Central, while 28 percent live in the Southern regions). In the Northeast, violent conflicts involving Boko-Haram are the most visible drivers of poverty, while in the North West and North Central, criminal violence and banditry, farmer/herder clashes and communal violence are the key drivers of poverty.

Nigeria is an emerging economy and the largest economy in Sub-Saharan Africa that recorded 3.4% expansion in its GDP in 2021 against 1.92 in 2020 (Olurounbi, 2022). It could be contended that this improvement in GDP growth is consequent to the activities of micro, small and medium enterprises (MSMEs) as they accounted for 96.90% of businesses, 87.90% of employment and contributed 46.31% of GDP in 2020 (National Bureau of Statistics, 2021). The contributions of MSMEs to development of any economy have been widely recognized because of their capacity in enhancing industrial output and human welfare. Micro businesses account for a greater

percentage of all businesses virtually every economy and generate the majority of private sector employment and output (Atinuke & Abayomi, 2019).

“There are statistics showing that over 80% of the currency in circulation is outside the vaults of commercial banks. The integrity of a local legal tender, the efficiency of its supply as well as its efficacy in the conduct of monetary policy are some of the hallmarks of a great Central Bank. We believe that redesigning the ₦200, ₦500 and ₦1000 bank notes, will certainly reduce the cost of cash management, reduce the volume of cash in circulation, disrupt counterfeiting activities and enhance the adoption of digital and electronic transactions. The CBN remains committed to people-oriented and people-centred policies, which impacts were felt in various sectors of the economy”, Emefiele said (Onyesi, 2022).

In the light of the aforementioned paragraphs, this paper attempt to examine the effect of Naira redesign policy on nano and micro scale enterprises in northern Nigeria.

The broad objective of this study is to examine the effect of Naira redesign policy on nano and micro scale enterprises and specifically in Zaria metropolis of Kaduna State while the specific objectives are to:

- i. describe the socio-economic characteristics of owners of nano and micro scale enterprises in the study area;
- ii. determine the impact of Naira redesign policy on the business activities of nano and micro enterprises in the study area, and
- iii. describe the constraints associated with implementation of Naira redesign policy in the study area.

The study puts forward the following hypothesis:

H₀ : There is no significant difference between pre-policy and post-policy activities and wellbeing of nano and micro enterprises in the study area ($P > 0.05$)

H₁ : There is a significant difference between pre-policy and post-policy activities and wellbeing of nano and micro enterprises in the study area ($P \leq 0.05$)

Conceptual Framework

Nano, Micro, Small and Medium Enterprises

Universally speaking, there are no acceptable definitions of the terms nano, micro and medium scale enterprises. These concepts are differently defined in accordance with the legislation of different countries and relative to the size of the enterprise concerned (Organization of Economic Cooperation and Development, 2017). However, employees, assets, sales and loan size within which the enterprise falls are commonly used in defining a firm as Nano, Micro, Small or Medium (World Bank, 2019).

According to United Nations Department of Economic and Social Affairs (UNDESA)(2019), Micro, Small and Medium Enterprises (MSMEs) are defined as follows: micro enterprises have 1–9 employees, small: 10–49 while medium: 50–249 employees. However, the local definition of MSMEs varies from country to country, and is based not only on number of employees but also

by inclusion of other variables such as turnaround and assets. MSMEs play an integral role in an economy, in that they serve as the primary source of net job creation in many countries; they are the driving force of innovations and sustainability in the private sector. There are about 365-445 million MSMEs in emerging markets: 25-30 million are formal SMEs, 55-70 million are formal micro, and 285-345 million are informal enterprises.

From the point of view of national policy, enterprises may be classified by size, sector, organisation, staff strength, technology and location. These variables interact with one another in complex ways which must be taken into cognisance to understand the nature, characteristics, performance, problems and challenges of business enterprises. From the perspective of policy and planning, size provides the most practical basis for classification (SMEDAN, 2015). These enterprises are defined within the context of Nigeria as follows:

Nano-enterprises

Nano-enterprises or nano-businesses are mostly a one-man operated business with no known record of a paid employee. It is included within the Micro category. This category is typically a one-employee (with pseudo workers usually family members) enterprise, with revenue less than N1 million (Federal Ministry of Industry, Trade and Investment, 2020).

