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RESEARCH ARTICLE | OPEN ACCESS

Effect of Financial Safety on Productivity of Small and Median Enterprises (SMEs) In Ebonyi State

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ABSTRACT

The study evaluated the effect of financial safety on the productivity of small and Median Enterprises (SMEs) in Ebonyi State. The specific objectives were to: examine the effect of reductions of debts on output and evaluate the effect creating a well-funded savings account on turnover of SMEs in Ebonyi State. The population of the study was two hundred and sixty-five (265) staff of five (5) selected SMEs in Ebonyi state. The whole population was used due to small number. The study used the descriptive survey design approach. The primary source of data was the administration of questionnaire. 205 staff returned the questionnaire and accurately filled. Data from the questionnaire was administered and analyzed using simple percentages, mean and standard deviation, and the hypotheses were tested using Pearson correlation (r). The findings indicated that Reduction of debts had significant positive effect on the output of SMEs in Ebonyi State, Z (5.710 < 10.896, p <.05). Creating a well-funded savings account had significant positive effect on turnover of SMEs in Ebonyi State, Z (6.059 < 7.595 p <.05). The study concluded that reducing of debts and creating a well-funded savings account had significant positive effect on output and turnover of SMEs in Ebonyi State. The study recommended among others that the management of the SMEs should have debt reduction plans tend to improve consumer's debt position and facilitate their financial condition.

***Keywords**: Financial Safety; Productivity of Small and Median Enterprises (SMEs); Reductions of Debt; Well-Funded Savings Account*

Background

Financial services remain expensive and financial innovations have not delivered significant benefits to consumers. Investing is a key part of building wealth, which makes it a critical component of financial security. In order to meet the growing requirements of the governments and the industries, many innovative financial instruments have been introduced. Being financially secure has nothing to do with educational qualification, salary or credit score. Instead, it is about how good individuals and organization are at managing their finances and financial resources (Horton and Meacham, 2022). Financial security is a major contributing factor to quality of life. The first step to financial security is creating a safety net that protects organizations from the unknown. Besides there have been a mushroom growth of financial intermediaries to meet the ever-growing financial requirement of different types of organization. The dominance of development banks has developed financial practices among corporate enterprises as they provide most of the funds in the form of term loans. So, there is a predominance debt in the financial structure of such enterprises (Indiafreenotes, 2021). This predominance of debt capital has made the capital structure of the borrowing enterprises uneven and lopsided. When these enterprises face financial crisis, the financial institutions permit a greater use of debt than is warranted.

Financial safety nets consist of implicit and explicit guarantees that limit the losses that creditors can experience in the failure of institutions covered by the net. To sustain these guarantees over time, officials need three kinds of authority (Kane, 2016). The first is the right to prescribe and enforce prudent preventive measures aimed at restricting the risk of insolvency that individual institutions take on. The second consists of the right to offer scripted

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and unscripted financial assistance to confine the damage that selected creditors, customers, employers and stockholders suffer when and if a particular institution becomes incurably insolvent. The third entails the right, in the event of financial turmoil, to make taxpayers and surviving institutions pay –in one way or another—for the costs of whatever pattern of stakeholder rescues authorities decide to undertake. In the midst of a financial crisis, the immediate benefits of rescuing major classes of distressed lenders and their creditors with subsidized loans and blanket guarantees weighs far more heavily on regulators and politicians than the distant taxpayer burdens that rescue programs generate.

Finance does innovate, but its innovations are often motivated by rent seeking and entry competition in many areas of finance haven been limited. A rapidly changing economic environment, characterized by such phenomena as the globalization and deregulation of markets, changing customer and investor demands, and ever-increasing product-market competition, has become the norm for most private and public organizations. To compete, they must continually improve their performance by reducing costs, innovating products and processes, and improving quality, productivity, and speed to market. Igbal & Molla (2019) asserts that public organizations financial condition should be improved since there are huge ups and downs in the financial performances over the years. Next five years financial forecasting also suggests that consistent ups and downs may be there and government may have to subsidize consistently those organizations over the years. It is important to distinguish between the early and late stages of financial deepening. Another way in which finance can lead to an increase in inequality is by offering higher returns on products that are only accessible to wealthy households. This leads to inequality in the returns on wealth. There are many new things in finance, and there are many valuable things in finance. Unfortunately, most of the time, what is valuable is not new, and what is new is not valuable. Advances in technology have not yet led to broad improvements in financial services. The main reason is that technological improvements have been concentrated in areas of finance, such as trading, that are unlikely to have a first order impact on welfare, Heine, (2016). It is at this end that the study tends to evaluate financial safety and productivity of SMEs in Ebonyi State.

