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Entrepreneurship Financing and Human Capital Development in Nigeria

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ABSTRACT: This study examined the relationship between entrepreneurship financing and human capital development in Nigeria from 1992 to 2021. Data were sourced from the Central bank of Nigeria, statistical bulletin. Autoregressive Distributed Lag length was used to analyze the data having fulfilled the conditions necessary for its empirical usage. The results showed that entrepreneurship financing signed positive and significant to the human capital development as depicted in the long run analysis which implied that the credit to small and medium scale enterprises contributed significantly to the growth of human capital in Nigeria during the period under review. The results of the study further confirmed that interest rate did not contribute positively to growth of Human Capital in the short and long run in Nigeria. However, the credit to SMEs and exchange rate contributed positive to Human Capital development in the short and long run respectively. But trade openness contributed positively to human Capital Development in Nigeria only on the long run. In view of the above, the study recommend that policy maker should increasingly provide funds towards financing of entrepreneurship and lower of interest rate to make SMEs finance more accessible to end users.

Keywords: Entrepreneurship Financing, Human Capital Development

INTRODUCTION

Nigeria is endowed with abundant of natural resources and it is believed that it should be classified as an affluent country. The focus of this study was entrepreneurship financing and human capital development. The government of Nigeria established policies to support financing SMEs because the SMEs will contribute to economic growth of the country.

Samuel.(2019), Small and Medium Scale Enterprise could be an escape route for human capital development in Nigeria because it has been identified as a veritable sustaining the economy through its multiplier effect in enhancing the productive economic activities and improving living standard of people. The major challenges facing SMEs in Nigeria is

inadequate accessibility to cheap and effective financing (Friday, 2012).

The present study set out to examine and determine the extent to which Commercial and Microfinance bank have been effective in financing Small and Medium Enterprises. This study is initiated by the fact that lack access to finance had constituted acute problem to the development of SMEs sector in developing countries and Nigeria in particular. More so, this study addresses the problem by evaluating Entrepreneurship financing and human capital development in Nigeria.

The specific objectives of the study include to; examine the influence of credit to SMEs on human capital development; assess the effect of exchange rate fluctuation on human capital development; evaluate the influence of trade openness on human capital development and determine the influence of interest rate on human capital development in Nigeria. With a view to answer burning question like; to what extent are the credit facilities method adopted by commercial and micro finance bank effective? What are the financial service developed by Nigerian banks for SMEs? These and similar question occupied the attention of this study in the next sections under the research question and objective. In line with these, hypotheses were formulated for the study.

LITERATURE REVIEW

Conceptual Review

Entrepreneurship could be conceptualized as the establishment and management of a new organization with primary goal to pursue a unique innovation and achieve a rapid, profitable growth (Shame & Venkataraman 2000). Meanwhile Kanothi (2009) argued that entrepreneurship involves risk- taking. Innovation, arbitrage and in conjunction with the organization of all other factor of production in the establishment of new products or service for both new and existing customer in the society. Financing entrepreneurship in Nigeria is necessary for encouraging enterprises development. (Samuel et al, 2019), according to Oxford Dictionary, financing mean the process of disbursing fund to active the objective of a programme. Meanwhile Okoye, et.al. (2020) The concept of human capital development refer to the process of acquiring and increasing number of person who have the on-job training, leadership quality, education and experience that are critical for economic growth and development of a country. However, Human capital development involves providing opportunities for all citizen to develop to their fullest potential through education, training, health service and motivation as well as creating the enabling environment for everyone to participate fully in national development. It is thus defined by (Okoye, et al 2021).

Theoretical Review

Economic Theories

Economic theories pioneered the evolution of theories of entrepreneurship. These theories were formulated in the mid – nineteenth century. According to the school of thought, entrepreneurship are regarded as risk taker whose interest is to monitor the condition of economy in order to identify variety of opportunities (Abosede & Onakoya 2013). However, the dynamism of the economic environment is manifested in opportunities and thread. It present to the success or otherwise of

the entrepreneur in the country. Therefore, entrepreneur who went to succeed position themselves in strategically in order to reap maximum benefit due to change in the condition of the economy. In the argument put forward by the opportunity based theory, entrepreneurs usually take advantage of all the environment's opportunities in terms of technologies, social and economic situation.