Nano-businesses are the various “solopreneurs” and home-based businesses such as make-up artists, event planners, battery chargers, independent dispatch riders, vendors, call centre agents, fashion designer, vulcanizers, drycleaners, corner shop owners, single retail marketers, repairers, painters, business centre operators, market women and men in the various open markets, among others. They play an unrecognized but important role all across the country but by classification, they are not likely to meet the Small and Medium Enterprises Development Agency (SMEDAN) micro-business criteria, which is the least classification (Olubiyi, 2021).

Micro-enterprises

Micro enterprises are those enterprises with employment size of 3 to 9 persons and a turnover of N3million but less than N25million. These forms of enterprises are the dominant in Nigeria numbering 38, 413,420 or 96.90% of the total 39,654,385 MSMEs existing in Nigeria as at 2020 (National Bureau of Statistics, 2021; Small and Medium Enterprise Development Agency, 2021). According to Small and Medium Enterprises Development Agency of Nigeria, SMEDAN (2015), micro enterprises are those enterprises whose total assets (excluding land and buildings) are less than five million Naira with a workforce not exceeding ten employees. It is mostly operated by a sole proprietor/manager aided mainly by unpaid family workers and the occasional paid employee and apprentice. Output value is very low. The levels of technology and skills are also very low. It is dominated by those who engage in wholesale and retail trade, household goods, repair of motor vehicles, agriculture, accommodation, transport, storage, arts, entertainment and recreation.

Small enterprises

Small enterprises are those enterprises with 10 to 49 employees and a turnover greater than N25million but less than N100million (National Bureau of Statistics, 2021; Small and Medium Enterprise Development Agency, 2021). According to SMEDAN (2015), small enterprises are those enterprises whose total assets (excluding land and building) are above five million Naira but

not exceeding fifty million Naira with a total workforce of above ten, but not exceeding forty-nine employees. Organisationally, they are well represented by professional and trade associations.

Medium enterprises

Medium enterprises are those employing 50 to 199 employees and a turnover greater than N100million but less than N1billion (National Bureau of Statistics, 2021; Small and Medium Enterprise Development Agency, 2021). According to SMEDAN (2015) medium enterprises are those enterprises with total assets excluding land and building) are above fifty million Naira, but not exceeding five hundred million Naira with a total workforce of between 50 and 199 employees. They concentrated in a few sectors, notably manufacturing, transportation, information and communication technology, agro & agro-allied and oil & gas, they are fairly well organised and well connected.

It is evidently clear and convincingly true that, these enterprises are found significantly contributing to employment generation, increasing the distribution of income, boosting production of goods and services and thereby leading to economic growth of Nigerian economy (National Bureau of Statistics, 2021).

The new classification of the MSMEs in Nigeria as laid out in the revised National Micro, Small and Medium Scale Enterprise Policy (2021-2025) is presented in Table 1. According to the policy as expressed in the Table, an enterprise is said to be a nano when it has 1 or 2 employees with an annual turn-over (i.e. total amount of sales or revenue generated per annum) of less than 3 million Naira; an enterprise having 3 to 9 employees with an annual turn-over of 3 to less than 25 million Naira is said to be a micro; on the other hand, a small enterprise is that one having 10 to 49 employees with an annual turn-over of 25 to less than 100 million Naira, while an enterprise having 50 to 199 employees with an annual turn-over of 100 to less than 1,000 million Naira is said to be a medium.

