Working Capital Financing and Entrepreneurship Growth in Nigeria: An Empirical Investigation

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This study investigated the effect of working capital financing on entrepreneurship growth in Nigeria by employing ex-post facto research design using panel data analyses of financial information extracted from financial statements for the years 2012 to 2016 of 10 companies listed under "consumer goods" NSE. Descriptive and inferential statistics including multiple regression analysis were employed. This study established that there is a significant positive relationship between working capital financing (as proxied by inventory management, receivable management payable management and cash management) and entrepreneurship growth in Nigeria (proxied with log of changes in total assets and log of changes in sales volume) resulting $R^2 = .399$, Adjusted $R^2 = .327$, $F = 2.797319$. the study, therefore concluded that effective working capital financing aids entrepreneurship growth in Nigeria. This study recommended that entrepreneurs and stakeholders should manage working capital components for effective business growth.

INTRODUCTION

Businesses cannot do without working capital, and investment in this class of assets requires sound judgment on the part of the management of the company. Working capital according to Rehman and Anjum (2013) is the amount of capital to carry out its daily basis operations, and that the management of working capital is frequently considered a tool to maintaining the competence of the business inside their operations. Working capital is often assessed by lenders to judge the financial short-term paying back ability in difficult financial periods (Rehman and Anjum, 2013, Osundina, 2014). Employment creation and the increasing income-opportunity are some of Nigerian's top challenges today. This is without a doubt associated with other factors that are impeding the national development. It had been adjudged that prosperity and success are what many entrepreneurs envision when they start their own business. However, it takes more than a vision for business to succeed. Capital, which is the money needed to start, operate, and grow a business is important. This could be in form of a short-term or long-term source of finance. Entrepreneurs do have options when it comes to funding of their businesses and they must be wary of the implications of selecting among alternative sources of finance.

The entrepreneurship process represents a growth-oriented outlook where great leaders are born from. It entails an innovative and proactive approach to challenges, tasks, needs, obstacles, and opportunities by

commencing with nothing but a daring idea and great confidence, entrepreneurs assemble and organize the resources and the sweat to attain organizational goals. Obviously, it is an act of winning the game of competition (Aktan and Bulut, 2008). Any person who coordinates other factors of production and bears the risk and reward of uncertainty because of investing time and other resources in a business ventures is referred to an entrepreneur, while entrepreneurship is the art and science of utilizing factors necessary for the running of creative business ventures in a profitable manner with associated risk and value addition. Growth, on the other hand, is a positive change in size, often over a period. Growth can occur as a stage of maturation or a process toward fullness or fulfilment".

Entrepreneurs are not able to take into consideration the financial strategies with respect to the matching of the applicable sources of finance to the opportunities that presented itself to the business owners. One of the functions of entrepreneurs is to be creative and this is not limited to the process of conceiving idea on how to produce acceptable goods or services to the target market but also in terms of finding suitable means of financing such creative ideas. This has been a major problem to the entrepreneurs as most of them may not have required finance background and at the start, the need to consult finance experts is not seen as a priority but the quest to lunch out their products and services which is the products of their creative processes. Empirical evidence from around the world shows that the ubiquity of MSMEs has grabbed the attention of the world in several areas such as employment generation, poverty alleviation, wealth creation among others (Ashikhai, 2016; Asikhia & Jansen Van Rensburg, 2015; Asikhia, 2010).

Many scholars in the field of finance, and accounting, business management and entrepreneurship, such as Osundina, (2014), Malik, and Bukhari, (2014), Owolabi, (2013), Akoto, Awunyo-Vitor and Angmor (2013), Forghani, Shirazipour and Hosseini (2013), Gulzar, Ghazi, (2013), Owolabi, and Alu, Nkechinyere (2012), Akinlo (2012), Filipa, Garcia, (2011), Andrews, Freedland, and Shapiros, (1958), Bei, and Wijewardana. (2012), Bellouma, (1998), among others have conducted several studies into the impact of working capital on the stability of firms, the impact of working capital on stability of companies of working capital on profitability; the Effect of Working Capital Finance on Corporate Performance; while other researches are on Working Capital Requirements of companies. Many other researchers have extensively and inconclusively debated the nature of working capital and its effect on firm's financial performance owing to lack of consensus among them. Also, much of the corporate financial management theory are devoted to gaining understanding into the trade-off between long-term financing and short-term financing of businesses.

While researchers such as Somoye (2013), Aktan, and Bulut, (2008), Cuervo, Ribeiro, and Roig, (1979), Jean-Etienne de Bettigrites, and Brander, (2006), King, and Levine, (1993), Mantell, (2008), Oyedokun, (2015), Rehman, and Anjum, (2013), Somoye, (2011), Somoye, and Ilo, (2009), among others have also studied, with divergent conclusions, the cause-effect relationship between the financial strategies adopted, financial intermediaries, availability of finance to entrepreneurship business and its financial performance. While many researchers found positive and significant these performance relationships, because it is generally believed that the availability of finance and financial intermediaries is one of the sources of organizational competitiveness and by extension, financial performance. Many believe financial strategies and financial performance are negatively related.

