Taylor & Francis
Online

Journal of Small Business Management ›
Volume 61, 2023 - Issue 2

1,085 Views | 12 CrossRef citations to date | 0 Altmetric

Research Articles

Economic and institutional determinants of lease financing for European SMEs: An analysis across developing and developed countries

Ana Mol-Gómez-Vázquez, Ginés Hernández-Cánovas & Johanna Köeter-Kant

Pages 590-611 | Published online: 25 Aug 2020

Cite this article https://doi.org/10.1080/00472778.2020.1800352 Check for updates

Sample our
Economics, Finance,
Business & Industry Journals
>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article Figures & data References Citations Metrics
Reprints & Permissions Read this article Share

ABSTRACT

In light of an economic recession at a global scale, we should turn our attention toward sources of funding which, as leasing, present clear advantages to the more vulnerable small and medium-sized enterprises (SMEs). Applying logistic models on a sample of 4,425 SMEs from 25 European countries, we show that financial constraints and the characteristics of the institutional environment might play a distinctive role in the use of leasing for SMEs across developing and developed countries. Consequently, leasing regulations should be carefully studied to trigger rather than sink the feasibility with which leasing might be deployed and used.

KEYWORDS:

Notes

[1] Information available at: https://bit.ly/3afaNz8.

[2] Due to data limitations, we are not able to analyze the level of lease financing used for the firms of our sample.

[3] We recognize that one could wonder whether there are alternative definitions for our firm-specific variables, or even that additional firm characteristics could be included in our model. However, on this matter we are greatly restricted by the data available in the survey.

[4] The survey was carried out at the end of 2005 and the beginning of 2006, and it gathers information about the use of leasing in the recent past, but without establishing a specific period. Therefore, we choose to measure the economic development variables and country-specific variables in 2003, rather than in 2004. Collecting these country variables from this time is a conservative decision that we undertake to avoid reserve causality (or simultaneity).

[5] Due to data availability, the period analyzed is limited. It is not possible to include a longer period or more current data in our analysis. However, by studying the period just before the financial crisis and before the implementation of IFRS 16, we allow that future contributions might address the analysis of lease financing in SMEs and compare their results across different economic and financial scenarios.

[6] Due to the existence of missing observations, we run a Heckman selection model in order to rule out the possibility that our results are affected by sampling bias. The dependent variable in the selection equation is answer, a dummy variable that equals one for firms entering our models, and zero for those firms with information about the use of leasing but with missing values in one or several of the explanatory variables (therefore firms with incomplete response to the survey questions used in this study). Results, available upon request, show that rho (the correlation between the two equations) is zero, while the Wald test cannot reject the null hypothesis of independent

equations. Therefore, we strongly believe that our results are not affected by sampling bias.

[7] Due to length limitations, and for sake of brevity, we only provide plots for those marginal effects that are statistically significant. The remaining plots are available upon request.

[8] Leaseurope, the European Federation of Leasing Company Associations, is integrated comprised of 45 Member member Associations associations from 32 European countries, representing 91% of the European leasing market in 2018. Information available at: http://www.leaseurope.org/uploads/documents/LeaseuropeFF_18.pdf.

Additional information

Funding

The Authors acknowledge financial support by Ministerio de Ciencia e Innovación (PID2019-106314GB-I00), Santander Financial Institute (SANFI) and Fundación UCEIF.

Related research

People also read | Recommended articles | Cited by 12

A systematic literature review on SME financing: Trends and future directions

Purnima Rao et al.
Journal of Small Business Management
Published online: 19 Aug 2021

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2026 Informa UK Limited Privacy policy

Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG

Taylor & Francis by informa