Statement of the Problem

SMEs are the lifeblood of many economies. The important role of SMEs' growth to the economy is evident through their positive impact on employment creation, productivity and competitiveness. Poor productivity is seen as being one of the biggest economic challenges facing the world. The contribution of SMEs sector to economic growth is thus a principle component in raising the internal efficiency of the resources.

Gaining a better understanding of how different factors interact to impact SME productivity is therefore crucial having known that SMEs are considered as backbone of economy and play key role for the growth and development of country, they face hindrances while accessing finance from financial institutes which lead to excess reducing and erasing of debt and inability to create a well funded saving account of the organization.

Financing is an important tool for any firm growth and required throughout the firm's lifecycle. SMEs are a noteworthy wellspring of financial improvement in creating nations. they additionally assume a key part in the economic advancement of developed nations. the dynamic part they play in economic growth of nations have been exceedingly underlined, therefore the above-mentioned challenges should not be avoided as it further leads to savings account without enough cash and high rate of turnover in the organization. It is at the point that the study to evaluate the financial safety and productivity of SMEs in Ebonyi state.

Objectives of the Study
The main objective of the study was to evaluate the effect financial safety on productivity of SMEs in Ebonyi State. The specific objectives were to:

i. Examine the effect of reduction of debt on output of SMEs in Ebonyi State
ii. Evaluate the effect of creating a well funded savings account on turnover of SMEs in Ebonyi State

Research Questions

The following research Questions guided the study

i. What is the effect of reduction of debt on output of SMEs in Ebonyi State?
ii. What is the effect of creating a well funded savings account on turnover of SMEs in Ebonyi State?

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Statement of Hypotheses

The following null hypotheses guided the study

i. Reduction of debt has no significant positive effect on output of SMEs in Ebonyi State.
ii. Creating a well funded savings account has no significant positive effect on turnover of SMEs in Ebonyi State.

Review of Related Literature

Conceptual Review

Finance

Finance is a broad term that describes activities associated with banking, leverage or debt, credit, capital markets, money, and investments. Finance is a term for matters regarding the management, creation, and study of money and investments. It involves the use of credit and debt, securities, and investment to finance current projects using future income flows (Adam, Margaret and Suzanne, 2022). The history of finance and financial activities dates back to the dawn of civilization. "Finance" is typically broken down into three broad categories: Public finance includes tax systems, government expenditures, budget procedures, stabilization policy and instruments, debt issues, and other government concerns. Finance is a necessary and critical part of any organization. It is difficult for profit-making or other organizations to sustain themselves for long without proper finances. Business finance is the money that is available to a business. Finance field includes three main subcategories that helps Individuals, businesses, and government entities to operate (Kurt, Yashina & Clarine, 2022).

Safety

Safety is the state of being "safe", the condition of being protected from harm or other danger. Safety can also refer to the control of recognized hazards in order to achieve an acceptable level of risk. Organizations have a moral responsibility to ensure the safety and well-being of their members. Organizational practices that promote safety can also help a company establish competitive advantage by reducing costs and complying with safety laws. The business and the workers thrive in a safe, healthy, respectful and caring environment. (Mukherjee & Srivastava, 2021). Safety and health management system, or safety program, can helps employees focus their efforts at improving work environment. Safety and health organisation starts by carrying out workplace specific Risk Assessments, writing them down and implementing the improvements that the Assessments have identified.

Financial Safety

Financial safety refers to the peace of mind one feel when he/she isn't worried about income being enough to cover expenses. It also means that one have enough money saved to cover emergencies and future financial goals. Feeling financially secure requires knowing what assets and liabilities are, as well as how income compares to expenses. Financial safety focuses on the prioritisation and use of scarce resources, on ensuring effective stewardship over money and assets, and on achieving value for money in meeting the objectives of the firm (Burger, 2018).

Components of Financial Safety used in the Study

Reductions of Debts

Debt is something, usually money, borrowed by one party from another. Debt financing is a time-bound activity where the borrower needs to repay the loan along with interest at the end of the agreed period Debt financing is an expensive way of raising funds, because the company has to involve an investment banker who will structure big loans in a systematic way (Chen, Murry & Li, 2022). Debt financing occurs when a company raises money by selling debt instruments to investors. The most common forms of debt are loans, including mortgages, auto loans, personal loans, and credit card debt. Debt relief or debt cancellation is the partial or total forgiveness of debt, or the slowing or stopping of debt growth, owed by individuals, corporations, or nations. Debt reduction is the process of decrementing the total amount of a delinquent payment, also known as bad debt. It represents a successful approach towards helping a subject of debt to clear their defaults easier and in a more convenient way.

