

**Informal Self-Help Financial Groups and  
Micro-enterprise Development in Tivland,  
Benue State Nigeria**

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**Abstract:** - Tivland is not developed. About 70% of 3.9 million population in Tivland are small-holder farmers and micro-entrepreneurs who are funded by informal self-help financial groups (ISHFGs), which are not supported by external funding. Using in-depth interviews and participant observation methods, the study sought to identify the major types of ISHFGs in Tivland, how they generate funds, how they are sustained, their role in micro-enterprise development, and their challenges. The study revealed that there are three major types of ISHFGs in Tivland. They generate funds through savings deposits and interests on loans. They are sustained by group trust/cohesion. They have created easy access to micro-credit, and have empowered members for income generating activities. Their major challenges are limited funds, bad leadership, no networks and external funding. The study concludes that ISHFGs in Tivland need networks for external funding, management/leadership trainings and close monitoring and evaluation of their operations.

**Key words:** Benue State, Development, Informal, Financial groups, Micro-enterprise, Nigeria, Self-help, Tivland

**Introduction**

According to Rodney (1972) developed economies have certain characteristics which contrast with underdeveloped ones. Developed economies he said are all industrialized, while the underdeveloped ones rely on agriculture and have few or no industries. However,

the agriculture of underdeveloped economies is unscientific and the yields are far less than those of the developed economies. Rodney's (1972) economic development analysis fit perfectly the situation in Tivland Benue State, Central Nigeria. Benue State generally has very few industries and depends largely on agriculture, which as pointed out by Rodney is unscientific because over 70% of the farmers are small-holders that use indigenous technology to produce agricultural commodities. Though the state has very fertile land and all kinds of economic crops grow there, the yields are far below the production capacity of the land; yet the state is known as 'the food basket' of Nigeria. Benue State has 23 local government areas, and the Tiv people occupy 14 of these local government areas simply referred to as 'Tivland'.

Tivland is very rich in agriculture but has very few industries, making it an underdeveloped land. The presence of few industries in Tivland is attributed to several factors; major among them are limited funds and poor infrastructural development. The result of this is that the Tiv people are either small-holder farmers, civil servants, or micro-entrepreneurs. In fact, micro-enterprise and small scale farming are the main economic activities in Tivland. All these economic activities are financed through informal self-help financial groups without external financial support. The problem is, do these informal self-help financial groups have the capacity to move micro-enterprises in Tivland to the next level of development? What types of informal self-help financial groups exist in Tivland? How do the informal self-help financial groups in Tivland generate funds for micro-loans? How are the informal self-help financial groups in Tivland sustained? What is the role of informal self-help financial groups in enterprise development in Tivland? What are the major challenges of the informal self-help financial groups in Tivland? This study intends to answer these questions. The objectives of the study were to (i) identify the major types of informal self-help financial groups in Tivland, (ii) find out how the informal self-help financial groups in Tivland generate funds for micro-loans, (iii) find out how the informal self-help financial groups in Tivland are sustained, (iv) assess the role of the informal self-help financial groups in Tivland in enterprise development and (v) to identify the major challenges of the informal self-help financial groups in Tivland.

### **Significance of the study**

Several studies have been carried out by scholars and NGOs on the relationship between informal self-help groups and micro-enterprise development. However, most of these studies have concentrated only on the linkages between the informal finance groups and the formal finance institutions for external funding of micro-enterprises; neglecting the informal self-help financial groups that have isolated themselves from formal financial institutions, yet have continued to sponsor micro-enterprise development in many communities around the world, especially in developing countries of Africa. The neglect of the isolated informal self-help financial groups who generate funds internally only to sponsor micro-enterprise development has created a gap in the study of informal finance and micro-enterprise development, which this study intends to fill.

### **Conceptual clarification**

The concepts clarified in this section are self-help groups, informal self-help financial groups and micro-enterprise development. Self-help groups have been defined by Jary and Jary (2000: 548) as 'groups of people often in distress, who set up for mutual assistance'. Fonchingong and Fonjong (2003) explained that 'self-help' are activities that give people

control over their lives instead of depending on help from others. Anonymous (2014) defines self-help groups as a conception of development in which a people of a given society mobilize in order to transform their physical, technological, political, administrative, economic and social environments, for their general wellbeing and those of other communities. Aan and Mase (2019) define self-help groups as autonomous groups of people who voluntarily and jointly pool their resources together to solve their expressed needs. The definition of self-help groups in this study is the one presented by Aan and Mase (2019).

