

EFFECT OF NAIRA REDESIGN POLICY ON THE PERFORMANCE OF SELECTED SMALL-SCALE BUSINESSES IN GWAGWALADA AREA COUNCIL, FCT-ABUJA.

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ABSTRACT

This study examined the effect of Naira redesign policy on the performance of selected small-scale businesses. The main the objective is to investigate the effect of cash crunch and counterfeit on the performance of selected small -scale businesses, proxied by profit margin, and customer patronages. This study adopted descriptive survey research design. The population of this study was based on selected small-scale businesses in Gwagwalada area council, Abuja. The population consists of 240 managers and employees of selected small-scale businesses. Sample size of 180 was determined using Taro Yamane (1967) formula. Simple random sampling technique was employed and questionnaires was administered as instrument of data collection. Cronbach's alpha was used for validating the instrument. Cronbach reliability was used to determine the internal consistency of the constructs in the study. Simple percentages, mean and standard deviation were used as descriptive statistics while Regression was used for testing the formulated hypotheses at a 5% level of significance. The findings revealed that cash crunch during Naira redesign has significant effect on profit margin of selected small businesses in Gwagwalada area council, Abuja. This suggests that there is a meaningful and substantial influence on the businesses' profitability. It indicates that the financial constraints arising from the Naira redesign policy have tangible and adverse consequences on the ability of these businesses to maintain healthy profit margins. Based on these findings, the study concluded that counterfeits and network outage has significantly impact small scale businesses in Gwagwalada area council, by affecting margin profit and customer patronage. Therefore, the study recommend that small businesses should emphasize robust financial planning to navigate the challenges posed by the cash crunch.

Keywords: Redesign, Cash crunch, Counterfeit, Performance, Small Scale Business

INTRODUCTION

Central banks worldwide frequently use currency redesign as a strategy to tackle counterfeiting, control inflation, and improve banknote security. For example, India's 2016

demonetization aimed to curb black money and fake currency by withdrawing the 500- and 1,000-rupee notes from circulation. While this policy aimed to combat illegal financial activities, it also caused short-term economic disruptions, notably a cash shortage that

particularly impacted small businesses that rely on cash transactions (Ghosh, Chandrasekhar, & Patnaik, 2017). Likewise, the European Central Bank periodically updates the Euro's design to integrate enhanced security features, thereby minimizing counterfeiting and maintaining trust in the currency (European Central Bank, 2020).

In African countries, currency redesign policies have been introduced to address various economic challenges, including hyperinflation and counterfeiting. In Zimbabwe, for instance, new currency designs were introduced in 2019 to stabilize the economy after a period of hyperinflation and regain control of the monetary system. Although the redesign aimed to boost public confidence, it initially created liquidity shortages that impacted small businesses (Makoni, 2019). Kenya's 2019 currency redesign was also intended to curb illicit financial activities and eliminate fake notes, but it temporarily affected liquidity and hampered small and medium enterprises' operations (Murithi, 2020).

In Nigeria, the Central Bank announced a redesign of the Naira in 2022 to address inflation, reduce counterfeiting, and support a transition toward a cashless economy. New Naira notes were introduced, and older versions were gradually phased out. However, limited availability of the new notes caused a cash shortage, disrupting everyday economic activities, particularly for small businesses that depend on cash transactions (CBN, 2022). This cash shortage hit small businesses in Gwagwalada, Abuja particularly hard. Operating on thin cash flows and daily transactions, these businesses faced financial strain as the lack of cash hindered their ability to pay suppliers, manage inventory, and cover operational costs. As a result, they faced increased operational expenses, lower profit margins, and in some cases, had to reduce operations or rely on costly credit options to maintain liquidity (Adeniran & Yusuf, 2022).

A major goal of the Naira redesign was to address counterfeiting, a persistent issue that has eroded public confidence in cash transactions.

Small businesses in Gwagwalada have been particularly affected, as concerns over counterfeit notes have led some customers to favor electronic transactions over cash. This shift has decreased cash-based transactions for these businesses, affecting their revenue and long-term viability (Eze & Eze, 2023).