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Funded Savings Account

Saving is the act of setting aside something of value for future use. A savings account is a deposit account designed to hold money not meant to be spent immediately by individuals or organizations. Savings accounts allow organizations to earn interest on money without doing anything extra. A savings account is a basic type of financial product that allows you to deposit your money and typically earn a modest amount of interest,(Sarah, 2022). A savings account is a good place to keep money for a later date, separate from everyday spending cash, because of their safety, reliability and liquidity. These accounts are a great place for your emergency fund or savings for shorter-term goals (Dupas, Anthony and Jonathan, 2017).

Productivity

Productivity is the efficiency of production of goods or services. To boost performance, many businesses have embraced the concept of workplace productivity. By focusing on efficiency and speed, a company can develop relevant key performance indicators that help employees understand how their individual contributions impact the organization's goals. Workplace productivity relates to the amount of work that your staff can produce over a certain period. In other words, it's the measure of the total output (goods and services) versus the total input (labor and costs) (Aternity 2021). The specific approach that a company takes to improve workplace productivity will largely depend on the current corporate goals, work procedures, and workplace culture. Improved communication and collaboration, automation of everyday tasks, and better reporting capabilities will all be invaluable to upping your productivity, but potentially the biggest boon is centralization; having all your information will be in one place (Aldler, 2019).

Components of Productivity used in the Study

Output

Output is the result of the activities of organization. Output is the result of an economic process that has used inputs to produce a product or service that is available for sale or use elsewhere. The profit-maximizing output condition for producers equates the relative marginal cost of any two goods to the relative selling price of those goods. SMEs output growth rate has a significant positive effect on gross domestic product (GDP) growth rate (a proxy for economic growth) (Emmanuel & Willie, 2021).

Turnover

Commercial revenue may also be referred to as sales or as turnover. Turnover is an accounting concept that calculates how quickly a business conducts its operations. In the investment industry, turnover is defined as the percentage of a portfolio that is sold in a particular month or year. A quick turnover rate generates more commissions for trades placed by a broker (Will and Amy, 2022). Turnover is a key indicator of a business's performance. Turnover is the total amount of money your business receives as a result of the sales from your goods and/or services over a certain period of time.

Conceptual Framework of the Study

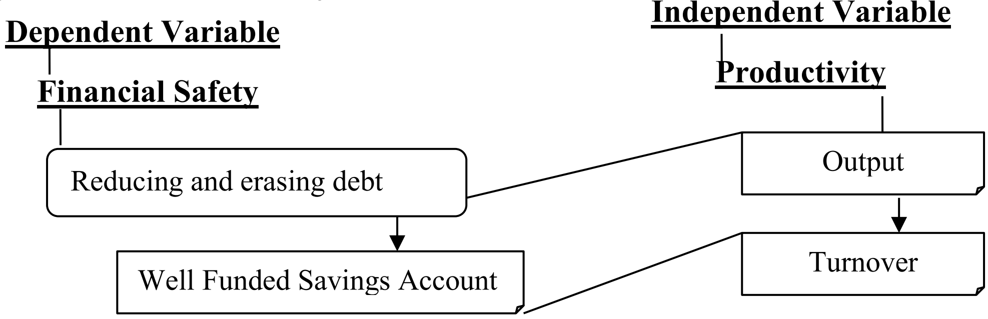

Fig 1: Conceptual Review
Source: Researchers Framework

Theoretical Framework

The study adopted the theory of money (1821-1902) and the portfolio balance theory 1952. The study was anchored on the theory of money. The credit theory of money is a theory that is based ib the relationship between *credit* and money. The theory proposed that the general price level of goods and services is proportional to the money supply in an economy

Credit Theory of Money

The earliest modern thinker to formulate a credit theory of money was Henry Dunning Macleod (1821–1902), Two common strands of thought within these theories are the idea that money originated as a unit of account for debt, and the position that money creation involves the simultaneous creation of debt. Some proponents of credit theories of money argue that money is best understood as debt even in systems often understood as using commodity money. Others hold that money equates to credit only in a system based on fiat money, where they argue that all forms of money including cash can be considered as forms of credit money. The first formal credit theory of money arose in the 19th century. Anthropologist David Graeber has argued that for most of human history, money has been widely understood to represent debt, though he concedes that even prior to the modern era, there have been several periods where rival theories like metallism have held sway. According to Joseph Schumpeter, the first known advocate of a credit theory of money was Plato. Schumpeter describes metallism as the other of "two fundamental theories of money".