Informal self-help financial groups on the other hand have been defined as a collection of people who voluntarily come together to pool their financial resources together to become financially stable, taking loans from their collective savings in times of emergency or financial scarcity, important life events or to purchase assets (Kabeer, 2005). However in this paper, informal self-help financial groups are simply defined as autonomous groups of people who voluntarily and jointly pool their financial resources together to solve their expressed needs.

Midgley (2008) defined micro-enterprise as small business owned and operated by poor people with the support of organizations (such as self-help financial groups, micro-finance institutions, Non-Governmental Organizations, and governments). Kenton (2019) defines micro-enterprise as a small business that employs a small number of people, usually ten or less; starts with a small amount of capital and specialize in providing goods or services for their local areas or markets. Micro-enterprise development on the other hand has been defined by FAO (2019) as capacity building to acquire knowledge, skills, and attitude in providing technical assistance to micro-entrepreneurs to ensure continuous success or growth of their businesses. However for the purpose of this study, micro-enterprise development simply means the continuous success or growth of small businesses.

### **Micro-enterprise development**

Singer (2006) observed that the best cure for poverty alleviation in any region of the world lies in encouraging more of enterprise activities and starting up of new ones through enterprise development. Midgley (2008) said that it is a proven fact that the incomes of the poor around the world have been raised by micro-enterprise sectors. According to Definitions (2019) micro-enterprises are so important to economies because they add value to countries' economies by creating jobs, enhancing incomes, strengthening purchasing power and lowering costs. In developed countries, micro-enterprises make up the smallest end of the small business sector; whereas in developing countries, they constitute the vast majority of small sector due to the lack of formal sector jobs available for the poor. The importance of micro-enterprises to global economy makes it necessary for countries to encourage their development.

According to Lateh, Hussain and Ab-Halim (2017) micro-enterprise development is significant to micro-entrepreneurs because it ensures business success. The success of micro-enterprises they said is an important driver of generating income and reducing poverty. However, FAO (2019) observes that micro-enterprises have challenges, such as limited funds, poor management skills, poor information sharing, poor record keeping, lack of initiative in problem solving and lack of control over business; which can be contained through enterprise development. The objectives of micro-enterprise development FAO (2019) says are to (i) understand the requirements in micro-enterprise management and importance of record keeping, (ii) assist micro-entrepreneurs in keeping financial records

and preparing income statements, and (iii) carry out financial analysis and diagnosis, and come up with recommendations and options to the micro-entrepreneurs. Micro-enterprise development FAO (2019) adds will help micro-entrepreneurs to build capacity for effective management of their businesses for result.

### **Self-help financial groups**

According to Jary and Jary (2000) self-help financial groups are made up of people often in distress, who set up for mutual assistance. Shodhganga (nd) explains that the concept self-help assumes that individuals who form self-help groups are not strong enough to achieve their set goals individually, in isolation unless they join groups in which they can gain extra strength, capacity, force and identity which are essential for the achievement of their set goals. Kabeer (2005) suggests that self-help financial groups are community based associations comprising of people who voluntarily come together to save small sums of money on a regular basis until they have saved enough to lend the accumulated funds to members at low interest rates. The loans do not require collaterals as the group members use collective wisdom and peer pressure to ensure proper end-use of the loans and timely repayment.

Lawson-McDowall, Terefa, Presler-Marshall, Berhanu, Gebre, Pernznieto and Jones (2016) observe that self-help financial groups are international phenomenon. They are found in most countries of the world, however their names, shapes, and purposes vary regionally. Rodney (1972) traced the origin of self-help groups way back to the hunting and gathering societies. There are formal and informal self-help financial groups. The formal are registered and have links with formal financial institutions such as banks. Cooperative societies are a good example of formal self-help financial groups. Informal self-help financial groups on the other hand are community based unregistered savings and credit associations. Ritchie (2007) and Bouman (1995) identify three types of informal self-help financial groups: Rotating Savings and Credit Associations (ROSCAs), Accumulated Savings and Credit Associations (ASCAs) and Money lenders.