Table 1: Nano, micro, small and medium scale enterprises

S/N	Size Category	Employment	Turn-over (₦ million)
1	Nano/Homestead Enterprises	1-2	Less than 3
2	Micro Enterprises	3-9	3-25
3	Small Enterprises	10-49	25 + but less than 100
4	Medium	50-199	100 + but less than 1,000

Empirical Framework

Anthony, Kashim, Emmanuel and Ibrahim (2020) examined the impact of government policy and insecurity factors on Small and Medium Enterprises (SMEs) productivity in Nigeria. The study used multinomial logistic regression and the result indicated that government policy of multiple taxation causes cost to rise for SMEs as indicated by the variable (Hikes in product price) taking on $X^2 = 6.163$, $p < 0.05$ and thus has had an adverse significant impact on SMEs productivity. Moreover, the government programmes for SMEs growth have not been significantly effective in promoting SMEs productivity in the country. In addition, insecurity has had no significant adverse

impact on SMEs productivity in Nigeria. The study therefore, stressed, that multiple taxation is detrimental to SMEs productivity in the country and other policy initiatives need to be better crafted for greater effectiveness.

Michael (2022) examined how the CBN's monetary policies affect Nigerian SMEs' ability to survive. The findings indicated that whereas lending interest rates are negatively correlated with SME's growth, money supply, commercial bank loans and advances, and bank reserves are positively correlated with SME's growth. The study came to the conclusion that monetary policy is crucial to the success of SMEs in Nigeria. The consequence is that for SMEs to survive in Nigeria, the interaction of these factors is crucial.

A study was conducted by Ndife and Egungwu (2022) to examine the financial deepening and performance of small and medium scale enterprises in Nigeria. Results from the study revealed that money supply as a ratio of gross domestic product has positive and significant effect on retail trading, credit to private sector as a ratio of gross domestic product has positive and significant effect on retail trading, market capitalization as a ratio of gross domestic product has positive and significant effect on retail trading and financial savings as a ratio of gross domestic product has positive and significant effect on retail trading. The study therefore concluded that financial deepening has positive effect on retail trading in Nigeria.

Akinbode and Imhonopi (2019) assessed the contribution of micro, small and medium enterprises (MSMEs) on employment generation in Kwara State, Nigeria. The study found that the MSMEs in Kwara State are not well positioned to generate the required level of employment for the people due to poor level of MSMEs growth and inconsistent government policies. Abubakar (2015) examined the impact of economic factors on small scale businesses (SSBs) performance in Kano and Sokoto States. The data was analyzed using multivariate discriminant analysis and multiple regression technique in order to assess the level of performance as well as establish the significance of the relationship. The findings of his study revealed that SSBs record low performance within the period studied and economic factors have significant impact on their performance in Kano and Sokoto states. The study recommended that government should create enabling environment for both existing and potential investors in the sector, through provision of adequate infrastructures, financial support and formulation of policies favourable to SSBs.

Methodology

The Study Area

The study was conducted in Zaria metropolis, Kaduna State of Nigeria. According to Adegboyega and Abioye (2017) and Uba, Uzairu, Harrison, Balarabe, and Okunola (2008), Zaria metropolis is a guinea savannah region in the north western Nigeria located at latitude 11° 3'N and longitude 07° 40'N with an estimated population of 698,348 as at 2006 population census, making it the second biggest metropolis in Kaduna. It is the home of the famous Ahmadu Bello University, Zaria. It consists of two local government areas (LGAs): Sabon Gari and Zaria and its population is projected to be 1,189,038 as at 2023 using 3.18 annual population growth rate. Therein exist a lot of thriving economic activities including nano, micro, small and medium scale enterprises, though with dominance of nano.