The Portfolio Balance Theory (1952)

Portfolio balance theory was founded by McKinnon and Oates who modified Mundell-Fleming model. The portfolio theory depends on the nature of the individual. He assumes that there are only two financial assets-money and bonds. Money is the medium of exchange and pays no interest. Bonds refer to all assets except money a thus refers to equity as well as debt. Bonds pay the nominal interest rate. The portfolio balance model revolves around the choice of whether to hold wealth as money or as bonds. Portfolio theories predict that the demand for money depends on the risk and return associated with money holding as also on various other assets households can hold instead of money. Furthermore, the demand for money should depend on real wealth, because wealth measures the size of the portfolio to be allocated among money and the alternative assets.

Empirical Review

The Effect of Reductions of Debts on Output of SMEs in Ebonyi State

Yazdanfar and Öhman's (2015) study provides valuable insights into the relationship between debt financing and the performance of small and medium-sized enterprises (SMEs) in Sweden. The research, which uses three-stage least squares (3SLS) and fixed-effects models, covers a substantial sample of 15,897 Swedish SMEs across various industry sectors during the 2009-2012 period. The study's key finding is that various debt ratios, including trade credit, short-term debt, and long-term debt, have a negative impact on firm performance in terms of profitability. This empirical evidence suggests that SMEs in Sweden should be cautious about their debt levels and consider alternative financing strategies to improve their financial performance.

Effiong, Usoro & Ekpenyong's (2017) study focuses on the critical issue of labor turnover and its impact on the performance of small and medium-sized enterprises (SMEs) in Cross River State, Nigeria. The research emphasizes the importance of employees in influencing firm performance and examines this relationship in a cross-sectional survey across eighteen local government areas. The study's findings reveal an inverse relationship between labor turnover and firm performance. This suggests that high turnover rates can have detrimental effects on SMEs in terms of their overall performance. This research highlights the importance of effective employee retention strategies for SMEs in Nigeria to enhance their performance.

Igbal & Molla's (2019) comparative study investigates the impact of human resources on the productivity and financial performance of both public and private organizations in Bangladesh. The study selects 180 employees randomly and collects data from three public and three private organizations. The results indicate that there are significant fluctuations in the financial performance of public organizations over the years. This suggests that improvements in the financial condition of these organizations are necessary. The study's financial forecasting also suggests that consistent ups and downs may continue, necessitating government subsidies for these organizations.

This research underscores the need for strategic improvements in the financial management of public organizations in Bangladesh to ensure stable and sustainable performance.

Abdulkadir & Abdulazeez's (2019) study focuses on the impact of debt management strategies on Nigeria's public debt profile. The research evaluates the effects of debt refinancing (DRF), debt forgiveness (DF), and debt conversion (DCV) schemes on the country's public debt profile using time series data from various sources. The findings reveal that debt refinancing (DRF) has a negative impact on Nigeria's total debt profile. Debt forgiveness (DF) is also found to significantly reduce the country's debt profile, while debt conversion (DCV) has a notable effect on Nigeria's debt profile. This study highlights the importance of effective debt management strategies for maintaining a sustainable public debt profile.

Okoli, Nnabuife, & Allison's (2020) study explores the role of critical success factors, such as top management support, entrepreneurial orientation, and customer focus, in enhancing the performance of small and medium-sized enterprises (SMEs) in Anambra State, Nigeria. The study, based on survey questionnaires administered to SME business owners and senior managers, reveals that critical success factors are significantly and positively related to SME performance. This suggests that SMEs in Anambra State can improve their performance by focusing on factors like top management support, entrepreneurial orientation, and customer-centric strategies.

The effect of creating a well-funded savings account on turnover of SMEs in Ebonyi State

Ackah and Sylvester's (2021) study sheds light on the difficulties faced by Small and Medium Enterprises (SMEs) in Ghana when attempting to secure credit from financial institutions. Employing a quantitative approach, the researchers distributed questionnaires to 80 SMEs in the Accra and Tema metropolis.
The findings reveal several critical challenges. Accessing credit remains a formidable hurdle for SMEs in Ghana. The study underscores the importance of addressing these issues to facilitate economic growth, employment generation, and poverty reduction. Financial institutions and policymakers should consider innovative strategies to improve SMEs' access to credit.

Azende's (2011) empirical study evaluates the performance of the Small and Medium Scale Enterprises Equity Investment Scheme (SMEEIS) in Nigeria, focusing on Benue and Nassarawa States. The research analyzes both secondary data and primary data collected via questionnaires. The results indicate that there is no significant difference between the loans disbursed to SMEs by banks before and after the introduction of SMEEIS. Moreover, the conditions for accessing SMEEIS funds were found to be challenging for the majority of SMEs in Nigeria. This study underscores the need for a more accessible and effective financing mechanism for SMEs to support their growth and development.