World Bank (1989) reported that Rotating Savings and Credit Associations (ROSCAs) are a popular form of informal finance around the world. They have various pseudonyms: nisan in Indonesia, paluwagan in Philippines, chit in India and Sri Lanka, pia huey in Thailand, hui in China, kye in Korea, ko in Japan, tanda in Mexico, pasanaku in Bolivia, san in Dominican Republic, syndicate in Belize, gamaiyah in Egypt, susu in Ghana, tontine in Niger, hagbad in Somalia, xitique in Mozambique, isusu in Southern Nigeria, and adashi in Northern Nigeria. According to Siebel (1989) there are two types of ROSCAs: conventional and advance types. In the conventional type, Siebel said a number of people, usually under an organizer come together to regularly contribute equal amounts of money which is allocated to one member at a time. A cycle ends when each participant had his or her turn. The conventional type of ROSCAs, Siebel suggested is found all over the world.

In the advance type of ROSCAs, Siebel (1989) said the full amount of money contributed by members is allocated to one member by auction to lowest bidder and the balance returned to the members. According to Siebel, the advance type of ROSCAs are found only in some Asian countries such as China, Vietnam and Nepal. According to Lawson-McDowall et al., (2016) Accumulated Savings and Credit Associations (ASCAs) just like ROSCAs, exist indigenously in almost every country and have different names, shapes, purposes and also vary regionally. They are known by different pseudonyms across

countries among various ethnic groups. In Nigeria for example, ASCAs are known as owe and aro among the Yoruba, gwandu among the Hausa, etoto among the Igbo, bam among the Tiv, otataje among the Idoma, ibi among the Igede, and onaba among the Itilo (Okunola, 2002) and (Akpehe, 2016). According to Lawson-McDowall et al., (2016) ASCAs members make regular deposits, which vary in size based on their financial capacities. The deposits are left to accumulate after which loans are given to members with low interest rates. The loans are used by members for different purposes such as medical bills, school fees, funeral expenses, dowry, and start-up capital for businesses among others.

Money lenders Ritchie (2007) says are informal self-help financial services that are in almost every country and communities around the world. Their services she says are fast, simple and easy to access, but their loans attract very high interest rates. Once borrowers satisfy their simple conditions, they obtain loans with ease. Three types of money lenders have been identified: supportive lenders, solidarity lenders and predatory lenders. Supportive lenders Okunola (2002) said comprise of family members, friends, peer groups, age-grades among others. He said these are support groups that lend money to members without interest and stringent conditions. Supportive money lenders Okunola said operate on the principle of trust. Defaulters who fail to pay back loans given to them are usually denied the opportunity subsequently. Solidarity money lenders, Jaffer (1999) said, would-be borrowers form groups, within which each member agree to guarantee the loans of the other members. If a member defaults on his or her loan, the other members of the group are required to cover the shortfall.

Predatory money lenders, according to Joshi (2019) are loan sharks of the finance world. According to Joshi, despite the very high interest rates charged on loans and the short repayment periods stipulated by predatory money lenders, many people still patronize their services because they do not ask borrowers too many questions, neither do they require the bank details of the borrowers. No tedious documentation of their transactions because they already know much about their customers: desperation and limited time to acquire the needed funds. Thus, they give out instant loans to their customers, since their mode of recovering their money is intimidation. When a borrower defaults, his or her valuable asset pawned before collecting the loan is seized.

### **Informal self-help financial groups and micro-enterprise development**

Entrepreneurial activities are known to thrive on either formal financing or informal financing. However, as societies pass through various development stages, certain stringent conditions for obtaining finance from the formal financial institutions develop which socially exclude a lot of people, who usually fall back on the services of the informal finance to carry out their entrepreneurial activities. In developing countries such as Nigeria, the bulk of micro-entrepreneurial activities are financed through self-help groups. According to Rodney (1972) from earliest times, human beings found it convenient and necessary to come together in groups to hunt and gather food for the sake of survival. Today people, especially the socially excluded mass join self-help financial groups to engage in micro-enterprises in order to survive. It has been observed by World Bank (1989) and Lawson-McDowall et al., (2016) that informal self-help financial groups is a global phenomenon, covering the whole world.

