Traditional Financial Institutions and Rural Enterprises in Nigeria: The Case of Ogoni Land

Ettah, Bassey E. and Onye, Kenneth U. and Daasi, Gibson L.K.

University of Uyo, Uyo, University of Uyo, Uyo, Rivers State Polytechnic, Bori

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TRADITIONAL FINANCIAL INSTITUTIONS AND RURAL ENTERPRISES IN NIGERIA: THE CASE OF OGONI LAND

Ettah B. Essien[1], Onye Kenneth Ugwu[1], Daasi, Gibson L. K.[2]

[1]Department of Economics, Faculty of Social Sciences, University of Uyo
[2]Department of Banking and Finance, Rivers State Polytechnic, Bori

E-mail of Corresponding Author: kennethonye@yahoo.com

ABSTRACT

This paper examines the role of the traditional financial institutions (TFIs) in the development of micro and small scale enterprises (MSEs) in Ogoni land. The methodology adopted for the study is based on the Paired Observation Test (POT). By adopting an empirical analysis of field data, the paper sought to ascertain the role of some forms of TFIs (the Osusu scheme) in the growth and development of MSEs. The assessment is based on analysis of the involvement of MSEs operators in the Osusu scheme, their total turnover on investments and number of people employed after six years of involvement in the scheme. It also reviews the strengths and challenges of the system in Ogoni and offers some suggestions for strengthening it. Relying on the paired observation test, the results of the study indicates that TFIs generally contributes to the development of the MSEs in Ogoni. However, the Osusu system favours the development of organized MSEs than unorganized MSEs. The study identifies self-regulation as the major setback on the efficacy of TFIs in fostering the growth of MSEs in Ogoni and recommends a system of regulation that may replicate that of the Association of Micro-finance Banks of Nigeria. Increased awareness, periodic supervision and monitoring of the activities of the TFIs are also recommended.

Key words: Traditional Financial Institutions, Micro and Small Scale Enterprises, Ogoni land, Paired Observation Test

INTRODUCTION

The informal or traditional financial institutions and traditional credit groups were originally the institutions or agencies to finance farmers, micro and small scale enterprises (MSEs) and business men. Today, the TFIs still exist and dominate large and greater part of rural areas of Nigeria. Traditional financial institution is a kind of cooperative which consist of people who agree to contribute a certain sum of money each and hand it over to a member of the group or share among themselves periodically. As we see in Nwikina (2000), 'Financial Institution' per se simply refers to an agency that collects money from savers and lend to borrowers. According to Akpakpan (1991), finance is simply concerned with the provision of money when and where it is required. Because the term 'traditional' conveys a sense of informality, this study defines traditional financial institutions (TFIs) as informal agencies or organizations that are concerned with the provision of money when and where it is required. These TFIs exist alongside with modern financial institutions and operate in both the rural and urban centers but are dominant in rural areas of Nigeria.

With the expansion of the money economy, the traditional financial institutions (TFIs) have not lost their vigor. They have multiplied, both in numbers and diversity. This is due largely to poor patronage of rural dwellers to the modern or

formal financial institutions. The poor patronage of the modern financial institutions is because they offer relatively low returns on savings than the informal institutions.

No doubt, the role of the TFIs in fostering the growth and development of MSEs possess some economic and institutional challenges. For instance, micro and small scale enterprises have limited access to deposits, credit facilities and other financial support services provided by Formal Financial Institutions (FFIs). This is because on the one hand, the MSEs cannot provide the necessary collateral security demanded by the formal institutions and on the other hand, the banks find it difficult to recover the high cost involved in dealing with small firms. In addition, the associated risks involved in lending to MSEs make it unattractive to the banks to deal with them (Aryeetey, 1998). Thus, the frustration of assessing credit facilities from the formal or modern financial systems compels the informal enterprises to resort to different non-banking and informal arrangement, namely the TFIs, to access fund for their business operations. This has serious implications for a country like Nigeria where the economy is largely characterized by Micro and Small Scale Enterprises (MSEs). It implies that informal financing should be a matter of concern when considering the issue of rural enterprises development. This brings to the fore the importance of TFIs, particularly the Osusu scheme, in the growth and development of MSEs.