Osano and Languitone's (2016) study focuses on the critical issue of access to finance for Small and Medium Enterprises (SMEs) in Mozambique, particularly those located in the Maputo central business district. The research addresses factors such as the financial sector's structure, awareness of funding opportunities, collateral requirements, and small business support services. The findings reveal that these factors indeed influence SMEs' access to finance. This research highlights the importance of creating an enabling environment that considers these factors to facilitate SME growth and contribute to economic development in Mozambique.

Wojciech and Tomasz's (2020) article presents research results on the financing of small and medium-sized enterprises (SMEs) in Poland. The study aims to understand the utilization of various financing sources by SMEs in Poland and the factors influencing their financing decisions. The research, which surveyed 510 entities, reveals that Polish SMEs may not be fully capitalizing on available financing sources. This suggests that there may be untapped opportunities for SMEs to access funding for their growth and development. Policymakers and financial institutions should consider initiatives to promote awareness and utilization of these financing sources.

Nanziri and Wamalwa's (2021) paper explores the impact of relaxing financial constraints on economic growth, total factor productivity, and inequality in South Africa. The research employs a micro-founded general equilibrium model and firm-level data. The results suggest that easing participation constraints and reducing collateral requirements and monitoring costs can lead to a substantial increase in GDP and total factor productivity, accompanied by a reduction in inequality. However, the study notes that wealth-constrained firms still face obstacles, such as a lack of information about available finance or a preference for internally generated funds. This research highlights the complex relationship between finance, growth, and inequality in South Africa, emphasizing the need for well-informed policy decisions to address these issues.

Methodology

Research Design

The study employed survey research design. The survey research is one in which a group of people or items is studied by collecting and analyzing data from only a few people or items considered to be representative of the entire group.

Source of Data

Data are classified as either primary or secondary data. The classification was based on the two possible sources: primary source and secondary source.
Primary Source

The study made use of data from two different sources namely primary source and secondary sources. A primary data source is the one which the data is collected directly (usually first-hand) by the researcher. Sources of the primary data for this study shall be from self-administered questionnaires during field observation and survey.

Sources of Secondary Data

Secondary data source is the one which the data is obtained from published materials, internet websites, reports, dailies, text books and so on. Sources of secondary can be split into two parts internal and external sources.

Area of Study

The area of the study was Ebonyi State, Nigeria. The major ethnic group had various traditional values which of course could be found in their culture, food, dressing and religion. The selected SMEs consisted of the following; Jenco Pharmacy, 14, Water Works Road, Abakaliki; Kaluo Nigeria Limited, 21, Waterworks Road, Abakaliki; Kinglion Works Limited, 21, Waterworks Road, Abakaliki; Kute Farm, 2, EBSU Senior Staff Qtrs, Ebonyi State; Leonena Ventures, 15, Nsugbe Street, Abakaliki and Mastersoft Technology Ltd, No. 35 Afikpo Road, Abakaliki.

Population of the Study

The population of the study consists of five (5) selected small and medium enterprises employees with minimum capital base 10 million and minimum of seventeen (17) employees and above. The employees under study were made up management and senior employees. Simple random stratified method was adopted. These made up the population of study of two hundred and nine (265) management and senior staff of organizations under study as shown in the table 1

Table 1: Population Distribution

	Firms	*Staff Categories*		
		Mgt	**Senior**	**Total**
1.	Jenco Pharmacy	5	12	17
2.	Kaluo Nigeria Limited	21	53	74
3.	Kinglion Works Ltd	34	102	136
4.	Leonena Ventures	3	17	20
5.	Master Soft Technology	2	16	18
	Total	**65**	**200**	**265**

Source: Administrative Desk office, 2022

Table 1 study shows that five (5) firms which were selected from Ebonyi State which the researcher deemed to be representative of the SMEs firms.

Sample Size Determination

The whole population was used due small number

Method of Data Collection

The study method use of Questionnaire.

Validity of the Instrument

The instrument was given to two experts from the industry and academia to measure face and content validity. To make sure that the research instruments applied in the work are valid, the research ensured that the instrument measure the concept they are supposed to measure. Proper structuring of the questionnaire and a conduct of a pre-test of every question contained in the questionnaire were carried out to ensure that they are valid.

