INFORMAL FINANCIAL INSTITUTIONS AND THE PERFORMANCE OF MICRO ENTERPRISES IN MAKURDI METROPOLIS, BENUE STATE, NIGERIA

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ABSTRACT

The researcher investigated the influence of informal financial institutions on performance of micro enterprises in Makurdi Metropolis, Benue State, Nigeria, using primary data source from a sample of 225 respondents. Multiple linear regression analysis was used to analyze the nexus in the dataset. The result of the regression analysis indicates that Self-help Sources of Credit (SHS) Family and Friends Sources of Credit (FFS) and Trade Credit Sources (TCS) all have a positive and statistically significant effect on the Performance of micro enterprises in Makurdi Metropolis. The researcher concludes that the informal financial institution is a veritable instrument needed in bridging the much needed financial gap that exists in the study area. It was recommended among others that family and friends are encouraged to continue to extend credit to family members and others who are interested in going into entrepreneurship. This will boost their morale and increase the growth and subsequently the performance of small and medium scale enterprises in the study area.

KEYWORDS: Informal, Financial, SMEs, Performance, Institution, Benue & Nigeria