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FINANCING MICRO AND SMALL ENTREPRENEURIAL BUSINESS: A STRATEGY FOR SUSTAINABLE DEVELOPMENT IN JOS CITY, PLATEAU STATE, NIGERIA

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Abstract

Micro and small entrepreneurial business are central to a country's economy and have played increasing roles of rebuilding and rebalancing the economy. According to studies, they make up the largest proportion of business all over the world and play tremendous roles in employment generation, better standard of living and contribute to Gross Domestic Product. However, financing has been a major challenge for growth and development of the sector in Nigeria. According to research, entrepreneurial small businesses in developing countries often cite lack of capital as a major constraint to entrepreneurial development. This study therefore examined the influence of financing micro and small entrepreneurial business on sustainable development in Jos city, Plateau State, Nigeria. The study used correlational survey design. A sample of 240

micro and small businesses were selected through purposive and stratified random sampling among publishers, light manufacturers (bakery), welders (light metal fabricators), services (fruit drinks, restaurant and tailoring) in Jos city, Plateau State, Nigeria. Multiple linear regressions were used in data analysis. The findings revealed that equity financing of micro and small entrepreneurial business has influence on sustainable development. The findings further revealed that family and friends financing of micro and small entrepreneurial business which comes from informal sector of the economy increases sustainable development. Similarly, the findings revealed that debt financing of micro and small entrepreneurial business has negative influence on sustainable development in the short – run, because the entrepreneurs are at the start – ups stage and new products are introduced but in the long – run the influence will be positive. The study concluded that equity financing of micro and small entrepreneurial business influences sustainable development. Similarly, family and friends financing of micro and small entrepreneurial business increase sustainable development among others. The study recommends among others that Nigerians should form the habit of personal savings from their income and form cooperative societies as that would provide them easy access to fiancé for the start – up of micro and small businesses, similarly, financial institutions and government need to provide adequate debt financing at lower interest rates and less collateral securities and the period for the loan repayment should be made longer so that it would allow the entrepreneurs to be fully established and contribute to sustainable development.

Keywords: Economy, entrepreneurial, financing, micro and small businesses

Introduction

Most developing economies of the world face fragile business environments, complex economic and social problems like unemployment and poverty which results in unstable economic growth and development. Micro and small entrepreneurial business firms which serves as backbone of the economy and drivers of both employment and economic growth has performed dismally in Nigeria due to lack of capital financing. According to Lawal, Iyiola and Adegbuyi (2018) availability and access to adequate and sustainable finance is critical for entrepreneurs and micro and small businesses require varied needs of cash for the various stages of their growth and sustainability. There are two major categorical sources of financing micro and small entrepreneurial business in Nigeria: the formal and informal sources. The formal financing sources are regulated by government. Olaide cited in Dabo and Gizo (2013) posited that the formal sources of financing comes mostly from financial institutions which are monetary institutions either owned by government or private businessmen for the purpose of making profits. They include: commercial banks, central banks, development banks and other financial institutions established by government or private individuals for the purpose of carrying out financial services. The informal

sector of finances includes: loans from family and friends, angel equity financing, royalty financing and lease financing among others.

Micro and small enterprises make up the largest proportion of business all over the world and play a key role in employment generation, provision of goods and services and contributing to sustainable development. Micro and small entrepreneurial business are central to the country's economy and plays an increasing strategic role of rebuilding and rebalancing the economy. According to Osunde (2016) out of the 17.2 million MSMEs in Nigeria over 17 million are micro enterprises, yet they are trying to survive in the current hostile financial and competitive market and require long – term and meaningful support for their sustainable growth and development. Deng, Hoffman and Newman (2013) opined that Micro and small entrepreneurial businesses are nucleus of economic growth activities, major source of employment, key contributors to economic growth and poverty eradication. However, they require funding for their start up and sustainable growth. According to Megginson cited in Robb and Robinson (2014) young and entrepreneurial business are germane to the creation, development and growth of new technologies, industries and markets and create most jobs, yet these businesses often need considerable amount of financial capital to sustain their growth.

