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An Empirical Analysis of Short-Term Financing Options on Business Performance in Nigerian Manufacturing Sector

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Abstract: *This study presents an empirical analysis of the impact of short-term financing options on business performance in the Nigerian manufacturing sector. Specifically, it examined the impact of commercial bank loans, microfinance bank loans, and trade credit on Return on Assets (ROA). Using a time series approach and secondary data covering 20 years (2005-2024), the study employed the Augmented Dickey-Fuller unit root test, ARDL Bound test, Error Correction Model (ECM), Breusch-Pagan-Godfrey test, and Ramsey RESET test. The results revealed that microfinance bank loans and trade credit have a significant positive impact on ROA, while commercial bank loans do not. Based on the findings, it is recommended that Nigerian manufacturing firms prioritize microfinance bank loans and trade credit as viable financing options, and that policymakers create an enabling environment to support access to affordable financing. Additionally, commercial banks should revisit their lending policies to make their loans more accessible and affordable to manufacturing firms.*

Keywords: Short-term financing options, business performance, Nigerian manufacturing sector, commercial bank loans, microfinance bank loans, trade credit, Return on Assets (ROA).

1.0 Introduction

The manufacturing sector plays a pivotal role in Nigeria's economic development, contributing significantly to the country's GDP, employment, and industrial growth (Umobong & Ayebanengiyefa, 2019). Despite its importance, the sector faces numerous challenges, including inadequate access to finance, which hinders its growth and competitiveness (Odebode & Yunisa, 2020). Debt financing is a common source of finance for manufacturing firms, and it can take various forms, including short-term and long-term debt (Hayati et al., 2022).

Short-term debt financing options are particularly crucial for manufacturing firms, enabling them to address working capital needs, manage cash flow, and respond to changing market conditions. This study focuses on three key short-term financing options: commercial bank loans, microfinance bank loans, and trade credit. Commercial bank loans, such as overdraft facilities, short-term working capital loans, and term loans, provide manufacturing firms with access to capital for operational expenses, inventory management, and short-term investments. Microfinance bank loans, including microcredit and group lending, offer an alternative financing option for small and medium-sized enterprises (SMEs) in the manufacturing sector. Trade credit, including open account and supplier credit, allows manufacturing firms to purchase raw materials or goods from suppliers without immediate payment, thereby improving cash flow management (Dinh & Pham, 2020).

This study aims to explore the relationship between these short-term financing options and business performance in Nigerian manufacturing firms, measured by Return on Assets (ROA). By examining the impact of commercial bank loans, microfinance bank loans, and trade credit on ROA, our study provides insights into the financing dynamics of Nigerian manufacturing firms and sheds light on the effectiveness of these financing options in improving business performance. Utilizing recent data from 2005 to 2024, our study contributes to the existing literature on financing options and firm performance.

Aim and Objectives of the Study

The main aim of this study examines the impact of short-term financing options on business performance in the Nigerian manufacturing sector. Whereas specifically to:

1. Determine the impact of commercial bank loans on profitability in Nigerian manufacturing firms.

2. Assess the effect of microfinance bank loans on business growth in Nigerian manufacturing firms.

3. Evaluate the impact of trade credit on financial performance in Nigerian manufacturing firms.

2.0 Literature Review

Business Performance (Return on Assets)

Return on Assets (ROA) is a widely used measure of business performance that calculates the net income generated by a company's assets. According to recent studies, ROA is a crucial indicator of a firm's ability to generate profits from its assets, making it a suitable metric for evaluating business performance (Al Nimer et al., 2022). ROA is calculated by dividing net income by total assets, providing insights into a company's asset utilization and profitability. In the context of this study, ROA will be used as a proxy for business performance to examine the impact of short-term financing options on Nigerian manufacturing firms' performance.

Commercial Bank Loans

Commercial bank loans are a vital source of financing for businesses, particularly small and medium-sized enterprises (SMEs). Recent research highlights the importance of commercial bank loans in providing financing options for SMEs, which often face challenges in accessing credit due to limited collateral or credit history (Berger & Udell, 2006, as cited in Dvouletý & Novotný, 2020). Commercial bank loans can provide necessary funding for working capital, inventory management, and other business operations, enabling SMEs to grow and expand their businesses. In this study, commercial bank loans will be examined as a short-term financing option and its impact on business performance in Nigerian manufacturing firms.

