FIRM ATTRIBUTES AND LEASE FINANCING OF MANUFACTURING COMPANIES IN NIGERIA

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Abstract
The quest for good financial management strategy is not contestable because every business needs dependable cash flow to grow and this has necessitated the quest for strategies to reduce cost of operations. This cost of operation can be reduced by outsourcing or leasing the non-current asset as against outright purchase. The main objective of the study is to assess the influence of firm attributes on lease financing of manufacturing companies in Nigeria. This study used data from secondary sources and adopted the Ex-post Facto research design. The study covered the manufacturing companies in Nigeria for the period, 2013 – 2020. The population of the study consist of 33 listed manufacturing companies from the consumer goods sector. The sample size was thirty (30) listed manufacturing companies on the Nigerian Stock Exchange. Descriptive statistics and multiple regression analysis were used in order to ascertain the influence of the dependent (lease finance) on the independent variables (firm size, profitability, capital structure and liquidity) specified in the model. Results showed a positive as well as a negative association between each of the identified determinants with the lease financing decision of the manufacturing companies. Based on the findings of the study, the following recommendations were raised; Management of the manufacturing firms should continue to increase its size through lease as these contributes significantly to their growth.
***Keywords**: Lease, Profitability, financing, firm, attributes*

Introduction

The quest for good financial management strategy is not contestable because every business needs dependable cashflow to grow and this has necessitated the quest for strategies aim at reducing cost of operations through alternative means of financing such as leasing. Leasing is an alternative means of financing plant, equipment and business vehicles. It is a contract between an owner of equipment (the lessor) and another party (the lessee) giving the lessee possession and use of a specific asset in return for payment of specific rentals over an agreed period. The lessee may or may not be entitled to acquire title to the goods through the exercise of an option to purchase, usually at the end of the lease term. The lessor's role is to finance the acquisition of equipment required by the lessee who will have selected the goods and dealt directly with the supplier in determining their performance attributes and suitability (Salam, 2013).

The essence of leasing is reflected in the proposition that leasing provides customised financing with potentially unique tax features. Unlike borrowing, the ownership of the asset remains with the lessor and the lessor can deduct tax shields generated by the leased equipment. If the lessee is unable to utilise the depreciation and interest expense deductions from corporation tax because of the high operating losses and/or other tax allowances, it can partially utilise the tax incentives associated with asset purchase by leasing the asset. Other rationales for leasing

include lessee's debt capacity, asset type and salvage value, conservation of working capital, ease of obtaining credit by firms with poor credit ratings, flexibility and convenience and resolution of agency conflicts.

As far as leasing is concerned in Nigeria, the Equipment Leasing Association of Nigeria (ELAN) was established in 1983, primarily to promote the leasing business. This association today is the sole authority on leasing in Nigeria and has equally earned considerable recognition from the global leasing industry, through its quantitative lease training and advisory programmes. According to ELAN (2012), the mechanism of the improvement of the leasing activity in Nigeria kicked off in 1960s. Since then, its contribution to the growth of the economy has been noticeable. Leasing remained attractive to investors cutting across the various sectors of the economy. Asides the traditional practitioners made up of banks, finance houses and leasing companies, new entrants from the insurance companies, discount houses, manufacturers/vendors, oil services companies, stock broking firms and even government are getting more involved in leasing (Equipment Leasing Association of Nigeria (ELAN), 2012).

Ali and Isa (2018) define firm attributes as firm characteristics or specific features that distinguish one firm from another. Those firm attributes distinguish a corporate organisation from others, they include: the size, leverage policy, performance, age, firm growth, management efficiency, firm stability among others. They can influence the decision and operations of the firm. For instances firm pursuing growth, this will influence the level of resources as firm with high growth rate tend to invest more in assets and other resources that will guarantee its growth than firm with low or stagnated growth. Financing decisions are one of the most contentious areas in finance. Such decisions are taken based on the level of development of individual domestic financial markets.

The manufacturing sector is a major contributor to the economic growth of Nigeria. It prides itself as one of the highest employers of labour in the country. However, the sector is not devoid of challenges. Among the numerous challenges confronting the sector is the issue of finance. The sector is capital intensive because of the heavy plant and machineries it requires for operation. The cost of funding the acquisition of these machines may be cumbersome, thus the need for alternative means of financing. Leasing or group of factors that drive a firm's decision to use lease as a finance option is yet unknown. The desire to bridge this knowledge gap is the motivation for this study.