Finance is very important in the development of micro and small entrepreneurial business, but in Nigeria the sector is not well funded. According to World Bank (2010) reported that Nigerian financial system is highly capitalized and vibrant but her contribution to micro and small entrepreneurial business sector is only about 1.6% of the total loans and advances to the private sector. Moses and Adebesi (2013) opined that access to finance allows small business to undertake productive investment to expand their business and acquire technologies thus ensuring their competitiveness and contributing to sustainable development. On the other side small entrepreneurial business refers to independent enterprises that often take risk and employ innovation in business. According to Kungu (2018) small businesses are those which are owned and controlled by one or a few person(s) with direct owner(s) influence in decision making and having relatively small share of the market in the applicable industry.

Objectives of the Study

The main aim of this study was to examine the influence of financing micro and small entrepreneurial business on sustainable development in Jos City, Plateau State, Nigeria. The specific objectives of the study were:

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1. To examine the relationship between equity financing of micro and small entrepreneurial business and sustainable development.
2. To determine the relationship between family and friends financing of micro and small entrepreneurial business and sustainable development.
3. To examine the relationship between debt financing of micro and small entrepreneurial business and sustainable development.

Hypotheses

The following hypotheses was formulated and tested at 0.05 level of significance,

$H0_1$: Equity financing of micro and small entrepreneurial business has no relationship with sustainable development in Plateau State, Nigeria.

$H0_2$: Family and friends financing of micro and small entrepreneurial business has no relationship with sustainable development in Plateau State, Nigeria.

$H0_3$: Debt financing of micro and small entrepreneurial business has no relationship with sustainable development in Plateau State, Nigeria.

Statement of the Problem

Micro and small entrepreneurial business have the potential of growing the Gross Domestic Product (GDP) of Nigeria. According to Ojeka and Mukoro (2011) micro and small enterprises make up the largest proportion of business all over the world and plays tremendous roles in employment generation, better standard of living and contribute to the Gross Domestic Product (GDP) of many countries. Contributing, Forsman (2011) posited that small businesses are critical for economic growth and innovative capacity in Nigeria. In spite of the vital roles of micro and small entrepreneurial business, financing has been a major challenge for the growth and development of the sector in Nigeria. According to Moses and Adebisi (2013) entrepreneurial small businesses in developing countries often cite lack of capital as a major constraint to entrepreneurial development which is often referred as capital illusion. This lack of access to capital to micro and small entrepreneurial businesses in Nigeria is mostly as a result of financial policies and bank practice that it hard for banks to cover the high costs of risks involved in lending to small business entrepreneurs.

The lack of finance to micro and small entrepreneurial business has led to a dismal performance of the sector to economic growth in Nigeria. According to Vision 2020 (2009) Nigeria's micro, small and medium enterprises (MSMEs) are estimated to contribute 10% of employment level in Nigeria well below that of UK 54%, USA 50.3%, Bangladesh 80%, India 80%, Belgium 66.6%, South Africa 60%, Malaysia 57.7% and China 58.8%. It is against that backdrop that the study sought to examine

the influence of financing micro and small entrepreneurial business on sustainable development in Jos, Plateau State, Nigeria.

Micro and Small Business

Micro and small businesses are privately owned corporations, partnership, or sole proprietors with fewer employees and/or less annual revenue. Most times they are small in terms of being able to apply for government support and qualify for preferential tax policy which varies depending on the country and industry. According to Agwu and Emeti (2014) the definition of micro and small enterprises varies depending on the level of development of the country. In most developed market economies like United States of America, UK and Canada the definition criterion adopted a mixture of annual turn - over and employment levels.