Reliability of the Research Instrument

A test-retest method was used to test the reliability of the instrument. This was done by administering 20 copies of the prepared questionnaire to the sample of the study, after a while, the same questionnaire was re-administered to the respondents at the end of the exercise the responses from the group were consistent. Cronbah's Alpha was used in determining the extent of consistency of the reliability. The formula is as follows:

K (Cov/Var)
1- (k-1) (Cov/Var)
Where:

K = number of items on the survey.

Cov = Average inter item covariance.

Var = Average item variance.

I = Constant.

A Cronbach's alpha value (∞) of greater 0.810 indicated very strong reliability.

Table 2: Reliability Statistics

Cronbach's Alpha	No. of Items
.87	10

Scale reliabilities were calculated using Cronbach's Alpha; the result obtained was 0.810. This shows that the internal consistency of the scale is good for the purpose of this study because it is greater than 0.87 which was good.

Method of Data Analyses

Data from the questionnaire were analyzed with the aid of SPSS version 23 using simple, percentages and correlation co-efficient. Data from the questionnaire were further analyzed using simple percentages, mean and standard deviation. For the 5-point likert scale questions, the scale and decision rule stated below were used in analysing the findings.

Scale

Strongly Agree (SA) -5, Agree (A) - 4, Neutral(N) -3, Disagree (D) -2, Strongly Disagree (SD),1

Decision Rule

If Mean $\geq$ 3.0, the respondents agree

If mean $\leq$ 3.0, the respondents disagree and

The decision rule is to accept the null hypothesis if the computed r is less than the tabulated r otherwise rejects the null hypothesis and Z - test was used to test the hypotheses and analyzed with the aid of SPSS

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Data Presentation

Table 3: Distribution and Returned Questionnaire

Firms	Distributed	No Returned	percent	No not Returned	Percent
1. Buka's Aluminium,	17	14	5	3	1
2. Roban Stores Ltd	74	72	27	2	-
3. Confidence Comput.Laundry	136	87	33	49	19
4. Innoson Technical	20	18	7	2	-
5. Peace Mass transit, Emene	18	14	5	4	2
Total	**265**	**205**	**78**	**60**	**24**

Source: From the Questionnaire Administration, 2022

Two hundred and sixty-five (265) copies of the questionnaire were distributed to the respondents and two hundred and five (205) copies were returned representing seventy (78%) percent, while sixty (60) copies of the questionnaire were not returned representing twenty four percent (24 %). This shows a high rate of the respondents.

Relationship between reducing and erasing debt and output of SMEs in Ebonyi State

Table 4: Responses on Relationship between reducing and erasing debt and output of SMEs in Ebonyi State

1		5 SA	4 A	3 N	2 DA	1 SD	∑FX	- X	SD	Decision
1	A successful approach towards helping a subject to clear their debts increases productivity	780 156 76.1	48 12 5..9	48 16 7.8	12 6 2.9	15 15 7.3	903 205 100%	4.40	1.207	Agree
2	The reorganisation of consumer debts by changing liabilities contract terms achieves desired outcome	780 156 76.1	32 8 3.9	30 10 4.9	32 16 7.8	15 15 7.3	889 205 100%	4.34	1.294	Agree
3	Encouraging customers to clear old debts before giving new one enhances services produced	165 33 16.1	456 114 55.6	81 27 13.2	32 16 7.8	15 15 7.3	749 205 100%	3.65	1.072	Agree
4	Able to repay for the goods bought increases SMEs growth	405 81 39.5	208 52 25.4	99 33 16.1	24 24 11.7	15 15 7.3	751 205 100%	3.78	1.282	Agree
5	Debt reduction plans improve customers debt positions and enhance financial condition	375 75 36.6	340 85 41.5	54 18 8.8	24 12 5.9	15 15 7.3	808 205 100%	3.94	1.162	Agree
	Total Grand mean and standard deviation							**4.02 2**	**1.2034**	

Source: Field Survey, 2022

Table 4, 168 respondents out of 205 representing 81.7 percent agreed that a successful approach towards helping a subject to clear their debts increases productivity with mean score of 4.40 and standard deviation of 1.207. The reorganisation of consumer debts by changing liabilities contract terms achieves desired outcome 164 respondents representing 80.0 percent agreed with mean score of 4.34 and standard deviation of 1.294. Encouraging customers to clear old debts before giving new one enhances services produced 147 respondents representing 71.7 percent agreed with mean score of 3.65and standard deviation of 1.072. Able to repay for the goods bought increases SMEs growth 133 respondents representing 64.9 percent agreed with mean score of 3.78 and 1.282. Debt reduction plans improve customers debt positions and enhance financial condition 160 respondents representing 78.1 percent agreed with a mean score of 3.94 and standard deviation 1.162.