Statement of the Problem

The manufacturing sector of an economy represents core sector, the Nigerian manufacturing sector inclusive. This is because of the role of the sector in creating employment opportunities, contribution to foreign earnings and trade as well as

contribution to government revenue through transformation of raw materials into finished goods. In addition, the manufacturing sector in the recent years has led the industrial revolution of most countries through technological innovation and advancement. However, the achievement development in the manufacturing sector requires capital intensive technologies which requires huge capital outplay. The Nigerian manufacturing sector despite its significant role in the economy has encountered diverse challenges with lack of financing to aid long term investment in equipment. This is worsening by global financial crisis, credit crunch, high interest rate and short-term lending orientation of commercial banks. Hence, the need for more effective source of finance through lease financing. While lease financing has been a popular means of financing over the years to the entrepreneurs especially the manufacturing industries, the level of lease consumption is relatively low in Nigeria compared to Ghana, South Africa, Zambia, Uganda, Tanzania etc (Oko and Essien, 2014). While diverse works have been examined on the topic lease financing and its performance on some sectors in an economy both in Nigeria and some emerging countries (Obiero, 2016; Atseye, *et al.,* 2020) little effort has been made in the recent years to examine the determinants of lease financing in the manufacturing sector in Nigeria. This study therefore aims at bridging this gap in literature.

Objectives of the Study

The main objective of the study is to assess the influence of firm attributes on lease financing of manufacturing companies in Nigeria. The specific objectives of the study are to;

i. examine the influence of firm size on the lease financing of manufacturing companies in Nigeria.
ii. assess the effect of liquidity on the lease financing of manufacturing companies in Nigeria.

Hypotheses of the Study

The following null hypotheses were formulated for this study;

Ho_1: There is no significant influence of firm size on the lease financing of manufacturing companies in Nigeria.

Ho_2: There is no significant effect of liquidity on the lease financing of manufacturing companies in Nigeria.

Review of Related Literature

Firm Attributes

Ali and Isa (2018) define firm attributes as firm characteristics or specific features that distinguish one firm from another. Those firm attributes distinguish a corporate organisation from others, they include: the size, leverage policy, performance, age, firm growth, management efficiency, firm stability among others. They can influence the decision and operations of the firm. For firm pursuing growth, this will influence the level of resources as firm with high growth rate tend to invest more in assets and other resources that will guarantee its growth than firm with low or stagnated growth.

Firm Size

Firm size has become such a routine to use as a control variable in empirical corporate finance studies that it receives little to no discussion in most research papers even though not uncommonly it is among the most significant variables. Firms of different size distinguish themselves along different observable and unobservable dimensions. Therefore, there are many different ways of defining a firm's size category. The OECD (2005) classification defined small and medium scale enterprises as firms with between 10 and 250 employees. Firms with less than 10 employees are micro firms and those with more than 250 are large firms.

Leasing

According to Kurfi (2003) lease is an alternative mode of financing to the traditional debt and equity capital for the acquisition of capital assets by firms. Kraemer and Lang (2012) defined leasing as a contract between two parties where one party (the lessor) provides an asset for usage to another party (the lessee) for a specified period of time, in return for a specified payment. Therefore, leasing can be seen as a contractual agreement granting the use of an asset to the lessee by the lessor within a specified period of time in exchange of periodic payment of an agreed rental fee by the lessee to the lessor. Leasing enables borrowers with limited track record / credit histories and collateral to access the use of capital equipment, often even in cases where they would not qualify for traditional commercial bank lending (Gallardo, 1997; Berger and Udell, 2005).

Theoretical Review

This section focuses on the theories that are relevant to this study. The theories are traditional capital structure theory and trade off theory.