According to the Reserved Bank of India (2008) and EDA/APMAS (2006) informal self-help financial groups over the years have had positive impact on micro-enterprise



development in India. Informal self-help financial groups, the authors say have nurtured and grown micro-enterprises in India in various ways, chief among them are: (1) helping of members to overcome the challenges of social exclusion from formal financial services, (2) helping economically poor people to gain strength as members of the groups, (3) financing micro-enterprises through self-help group has greatly reduced transactional costs for both lenders and borrowers, (4) helping poor people to reduce the influence of predatory money lenders, and (5) helping both lenders and borrowers to overcome the challenge of lack of collaterals.

A study carried out in Ethiopia on the impact of self-help financial groups on micro-enterprise development by Lawson-McDowall et al., (2016) also revealed a positive relationship between the two. The study found out that informal self-help financial groups (1) have developed social capital in many Ethiopian communities for the poor people, (2) have fostered a saving culture among the poor in Ethiopia, (3) have helped the poor to grow incomes moving them out of poverty, (4) have enhanced group cohesion and solidarity among the poor, (5) have protected the poor from predatory money lenders; preventing assets depletion among them, (6) have created self-esteem and identity among the poor, (7) have helped the poor to be self-dependent, (8) have provided the poor with greater confidence, mobility and skills, (9) have enhanced the recognition and respect for the poor within and outside Ethiopia, and (10) have created easy access to business funds. All these, the authors say have aided the success of micro-enterprise development in Ethiopia.

### **Theoretical review of self-help financial groups**

The social bonding theory has been reviewed in this study and used in analyzing the relationship between informal self-help financial groups and micro-enterprise development in Tivland. Social bond theory is traced to Reckless (1967) who suggested that society produces pushes and pulls that move people toward deviant behavior by socially excluding them from having access to the needed resources that could make them self-actualize their dreams. He pointed out that some people however insulate themselves from the pressures of developing deviant behaviors by having positive self-esteem and good group cohesion. Reckless (1967) argued that despite these pressures, many people do not resort to deviant behavior because of inner containments such as self-control, a sense of responsibility and resistant to diversity; and outer containments such as supportive family, friends, peer groups, reasonable social expectations and supervision by significant others. Reckless (1967) observed that people with the strongest containment mechanisms are able to withstand both internal and external pressures that might cause them to engage in deviant behaviors in order to survive.

Extending Reckless (1967) argument, Hirschi (1969) suggested that deviant behavior is minimized in society when people have strong bond that bind to families, friends, peer groups and other social institutions. Social bonding theory Hirschi (1969) said consist of (1) attachment to other people, (2) commitment to conformity, (3) involvement in conventional activities and (4) belief in the legitimacy of conventional values and norms. According to Kendall (2007) social bonding theory assumes that the probability of deviant behavior increases when people's ties to society are weakened or are broken.

Social bonding theory is relevant in explaining the relationship between informal self-help groups and micro-enterprise development in developing countries such as Nigeria. It is a fact that in the 21<sup>st</sup> century, it not possible for governments and the organized private

sector to provide all people with the needed financial assistance individually or in groups to engage in their set economic activities, some people for obvious reasons are excluded from obtaining financial assistance from the formal financial institutions such as banks. However, instead of the socially excluded mass to engage in deviant behavior in order to survive, some of them find it more convenient to join informal self-help financial groups to get needed financial assistance. The poor and vulnerable people in Tivland, Benue State in Central Nigeria who cannot afford the formal financial assistance from conventional banks, fall back on informal self-help financial groups to obtain financial assistance to engage in micro-entrepreneurial activities. This prevent them from developing deviant behaviors in order to survive, signifying that they have strong social bond to society.