The objective of this paper is to examine the role of the traditional financial institutions, namely, the Osusu scheme, in the development of MSEs in Ogoni using some selected MSEs and Osusu Operators (OOs). In doing this, the paper attempts to investigate the significance of four types of the TFIs to the development of MSEs in four Local Government Areas (L.G.As) of Ogoni land, namely: Gokana, Khana, Tai and Eleme local government areas. Thus, the paper seeks to ascertain the effects of selected types of TFIs on the development of MSEs by assessing their Total Turnover on Investment (TTI) and the number of people employed after six years of involvement in the Osusu scheme. It further tries to ascertain the strengths and challenges of the TFIs and to offer some suggestions for strengthening the system.

The balance of the paper is structured as follows. Section 2 provides an eclectic review of theoretical issues on MSEs financing, and the operational definitions of TFIs and MSEs. Section 3 describes the TFIs in Ogoni Land, their functions and impact on MSEs, the field data set, the study tools and explains the methodology used in the empirical tests. Section 4 contains the results of the study. The paper is concluded in Section 5 with policy-oriented suggestions.

Operational Hypothesis

The following null hypothesis is stated to guide the study.

Ho: The change in number of employees and total turnover on investment after 6 years of involvement on any form of TFI is not significantly different from zero.

Theoretical Issues in MSEs Financing

In recognition of the importance of MSEs in rural development, there has been a deep interest in recent years for development of small business firms particularly since 1986 when Nigeria adoption of the structural adjustment programme. The MSEs is now seen as a key to Nigeria's growth, alleviation of poverty and unemployment. Therefore, promotion of such enterprises in developing economies like Nigeria is of paramount importance because of its great potentials for incomes redistribution, wealth creation, economic self-dependence, entrepreneurial development, employment generation and a host of other positive, economic uplifting factors (Aremu, 2004). There is a general believes that the desired employment generation in this country can be achieved through the development of micro and small scale enterprises (Awosika, 1997; Schmitz, 1995). It has been estimated that MSE's employ 22% of the adult

population in developing countries (Daniels & Ngwira, 1993; Fissaeha, 1991).

Despite the potentials of MSEs in launching the country on the path of economic prosperity, recent studies have shown that most MSEs in Nigeria die within their first five years of existence (Aremu & Adeyemi, 2011). It was also revealed that smaller percentage goes into extinction between the sixth and tenth year while only about five to ten percent of young companies survive, thrive and grow to maturity. Many factors have been identified as likely contributing factors to the premature death. Key among this include insufficient capital, lack of focus, inadequate market research, over-concentration on one or two markets for finished products, lack of succession plan, lack of proper book keeping, among others. But account by Aremu & Adeyemi (2011) points to inadequate access to credit particularly on moderate terms and lack of sound management and accounting practices as the major factors that have negatively affected the growth and development of MSEs in Nigeria. It is, therefore, important that appropriate policies be formulated to encourage, support and regulate the activities of the TFIs so as to enhance their role in financing of small business firms.

Operational Definitions

Classification of Micro and Small Scale Enterprises (MSEs)

The definition of MSEs in this study is based on the United Nations Industrial Development Organization's (UNIDO) definition for developing countries (UNIDO, 1983) and the classification of enterprises by the Nigerian Industrial Promotion Council (NIPC). In this context, the definition for MSEs is based on the Total Turnover on Investments and number of employees (Osei et al 1993, Elaian, K 1996, Steel and Webster 1990). By this classification, Micro-Enterprise employs less than 5 people with a total (annual) turnover of up to $10,000 equivalent; Small Enterprises employ 5 to 19 people with a total turnover of between $10,000 to $100,000 equivalent and Medium Enterprises employ 20 to 100 people with an annual turnover of above $100,000. Goski et al (2007) and Ekumah and Essel (2003) have also used similar categorization. MSEs have further been classified into 'Organized' and 'Unorganized' enterprises. According to Mead (1987) in Goski et al (2007), the organized MSEs 'are those with paid employees and a registered office and Unorganized MSEs are mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some cases no salaried workers. They rely mostly on family members or apprentices'.

The operational definition for Total Turnover on Investment (TTI) is the change between the present value of total revenue an enterprise generates from its investments in assets and the total revenue at the time of joining any Osusu scheme.

$$TTI = \frac{T6 - To}{A6 - A0}$$

Where

A0 is the average sales at the point of joining any form of TFI

A6 is the average sales after six years joining any form of TFI

T0 is total investment at the point of joining any form of TFI

T6 is total investment after six years of joining any form of TFI

Classification of Traditional Financial Institutions (TFIs)

The classification of TFIs used for this study is adapted from the categorization by Basu, Blavy & Yulek (2004) in an IMF working paper. Thus, for the purpose of this study, the TFIs are regrouped as follows:

(1) Rotatory Savings and Credit Association (ROSCA): This is a form of TFI whereby a group of people mutually agree to come together and pool their resources together in order to assist themselves in turns. They collect an agreed sum of money at periodic intervals and the total amount is

given to a member of the group in succession until each member has duly received the sum. ROSCA is common among people engaged in similar type of job.

