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Comparative Analysis Of Middle-Term Financing Alternatives On Firm Profitability

Efemini, Bridget1 And Ehiedu, Victor C[2] Ph.D
1(B.Sc. in Accounting), Department of Accounting and Management, Delta State University, Abraka
2Professor of Banking & Finance, Banking and Finance Department, Delta State University, braka. Nigeria

Abstract: *This study examined comparative analysis of middle-term financing alternatives on Firm Profitability in Nigerian Telecommunications Sectors. Specifically, the study compared the effects of Term Loans from Banks, Hire Purchase Arrangement and Equipment Leasing on firm Profitability. Three research questions with respective hypotheses were formulated to guide the study. The study adopted descriptive survey design with a sample size of 89 employees of two randomly selected firms in Asaba, Delta State. Questionnaire was used to collect data. Descriptive and inference statistic were used for data analysis. The research questions were answered using simple percentage and mean. The hypotheses were tested using multiple regressions via SPSS 25 at a significant level of 0.05 and the comparism was considered using t-value. The findings showed that there is a significant effect of term loans from banks on firm profitability; there is a significant effect of hire purchase arrangement on firm profitability; and there is a significant effect of equipment leasing on firm profitability in Nigeria. Furthermore, In comparism, Equipment Leasing (t = 3.1175) has a higher positive effect on firm profitability, followed by Hire Purchase Arrangement (2.996) before Term Loans from Banks (2.651). It was recommended among others that managers and business owners should adopt Middle-Term Financing sources to grow firm profitability.*

Keyword: Term Loan, Hire Purchase, Equipment Leasing and Profitability

1.1 Introduction

Financing is essential for all businesses. Without funds, business cannot pay for overheads, purchase stock or even set herself up (FutureLearn, 2025). No business can be carried without financing. Funso (2018) postulates that, financing is a process of receiving capital or money for business purpose; it is usually provided by financial institutions, such as, banks or other lending agencies. In identifying suitable sources of finance, there are three broad categories for firms to consider. These are short, medium (middle) and long-term (Satyarth, 2024; Animasaun & Babayanju, 2016).Many people consider anything less than two years to be short-term, two to ten years to be middle (medium)-term, and ten years or more to be long-term (Kiragu & Wasike, 2019). Short-term refers to funds that generally have to be paid back within a year. Medium-term financing usually requires funds to be paid back between one and five years; while long-term finance is generally anything that is paid back after five or more years. Among these sources of finance, this study focused on comparative analysis of Middle-Term Financing alternatives (term loans from bank, hire purchase arrangement and equipment leasing) on Firms Profitability (Abbasi, Wang & Abbasi, 2017; ManageFinanceFund, 2025).

Middle-term financing is utilized for amounts greater than one year but less than five years; private bank loans, public deposits, leasing financing, and financial institution loans provide middle-term funding. Grzegorzek (2024) posits that middle- term refers to the time period of more than 12 months but less than five years; which deals with fairly large amount of money. He further stated the examples of external middle-term finance include: hire purchase, leasing and sale-and-leaseback; which is mainly for lower Capital Expenditure. Most middle-term finance is used to purchase cheaper Fixed Assets such as machinery, equipment, vehicles, to mention but a few. Medium-term financing alternatives can help small business owners grow their businesses. Unlike overdrafts or bank credit lines, Middle-Term Finance provides funding for business expansion. Companies can extend beyond their current loans with a medium-term loan (Baker, Kumar & Rao, 2020; Bui, 2020; ManageFinanceFund, 2025).

Middle-Term Financing Alternatives are middle-term's sources of finance which include: term loans from banks, hire purchase arrangement, equipment leasing, credits for cash, rent-to-own, capital of preference, the bonds, notes & bonds, government initiatives, financing a lease, banks for businesses, money handlers, lending institutions to mention but a few (Funso, 2018). Among which this study examined the effects of Term Loans from Banks, Hire Purchase Arrangement and Equipment Leasing on Firm Profitability (Hossain & Kabir, 2017).