The business and economic environment is very dynamic and is expected that entrepreneur should always factor of the environment into their decision with a view to identifying the opportunities fueled by the force of environmental factor. The broad dimension of factor associated with the environment influence businesses and the success of a business is a function of the ability of a manager in handling the threat and opportunities in which the environment projected .(Okoye et al 2021).

Sociological theories

Okoye et al (2020) viewed entrepreneurship as a social context, with the justification that individual entrepreneur could embrace the opportunities in which the dynamic in social contexts projected to the society. This school of thought opined that, the instability in the social-political environment bring opportunities for the entrepreneur in order with a view to developing and expanding business. In the same vein social network could not be undermined in entrepreneurship because successful entrepreneur usually channeled the appropriate network to support the achievement of a particular course.

Human Capital Theory

Aderemi et al (2020) hold that it is the key competency, skill, knowledge and ability of the workforce that contribute to organization competitive advantage. It focuses attention on resourcing human resources development and reward strategies and practice according to Human Capital theory education is an investment because it is believed that it could potentially bestow private and social benefit.

Empirical Review

Aderemi et al (2019) employed ARDL technique to evaluate how entrepreneurship financing led to the building of the Nigeria economy. The researcher argued that the financing of entrepreneurship has not led to the growth of the Nigerian economy. Meanwhile, Aderemi et al (2020) that agriculture and forestry financing had not led to significant of human capital development in Nigeria. In another related study. Aderemi et al (2020) submitted that Covid – 19 lockdown orchestrated a moderate reduction in production and sale of SMEs in Nigeria.

Oladele (2011) appraised the linkage that exist in the development of entrepreneurship and rise in employment in Nigeria while utilizing a multiple regression analysis and ordinary least square. The result from the study concluded that entrepreneurship should be encouraged by the Nigerian Government and its various agencies in order solve the worrisome level of unemployment in the country.

In another view put forward by Samuel, et al (2019) with focus on the relationship between SMEs and the institution likecommercial and microfinance bank in Nigeria. Also, bank contributed to a rise in advancement of SMEs through greater accessibility to facilities such as credit, training of financial and managerial personnel and enhancement. However, Ogbo

and Nwachukwu (2012) analyse the connection between the role in which entrepreneurship such as SMEs across some state in Nigeria with statistically analysis, it could be stressed sample a total of 100 SMEs across some state in Nigeria with statistical analysis. It could be stressed that the principal finding that originated from the study was that small and medium scale enterprises had not performed to the expectation in context of Nigeria because of the various multifaceted problem ranging from behavior of small and medium enterprises in reaction to issue that link with business environment and frequency changes in government policy. It was submitted from the study that the sponsor of SMEs should make sure that they possess adequate managerial skill prior embarking on enterprise development via financial resources.

Muritala et al (2012) utilized a survey technique to examine the roles played by SMEs in growing and developing the Nigeria economy. The authors submitted that the various constraints constituting impediment to SMEs growth in Nigeria range from financial support inadequacy deficient infrastructural facilities weak administration, corrupt practice, lack of training and experience insufficient profit and low market for product and services.

Consequently Friday (2012) employed survey design to evaluate how bank financing contributed to small and medium enterprise SMEs in Nigeria. Evidence from the work indicated that commercial and micro finance bank's loan brought about a significant benefit to the SMEs in the country. In the same vein, the positive contribution of bank loan could be felt in innovativeness of products, market share advancement and the way the company exited economic competitiveness.

Mathias and Walter (2014) investigated the link between how stable preference and repercussion that are connected with risk attitude of entrepreneurs. The authors asserted the decisive role in which the entrepreneurship played in shaping risk preference cannot be overemphasized since becoming an entrepreneur has to do with relative rise in risk attitude. However, risk attitude change over time alongside with individual preference endogenously.

The rest of the paper is organized as follows: section three outlined the methodology, section four covers results and hypothesis testing and section five deals with the summary and recommendation.

