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The Role of Entrepreneurial Financing on National Output: An Empirical Analysis

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Abstract

Due to the magnanimous role of entrepreneurial finance in spurring output thereby fostering economic performance as supported by the intermediation and entrepreneurial financing theory, this study explored the influx of entrepreneurial financing on output generation in Nigeria utilizing secondary sourced data over the period of 1992 to 2014. The study was carried out utilizing analytical tools such as the Unit root/Stationarity test, Ordinary Least Squares Regression, Johansen Co-integration, Error Correction Estimates and Pairwise Granger Causality tests. It was discovered that in both the short and long run relationship, analyses indicated that Micro-Credit (MC) and Commercial Banks Loans to Small and Medium Scale Enterprises (CME) influence on the Gross Domestic Output in the nation had been on the increase. It was discovered that Access to Credit Facilities (ASCF) and Small and Medium Equity Investment (SMIE) played insignificance role in the nation's performance level. This study discovered the accessibility to fund a major problem. In this light, it was recommended that government ought to, as a matter of criticality, help planned business visionaries to have admittance to the public purse to back them up and provide them easy access to fundamental data identifying with business opportunities, present day innovation, crude materials, business sector, plant and hardware which would empower them to diminish their working expense.

Key Words: Micro-Credit, Commercial Bank Loans to the Small and Medium Scale Enterprises, Access to Credit Facilities, Small and Medium Industry Equity Investment.

Introduction

The fundamental nature and place of Entrepreneurs, which cuts across every macroeconomic facet of the nation in an economy, cannot be overemphasized. This can largely be attributed to evidences pointing to the constructive incursion of entrepreneurship in an economy which manifest through reduction of unemployment by means of job creation and promotion of output level across sectors in an economy, thus stimulating growth and fostering national development as asserted by Zubair (2014) and Baig, (2007). Entrepreneurial endeavours are largely dominated by the private sector and usually mushrooms on the small-scale enterprises and other sectorial activities like the agricultural sector that host few employees and are characterized by small capital base.

Entrepreneurial activities, as opined by Okafor and Onebunne (2012) are fundamentally borne out of innovative development of goods and services by an individual (entrepreneur). Progressively, an entrepreneur represents an individual who innovatively and with consciously calculated risk creates new ideas and develop new business prospect (Ofili, 2014), which usually requires adequate funding for their long and short run goals and objectives. Without proper finance, the grease of oil wheel of an economy to acquire and motivate the service of skill labour, modern technology, and machinery for creation of value to meet the perceived needs for profit, makes the pursuit of economic growth and development a mirage as explained by Akinola (2013).

When it comes to entrepreneurial financing, the entrepreneurial funds could basically be derived from three (3) major sources which entail Owners' Equity, Loans and Grants among other numerous sources as examined by Ewiwile et al (2011). Efforts to get adequate finances create financial challenges because investor's actions must meet with the financing needs of a firm.

A crucial problem identified with entrepreneurial financing in Nigeria by the World Bank (2010) is the low level of financing of the entrepreneurial ventures in the nation which rests at a miserly 1.6% of the overall total credit disbursed to the private sector, a trend which was repeated in subsequent years (Olukayode and Somoye, 2013) and this also has hampered the level at which the entrepreneurs have contributed towards the nation's employment rate which is relatively low and was identified to be at 10% as confirmed by CBN periodicals (2010) . Also, preceding this is the scarcity of funding due to lack of loan collateral security and current macroeconomic anomalies such as galloping inflation rate, high bank interest rate, rocketing level of poverty and high level of closure of firms usually after five years of operations as observed by the Central Intelligence Agency (2014).

The nation has been faced of recent with a rising rate of economic vices which include; moral decadence and high rate of criminality amongst youths, prostitution, drug trafficking, armed robbery, hostage taking, militancy, terrorism as emphasized by Ovat (2013) and so many other problems which is largely attributed to the wide unemployment rate facing the nation which stood at 10.4 percent as indicated by the National Bureau of Statistics (2015) showing little to no growth in the level of enterprises.