The research by Somoye (2011) focuses on the role of financial intermediation in entrepreneurship financing in Nigeria, using six states in the South-West of Nigeria as a major case study. The results show a significant relationship between financial intermediation and entrepreneurship financing on one hand, and the financial gap and Entrepreneurship Business Growth on the other among other findings of the study (Somoye, 2011). While the study by Rehman and Anjum (2013), was to determine the Effect of Working Capital Finance on profitability. They, however, found out that there is inverse and positive association between working capital management and profitability. They achieved this by examining the impact that the running assets management on the profitability of Pakistan cement sector. Moreover, the study outlines the main factors that basically determine the working capital in the financials of Pakistan cement sector (Rehman and Anjum, 2013). The exact influence of working capital management on the growth of entrepreneurship business in Nigerian is therefore not clear, and it is calling for further

investigation within the context of Nigerian. The effect of adequate management of the business's working capital which is more of short-term financing management on entrepreneurship growth in Nigeria is the central point of this research work. The gap here is that working capital has not been an effective tool that can bring about growth in Entrepreneurship business activities in Nigeria.

Following from the above, the basic problem this study seeks to proffer solution to is to fill the gap in the literature and increase the frontiers of knowledge with respect to the effect of Working Capital Management on entrepreneurship growth in Nigeria. This study, therefore, seeks to assess empirically the effect of working capital finance on entrepreneurship growth in Nigeria. The study will also examine the relative significance of each of these factors in working capital and their impact on the selected proxies of Entrepreneurship Growth in Nigeria using multiple regression analysis.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Conceptual Review
Working Capital Finance
Funds needed by a business to carry out its daily operations is referred to working capital, this operation includes but not limited to; purchase of raw material, payment of wages, offering credit services and overhead expenses (Merchant, 2015). In the word of Osundina (2014), the management of working capital is central to the growth and survival of any business, this then means that for any business to continue with it object clause, attention of the managers must be on how best to manage the day to day running of the business in term of financing of working capital need. Profitable businesses can have working capital problems; this can develop because of long-dated payments from clients. This is affirmed by Enyi (2011), as he opined that the ability of an organization to continue in business is greatly anchored on the continued solvency of such organization. Also, Amarjit, Nahum and Neil (2010) postulated that the creation of shareholder's wealth is premised on the ability to manage the company's working capital. Therefore, the sum of money that can be deployed very swiftly is known as working capital.

Working capital management has also been argued to be a sensitive area in the field of financial management while its efficiency is essential, particularly in manufacturing companies, where a major part of assets is poised of current assets (Van Horne and Wachowitz, 2005). Eljelly (2004) further asserted that efficient working capital management has to do with effective planning and controlling of current assets and current liabilities in such a manner that the risk of inability to meet due short-term obligations, on the one hand, is eliminated and avoid excessive investment in these assets on the other hand. While investigating how the effect of Working Capital Management of a firm affects its profitability, Proper management of working capital and profitability according to Van Horne and Wachowitz (2005) ensures liquidity and profitability positions while liquidity-profitability relationship is said to be associated with the maintenance of the proper level of working capital (Van Horne and Wachowitz, 2005).

Helper, Nicholson, and, Callen (2014) opined that working capital costs do rise during the financial crisis and remain elevated. He also asserts that there are three types of problems related to supplier working capital costs, each of which is magnified for smaller suppliers: lack of access to loans for working capital; higher interest rates for small firms; and, extended payment terms, meaning that buyer firms are paying suppliers more slowly. Therefore, for firms to optimize profitability and to maintain good liquidity position, corporate financing decision should be considered side by side with their working capital composition (Ajibolade & Oboh, 2013). Merchant (2015) subdivided working capital into two areas viz: regular working capital that provides a steady base for overall business objectives; and short-term working capital used to facilitate the day-to-day business operations.

The primary motive for going into business most especially, entrepreneurship business is to make a profit. Financing working capital is crucial to the profit motive of the promoter(s) of such businesses; Merchant (2015) argued that the sources of finance for working capital include bank loans, retained earnings, credit from suppliers, long-term loans from financial institutions, or proceeds from the sale of assets. Fairlie (2012) opined that undercapitalized businesses will most likely have lower sales, profits and employment and will be more likely to fail than businesses receiving the optimal amount of capital at

startup. Evidence on the link between start-up capital and owner's wealth is provided by examining the relationship between business loans and personal commitments, such as using personal assets for collateral for business liabilities and guarantees that make owners personally liable.

The success of any business is premised on the amount of fund available to operate such business, so also the cost of such available finance influences the bottom line (Oyedokun 2015). From the initial fund needed to start the business venture to the working capital requirements, all these must be adequately planned before venturing into the business. Inability of some entrepreneurs to obtain the optimal level of start-up capital because of borrowing constraints and because these entrepreneurs are constrained in the amount of start-up capital that could be used to purchase buildings, equipment, and other investments, their businesses are less successful than if they could have invested the optimal amount of capital (Fairlie, 2012). Somoye (2013) affirmed the opinion of Robinson (2004), that micro-enterprise and small business development programmes have become a relatively new and important research subject globally. In the same manner, Scholars such as Carree, and Thurik (1996), and Somoye (2013), belief that entrepreneurship development can also be studied according to the level of entrepreneurship stages and that a distinction can be made between the micro and macro level of entrepreneurship.

THEORETICAL FRAMEWORK

Theoretical Models of Financial Acceleration in Entrepreneurship Development
Entrepreneurship Structural Financial Model (ESFM)

The Entrepreneurship Structural Financial Model (ESFM) provides an overview model of the organizational structure of credit facilities to entrepreneurship. The model produces a hierarchy of decisions from the loan-officer-firm relationship and ending with shareholders-bank regulator interaction (Somoye, 2013, Berger and Udell, 1995, 1998 and Acs, Audretsch, and Evans, 1994). The model shows the process of organizational interaction with respect to the decision-making process as follows: "from the small business borrower to bank loan officer to bank-senior manager to wealth holders to creditors and finally government regulations". This according to Somoye (2013) implies that relational lending provides access to finance by the financial intermediaries with little constraints, while at the same time controlling for problems of asymmetric information and consequently reduces the finance gap. The process of access to finance entrepreneurship is, therefore, a process as of acceleration.