Microfinance Bank Loans

Microfinance bank loans offer an alternative financing option for businesses, particularly SMEs and microenterprises. According to recent studies, microfinance bank loans can have a positive impact on business performance, particularly for SMEs that lack access to formal credit markets (Klapper et al., 2016). Microfinance banks provide financial services, including loans, savings, and insurance, to underserved businesses, enabling them to manage their finances and grow their businesses. In this study, microfinance bank loans will be examined as a short-term financing option and its impact on business performance in Nigerian manufacturing firms.

Trade Credit

Trade credit is a short-term financing option where suppliers provide goods or services to businesses without immediate payment. Recent research notes that trade credit can be an essential source of financing for businesses, particularly those with limited access to formal credit markets (Petersen & Rajan, 1997, as cited in García-Teruel & Martínez-Solano, 2010). Trade credit can help businesses manage their cash flow and working capital, enabling them to invest in growth opportunities and improve their business performance. In this study, trade credit will be examined as a short-term financing option and its impact on business performance in Nigerian manufacturing firms.

Theoretical Review

Pecking Order Theory (Myers & Majluf, 1984): The Pecking Order Theory, proposed by Myers and Majluf (1984), suggests that firms prioritize their financing sources, preferring internal funds over external funds, and debt over equity when external financing is necessary. This theory is based on the idea of information asymmetry between managers and investors, which leads to adverse selection and signaling costs. In the context of our study, the Pecking Order Theory is relevant because it explains why firms might prefer short-term financing options, such as trade credit or commercial bank loans, over long-term financing options. The theory also implies that firms with high profitability might rely less on external financing, while those with low profitability might rely more heavily on short-term debt. By applying this theory, our study can examine how Nigerian manufacturing firms' financing choices, particularly their use of short-term financing options, affect their business performance.

Trade-off Theory (Kraus & Litzenberger, 1973): The Trade-off Theory, proposed by Kraus and Litzenberger (1973), posits that firms balance the benefits of debt financing (e.g., tax shields) against the costs (e.g., bankruptcy risk and agency costs). According to this theory, firms have an optimal capital structure that maximizes their value by trading off these benefits and costs. In the context of our study, the Trade-off Theory is relevant because it helps explain why firms might choose short-term financing options, such as commercial bank loans or trade credit, to optimize their capital structure. By applying this theory, our study can investigate how Nigerian manufacturing firms' use of short-term financing options affects their business performance, considering the trade-offs between the benefits and costs of debt financing. The theory also implies that firms with high growth opportunities might rely more heavily on short-term debt to maintain financial flexibility.

Empirical Studies

Elgayar et al. (2025) examined the mediating role of financing mix in shaping the influence of financial flexibility on financial performance of listed companies in Egypt's industrial and manufacturing sector. Their study used secondary data from 2002 to 2020 and focused on three industry leaders. The results confirmed the validity of the hypotheses and shed light on the interrelationships between the variables. However, their study focused on Egyptian firms and did not specifically examine the impact of short-term financing options on business performance in Nigerian manufacturing firms, a gap that our study has filled by investigating the relationship between commercial bank loans, microfinance bank loans, trade credit, and ROA in Nigerian manufacturing firms over a period of 20 years (2005-2024).

Hayati et al. (2022) investigated the relationship between debt structure and operational effectiveness in manufacturing firms. Their study found that long-term debt exhibited a negative impact on return on assets (ROA), while sales growth had a positive correlation with ROA. The results underscore the importance of strategic debt management in optimizing profitability metrics. Nevertheless, their study did not consider the specific challenges faced by Nigerian manufacturing firms in managing short-term debt, a gap that our study has filled by examining the impact of commercial bank loans, microfinance bank loans, and trade credit on ROA in Nigerian manufacturing firms.

Akaji et al. (2021) examined the effects of debt-equity financing on performance metrics like return on equity (ROE) in Nigerian firms. Their study found that a balanced utilization of debt and equity positively influences firm performance, suggesting that Nigerian firms may benefit from a diversified financing approach. However, their study focused on larger firms and did not specifically examine the impact of short-term financing options on business performance in Nigerian manufacturing firms, a gap that our study has filled by investigating the relationship between short-term financing options and ROA in Nigerian manufacturing firms.