Current framework of the subject matter of this study or similar studies like Boyd (2000), Robinson (2002) and Reynolds et al, (2005) who evaluated entrepreneurial financing failed to substantially take into relative consideration the activities of developing nations like Nigeria which houses the prevalence of the aforementioned challenges. This study therefore captured this negligence by evaluating the influence of entrepreneurial financing in a developing nation like Nigeria, towards seeing its level of influence at stimulating economic growth in the nation.

The objective of this study is to evaluate the nature of long run relationship prevailing between entrepreneurial financing and national output in Nigeria, utilizing elements of entrepreneurial financing like Aggregate Micro-Credit, Commercial Bank Loans to Small and Medium Scale enterprise, Access to credit facilities and Small and Medium Industry Equity Investment. It also examined the nature and direction of causal relationships which prevail between the employed variables. As this study broadly aims to add to existing literature, the results are hoped to be useful to policy makers since they are expected to aid policy formulation and/or review of same.

Theoretical Framework

The theories reviewed below hopefully do provide a valuable theoretical basis for this study.

1. **Intermediation, Liquidity constraint and Entrepreneurial Financing Theory**

As indicated by the Supply-Leading (Finance led development) Hypothesis, the presence of "monetary organizations and the supply of their resources, liabilities and related budgetary administrations ahead of time of interest for them would give proficient assignment of assets from surplus units to shortfall units, along these lines driving the other financial divisions in their development procedure" (Patrick 1966). Two capacities performed by the supply driving theory emerged unmistakably. To begin with, it exchanges assets from customary (non-development) segments to cutting edge segments. Second, it advances and animates an entrepreneurial reaction in the present-day parts and expands the desire of the business visionaries and additionally opens new skylines of conceivable speculation contrasting options to investigate. This however presupposes the monetary business sector is all around created as explained by Ovat (2013).

Various studies have contended for the finance led growth development approach (King and Levine, 1993a; King and Levine 1993b; Levine, 1997). This appears differently in relation to the position held by Robinson (1952) and others, as contained in the interest taking after speculation which keeps up that improvement of money related divisions and foundations essentially take after financial development. That is, the finance follows while the enterprise/entrepreneurial activities lead (Meier, 1984).

It is commendable, of note to bring up that, whether supply-driving or demand following, the mission of business visionaries to have admittance to satisfactory funding to fire up a business wander or back a current one, is not without limitations. Given the pertinence of business enterprise in encouraging monetary development, a considerable measure of examination premium has been excited as of late, to analyse the wellsprings of contact in the budgetary business sector and perhaps endeavour to ease liquidity imperatives in entrepreneurial financing.

A noteworthy determinant in the capacity of crisp business people to raise adequate funding to kick begin their organizations is the profundity of the monetary business sector, measured as the proportion of expansive cash supply (M2) to GDO; or from the viewpoint of the share trading system, the proportion of securities exchange capitalization to GDO. The profundity of the money related business sector or monetary extending measures budgetary business sector improvement in a nation. The more profound the money related business sector, the more it is alive to its obligation of meeting business financing needs of new business visionaries and the other way around.

2. Resource Base Theory of Entrepreneurial Finance

The theory is developed by Subramanian (2010). Entrepreneurs are hungry for resources, i.e., financial resources to stimulate their growth. Venture Capitalists (VCs) offer a twofold edged sword. From one perspective, the interesting assets gave by VCs amid the start-up generous advantages at a phase when such assets are basic to its development. Then again, the VC's control over such basic assets can empower it to remove considerable rents ex-post. We build up a hypothetical model to demonstrate that the start-up decision of the …financier parities the advantages from consolidating the thought with the …financier's assets against potential seizure by the …financier. To start with, we demonstrate that however a business person needs to surrender more prominent ex-post surplus to a more creative …financier, the advantages from unifying with such an agent rule these expenses. Second, while expanded capacity to imitate the thought adds to the new companies' esteem, it empowers the …financier to concentrate more leases, along these lines contracting the business visionaries' value esteem. Third, more prominent complementarity between the lenders assets and the new companies thought improves (wrecks) start-up quality when the thought is generally simple (exceptionally troublesome) to recreate; along these lines more noteworthy complementarity might be an aid or a bane for the start-up.