## Methods

The study adopted the descriptive design, using mainly in-depth interviews, carried out with owners and operators of micro-enterprises, who were also members of self-help financial groups in Tivland. Tivland is located in Benue State, Central Nigeria. It occupies a land mass of about 22542, sq. kilometers. The land stretches from about  $8^{\circ} 00' N$  and  $8^{\circ} 00' E$  to  $10^{\circ} 00'$ . The land borders the Cameroonian mountains, Taraba and Cross River States on the East, Nasarawa State on the North, Agatu, Apa, Otukpo, Obi and Oju Local Government Areas on the West. Tivland occupies 14 out of 23 local government areas in Benue State, namely: Buruku, Gboko, Guma, Gwer, Gwer-West, Katsina-Ala, Konshisha, Kwande, Logo, Makurdi, Tarka, Ukum, Ushongo and Vandeikya. The population of Tiv people residing in Benue state alone was estimated from the 2006 National Population Census in 2016 to be 3,959,469: 1,995,214 males and 1,964,255 females (National Population Commission, 2016).

The Tiv people trace their ancestry to be of Bantu origin and speak the Tiv language. Tiv people are primarily farmers who cultivate wide varieties of both food and cash crops; particularly yams, corn, rice, soya beans and tree crops like mangoes of varying species, peas among others. Markets are important institutions among the Tiv people. The markets periodically vary from the northern Tiv where markets have a cycle of 7 days to the southern parts where the cycle is five days. In Gwer-West, there are markets of four days periodically. The growing demand for commercial activities has increased the number and sizes of markets in the Tivland. (Benue State Ministry of Information and Orientation, 2019).

### Population and sample

One hundred and twelve (112) in-depth interviews were purposely carried out among infinite number of owners/operators of micro-enterprises who were also members of informal self-help financial groups (both males and females) in Tivland, using saturation of information theory. The interviews were carried out in densely urban and rural communities in Tivland. The headquarters of the 14 Local Government Areas were purposely selected as the urban communities while 14 most densely populated rural communities, one each from the Local Government Areas were also purposely selected for the interviews. On the average, four in-depth interviews were carried out in each of the 28 selected communities (14 urban and 14 rural) in Tivland using well trained research assistants, who could speak both Tiv and English languages fluently.

### Instruments

An in-depth interview guide containing six sets of questions was used in the collection

of data for this study. The first set of questions were on demographic data of the interviewees, the second set of questions were on the major types of informal self-help financial groups in Tivland, the third set of questions were on how informal self-help financial groups in Tivland generate funds for micro-loans, the fourth set of questions were on how the informal self-help financial groups in Tivland are sustained, the fifth set of questions were on the role of the informal self-help financial groups in enterprise development, while the sixth set of questions were on the major challenges confronting informal self-help financial groups in Tivland. The data collected are presented tables and direct quotations and are analyzed using descriptive narratives.

## Results

### Data presentation and analysis

Data presentation was done here following the research objectives, beginning with the demographic characteristics of the respondents. The data collected show that out of the 112 interviewees, 64 were males, while 48 were females. Meaning that, more men than women participated in the study because the men were more easily accessible for the interviews. With respect to age, the data show that ages of the interviewees ranged from 20 to 60 years old. The data suggest that the middle aged adults dominated the study perhaps because they were more engaged in micro-enterprises. On marital status, the data show that 82 of the interviewees were married, while 30 were either single, divorced, widowed or separated. The data suggest that more married people participated in the study. On educational status of the interviewees, the data show that 28 of the interviewees were primary school leavers, 36 were secondary school graduates, 40 were graduates of tertiary institutions, while 8 of the interviewees probably had informal education. The data indicate that tertiary school graduates dominated the study, suggesting that Tiv people are well educated.

Table1: Major types of informal financial groups in Tivland

SN	Type	Features	Advantage/Disadvantage
1.	Hyumbe (ROSCA)	i. Community based: rural/urban areas ii. Unregistered iii. Time-bound iv. Members contribute fixed amount every period v. One member receives all the funds in a period vi. Rotates until every member receives funds and the cycle starts all over vii. No external funds	<u>Advantage</u> i. Operate in both rural and urban areas ii. Easy to manage as it requires simple record keeping iii. Makes relatively large amount of money to members iv. Encourages a saving culture <u>Disadvantage</u> i. Contributions are tied down until member's turn to receive funds. No borrowing and no withdrawals

Table 1 (continued)