Thus, it can be suggested that the process of access to a loan to entrepreneurship requires stages of growth of entrepreneurship to attract finance. There is also the problem of security, asymmetric information and the principal-agent dichotomy. Consequent on this, the paper provides entrepreneurship structural financial model (Somoye, 2013). The concept of growth perspective provides a way to the developmental viewpoint at the stage of entrepreneurship development, while the financing of which will be largely done by the financial market with or without the internally generated fund. It will also transform entrepreneurship development into higher economic development indicators i.e., employment, increased production capacity, and so on. This can be achieved in so many ways (Somoye, 2013).

Entrepreneurship Acceleration Financial Model (EAFM)

Entrepreneurship Acceleration Financial Model (EAFM) according to Somoye (2013) is premised on the intrinsic linkage between finance and Entrepreneurship Business Growth. EFM's prominence is the fact that finance is necessary because the entrepreneurial choice is affected by liquidity constraints, investment growth in the real sector, and household consumption pattern as supported by Thurik (1996). It was further argued that if the entrepreneurship survives the turbulence of the competition in the market, a rational entrepreneurship will tend to expand or accelerate the growth of the firm by either using the internally generated fund for expansion or securing funds from the financial intermediaries. This he said will be, subjected to the conditions that: the assets of firm are large enough to accommodate the new capital; the information about the firm is not opaque; the agency cost is low, and that the management ability of the entrepreneurship is satisfactory in repaying back the loan (Berger and Udell, 1995, cited in Somoye, 2013).

Somoye (2013) also advanced that financial factors should not be allowed to limit the growth of the firms less than the rate at which the economy grows so as not to slow down the level of development and that a smooth evolution in which the financial intermediation propels the growth of entrepreneurship proportionately in size and number and this growth is also in proportion to the growth aggregate investments, income and wealth of entrepreneurship. In order to attain entrepreneurship development, external finance is crucial as the retained earnings from the cash flow may not be adequate to finance this expansion for accelerated growth. It also means that financial intermediaries will have to channel a greater proportion of non-spending of income by savers who are not entrepreneurs to investments in entrepreneurship (Somoye, 2013).

Therefore, the combine theories of financial acceleration models postulated by Somoye (2013) are adopted in this study vis: Entrepreneurship Structural Financial Model (ESFM); and Entrepreneurship Acceleration Financial Model (EAFM). These theoretical models were used to estimate entrepreneurship development in the context of acceleration principles in financial economics and predicating same on the assumptions that, there exists efficient interface between the financial sector and that of entrepreneurship to accelerate economic growth. These theories would help in analysing the impact of the working capital management on the growth of entrepreneurship business in Nigeria.

Empirical Framework
Working Capital Finance

The studies by Chin and Mohd (2016) revealed that there exists a positive relationship between micro-financing and microenterprise as a partnership in the financing services concepts as well as significant impact to improve the performance of microenterprise especially in return on investment. They also suggested that microenterprise need strong financial backing from all financing agencies involved particularly the government and microfinance institutions so as to ensure microenterprise performance. Meanwhile, Moreia (2016) revealed that the growth of MSMEs is strongly dependent on the financial access. Wang (2016) also found that growth of MSMEs in developing countries is dependents on perceived access to finance and as such, a most significant obstacle that hinders their growth and performance apart from other determinants such as enterprise's size, age and ownership structure. It was also found that external reasons for the financing dilemma are high costs of borrowing and lack of financial consultant support.

Shivakumar and Thimmaiah (2016) carried out studies on working capital management and its impact on liquidity and profitability of cooperative unions using inferential statistics method and found weak correlation and negative relationship between liquidity and profitability. It was also found that the relevance of working capital management on the profitability of the union employed based on a sequential regression approach with two alternative specifications of the models, this was similar to the findings of and Vallalnathan and Joriye (2013). Siddiqui, Marinova and Hossain (2016) in their studies established positive relationship between venture capital investment, business development and enterprise performance. It was found that over the last two decades, the number of venture capital investment by the international investor as a fraction of total venture capital investment in emerging nations have increased from 8.7% in 1991 to 56% in 208 (Chemmanur & Fulghieri, 2013).

Osundina (2014) researched on working capital management and profitability of selected Quoted Food and Beverages Manufacturing Firms in Nigeria with the main objective of investigating the relationship between working capital management and profitability of food and beverages manufacturing firms listed on the Nigerian Stock Exchange. The study used secondary data from 120 firm-year observations between 2002 and 2011. The study found that there is relatively strong positive and significant relationship between Working Capital management and Net Operating Profit and that a positive but insignificant relationship exists between Cash Conversion Cycle and Net Operating Profit. Also, Account Collection Period has a significant negative relationship with Net Operating Profit while Inventory Conversion Period and Account payment period have an insignificant negative relationship with Net operating profit of food and beverages manufacturing companies in Nigeria.

The Economic Benefits of Reducing Supplier working capital Costs was the basis of the research conducted by Helper, Nicholson, Noonan and Callen, (2014). They explore the potential economic benefits throughout the supply chain of reducing suppliers' working capital costs using Contents analysis and found out that working capital costs rose during the financial crisis and remain elevated. On the other hand, Ajibolade and Oboh (2013) investigated into the working capital management and financing decision with synergetic effect on corporate profitability. They provided empirical evidence on the interaction between working capital management and corporate debt structure, and the effect of this on corporate profitability. The researchers used a pool of time series and cross-sectional dataset which was constructed from the annual audited financial results of 35 manufacturing companies listed on the Nigerian stock exchange for a two-year period (2011 - 2012). Panel exploration and Factorial-ANOVA estimation techniques were used in estimating the econometric models developed for the study and the results, showed that as the firm's working capital composition synchronously interacts with the debt structure, corporate profitability is positively affected.