The National Policy on Micro, Small and Medium Enterprises MSMEs (2006) adopted definition as a reclassification of industrial enterprises in Nigeria:

1. Micro/cottage industry: As an industry with a total capital employed of not more than N1.5 million, including working capital but excluding cost of land, and/or workforce of not more than 10 workers.
2. Small – scale industry: As an industry with capital employed of over N1.5 million but not more than N50 million including working capital but excluding cost of land and labour size of 11 – 100 workers.

Entrepreneur

Entrepreneurs are people who seek for ideas and put them into effect to foster economic growth and sustainable development. Entrepreneurs create value and denote necessary time and effort through assumption of risks and their efforts result in making them independent. According to Kurotko and Hodgelts cited in Ologunowa and Itodo (2017) entrepreneur is an inventor or developer who recognizes and seizes opportunities, converts those opportunities into workable/marketable ideas; add value through time, effort, money or skills; assumes the risks of competitive market place to implement those ideas, and realizes rewards from those efforts. Similarly, Meredith, Nelson and Neck cited in Dandago and Muhammad (2014) opined that entrepreneurs are people who have the ability to see and evaluate business opportunities, gather necessary resources in order to take advantage of them and initiate appropriate actions to ensure success. An entrepreneur therefore is an individual who has the ability and willingness to identify opportunities, explore ideas, spent time and risk resources and ensures those ideas are transformed into reality.

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Finance

Finance has to do with allocation (investment) of assets and liabilities over space and time, often under conditions of risks or uncertainty. Finance is the art of money management. According to Corporate Finance Institute (2019) finance is the management of money which it involves activities such as: investing, borrowing, lending, budgeting, saving and forecasting. Finance is explained better through citing examples of what it does: it could be investing money in stocks, bonds or guaranteed investment certificates; borrowing money for institutional investors by issuing bonds on behalf of a public venture; lending money to people by providing them mortgage to buy house with and saving personal money in a high interest savings account among others. Contributing, Akrani (2011) posited that finance is an art of managing various available resources like money, assets investment, and securities among others. Finance therefore is the key to economic activities. It is a prerequisite for obtaining resources which are required for production activities and business operation. Micro and small entrepreneurial business could source for financing from different sources. However, this study sought to examine three major sources of finance which are: equity financing, debt financing and family and friends financing.

i. **Equity financing**: This involves raising money through investors. The business owner sells part of their ownership interest in their business. According to Peavler (2018) investor's buys shares of the business in exchange for a percentage of its future proceeds. They believe the business has the potential to make money and they expect a return on their investment at some point in future. Omoregie (2017) described equity financing as patient money, that all funds need to be repaid and/or must generate a reasonable return on investment to the fund provider, commensurate with the risk and expected return criteria over a reasonable time zone. According to Cameron (2017) equity financing investors are issued with investors share of equity in the venture, the number of shares issued is proportional to the amount of money invested. Equity financing includes: private investors, local business owner or suppliers, venture capital and angel investors among others.
ii. **Debt financing**: This is a situation where the entrepreneur borrows money from outside the entity to fund the business. Money borrowed is expected to be paid back with an interest in portions for a designated period. According to Leonard (2018) debt financing for small businesses means taking some type of loans depending on the size of the business. Debt financing therefore refers to a loan collected by the business venture depending on the size of the business and the creditworthiness of the venture. Debt financing includes loans from: commercial banks loans, development banks loans, Small Business Administration (SBA) offered for small business owners. It

comes from the bank but backed by SBA, working capital loans and equipment leasing loans among others.