Term Loans from Banks are the most typical form of medium-term loan supplied by commercial banks and financial firms. It involved first rate of interest and repayment cycle. It is used to acquire machinery, vehicles/machines among others (Islam & Shafiuddin, 2020). Businesses can utilize it to fulfill the specific need for funding without sacrificing their liquidity. Hire Purchase Arrangement is an agreement whereby firm acquires assets by paying installments while utilizing them (Kathure, Waweru, & Shano, 2021). Ownership only passes on at the final payment installment. It gives firms a much-needed cash savings to generate cash without using it at the point of purchase. Equipment Leasing is of two broad categories of leases – operating and finance. (1) Operating (short-term) – where ownership remains with the lessors. (2) Finance Lease (Long-term) – often leading to asset ownership. Leasing

contracts offer flexibility in operations, especially for firms expecting technology upgradation (Abdulkarim, Mohammed & Musa-Mubi, 2020). Businesses can avoid asset obsolescence risks while reaping the benefits of lower initial costs (Satyarth. 2024).

Firm productivity refers to how well an organization is doing in reaching its vision, mission, and goals. Assessing firm productivity is a vital aspect of strategic and financial management (Mohamad, Behnaz, & Elham, 2012). Productivity is a very complex concept, however, a lot of attention needs to be paid to how it is assessed and measured. Measures of firm productivity include financial measures such as Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, among others (Karunananda & Jayamaha, 2011; Ferreira, 2015).

Telecommunication firms deal with "exchange of information over significant distances by electronic means; it refers to all types of voice, data and video transmission". These companies in Nigeria include MTN Nigeria Communication Plc, Airtel Networks Limited, Globacom Limited, Broad-Based Communications Limited, 9Mobile, to mention but a few. Examples of telecommunication include "cell phones, microwaves, satellites, television, and the interne". The telecommunication firms competitive with each other by reduce their tariff, data buddle, cost of SIM card, self-services, effective services and product, and packages their entire consumer (Tgirl, 2023).

Middle-Term financing is a fund specifically intended for business purposes. It is the fund required to establish, operate business activities, and expand in the future. Funds are specifically required various purchase type of tangible assets such as furniture, machinery, buildings, offices, factories, or intangible assets like patents, technical expertise, and trademarks, etc. Apart from the assets mentioned above, other things that require funding are the day-to-day operational activities of a business. This activity includes purchasing raw materials, paying salaries, bills, collecting money from clients, etc. It is essential to have sufficient amount of money to survive and grow business, thus the reason for this study. Middle-Term Financing like other sources of financing involves the creation of a debt, which will be repaid with added interest. There are numbers of different types of middle-term financing among which this study focused on term loans from banks, hire purchase arrangement and equipment leasing. Based on the aforementioned, this study compared the effects of Term Loans from Banks, Hire Purchase Arrangement and Equipment Leasing on firm Profitability in Nigerian Telecommunications Sectors.

1.2 Objectives of the Study

The general objective of the study is Comparative Analysis of Middle-Term Financing Alternatives on Firm Profitability in Nigerian Telecommunications Sectors.

The specific objectives are to:

i. determine the effect of Term Loans from Banks on Firm Profitability in Nigeria Telecommunications Sectors;

ii. examine the effect of Hire Purchase Arrangement on Firm Profitability in Nigeria Telecommunications Sectors; and

iii. assess the effect of Equipment Leasing on Firm Profitability in Nigeria Telecommunications Sectors.

2.1 Conceptual Review

2.1.1 Middle-Term Financing

Middle-term finance

Middle-term finance is repayable within three to five years (Hossain, & Kabir, 2017). It can be obtained in a number of ways for varied uses and repayment patterns. It is used by firms to help buy assets with corresponding medium range life such as plant and machinery or to provide general working capital or to fund hard-core overdrafts inherent in a restructuring of facilities arrangement. Middle-term loans are provided as part of a package of financial facilities and repayment may either be made in one sum at an agreed date, or more usually by installments over as a period. Banks are willing to tailor the pattern of to fit the earning capacity of the asset being acquired or usually to the estimated cash flow of business. Before granting this type of loan, a bank will seek to satisfy itself about the commercial viability of the project, management capability and cash flow potentials to establish that repayment of the loan can be met (Animasaun & Babayanju, 2016; Abbasi et al. 2017).