Traditional Capital Structure theory

The traditional capital theory was propounded by Ezra (1963). The theory states that a firm’s capital mix of debt and equity increases the value of the firm and reduces

the cost of capital. Therefore, the optimum capital structure is the point at which the value of the firm is higher and the cost of capital is at a minimum point. In other words, the theory holds that at a given point, debt-equity mix will cause the market value of the firm to rise and the cost of capital to decline. According to this school of thought, optimum capital structure is a relevant argument, the existence of optimum capital structure as a point where cost of capital is minimum and the value of the firm is maximum is a relevant argument (Ezra, 1963). The traditional theory has implications for this current research;

i. Lease option increases the debt stock of companies with attendant effect on finance cost and the value of the firms. The extent to which lease financing as one of the sources of debt financing affects the profitability of companies is contentious.
ii. Capital structure which can be defined mathematically as the ratio of long-term debts to total assets as a determinant of profitability is a subject of investigation.
iii. At what point will long-term debt be judiciously combined with equity capital to stimulate profitability of companies?

Trade-off theory

The theory was developed by Kraus and Litzenberger in 1973. The trade-off theory states that the optimal capital structure is a balance between interest tax shield and cost of financial distress. Therefore, the value of the firm is equal to the value of all equity finance plus present value of tax shield or tax-deductible interest expenses less present value of cost of financial distress. Trade-off theory holds that a company chooses how much debt finance and how much equity finance to use by balancing the costs and benefits. The theory when applied to this study poses a question of how much debt including lease option should be traded for equity to enhance the profitability of manufacturing companies in Nigeria.

One of the main assumptions in the Modigliani and Miller (1958) is that there are no taxes. The trade-off theory is a development of the MM theorem but taking into consideration the effects of taxes and bankruptcy costs. This theory is considered as the first step for the development of many other theories which have studied how firms choose their capital structure. Modigliani and Miller's (1958) theory-- can be used to describe how firms use taxation to manipulate profitability and to choose an optimum debt level. Debt level at the other side increases the risk of bankruptcy or as we call it the bankruptcy costs, because as the debt to equity ratio increases the debt holders will require higher interest rates but also the shareholders will pretend higher profits for their investments (Brealey and Myers, 2003).

According to Brealey and Myers (2003) financial managers often think of the firm's debt-equity decision as a trade-off between interest tax shields and the costs of financial distress. Companies with safe, tangible assets and plenty of taxable income

to shield ought to have high target ratios. This theory is relevant to this study on the premise that unprofitable companies with risky, intangible assets ought to rely primarily on equity financing. If there were no costs of adjusting capital structure, then each firm should always be at its target debt ratio.

This study is anchored on trade off theory. This theory relates to this work because it is the aim of this work to evaluate the effect of capital structure on the lease finance of manufacturing firms in Nigeria.

Empirical Review

According to Nagina, Younas and Sohail (2021), developing markets have a major problem of scarcity of financial resources. Different credit lines are obtained to meet the financial needs in countries like Pakistan; there are very few lines of credit available for the growth of the financial firms. Lease financing is a solution to such problems. Their study focused on how a firm's specific characteristics help determine the leasing choices of the manufacturing firms listed at Pakistan Stock Exchange. The specific objective of the study was to find out the influence of various firm specific attributes on lease tendency of the non-financial firms using size as a control variable and its effect on these specific characteristics. The study used control variable and a set of independent variables to check the impact for the firms. Data has been analyzed for 79 companies that are listed at Pakistan Stock Exchange between the period 2013 to 2017. The results indicated a positive impact of profitability and growth opportunities on leasing decision of the companies. Other variables like corporate tax and debit capacity has no influence on the lease propensity of manufacturing companies. This study drives negative impact of control variable size as smaller companies are more likely to adopt leasing as a financing option as compared to the larger ones that have more financing availabilities.

Edore and Ijuju (2020) investigated the effect of financial leverage on value of firms in Nigeria in order to determine whether debt as a component of capital structure has positive or negative impact on value of firms in Nigeria. The independent variables for the study are long – term debts, medium term debts and short-term debts while the dependent variable is the value of the firm. To guide the study three (3) hypotheses were formulated. The first hypothesis sought to find out whether significant relationships exist between long term debts of firms and the overall value of the organization. The second is to test whether there is significant effect of medium term borrowing on the value of the selected firms and lastly, whether short term debts have effect on the value of Nigeria firms. The Pearson correlation coefficient and Ordinary Least Squares (OLS) regression analysis were used to test the hypotheses. The study made use of secondary sources of information in carrying out the analysis. From the findings of the study, the results obtained showed that long term debt has a significant positive effect on the value of our sampled

companies' performance. Medium term debt and short-term debts have significant positive influence on our sampled quoted companies' value and were statistically significant. This was confirmed by the results of the findings in this research. Positive impact implies that increases in the value of one variable tend to be associated with increases in the value of the selected firms. The researcher also found out that the use of leverage enhances the value of the firm. Therefore, it was recommended that firms should go ahead and finance their operations with long term debt, medium term debts and short-term debts when the need arises in order to ensure that value is enhanced.