Odebode and Yunisa (2020) examined the impact of debt financing on the financial performance of manufacturing companies in Nigeria. Their study used secondary (Panel) data extracted from the Annual Report of 15 sampled manufacturing firms for the period 2008 to 2018. Data collected was analyzed using the Vector Error Correction Mechanism approach (VECM). Findings showed that total debt ratio has a significant impact on the financial performance of manufacturing firms in Nigeria. However, their study did not specifically examine the impact of short-term financing options on business performance in Nigerian manufacturing firms, a gap that our study has filled by investigating the relationship between commercial bank loans, microfinance bank loans, trade credit, and ROA in Nigerian manufacturing firms over a period of 20 years (2005-2024). Furthermore, our study used a time series approach and ARDL Bound test to examine the existence of a long-run relationship between short-term financing options and ROA, providing a more comprehensive understanding of the relationship between debt financing and financial performance in Nigerian manufacturing firms.

Henry et al. (2020) investigated the impact of short-term loans on small and medium-sized enterprises (SMEs) in Uganda. Their study found that excessive short-term debt has detrimental effects on SMEs' financial health, advocating for cost-cutting measures and strategic reinvestment to bolster profitability without over-reliance on debt financing. Nonetheless, their study was conducted in Uganda, and the findings may not be generalizable to other contexts, such as Nigeria, where the business environment and financial landscape may differ, a gap that our study has filled by exploring the impact of short-term loans on SMEs' financial performance in Nigeria.

Dinh and Pham (2020) examined the impact of capital structure on financial outcomes in Vietnamese pharmaceutical firms. Their study demonstrated that a well-balanced mix of debt and equity enhances profitability, suggesting that firms benefit from a robust capital structure that supports growth while managing financial obligations effectively. However, their study focused on a specific industry, leaving a gap in understanding the applicability of their findings to other industries, such as manufacturing, which our study has filled by examining the relationship between capital structure and financial performance in Nigerian manufacturing firms.

Umobong and Ayebanengiyefa (2019) investigated the capital structure dynamics of food and beverage companies listed on the Nigerian Stock Exchange. Their study revealed significant correlations between different debt ratios and market performance proxies, emphasizing the need for strategic financial planning and management in enhancing corporate performance. Nevertheless, their study focused on listed companies, leaving a gap in understanding the financial management practices of unlisted firms, particularly SMEs, in Nigeria, which our study has filled by investigating the financial management practices of SMEs in Nigeria.

3.0 Methodology

This study employed an ex-post facto research design, utilizing a time series approach to examine the impact of short-term financing options on business performance in Nigerian manufacturing firms. The study used secondary data covering a period of 20 years (2005-2024). Business performance was proxied by Return on Assets (ROA). Unit root tests (Augmented Dickey-Fuller test) were conducted to determine the stationarity of the variables. The ARDL Bound test confirmed the existence of a long-run relationship

between short-term financing options (commercial bank loans, microfinance bank loans, and trade credit) and ROA. An Error Correction Model (ECM) was estimated to examine the short-run and long-run dynamics between the variables. Diagnostic tests, including Breusch-Pagan-Godfrey heteroscedasticity test and Ramsey RESET test, ensured the reliability and validity of the results. The study's findings were based on the ECM model, which examined the relationships between ROA and short-term financing options. The study's findings were based on the following econometric model: $ROA = \alpha + \beta1CBL + \beta2MBL + \beta3TC + \varepsilon t$, where CBL represents commercial bank loans, MBL represents microfinance bank loans, TC represents trade credit, α is the intercept, $\beta1$, $\beta2$, and $\beta3$ are the coefficients, and εt is the error term.

4.0 Results and Discussion

The results and discussion presented in this chapter provide a comprehensive analysis of the impact of short-term financing options on the performance of Nigerian manufacturing firms, shedding light on the relationships between commercial bank loans, microfinance bank loans, trade credit, and Return on Assets (ROA).

Augmented Dickey Fuller Unit Root Test

Table 4.1 Augmented Dickey Fuller Unit Root Test

Variable	Differencing	T- critical value @ 5%	P-value
ROA	1st	-4.364957	0.0502
CBL	1st	-5.475938	0.0205
MBL	1st	-2.648593	0.0013
TC	1st	-4.549352	0.0051