The advantage of middle-term loan can be include: (1) it contractually assures the borrower of the stability of finance as to term and amount. Draw-down can be progressively done to match with the actual asset being created with the loans, thus preventing the building up of idle cash that may not be immediately required. (2) Sometimes banks agree to a fixed rate of interest on middle-term

loans, though most banks will generally apply a margin above their prime rate to make room for flexibility. However the advantage of a fixed rate enables the borrower to estimate his future cash with confidence and certainty. If it is at variable rate of interest, it enables the borrower to secure some of the benefits when rates fall (Mwangi & Muturi, 2018; Kiarie & Olando, 2022).

2.1.2 Term Loan from Banks

Term loans constitute a major source of intermediate financing. Term loans are repayable in periodic installments over the entire loan period. Term loans could come from commercial banks and some specialized financial institutions like Pension Funds institutions. Term loans are only backed up with a collateral security which must cover the value of the loan plus the proposed interest payable thereon (Funso, 2018; Islam & Shafiuddin, 2020).

Term loans offer extended repayment periods, allowing businesses to fund large investments without immediate financial strain. Lower interest rates: Compared to short-term loans or alternative financing options, term loans often come with lower interest rates due to the longer repayment period (Islam & Shafiuddin, 2020).

2.1.3 Hire Purchase Arrangement

In hire purchase arrangement, the hirer can automatically become the owner of the property or asset after he or she has rounded up the instalmental payments. Hire purchase finance is also beneficial to the economy in that it offers the hirer access to the equipment or property even though they do not have the full money required to purchase the property. Under hire purchase, the hirer who makes use of the property and actually in possession of the property is allowed to make a part payment and later balance up after making a series of instalmental payments (Funso, 2018).

Here are the key benefits of hire purchase arrangement: (1) ***Flexibility*** **-**Hire purchase is a flexible form of asset finance. Both the monthly payments and the length of the agreement can be adjusted to meet the needs of the business. (2) ***Cash flow*** **-** With hire purchase, businesses can spread the cost of equipment, allowing them to manage cash flow and keep valuable working capital within the business. Paying a fixed amount each month over a set period will also help financial forecasting. (3) ***Ownership*** **-** Unlike other types of business lease agreements, once you have made the last hire purchase instalment, your business will own the equipment (4) ***Fixed interest*** **-** With hire purchase agreements, interest is fixed for the duration of the agreement, so your repayment amount will never change. Many hire purchase agreements offer a lower rate of interest than other types of business finance, such as bank loans and overdrafts. (5) ***Immediate access*** **-** By spreading the cost of high-value assets over time, your business can access the equipment immediately, rather than having to wait to save up the necessary funds. This supports business growth and expansion. (5) ***Easy to obtain*** - Hire purchase is usually a relatively simple form of business finance and typically quick and easy to obtain, in comparison to more traditional finance options (McGlone, 2025; Funso, 2018; Suwarto & Japlani, 2021).

2.1.4 Equipment Leasing

Lease finance occupies a central place in middle-term financing. A lease is described as a contract whereby one party known as the lessor gives to another party referred to as the lessee, the use and possession of an equipment or an asset for a specified time in return for a fixed periodic payments (Kiragu & Wasike, 2019). In this case, the lessor retains legal ownership of the leased property while the lessee only has possession and no legal right to the title of the property being leased. A lease is categorized as a financing source in the sense that the lessee would have had to raise money to purchase the leased equipment or asset if the lease option is not available. The money which would have been raised would now be available for long-term investment by the investor or firm. The Financial lease is a type of lease financing where the lessor transfers virtually all the risks and benefits of ownership of an asset to the lessee. The financial lease is thus a non-cancellable contractual commitment whereby the lessee is bound to make series of instalmental payments to the lessor for the use and possession of an asset or property (Olawale, 2019). On the other hand, the Operating lease is a cancellable lease, the lease arrangement can be cancelled after giving proper notice to the lessor at any point during the lease period. In an Operating lease, the lessor is primarily responsible for the maintenance of the asset and its insurance (Funso, 2018; Abdulkarim et al., 2020).