Similarly, Rehman, and Anjum (2013) conducted a research on the determination of the effect of working capital finance on profitability with an empirical study from the cement sector in Pakistan by examining the impact that the running assets management on the profitability of Pakistan cement sector using correlation and regression analysis and found that there are inverse and positive association between working capital management and profitability in cement industry of Pakistan. Also, that there exist negative as well as the positive relationship between the variables. The research of Akoto, Awunyo-Vitor and Angmor (2013) was on working capital management and Profitability with Evidence from Ghanaian listed manufacturing Firms. The motive of the study was to examine the relationship between working capital management practices and profitability of listed manufacturing firms in Ghana with the use of secondary data collected from all the 13 listed manufacturing firms in Ghana covering the period from 2005-2009. The researchers using panel data methodology found out that a significantly negative relationship between profitability and accounts receivable days. However, the firms' cash conversion cycle, current asset ratio, size, and current asset turnover significantly positively influence profitability. They suggest that managers can create value for their shareholders by creating incentives to reduce their accounts receivable to 30 days. It is further recommended that enactments of local laws that protect indigenous firms and restrict the activities of importers are eminent to promote increased demand for locally manufactured goods both in the short and long runs in Ghana.

The objective of the research of Gulzar and Ghazi (2013) was to determine the effect of Working Capital Finance on firm's performance in emerging markets such as Karachi Stock Exchange employing Tobin's Q and gross operating profit as a measure of firms' performance. It was found out that that cash conversion cycle is positively influenced by the firm profitability. The firms with higher profits are not interested in managing working capital and firm performance. The findings also suggest that there is a negative relationship between the working capital and firm performance. Oladipupo and Okafor (2013) studied the Relative Contribution of working capital management to corporate profitability and dividend pay-out Ratio in Nigeria with the focus on the extent of the effects of working capital management on the profitability and dividend payout ratio which was measured by the net trade cycle, current ratio and debt ratio. Using both the Pearson product moment correlation technique and ordinary least square (OLS) regression technique, they observed that shorter net trade cycle and debt ratio promote high corporate profitability. While the level of leverage has a negative significant impact on corporate profitability, the impacts of working capital management on corporate profitability appear to be statistically insignificant at 5% confidence level. They also observed that dividend payout ratio was influenced positively by profitability and net trade cycle but negatively by growth rate in earnings.

The gap in the literature under working capital finance is that most scholars' research was on the impact or effect of working capital on corporate profitability and performance. This study, therefore, seeks to empirically determine the effect of working capital finance on the Entrepreneurship Growth in Nigeria.

Entrepreneurship and Entrepreneur Skill

Somoye and Onakoya (2013) investigated the impact of public capital Expenditure and Economic Growth in Nigeria using a three-stage least squares (3SLS) technique and macro-econometric model of simultaneous equations to capture the disaggregated impact of public capital expenditure on the different sectors of the economy. They found that that public capital expenditure contributes positively to economic growth and promotes the output of oil and infrastructure but is directly deleterious to the output of manufacturing and agriculture.

A robust valuation model for entrepreneurial ventures was researched by Kedar-Levy (2013), by presenting an alternative approach that links the firm's budget, as derived from its business plan, to pro forma financial statements, and to valuation models. It was found that while constant ratios may be relevant for established firms operating in predictable industries, they yield non-informative and possibly misleading information when applied to new firms, and particularly to technology ventures. While working on the Role of Financial Intermediation in Entrepreneurship Financing in Nigeria. Mantell, (2008) found that the aggregate capital commitment secured by an entrepreneur in a finite time has stochastic properties corresponding to those of a statistical renewal process and that entrepreneur's attitude towards risk determines the tradeoff between the expected aggregate capital commitment and the risk of abortion of the project.

The performance and contributions of SMEs to the development of the economy of cannot be underestimated, Bamiduro (2003) assessed Small and Medium Scale Industries Performance in Nigeria suing ANOVA, his studies re-enforce previous findings of the earlier research on the performance appraisal of small and medium scale entrepreneurs. He suggested that in order to improve a lot of SME's, the state government should provide long and short-term credit facilities to SMEs in the grand policy of state financing scheme with adequate management services from relevant industries to back up. Also argued that frequent changes in government policies brought about by changes in government was responsible for series of unfavourable regulation which impeded production activities and seriously affected the performance of SMEs. Onugu, (2005) also found that SMEs have played and continue to play significant roles in the growth, development and industrialization of many economies in the world

Bamidele (2012) while studying Small and Medium Scale Enterprises as a panacea for Economic Growth in Nigeria, he found that government and other financial institutions have not done enough in supporting SMEs. Ayozie, Oboreh, Umukoro and Ayozie (2013) identifies the roles of SMEs in Nigeria's development and growth. It concludes by clearly specifying the role of marketing to the survival of SMEs in Nigeria and advances relevant recommendations. For SMEs to survive marketing practice and principles must be given prominence. Yusuf and Dansu (2013) examined the relationship between business risks and the sustainability of SMEs in Nigeria using primary data generated from fifty (50) SMEs in Lagos State. They found that standard risk management strategy by SMEs will result in their sustainability. It was recommended that entrepreneurs should consider risk management as an integral part of business management. Also, regulators should insist on minimum corporate governance standards for SMEs. Abanis, Arthur, Burani and Eliabu (2013) conducted a study to determine the extent of financial management practices in Small and Medium Enterprises (SMEs) in selected districts in Western Uganda. Using ex-post facto or retrospective and prospective designs together with descriptive design and descriptive comparative as well as correlation design, they found out that the extent of financial management is low among SMEs with the average Mean of 2.19. The Research of Gbandi and Amissah (2014) focused on the adequate financing of SMEs in Nigeria and the various financing options available to the SMEs. They found out that finance contributes about 25% to the Success of the SMEs and to alleviate the problem of funding, the Federal government and Central Bank of Nigeria (CBN) have over the years established many credit institutions with the objectives of improving access to finance by the SMEs.