(2) Fixed Saving and Credit Association (FISCA): Here, members pool the resources (money) together for banking purpose. The amount collected is given to the treasurer who holds it for safe-keeping and who returns the lump sum at the end of an agreed period. Borrowing by members and nonmembers is allowed.

(3) Mobile Bankers (MBs) or 'Akawo'. In this form of TFI, an individual who is a trader or artisan registers with a MB and receives a card containing the days, weeks and months of the year on which each day's payment is indicated. The mobile banker collects the daily droppings which are kept in his custody or in the bank. At the end of the agreed period when the droppings are redistributed to the owners, the MB takes a day's collection as his commission. Akawo is common among petty-traders.

(4) Individual Money Lenders (IMLs): The individual money lender may be a retired civil servant or a local merchant. In most cases, the lender knows the potential borrower's social background up to his family relations before giving out the loans. The borrower indicates during application, the collateral (usually landed property) and in most cases, surrenders this collateral before collecting the loan. In case of default, the lender disposes off or auctions the collateral items.

Traditional Financial Institutions in Ogoni Land

What Roles Do Traditional Financial Institutions Play in Ogoni?

There are basically five important functions carried out by traditional financial institutions. These functions are savings, credit, discounting, development and advisory.

i) **Savings:** The traditional financial institution like the ESUSU (Igbo translation) or TELEGBEE (Ogoni translation) engages in the savings business. In some of these institutions the amount to be saved monthly or periodically is determined by members of the association, members contribute according to their ability. The amount collected constitutes the savings for each member which is paid back to them at the expiration of an agreed period of time.

ii) **Credit:** The traditional financial institutions in Ogoni Land provide credit to their members and MSEs, while interest is charged by some institutions, others provide interest-free credit. In some cases, they demand for collateral, while others merely rely on the integrity of members.

iii) **Discounting:** In the traditional system, like ESUSU or TELETU; a man or woman urgently in need of funds may want to buy the right of another member whose turn is to receive the revolving funds. The seller is however held responsible in any event of default. Any member who purchases another member's turn discounts his own turn to receive the revolving funds in the future. And the discount rate, (the amount the purchaser pays to purchase another person's turn) is not fixed; it is usually negotiable.

iv) **Development:** Traditional financial institutions play the role of financiers in most rural areas. They conceive projects, organize their implementation and raise the needed funds for their execution. Town Unions, social clubs and village rural development schemes also undertake basic development plans and projects for the benefits of their towns such as building of schools, provisions of infrastructure-water supply, electricity, construction of road, etc.

v) **Advisory:** Traditional financial institutions also perform advisory function to their members in the areas of marriage, building of house, judicious manner of spending morning, moral behaviour, etc.

How do TFIs affect micro and small scale enterprises in Ogoni Land?

In addition to being a financial capital, the TFIs (Osusu Scheme) also serves as a strong social capital base which is an incentive to most members. As part of the focus on customers, Osusu does not only deliver the service at the comfort zone of MSEs in Ogoni Land, it serves as a meeting place for the operators of the MSEs to socialize periodically and as at when required. The benefits derived from the networks of operators of small enterprises working together as is the case in most prominent Osusu schemes (the ROSCA FISCAs, IMLs) cannot be compensated for by the formal banking institutions. These are beneficial packages that formal financial systems cannot offer the MSEs and therefore may not be able to compete with the Osusu system over such small enterprises. Osusu in real concrete situations has gone beyond a financial product to a welfare product where individual members of the group have a sense of belonging and support. The welfare aspect of Osusu in effect is an additional product for MSEs in Ogoni Land.