Sampling Procedure and Sampling Size

Multi-stage sampling technique was employed for the purpose of this study. In Stage I, both Zaria and Sabon-Gari local government areas were selected purposively. This is because, they are the only two local government areas in the study area. In Stage II, seven out of the thirteen wards in Zaria LGA were selected randomly while six out of the eleven wards in Sabon-Gari LGA were also selected randomly. These wards are: (Zaria LGA): Gyellesu, Kaura, Kufena, Kwarbai 'A', Tukur-Tukur, Tudun-Wada and Wucicciri; (Sabon-Gari LGA): Basawa, Chikaji, Hanwa, Jushin Waje, Muchia and Samaru. The population of the respondents were divided into five clusters in the study area: Clusters of (i) foodstuff sellers, (ii) fruits & vegetable sellers, (iii) cooked foods sellers, (iv) snacks and drinks sellers and (v) non-food businesses. Hence, in Stage III, considering the sampling frame coupled with the usage of Slovin's formula for sample size, only 20% of the respondents was selected randomly from each cluster. This represents a sample size of 386 out of 1,931 respondents for the study. The data sourced for this study was predominantly primary where face-to-face interview method was applied.

The sample size (n) was determined using Taro Yamane (1967) sample size formula, as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = Sample size, N = Population size and e = Level of precision (5%)

$$\begin{aligned} &= \frac{1,931}{1+1,931(0.05)^2} = \frac{1,931}{1+4.8275} = \frac{1,931}{5.8275} \\ &= 331 \end{aligned}$$

Analytical Techniques

The objectives of this study were achieved using the following tools of analysis:

- i. Descriptive Statistics
- ii. Shapiro-Wilk and Kolmogorov-Smirnov tests for normality
 - v. Pre-post analysis using Wilcoxon signed-rank test and
 - vi. Cohen (1988) guideline for determining size of an effect

Descriptive statistics

It was employed to have summary description of the data collected in the study area. It involved the use of tables, charts, figures, percentages, maximums, minimums, averages, range, standard deviation, coefficient of variation among others.

Shapiro-Wilk and Kolmogorov-Smirnov tests

The Shapiro-Wilk and Kolmogorov-Smirnov tests are both used to test for normality. The Shapiro-Wilk test is more sensitive to departures from normality than the Kolmogorov-Smirnov test, so it is a good choice when the sample size is large, as in this study.

Wilcoxon signed-rank test

Wilcoxon signed-rank test is a non-parametric test that is used to compare the means of two paired samples. It is a powerful test that does not make any assumptions about the distribution of the data. In this study, the Wilcoxon signed-rank test was used to compare the means of two paired samples of data from nano and micro enterprises that each was not normally distributed. This is a valid use of the Wilcoxon signed-rank test, and it allowed the study to make valid conclusions about the difference between the two groups.

Cohen (1988) guideline

In 1988, Jacob Cohen introduced a set of criteria for interpreting the size of an effect in a statistical analysis. These criteria, which are now known as *Cohen's d*, are a set of guidelines for interpreting the size of an effect in a statistical analysis. These criteria are widely used in the social and behavioural sciences.

Cohen (1988) formula is expressed as follows:

$$d = \frac{z}{\sqrt{n}}$$

Where:

z = z-statistic from the Wilcoxon signed-rank test

n = sample size

d = the standardized mean difference between two groups

Cohen (1988) suggested the following criteria for interpreting the size of an effect:

- **Small:** $d = 0.2$
- **Medium:** $d = 0.5$
- **Large:** $d = 0.8$

Result of the Findings

Socio-Economic Characteristics of the Respondents

Table 2 reveals the socio-economic characteristics of the poor, nano and micro businesses respondents in the study. From the results, about 75% of the respondents were found to be male with an average age of 39 years and 61.40% were married with mean household size of 5 persons per respondent. This implies that majority of the respondents have subordinates whom they cater for their basic needs (i.e. spouses and children) and due to the cultural and religious background of the study area women are mostly in purdah and thus do not take active part in running most enterprises. The results further signify more involvement of youths for running the businesses activities in the study area. About half of the respondents (43.52%) had only secondary education while the least (9.33%) had tertiary institution education. This indicates that, most of the respondents are literate. It was also learned that, majority of the respondents are not new in operating nano and micro businesses and with an average business experience of about 6 years. This goes in line with studies of Hussaini, Oladimeji, Sanni and Abdulrahman (2019), Aruwayo, Ahmed and Muhammad (2019), Sulaiman, Magaji and Abdullahi (2018) and Osuafor and Nwankwo (2017).