Similarly, Ajonbadi, Lawal, Badmus and Otokiti (2014) investigated the relationship between financial control tools and organisational performance. With a survey of two hundred and sixty-eight SMEs in Lagos, this was analysed using descriptive statistics and Pearson Product Moment Correlation.

The study revealed that participating firms significantly use the traditional control tools such as stocktaking, quality control and financial statements.

METHODOLOGY

Research Design

In this study, we employed ex-post facto research design using panel data analyses of financial information extracted from Financial Statements for the years 2012 to 2016 of 10 companies listed under "consumer goods" on the floor of Nigeria Stock Exchange.

This study adopts both descriptive and inferential statistical analysis. The statistical tools adopted is multiple regression analysis. The regression analysis is applied to the regression models to measure, explain and predict the linkage between the variables. This type of test can only be carried out when there is a need to establish the linear relationship between two or more variables and to establish how strong these relationships are. The descriptive statistics examine the means and standard deviations of regression variables. The use of inferential statistics is to make inferences or judgments about a population based on a research sample. This is in line with the objectives of the study which is to determine empirically the strength of the working capital management as tools in ensuring the entrepreneurship growth in Nigeria.

Population of the Study

The population of study consists of all one hundred and eighty-six (186) (Equities - Main Board) Companies listed on the floor of Nigeria Stock Exchange as of December 31, 2017. Equities are listed under 12 industry sectors including (i) Agriculture; (ii) Conglomerates; (iii) Construction/Real Estate; (iv) Consumer Goods; (v) Financial Services; (vi) Healthcare; (vii) ICT; (vii) Industrial Goods; (ix) Natural Resources; (x) Oil and Gas; (xi) Services; and (xii) Utilities (NSE Q4 2016 Fact Sheet). Of all these industry sectors, only companies under "Consumer Goods" sub-sector is considered in this study while others were excluded. This is because companies operating under "Consumer Goods" sub-sector have some characteristics of entrepreneurship business. This consideration, the entire population on which this study focused on is 20 companies. Out of the total population of the companies listed on the floor of Nigeria Stock Exchange, all 20 companies listed under "consumer goods" form the sample frame of this study; This category contributed a total sum of N3.11tn ($16.13 bn) in terms of performance by sector and capitalization (NSE Q4 2014 Fact Sheet).

RESEARCH MODELS

The functional relationships of the variables from the hypotheses stated above are given below:

Functions

$Y = f(X)$

$Y = y_1 + y_2$ (Dependent variables)

$X = x_1 + x_2 + x_3 + x_4$ (Independent variables)

Dependent Variables

Y = Entrepreneurship Growth in Nigeria (ENTG)

Therefore $Y = y_1 + y_2$ (Dependent variables)

where:

Y = Entrepreneurship Growth in Nigeria (ENTG)

y_1 = Log of Changes in Total Assets (CHTA)

y_2 = Log of Changes in Sales Volume (CHSV)

Independent Variables

$X = f(x_1, x_2, x_3, x_4, \mu_)$ (Independent variables)

X = Working Capital Management (WCM)

where:

$X = x_1 + x_2 + x_3 + x_4 + \mu$ (Independent variables)

x_1 = Inventory Management (INVM)

x_2 = Receivable Management (RECM)

x_3 = Payable Management (PAYM)

x_4 = Cash Management (CHM)

f = functional dependency of the relationship

μ_2 = Random Variable (error term). This is to stand for other possible factors of concern that are not included in the model.

Functional Relationships

ENTG = f (INVM, RECM, PAYM, CHM) …………………………………......…………..F1

Model Specification:

ENTG = $\alpha_0 + \beta_0$ INVM + β_1 RECM + β_2 PAYM + β_3 CHM + μ_4…...............………………6

At 95% confidence level and 5% level of significance, the effect of independent variable on the dependent variables was evaluated.

Measure of Variables

The coefficient of the explanatory and controllable variables (β_{0-3}) was estimated using Ordinary least squares (OLS) technique. Entrepreneurship growth's measures adopted as well as surrogates for the above variables were computed using the below formulae. These measurements have been used and tested by researchers such as Ogundajo (2012) and Osundina (2014).