iii. **Family and friends financing**: Many small businesses are set up or financed by money borrowed from friends or relations. Terungwa (2012) opined that most micro and small business are financed through the informal sectors which include: personal savings, family and cooperative loans. Contributing, Boateng and Abdulrahaman (2013) posited that personal savings and credit suppliers are the most visible sources of financing micro and small businesses in West Africa. According to Alabi, Awe & Musa (2015) financing of small businesses by family and friends in some instances is provided either as a gift or soft loan to be repaid at mutually agreed terms. However, the major problem associated with this source of financing is that it is not easy to secure because friends and relations may not trust the sincerity of the borrower to repay the loan. Micro and small entrepreneurs need to be finance so that it will make their business viable. According to Omoregie (2017) the severe economic and social hardship brought about by the economic recession in Nigeria resulted in large – scale businesses failure and job losses and the consequence was a rise in the number of small business enterprises and start - ups, as the growing number of unemployed persons, seek to create entrepreneurial opportunities for themselves. Contributing, Davoren (2018) opined that capital investment is required for business activities and the three main sources of funding for a business are revenue from the business operations, investor finances such as owners' partner's or venture capital and loans from individuals or financial institutions.

Sustainable Development

Sustainable development is development that meets the needs of the present without compromising the ability of the future generations toward meeting their own needs. According to Oyewo and Badego (2014) sustainable development is the utilization of resources to meet economic, social and environmental needs of humans, such that the interest of the present and future generation is served. Sustainable development process ensures interactions of social, economic and institutions continually sustained to meet up with the increasing demands of the future as the people continue to increase. According to Harris cited in Gwom, Dabo & Lohor (2018) *the main components of sustainable development are: economics, which emphasis is having an economically sustainable system that should be able to produce goods and services continually and meet the demands for such goods; environmental focuses on*

development that must maintain a stable resource base by avoiding over – exploitation of renewable resource systems or environmental damages; and social emphasis is on achieving a distributional equity through provision of social services such as health and education, gender equity and political participation among others. Sustainable development is therefore concerned with resources exploitation at the rate in which it would not prove detrimental to future generations.

Empirical Review

A potential micro and small enterprise entrepreneur may have credible, feasible and promising business idea but lacks finance for start- up capital. Oyewo and Badego (2014) examined the capital structure of micro, small and medium enterprises and the factors influencing it, in Alaba international market, Ojo Local Government of Lagos State, Nigeria. The study used 300copies ofquestionnaire for data collection. The findings revealed that all micro scale businesses financed their business at start – up via personal funding and borrowing from relatives. Small scale businesses at start – up also got financing through equity borrowing from relations and friends. In another study, Gumel (2017) examined how financial institution financing played a role in growth of small businesses in Nigeria. Fifty small businesses were selected through probabilistic random sampling technique in the area of retail, wholesale services and light manufacturing in Dutse city, Jigawa State, Nigeria. The data collected was analyzed using chi-square MegaStat statistical software. The findings revealed that financial institution financing is a tool for the growth of small business sector of the Nigerian economy. It was discovered that those who are able to secure funds from financial institutions were able to achieve their set goals in business.

Somoye (2013) conducted a study on the impact of finance on entrepreneurship growth in Nigeria. The study employed time series data of 30 years (1980 – 2009) to estimate the long – run and casual relationship between finance and entrepreneurship. Secondary data was sourced from Central Bank of Nigeria publications, commercial banks and other related publications. The data was analyzed using (E – Views) econometric software version 5. The findings revealed that finance, interest rates, industrial production and unemployment are significant to entrepreneurship growth. In a study, Ayodele (2018) examined the survival of small and medium enterprises in the dynamic environment of Nigeria. One hundred and twenty-six copies of questionnaire were used in data collection. The data was analyzed using Mean Maximum Correlation Vector (MMCV) algorithm/model. The findings revealed that causal relationship exist between business financing, accounting system and good administrative system in small business. A good administrative system and good accounting system will propel good business financing both from within and from external financing.

Methodology

Research Design

The study used correlational survey research design. The study used purposive and stratified random sampling technique in selecting the sample size. Structured questionnaire was used for data collection and the data was analyzed using multiple linear regression and the hypotheses were tested at $\alpha = 0.05$ level of significance.

Population and Sample

The study population comprised of all micro and small businesses in Jos city, Plateau State, Nigeria. Purposive and stratified random sampling technique was used in selecting a sample of 240 micro and small businesses in the area of: publishing, light manufacturing (bakery), welding (light metal fabrications), and services (fruit drinks, restaurant, tailoring).The different forms of businesses served as strata for the purpose of the study.