The results further reveal that, majority of the respondents (89.12%) did not belong to any relevant business corporative society or association. And it is a known fact that, belonging to relevant corporative societies or association has many advantages which include: information on how to improve productivity, where to get cheaper inputs, new business techniques, updates on markets situations among others. This improves efficiency, optimizes productivity and thereby boosts profitability. Hence, most of the respondents in the study area might have not enjoyed the aforementioned benefits which belonging to relevant corporative societies or association brings. The result also shows that, about 86% of the business owners had no access to credit and the few that had, was majorly from informal sources in the study area. This implies that, access to credit to expand business activities was very poor and difficult in the study area. This could be due to low educational level of most of the respondents which allowed them not to having access to credit from the formal source and also belonging to any relevant corporative society or association where they could be properly oriented on that. This is consistent with the findings of Girei, Saingbe, Ohen and Umar (2018) in a study conducted to examine the economics of small-scale maize production in Toto LGA of Nasarawa state where 56% of the respondents had no access to loan in the study area.

Table 2: Description of socio-economic characteristics of the respondents

Variable	Range	Freq	%	Mean	Max	Min	CV
Gender:	Male	289	74.87				
	Female	97	25.13				
Age:	20-30	75	19.43	38.76	74	23	19.7
	31-40	118	30.57				
	41-50	79	20.47				
	51-60	63	16.32				
	Above 60	51	13.21				
Marital Status:	Single	61	15.80				
	Married	237	61.40				
	Others	88	22.80				
Household Size:	Less than 5	87	22.54	4.8	18	1.42	22.13
	5-10	227	58.81				
	Above 10	72	18.65				
Educational Level:	Informal	94	24.35				
	Primary	88	22.80				
	Secondary	168	43.52				
	Tertiary	36	9.33				
Business Experience:	0 – 5	119	30.83	6.23	18	1.25	27.58
	6 – 10	204	52.85				
	11 – 15	45	11.66				
	Above 15	18	4.66				
Membership of Association:	Member	42	10.88				
	Non-Member	344	89.12				
Years of Membership (n = 42):	1 – 5	22	52.38	3.7	13	1.58	18.69
	6 – 10	13	30.95				
	Above 10	7	16.67				
Access to Credit:	Yes Credit	54	13.99				
	No Credit	332	86.01				
Source(s) of Credit:	Informal sources	31	57.41				
	Commercial banks	4	7.41				
	Gov credit scheme	9	16.67				
	NGOs	3	5.56				
	Others	7	12.96				

Source: Field Survey, 2023

Respondents' Clusters and Types of Enterprises

Results in Table 3 of the findings reveal that, the respondents in the study area were grouped into 5 clusters: (i) foodstuff sellers, accounts for 30.31% of the respondents' business activities (ii) fruits & vegetable sellers, 16.32% (iii) cooked foods sellers, 21.24% (iv) snacks and drinks sellers

23.58% and (v) non-food businesses, 8.55%. This implies that, majority of the respondents engaged in businesses that have to do with buying and selling of foodstuff, followed by snacks and drinks in the study area.

The results further show that, each cluster was subdivided into nano and micro enterprises. Respondents running nano enterprises appeared to be the dominants with about 82% while that of micro had about 18% only. And this is because, start-up capital for nano businesses is lesser and easier to raise compared to that of micro enterprise.