SN	Type	Feature	Advantages/disadvantages
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2. Bam (ASCA)	i. Community based: rural/urban areas	<u>Advantage</u> i. Loans require no
	ii. Unregistered	collaterals, only guarantors
	iii. Time-bound	who must be members
	iv. Fixed minimum amount for deposits, but members can deposit any amount of money above the minimum	ii. Loans are given to members based on who request first
	v. Funds are lent to members with interest	iii. Members receive dividends on deposits
	vi. Officials receive certain percentage of members deposits	vi. Members receive emergency loans_
	vii. Collect membership fee	<u>Disadvantage</u> i. Deposits cannot be
	viii. No external funding	withdrawn until the end of a cycle
		ii. Emergency loans attract very high interest rates and very short repayment periods
(a) Shia Bam	i. Community based: rural/urban areas	<u>Advantage</u> i. Loans require no
	ii. Unregistered	collaterals, only guarantors who must be members
	iii. Time-bound	ii. Loans are given to members based on who request first
	iv. Members buy shares in the bam	iii. Members receive dividends on both shares bought and deposits
	v. Fixed minimum amount for deposits	vi. Members receive emergency loans
	vi. Funds are lent to members with interest	vii. Shares bought can be transferred to another member

Table 1 (continued)

SN	Type	Feature	Advantages/Disadvantages
		vii. Officials receive certain percentage of members deposits viii. Collect membership fee ix. No external funding	<u>Disadvantage</u> i. Deposits cannot be withdrawn until the end of a cycle ii. Emergency loans attract very high interest rates and very short repayment periods
(b)	Bam u Iweregh	i. Community based: rural/urban areas ii. Unregistered iii. Time-bound iv. No fixed deposits v. Funds are lent to members with interest vi. Officials receive certain percentage of members deposits vii. Collect membership fee viii. No external funding	<u>Advantage</u> i. Dividends on deposits are given with food items ii. Members receive emergency loans_ <u>Disadvantage</u> i. Emergency loans attract very high interest rates and very short repayment periods
(c)	Bam u ayange-ayange (Daily savings)	i. Community based: rural/urban areas ii. Unregistered iii. Time-bound iv. No fixed deposits v. Funds are not lent to members vi. Has a single coordinator vii. Do not give loans	<u>Advantage</u> i. Mainly for micro-entrepreneurs who are daily income earners ii. Enable members to accumulate enough funds for re-investment iii. Deposits can be withdrawn at short notice

Table 1 (continued)

SN	Type	Feature	Advantages/Disadvantages
		vii. The coordinator receives a certain percentage of members' deposits viii. Collect membership fee	

	ix. No external funding	
3. Mba nan anjo (Moneylenders)	i. Community based: rural/urban areas ii. Fast, easy access to funds iii. High interest rates iv. Pawn-broking v. No external funding	<u>Advantage</u> i. Available everywhere ii. Fast and easy access iii. No complicated procedures for obtaining loans <u>Disadvantage</u> i. High interest rates ii. Short repayment periods iii. Borrowers may end up in depth trap and lose their valuable assets iv. Do not offer other financial services such as savings
(a) Mba nan anjo sha iwasen (Supportive money lenders)	i. Community based: rural/urban areas ii. Fast, easy access to funds iii. No external funding	<u>Advantage</u> i. Fast and easy access ii. Interest free loans ii. No complicated procedures for obtaining loans <u>Disadvantage</u> i. Lenders may have less than what the borrowers need

Table 1 (continued)

SN	Type	Feature	Advantages/Disadvantages
(b)	Mba nan anjo sha ijouzwa (Solidarity money lenders)	i. Community based: rural/urban areas ii. Fast, easy access to funds iii. No external funding	<u>Advantage</u> i. Fast and easy access. <u>Disadvantage</u> i. All of the members are accountable for loan default of one member
(c)	Mba ngohol tungu (Pawn-brokers or predatory money lenders)	i. Community based: rural/urban areas ii. Fast, easy access to funds iii. No external funding	<u>Advantage</u> i. Fast and easy access. <u>Disadvantage</u> i. High interest rates