Instrument for Data Collection

The study used researchers'developed and structured questionnaire for data collection titled "Financing Micro and Small Entrepreneurial Business for Sustainable Development Questionnaire (FMSEBSDQ) for data collection. The questionnaire provided the 5 point Likert scale for respondents to score the questions. The questionnaire consisted of two sections A and B. Section A comprised of the socio – demographic data of the respondents, while section B consisted of the research items to be answered by the respondents.

Model Specification

The study considered financing micro and small entrepreneurial business as the independent variable, while sustainable development was proxied by Real Gross Domestic Product (RGDP) as the dependent variable. The functional relationship between the dependent and independent variables is expressed as follow:

RGDP = f(EF, FFF, DF), while the mathematical model could be specified as:

$RGDP = \beta o + \beta 1EF + \beta 2FFF + \beta 3DF + \varepsilon$

RGDP = Real Gross Domestic Product (proxy for Sustainable Development)

$\beta 0$, $\beta 1$, $\beta 2$ & $\beta 3$ = Intercept and parameters estimates

EF = Equity financing of micro and small entrepreneurial business

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FFF = Family and friends financing of micro and small entrepreneurial business

DF = Debt financing of micro and small entrepreneurial business

Ɛ = Error term

From the model βo is the intercept of the relationship, while β1, β2 and β3 are parameters estimates representing the slope of the relationship between each explanatory variable and the dependent variables.

Discussion of Results

Results

Two hundred and twenty copies of questionnaire were duly filled and returned and were used for data analysis.

Table 1: Regression Analysis of the Model

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate
1	.814[a]	.663	.658	.58248

a. Predictors (constant), Debtfinancing, FamilyFriends financing, Equity financing
b. Dependent variable: RGDP

Table 2: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	144.098	3	48.033	141.573	.000[b]
	Residual	73.284	217	.339		
	Total	217.382	220			

a. Dependent variable: RGDP
b. Predictors: (constant), Debt financing, Family friends financing, Equity financing.

The result of ANOVA in Table 2 indicates that debt financing, family and friends financing and equity financing are significant predictor variables of financing entrepreneurial small business in Jos city, plateau State, Nigeria. This is indicated by

the F –statistic results (F = 141.573, p = 0.000) indicating that the model used linked the independent variable with the dependent variable and was statistically significant.

Table 3: Coefficients of the Variables

Model	Unstandardized coefficient		Standardized coefficient	t	sig
	B	Std. Error	Beta		
1 (constant)	3.402	.284		11.994	.000
Equity financing	-.393	.061	-.395	-6.394	.000
Family financing	.477	.054	.387	8.801	.000
Debt financing	-.262	.068	-.256	-3.877	.000

a. Dependent Variable: RGDP
Source: Author's computation using SPSS, 2019, version 21.

The findings revealed that R = 0.814, indicating a strong positive association between debt financing, family and friends financing and equity financing of entrepreneurial micro and small business and sustainable development in Jos city, Plateau State, Nigeria. R Squared = 0.663 which indicates that 66.3% of variation in sustainable development can be explained by debt financing, family and friends financing and equity financing of micro and small entrepreneurial business while 33.7% is accounted for by other factors not captured in the regression model.

ANOVA

The result of ANOVA test showed that F is 141.573 with a significance of p value = 0.000 which is less than 0.05, meaning there is a significant relationship between equity financing, family and friends financing and debt financing of micro and small

entrepreneurial business and sustainable development in Jos city, Plateau State, Nigeria.