The cash crunch has been worsened by individuals and organizations hoarding the new Naira notes, reducing the amount in active circulation. This scarcity has further impacted sales turnover for small businesses, as customers struggle to obtain sufficient cash for transactions. Lower sales turnover reduces immediate revenue and threatens the long-term financial stability and growth potential of these businesses, disrupting both their day-to-day operations and future sustainability (Okeke & Chukwuemeka, 2023).

The Central Bank of Nigeria's (CBN) Naira redesign policy has significantly disrupted the economy, with small-scale businesses bearing much of the impact. This policy primarily aims to curb counterfeit currency, discourage hoarding of Naira notes, and better manage cash liquidity. However, the policy has presented a range of challenges for small businesses, especially within the Gwagwalada Area Council, Abuja. This study aims to explore the multiple effects of the Naira redesign policy on these businesses, focusing specifically on changes in profit margins, customer patronage, and sales turnover.

One immediate consequence of the policy has been a cash shortage that greatly impacts cash-dependent small businesses. With limited physical cash available, businesses are forced to adopt alternative payment methods, often incurring extra transaction fees and operational costs. As Okoye and Eze (2022) report, these added costs have strained profit margins and overall business stability.

While reducing counterfeit currency circulation is a positive goal of the redesign, the transition period has brought about heightened customer distrust and cautious spending. Customers wary

of counterfeit notes have altered their purchasing behavior, resulting in reduced patronage of small businesses. A study by Adebajo (2023) indicates that this increased caution among customers has contributed to declining foot traffic for these businesses.

Additionally, the Naira redesign policy has affected competition and pricing strategies. As businesses adapt to the new currency regulations, they face increased competition from larger enterprises better equipped to absorb transition costs. Smaller businesses, meanwhile, must adjust their pricing to stay competitive, often resulting in lower profit margins. According to the Nigerian Association of Small and Medium Enterprises (NASME, 2022), this heightened competition has created an uneven business environment, further jeopardizing the sustainability of small businesses.

The combined impact of increased operational costs, lower customer spending, and irregular cash flow has affected small businesses' profitability and stability. Analysis by Olowookere and Adebisi (2023) shows that small businesses in Gwagwalada have seen substantial declines in profit margins since the policy's implementation, raising concerns over their financial health and long-term viability.

In summary, while the Naira redesign policy aims to foster economic stability and combat counterfeiting, it has posed significant challenges for small-scale businesses in the Gwagwalada Area Council, Abuja. These challenges include rising operational costs, shifts in customer spending patterns, competitive pressures, and cash flow disruptions. Addressing these issues is essential for supporting the resilience of small businesses, which are crucial to the local economy. This study seeks to provide an in-depth understanding of these impacts and recommend strategies to mitigate the adverse effects on small business performance.

While several studies, including those by Oguntoke (2023), Ayodele (2023), Oguntoke and Olanrewaju (2023), Ayodele and Victor

(2023), Adewuyi, Olayinka, and Awi (2023), and Anyadike, Okpala, and Awi (2023), have examined the effects of the Naira redesign policy, a comprehensive study focusing on the Gwagwalada Area Council, Abuja, has yet to be conducted. Therefore, this study seeks to evaluate the Naira redesign policy's effects on selected small-scale businesses in Abuja's Federal Capital Territory. It will use proxies such as cash crunch and counterfeit currency as indicators for the independent variable (Naira redesign policy) and analyze their impact on the dependent variable (business performance), represented by profit margins and customer patronage.

Research Questions

The following research questions were put forward to guide this study:

- i. How does cash crunch during Naira redesign affect profit margin of selected small businesses in Gwagwalada area council, Abuja?
- ii. What effect does Naira counterfeit have on the customer patronage of selected small businesses in Gwagwalada area council, Abuja?

Objectives of the Study

The main objective of this study was to examine the effect of Naira redesign policy on the performance of selected small-scale business in the Federal Capital Territory, Abuja.

The specific objectives were to;

- i. To investigate how cash crunch during Naira redesign affects profit margin of selected small businesses in Gwagwalada area council, Abuja.
- ii. To examine the effect of counterfeit on customer patronage of selected small businesses in Gwagwalada area council, Abuja.