Table 3: Distribution of respondents according to clusters and types of enterprises

Cluster/Enterprise	Cluster		Nano		Micro	
	Freq	%	Freq	%	Freq	%
(i) Foodstuff sellers	117	30.31	86	73.50	31	26.50
(ii) Fruits & vegetable sellers	63	16.32	63	100.00	0	0.00
(iii) Cooked foods sellers	82	21.24	79	96.34	3	3.66
(iv) Snacks and drinks sellers	91	23.58	63	69.23	28	30.77
(v) Non-food businesses	33	8.55	24	72.73	9	27.27
Total	386	100	315	81.61	71	18.39

Source: Field Survey, 2023

Tests of Normality

Hypotheses (Two-tailed):

H₀ : The sample belongs to a normal distribution ($P > 0.05$)

H₁ : The sample does not belong to a normal distribution ($P \leq 0.05$)

Results from Table 4 show that none of the samples of the variables: sale/work, income, employment and expenditure drawn from a normally distributed population. This is because, the p-values for both the Shapiro-Wilk and Kolmogorov-Smirnov tests were less than 0.05, which means that the null hypothesis of normality was rejected. This means that the data was not normally distributed, so the study could not use a parametric test. Instead, the study used a non-parametric test, called Wilcoxon signed-rank test, which is specifically designed to compare the means of two paired samples of data that is not normally distributed.

Table 4: Tests of Normality

Variable	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Sale/Work	.189	385	.000	.879	385	.000
Income	.186	385	.000	.882	385	.000
Employment	.071	385	.001	.973	385	.000
Expenditure	.111	385	.000	.939	385	.000

a. Lilliefors Significance Correction

Pre-Post Analysis of Naira Redesign Policy on Nano and Micro Enterprises

The wellbeing of the owners of nano and micro enterprises in the study area was revealed using pre-post analysis as expressed in Tables 4 and 5 of this study. Table 4 has two segments: the first reveals nano enterprises while the other, micro. The results show owners of nano enterprises in the study area made average total sales or rendered services worth of ₦19,345 per day before (i.e. at pre-) Naira redesign policy period while ₦8,160 only after the (i.e. at post-) policy. Hence, average total daily sales dropped by 57.82%. This implies that, the Naira redesign policy have negative effect on nano enterprises in that, it led to reduction in the quantity of goods and services transacted daily in the study area by about 58%. This led to further negative implications:

(i) Daily average income of owners of nano businesses dropped by 52.77%, that is from ₦4,870 to ₦2,300 only. This implies that the life style, consumption pattern, as well as the wellbeing of owners of nano enterprises have changed and dropped;

(ii) The Naira redesign policy led to a decrease in the number of people employed by nano enterprises in the study area. The average number of people employed by nano enterprises dropped by 55.05%, from approximately 2 people to 1 person only as shown in the Table. This means that the policy led to an increase in the rate of unemployment in the study area. The decrease in the number of people employed by nano enterprises is likely due to the fact that these businesses were facing financial difficulties after the policy was implemented. They were earning less income, which made it difficult for them to afford to employ many people, and

(iii) Also, the average daily consumption expenditure dropped by 41.45%, that is from ₦2,690 to ₦1,575 only. This implies that the money spent for self and family members on goods and services by owners of nano enterprises dropped as a result of Naira redesign policy in the study area. It can further be deduced from the results that, the rate of savings by owners of nano businesses dropped. This is because the respondents maintained about 59% of their daily consumption expenditure while only about 47% of their daily income was earned at post-policy period. Therefore, the policy led to a decrease in spending and savings, which could have a long-term impact on the financial stability of these businesses.

The other segment of the table reveals the results from owners of micro enterprises. The results show that owners of micro enterprises in the study area made average total sales or rendered services worth of ₦335,250 per day at pre-Naira redesign policy period while ₦195,986 only at the post-policy. Hence, average total daily sales dropped by 41.54%. This implies that, the Naira redesign policy have also negative effect on micro enterprises in that, it led to reduction in the quantity of goods and services transacted daily in the study area by about 42%. This also led to further negative implications:

(a) Daily average income of owners of micro businesses declined by 47.42%, that is from ₦82,160 to ₦43,200 only. This implies that the life style of owners of micro enterprises has negatively changed;

(b) The Naira redesign policy had a negative impact on the employment levels of micro enterprises in the study area. The average number of people employed by micro enterprises declined by 37.01%, from approximately 6 people to 4 people only. This means that the policy led to an increase in the rate of unemployment in the study area, and

(c) Also, the average daily consumption expenditure declined by 33.05%, that is from ₦ 8,850 to ₦ 5,925 only. This implies that the money spent to cater for self and family members by owners of micro enterprises declined as a result of Naira redesign policy in the study area. It can further be deduced from the results that, the rate of savings by owners of micro businesses declined. This is because the respondents maintained about 67% of their daily consumption expenditure while only about 53% of their daily income was earned at the post-policy period.