The model $RGDP = \beta o + \beta 1EF + \beta 2FFF + \beta 3DF + \mathcal{E}$

$RGDP = 3.402 - 0.393(EF) + 0.477(FFF) - 0.262(DF) + \mathcal{E}$

RGDP = Real Gross Domestic Product (Proxy for sustainable development)

$\beta o = 3.402$ (constant)

$\beta 1 = -0.393$ (coefficient of Equity financing of micro and small entrepreneurial business)

$\beta 2 = 0.477$ (coefficient of Family and friends financing)

$\beta 3 = -0.262$ (coefficient of Debt financing of micro and small entrepreneurial business)

$\mathcal{E}$ = Error term

Hypotheses Testing

The study used the results of the multiple regressions in testing the hypotheses.

Ho_1: Equity financing of micro and small entrepreneurial business has no influence on sustainable development in Nigeria.

The coefficient of equity financing was ($\beta = -0.393$, $P = 0.000 < 0.05$) which revealed a statistically significant relationship between equity financing of micro and small entrepreneurial business and sustainable development in Nigeria. Hence the study rejected Ho_1 at $\alpha = 0.05$ and concluded that equity financing of micro and small entrepreneurial business has significant relationship on sustainable development in Nigeria. The regression coefficient of -0.393 obtained in this case implies that a unit decrease in equity financing of micro and small entrepreneurial business variable would lead to 0.393 increase in sustainable development in Nigeria. The findings of this study imply that equity financing leads to start – ups and growth of micro and small businesses, but sustainable development is affected. The findings concur with Peavler (2018) that investors finance small business in anticipation of future proceeds and believe that the entrepreneur has the potentials to make money and expect a return on their investment. This therefore means that micro and small entrepreneurial business that are in the start – up stage of growth require finance for their activity, and their activity contributes to sustainable development in Nigeria. Micro and small entrepreneurial business therefore, need to grow so that sustainable development could be achieved.

Ho_2: Family and friends financing of micro and small entrepreneurial business has no relationship with sustainable development in Nigeria.

The coefficient of family and friends financing was (β = 0.477, P = 0.000 < 0.05) indicating a statistically significant relationship between family and friends financing of micro and small entrepreneurial business and sustainable development in Nigeria. The study therefore rejected Ho_2 at $\alpha = 0.05$ and concluded that family and friends financing of micro and small entrepreneurial business has significant relationship with sustainable development in Nigeria. The regression coefficient of 0.477 obtained implies that a unit increase in family and friends financing of micro and small entrepreneurial business variable would lead to 0.477 increases in sustainable development in Nigeria. The findings implied that family and friends financing of micro and small entrepreneurial business increases sustainable development in Nigeria. The findings agree with Terungwa (2012) that most micro and small business are financed through the informal sectors such as personal savings, family and cooperative loans. These are easy to access and do not require collateral security and therefore it increases sustainable development if such money is put into development of micro and small entrepreneurial business.

Ho_3: Debt financing of micro and small entrepreneurial business has no relationship with sustainable development in Nigeria.

The coefficient of debt financing was (β = -0.262, P = 0.000 < 0.05) which revealed a statistically significant relationship between debt financing of micro and small entrepreneurial business and sustainable development in Nigeria. Hence the study rejected Ho3 at $\alpha = 0.05$ and concluded that debt financing of micro and small entrepreneurial business has influence on sustainable development in Nigeria. The regression coefficient of -0.262 obtained implied that a unit decrease in debt financing of micro and small entrepreneurial business variable would lead to 0.262 increases in sustainable development in Nigeria. This is because most of the entrepreneurial businesses require money for their start – ups which require that other infrastructures would be affected for funds to be made available to micro and small entrepreneurial business. This finding concur with Leonard (2018) that debt financing of micro and small entrepreneurial business require taking some loans (money) from financial institutions and government whereas such money would have been used for provision of infrastructures, but rather given to micro and small entrepreneurs, thus sustainable development is affected negatively at that period.