METHODOLOGY

Model Specification

In this study, the list of policy variables is expanded to include, human capital (which is combination of primary, secondary and tertiary enrolment) , total banks credit to SMEs, exchange rate, and interest rate and trade openness,. The model is therefore specified as follows:

$$HUMANCAP = F(SME, EXCH, OPEN, INT) \quad \text{.....(1)}$$

where

HUMANCAP = Human capital (primary, secondary and tertiary enrolments)
SME = Total banks credit to SMEs
EXCH = Exchange rate
OPEN = Trade openness
INT = The policy variable (interest rate)

The econometric form of the model above is stated as:

$$HUMANCAP_t = \beta_0 + \beta_1 SME_t + \beta_2\ EXCH_t + \beta_3\ OPEN_t + \beta_4 INT_t + \mu_t \ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

μ_t
= stochastic error term
β_0 = constant intercept
$\beta_1 - \beta_5$ = co-efficient of the associated variables

The variables are further transformed into logarithms and stated as follows:

$$LOG(HUMANCAP)_t = \beta_0 + \beta_1 LOG(SME)_t + \beta_2\ \text{LOG}(EXCH)_t + \beta_3\ LOG(OPEN)_t + \beta_4 INT_t + \mu_t$$
……(3)

Method of result evaluation This study utilizes the Augmented Dickey Fuller (ADF) test for stationarity test. This is because, the Auto Regressive Distributed Lag (ARDL) bound test procedure is conducted based on the assumption that, the variables under consideration are either integrated of order zero or order one. Hence an order of integration was determined using the ADF test procedures. The null hypothesis that guided the test is stated as follows: H_0: β=0 (β has a unit root); H_1: β<0 (for alternative hypothesis).

According to Pesaran, Shin and Smith (2001), the variables under consideration cannot be integrated of order two to avoid a spurious regression. In conducting an ARDL model procedure, a choice for an appropriate lag length is provided. Pesaran and Shin (1999) were of the view that Akaike info criterion (AIC) and Schwarz criterion (SC) are appropriate in a small sample, though SC is superior to AIC: The ARDL model is written as follow:

$$\Delta LOG(HUMANCAP)_t = \beta_0 + \sum_{i=1}^{n} \beta_{1i} \Delta LOG(HUMANCAP)_{t-1} + \sum_{i=0}^{n} \beta_{2i} \Delta \log(SME)_{t-1} + \sum_{i=0}^{n} \beta_{3i} \Delta LOG(EXCH)_{t-1} + \sum_{i=0}^{n} \beta_{4i} \Delta LOG(OPEN)_{t-1} + \sum_{i=0}^{n} \beta_{5i} \Delta INT_{t-1} + \ldots.(3)$$
$$\delta_1 LOG(HUMANCAP)_{t-1} + \delta_2 LOG(SME)_{t-1} + \delta_3 LOG(EXCH)_{t-1} + \delta_4 LOG(OPEN)_{t-1} + \delta_5 INT_{t-1} + \varepsilon$$

where
Δ = Difference operator
εt = Stochastic term

Conducting ARDL bound test, an Ordinary Least Square (OLS) is estimated firstly in order to establish if there exists a long run relationship between the variable under consideration. The test is based on an F-Statistic for the joint statistically significance of the lagged variables. The null hypothesis of no cointegration stated as:

$H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$, for the two equations are evaluated using Pesaran*et.al.* (2001) procedure.

The underlining assumption is therefore stated as follows: if the F-statistic is > upper critical bound, H_0 is rejected and concludes that the variables under consideration are cointegrated, otherwise it is not accepted. However, if F-statistic ≥ lower critical bound ≤ upper critical bound, then decision becomes inclusive. If the null hypothesis of no cointegration is rejected, a vector error-correction model (VECM) is therefore estimated (Narayan & Narayan, 2006). The VECM model is therefore specified as follows:

$$\Delta LOG(HUMANCAP)_t = \alpha_0 + \sum_{t=1}^{n} \alpha_{1i} \Delta LOG(HUMANCAP)_{t-1} + \sum_{t=1}^{n} \alpha_{2i} \Delta LOG(SME)_{t-1} + \sum_{t=1}^{n} \alpha_{3i} \Delta LOG(EXCH)_{t-1} + \sum_{t=1}^{n} \alpha_{4i} \Delta LOG(OPEN)_{t-1} + \sum_{t=1}^{n} \alpha_{5i} \Delta INT_{t-1} + \lambda ECM_{t-1} + \mu_t \quad \ldots\ldots(4)$$

where:

ECM = The error correction term

λ = The error coefficient

Determining the Reliability of Estimated Results

In a view of evaluating whether the estimates of the parameters are theoretically meaningful and statistically satisfactory, this study will adopt three criterions which are economic or a priori criteria (determined by economic theory), statistical criteria (determined by statistical theory), and econometric criteria (determined by econometric theory).

Economic or A priori Criterion

This criterion is based on economic theory and it is aimed at determining whether the signs and sizes of the empirical results conform or are in tandem with economic theory postulates. Put differently, it is concerned with determining the consistency of our parameter estimates with the signs and magnitude.

Statistical Criterion (First Order Test):

This test is based on statistical theory used in evaluating the reliability of the parameter estimates of a given model. According to Guajarati (2004), a test of significance is a procedure by which sample result is used to verify the truth or falsity of a null hypothesis. It encompasses the following tests:

I. **The T-Test:** This test is carried out to ascertain the statistical significance of the individual parameters in an econometric model say 1%,

5%, or 10% with N–K degree of freedom. Decision Rule If $/t_{cal/} < t_{\alpha/2(N-K)}$ at a given level of significance, we accept H_0 and reject H_1 but if $/t_{cal/} > t_{\alpha/2(N-K)}$ we reject H_0 and accept H_1. In the former, we therefore conclude that the parameter estimate is not statistically significant at a given level of significance while for the latter, we conclude that the parameter estimate is not statistically significant at a given level of significance.

II. F – Test: This test is used to test overall significance of the regression model. The decision is that, if the computed F – test i.e. $Fc_{al} > F_{\alpha}$ (k-1), (N-K), then we say the overall model is statistically significant at a given significance level. If $Fc_{al} < F_{\alpha}$ (k-1), (N-K), then we conclude that the overall model is not statistically significant at a given significance level.

III. R^2 and adjusted R^2 test: the coefficient of determination (R^2) depicts the percentage variations in the dependent variable that is captured by the variations in the independent variables in a given single regression model. It is also known as the measure of the Goodness of Fit of a regression line. The adjusted R^2 depicts the variations in the dependent variable that is accounted for by the changes in the explanatory variables of a given model taking account of the degree of freedom associated with the sum of squares. The adjusted R^2 is used in a multiple regression model.

Econometric Criterion (Second Order Test)

This criterion is based on the theory of econometrics and aimed at investigating whether the assumptions of econometric method employed are satisfied or not. Examples of tests under this criterion are heteroscedasticity test, Multi-collinearity test, autocorrelation test, Normality test, Stability test etc. for the purpose of this study, we will focus on autocorrelation test, normality test and stability test.

Normality Test: this test is carried out to ascertain whether the stochastic error term is normally distributed with a mean of zero and constant variance. This is expressed symbolically as; $\mu = N(0, \sigma_i^2)$

Unit Root Test

This test is the first step and involves testing the stationarity of the variables, and then the order of integration of the individual series under consideration. A stochastic process y(t) is known as a unit root if its first difference, y(t) – y(t-1) is non-stationary. Basically, a series is said to be integrated of order I(1), if it needs to be differenced once to become stationary. The same holds for an I(2) series which need to be differenced twice to become stationary. If I(0) then no differencing is necessary.

The Error Correction Model

Given that the existence of Co-integration is established amongst the series, then an Error Correction Mechanism (ECM) is then carried out to correct for any dis-equibrium in the short run. In the model, the dynamics of both short-run (changes) and long-run (levels) adjustment processes are modeled simultaneously, thereby providing information about both the short-run and long-run relationship.