3. The Schumpeter Effect

Schumpeter Effect expresses that the wonder of unemployment is conversely identified with new-firm, new businesses generally called enterprise (Garofoli, 1994; Audretsch and Fritsch, 1994). As it were, when new organizations are set up in the economy, employability is invigorated through the force of innovative demolition. Put in an unexpected way, Lucas (1978) and Jovanovic (1982) were of the perspective that abnormal state of unemployment is regularly connected with a low level of entrepreneurial exercises, that is, the place individuals are not inspired to set up business ventures, the rate of unemployment would be high. The ramification of

Schumpeter Effect is that unemployment has a tendency to be high since individuals have lower blessings of human capital and entrepreneurial gifts required to begin and support new firms.

4. **Human Capital Theory**

The Human Capital Theory gives credence to spending on country's workforce (individuals working with open and private area associations) since consumption on preparing and improvement is a profitable speculation like venture on physical resources (Olaniyan and Okemakinde, 2008). Human capital scholar advocated training as a device for enhancing human capital, invigorating work efficiency and boosting the levels of innovation over the globe (Robert, 1991). Furthermore, human capital improvement through quality training is a basic variable that impels monetary development and economic advancement in East Africa, Hong Kong, Korea, Singapore, and Taiwan (Ibid). Schumpeter (1934) described business enterprise preparing as being in charge of innovative devastation, that is, training go about as a driving force for making new thoughts, enhanced methods, new advances and new items. Also, Van-Den-Berg (2001) builds up a relationship between the level of instruction and new item improvement in learning based economies that put greatly in training, innovation and related development components (Akhuemonkhan et al, 2013).

5. **Keynesian Growth Theory**

In relation to the entrepreneurial financing, the Keynesian propositions stressed that demand management policies and strategies can and ought to be utilized to enhance macroeconomic execution and supportability. That is, macroeconomic approaches ought to include setting financial and monetary variables in every day and age at the qualities which are thought important to accomplish the government's targets (Abata, et al., 2012). Albeit Keynesian hypothesis is of the perspective that the private part is innately temperamental, it is liable to visit and quantitatively critical aggravations in the segments of total interest. It is the errand of counter repetitive or adjustment strategies to counterbalance this private division unsettling influences thus keep genuine yield near its business sector clearing harmony time way (Olawunmi and Ayinla, 2007).

In this way, in view of the Keynesian financial development model, financing entrepreneurs ought to be a piece of macroeconomic strategies of government in which both the monetary and fiscal approaches ought to perceive to accomplish the wanted levels of monetary development and improvement of Nigeria. In perspective of this, Zeller and Sharma (1998) contended that microfinance can help in the change or foundation of family endeavour, possibly having the effect between mitigating neediness and financially secure life. Then again, Burger (1989) showed that microfinance has a tendency to settle instead of expansion of salary and tend to save as opposed to making occupations. In any case, Buckley (1997) arrived at the conclusion that there was little proof to propose that any huge and maintained effect of microfinance administrations on customers as far as entrepreneurial advancement, expanded salary streams or level of job. The core ideas are that change to access to microfinance and business sector for the needy individuals was not adequate unless the change or change is joined by changes in innovation as well as procedure.

Empirical Review

Oyedokun, (2015) evaluated the interrelationship between Small and Medium Scale Enterprise performance in connection to the miniaturized scale money financing available to them. The emphasis was on small scale account establishment and entrepreneurial firms in south-western Nigeria. An aggregate of 153 enlisted little and medium and scale entrepreneurial firms were utilized for the investigation taking after the information screening and assessment. A purposive arbitrary testing strategy was received for the study. The information gathered was broken down utilizing Pearson's correlation. The discoveries uncovered that a critical and positive relationship exists between advances gotten from smaller scale fund banks (MFBs) and the execution of little and medium scale entrepreneurial firms.