The relationship between creating a well funded savings account and turnover of SMEs in Ebonyi State

Table 5: Responses on the relationship between creating a well funded savings account and turnover of SMEs in Ebonyi State.

		5 SA	4 A	3 N	2 DA	1 SD	∑FX	- X	SD	Decision
1	The provision of sinking fund has aided more goods and sales volume	315 63 30.7	320 80 39.0	117 39 19.0	16 8 3.9	15 15 7.3	783 205 100%	3.82	1.134	Agree
2	The interest from the savings account has boosted returns in the business and incentivizes productivity	165 33 16.1	508 127 62.0	54 18 8.8	24 12 5.9	15 15 7.3	766 205 100%	3.74	1.038	Agree
3	The modest amount of interest from savings have created a great place for emergency funding for the business	300 60 29.3	312 78 38.0	114 38 18.5	28 14 6.8	15 15 7.3	769 205 100%	3.75	1.164	Agree
4	Well funded savings provides financial freedom to the business and cracks are exposed	385 77 37.6	304 76 37.1	45 15 7.3	44 22 10.7	15 15 7.3	793 205 100%	3.87	1.236	Agree
5	Getting a false sense of security with the finances in the business is reduced	165 33 16.1	432 108 52.7	81 27 13.2	44 22 10.7	15 15 7.3	737 205 100%	3.60	1.106	Agree
	Total Grand mean and standard deviation							**3.696**	**1.1356**	

Source: Field Survey, 2022

Table 5, 143 respondents out of 205 representing 69.7 percent agreed that the provision of sinking fund has aided more goods and sales volume with mean score of 3.82 and standard deviation of 1.134. The interest from the savings account has boosted returns in the business and incentivizes productivity 160 respondents representing 78.1 percent agreed with mean score of 3.74 and standard deviation of 1.038. The modest amount of interest from savings have created a great place for emergency funding for the business 138 respondents representing 67.3 percent agreed with mean score of 3.75 and standard deviation of 1.164. Well-funded savings provides financial freedom to the business and cracks are exposed 153 respondents representing 74.7 percent agreed with mean score of 3.87 and 1.236. Getting a false sense of security with the finances in the business is reduced 141 respondents representing 68.8 percent agreed with a mean score of 3.60 and standard deviation 1.106

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Results

Test on Hypotheses

Hypothesis One: Reduction of debt has no significant positive effect on the output of SMEs in Ebonyi State

Table 6: One-Sample Kolmogorov-Smirnov Test for Hypothesis 1

		A successful approach towards helping a subject to clear their debts increases productivity	The reorganisation of consumer debts by changing liabilities contract terms acheives desired outcome	Encouraging customers to clear old debts before giving new one enhances services produced	Able to repay for the goods bought increas es SMEs growth	Debt reduction plans improve customers debt positions and enhance financial condition
N		205	205	205	205	205
Uniform Parameters[a,b]	Minimu m	1	1	1	1	1
	Maximu m	5	5	5	5	5
Most Extreme Differences	Absolute	.761	.761	.467	.399	.530
	Positive	.073	.073	.089	.073	.073
	Negative	-.761	-.761	-.467	-.399	-.530
Kolmogorov-Smirnov Z		10.896	10.896	6.687	5.710	7.595
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000
a. Test distribution is Uniform.						
b. Calculated from data.						

Decision Rule

If the calculated Z-value is greater than the critical Z-value (i.e $Z_{cal} > Z_{critical}$), reject the null hypothesis and accept the alternative hypothesis accordingly.

Result

With Kolmogorov-Smirnon Z – value ranges from 5.710 < 10.896 and on Asymp. Significance of 0.000, the responses from the respondents as display in the table is normally distributed. This affirms the assertion of the most of the respondents that the reduction of debt had significant positive effect on the output of SMEs in Ebonyi State.

Decision

Furthermore, comparing the calculated Z- value ranges from5.710 < 10.896 against the critical Z- value of 0.000 (2-tailed test at 95 percent level of confidence) the null hypothesis was rejected. Thus, the alternative hypothesis was accepted which states that Reduction of debt had significant positive effect on the output of SMEs in Ebonyi State.

Hypothesis Two: Creating a well funded savings account has no significant positive effect on turnover of SMEs in Ebonyi State.