METHODOLOGY

Method of Study

The methodology adopted for the study is based on the Paired Observation Test, POT (see section 3.3). We draw mainly from Goski, Joshua & Stephen (2007). Thus, the study is based on a cross-sectional survey method with two main components. These include Focus Group Discussions (FGD) and Individual Contacts. The contacts were made through one on one discussion and/or small group discussions by visiting offices and officials of banks involved in the Osusu scheme. A self-developed questionnaire was used for the Focus Group Discussion (see appendix 11). This study classified the TFIs (Osusu scheme) into four categories. As earlier noted, this classification is adapted from the classification by Basu, Blavy & Yulek (2004) in an IMF working paper. These are the ROSCAs, FISCAs, MBs and IMLs. The sample design is based on a multi-phase sampling approach. A purposive sample of each category was drawn based on judgment sampling. The sample frame for the TFIs Operators is made up of the following:

- 5 Rotatory Savings and Credit Associations (ROSCA)
- 7 Fixed Savings and Credit Associations (FISCA)
- 10 Mobile Bankers (MB)
- 4 Individual Money Lender (IML)

The lists of contributors (MSEs) that have contributed to the Osusu Scheme for at least six years were compiled from the selected operators of the TFIs. The lists were first stratified into organized and unorganized MSEs and then the systematic sampling technique used to draw the test sample from the list of contributors (MSEs). A follow-up was then made to interact with Contributors using the self-developed questionnaire. Both the organized and unorganized MSEs were sampled from the four local government areas of Ogoni land, namely: Gokana, Khana, Tai and Eleme local government areas.

- Group A: Organized MSEs. These are MSEs with paid employees and a registered office.
- Group B: Unorganized MSEs. These are MSEs that are mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some case no salaried workers. They rely mostly on family members or apprentices.

STUDY TOOLS

The survey tool include questions covering the number of years of involvement in any Osusu scheme, source of initial capital, total turnover on investments before and after joining any form of TFI, sources of the working capital, and number of employees before and after joining Osusu for at least six years and whether Osusu is the sole source of fund mobilization or savings. The study tool, thus, sought to ascertain how Osusu has contributed to the growth of their businesses based

on number of employees and Total Turnover on Investment (See appendix 2).

Assumptions of the Study

The study is based on the following Assumptions

- That increases in the number of employees reflects growth of a MSEs.
- That increases in Total (annual) Turnover on Investment also reflects growth of a MSEs.
- That the growth and development of the MSEs emanate from their nvolvement and membership of the various forms of TFIs.

Technique of Data Analysis

The paired observation test (POT) is used to analyze the data with a view to determining the relationship between the involvement of MSEs in any form of TFI, namely, the Osusu scheme for at least six years and the development of the micro and small scale enterprises as regards changes in number of people they employed and the changes in their total turnover on investment. The paired observation test is implemented with the quantitative statistical software known as MedCalc. The program displays the summary statistics of the two samples followed by the mean of the differences between the paired observations, and the standard deviation of these differences, followed by a 95% confidence interval for the mean. (See samples of the results in appendix 1). The decision criteria are that if the calculated P-value is less than 0.05 (or the test-statistic falls inside the critical region when compared to the critical/table t-value), the conclusion is that the mean difference between the paired observations is statistically significantly different from zero. In this case, the H_0 is rejected (Altman, 1991).

DATA ANALYSIS AND INTERPRETATION OF RESULTS

A total of 92 micro and small scale enterprises were interviewed. These included thirty seven (37) organized and 55 unorganized MSEs who are mainly artisans, traders, service providers and vocational business operators. The major challenge encountered in gathering and analyzing the data for this study was inadequate book keeping records and knowledge of financial accountability by MSEs. Ascertaining increase in number of employees was however easier than the total turnover on investment.

RESULTS

The results are categorized into three groups

a) Sources of initial and working capital (table 1)
b) Analysis of changes in number of employees and total turnover on investment (table 2, 3 and 4)
c) Interviews of operators of the Traditional Financial Institutions (ROSCA, FISCA, MB, IML) and Medium and Small Scale Enterprises (organized and unorganized). (see table 5 and 6 in appendix 1)

(a) Table 1: Sources of initial and working capital:

	source of Initial Capital		**Source of Working Capital**	
Sources	**Organized MSEs**	**Unorganized MSEs**	**Organized MSEs**	**Unorganized MSEs**
Savings with Osusu	16	27	18	30
Relations	13	17	8	2
Bank Loan	3	1	9	7
Suppliers Credit	2	4	10	19
Profits	NA	NA	26	43
Customer Advances	3	10	3	9

Source: Study results

(b) Analysis of Changes in Number of Employees and Total Turnover on Investment

Table 2: Results of changes in number of employees and total turnover on investment for both Organized and Unorganized MSEs lumped together (Paired Observation Test)

Study Variable	Number or Respondents	Mean Difference	Standard Deviation	Two-tailed probability	Test Statistic	Critical Value
Changes in number of employees		2.6087	2.8438	0.0001	8.799	2.33
Changes in total turnover		238595.9674	1021462.6573	0.0275	2.24	2.33

Source: Study Results

Note: Table 2 is summarized from the result presented in appendix 1.