Atseye *et al.* (2020) examined the causal relationship between lease financing and profitability of Nigerian quoted conglomerates for the period spanning 2012-2017. The study focused on 6 conglomerates that are quoted on the Nigerian Stock Exchange as at 2017. Data were collated from published accounts of the sampled companies. Data were analysed using descriptive and pooled ordinary least square multiple regression statistics. Unit root test was conducted using Augmented Dickey–Fuller. Estimated panel results indicated a negative and insignificant impact of fixed assets turnover on return on assets (ROA), lease financing (LFN) had a positive and insignificant impact on ROA, and long-term debt ratio had a negative and insignificant impact on ROA. Firm size was used to control possible problem of non-linearity and heteroscedasticity. Based on these findings, leasing option was recommended as one of the sources of debt financing to boost the capital of Nigerian conglomerates to enable them to absorb losses, multiply fixed assets and grow continuously, thus providing employment and income in terms of tax revenue, profits, dividends, and wages and salaries to households for national growth and development.

Tchatchouang and Anyingang (2020) investigated the impact of operating and finance lease on the performance of manufacturing companies in Nigeria. Two research hypotheses were formulated to guide this study. The hypotheses investigated the relationship between operating lease option and the performance of manufacturing companies and the relationship between finance lease option and the performance of manufacturing companies in Nigeria. *Ex-post facto* research design was adopted for this study. A sample of 66 manufacturing companies listed on Nigerian stock exchange was selected and used for the study. A well validated structured questionnaire was used to collect data for the study. Data collected were analysed using Pearson product moment correlation coefficient statistical technique. Findings revealed that, there exist a significant relationship between finance lease option and the performance of manufacturing companies in terms of savings of capital, reduction of risk of obsolescence and maintenance of liquidity. Also, there exist a significant relationship between operating lease option and the performance of manufacturing companies in terms of savings of capital, reduction of risk of obsolescence and maintenance of liquidity. The study recommended that

government and policy makers should improve the capital allowance to the lessor in such a way that the lessee could benefit in terms of low rent to be paid on leased equipment. Therefore, their return on equity would be higher.

According to Olweny and Muthoni (2019), small and medium sized enterprises (SMEs) are the backbone of most economies in the world. Most of these companies use external financing sources like debt and equity capital to finance their activities. However, in general, in the area of SMEs' access to finance, there are market imperfections - not only in times of crisis, but on an on-going basis as a fundamental structural issue, based on uncertainty and asymmetric information between the demand side (entrepreneur) and the supply side (financial intermediary). The objective of this research was to find out the effect of lease finance conditions on the financial performance of small and medium sized enterprises in Kenya. In this research the researcher analyzed the effect that various conditions of lease finance have on the financial performance of the SMEs. This study used descriptive research design as it sought to establish the relationship between the independent and dependent variables. Data collection was done through questionnaires and analyzed by SPSS. The study concluded that for the SMEs to acquire a good cash flow developed from its increased liquidity they must embrace flexible lease charges. Flexible lease charges improve company's budgetary planning and even its control which are the desired ingredients for financial performance of SMEs.

Alkhazaleh and Al-Ahliyya (2018) sought to show the extent to which the financial performance of Jordanian Islamic banks was impacted by financial leasing during the financial period 2010-2016. Secondary data was collected from annual reports and accounts of all the local Islamic banks that are engaged in lease financing namely; Jordan Islamic Bank, Jordan Dubai Islamic Bank and Arab Islamic International Bank. The data were analyse using regression analysis. The results of the study indicated that lease financing has significant impact on the return on assets and return on equity as measures of financial performance. Therefore, the researchers recommended that firms should embrace lease financing as a method of financing their operations as evidence suggests that value is added through the use of lease financing. The study also recommended that the traditional banking sector could benefit from this tool to improve financial performance.