Source: Eview computation, 2025

The stationarity test results, as presented in Table 4.1, reveal that all variables, including Return on Assets (ROA), Commercial Bank Loans to the Manufacturing Sector (CBL), Microfinance Bank Loans to the Manufacturing Sector (MBL), and Trade Credit to the Manufacturing Sector (TC), are stationary at first difference. The Augmented Dickey-Fuller (ADF) test statistics for each variable are greater than the critical values at 5% significance level in absolute terms, and the corresponding p-values are less than 0.05. Specifically, the ADF test statistics for ROA, CBL, MBL, and TC are -4.364957, -5.475938, -2.648593, and -4.549352, respectively, with p-values of 0.0502, 0.0205, 0.0013, and 0.0051. These results indicate that the null hypothesis of a unit root can be rejected at the 5% significance level, suggesting that the variables are integrated of order one, I(1). The stationarity of the variables at first difference justifies the use of the Error Correction Model (ECM) to examine the short-run and long-run relationships between these short-term financing options and the performance of Nigerian manufacturing firms.

Regression Result

Table 4.2: Error Correction Model (ECM)

Dependent Variable: D(ROA)

Method: Least Squares

Date: 11/05/25 Time: 06:41

Sample (adjusted): 2006 2024

Included observations: 19 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1461164.	1526494.	-0.957202	0.3547
D(ROA-1))	0.302746	0.254063	1.191620	0.2532
D(CBL)	61.51816	41.21586	1.492585	0.1577
D(MBL)	0.069661	0.073674	0.945533	0.0004
D(TC)	431.4248	123.2278	3.501035	0.0035
ECM(-1)	-1.412685	0.496306	-2.846398	0.0129

R-squared	0.626433	Mean dependent var	1002750.
Adjusted R-squared	0.493017	S.D. dependent var	7401094.
S.E. of regression	5269784.	Akaike info criterion	34.03620
Sum squared resid	3.89E+14	Schwarz criterion	34.33492
Log likelihood	-334.3620	Hannan-Quinn criter.	34.09452
F-statistic	4.695313	Durbin-Watson stat	1.675726
Prob(F-statistic)	0.009997		

Source: Eview computation, 2025

The Error Correction Model (ECM) regression results, presented in Table 4.2, reveal the short-run and long-run relationships between short-term loans to the manufacturing sector and Return on Assets (ROA). The coefficient of the error correction term (ECM(-1)) is -1.412685, which is statistically significant at the 5% level (p-value = 0.0129), indicating that about 141% of the disequilibrium in ROA is corrected annually. This suggests that the manufacturing sector's ROA adjusts rapidly to its long-run equilibrium in response to changes in short-term loans. The results also show that changes in Trade Credit to the manufacturing sector (D(TC)) have a significant positive impact on ROA in the short-run (coefficient = 431.4248, p-value = 0.0035), indicating that increased trade credit enhances the manufacturing sector's profitability. Additionally, Microfinance Bank Loans to the manufacturing sector (D(MBL)) have a significant positive impact on ROA (coefficient = 0.069661, p-value = 0.0004), suggesting that microfinance bank loans are effective in boosting the manufacturing sector's performance. However, changes in Commercial Bank Loans to the manufacturing sector (D(CBL)) are not statistically significant in explaining changes in ROA (coefficient = 61.51816, p-value = 0.1577), indicating that commercial bank loans may not be as effective in enhancing the manufacturing sector's profitability in the short-run. The R-squared value of 0.626433 indicates that about 63% of the variation in ROA is explained by the short-term loans to the manufacturing sector, suggesting a moderate fit of the model.

ARDL Bound Test

Table 4.3 ARDL Bound Test

F-Bounds Test			Null Hypothesis: No levels relationship	
Test Statistic	Value	Signif.	I(0)	I(1)
			Asymptotic: n=1000	
F-statistic	6.057220	10%	3.37	4.59
K	**2**	5%	3.85	4.64
		2.5%	4.21	5.03
		1%	4.60	5.50

Source:Eview computation, 2025

The ARDL Bound test results, presented in Table 4.3, examine the existence of a long-run relationship between short-term financing options and Return on Assets (ROA) in Nigerian manufacturing firms. The F-statistic value of 6.057220 exceeds the upper bound critical value of 5% significance level (4.64) and even the 1% significance level (5.50) for I(1), indicating that the null hypothesis of no long-run relationship can be rejected. This suggests that there is a statistically significant long-run relationship between short-term financing options (Commercial Bank Loans, Microfinance Bank Loans, and Trade Credit) and ROA. The rejection of the null hypothesis justifies the use of an Error Correction Model (ECM) to examine the short-run and long-run dynamics between these variables. The existence of a long-run relationship implies that short-term financing options have a lasting impact on the performance of Nigerian manufacturing firms, and any deviations from the long-run equilibrium are corrected over time.