RESULT AND DISCUSSION

The descriptive statistics of the variables used in this study are shown in table below:

Descriptive Statistics

Table 1: The Descriptive Statistics

	HUMANCAP	SME	EXCH	OPEN	INT
Mean	11986518	38144.27	144.2559	79.63156	13.65617
Median	13394852	36609.40	132.1500	80.30469	13.58000
Maximum	19253768	123932.1	360.2000	97.30000	26.90000
Minimum	3527530.	10747.89	21.89000	68.60000	3.720000

Std. Dev.	4896281.	27755.50	95.04835	5.180727	4.496350
Skewness	-0.498555	1.290671	0.748722	0.944818	0.416730
Kurtosis	2.060000	4.417312	2.994381	6.120166	4.513959
Jarque-Bera	2.347287	10.84012	2.802966	16.63270	3.733408
Probability	0.309238	0.004427	0.246232	0.000244	0.154632
Sum	3.60E+08	1144328.	4327.678	2388.947	409.6850
Sum Sq. Dev.	6.95E+14	2.23E+10	261991.5	778.3579	586.2978
Observations	30	30	30	30	30

Source: Author's computation from the E views result, 2022

From the result table above, the descriptive statistics indicates that from 1992 to 2021, five of the variables under consideration show an averaged positive mean values, with 30 observations. The standard deviation showed that the highest standard deviation of (4896281) is recorded by the HUMANCAP while the least standard deviation is recorded by INT. The skewness statistics from the table revealed that four of the variables are positively skewed, while one variable is skewed negatively. The kurtosis coefficients show that three of the variables are leptokurtic, suggesting that the distributions are high relative to normal distribution while two variables are mesokurtic, indicating not too flat topped, while one other variable splatikurtic, suggesting that the distributions are flat topped. The probabilities of Jarque-Bera test of normality for the variables indicates that

three of the variables have values greater than 5% level of significance, thus indicating that the variables are normally distribute

Correlation

The relationships among the studied variables depicted in the model were tested using correlation matrix and the result presented below.

Table 2: The Correlation matrix

	HUMANCAP	SME	EXCH	OPEN	INT
HUMANCAP	1.000000	0.209801	0.796173	-0.028600	-0.146379
SME	0.209801	1.000000	0.013373	-0.003432	0.106501
EXCH	0.796173	0.013373	1.000000	-0.033325	-0.056819
OPEN	-0.028600	-0.003432	-0.033325	1.000000	-0.102634
INT	-0.146379	0.106501	-0.056819	-0.102634	1.000000

Source: Author's own computation from the E views result, 2022

The correlation results shows that two of the variables have positive relationships with the HUMANCAP. The relationships are actually at 20%, 79%, while OPEN and INT indicate negative signs with a values of -02%and and -14% Hence we conclude that there is no multi-colinearity among the variables under consideration.

Unit Root / Staionarity Test

The results of the Augmented Dickey Fuller (ADF) test obtained are as follow:

Table 3: The Unit root test

Variable	Level difference	Probability	Order of integration	First difference	probability	Order of integration
HUMANCAP	-1.102147	0.7012		-5.390980	0.0001	I(1)
SME	-2.404568	0.1493		-7.005971	0.0000	I(1)
EXCH	-1.578648	0.4804		-4.435871	0.0020	I(1)
OPEN	-5.447137	0.0001	I(0)			
INT	-3.127536	0.0355	I(0)			

Source: Author's computation from the E views result, 2022

The stationarity tests result indicate that two of the variables under consideration are stationary at level difference, while three other variables are integrated of order one at 5% level of significance. Since there exists a mixed orderof cointegration, a bound cointegration test is therefore conducted.