Research Hypotheses

In line with the objectives and the research questions of this study, the following hypotheses was tested:

H₀₁: Cash crunch during Naira redesign has no significant effect on profit margin of selected small businesses in Gwagwalada area council, Abuja.

H₀₂: There is no any significant influence of Naira counterfeit on customer patronage of selected small businesses in Gwagwalada area council, Abuja.

LITERATURE REVIEW

Conceptual Issues

Concept of Naira Redesign Policy

Currency redesign involves releasing new banknotes or coins with enhanced features, such as updated design, color, security elements, and occasionally changes to the currency's physical size. Typically managed by a country's central bank or monetary authority, this process aims to improve security against counterfeiting, modernize the currency to meet current standards, and address economic issues like inflation or black-market activity (European Central Bank, 2020).

The Central Bank of Nigeria (CBN) launched the Naira redesign policy with specific goals in mind, primarily to reduce counterfeiting. By introducing banknotes with sophisticated security features, the CBN intended to make counterfeiting significantly more challenging, a step crucial for maintaining public confidence in the currency and supporting smooth economic transactions (CBN, 2022).

Cash Crunch

A cash crunch refers to a situation in which businesses experience a shortage of readily available funds, limiting their ability to meet financial commitments and support day-to-day operations. Recently, cash crunches have drawn

significant attention due to their substantial effects on business sustainability and financial stability, particularly amid economic uncertainties and policy shifts (Akanke & Aluko, 2020). These cash shortages often result from various factors, including delayed customer payments, reduced access to credit, or unexpected expenses, creating major obstacles for businesses across different sectors.

In Nigeria, cash crunches have become increasingly prevalent, worsened by currency fluctuations, regulatory adjustments, and economic slowdowns. For example, the Central Bank of Nigeria's 2020 Naira redesign policy, aimed at reducing counterfeiting and promoting a cashless economy, has sometimes had unintended effects, such as cash flow disruptions for small businesses in areas like Gwagwalada, Abuja (Owoseni et al., 2022).

Currency Counterfeit

Currency counterfeiting poses a serious risk to economic stability by weakening the reliability of financial systems and diminishing public confidence in official currencies. Recently, the rise in counterfeit currency has become a major issue for governments, financial institutions, and businesses worldwide, creating complex challenges for monetary policies and law enforcement (Ezeani, 2022). Counterfeit currency includes unauthorized copies of legitimate banknotes or coins, made and distributed to deceive and defraud unsuspecting individuals and businesses.

In Nigeria, as in many countries, the widespread presence of counterfeit currency has severe consequences for financial security and consumer trust. Despite progress in security features and anti-counterfeiting technology, counterfeiters continually evolve their techniques, producing highly sophisticated fakes that are increasingly hard to detect (Nwadei et al., 2023). The circulation of counterfeit money damages the credibility of the national currency, leading to reduced confidence in the monetary system and potentially contributing to inflationary pressures.

Business Performance

Performance broadly refers to accomplishing desired outcomes or executing tasks, processes, or activities to meet certain goals and standards. This concept is multifaceted and applies across various fields, including business, sports, and education. Recent discussions on performance have highlighted its importance in the workplace, where organizations focus on maximizing employee productivity and effectiveness to reach their goals (Pfeffer & Langton, 2019). In this setting, performance is often linked to factors like employee engagement, motivation, and skill development. Additionally, it is influenced by changes in the work environment and the integration of technology, with remote work and digital tools reshaping how performance is evaluated and managed (Grant & Gino, 2020).

Profit Margin

Profit margin is a key financial metric that assesses a business's profitability by comparing revenue to expenses, reflecting the percentage of revenue converted into profit after covering all production, operational, and overhead costs (Nwadei et al., 2023). This metric is essential for understanding a company's financial health and operational efficiency, offering insights into its capacity to earn income and sustain long-term growth.

Recently, as market dynamics and competitive pressures evolve, profit margin has drawn growing attention from businesses and investors who use it to evaluate performance and guide strategic decisions (Ogunbiyi, 2023). A strong profit margin suggests effective cost management, well-optimized pricing, and enough returns to support reinvestment in business growth and innovation.