Discussion of Findings

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The study sought to examine the influence of financing micro and small entrepreneurial business in Jos city, Plateau State, Nigeria. The findings revealed that equity, family and friends and debt financing of micro and small entrepreneurial business respectively has influence on sustainable development in Jos city, Plateau State, Nigeria. The result in Table 1 where r = 0.814 implies a positive relationship between financing micro and small entrepreneurial business and sustainable development in Nigeria. Hypothesis one was rejected and concluded that equity financing of micro and small entrepreneurial business has influence on sustainable development in Nigeria. The regression coefficient obtained was -0.393 signifying a unit increase in equity financing of micro and small entrepreneurial business leads to 0.383 unit decrease in sustainable development and vis-à-vis. The decrease in sustainable development occurs because the enterprise is either at the start – up level and are trying to add value to what they produce or adding innovation, thus making the products new and not yet contributing to sustainable development in the economy at the short – run, but in the long - run it will be positive in the same direction. This finding is in line with Peavler (2018) that investors finance small business in anticipation of future proceeds and believe that entrepreneur has the potentials to make money and expect a return on their investment.

Hypothesis two was also rejected at $\alpha = 0.05$ and concluded that family and friends financing of micro and small entrepreneurial business has influence on sustainable development in Nigeria. The coefficient of 0.477 implied that a unit increase in family and friends financing of micro and small entrepreneurial business leads to 0.477 unit increase in sustainable development in Nigeria. This indicates that the money was in idle hands and wasn't put to use in the economy and it is in the informal sector of the economy. However, using the money to fund micro and small entrepreneurial business puts the money into use in production of goods and services thereby increasing sustainable development. This concur with Terungwa (2012) that most micro and small business are financed through informal sectors such as personal savings, family and cooperative loans, and easy to access. Similarly, hypothesis three was rejected and concluded that debt financing of micro and small entrepreneurial business has influence on sustainable development in Nigeria. The coefficient value of -0.262 indicates that a unit increase in micro and small entrepreneurial business leads to 0.262 decrease in sustainable development in Nigeria. The decrease in sustainable development occurs from debt financing because the enterprises and small entrepreneurs are making efforts to introduce new products or adding value to the products to make the products different from what is obtainable in the market, hence this makes them as start – up business and not yet contributing to the economy but as they keep growing their contributions in the production of goods and services would contribute to sustainable development in the economy. This according to Leonard (2018) involves taking loans (money) from the economy (financial institutions) and

government whereas such money would have been sunk into provision of infrastructures thus exhibiting a negative impact on sustainable development.

Conclusion

From the findings of the study, equity financing of micro and small entrepreneurial business influences sustainable development negatively in the short – run due to the vital roles of the entrepreneur in adding value and innovation on new products;and positively if the enterprise is fully established and operational. However, family and friends financing of micro and small entrepreneurial business increases sustainable development as the money was not put into use in the informal sector but through the financing of micro and small business the money becomes economically functional. It was further concluded that debt financing of micro and small entrepreneurial business has influence on sustainable development. It decreases sustainable development in the short – run because the money was removed from the formal sector of the economy and given to micro and small entrepreneurs as start – ups and their level of production is negative at the period but in the long – run they will contribute positively to sustainable development.

Recommendations

The following recommendations were drawn based on the conclusion of the study:

1. Nigerians should form the habits of personal savings from their earnings.
2. There is need for the populace to form cooperative societies as such would enable them easy access to financing when starting a micro and small entrepreneurial business and also contribute to sustainable development.
3. There is need for investors to provide equity financing to micro and small entrepreneurial business and enough time frame of three to five years should be given to the entrepreneurial business to grow before investors would be expecting returns on their investment. This when done would allow the growth of the enterprise in producing innovative goods and contribute to sustainable development.
4. Financial institutions and government should provide adequate debt financing to micro and small entrepreneurial businesses in Nigeria with lower interest rates and less collateral security. Similarly, since it is a micro and small entrepreneurial business they should be given a longer period of time to start repaying the loan, so that within that time they might have established a market for their new and innovative products and raised a lot of income and contribute to sustainable development.

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