Bound Auto Regressive Distributed Lag (ARDL) Testing Approach

Conducting the ARDL bounds test procedure, it is expected that the variables are I(0) or I(1), otherwise, the variable may be considered spurious. In the conduct of the ARDL test, we adopt the Augmented Dicky Fuller (ADF) test to determine the difference levels of the variables. We therefore compute an F-statistics test procedure to test the long-run relationship in which the maximum lag length p is 2 in the ECM. The results for the bounds F-test is therefore presented as follows:

The ARDL Bound test results

ARDL Bounds Test		
Date: 03/29/22 Time: 02:04		
Sample: 1992 – 2021		
Included observations:30		
Null Hypothesis: No long-run relationships exist		
Test Statistic	Value	k
F-statistic	8.339783	4
Critical Value Bounds		
Significance	I0 Bound	I1 Bound
10%	2.45	3.52
5%	2.86	4.01
2.5%	3.25	4.49
1%	3.74	5.06

Source: Author's computation from the E views result, 2022

The Bound test result from the table above indicates that the underlining ARDL model can be established to determine the long-run slope-estimated coefficients and the short-run dynamic-estimated coefficients for the balance of payment in Nigeria. The ARDL (1, 4) is selected based on Akaike information criterion (AIC):

The Short Run Error Correction Coefficients

The ECM result is therefore presented below:

The short run error correction coefficients results

Dependent variable: HUMANCAP				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
DLOG(SME)	0.024469	0.029369	0.833157	0.4225
DLOG(EXCH)	0.353167	0.070121	5.036511	0.0004
DLOG(OPEN)	0.788889	0.433222	1.820981	0.0959
DLOG(OPEN(-1))	-0.291414	0.355537	-0.819645	0.4298
DLOG(OPEN(-2))	-0.545003	0.307699	-1.771222	0.1042
D(INT)	0.005152	0.004202	1.225997	0.2458
D(INT(-1))	-0.001609	0.004605	-0.349448	0.7334
D(INT(-2))	0.000328	0.004581	0.071698	0.9441
D(INT(-3))	0.016459	0.004503	3.655140	0.0038
CointEq(-1)	-0.278971	0.075074	-3.715949	0.0034

Source: Author's computation from the E views result, 2022

From the results table above, the equilibrium error-correction coefficient ECM (−1) is -0.278971The coefficients has the expected negative sign and is statistically significant at 5% significant levels. This implies that there is a long run causality running from independent variables to dependent variable. It also confirms that all the variables are cointegrated or have long run relationship. We can therefore states that27percent gaps between long run equilibrium values and the actual values of the dependent variable have been corrected. Its t-ratios is-3.715949, and thus, it can also be concluded that the adjustments are quite meaningful in the short-run ARDL relationship.

The Long Run relationships

Long Run Coefficients results

Long Run Coefficients				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
LOG(SME)	0.548360	0.177854	3.083199	0.0104
LOG(EXCH)	0.753491	0.136414	5.523580	0.0002
LOG(OPEN)	7.426635	3.836369	1.935850	0.0790
INT	-0.065758	0.030331	-2.167993	0.0530
C	-24.570410	18.373344	-1.337286	0.2081

Source: Author's computation from the E views result (2022}

From the long-run elasticity of the independent variables contributing to human capital growth in Nigeria, shows that the coefficient of LOG(SME)indicates a positive sign and

significant statistically. It show that the credit to small and medium scale enterprises contributed significantly to the growth of human capital in Nigeria during the period under review.

The coefficients of log(eXCH) and log(OPEN) show a positive signs and significant statistically. The result indicate that the variables contributed significantly to the growth of human capital development during the period under study.

The coefficient of the variable INT indicates a negative sign and significant statistically.

Diagnostic Test

To ensure the goodness of fit of the model, diagnostic test are conducted. Diagnostic tests examine the model for serial correlation, functional form, non-normality and heteroscedasticity.