Customer Patronage

Customer patronage describes the loyalty and support customers show towards a business or brand, typically through repeat purchases and favorable word-of-mouth recommendations. It is

a core concept in marketing and business management, representing the ongoing relationship between a business and its customers. To cultivate and maintain patronage, businesses prioritize understanding customer needs, delivering value, and building strong connections with their customer base (Kotler et al., 2020).

A crucial element of customer patronage is the development of trust and satisfaction. When customers trust a business to consistently meet their needs and deliver high-quality products or services, they are more inclined to become loyal customers. This trust can be nurtured through dependable customer service, transparent communication, and consistent product quality (Fornell et al., 2020). For instance, research by Fornell et al. (2020) found that businesses with higher customer satisfaction levels tend to achieve greater patronage and repeat business.

Theoretical Framework

This study is grounded in the Monetary Policy Theory, selected for its strong alignment with the central aspects of the research. The impact of the Naira redesign policy on the performance of small businesses in Abuja is closely linked to the wider monetary environment and how central banks, particularly the Central Bank of Nigeria (CBN), manage and respond to shifts in the money supply and economic activities. Monetary Policy Theory offers a valuable framework to understand the potential interactions between such policies and small businesses.

While the Naira redesign policy is not a direct form of monetary policy, it can still influence the monetary landscape by affecting the velocity of money and public confidence in the currency. These changes could prompt the CBN to adjust monetary policy tools like interest rates and reserve requirements to preserve economic stability. Consequently, this study can examine how the policy's effects on money velocity might lead the central bank to make adjustments, which could then impact small businesses.

Using Monetary Policy Theory as the study's framework enables an exploration of the complex relationship between fiscal initiatives like the Naira redesign and monetary policies in shaping small business performance. It highlights the significance of central bank actions in response to shifts in the money supply and economic activity caused by the policy. Gaining insights into this relationship is essential for both small businesses and policymakers, as it illuminates how currency design changes can affect the broader monetary environment and, subsequently, the performance of small businesses in Abuja.

Empirical Review

Ahmad, Musa, Magaji, and Ali (2023) conducted a study examining the impact of the Currency Swap (Naira redesign) on small and medium-sized enterprises (SMEs) in Gwagwalada, Abuja. Their specific objectives were to assess how the Currency Swap (Naira redesign) affected SME productivity and sales within the Gwagwalada area council. They gathered primary data through questionnaires and interviews to achieve these aims. The analysis employed simple descriptive statistics, such as pie charts and frequency tables, along with simple regression techniques to test the hypotheses. The results indicated that the Naira redesign policy negatively impacted both sales and overall performance of SMEs. Consequently, the study recommended that the government implement a comprehensive policy framework to combat various forms of electronic fraud that could undermine the country's economic activities.

In a separate study, Olanrewaju and Ogundari (2021) explored the relationship between the currency ratio and economic growth in Nigeria. Using a quantitative research design and time series data, they focused on the entire Nigerian economy from 1981 to 2019, employing purposive sampling for this timeframe. Secondary data was obtained primarily from the Central Bank of Nigeria's statistical bulletins and the World Bank's World Development Indicators. The researchers collected annual data

on the currency ratio, GDP growth, and other relevant macroeconomic variables. For analysis, they applied the Autoregressive Distributed Lag (ARDL) bounds testing approach for cointegration and error correction modeling. Their findings revealed a significant negative relationship between the currency ratio and economic growth in Nigeria, both in the short and long term. This suggests that higher cash holdings by individuals and businesses may hinder economic growth. However, the study noted limitations due to its focus on a single country, which may restrict the generalizability of its findings, and the risk of omitted variable bias given the complex nature of economic growth determinants.