From the paired observation test, the test statistic for changes in number of employees is 8.799 which fall inside the critical region when it is compared to the table or critical t-statistic of 2.33. Hence, we reject the null hypothesis of no significant difference in the changes in number of employees. In other words, we accept the alternative hypothesis, namely, that the changes in number of employees after six years of involvement in the Osusu scheme is statistically significantly different from zero. The test statistic of 2.24 for the changes in total turnover on investment shows that it is also statistically significant at 5% level of significance. Thus, there is qualified evidence which suggests that there is a relationship between involvement in the traditional financial institutions and the growth and development of MSEs in Nigeria. Further disaggregation of the results from table 2 (the organized and unorganized MSEs) is presented below.

Table 3: Results of changes in number of employees and total turnover on investment for Organized MSEs only (Paired Observation Test)

Study Variable	Number or Respondents	Mean Difference	Standard Deviation	Two-tailed probability	Test Statistic	Critical Value
Changes in number of employees	87	3.2432	3.2609	0.001	6.05	2.33
Changes in total turnover	90	115142..2703	214462..967	0.0024	3.266	2.33

Source: Study results. See appendix 1 for the direct MedCalc output of the POT.

The results from Organized MSEs indicate that the test statistic of 6.05 (for changes in number of employees) falls inside the critical region when it is compared to the critical value of 2.33. Similarly, the test statistic of 3.266 for changes in total turnover on investment falls in the region of rejection when it is compared to the table value of 2.33. These results suggest that, for the organized MSEs, there have been significant changes in the both the number of employees and total turnover on investment after at least six years of involvement in any of the forms of TFIs.

Table 4: Results of changes in number of employees and total turnover on investment for Unorganized MSEs only (Paired Observation Test)

Study Variable	Number or Respondents	Mean Difference	Standard Deviation	Two-tailed probability	Test Statistic	Critical Value
Changes in number of employees		2.1818	2.4652	0.0001	6.564	2.33
Changes in total turnover		321646.6364	1307733.8142	0.0737	1.824	2.33

Source: Study results. See appendix 1 for the direct MedCalc output of the POT.

The results from the Unorganized MSEs indicate that the test statistic of 1.824 (for changes in total turnover) falls inside the region of acceptance of Ho because 1.824 < 2.33. This is a pointer to the fact that even after over six years of their involvement in the Osusu scheme, the unorganized MSEs failed to witness any significant change in total turnover on investments. This result is supportive evidence that the Osusu system favours the development of organized MSEs than unorganized MSEs as regards the changes in total turnover on investment.

DISCUSSION OF RESULTS

The findings from the study suggest that most MSEs rely on the TFIs (the Osusu scheme) through personal savings and remittances from relatives to start their businesses (table 1). About seventy-six percent (76%) of MSEs relied on both Osusu and remittances from relatives (table 1). This comprises of 44.7% support from Osusu and 31.3% support from relatives. Bank loans constituted 4.1%, Customer advances constituted 13.54% while Suppliers' credit constituted 6.25% as source of initial capital. This makes the TFIs the largest contributor as source of initial capital. Osusu and profit injection were the main sources of working capital constituting about 68.6% of working capital though profits contributed a little more than Osusu. The Study brought to the fore the fact that though the TFIs generally contributes to the development of Micro and Small Scale Enterprises (MSEs) in Ogoni, its role in creating income stability, employment and growth is statistically questionable for unorganized SMEs given that their TTI is not statistically significant. However it seems to remain an effective means of raising initial capital and for sustaining most MSEs through periodic contributions to ROSCA, FISCA and MBs.

Generally, there was a significant change in the number of employees and total turnover on investment for MSEs involved in any form of TFI for at least six years. However, the difference in turnover observed was accounted for largely by the organized MSEs. This is because while the changes in both the number of employees and total turnover on investment for the organized MSEs were statistically significant, it was not the same in the case of the unorganized MSEs. In the case of the unorganized MSEs (table 4), the result revealed that though there was a significant change in the number of employees, the corresponding change in total turnover on investment was not significant. This raises a number of questions. Are the unorganized MSEs employing beyond the optimal level or their resources being employed inefficiently? Could this factor contribute to the reasons why most SMEs normally collapse after few years?