Table 4: Effect of Naira redesign policy on the owners of nano and micro enterprises

Variable	Nano Enterprises (n = 315)		
	Pre-Policy	Post-Policy	Margin (%)
Average Sale/Work (₦/day)	19,345	8,160	-57.82
Max	65,080	33,150	
Min	1,250	650	
CV	28.72	24.41	
Average Income (₦/day)	4,870	2,300	-52.77
Max	13,500	7,450	
Min	820	450	
CV	22.89	19.91	
Average Employment (number)	2.18	0.98	-55.05
Max	5	3	
Min	0	0	
CV	18.73	16.82	
Average Consumption Expenditure (₦/day)	2,690	1,575	-41.45
Max	5,500	2,700	
Min	450	250	
CV	29.85	32.08	
	Micro Enterprises (n = 71)		
	Pre-Policy	Post-Policy	Margin (%)
Average Sale/Work (₦/day)	335,250	195,986	-41.54
Max	635,200	383,900	
Min	178,140	132,520	
CV	18.47	19.26	
Average Income (₦/day)	82,160	43,200	-47.42
Max	101,570	82,600	
Min	12,500	10,500	
CV	30.43	26.37	
Average Employment (number)	5.62	3.54	-37.01
Max	13	6	
Min	4	2	
CV	17.56	18.63	
Average Consumption Expenditure (₦/day)	8,850	5,925	-33.05
Max	15,500	13,500	
Min	3,500	2,800	
CV	21.21	24.85	

Source: Field Survey, 2023

CV: Coefficient of Variation

Wilcoxon signed-rank test results

Results from Table 5 show that the variables under nano and micro enterprises were ranked in three forms: (i) negative (i.e. post-policy activities are less than that of pre-policy), (ii) positive (i.e. post-policy activities are greater than that of pre-policy) and (iii) ties (i.e. post-policy activities are equal to that of pre-policy). Most of owners of nano and micro enterprises experienced a negative rank, which implies a decline in each of their activities, in terms of volume of sale/work, income generation, employment rate and consumption expenditure in the study as a result of Naira redesign policy.

The Table further shows the effect size of this policy on these enterprises using the Cohen (1988) formula and guideline for size of an effect. The owners of nano enterprises experienced a medium effect size ranging from 0.53 to 0.59 as indicated in column *d* of the Table while owners of micro enterprises on the other hand, experienced a small effect size ranging from 0.37 to 0.43, respectively. This implies that the implementation of Naira redesign policy has negatively affected these enterprises, especially the owners of nano businesses in the study area.

Test of research hypothesis

The hypothesis of the study which states that there is no significant difference between pre-policy and post-policy activities and wellbeing of nano and micro enterprises in the study area was tested. However, the results of the study, which are presented in Table 5, showed that the null hypothesis (H_0) should be rejected. This is because the p-values of all variables in both nano and micro enterprises were estimated to be less than 0.05 ($p < 0.05$). This means, there is a significant difference between pre-policy and post-policy activities and wellbeing of owners of nano and micro enterprises in the study area.