TABLE 1
SUMMARY OF MODELS/MEASUREMENT AND TEST OF HYPOTHESES

Models	Model Types	Equations
Account Receivable x 365days Sales	Average Collection Period (ACP)	1
Inventory x 365days Cost of goods sold	Inventory turnover in days (ITID)	2
Accounts Payable x 365days Purchases	Average Payment Period (APP)	3
ACP +ITID – APP	The Cash Conversion Cycle (CCC)	4
Current Assets Current Liabilities	Current Ratio (CR)	5
Total Debt /Total Asset	Debt Ratio	6
Sales/Total assets	Asset Turnover	7
Natural logarithm of total assets	Size	8
The number of years since the inception of the firm to the observation date	Age	9
Net fixed assets/ total assets	Asset tangibility	10
Change in the natural logarithm of total assets	Growth	11

Source: Researchers' Compilation, 2018

RESULTS AND DISCUSSION

TABLE 2
DESCRIPTIVE ANALYSIS

Descriptions	CHM	INVM	CHSV	CHTA	PAYM	RECM
Mean	0.260000	68.78000	7.759612	7.616760	128.9800	60.08000
Median	-12.00000	74.00000	7.812761	7.729020	127.0000	48.50000
Maximum	106.0000	117.0000	8.946059	8.543111	216.0000	163.0000
Minimum	-65.00000	30.00000	6.213914	6.001258	50.00000	12.00000
Std. Dev.	44.09860	16.78470	0.587192	0.594220	28.09567	43.99158
Skewness	0.120184	-0.550027	-0.081763	-1.353728	0.144848	0.078324
Kurtosis	3.048106	3.07404	3.408759	3.266357	3.180644	3.443193
Jarque-Bera	10.70923	5.558211	12.16675	18.61244	24.72720	7.074677
Probability	0.053726	0.062094	0.052280	0.080191	0.051004	0.089091
Sum	13.00000	3439.000	387.9806	380.8380	6449.000	3004.000
Sum Sq. Dev.	95289.62	13804.58	16.89494	17.30176	38678.98	94827.68
Observations	50	50	50	50	50	50

The table above provides the descriptive statistics of both the exogenous and the dependent variables (CHTA, CHSV, CHM, INVM, PAYM and RECM). The data were obtained for the period 2010-2014. The maximum and minimum values provide indications of significant variations in the ratios over the period of study. While the skewness of Inventory management, the log of sales value and the log of the total asset (INVM. CHSV, and CHTA) shows negative.

This indicates that the left tail is particularly extreme, and they are said to be negatively skewed. Cash management, Payable management and Receivable management (CM, PM and RM) are positively skewed showing that the right tails are extreme. Also, in relation to kurtosis, all the variables are leptokurtic indicating fat tails than a normal distribution, all the variables have a heavy tail (i.e. heavier than normal). Furthermore, since we cannot have 0 and 3 thresholds exactly for our skewness and kurtosis respectively, so Jargue Berra (JB) shows/tell us the SIGNIFICANCE of the figures/values we have for our Skewness and Kurtosis. This is because Jargue Berra (JB) is a formal test that validates the values in skewness and kurtosis, it is also regarded as a normality test. The Null hypothesis for JB is that the series is normally distributed, Base on the probability values for JB in all the variables we can see that the variables are normally distributed by accepting the null (stationarity of the series) validating the result for Skewness and Kurtosis of been close to their respective thresholds.

EMPIRICAL ANALYSIS AND TESTING OF HYPOTHESIS

Research Hypothesis H_{01} Working Capital Management does not have any significant impact on Entrepreneurship Growth in Nigeria.

TABLE 3
WORKING CAPITAL MANAGEMENT DOES NOT HAVE ANY SIGNIFICANT IMPACT ON ENTREPRENEURSHIP GROWTH IN NIGERIA

Variable	MODEL 5			
	Coefficient	Std Error	t-Stat.	Prob.
C	15.49554	0.824223	18.80019	0.0000
IM	0.020335	0.072095	0.282056	0.7792
RM	0.007636	0.075434	0.101233	0.9198
PM	0.015289	0.075534	0.202407	0.8405
CM	0.017931	0.075559	0.237312	0.8135
R^2	0.399135			
Adj. R^2	0.327947			
F-Statistic	2.797319			
Prob.(F-Stat)	0.037060[*]			
Obs	50			

Dependent Variable: ENTG   *significance at 5%
Source: Researcher Computation (2018)

Functional Relationships
   $ENTG = \alpha_0 + \beta_0 INVM + \beta_2 RECM + \beta_3 PAYM + \beta_4 CHM + \mu$

A Priori Expectations: $\alpha_0 > 0$; $\beta_{0\text{-}4} > 0$

Estimated Model
   $ENTG = 15.49554 + 0.020335 INVM + 0.007636 RECM + 0.015289 PAYM + 0.017931 CHM + \mu$

Interpretation and Discussion of Result
     The coefficients of all the exogenous variables are positive and statistically significant, which implies that Entrepreneurship Business Growth is significantly affected by the combined effect of all the exogenous variables considered in the present study. This agrees with the study conducted by Forghani, Shirazipour and Hosseini (2013) they state that the main goal of working capital management is to keep an optimal balance among components of working capital. Table 3 also reveals that Inventory management exacts a positive but non-significant effect on Entrepreneurship Business Growth with a coefficient (β_1) of 0.020335, Payable Management exacts a positive but non-significant effect on Business Growth with a coefficient (β_2) of 0.020335, Receivable management exacts a positive but non-significant effect on Entrepreneurship Business Growth with a coefficient (β_3) of 0.007636 and finally it was also revealed that cash management have a positive effect on Business Growth with a coefficient (β_1) of 0.017931.
     The second partition of the table above is the computed output of multiple regression which demonstrates that R^2 =.399, Adjusted R^2 = .327 and F-statistic = 2.797319. The R^2 shows that there is a positive relationship existing between the variables of interest. The adjusted R^2 of .327 implies that about 32.7 % of the variation in Business growth is explained by the independent variables captured in this study. This means that 32.7 percent of changes in the growth of manufacturing companies are attributed to the together effect of inventory management, payable management, receivable management and cash management policies of our population and the remaining 67.3 percent of manufacturing companies'

business growth is accounted for by other exogenous variables not included in the model for the present study.