- ii. Borrowers may become debt trapped and lose valuable assets

**Source:** Field work, 2019

The data in Table 1 show that there are three major types of informal self-help financial groups in Tivland: hyumbe (ROSCAs), bam (ASCAs) and Mba nan anjo (Moneylenders). This data suggest that the Tiv people like many other ethnic groups around the world have realized the importance of pooling their meagre resources together to help solve their expressed needs instead of entirely depending on external help. During the in-depth interviews, many of the interviewees complained that they were a neglected group of people in Nigeria, and in order to survive, they have no choice but to look inward for the source of survival by creating self-help groups. According to one of the interviewees:

We the Tiv people are the most neglected ethnic group in Nigeria. Our land is not developed, yet the bulk of food in Nigeria is produced by us using indigenous technology. We do not have easy access to formal finance to advance our economic activities. Politicians use us to vote for them but as soon as they are in office, we are forgotten. Any help from government goes to a selected few, excluding the majority of us. This situation has left us with no choice but for us to come together and help ourselves through hyumbe, bam and to patronize money lenders, who most of the time exploit us by charging us high interest on the loans and sometimes some of us lose our valuable property in the process (A chairperson of a bam in Vandeikya town).

**Table 2:** How informal self-help financial groups in Tivland generate funds for loans

S/N	Generation of funds	Effectiveness			
		Very effective	Effective	Less effective	Not effective
1.	Membership fee			✓	
2.	Savings deposits	✓			
3.	Interests on loans	✓			
4.	Fines			✓	
5.	Membership shares	✓			

**Source:** Field work, 2019

The data in Table 2 revealed that informal self-help financial groups in Tivland generate funds for loans through savings deposits, interest on loans and membership shares. The data suggest that the informal self-help financial groups in Tivland have limited funds to operate with. Having limited funds is an indication that informal self-help financial groups in Tivland do not have the capacity to move enterprise development in Tivland to the next level.

**Table 3:** Sustenance strategies of informal self-help financial groups in Tivland

S/N	<u>Sustenance strategies</u>	<u>Effectiveness</u>			
		<u>Very effective</u>	<u>Effective</u>	<u>Less effective</u>	<u>Not effective</u>
1.	Group trust	\			
2.	Social cohesion	✓			
3.	Prevention of elite formation	✓			
4.	Creation of by-laws	✓			
5.	Members ownership of financial groups	✓			
6.	Creation of rotational leadership	✓			

**Source:** Field work, 2019

The data in Table 3 reveal that informal self-help financial groups in Tivland are sustained through group trust, social cohesion, prevention of elite formation, creation of by-laws, members ownership of financial groups and rotational leadership; all of which the interviewees said are very effective ways of sustaining the self-help financial groups. The data suggest that these factors hold together and unite the members for a common purpose and the successful continuity of the groups.

Table 4: The role of informal self-help financial groups in enterprise development in Tivland

S/N	<u>Role</u>	<u>Effectiveness</u>			
		<u>Very effective</u>	<u>Effective</u>	<u>Less effective</u>	<u>Not effective</u>
1.	Encourage a savings culture among micro-entrepreneurs	\			
2.	Create easy access to micro financial resources	✓			
3.	Create employment opportunities for members	✓			
4.	Reduce dependency vulnerability in communities	✓			
5.	Create opportunities for self-reliance in communities	✓			



- |    |   |   |
|----|---|---|
| 6. | Provide financial safety net for members                  | ✓ |
| 7. | Empower members to engage in income generating activities | ✓ |

**Source:** Field work, 2019

The data in Table 4 show that the informal self-help financial groups in Tivland play a very big role in enterprise development in the land. They create easy access to micro finance for entrepreneurs, provide financial safety net for micro-entrepreneurs and encourage a savings culture among micro-entrepreneurs. These roles among others, the informal self-help financial groups in Tivland perform to encourage and enable micro-entrepreneurial activities in the land. According to the interviewees, informal self-help financial groups provide the bulk of the funds that drive micro-enterprises in Tivland, and are very effective. In the words of one the interviewees:

Since 1960 when the British colonialists left Nigeria, bam, hyumbe and mba nan anjo have been the major sources of financing small businesses and non-business family expenditures in Tivland (A financial secretary of bam in Makurdi town).

