

**Capital Structure and Financial Performance in Quoted Telecommunication Companies in
Nigeria**

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CERTIFICATION

This is to certify that **Abisola Mutiat LASISI** with Matric No: **LCU/PG/001870** carried out this research work titled “**CAPITAL STRUCTURE AND FINANCIAL PERFORMANCE OF QUOTED TELECOMMUNICATIONS COMPANIES IN NIGERIA**” in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo State, Nigeria for the Award of Master’s Degree (M.Sc.) in Accounting and that this has not been previously submitted.

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Dedication

This Thesis is dedicated to Almighty God

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Abstract

Capital structure is a mixture of the financing options a company uses to finance its investments. However, deciding on an optimal capital mix has been a huge task for most telecommunication companies. The main objective of this study is to examine the effect of capital structure on performance of the quoted telecommunication companies in Nigeria. The study used an *ex-post facto* research design. The study population consisted of 9 quoted telecommunication companies on Nigeria Stock exchange. The purposive sampling technique was adopted to select a sample of seven (7) telecommunication firms for the period of ten years (2012-2021). Data for this study were extracted from the published annual reports and accounts of the sampled companies and validated by the statutory auditors. Data were analyzed using descriptive and inferential statistics. The study found that short term debt, long term debt, equity and total debt had joint and significant effect on profit before tax, return on asset, return on equity and return on capital employed of quoted telecommunication companies in Nigeria. (PBT – *Adj. R*² = 0.8034, *Wald test* = 71.51 *p* < 0.05; ROA – *Adj. R*² = 0.1543, *Wald test* = 4.15, *p* < 0.05; ROE – *Adj. R*² = 0.7620, *Wald test* = 56.23, *p* < 0.05 and ROCE – *Adj. R*² = 0.4523, *Wald test* = 42.74, *p* < 0.05).

The study concluded that capital structure had significant effects on the performance of telecommunication companies in Nigeria. It was recommended that the management of the telecommunication companies should pay attention to the composition of capital structure in term of short term debt, long term debt, equity and total debt and should be careful and cautious in accumulating debt that could eventually have adverse effects on their value and financial performance.

Keywords: Capital Structure, Performance, Profit before Tax, return on Asset, return on Equity.

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ABBREVIATIONS

CS:	Capital Structure
EQT:	Equity
FP:	Financial Performance
NSE:	The Nigerian Stock Exchange
LTD:	Long Term Debt
PBT:	Profit before Tax
ROA:	Return on Asset
ROE:	Return on Equity
ROI:	Return on Investment
ROCE:	Return on Capital Employed
STD:	Short Term Debt
SMEs:	Small, Medium Enterprises
TD:	Total Debt

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