CONCLUSIONS AND RECOMMENDATIONS

The implication of the findings from this study is that the Traditional Financial Institution (TFIs) has had positive impact on the growth and development of Micro and Small Scale Enterprise (MSEs). The results indicate that involvement in the informal financial system (the Osusu scheme) favours the development of organized MSEs than the unorganized ones. Generally, the TFIs contribute to fund mobilization and cash injection

into the MSEs and acts as a form of insurance for most of these businesses. In addition, the study opines that Osusu is more than a financial product. It is also a social capital. It performs other useful role in fostering social and income stability, growth and employment generation.

In the light of the foregoing conclusions, the following suggestions are discernable:

i. Policy makers should consider regulating the informal financial sector by enacting appropriate laws, rules and regulations which would guide the Modus Oparadi of the system and ensure that it is sustained. Government as a matter of urgency, should prioritize the MSEs sector by giving it devoted practical and visible attention with a view to making it virile, vibrant, focused and productive. The era of 'lip service' attention to the sector should be done away with. The employment creation cannot be developed without a vibrant SMEs subsector, and so government should do all within its arsenal to reverse the situation.

ii. To mitigate the obstacles of irregular payments by contributors and loan delinquency, the operators of the Osusu scheme should be involved in appraising customers and recovering loans. In this case a short training in accounting, book keeping and basic business management principles should become a pre-requisite for accepting MSEs into the FISCA and ROSCA scheme since this is where the loan delinquency rate seems higher. Microfinance interventions in terms of access to credit must be tied with basic management training and basic accounting skills. Here the basic requirement for a micro and small scale enterprise (MSE) to access micro finance from the Osusu scheme or government should not be collateral or merely a form of guarantee but ability to groom the enterprise. Since finance is the most important and cogent key of any enterprises, MSEs must be financially supported so that they can take off, expand and be able to meet the needs of the Nigerians. There is also the need to support and strengthen their productive capacities and market competitiveness. This will provide a training ground for indigenous entrepreneur and help in reducing rural-urban drift resulting from lack of job opportunities in the rural area, especially when MSEs are sited in the rural areas.

iii. Finally, to enhance the role of TFIs in the development of micro and small scale enterprises, there is need for increased awareness of their importance, proper supervision and periodic monitoring of their activities/operations so as to foster their intermediation role. In advanced economies, the MSE sector is acclaimed as the engine of economic growth and development. However, against international best practices Nigeria is rated poorly. Extensive efforts in terms of strategic programmes, policy and practice will be required to elevate Nigeria to a leading position. Though Nigeria lacks adequate census on relevant economic indices, it is estimated that Small and Medium Enterprises in Nigeria currently account for over 75% of employment in the country (SMEDAN 2006). This relatively high percentage is however a paradox as 60% of Nigerians still lives below the poverty level. When 60 percent living below the poverty line are taken into account, the share of those gainfully employed in the SME sector is more likely to be in the region of 10% as recorded by US Industry Small Business Administration (SBA).

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APPENDIX 1

Table 5: Changes in level of Employment and Total Turnover on Investment of Organized MSEs after six years of involvement in any form of TFI.

obs	Number of Years in the Business (NO)	Employees before Osusu (EB)	Employee after Osusu (EA)	Total (annual) turnover before Osusu (TTIB)	Total (annual) turnover after Osusu (TTIA)
1	7	3	5	46500	70550
2	3	1	3	14568	250500
3	6	1	4	16800	100345
4	10	2	3	20675	125750
5	5	3	3	39678	345897
6	8	3	4	12876	50950
7	9	2	12	37987	54500
8	4	3	11	54675	750400
9	7	3	2	23987	123000
10	6	3	4	4598	120000
11	9	4	5	7980	124500
12	12	5	7	45987	123000
13	10	3	6	9345	60987
14	12	2	5	46987	100000
15	9	3	9	3987	67900
16	6	1	13	78000	123000
17	7	2	12	67895	96750
18	8	2	4	34267	76809
19	13	1	3	65789	1237690
20	2	2	4	6879	120500
21	1	3	6	3800	98070
22	6	2	2	23879	67400
23	4	1	1	56987	78905
24	9	1	6	23987	39080