Table 5: The major challenges of informal self-help financial groups in Tivland

<u>S/N</u>	<u>Major challenges</u>	<u>Serious</u>	<u>Less serious</u>	<u>Not serious</u>
1.	Limited funds	✓		
2.	Bad leadership	✓		
3.	No external funding		✓	
4.	Poor networking	✓		
5.	Poor information sharing among members/the public	✓		
6.	Poor membership mobilization	✓		
7.	Lack of awareness about opportunities in the communities	✓		
8.	Lack of management/leadership training for members	✓		

**Source:** Field work, 2019

The data in Table 5 reveal that the major challenges of informal self-help financial groups in Tivland are limited funds, bad leadership, and poor membership mobilization. Others include poor networking, lack of awareness about opportunities in the communities, poor information sharing among members/the public and lack of management/leadership training for members. All of these, the interviewees considered as very serious problems apart from, no external funding. The data suggest that informal self-help financial groups in Tivland need to put some things in place in order to be effective and efficient in financing micro-enterprises in the land.

### Discussion

The discussion of findings here follows the objectives of the study. Objective one sought to identify the major types of informal self-help financial groups in Tivland. Three major

types: hyumbe (ROSCAs), bam (ASCAs) and Mba nan anjo (Moneylenders). The Tiv people like many ethnic groups around the world especially in Africa have found it convenient to form self-help financial groups to be self-dependent instead of depending on others for help. The findings agree with those of Lawson-McDowall et al., (2016) in Ethiopia, the Reserved Bank of India (2008) and EDA/APMAS (2006) in India, and Schrieder and Cuevas (1992) in Cameroun, who identified similar self-help financial groups in the countries of their studies.

Objective two was to find out how the informal self-help financial groups in Tivland generate funds for micro-loans. The findings revealed that they generate funds through: savings deposits, interest on loans and membership shares. The data revealed further that these informal financial groups do not receive external financial assistance, so depend exclusively on deposits from their members. This obviously revealed that they have limited funds to operate with. These findings are in line with Haman (2018), Adams (2017) and EY (2014) who observed in their studies that informal microfinance institutions are limited in resource allocation due to meagre funds.

The third objective sought to find out how the informal self-help financial groups in Tivland are sustained. The data in this study revealed that informal self-help financial groups in Tivland are sustained through group trust, social cohesion, prevention of elite formation, creation of by-laws, members' ownership of financial groups and rotational leadership. For these self-help financial groups, social strategies seems to help in sustaining their organizations better than economic or legal strategies. These findings support the findings of Lawson-McDowall et al., (2016) who found social strategies more effective in sustaining informal self-help financial groups in India than other strategies.

The forth objective was to assess the role of the informal self-help financial groups in Tivland in enterprise development. The data revealed that informal self-help financial groups in Tivland support enterprise development in the land by creating easy access to micro finance for entrepreneurs, providing financial safety net for micro-entrepreneurs and by encouraging a savings culture among micro-entrepreneurs. These roles among others, provide the bulk of the funds for enterprise development in Tivland. These findings agree with Adams (2017) who points out that informal self-help financial groups help poor people to cope not only with their economic activities, but with other challenges of life.

Objective five sought to identify the major challenges of the informal self-help financial groups in Tivland. The findings in this study revealed that limited funds, bad leadership, and poor membership mobilization. Others include poor networking, lack of awareness about opportunities in the communities, poor information sharing among members/the public and lack of management/leadership training for members are very serious challenges to the informal self-help financial groups in Tivland. The findings however suggest that no external funding is not a serious problem for the groups because they believe that seeking external funding will make external forces to hijack their organizations, comparing them dance to the tunes of such external forces. The findings agree with those of Rodney (1972) who argued that developed formal economies in pretense to help the underdeveloped economies, actually end up under developing them.

### **Conclusion/Recommendations**

Based on the evidences presented here, this study concludes that informal self-help financial groups in Tivland do not have the capacity to move micro-enterprises to the next level of development, but do have the capacity to continue financing micro-enterprises in

the land. The study therefore recommends that informal self-help financial groups in Tivland need to network for external funding, management/leadership trainings and close monitoring and evaluation of their operations, in order to continue sponsoring micro-enterprises as well as to push them into small and medium enterprises.

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