When compared with purchasing equipment, leasing can allow you to: Take control of your cash flow, Avoid end of term ownership responsibilities, Reduce costs, Stay up to date, Manage your capital and debt and Maintain flexible security over assets (Zhang, 2018; Kiarie & Olando, 2020).

2.1.5 Firm Profitability

Firm productivity refers to how well an organization is doing in reaching its vision, mission, and goals. Assessing firm productivity is a vital aspect of strategic management (Mohamad, Behnaz, & Elham, 2012). Executives must know how well their firms are

performing to figure out what strategic changes, if any, to make. Productivity is a very complex concept, however, and a lot of attention needs to be paid to how it is assessed and measured. Measures of firm productivity are metrics along which firms can be gauged. Most executives, investor and stakeholders watch and examine measures which include financial measures that identifies how well a company generates revenues and manages its assets, liabilities, and the financial interests of its stake- and stockholders (Karunananda & Jayamaha, 2011; Ferreira, 2015). Financial measures include values and ratios that incorporate net income or a component of net income such as operating income or earnings before taxes (Onaolapo & Adegbite, 2014). Below are some of the variable or indicators of financial measures:

Return on assets (ROA)

Return on assets measures the organization's ability to utilize its assets to create profits. ROA is defined by the formula:

$$\text{Return on Assets} = \frac{\text{Net income}}{\text{Average total assets}}$$

Return on Equity (ROE)

Return on equity measures the income available to common stockholders (residual claimants) as a percentage of the book value of their investment in the organization. ROE is defined by the formula:

$$\text{Return on Equity} = \frac{\text{Net income available to common shareholders}}{\text{Common stockholders' equity}}$$

Net Profit Margin

Net Profit Margin (also known as "Profit Margin" or "Net Profit Margin Ratio") is a financial ratio used to calculate the percentage of profit a company produces from its total revenue. It measures the amount of net profit a company obtains per dollar of revenue gained. The net profit margin is equal to net profit (also known as net income) divided by total revenue, expressed as a percentage.

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Revenues}}$$

2.1.6 **Effects of Middle-Term Financing on Firm Profitability**

Middle-term financing provides businesses with a balanced option between short-term and long-term funding, catering to projects or operations requiring moderate investment. These sources offer flexibility, liquidity preservation, and cost-effectiveness for enterprises (Kiarie & Olando, 2022). Its characteristics include: (1) Flexibility: Suitable for the acquisition of assets up to working capital. (2) Availability: Available to the firm either through banks or financial markets. (3) Cost predictability: Fixed investment and carrying cost of raising funds. (4) Supports Growth: Expansion opportunities without long-term commitment of capital or bonds (Kiragu & Wasike, 2019). These benefits render middle-term finance an attractive opportunity for businesses to avoid losing operational flexibility. Its usage for both short-term and short-to-moderate goals lets businesses respond effectively to changes in the market.

Middle-term finance plays a significant role in business in achieving sustainable growth and profitability. It helps firms to: (1) Extend Operations: Medium-term loans or leases can be applied for purchasing new machinery or opening up new branches. (2) Manage Working Capital: This prevents the business activities from getting stuck due to the shortage of liquidity. (3) Maintain Financial Risk: The loan payback can be done over several years, so there is no immediate financial shock. (4) Plan Strategically: It meets long-term needs without overtaxing short-term resources (Satyarth, 2024). Proper use of middle-term finance can, therefore, ensure the financial health and resilience of the business against fluctuations in the market.