25	8	1	4	54786	99600
26	7	2	3	23876	79080
27	6	1	4	6987	97500
28	6	2	7	54678	134098
29	9	1	8	89675	112000
30	11	1	3	65900	98978
31	12	2	9	45800	145850
32	9	1	10	53800	96500
33	7	2	3	7500	19600
34	5	1	1	54900	98700
35	6	2	3	45500	76500
36	7	2	2	43700	87500
37	8	1	4	65700	68790

Source: Study

Table 6: Changes in level of Employment and Total Turnover on Investment of Unorganized MSEs after six years of involvement in any form of TFI

Obs	Number of Years in the Business (NO)	Employees before Osusu (EB)	Employee after Osusu (EA)	Total (annual) turnover before Osusu (TTIB)	Total (annual) turnover after Osusu (TTIA)
38	9	2	5	45870	213769
39	11	1	2	43000	120960
40	12	1	3	12000	79080
41	11	2	1	5000	97500
42	11	1	3	6500	54300
43	10	2	2	46000	76500
44	12	1	4	3000	65400
45	11	2	5	54300	75400
46	9	1	2	54800	120750
47	8	2	3	12500	45300
48	9	1	4	34970	76500
49	10	1	5	3750	65400
50	11	1	2	9550	120300
51	12	2	4	34000	99600
52	11	1	3	70500	134000
53	13	2	2	56800	89000
54	11	1	4	66540	1237900
55	8	2	3	65400	76790
56	9	1	15	34200	135800
57	9	1	1	43800	86900
58	12	2	3	5700	89600
59	11	1	2	3750	97800
60	8	1	4	12000	798900
61	9	2	3	19000	9670890
62	11	3	4	45850	68790
63	12	1	6	3570	87600
64	2	2	2	4350	87690
65	4	1	1	5300	97680
66	3	2	3	56800	79870
67	8	1	4	45390	78960
68	9	1	3	6700	97680

69	9	3	3	45800	84380
70	5	2	5	6500	93470
71	7	2	6	6800	91276
72	9	2	3	45200	1327896
73	12	1	1	34567	65400
74	4	2	3	23690	123860
75	5	1	2	32560	134890
76	7	2	2	43760	32140
77	8	1	4	12000	134800
78	9	2	7	9500	97600
79	2	1	9	9500	238000
80	1	2	3	7540	98700
81	12	1	4	6450	87600
82	8	2	2	6540	654890
83	11	1	1	7540	76000
84	9	2	2	5600	76500
85	12	1	6	45680	86700
86	13	2	7	7540	98670
87	2	1	3	54378	765499
88	4	2	5	12540	76500
89	5	1	2	9650	45390
90	9	2	9	3450	76540
91	11	1	2	4530	87600
92	12	2	5	5640	67500

Source: Study

Table A: Paired Observation Test (POT) Estimate of employment (before and after joining Osusu) for both Organized and Unorganized MSEs

Sample 1		
Variable	EB = number of employees before joining Osusu	
Sample 2		
Variable	EA= number of employees after joining Osusu	
	Sample 1	Sample 2
Sample size	92	92
Arithmetic mean	1.7283	4.3370
95% CI for the mean	1.5626 to 1.8939	3.7470 to 4.9269
Variance	0.6396	8.1160
Standard deviation	0.7998	2.8489
Standard error of the mean	0.08338	0.2970

Paired samples t-test

Mean difference	2.6087
Standard deviation	2.8438
95% CI	2.0198 to 3.1976
Test statistic t	8.799
Degrees of Freedom (DF)	91
Two-tailed probability	$P < 0.0001$

Dot-and-Line diagram

Table B: Paired Observation Test (POT) Estimate of total turnover on investment (before and after joining Osusu) for both Organized and Unorganized MSEs

Sample 1		
Variable	TTIB=total (average) turnover on investment before Osusu	
Sample 2		
Variable	TTIA=total (average) turnover on investment after Osusu	
	Sample 1	Sample 2
Sample size	92	92
Arithmetic mean	29551.7391	268147.7065
95% CI for the mean	24803.0068 to 34300.4715	56621.4757 to 479673.9373
Variance	525799039.6455	1043260743049.0800
Standard deviation	22930.3083	1021401.3624
Standard error of the mean	2390.6499	106488.4533