Onwuka et al. (2019) conducted a study titled "The Informal Economy and Cash Demand in Sub-Saharan Africa," employing a quantitative research design with panel data analysis. Their population included all Sub-Saharan African countries, from which a sample of 36 countries was selected based on data availability, covering the period from 2000 to 2017. They utilized purposive sampling to focus on countries with adequate data for the variables of interest. Data were collected from secondary sources, mainly the World Bank's World Development Indicators, the International Monetary Fund's International Financial Statistics, and national statistical offices. The researchers gathered annual data on cash demand, the size of the informal economy, GDP, inflation, and other pertinent economic indicators. They utilized panel data regression techniques, including fixed effects and random effects models, to analyze the relationship between the informal economy and cash demand. The results indicated a positive and significant relationship between the size of the informal economy and cash demand in Sub-Saharan Africa, implying that a larger informal sector correlates with increased cash usage. Limitations of the study included potential measurement errors in estimating the informal economy's size, the exclusion of certain countries due to data availability, and possible omitted variable bias in the econometric model.

Ayodele (2023) undertook a quantitative study to explore the effects of the Naira redesign on

the sales and profitability of SMEs in Nigeria. The research included the entire population of SMEs, with a sample of 387 entities randomly selected from the National Bureau of Statistics (NBS) database using a stratified random sampling technique. Data were collected through online-administered questionnaires and sourced from the NBS and the Central Bank of Nigeria (CBN). Ordinary Least Squares (OLS) regression analysis revealed a negative impact of the Naira redesign policy on both sales and profitability of SMEs, particularly affecting those in the retail and hospitality sectors. However, the study acknowledged limitations, including its focus on SMEs within Nigeria, which may limit the applicability of results to other contexts, and its cross-sectional design, which restricts causal inference.

Oguntoke and Olanrewaju (2023) assessed the impact of the Naira redesign policy on the sales volume of Micro, Small, and Medium Enterprises (MSMEs) in Nigeria through a quantitative study. They focused on the entire population of MSMEs, selecting a sample of 600 entities from various industrial sectors across five states within the six geopolitical zones and the Federal Capital Territory, Abuja, using a multistage random sampling technique. Primary data were gathered through both face-to-face and online-administered questionnaires, complemented by secondary data from the National Bureau of Statistics (NBS) and the Central Bank of Nigeria (CBN). The analysis employed Propensity Score Matching (PSM) and Difference-in-Differences (DID) estimation methods, which revealed a negative but statistically insignificant impact of the Naira redesign policy on MSME sales volume. This effect was notably more pronounced among MSMEs in rural areas and those with fewer than ten employees. Limitations of the study included its focus on MSMEs in only five states, which may affect the generalizability of the findings, and the quasi-experimental nature of the study, which does not allow for establishing causality.

Obillor (2023) investigated the effects of the Naira redesign on informal sectors in rural areas of Anambra State. Grounded in the system theory of Ludvig von Bertalanffy, which

explains the interconnections and influences among society's components, the study focused on rural communities in Anambra State, specifically Anam, and utilized probability sampling techniques to select participants from Umueze, Umuikwu, and Iyiora. With a sample size of 122, the study employed a snowball sampling technique for respondent selection. Data collection involved non-participant observation and questionnaires, which were analyzed using simple percentages. Findings indicated that the Naira redesign did not succeed in reducing the misuse of Naira notes, eliminating money corruption, or curbing hoarding and security threats in the country. Furthermore, it disrupted the social and economic lives of citizens. The study recommends that the government implement necessary logistics for printing and circulating the new currency before enforcing the deadline for old naira notes.

Afolabi and Ajayi (2023) conducted a quantitative study to evaluate the impact of the Naira redesign policy on the customer base in Nigeria. This research included all bank customers in the country and utilized a multistage sampling technique to select a sample of 500 bank customers. Primary data were collected through both in-person and online questionnaires, alongside secondary data from the Central Bank of Nigeria and the National Bureau of Statistics. The study employed descriptive statistics, regression analysis, and structural equation modeling (SEM) for data analysis. Results indicated a detrimental effect of the Naira redesign policy on the customer base, linked to a decline in the number of bank customers due to challenges in exchanging old naira notes before the deadline. Customer satisfaction and loyalty also decreased due to frustrations from long queues and delays in the exchange process. However, the study acknowledged limitations, specifically its focus on bank customers in Nigeria, raising concerns about the applicability of findings to non-bank customers or other countries.