Despite their benefits, middle-term sources of finance carry potential risks and limitations, particularly concerning costs and asset-related constraints (Funso (2018). These challenges include: (1) Interest Expense: Cash flows are impacted through frequent interest payables. (2) Burden of Repayment: Fixed repayments push businesses into a financial crunch. (3) Risk of Repossession/ Litigation: Failure to pay back may invite asset repossession or litigation processes. (4) Limited Quantities: Middle-term options may not support high-level projects (Mburu & Ngatia, 2017). These limitations are no doubt relevant, but most often,theyt can be accommodated through proper financial planning. A firm needs to determine its ability to repay and should align its funding options with cash flow stability (Satyarth, 2024).

2.2 Theoretical Review

Profit Maximizing and Competition Based Theory

The profit maximizing and competition based theory is based on the notion that a business organization's main objective is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. The industrial organization (I/O) perspective is the basis of this theory as it views the organization's external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management a systematic model for assessing competition within an industry (Porter, 1981). This is tantamount to economist philosophy of business objectives. On the other hand, the resource based theory stems from the management philosophy that the resource of firms' competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business; competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource based philosophy of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007).

2.3 Empirical Review

Kiarie and Olando (2022) examined the Influence of Middle-Term Financing on Profitability of Supermarkets in Central Business District Nairobi City Kenya. The study was guided by the theory of Modigliani and Miller. A cross-sectional survey and a descriptive research strategy were utilized in this study. The target population of this study was 18 supermarket branches in Nairobi's central business district Kenya. The study specifically targeted the 18 branch managers and 18 accountants of these supermarkets. The study adopted the census sampling technique. Questionnaires were used to collect primary data and secondary data from financial statements and yearbook reports of supermarkets from 2016 to 2018. Data were analyzed using correlation and regression models with the support of the Statistical Package for Social Sciences (SPSS). Descriptive and inferential statistics specifically, mean, standard deviation and trends analysis were conducted. The study concluded that middle-term financing had a significant and positive relationship with the profitability of supermarkets in the central business district of Nairobi city Kenya.

Kiragu and Wasike (2019) assessed the effect of lease financing and business sustainability at Davis & Shirtliff Limited from 2013 to 2017 in Nairobi. The study used a descriptive research strategy and data was evaluated using ratio analysis techniques and a Pearson Correlation analysis assessed the extent of the correlation and the direction of the relationship between lease and profits. The study established that lease financing had a favorable relationship with profits and revenues. The study concludes that lease financing is crucial in assuring an organization's sustainability.

Mburu and Ngatia (2017) assessed the elements influencing lease financing in the manufacturing industry by concentrating on Kariobangi Light Industries. The study utilized a descriptive research design. The sample size was 90 owners of organizations in the Kariobangi Light Industry. Data were examined by the utilization of descriptive and inferential statistics. Multivariate regression analysis was used to assess the relationship between lease financing and the monetary assets, tax shield, and access to information. The study revealed that monetary assets, access to information, and tax shield impact lease financing in organizations in the manufacturing industry. Leasing financing affected debt value to a modest extent and tax depreciation, taxable profits, net of tax cost of capital to a great extent

3.0 METHODOLOGY

The study adopted descriptive survey to investigate Comparative Analysis of Middle-Term Financing Alternatives on Firm Profitability in Nigerian Telecommunications Sectors. The target population for this study is 114 of Samsung, Asaba, Delta State (64) and Mass Telecom Innovation, Asaba (50) all in Delta State, Nigeria with a sample size of 89 derived from the total population using Taro Yamame (1967) Formula. The two telecommunication firms were chosen through the balloting technique of the simple random sampling techniques. The instrument for data collection was questionnaire designed based on the modified Likert 4-point scale in two sections; A and B. Section A was designed to get personal information of respondents, while section B was carefully designed to draw out information based on the problem of the study. 89 Copies of the questionnaires were distributed to the selected firms but 80 copies were retrieved which showed 98% retriever rate retrieval rate. Descriptive and inference statistic were used for data analysis. The research questions were answered using simple percentage and mean. The hypotheses were tested using multiple regressions via SPSS 25 at a significant level of 0.05. The model of multiple regressions as follow:

$Y = \beta_o + \beta_1 X_1 + \ldots\ldots\ldots\ldots + \varepsilon$

$FP = \beta_0 + \beta_1 TL + \beta_2 HP + \beta_3 EL$

FP = Firm Profitability → Dependent/Response Variable
TL = Term Loans from Banks
HP = Hre Purchase Arrangement
EL = Equipment Lease
} Independent Variables

β_0 = The value of FP when all the independent variables are equal to zero.
$\beta_1\beta_2\beta_3$ = The estimated regression coeffici

ANALYSIS OF DATA

The data collected was analysised and presented in frequency tables. 89 copies of the questionnaire were distributed but 80 copies were retrieved. Research Questions were answered using simple percentage and mean at bench mark of 2.5, while the hypotheses were tested using multiple regressions in SPSS 25.

4.1 **Answer of Research Questions**

Research Question 1

What is the effect of Term Loans from Banks on Firm Profitability in Nigeria Telecommunications Sectors?

Table 1: Effect of Term Loans from Banks on Firm Profitability

S/N	STATEMENT	SA	A	D	SD	Mean	STDEV	Decision
1.	Term loans offer my firm extended repayment periods	38 (48%)	30 (38%)	4 (5%)	8 (10%)	3.23	1.57	Accepted
2.	It allows my firm to fund large investments without immediate financial strain.	60 (75%)	20 (25%)	0 (0%)	0 (0%)	3.75	1.28	Accepted
3.	It offers my firm Lower interest rates:	14 (18%)	30 (38%)	20 (25%)	16 (20%)	2.53	0.12	Accepted
4.	It enable my firm to repayment in periodic installments over the entire loan period.	62 (78%)	10 (13%)	8 (10%)	0 (0%)	3.68	1.33	Accepted
					GRAND TOTAL	3.29	1.08	Accepted

Table 1 above shows the means responses to items 1 – 4 as: 3.23, 3.75, 2.53 and 3.68 respectively; with a grand mean and standard deviation of 3.295$\pm$1.08. Base on the analysis, it can be concluded that all the items are effects of term loans from bank on firm profitability. This implies that, term loans offer extended repayment periods, allows fund large investments without immediate financial strain; lower interest rate and repayment in periodic installments over entire loan period.

Research Question 2:
What is the effect of Hire Purchase Arrangement on Firm Profitability in Nigeria Telecommunications Sectors?

Table 2: Effect of Hire Purchase Arrangement on Firm Profitability

S/N	STATEMENT	SA	A	D	SD	Mean	STDEV	Decision
5.	Hire purchase enables flexible form of asset finance.	51 (64%)	5 (6%)	10 (13%)	14 (18%)	3.16	1.99	Accepted
6.	My firm can spread the cost of equipment, allowing them to manage cash flow and keep valuable working capital within the business.	40 (50%)	20 (25%)	15 (19%)	5 (6%)	3.19	1.72	Accepted
7.	Hire purchase agreements offer my firm a lower rate of interest than other types of business finance.	25 (31%)	47 (59%)	5 (6%)	3 (4%)	3.18	0.56	Accepted
8.	My firm grows and expand due to hire purchase arrangement.	30 (38%)	34 (43%)	5 (6%)	11 (14%)	3.04	1.17	Accepted
					GRAND TOTAL	**3.14**	**1.36**	**Accepted**

Table 2 shows the means responses to items 5 – 8 as: 3.16, 3.19, 3.18 and 3.04 respectively; with a grand mean and standard deviation of 3.14±1.36. Base on the analysis, it can be concluded that all the items are effects of hire purchase arrangement on firm profitability. This implies that hire purchase arrangement enables flexible form of asset finance, spread the cost of equipment, allows cash flow management, keep valuable working capital within the business.