Methodology

This study adopted *ex-post facto* research design. The choice of the ex-post facto design is based on the fact that the data required are historical data. The population of the study consisted of thirty-three (33) listed manufacturing firms, which comprises of firms from the consumer and industrial goods companies listed on the Nigeria Exchange Group. The sample size for this study was determined using the Taro Yamane's formula. The sample size of the study will therefore be 30 manufacturing firms drawn from the consumer goods and industrial goods sectors respectively. The sampling technique adopted in this study is the purposive sampling

technique. This is because some of the manufacturing firms did not report lease finance in their financial statements. The study used secondary data. Data required for this study were extracted from the annual reports of the sampled companies for the period 2013-2020 using content analysis. Thus, data required for the study were secondary data.

Empirical Specification of Model

The above conceptual model can be stated empirically thus:

$$Y = a + bx$$

The model developed for this study are:

$LF = \beta + b_1FS_{i,t} + \varepsilon$ Model (1)

$LF = \beta + b_1LQ_{i,t} + \varepsilon$ Model (2)

$LF = \beta + b_1PF_{i,t} + \varepsilon$ Model (3)

$LF = \beta + b_1CS_{i,t} + \varepsilon$ Model (4)

$LF = \beta + b_1FS_{i,t} + b_2LQ_{i,t} + b_3PF_{i,t} + b_4CS_{i,t} + \varepsilon$ Model (5)

Where: LF = Lease Financing, FS = Firm Size, LQ = Liquidity, PF= Profitability, CS= Capital Structure, ε = Error Term, β = Constant, $b_1 – b_4$ = Coefficients

Descriptive statistics and linear regression analysis was adopted as the data analysis technique of this study. Descriptive statistics include mean, minimum, maximum, skewness, kurtosis and standard deviation. Regression analysis was used to analyse the model specification of the study. The decision rule states that the null hypothesis would will be rejected if the p-value is greater than 0.05 and also if the calculated F is less than the critical value of F.

Data Presentation, Analysis and Discussion of Findings

Descriptive Statistics of the Variables

The descriptive statistics of the variables are presented in Table 4.1. The descriptive statistics were mean, median, maximum, minimum and standard deviation.

Table 4.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Lease Financing (₦'000)	131	6,067.00	182,796,623.00	12,271,629.7634	31,215,822.59360
Liquidity (%)	131	.5776	359.2402	110.715022	63.8054065
Profitability (%)	131	-235.9907	617.4312	11.147586	66.2572885
Capital Structure (%)	131	19.3620	3763.6230	155.006958	448.3518503
Firm Size (₦'000)	131	57,256.00	2,022,451,000.00	226,230,950.4351	375,822,664.76390
Valid N (listwise)	131				

Source: Researcher's Computation (2021)

The minimum total assets (firm size) of the selected listed manufacturing companies for the period 2013-2020 was ₦57,256,000 while the maximum value was ₦2,022,451,000,000. The average total assets (firm size) of the selected listed manufacturing companies for the period was ₦ 226,230,950,435. The standard deviation of total assets (firm size) which shows the degree of dispersion was ₦ 375,822,664,763. The implication of this analysis is that the manufacturing firms have a huge volume of assets and can be said to be adequately capitalized.

The minimum liquidity of the selected listed manufacturing companies for the period 2013-2020 was 0.57% while the maximum value was 359.24%. The average liquidity of the selected listed manufacturing companies for the period was 110.71%. The standard deviation of liquidity which shows the degree of dispersion was 63.80%. The implication of this analysis is that the manufacturing firms have a very large liquidity base.

Test of Hypotheses

The research hypotheses were tested in this section of the study. The test was carried out using Ordinary least square regression with the model specification shown below using SPSS software.