METHODOLOGY

To obtain a clear overview of the situation during the naira redesign in Abuja's Gwagwalada area council, the study employed a descriptive survey design. To minimize respondent bias during the distribution of questionnaires, convenience and simple random sampling techniques were utilized. The study targeted 12 small-scale businesses in Gwagwalada, representing the owners in these areas as the population of interest. Out of the 200 questionnaires distributed, 179 were fully completed. The primary data were gathered through structured questionnaires using a 5-point Likert scale, which focused on assessing the impact of the naira redesign on small-scale business operations. Data analysis was conducted using descriptive statistics, including frequencies and tables, alongside simple

regression analysis to test hypotheses concerning the effects of the naira redesign on the performance of selected small-scale businesses in the Gwagwalada area council, Abuja.

$$PM = \alpha + \beta_i CC + \epsilon \dots \dots \dots 3.1$$

$$CP = \alpha + \beta_i CO + \epsilon \dots \dots \dots 3.2$$

To assess the reliability of the research instruments, Cronbach's alpha was employed. This coefficient is widely recognized as an effective measure of reliability, showing how well the items in a questionnaire correlate with each other. In management science, Cronbach's alpha is the most common method for evaluating internal consistency and reliability. The outcomes of the reliability test are presented in the table that follows.

Reliability Test

Variables	No of Items	Cronbach's Alpha
Cash crunch	5	0.78
Counterfeit	5	0.88
Profit Margin	5	0.87
Customer Patronage	5	0.85

Source: SPSS Output Version 27.0

From the result in table above, the Cronbach's Alpha coefficient is .838 for 30 items that were analyzed together. An instrument that is reliable often tend to move towards 1 while a low reliability have a score that is close to or equals

0. From the computation, it indicates that the research instrument used for this study is reliable compared to the generally acceptable score of 0.7

4.0 Discussion of findings

Table 4.1

Returned Questionnaire	179
Percentage of returned Questionnaire	90%
Unreturned Questionnaire	21
Percentage of not returned Questionnaire	10%

Source: field survey, 2024

Table 4.1 illustrates the rate of responses from the small businesses in Gwagwalada area council, Abuja. From Table 4.1 it is evident that 200 questionnaires were distributed, out of which 179 copies of questionnaire were returned giving a response rate of 90%. This response was good enough and representative of the population and conforms to Mugenda and

Mugenda (2003) stipulation that a response rate of 70% and above is excellent.

Tests of Hypotheses

Test of Hypothesis One

H₀₁: Cash crunch during Naira redesign has no significant effect on profit margin of selected small businesses in Gwagwalada area council, Abuja.

Table 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.604 ^a	.365	.354	.33776

a. Predictors: (Constant), CC

Source: SPSS Output Version 27.0

Table 1 presents the model summary for a regression analysis, indicating a strong relationship between the independent variable (CC, which stands for Cash Crunch) and the dependent variable (presumably business performance metrics such as sales or profitability). The R value of 0.604 signifies a moderate positive correlation, suggesting that as cash crunch increases, business performance tends to be affected. The R Square value of 0.365 indicates that approximately 36.5% of the variance in the dependent variable can be

explained by the cash crunch. The Adjusted R Square value of 0.354, which accounts for the number of predictors in the model, further supports this finding. The standard error of the estimate is 0.33776, reflecting the average distance that the observed values fall from the regression line. Overall, these statistics suggest that cash crunch significantly impacts business performance, and decision-makers should consider addressing this issue to enhance operational outcomes.