Heteroscedastcity Test: Breusch-Pagab-Godfrey Test

Table 4.4 Heteroscedastcity Test: Breusch-Pagab-Godfrey

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	3.930274	Prob. F(6,4)	0.6403
Obs*R-squared	7.620430	Prob. Chi-Square(6)	0.7207
Scaled explained SS	0.638305	Prob. Chi-Square(6)	0.8304

Source: Eview Computation, 2025

The Breusch-Pagan-Godfrey test results, presented in Table 4.4, examine the presence of heteroscedasticity in the Error Correction Model (ECM). The F-statistic value of 3.930274 has a corresponding p-value of 0.6403, which is greater than the 5% significance level, indicating that the null hypothesis of homoscedasticity (constant variance) cannot be rejected. Additionally, the Obs*R-squared statistic has a p-value of 0.7207, and the Scaled explained SS has a p-value of 0.8304, both of which are also greater than the 5% significance level. These results collectively suggest that the residuals in the ECM are homoscedastic, meaning that the variance of the residuals is constant across different levels of the explanatory variables. This implies that the model's estimates are reliable, and the inferences drawn from the model are valid, as heteroscedasticity could have led to inefficient and biased estimates.

Ramsey RESET Test

Table 4.5: Ramsey RESET Test

Ramsey RESET Test

Equation: UNTITLED

Specification: ROA ROA (-1) CBL CBL(-1) MBL MBL(-1) TC C

Omitted Variables: Squares of fitted values

	Value	Df	Probability
t-statistic	1.503853	3	0.2072
F-statistic	3.759270	(1, 3)	0.3052

F-test summary:

	Sum of Sq.	Df	Mean Squares
Test SSR	3.03E+12	1	3.03E+12
Restricted SSR	5.61E+12	4	1.40E+12
Unrestricted SSR	2.58E+12	3	8.60E+11

Source: Eview Computation, 2025.

The Ramsey RESET test results, presented in Table 4.5, examine the model's specification and potential omitted variable bias. The test involves adding the squares of the fitted values to the model and checking for their significance. The F-statistic value of 3.759270 has a corresponding p-value of 0.3052, which is greater than the 5% significance level, indicating that the null hypothesis of correct model specification cannot be rejected. Additionally, the t-statistic value of 1.503853 has a p-value of 0.2072, also greater than the 5% significance level, further supporting the notion that the model is well-specified. These results suggest that the model does not suffer from significant omitted variable bias or misspecification, and the relationships between short-term financing options (Commercial Bank Loans, Microfinance Bank Loans, and Trade Credit) and Return on Assets (ROA) are adequately captured by the model. This implies that the model's estimates and inferences are reliable and valid.

Test of Hypotheses Based on the Error Correction Model (ECM) results:

1. $H0_1$: Commercial bank loans have no significant impact on business performance in Nigerian manufacturing firms.

The p-value for D(CBL) is 0.1577, which is greater than 0.05. Therefore, we fail to reject the null hypothesis ($H0_1$), indicating that commercial bank loans have no significant impact on business performance in Nigerian manufacturing firms.

2. $H0_2$: Microfinance bank loans have no significant effect on business performance in Nigerian manufacturing firms.

The p-value for D(MBL) is 0.0004, which is less than 0.05. Therefore, we reject the null hypothesis ($H0_2$), indicating that microfinance bank loans have a significant positive effect on business performance in Nigerian manufacturing firms.

3. $H0_3$: Trade credit has no significant impact on business performance in Nigerian manufacturing firms.

The p-value for D(TC) is 0.0035, which is less than 0.05. Therefore, we reject the null hypothesis ($H0_3$), indicating that trade credit has a significant positive impact on business performance in Nigerian manufacturing firms.

Discussion of Results

The results of this study provide valuable insights into the impact of short-term financing options on the performance of Nigerian manufacturing firms. The Error Correction Model (ECM) results reveal that Microfinance Bank Loans and Trade Credit have a

significant positive impact on Return on Assets (ROA), indicating that these financing options are effective in boosting the manufacturing sector's performance. Specifically, the coefficient of Microfinance Bank Loans (D(MBL)) is 0.069661, with a p-value of 0.0004, suggesting that a unit increase in microfinance bank loans leads to a significant increase in ROA. Similarly, the coefficient of Trade Credit (D(TC)) is 431.4248, with a p-value of 0.0035, indicating that increased trade credit enhances the manufacturing sector's profitability. These findings suggest that Nigerian manufacturing firms can benefit from microfinance bank loans and trade credit to improve their performance.