Hypothesis One

Table 4.3 Model Summary for Hypothesis One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.712[a]	.507	.504	.76705	1.664

a. Predictors: (Constant), Firm Size

b. Dependent Variable: Lease Financing

Source: Researcher's Computation (2023)

Table 4.4. ANOVA for Hypothesis One

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.193	1	78.193	132.899	.000[b]
	Residual	75.899	129	.588		
	Total	154.092	130			

a. Dependent Variable: Lease Financing

b. Predictors: (Constant), Firm Size

Source: Researcher's Computation (2023)

Table 4.5 Coefficients for Hypothesis One

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.438	.492		.890	.375
	Firm Size	.736	.064	.712	11.528	.000

a. Dependent Variable: Lease Financing

Source: Researcher's Computation (2023)

The null hypothesis one states that there is no significant influence of firm size on the lease financing of manufacturing companies in Nigeria. Based on the decision rule of the study, the null hypothesis one of the study is rejected and the alternate accepted because the p-value of 0.000 shown in Table 4.5 is less than 0.05. The null hypothesis is further rejected because the t-cal value of 11.53 is greater than the critical value of t which was 1.978. Therefore, there is a significant influence of firm size on the lease financing of manufacturing companies in Nigeria.

Hypothesis Two

Table 4.6 Model Summary for Hypothesis Two

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.148[a]	.022	.014	1.08085	.440

a. Predictors: (Constant), Liquidity

b. Dependent Variable: Lease Financing

Source: Researcher's Computation (2023)

Table 4.7 ANOVA for Hypothesis Two

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.390	1	3.390	2.901	.091[b]
	Residual	150.703	129	1.168		
	Total	154.092	130			

a. Dependent Variable: Lease Financing

b. Predictors: (Constant), Liquidity

Source: Researcher's Computation (2023)

Table 4.8 Coefficients for Hypothesis Two

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.450	.370		14.738	.000
	Liquidity	.320	.188	.148	1.703	.091

a. Dependent Variable: Lease Financing

Source: Researcher's Computation (2023)

The null hypothesis two states that there is no significant influence of liquidity on the lease financing of manufacturing companies in Nigeria. Based on the decision rule of the study, the null hypothesis two of the study is accepted and the alternate rejected because the p-value of 0.091 shown in Table 4.8 is greater than 0.05. The null hypothesis is further accepted because the t-cal value of 1.703 is less than the critical value of t which was 1.978. Therefore, there is no significant influence of liquidity on the lease financing of manufacturing companies in Nigeria.

Discussion of Findings

The result of the analysis of hypothesis one indicates that firm size has positive influence on lease financing of manufacturing companies in Nigeria. The result of the analysis in Table 4.5 showed a coefficient for firm size of 0.712 which implies that 71.2% of the changes in lease financing is accounted for by firm size. The positive influence shows that the larger the size of the firm, the more likely for the firm to use leasing as means of financing its assets. The implication of this result is that every decision to acquire non-current assets through lease is motivated by the size of the firm. The finding is in line with the finding of Li, Karim, and Munir (2016) who investigated the determinants of leasing decisions for a sample of China's non-financial small and medium-sized enterprises (SMEs). Their results suggest that capital lease share increases with debt ratio, profitability, firm size, and strong corporate governance.

The result of the analysis of hypothesis two indicates that liquidity has positive influence on lease financing of manufacturing companies in Nigeria. The result of the analysis in Table 4.8 showed a coefficient for liquidity of 0.148 which implies that 14.8% of the changes in lease financing is accounted for by liquidity. The positive influence shows that the larger the liquidity size of the firm, the more likely for the firm to use leasing as means of financing its assets. This finding suggests 14.8% of times that a manufacturing firm in Nigeria chooses lease a means of financing its assets, the decision is a function of the liquidity of the firm. The finding is in disagreement with the finding of Munene (2014) who assessed the impact of financial leasing on financial performance. He concluded that the financial leasing and the size of the company have negative effects on the return on assets, while the liquidity has had positive effects on the return on assets.

Conclusion

Based on the result of the analysis it can be concluded that firm attributes variables jointly influence leasing financing in manufacturing firms in Nigeria. It is also concluded that the capital structure have positive influence on lease financing by manufacturing firms in Nigeria. While firm size, liquidity also positively influences lease financing by manufacturing firms in Nigeria.

Recommendations

Based on the findings of the study, the following recommendations were raised;

i. Management of the manufacturing firms should continue to increase its size through lease as these contributes significantly to their growth.
ii. The management of the manufacturing companies should maintain an equilibrium in the management of their liquidity position because liquidity is a key determinants of lease financing and excess or shortage of liquidity as a cost.
iii. The management of the companies should maintain a proper mix of capital in the companies that will minimize their cost of capital.
iv. The management of the selected companies should invest profit driven products that will enhance their profitability.

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