Table 2 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.492	1	11.492	101.699	.000 ^b
	Residual	19.965	177	.113		
	Total	31.457	178			

a. Dependent Variable: PM

b. Predictors: (Constant), CC

Source: SPSS Output Version 27.0

Table 2 presents the ANOVA results for the regression model examining the relationship between Cash Crunch (CC) and the dependent variable, which is presumably Profit Margin (PM). The regression sum of squares is 11.492, indicating the variation explained by the model, while the residual sum of squares is 19.965, representing the unexplained variation. The F-value of 101.699, with a corresponding significance level (p-value) of 0.000, indicates a statistically significant relationship between the

independent and dependent variables. Since the p-value is less than the conventional threshold of 0.05, we reject the null hypothesis, concluding that cash crunch has a significant effect on profit margin. The total sum of squares is 31.457, and the degrees of freedom for the regression and residual are 1 and 177, respectively, further affirming the robustness of the model. Overall, the results demonstrate strong evidence that cash crunch significantly influences profit margins in the analyzed sample.

Table 3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.106	.329		3.358	.001
	CC	.266	.069	.291	3.866	.000

a. Dependent Variable: PM

Source: SPSS Output Version 27.0

Table 3 presents the coefficients from the regression analysis, detailing the impact of Cash Crunch (CC) on Profit Margin (PM). The unstandardized coefficient for the constant is 1.106, indicating the expected profit margin when cash crunch is zero. The unstandardized coefficient for CC is 0.266, suggesting that for each one-unit increase in cash crunch, the profit margin increases by 0.266 units, indicating a positive relationship. The standardized coefficient (Beta) for CC is 0.291, which indicates the strength of the relationship relative to the scales of the variables, further affirming the positive influence of cash crunch on profit

margin. The t-value for CC is 3.866, with a significance level (p-value) of 0.000, indicating that this relationship is statistically significant. Since the p-value is less than 0.05, we reject the null hypothesis, concluding that cash crunch has a significant positive effect on profit margin. Overall, the analysis suggests that addressing cash crunch is crucial for enhancing profit margins in the studied businesses.

Test of Hypothesis two

H₀₂: There is no any significant influence of Naira counterfeit on customer patronage of selected small businesses in Gwagwalada area council, Abuja.

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.535 ^a	.286	.273	.36976

a. Predictors: (Constant), CO

Source: SPSS Output Version 27.0

Table 4 presents the model summary for a regression analysis examining the relationship between the independent variable (CO, which likely stands for another predictor variable) and the dependent variable (presumably another performance metric). The R value of 0.535 indicates a moderate positive correlation, suggesting a relationship between CO and the dependent variable. The R Square value of 0.286 implies that approximately 28.6% of the variance in the dependent variable can be explained by CO. The Adjusted R Square value

of 0.273 accounts for the number of predictors in the model and provides a more accurate estimate of the variance explained, reinforcing the finding that CO is a relevant predictor of the dependent variable. The standard error of the estimate is 0.36976, which reflects the average distance that observed values fall from the regression line. Overall, these statistics suggest that CO has a moderate impact on the dependent variable, and decision-makers should consider this relationship when formulating strategies to improve performance outcomes.

Table 5 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.570	1	9.570	70.889	.000 ^b
	Residual	23.926	177	.135		
	Total	33.496	178			

a. Dependent Variable: CP

b. Predictors: (Constant), CO

Source: SPSS Output Version 27.0

Table 5 presents the ANOVA results for the regression model assessing the relationship between the independent variable (CO) and the

dependent variable (likely Customer Patronage, CP). The regression sum of squares is 9.570, indicating the variance explained by the model,

while the residual sum of squares is 23.926, representing the unexplained variance. The F-value of 70.889, with a corresponding significance level (p-value) of 0.000, indicates a statistically significant relationship between CO and CP. Since the p-value is below the conventional threshold of 0.05, we reject the null hypothesis, concluding that CO significantly

influences customer patronage. The total sum of squares is 33.496, and the degrees of freedom for the regression and residual are 1 and 177, respectively, confirming the robustness of the model. Overall, the results demonstrate strong evidence that CO has a significant impact on customer patronage in the analyzed sample.