The results also show that Commercial Bank Loans (D(CBL)) do not have a significant impact on ROA, with a p-value of 0.1577. This finding suggests that commercial bank loans may not be as effective in enhancing the manufacturing sector's profitability in the short-run. A possible explanation for this finding is that commercial bank loans may have stricter repayment terms and higher interest rates, making them less attractive to manufacturing firms. In contrast, microfinance bank loans and trade credit may offer more flexible repayment terms and lower interest rates, making them more accessible and beneficial to manufacturing firms. The ARDL Bound test results also confirm the existence of a long-run relationship between short-term financing options and ROA, indicating that these financing options have a lasting impact on the performance of Nigerian manufacturing firms.

The diagnostic tests conducted in this study confirm the reliability and validity of the ECM model. The Breusch-Pagan-Godfrey test results indicate that the residuals in the ECM are homoscedastic, meaning that the variance of the residuals is constant across different levels of the explanatory variables. The Ramsey RESET test results also suggest that the model is well-specified and does not suffer from significant omitted variable bias or misspecification. These findings provide confidence in the estimates and inferences drawn from the model, and suggest that the relationships between short-term financing options and ROA are adequately captured by the model. Overall, the results of this study have important implications for policymakers and manufacturing firms in Nigeria, highlighting the importance of microfinance bank loans and trade credit in enhancing the performance of the manufacturing sector.

Our findings are in line with some empirical studies, while in disparity with others. For instance, our study's results are consistent with Elgayar et al. (2025), who found that financing mix has a significant impact on financial performance. Similarly, our findings align with Akaji et al. (2021), who found that a balanced utilization of debt and equity positively influences firm performance. Additionally, our study's results are in line with Odebode and Yunisa (2020), who found that total debt ratio has a significant impact on the financial performance of manufacturing firms in Nigeria.

However, our study's findings are in disparity with Hayati et al. (2022), who found that long-term debt exhibited a negative impact on return on assets (ROA). In contrast, our study found that microfinance bank loans and trade credit have a significant positive impact on ROA in Nigerian manufacturing firms. Furthermore, our study's findings contradict Henry et al. (2020), who found that excessive short-term debt has detrimental effects on SMEs' financial health. Instead, our study found that microfinance bank loans and trade credit are effective in boosting the manufacturing sector's performance.

The disparity in findings may be attributed to the specific context and sample of the studies. For instance, Hayati et al. (2022) focused on long-term debt, whereas our study examined short-term financing options. Similarly, Henry et al. (2020) conducted their study in Uganda, whereas our study was conducted in Nigeria, highlighting the importance of context-specific research. Overall, our study provides new insights into the impact of short-term financing options on business performance in Nigerian manufacturing firms, and highlights the importance of strategic financial management in enhancing corporate performance.

5.0 Conclusion and Recommendations

This study examined the impact of short-term financing options on the performance of Nigerian manufacturing firms, providing valuable insights into the relationships between commercial bank loans, microfinance bank loans, trade credit, and Return on Assets (ROA). The findings revealed that microfinance bank loans and trade credit have a significant positive impact on ROA, indicating that these financing options are effective in boosting the manufacturing sector's performance. In contrast, commercial bank loans did not have a significant impact on ROA, suggesting that they may not be as effective in enhancing the manufacturing sector's profitability in the short-run. The study's findings have important implications for policymakers and manufacturing firms in Nigeria, highlighting the need for strategic financial management and access to affordable financing options to enhance corporate performance.

Based on the study's findings, it is recommended that Nigerian manufacturing firms prioritize microfinance bank loans and trade credit as viable financing options to improve their performance. Policymakers should also create an enabling environment that promotes access to affordable financing options, particularly microfinance bank loans and trade credit, to support the growth and development of the manufacturing sector. Additionally, commercial banks should revisit their lending policies and procedures to make their loans more accessible and affordable to manufacturing firms. Furthermore, manufacturing firms should adopt strategic financial management practices, including careful planning and management of their finances, to ensure that they maximize the

benefits of short-term financing options and enhance their overall performance. By adopting these recommendations, Nigerian manufacturing firms can improve their performance, contribute to economic growth, and enhance their competitiveness in the global market.

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