The Adjusted R^2, being very close to the R^2 implies that there are fewer penalties for irrelevant variables in the model. Regarding the F-ratio of 2.797319 and probability value of 0.037060 (this is lower than the acceptable level at 0.05); it means that there is a significant positive relationship between entrepreneurship business growth, inventory management, payable management, receivable management and cash management.

The Durbin-Watson statistic value of 0.444288, which is not between the threshold of 1.90 and 2.2, reveals the presence of auto-correlation amongst the variables because some of the variables were derived from the realities (values) of one or more other variables, this will not affect the predictive power of our regression model i.e. adequacy. According to Durbin and Watson (1971), Durbin Watson Statistic is the test for autocorrelation in the failures in a regression model and means a number that tests for autocorrelation in the residuals from a statistical regression analysis. The value of Durbin Watson should lie between 0 and 4. The value that tends to 0 is signalling positive autocorrelation, the value of 2 means there is no autocorrelation in the sample and the value towards 4 means there is negative autocorrelation. However, if the value of Durbin Watson is greater than R^2 in the regression, the obtained result can be considered as valid and a confirmation of high degree of the model specifications. In this study, the Durbin-Watson statistic value of 0.444288, though less than 1, but greater than the R^2 value of 0.199135 means that the result is considered as valid and as such a confirmation of high degree of the model specifications.

The significant nature of the F-stat implies that the overall goodness of fit of the model is satisfactory, (the model has a good fit which can be used for forecasting Entrepreneurship Business growth of manufacturing companies). Hence, we reject the null hypothesis that working capital management exerts a non-significant influence on manufacturing sector Entrepreneurship Growth in Nigeria.

Pedro and Pedro (2007) opined that profitability and value of firm is impacted greatly by the management of working capital and that while investment in current assets such as "inventory and trade credit is good, investing heavily in them could be detrimental to a firm's profitability, therefore it is necessary for each company to take optimal decision on how much to invest in debtors and inventory account and how much credit to accept from suppliers Pedro and Pedro, 2007). In a similar manner, Shin and Soenen (1998) opined that "efficient working capital management as an integral component of the overall corporate strategy is to create shareholders value".

CONCLUSION AND RECOMMENDATIONS

Conclusion

From this study and the scholarly reviews, it has been noted that Entrepreneurial start-up ventures create jobs and sustain the economic growth. So also, the understanding the financing options in different stages of the venture's lifecycle is essential for securing sustainable growth. Innovation which is burning out of creativity is at the heart of entrepreneurship. This study has been able to establish that entrepreneurship growth in Nigeria is signal by the levels of Log of change in Total Assets; Log of Changes in Sales Volume; Log of Changes in Net Operating Income, and Log of Changes in Return on Investment. While working capital Management influence significantly the growth in entrepreneurship business by effectively managing the individual component of the working capital viz: Inventory Management, Receivable Management, Payable Management, and Cash Management. Forghani, Shirazipour and Hosseini (2013), while evaluating the effect of working capital management on company's performance suggested that "choosing the best procedure for working capital management, determining working capital optimally in companies and managing properly current liabilities and assets can improve company's performance". They further stressed that the use proper strategies to manage current liabilities and assets, having appropriate policies and methods to control account receivables and debt collection, decrease the duration of debt collection, increase company's cash and to improve working capital of the company (Forghani, Shirazipour and Hosseini, 2013).

The study concludes that the combined effect of the explanatory variables on Entrepreneurship Growth in Nigeria (ENTG = α_0 + β_0 INVM + β_1 RECM + β_2 PAYM + β_3 CHM + μ) is statistically significant in relation to the effective management of working capital components for the measurement of the entrepreneurship growth. This is evident from the F-ratio of 2.797319 and probability value of 0.037060 which is lower than the acceptable level at 0.05 (ENTG = 15.49554+ 0.020335INVM + 0.007636RECM + 0.015289PAYM + 0.017931CHM + μ). This further confirms the position of Mirjam van Praag and Versloot (2007) who opined that Entrepreneurs engender relatively much employment creation, productivity growth and produce and commercialize high-quality innovations. Entrepreneurial firms produce important spillovers that affect regional employment growth rates of all companies in the region in the long run. While the creation of a country's wealth and dynamism upon the competitiveness of its firms and the capabilities of its entrepreneurs and managers matter as they offer business capabilities with the differentiation between the functions of entrepreneur, manager and capitalist, although in many cases, the same person may perform all three (Cuervo, Ribeiro and Salvador,1979).

Implication of Findings

This study established that in the efficient management of working capital, two concepts of working capital, that is; gross working capital and net working capital are exclusive. While the gross working capital focuses attention on two aspects viz: how to optimize investment in current assets and how should current assets be financed, networking capital concept, on the other hand, is qualitative because it indicates the liquidity position of the firm and suggests the extent to which working capital needs may be financed by permanent sources of funds.