Gulani and Usman (2012) examined the challenges Small and Medium Scale Enterprises (SMEs) face in financing new or existing organizations, the number of inhabitants in the study comprises of all SMEs working in Gombe State. Be that as it may, the study embraced purposive and straightforward arbitrary testing procedures to draw the specimen from the populace. SMEs were then haphazardly drawn from three (3) nearby government territories; using questionnaires and broke down utilizing chi-square strategy. The aftereffect of the examination uncovered that: there exists no critical distinction in the challenges SMEs face when getting to fund from different sources, while a noteworthy contrast in the level of consciousness of MFIs by SMEs. Friday (2012) evaluated the effect of Microfinance on Small and Medium Enterprises (SMEs) in Nigeria utilizing study plan. The discoveries of the study uncover that huge number of the SMEs profited from the MFIs advances despite the fact that lone few of them were sufficiently proficient to secure the required sum required. Strikingly, dominant part of the SMEs recognizes positive commitments of MFIs advances towards advancing their piece of the overall industry, item development accomplishing market fabulousness and the general monetary organization upper hand.

Akinola (2013) evaluated entrepreneurship in Nigeria-Funding and Financing Strategies, utilizing longitudinal descriptive design data-set, they discovered an optimistic attitude towards funding in Nigeria, their study therefore established appropriate strategies to obtain funds from sources of finance by both small and medium enterprises. Ovat (2013) investigated the Liquidity Constraints and Entrepreneurial Financing in Nigeria, utilizing a descriptive approach and a sample of undergraduate students who were evaluated via questionnaire sources, the study discovered that costs required are subject to the level of modernity of the undertaking being referred to. Kounouwewa and Chao (2011) directed a study on financing imperative determinants in 16 African nations including Nigeria. The outcomes showed that the sizes of firm and possession structure are variables in charge of little and medium ventures development. These elements additionally restrict their entrance to capital and thus money related imperatives. They reason that there must be proficient money related establishments to handle issues of financing imperatives in enterprise and MSMEs. Still of financing, Somoye (2013) investigated the influence of financing on enterprise development in Nigeria utilizing endogenous growth framework. The outcomes demonstrated that the standardized long-run co-coordinating condition upheld by the short-run flow shows that money, loan fee, genuine total national output, unemployment and modern efficiency are critical to business enterprise in Nigeria. The outcomes likewise demonstrate a uni-directional Granger causal relationship and recommend that entrance to fund by business enterprise has critical association with monetary development in Nigeria.

Muritala, Awolaja and Bako (2012) explored Small and Medium Enterprises as a veritable apparatus in Economic Growth and Development utilizing study technique. The consequences of the concentrate in this way uncover the most widely recognized imperatives upsetting little and medium scale business development in Nigeria are absence of budgetary bolster, poor administration, defilement, absence of preparing and experience, poor framework, inadequate benefits, and low interest for item and administrations. Akinbola et al (2013) investigated the degree to which smaller scale financing has contributed to entrepreneurial advancement furthermore to discover the degree to which showcasing strategies have be utilized for successful and productive conveyance of their administrations. The study is restricted to the clients of ten miniaturized scale account banks situated in Ojo LGA of Lagos state, Nigeria. It was found that miniaturized scale money bank has possessed the capacity to contribute fundamentally to the entrepreneurial improvement in Nigeria. Zubair (2014) evaluated the influx of SMEs financing on monetary development and advancement of Nigeria. The paper embraced correlational exploration plan utilizing optional information for a period of 1992 to 2013. Autoregressive Integrated Moving Average (ARIMA) model was connected in the investigation, the study observed that total business banks financing of SMEs has huge positive effect on the monetary development and improvement of Nigeria. The concentrate additionally found that Microfinance banks' financing in the zone of transportation and business, assembling and sustenance preparing and different exercises have essentially affected on monetary development and advancement of Nigeria amid the period.

Quaye (2011) led an investigation of the influence of Microfinance Institution (MFIs) on the development of Small and Medium Scale Enterprises (SMEs) in the Kumasi Metropolis. The study analyzed the point by point profile of SMEs in the Kumasi Metropolis of Ghana. The examination of the profile of SMEs appears that most SMEs are at their micro stages since they utilize under six individuals and the area is massively overwhelmed by the trade sub-segment. The examination likewise demonstrates that MFIs have positively affected the development of SMEs.