Research Question 3:
What is the effect of Equipment Leasing on Net Profit Margin in Nigeria Telecommunications Sectors?

Table 3: Effect of Equipment Leasing on Firm Profitability

S/N	STATEMENT	SA	A	D	SD	Mean	STDEV	Decision
9.	My firm takes control of your cash flow.	51 (64%)	5 (6%)	10 (13%)	14 (18%)	3.16	0.99	Accepted
10.	My firm avoid end of term ownership responsibilities.	40 (50%)	20 (25%)	15 (19%)	5 (6%)	3.19	1.72	Accepted
11.	My firm reduce costs, stay up to date, manage capital and debt.	25 (31%)	47 (59%)	5 (6%)	3 (4%)	3.18	0.56	Accepted
12.	My firm maintain flexible security over assets.	30 (38%)	34 (43%)	5 (6%)	11 (14%)	3.04	1.17	Accepted
					GRAND TOTAL	**3.14**	**1.11**	**Accepted**

Table 1 shows the means responses to items 9 –12 as: 3.16, 3.19, 3.18 AND 3.04 respectively; with a grand mean and standard deviation of 3.14±11.11. Base on the analysis, it can be concluded that all the items are effects of equipment leasing on firm profitability. This implies that equipment leasing control cash flow, avoid end of term ownership responsibilities, reduce costs, stay up to date, manage capital, debt and maintain flexible security over assets.

4.2 Test of Hypothesis

The hypotheses are tested using multiple regression in SPSS 21.

$Y = \beta_o + \beta_1 X_1 + \ldots\ldots\ldots\ldots + \varepsilon$

$FP = \beta_0 + \beta_1 TL + \beta_2 HP + \beta_3 EL$

OUTPUT OF MULTIPLE REGRESSION ANALYSIS IN SPSS 25

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.939[a]	.881	.877	.10335	.507

The r value of 0.939 in the Model Summary Table (Table 4) represents the Pearson correlation. This implies that there is a strong and positive correlation across the variables since the value of r (0.939) tends to 1.

More also, the r^2 value of 0.881 (Table 4.) is known as the coefficient of determination. It shows the proportion of the variance in the dependent variable that can be explained by the independent variables. This implies that 88% of the variation in the Firm Profitability (FP) can be explained by TL, HP and EL.

Table 5: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6.032	3	2.011	188.265	.000[b]
Residual	.812	76	.011		
Total	6.844	79			

The value of Sig (0.00) which is the p-value in Table 5 indicates that the independent variables (TL, HP and EL) combined has a statistically significant association with the dependent variable Firm Profitability (FM).

Table 6: Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
	(Constant)	1.004	.113		8.883	.000		
	TL	.051	.079	.078	.651	.042	.108	9.218
	HP	.333	.111	.434	2.996	.004	.075	13.421
	EL	.352	.111	.442	3.175	.002	.081	12.395

The individual Sig-value/p-value in Table 4.2.4 indicates whether or not each of the independent variables is statistically significant.

Therefore,

Hypothesis 1

There is no significant effect of Term Loans from Banks on Firm Profitability in Nigeria Telecommunications Sectors.

The Sig-value (0.042) of Term Loans from Banks (TL) in Table 6 indicates that, there is a significant relationship between Term Loans from Banks and Firm Profitability since the Sig-value (0.042) is lesser than 0.05. Therefore, the null hypothesis which stated that there is no significant effect of term loans from banks on firm profitability in Nigeria is rejected. This implies that there is a significant effect of term loans from banks on firm profitability in Nigeria.

For every additional effort of improving Term Loans from Banks, Firm Profitability is expected to increase by 0.51 (Table 6) assuming other independent variables remain constant..

Hypothesis 2

The Sig-value (0.04) of Hire Purchase Arrangement (HP) in Table 6 indicates that, there is a significant relationship between hire purchase arrangement and firm profitability since the Sig-value (0.04) is lesser than 0.05. Therefore, the null hypothesis which stated that there is no significant effect of hire purchase arrangement on firm profitability in Nigeria is rejected. This implies that there is a significant effect of hire purchase on firm profitability in Nigeria.