Table 7: One-Sample Kolmogorov-Smirnov Test for Hypothesis 2

		The provision of sinking fund has aided more goods and sales volume	The interest from the savings account has boosted returns in the business and incentivizes productivity	The modest amount of interest from savings have created a great place for emergency funding for the business	Well funded savings provides financial freedom to the business and cracks are exposed	Getting a false sense of security with the finanaces in the business is reduced
N		205	205	205	205	205
Uniform Parameters[a,b]	Minimum	1	1	1	1	1
	Maximum	5	5	5	5	5
Most Extreme Differences	Absolute	.448	.530	.423	.496	.438
	Positive	.073	.089	.073	.073	.089
	Negative	-.448	-.530	-.423	-.496	-.438
Kolmogorov-Smirnov Z		6.408	7.595	6.059	7.107	6.268
Asymp. Sig. (2-tailed)		.000	.000	.000	.000	.000
a. Test distribution is Uniform.						
b. Calculated from data.						

Decision Rule

If the calculated Z-value is greater than the critical Z-value (i.e $Z_{cal} > Z_{critical}$), reject the null hypothesis and accept the alternative hypothesis accordingly.

Result

With Kolmogorov-Smirnon Z – value ranges from 6.059 < 7.595 and on Asymp. Significance of 0.000, the responses from the respondents as display in the table is normally distributed. This affirms the assertion of the most of the respondents that the creating a well funded savings account had significant positive effect on turnover of SMEs in Ebonyi State.

Decision

Furthermore, comparing the calculated Z- value ranges from 6.059 < 7.595 against the critical Z- value of 0.000 (2-tailed test at 95 percent level of confidence) the null hypothesis were rejected. Thus the alternative hypothesis was accepted which states that creating a well funded savings account had significant positive effect on turnover of SMEs in Ebonyi State.

Summary of findings

Based on the results the following findings were made

i. Reduction of debts had significant positive effect on the output of SMEs in Ebonyi State, Z(5.710 < 10.896, p <.05).
ii. Creating a well funded savings account had significant positive effect on turnover of SMEs in Ebonyi State, Z (6.059 < 7.595 p <.05).

Discussion of Findings

i. Reduction of Debts and SME Output in Ebonyi State

The finding that reducing debts had a significant positive effect on SME output in Ebonyi State is consistent with the broader literature on the relationship between debt levels and firm performance. This finding aligns with the study by Yazdanfar and Öhman (2015), which examined the impact of debt financing on firm performance and found that debt ratios negatively affected firm profitability. The result in Ebonyi State underscores the importance of managing debt levels effectively to improve SME performance.

Furthermore, the finding resonates with the general understanding that high debt burdens can lead to financial stress and reduced flexibility for businesses, particularly SMEs. This is a common concern for small and medium-sized enterprises globally, as highlighted in studies like Ackah and Sylvester (2011) and Azende (2011), where access to credit and debt management challenges were addressed.

ii. Well-Funded Savings Accounts and SME Turnover in Ebonyi State

The finding that well-funded savings accounts positively affect SME turnover in Ebonyi State is also in line with financial principles and is supported by the literature. Maintaining savings accounts can be seen as a form of financial resilience, and this finding corresponds to the broader notion that financial stability contributes to business success.

This result aligns with the study by Dupas et al. (2017), which examined the effects of savings accounts on financial relationships in rural Kenya. It revealed that savings accounts positively impacted financial behavior and relationships. While not directly related to SMEs, the concept of savings and its positive effects on financial outcomes is a common thread.

Additionally, the idea of having well-funded savings accounts to support business operations resonates with the broader financial management literature, where cash reserves are considered a valuable asset for managing uncertainties and seizing growth opportunities.

In conclusion, both findings from Ebonyi State align with the general principles of finance and the broader literature on debt management and savings. These findings highlight the relevance of global financial knowledge to the context of SMEs in Ebonyi State and suggest that sound financial practices can positively impact the performance and sustainability of SMEs, similar to what has been observed in various studies worldwide.

Conclusion

The study concluded that Reduction of debts and creating a well funded savings account had significant positive relationship with output and turnover of SMEs in Ebonyi State. Financial security is a major contributing factor to quality of life. The first step to financial security is creating a safety net that protects organizations from the unknown. Financial safety nets consist of implicit and explicit guarantees that limit the losses that creditors can experience in the failure of institutions covered by the net.

Recommendations

Based on the findings the following recommendations were made

i. The management of the SMEs should have debt reduction plans tend to improve consumer's debt position and facilitate their financial condition. This will enable corporations and individuals to make large purchases that they could not afford under normal circumstances.

ii. The SMEs should create means of saving money as vital aspects of building wealth and having a secure financial future. Saving money gives you a way out from uncertainties of life and provides you with an opportunity to enjoy a quality life.

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