Table 5: Results from Wilcoxon signed-rank test of nano and micro enterprises

Variable	Mean		Standard Deviation		Ranks			n	Two-Tailed ($\alpha = 0.05$)		d
	Pre-Policy	Post-Policy	Pre-Policy	Post-Policy	Negative	Positive	Ties		Critical Value (Z)	p-value	
Nano Enterprises:											
Sale/Work (₦/day)	19,345	8,160	5,555.88	1,991.86	281	13	21	315	-14.788	0.000	0.59
Income (₦/day)	4,870	2,300	1,114.74	457.93	277	24	14	315	-14.578	0.000	0.58
Employment (number)	2	1	0.41	0.16	282	8	25	315	-14.724	0.000	0.59
Consumption Expenditure (₦/day)	2,690	1,575	802.97	505.26	249	15	51	315	-13.271	0.000	0.53
Micro Enterprises:											
Sale/Work (₦/day)	335,250	195,986	61,920.68	37,746.90	49	14	8	71	-4.611	0.000	0.39
Income (₦/day)	82,160	43,200	25,001.29	11,391.84	51	15	5	71	-4.424	0.000	0.37
Employment (number)	6	4	0.99	0.64	42	13	16	71	-5.020	0.000	0.42
Consumption Expenditure (₦/day)	8,850	5,925	1,877.09	1,472.36	46	8	17	71	-5.142	0.000	0.43

Source: Field Survey, 2023

Major Constraints Associated with Naira Redesign Policy

Results in Table 6 reveal the major problems encountered by owners of nano and micro enterprises due to the implementation of the new Naira redesign policy in the study area. The results were obtained from descriptive statistics.

A bad financial internet service was ranked the most encountered constraint. People found it so difficult to do an electronic transaction due to poor internet services. This causes problems, such as delay in monetary transfer, inaccessibility of self financial bank account and balance, reversal of transfer among others. The second major problem associated with the policy was insufficient supply of the new Naira notes. Despite the Central Bank of Nigeria's (CBN) instructions to commercial banks to make the new Naira notes available, the effort was unsuccessful. As a result, the new notes remain extremely scarce, which was allegedly due to political factors and the then upcoming general elections.

The results from the Table further show increase in cost of doing business as the third among the major constraints. Due to the aforementioned constraints, doing business became somewhat challenging, leading to varied prices for buying and selling goods and services. Businesses charged higher prices for goods and services when payment was made through electronic transfer, while they charged lower prices for cash payments. Short period of swapping between the old and new Naira notes and increase in financial fraudulence were ranked the fourth and fifth major problems in the study area. These problems led to long queues in banks and the printing of counterfeit Naira notes in circulation by fraudsters, which further added to the difficulties of doing business; it generally imposed hardship on the masses in Nigeria.

Table 6: Major problems associated with Naira redesign policy

Problems	*Frequency	Percentage	Ranking
Bad financial internet services	344	89	1 st
Insufficient supply of new Naira notes	298	77	2 nd
Increase in cost of doing business	256	66	3 rd
Short period of swapping	211	55	4 th
Increase in financial fraudulence	159	41	5 th

***NB:** Multiple responses were allowed during the survey

Source: Field Survey (2023)

Conclusion

This study has examined the effect of Naira redesign policy on nano and micro scale enterprises specifically in Zaria metropolis of Kaduna State, Nigeria. The results of the findings revealed that the owners of nano and micro enterprises due to policy redesign, experienced decline in sales, income, employment and consumption expenditure at different magnitudes. These were as a result of poor financial internet services, increase in cost of doing business among others. The study concluded that the introduction and implementation of the new Naira redesign policy have

significantly and negatively affected the activities and wellbeing of nano and micro enterprises in the study area.

Recommendations

The following recommendations were made based on the findings of the study:

- i. Governments should fully inform the citizens about any potential policies before they are implemented. This will help citizens understand the policy and its implications.
- ii. Efficient and reliable financial internet services should be made available, especially in rural areas by the government and other stakeholders to facilitate electronic transactions.
- iii. The government should grant licenses to private individuals or firms to establish more microfinance banks. This will help to reduce the congestion in commercial banks, and make financial transactions smoother.
- iv. There should be severe penalties for anyone who misuses a policy for personal gain, regardless of their status. This will help cushion the effect of such policy on the masses.
- v. The federal government should extend the swapping period time to at least one year. This will ease the way of doing businesses.

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