For every additional effort of improving Hire Purchase, Firm Profitability is expected to increase by 0.333 (Table 6) assuming other independent variables remain constant.

Hypothesis 3

The Sig-value (0.002) of Equipment Leasing in Table 6 indicates that, there is a significant relationship between equipment leasing and firm profitability since the Sig-value (0.002) is lesser than 0.05. Therefore, the null hypothesis which stated that there is no significant effect of equipment leasing on firm profitability in Nigeria is rejected. This implies that there is a significant effect of equipment leasing on firm profitability in Nigeria.

For every additional effort of improving Equipment Leasing (EL), Firm Profitability is expected to increase by 0.0352 (Table 6) assuming other independent variables remain constant

The coefficient for the intercept (Table 6) means the expected FP when TL, HP and EL are not improved (at 0 states) is 1.004

Therefore, the estimated regression equation for the model base on the analysis can be written as:

$FP = \beta_0 + \beta_1 TL + \beta_2 HP + \beta_3 EL$

Therefore,
$FP = 1.004 + 0.051TL + 0.333HP + 0.352EL$

4.3 **Findings**

The finding of the study revealed from the answer to research question 1 (Table 1) and test of hypothesis 1, the findings of the study revealed that there is a significant effect of term loans from banks on firm profitability in Nigeria. Term loans offer extended repayment periods, allows fund large investments without immediate financial strain; lower interest rate and repayment in periodic installments over entire loan period. This finding in in agreement with the findings of Islam and Shafiuddin (2020) who indicated that, term loans extend repayment periods and lower interest rates. It also supported the finding of Funso (2018).

The findings also revealed from the answer to research question 2 (Table 2) and the test of hypothesis 2 that, there is a there is a significant effect of hire purchase on firm profitability in Nigeria. Hire purchase arrangement enables flexible form of asset finance, spread the cost of equipment, allows cash flow management, keep valuable working capital within the business. This finding is in agreement with the findings of McGlone (2025) Funso (2018), Suwarto and Japlani (2021) who are of similar view that hire purchase enable flexibility, spread cost of equipment and allows cash flow management.

The finding further revealed from the answer to research question 3 (Table 3) and text of hypothesis 3 that, there is a significant effect of equipment leasing on firm profitability in Nigeria. Equipment leasing control cash flow, avoid end of term ownership responsibilities, reduce costs, stay up to date, manage capital, debt and maintain flexible security over assets. This findings is in line with Zhang (2018) and Kiarie & Olando (2020), who showed that equipment leasing control cash flow, reduce cost and maintain flexible security over assets.

In comparism, using the t values in Table 6, It can be seen from Table 6 that that Term Loan from Banks (TL), Hire Purchase Arrangement and Equipment Leasing (EL) has a t values of 2.651, 2.996 and 3.1175 respectively. This implies that Equipment

Leasing with a it value of 3.1175 has a higher positive effect on firm profitability, followed by Hire Purchase Arrangement (2.996) before Term Loans from Banks (2.651). Though, the independent variables (TL, HP and EL).

5.0 Conclusion

Middle-Term financing offers extended repayment periods, allows fund large investments without immediate financial strain; lower interest rate and repayment in periodic installments over entire loan period. It enables flexible form of asset finance, spread the cost of equipment, allows cash flow management, keep valuable working capital within the business. It control cash flow, avoid end of term ownership responsibilities, reduce costs, stay up to date, manage capital, debt and maintain flexible security over assets.

5.1 Recommendation

1. Managers and business owners should adopt Middle-Term Financing sources to grow profitability.
2. Managers and business owners should consider equipment leasing as a major source of middle-term financing alternatives
3. Managers and business owners should endeavour to understand the alternate sources of middle term financing in order to know the best option that suit their organisation.

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