Serial Correlation Test

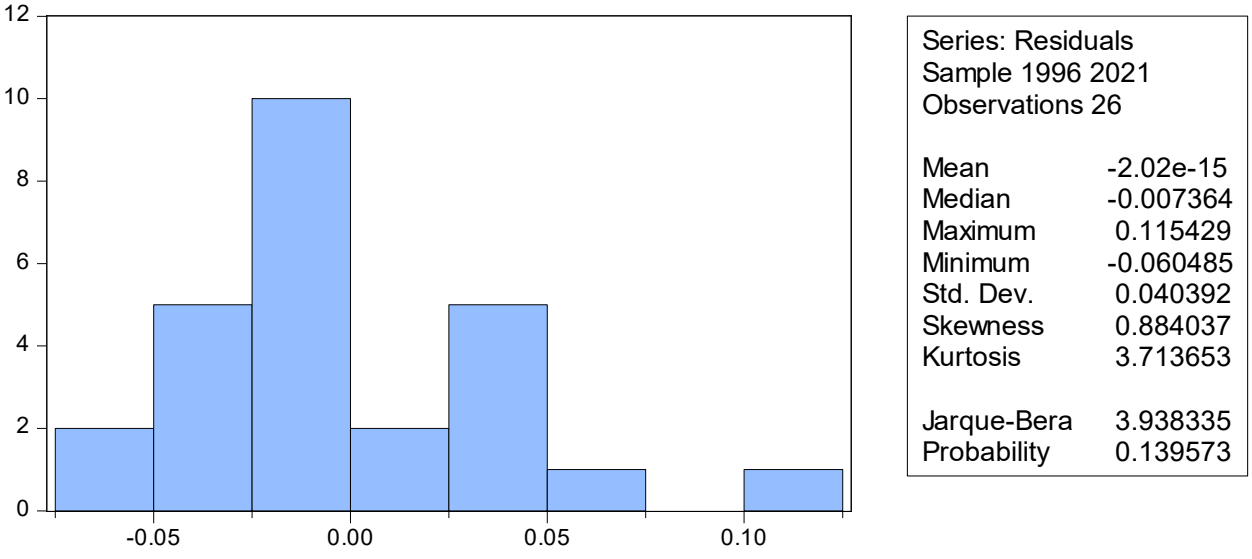
Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.187338	Prob. F(2,9)	0.1682
Obs*R-squared	8.504248	Prob. Chi-Square(2)	0.0142

Source: Author's computation from the E views result

The serial correlation test result obtained shows that the null hypotheses of a serial correlation is rejected and the corresponding probability values of the F-statistics are statistically insignificant at 5% level. Thus we conclude that there is no serial correlation among the variables under consideration.

Figure: The normality test



Source: Author's computation from the E views result, 2022

Ho: The sample data are not significantly different than a normal population
H1: The sample data are significantly different than a normal population.
Probabilities > 0.05 accept the null hypothesis
Probabilities < 0.05 reject the null hypothesis

From the result, the probability is 0.139573 and this is greater than 0.05 at 5% significant level and therefore, the null hypothesis is accepted. This implies that the residuals are normally distributed.

The Heteroskedasticity

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.850027	Prob. F(14,11)	0.6192
Obs*R-squared	13.51112	Prob. Chi-Square(14)	0.4867
Scaled explained SS	3.281365	Prob. Chi-Square(14)	0.9985

Source: Author's computation from the E views result, 2022

: homoscedasticity
H_1: heteroscedasticity
Probabilities > 0.05 accept the null hypothesis
Probabilities < 0.05 reject the null hypothesis

From the result, the probability of Chi-Square (14) is 0.4677and this is greater than 0.05 at 5% significant level and therefore, the null hypothesis is accepted. This implies and therefore confirm the absence of heteroscedasticity in the model. That is the error terms are homoscedastic i.e., they have constant variance in repeated sampling.

CONCLUSION

This study was carried out with a core objective to established the entrepreneurship financing and human capital development in Nigeria. Finding from the analysis showed that the entrepreneurship experienced moderate reduction in financing through short and long run coefficient of the variable interest rate that show negative sign. The SMEs and Exchange rate variables indicate positive sign in both short and long run coefficient while Trade Openness contribute positive relationship in short run coefficient only. However, the study concludes that all variables contribute significantly to the growth of human capital in Nigeria.

In view of the above, the study made recommendations. That the policy maker should increase funding for financing SMEs both in commercial and microfinance banks. Similarly, the Central Bank of Nigeria should implement appropriate policies that will increase banks' lending towards financing of entrepreneurship through lower percentage of interest rate, substantial enough to facilitate the expansion of SMEs entrepreneurship for growth of human capital in the nearest future.

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