Paired samples t-test

Mean difference	238595.9674
Standard deviation	1021462.6573
95% CI	27057.0428 to 450134.8920
Test statistic t	2.240
Degrees of Freedom (DF)	91
Two-tailed probability	P = 0.0275

Dot-and-Line diagram

Table C: Paired Observation Test (POT) Estimate of employment (before and after joining Osusu) for Organized MSEs

Sample 1		
Variable	EB= number of employees before joining Osusu	
Sample 2		
Variable	EA=number of employees after joining Osusu	
	Sample 1	Sample 2
Sample size	37	37
Arithmetic mean	2.0270	5.2703
95% CI for the mean	1.6984 to 2.3557	4.1995 to 6.3410
Variance	0.9715	10.3138
Standard deviation	0.9856	3.2115
Standard error of the mean	0.1620	0.5280

Paired samples t-test

Mean difference	3.2432
Standard deviation	3.2609
95% CI	2.1560 to 4.3305
Test statistic t	6.050
Degrees of Freedom (DF)	36
Two-tailed probability	P < 0.0001

Table D: Paired Observation Test (POT) Estimate of total turnover on investment (before and after joining Osusu) for Organized MSEs

Sample 1		
Variable	TTIB=total (average) turnover on investment before Osusu	
Sample 2		
Variable	TTIA= total (average) turnover on investment after Osusu	
	Sample 1	Sample 2
Sample size	37	37
Arithmetic mean	36781.4865	151923.7568
95% CI for the mean	28865.9190 to 44697.0540	78832.0623 to 225015.4512
Variance	563624256.4234	48057549630.9670
Standard deviation	23740.7720	219220.3221
Standard error of the mean	3902.9589	36039.5990

Paired samples t-test

Mean difference	115142.2703
Standard deviation	214462.9670
95% CI	43636.7570 to 186647.7835
Test statistic t	3.266
Degrees of Freedom (DF)	36
Two-tailed probability	P = 0.0024

Dot-and-Line diagram

Table E: Paired Observation Test (POT) Estimate of employment (before and after joining Osusu) for Unorganized MSEs

Sample 1		
Variable	EB= number of employees before joining Osusu	
Sample 2		
Variable	EA= number of employees after joining Osusu	
	Sample 1	Sample 2
Sample size	55	55
Arithmetic mean	1.5273	3.7091
95% CI for the mean	1.3725 to 1.6821	3.0579 to 4.3603
Variance	0.3279	5.8027
Standard deviation	0.5727	2.4089
Standard error of the mean	0.07722	0.3248

Paired samples t-test

Mean difference	2.1818
Standard deviation	2.4652
95% CI	1.5154 to 2.8483
Test statistic t	6.564
Degrees of Freedom (DF)	54
Two-tailed probability	P < 0.0001

Table F: Paired Observation Test (POT) Estimate of total turnover on investment (before and after joining Osusu) for Unorganized MSEs

Sample 1	
Variable	TTIB= total (average) turnover on investment before Osusu

Sample 2		
Variable	TTIA= total (average) turnover on investment after Osusu	
	Sample 1	Sample 2
Sample size	55	55
Arithmetic mean	24688.0909	346334.7273
95% CI for the mean	18950.7341 to 30425.4477	-7236.5393 to 699905.9938
Variance	450412003.1953	1710567278306.0100
Standard deviation	21222.9122	1307886.5694
Standard error of the mean	2861.6969	176355.3890

Paired samples t-test

Mean difference	321646.6364
Standard deviation	1307733.8142
95% CI	-31883.3347 to 675176.6074
Test statistic t	1.824
Degrees of Freedom (DF)	54
Two-tailed probability	P = 0.0737

APPENDIX 2: Study Instrument (Self-developed Oral Questionnaire)

1. Name of Enterprise
2. Nature of Business (a) Organized (b) Unorganized
3. How long have you been operating?
4. How long since you joined the Osusu Scheme?
5. What is / are the sources of your initial capital?

a. Savings with Osusu
b. Relations
c. Bank Loan
d. Suppliers Credit
e. Profits
f. Customer Advances
g. A combination of the above

6. what is / are the sources of your working capital

a. Personal Savings (Osusu)
b. Relations
c. Bank Loan
d. Suppliers Credit
e. Profits
f. Customer Advances
g. A combination of the above

7. What was your capital before joining Osusu ?
8. What is your capital now?
9. How many people did you employ before joining the Osusu Scheme
10. How many people do you employ now (after joining the Osusu scheme)?
11. Have Osusu been Helpful?