Regina et al., (2012) evaluated the challenges militating Nigerian Entrepreneurs in an Attempt to Reduce Financial Institutions Risk Perception Index of Small Firms, utilizing survey data, The measurable investigations demonstrated that the danger appraisal of enterprises by financiers was exceedingly corresponded with the bookkeeping and money related administration data abilities of the little business operations, the earlier saving money connections of the organizations and the level and nature of pledges they can give. It was likewise found that entrance to credit by the little firms was fundamentally influenced by the past turnover, current resource base, age of the firm and its noteworthy benefit execution. Ofili (2014) evaluated the challenges facing entrepreneurship in Nigeria, utilizing qualitative research methodology. The study discovered that policies formulated by the government are such that does not promote the growth of small and medium enterprises.

For Szirmai et al (2011), there is sensible relationship between inspiration, enterprise and improvement. They observed that the issue with creating nations is not the deficiency of business visionaries rather insufficient approach and institutional environment.

Materials and Methods

This study employed the use of the ex-post facto research design, as it utilizes preceding data in evaluating the trend of variables without prior knowledge as to their inherent relationship. This study employed end of year values of Gross Domestic Output (GDO), Micro Finance Bank Credit, Commercial Bank Loans to the Small and Medium Scale Enterprises, Access to Credit Facilities and Small and Medium Industry Equity Investment which were extracted from various issues of Central Bank of Nigeria, Statistical Bulletin and their monthly publication.

Model Specification:

This study, in line with the intermediation, liquidity constraint and entrepreneurial financing theory above, functionally states its model as follows:

$$GDO_t = f\,(MC_t, CME_t, ASCF_t, SMIE_t) \qquad (1)$$

Which were trans-modified into the mathematical form by the introduction of the constant term (α0) and error term (μ)

$$GDO_t = \alpha_0 + \alpha_1 MC_t + \alpha_2 CME_t + \alpha_3 ASCF_t + \alpha_4 SMIE_t + \mu \qquad (2)$$

Where: GDO= Gross Domestic Product, MC= Micro Finance Bank Credit, CME= Commercial Bank Loans to the Small and Medium Scale Enterprises, ASCF= Access to Credit Facilities and SMIE= Small and Medium Industry Equity Investment.

On APriori: A positive theoretical association is expected between all the Entrepreneurial financing elements and economic performance in the nation i.e. α_1, α_2, α_3 , $\alpha_4 > 0$.

Operationalization of Employed Variables: The study attempted to capture the Entrepreneurial financing and economic performance variables as follows;

Economic Performance is captured by the Output level in the Nation i.e. Gross Domestic Output in its Real form as inflation and deflation are being accounted for, succeeding this is the Micro Finance Bank credit which was captured by their aggregate loans as assumed to be directed towards the Small and Medium Scale enterprises down to the petty entrepreneur, Access to credit facilities is captured by the number of reporting institutions for entrepreneurial and small scale funding, Small and Medium Industry Equity Investment which is captured as 10% of banks pre-tax profits to invest as equity in SMEs as stipulated by the Obasanjo's Scheme (Fuller and Kasumu, 2015). And the employed variables over the period of 1992 to 2014 due to the commencement of the Micro financing activities are presented below:

Table 1: Gross Domestic Output (GDO), Micro-Credit (MC), Commercial Bank Loans to the Small and Medium Scale Enterprises (CME), Access to Credit Facilities (ASCF) and Small and Medium Industry Equity Investment (SMIE) in Nigeria Over the Period of 1992 to 2014:

Year	GDO (₦'b.)	MC (₦'m)	CME (₦'m)	ASCF	SMIE
1992	875.34	135.80	20,400.00	334	0.02
1993	1,089.68	654.50	15,462.90	611	0.09
1994	1,399.70	1,220.60	20,552.50	902	0.06
1995	2,907.36	1,129.80	32,374.50	745	0.10
1996	4,032.30	1,400.20	42,302.10	693	0.13
1997	4,189.25	1,618.80	40,844.30	674	0.15
1998	3,989.45	2,526.80	42,260.70	552	0.06
1999	4,679.21	2,958.30	46,824.00	550	0.10
2000	6,713.57	3,666.60	44,542.30	881	0.25
2001	6,895.20	1,314.00	52,428.40	747	0.57
2002	7,795.76	4,310.90	82,368.40	769	1.49
2003	9,913.52	9,954.80	90,176.50	774	1.40
2004	11,411.07	11,353.80	54,981.20	753	1.57
2005	14,610.88	28,504.80	50,672.60	757	1.51
2006	18,564.59	16,450.20	25,713.70	750	4.41
2007	20,657.32	22,850.20	41,100.40	709	7.55
2008	24,296.33	42,753.06	13,512.20	733	7.75
2009	24,794.24	58,215.66	16,366.49	828	9.48
2010	33,984.75	52,867.50	12,550.30	801	117.03
2011	37,409.86	50,928.30	15,611.70	821	191.80
2012	40,544.10	80,127.86	13,863.46	883	200.96
2013	42,396.77	94,055.58	16,268.16	825	172.78
2014	45,103.81	82,421.08	17,424.30	891	57.87

Sources: Central Bank of Nigeria, Statistical Bulletin (Various Issues)

Specification of Analytical Tools and Tests

The objectives of this study are:

1. to evaluate the nature of inter-relationships prevailing among tax revenue variants and economic growth in Nigeria and
2. to ascertain the extent to which these study variables empirically promote and/or reinforce themselves in the process of Nigeria's economic growth.

For clearer appreciation, this subsection is further subdivided as follows:

Stationarity Tests: The stationarity properties of the time series data need to be ascertained through unit root tests to ensure that their employment will not lead to spurious estimates. In this direction, according to Brooks (2009), the Augmented

Dickey Fuller (ADF) test is employed. The decision is to reject the null hypothesis if the ADF test statistic is absolutely higher than the Mackinnon's Critical Values at 1%, 5% and 10% levels of significance.

Ordinary Least Squares Test: The Ordinary least squares test captures the short-run estimates of the predictive regression equation. Accordingly, the significance of the resultant t-statistic of any explanatory variables is expected to be at least 0.05, for the null hypothesis of no significance to be rejected.

Johansens's Co-integration Test: The Johansen's Co-integration test is utilized to ascertain the extent of long run equilibrium relationship prevailing among the set of study variables (Awe, 2012). The decision rule is based on significance at 0.05 level, of the co-integrating equation.

Error Correction Estimates: Brooks (2009) observed that the Error Correction Estimates tend to evaluate the long run sensitivities of the dependent variable to each of the explanatory variables and moreover, the speed with which the dependent variable adjusts back to long run equilibrium after short run distortions in the explanatory variables.

Granger Causality: Following the studies of Brooks (2009), the PairWise-Granger Causality test serves to determine the extent to which changes in a given set of explanatory variables tend to explain variations in the dependent variable and also the extent to which inclusion of the lagged values can improve the explanation and vice versa.

Presentation of Results

This section employed data and proceeds to interpret them under the following subheadings.

1. **Presentation of Stationarity (Unit Root) Test Results:**

Using the Augmented Dickey Fuller test, the results of the stationarity tests for all the study variables are presented in table 2 below:

Table 2: Results of Stationarity (Unit Root) tests:

Variable	**ADF Test statistic**	**Mackinnon's Critical Value at 1%, 5% & 10%**			**Order of Integration**	**Prob.**
		1%	**5%**	**10%**		
D(GDO)	-5.269285	-4.467895	-3.644963	-3.261452	I(1)	0.0020
D(MC)	-6.075944	-4.532598	-3.673616	-3.277364	I(1)	0.0005
D(CME)	-4.916894	-4.467895	-3.644963	-3.261452	I(1)	0.0040
D(ASCF)	-5.035522	-4.616209	-3.710482	-3.297799	I(1)	0.0047
D(SMIE)	-3.879171	-3.857386	-3.040391	-2.660551	I(1)	0.0096

Source: Extracts from E-Views 9 Output.