The following are the major implication of findings in this study:

1. Entrepreneurship Growth in Nigeria is significantly affected by the combined effect of all the exogenous variables (working capital components: ENTG = 15.49554+ 0.020335INVM + 0.007636RECM + 0.015289PAYM + 0.017931CHM + μ);
2. Effective management of working capital would go a long way in influencing positively, the growth of entrepreneurship business in Nigeria. Therefore, a positive relationship exists between entrepreneurship growth in Nigeria and effective management of all components of working capital

Recommendations

Following the foregoing and based on the findings of this study, the following recommendations have been outlined which will be useful to the stakeholders, such as government, entrepreneurs, regulators and scholars:

1. Managers, entrepreneurs, business stakeholders should utilize the findings of this study in taking a business decision with respect to efficient management of all components of working capital to grow their business.
2. Government, banks, regulators and relevant supervisory bodies are advised to take regulation and funding of Entrepreneurship Businesses in Nigeria seriously to bring about a sustained economic growth and economic development.
3. The models formulated and tested in this research work has a good fit which can be used for forecasting Entrepreneurship growth of manufacturing companies, as the main goal of working capital management;
4. This study is recommended for scholars who want to advance the frontiers of knowledge from the outcome of this research work especially in financing working capital needs of a business organization;
5. Businesses leaders need to make sound decisions in line with industry standards in the procurement of assets;

6. To record remarkable growth in Sale volume, Entrepreneurs need an adequate plan and effective management of items that cumulate in promoting the production of goods to be sold such as policy on inventory, policy on cash handling, payment to creditors, and how receivables are structured.

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APPENDIX I

LIST OF COMPANIES SAMPLED

SN	Companies	No of Observation
1	7 up Bottling Company Plc	5
2	Guinness Nigeria Plc	5
3	Nigerian Breweries Plc	5
4	Dangote Sugar Refinery Plc	5
5	Dangote flour mill	5
6	UTC Nigeria Plc	5
7	PZ Cussons Nigeria Plc	5
8	Unilever Nigeria Plc	5
9	Nestle Nigeria Plc	5
10	Cadbury Nigeria Plc	5
	Total	**50**

APPENDIX II

DATA TABLE

Data Table- Logged

Company	Years	CHTA	CHSV	INVM	RECM	PAYM	ChM	ENTG
Dangote Flour Mills	2012	7.512274411	7.630380914	32	73	85	20	15.14266
	2013	7.84744456	7.587484714	56	50	50	56	15.43493
	2014	7.7722261855	7.4750089454	91	46	170	-33	15.24735
	2015	7.947175372	7.281609233	117	53	184	-14	15.22878
	2016	7.723291989	7.269132139	50	147	216	-20	14.99242
Nigerian Breweries	2012	8.058385904	8.291951926	80	12	123	-31	16.35034
	2013	8.333340699	8.316606381	71	18	138	-49	16.64995
	2014	8.404206836	8.402560922	71	29	132	-32	16.80677
	2015	8.402707716	8.429127865	57	19	141	-65	16.83184
	2016	8.543110503	8.425489346	79	25	130	-26	16.9686
7 up	2012	7.608182431	7.755038545	70	18	120	-32	15.36322
	2013	7.639801716	7.781460435	74	15	98	-9	15.42126
	2014	7.68561333	7.777168525	78	20	112	-14	15.46278
	2015	7.710711003	7.806782675	77	19	119	-23	15.51749
	2016	7.74712588	7.891473608	70	13	136	-53	15.6386
Unilever	2012	7.413891963	7.670318786	78	41	131	-12	15.08421
	2013	7.508932961	7.738183778	81	37	127	-9	15.24712
	2014	7.562264593	7.744666848	78	37	120	-5	15.30693
	2015	7.641018894	7.778181064	68	50	129	-11	15.4192
	2016	7.660260601	7.746278438	88	56	134	10	15.40654
Cadbury	2012	7.413350066	7.464936429	61	52	127	-14	14.87829
	2013	7.425256992	7.525640743	58	47	120	-15	14.9509
	2014	7.60375594	7.52569901	33	68	122	-11	15.12945
	2015	7.635208446	7.553406655	30	65	109	-14	15.18862

| Data Table- Logged | | | | | | | | |
Company	Years	CHTA	CHSV	INVM	RECM	PAYM	ChM	ENTG
	2016	7.416530738	7.367598462	74	117	203	-12	14.78413
Dangote Sugar	2012	7.855466183	7.954148397	74	115	98	91	15.80961
	2013	7.86221919	8.030270302	78	140	112	106	15.89249
	2014	7.919347219	8.028847901	77	125	119	83	15.9482
	2015	7.940078892	8.010585551	54	135	141	48	15.95066
	2016	7.988058401	7.973606593	71	163	153	81	15.96166
Guinness	2012	7.894298757	8.0388862	57	19	141	-65	15.93318
	2013	7.964613297	8.092240217	79	25	130	-26	16.05685
	2014	8.010868629	8.101362718	70	18	120	-32	16.11223
	2015	8.083002897	8.088006802	54	135	141	48	16.17101
	2016	8.121652645	8.03823107	78	20	112	-14	16.15988
Nestle	2012	7.780656131	7.917643228	77	19	119	-23	15.6983
	2013	7.88618488	7.991054451	70	13	136	-53	15.87724
	2014	7.949210484	8.067098372	78	41	131	-12	16.01631
	2015	8.034257283	8.124126094	81	37	127	-9	16.15838
	2016	8.025560087	8.156334016	78	37	120	-5	16.18189
PZ	2012	7.715610213	7.797045211	68	50	129	-11	15.51266
	2013	7.734747023	7.8187403	88	56	134	10	15.55349
	2014	7.686839098	7.858264029	61	52	127	-14	15.5451
	2015	6.002900069	8.94605906	58	47	120	-15	14.94896
	2016	6.001257631	8.935204867	33	68	122	-11	14.93646
UTC	2012	6.42655908	6.450787331	30	65	109	-14	12.87735
	2013	6.459296872	6.447159737	74	117	203	-12	12.90646
	2014	6.4245455	6.213914152	74	115	98	91	12.63846
	2015	6.395361345	6.213914152	78	140	112	106	12.60928
	2016	6.459296872	6.450787331	77	125	119	83	12.91008