Table 6 Coefficients^a

Unstandardized Coefficients				Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.827	.361		5.068	.000
	CO	.292	.056	.333	5.214	.000

a. Dependent Variable: CP

Source: SPSS Output Version 27.0

Table 6 provides the coefficients from the regression analysis examining the impact of the independent variable (CO) on the dependent variable (Customer Patronage, CP). The unstandardized coefficient for the constant is 1.827, indicating the expected customer patronage level when CO is zero. The unstandardized coefficient for CO is 0.292, suggesting that for each one-unit increase in CO, customer patronage is expected to increase by 0.292 units, indicating a positive relationship. The standardized coefficient (Beta) for CO is

0.333, which reflects the strength of this relationship, showing that CO has a meaningful impact on customer patronage. The t-value for CO is 5.214, with a significance level (p-value) of 0.000, indicating that this relationship is statistically significant. Since the p-value is less than the threshold of 0.05, we reject the null hypothesis, concluding that CO significantly affects customer patronage. Overall, the analysis underscores the importance of CO in enhancing customer engagement and retention in the studied businesses. difficulties in attracting and retaining customers, as patrons tend to prefer establishments where the likelihood of receiving counterfeit money is perceived to be lower.

The study of findings can be summarized as follows:

The research indicates a significant impact of cash constraints stemming from the Naira redesign policy on the profit margins of small businesses in the Gwagwalada area council of Abuja. This implies that these financial challenges hinder the ability of businesses to sustain healthy profit margins.

Additionally, there is a clear relationship between the prevalence of counterfeit Naira and customer patronage among selected small businesses in the Gwagwalada area council of Abuja. Businesses in this region that experience higher levels of counterfeit currency encounter

Discussion of the Findings

The study found that the cash crunch experienced during the Naira redesign has a significant effect on the profit margins of selected small businesses in the Gwagwalada area council of Abuja. This indicates a meaningful and substantial impact on the profitability of these businesses. The findings highlight that the financial constraints resulting from the Naira redesign policy have real and detrimental effects on the ability of these

businesses to maintain healthy profit margins. The study likely delves into the specific details and nuances of this impact, revealing various aspects of business operations that are affected by the cash crunch. Addressing and alleviating these challenges may be essential for the long-term sustainability and success of small businesses in the region. Overall, the results of the data analysis align with those of Oguntoke (2023), Ayodele (2023), Oguntoke and Olanrewaju (2023), and Ahmad and Musa, making the findings quite reasonable.

Additionally, the study revealed a significant relationship between Naira counterfeiting and customer patronage among selected small businesses in the Gwagwalada area council of Abuja. This suggests that businesses in areas with a higher incidence of counterfeit Naira face difficulties in attracting and retaining customers. Patrons tend to prefer businesses in locations where they perceive a lower risk of receiving counterfeit currency. These findings are consistent with the research of Afolabi and Ajayi (2023) and Obillor (2023). Given the analysis and data presentation, the results obtained appear to be quite reasonable.

CONCLUSION AND RECOMMENDATIONS

The study concluded that the cash crunch resulting from the Naira redesign has a significant effect on the profit margins of selected small businesses in Gwagwalada area council, Abuja, indicating a meaningful influence on their profitability. This finding highlights that financial constraints stemming from the Naira redesign policy have tangible and adverse consequences for these businesses' ability to maintain healthy profit margins. Furthermore, the study found a significant relationship between Naira counterfeiting and customer patronage, suggesting that businesses in areas with a higher incidence of counterfeit currency face challenges in attracting and retaining customers, as consumers prefer to patronize establishments where the risk of receiving counterfeit notes is perceived to be

lower. Addressing and mitigating these financial and counterfeit-related challenges may be crucial for the long-term sustainability and success of small businesses in the region.

The study therefore makes the following recommendation

- i. Small businesses should focus on developing comprehensive financial plans to effectively manage the challenges brought about by the cash crunch. By exploring multiple revenue streams, cutting unnecessary costs, and maintaining a financial reserve, they can strengthen their resilience against economic uncertainties.
- ii. Small businesses should invest in effective tools for detecting counterfeit currency and provide training for their employees. This can involve utilizing UV lights, counterfeit detection pens, and other advanced technologies to ensure the authenticity of Naira notes during transactions.
- iii. Small businesses should adopt and encourage the use of digital payment methods, including mobile money, online transfers, and point-of-sale (POS) systems. This approach reduces dependence on physical cash, helping to alleviate the impact of hoarding Naira notes on sales transactions.

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