D(GDO), D(MC), D(CME), D(ASCF) and D(SMIE) represent the differenced variants of The Gross Domestic Output (GDO), Micro-Credit (MC), Commercial Bank Loans to the Small and Medium Scale Enterprises (CME), Access to Credit Facilities (ASCF) and Small and Medium Industry Equity Investment (SMIE) respectively.

Table 2: above presents the stationarity test results of the study's time series data. It indicates that the absolute values of the ADF test statistics for all the study variables are higher than their corresponding Mackinnon's critical values at 1%, 5% and 10% respectively. All the study variables are integrated of order I(1) and as such, deemed fit for employment in subsequent econometric estimations that follow.

2. Presentation of the OLS Results

To capture the short run relationships and the percentage of variation accounted for by the variations in the predictor variables in the short run, the Ordinary Least Squares test was implemented, the results of which are shown in table 3 below:

Table 3: Results of Ordinary Least Square (OLS) test:

Dependent Variable: D(GDO)				
Method: Least Squares				
Sample: 1992 2014				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.508978	0.813843	7.997827	0.0000
D(MC)	3.59E-05	7.85E-06	4.564403	0.0002
D(CME)	1.70E-05	7.36E-06	2.305386	0.0333
D(ASCF)	0.001547	0.001196	1.293427	0.2122
D(SMIE)	-0.000195	0.003149	-0.061931	0.9513
R-squared	0.789282	Mean dependent var		9.132330
Adjusted R-squared	0.742455	S.D. dependent var		1.200313
F-statistic	16.85552	Durbin-Watson stat		1.803858
Prob(F-statistic)	0.000007			

Source: Extracts from E-Views 9 Output.

Table 3 above shows an R^2 value of 0.789282, which implies that variations in all the explanatory variables account for 78.93% of the variations in Nigeria's GDO. The results indicate that in the short run, the coefficients of only Micro-Credit (MC) and Deposit Money Banks Loans to Small and Medium Scale Enterprises (CME) was capable and significant enough in explaining changes in Nigeria's output as denoted by Gross Domestic Output while The Access to Credit Facilities and Small and Medium Equity Investment were discovered to be insignificant in the short run the probability of f-statistics is significant at 0.05 level (0.000007<0.5), which implies a good line of fit while the Durbin-Watson value of 1.803858 is slightly within acceptable range.

3. Presentation of Johansen's Co-integration Test Results:

The results of Johansen Co-integration tests for all the time series variables of this study are presented in table 4 below:

Table 4: Results of Johansen's Unrestricted Co-integration Rank Test:

Test (Maximum Eigen Value):

Obs	Series	Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
23	D(GDO)	None *	0.974545	122.5116	69.81889	0.0000
23	D(MC)	At most 1 *	0.781290	49.09488	47.85613	0.0381
23	D(CME)	At most 2	0.451141	18.69468	29.79707	0.5150
23	D(ASCF)	At most 3	0.247368	6.696400	15.49471	0.6132
23	D(SMIE)	At most 4	0.049380	1.012825	3.841466	0.3142

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values
Source: Extracts from E-Views 9 Output.

The Johansen's co-integration results shown in table 4 above confirm the prevalence of three (2) co-integrating equations, thus indicating the prevalence of a significant long run relationship among the time series variables under study, in which case we proceed to correct for errors between the long and short run variables.

4. **Presentation of Error Correction Estimates:**

To evaluate and correct for the errors existent between the long and short run dynamics in the study, the error correction estimation was executed. The results are shown in table 5 below.

Table 5: Results of Error Correction Model

Dependent Variable: LOG(RGDO)
Method: Least Squares
Sample (adjusted): 1993 2014

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.357357	0.936478	7.856411	0.0000
MC	3.24E-05	6.41E-06	5.060157	0.0001
CME	1.28E-05	5.96E-06	2.150780	0.0471
ASCF	0.000769	0.001292	0.595232	0.5600
SMIE	-0.000361	0.002503	-0.144359	0.8870
ECM(-1)	-0.611201	0.199955	3.056695	0.0075
R-squared	0.855749	Mean dependent var		9.239499
Adjusted R-squared	0.810671	S.D. dependent var		1.110234
F-statistic	18.98360	Durbin-Watson stat		1.873394
Prob(F-statistic)	0.000003			

Source: Extracts from E-Views 9 Output.

From Table 5 above, the ECM coefficient stands at stands at 0.611201 with the expected negative sign, which implies that approximately 61.12% disequilibrium in Gross Domestic Output (GDO) is offset within the year. On the other hand, the coefficient of determination (R^2) of 0.855749 indicates that about 85.58% of the variations in Nigeria's GDO in the long run is accounted for by variations in the study's explanatory variables. Further, the results show that while Micro-Credit (MC) and Deposit Money Banks Loans to Small and Medium Scale Enterprises (CME) were discovered to be significant to Gross Domestic Output (GDO) in the long run while Access to Credit Facilities and Small and Medium Equity Investment were discovered to be insignificant in the long run. The profitability of ECM f-statistics of 0.000003 confirms its goodness of fit and its Durbin-Watson value of 1.873394 is within acceptable range also.

5. **Presentation of Granger Causality Test Results:**

The output of the Pair-Wise Granger Causality tests is presented in table 6 below:

Table 6: Results of Pair-wise Granger Causality Tests:

Pairwise Granger Causality Tests			
Sample: 1992 2014			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
D(MC) does not Granger Cause D(RGDO)	20	1.98106	0.1724
D(RGDO) does not Granger Cause D(MC)		8.19059	0.0039
D(CME) does not Granger Cause D(RGDO)	20	4.94436	0.0224
D(RGDO) does not Granger Cause D(CME)		0.19691	0.8234
D(ASCF) does not Granger Cause D(RGDO)	20	0.05458	0.9471
D(RGDO) does not Granger Cause D(ASCF)		0.04929	0.9521
D(SMIE) does not Granger Cause D(RGDO)	20	1.49484	0.2559
D(RGDO) does not Granger Cause D(SMIE)		1.74706	0.2079

Source: *Extracts from E-Views 9 Output.*

Table 6 above shows the Pairwise Granger Causality Output of employed variables of the study, The results provide compelling evidence to conclude the prevalence of uni-directional causalities between Gross Domestic Output and Micro Finance Bank Credits, showing a Demand following relationship and the unidirectional motion could be seen in the relationship between Commercial Bank Loans to Small and Medium Scale Enterprise in Nigeria and Gross Domestic Output which is quite supply following as it spilled from CME to GDO, On the whole, no form of significant causality is observed between Nigeria’s GDO and Access to Credit Facilities (ASCF) and Small and Medium Equity Investment (SMIE) were discovered to be insignificant to Gross Domestic Output in Nigeria over the study frame.

Discussions, Conclusion and Policy Recommendations

In line with the findings of the study, There exist palpable evidence and implications of entrepreneurial financing on national output influence in Nigeria, although there exists a selective influence as only the financial institutions have displayed significance to the current output promotion trend in the nation’s output showing that the Microfinance credits and Deposit Money Bank loans have actually achieved their expected aim at stimulating output, therefore it can be concluded that the nation has progressed on one hand and digressed on the other towards entrepreneurial financing in the nation, but there is still an existence of ambiguity in access of entrepreneurs to credit facilities:

i. This is due to the prevalence of inaccessibility to funding institutions by entrepreneurs,
ii. Poor Equity Investment base for entrepreneurs due to misappropriation of fund by custodian and presence of corruption amongst fund administrator.

As a form of recommendation, this paper suggested that Government ought to, as a matter of criticality, help planned business visionaries to have admittance to the public purse to back them up and provide them easy access to fundamental data identifying with business opportunities, present day innovation, crude materials, business sector, plant and hardware which would empower them to diminish their working expense as this study discovered the insignificance of accessibility to fund a major problem.

Due to the influence of the financial institutions, as discovered in the study, the public authorities and relevant monetary institutions should foster the activities of the Microfinance banks and enlarge the purse of the Deposit Money banks towards funding entrepreneurial activities.

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