

## CHAPTER 7

### CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

#### 7.1 Introduction

The purpose of this chapter is to discuss the summary of the research findings, the implications of the study for students, academicians, investors, institutions, and policymakers. Subsequently, this section is followed by suggestions for future research. In detail, this chapter comprises five sections, i.e. Section 7.2 explains the key findings with the sub-sections divided based on the research objectives; Section 7.3 explains the implications and recommendations of this study; while Section 7.4 discusses further studies. Table 7.1 summarises the the research gaps, research questions, findings, conclusion, contributions and implications based on Malaysian context.

#### 7.2 Summary of the Research Findings

This study investigates three objectives. Firstly, the existence of target capital structure and target dividend; secondly, the effect between the firm specific factors, SGR, and SPP. Thirdly, the threshold of capital structure. There are 181 firms (1810 number of observations) for which there is unbalanced data for objective one and two, and 86 firms (860 number of observations) for objective three for which the data is balanced. A quantitative research based on the panel data analysis approach has been adopted to answer the specific hypotheses developed in this study.

### **7.2.1 Objective One: Target Capital Structure and Target Dividend Policy**

The first objective of the research is to examine the existence of the target capital structure and the target dividend policy of Malaysian Public-listed Shariah-compliant firms. The first sub-objective measures the existence of the target capital structure. There are four measurement types of capital structure, i.e. Lev 1 (TDTE), Lev 2 (TDTA), Lev 3 (TCDTA), and Lev 4 (IDTA). The analyses are conducted using two separate sample analyses, which are overall sample and industry. In the overall sample, the results recorded that adjusted r-squared for Lev 2 (TDTA) is higher compared to other types of leverage, but that all types of leverage are used for further analysis in Objective Two. In this investigation, the aim is to assess the factors of the capital structure where three models are tested under the static models in which the preferred model is the fixed effect model.

The findings show that profitability, firm size, and liquidity have consistent results for Lev 1 (TDTE), Lev 2 (TDTA), and Lev 3 (TCDTA), but opposite results for Lev 4 (IDTA). The results indicate that higher profitability, higher liquidity, and lower firm size will increase the Islamic debt to total assets. However, it contradicts the total conventional debt to total assets, where higher profitability, higher liquidity, and lower firm size tend to decrease the total conventional debt to total assets, and, at the same time, increase the intangibility and growth opportunities. For industry, the non-debt tax shield is consistent with all types of leverage except IDTA in Industrial products, profitability for Consumer products and Industrial products, liquidity for Industrial products and the SPP of consumer products. Nonetheless, IDTA has a contradictory sign for the relationship compared to the other types of leverage.

In the dynamic models, GMM-first different (2-step) is the preferred model for analysis. The discussions consist of the existence of the target capital structure through speed of adjustment. The results found that non-debt tax shield, tangibility, profitability, business risk, growth opportunities, firm size, liquidity, and SPP significantly influence the target capital structure decision. The findings show that the trade-off and pecking order theory are the major theories in the analysis of the capital structure factors. Apart from that, the findings also show that lagged leverage has consistent results for the overall sample and all types of industries. The study finds that a target leverage for firms exists in all types of leverage. The study also discovers that firms under the overall sample in all types of leverage have a speed of adjustment of less than one to be under adjusted and below the required adjustment to be at the target within a year. The study also finds that firms under all industries in types of leverage have a speed of adjustment of less than one to be under adjusted and below the required adjustment to be at the target within a year. The results for the speed of adjustment are consistent with the prediction of the trade-off theory.

The second sub-objective in Objective One is to measure the existence of a target dividend policy on Malaysian Public-listed Shariah-compliant firms. Three static models were conducted in the analysis and the fixed effect model is the preferred model. The findings show that lagged dividend has consistent results for the overall sample and all types of industries, while earnings per share only has a consistent positive influence on dividend for the overall sample, Industrial products, Construction, and Properties. The other factors showed mixed results and insignificant influences with the dividend policy. The findings show that the signalling theory is the major theory in the analysis of the dividend policy. Other than that, the study finds that the target dividend policy exists for the overall sample and all types of industries. The results also reveal that there

is a speed of adjustment for the overall sample and all industries, which is less than one to be under adjusted and below the required adjustment to be at the target within a year. Hence, the second sub-objective is accepted because a target dividend policy exists. Overall, the study found that a target capital structure and dividend policy exists for all types of leverage of Malaysian Public-listed Shariah-compliant firms.

### **7.2.2 Objective Two: The mediating effect of SGR on the relationship between firm specific factors and SPP**

Objective Two is to investigate the mediating effect of sustainable growth rate (SGR) on the relationship between firm specific factors (capital structure, dividend policy, profitability, company efficiency and firm size) and share price performance (SPP) of Malaysian Public-listed Shariah-compliant firms. There are four sub-objectives in the analysis, i.e. (i) to identify the direct effect between the firm specific factors and SPP, (ii) to examine the firm specific factors and SGR, (iii) to investigate the relationship between the SGR and SPP, and (iv) to determine the mediating effect of the SGR on the relationship between the firm specific factors and SPP. The study is conducted using two models, i.e. Static Model and Structural Equation Model (SEM), which were run in STATA software to comply with Objective Two.

The analysis conducted six models in which model 1 is the preferred model because most of the steps in model 1 have the highest adjusted r-squared, which can give a better explanation of the influence of the SGR and SPP.

From the analyses, the results under Step 1 show that leverage has a negative and profitability has a positive significant influence on the SPP. But, under SEM, none of the variables have a significant influence on SPP. However, under Step 2, the results show consistently significant where leverage, dividend policy, and profitability are

negatively and positively related to a SGR. Similar to Step 3, both models show the same results which indicate that the SGR has a positive influence on the SPP. For Step 4 under indirect effect, only profitability has consistent results for both models, which implies that profitability has a positive significant relation to the SPP after including the SGR as a mediating variable in the regression analysis.

The mediation model hypothesizes that the firm specific factors influences the mediator (SGR), which, in turn, influences the dependent variable (SPP). The mediation effect result shows that leverage, dividend policy, profitability, and firm size are considered as “indirect-only mediator”. A decrease in leverage, dividend payment to increase in profitability, and larger firm size will increase the SGR. Also, an increase in the SGR tends to increase SPP. Therefore, the evidence indicates a strong relationship between leverage, dividend payout ratio, profitability, and firm size, and the SGR. The results also showed that the SGR has a strong positive influence on the SPP.

The study conducted two robustness tests, which are the industry and matrix situation on financing behaviour (over-levered, under-levered, over-paying, and under-paying). For industry, the results show that only three factors are strongly mediated by the SGR in each industry and each type of mediation, i.e. profitability in Consumer Products, Industrial Products, and Properties (indirect-only mediator), and Construction (Direct-only non-mediation); leverage in Industrial products (indirect-only mediator); and firm size in Properties (Competitive mediation).

For consumer products, a higher profit and larger firm size tend to increase the SGR where the SGR increase will increase the SPP. Based on the results, for Industrial products, it is found that a decrease in leverage and increase in profitability will increase the SGR and lead to an increase in SPP. However, the results recorded in Construction indicate that higher profitability tends to increase a higher SGR and SPP as it is directly

related. For Properties, higher profitability tends to increase the SGR while higher company's efficiency will decrease the SPP and SGR. A SGR rate increase tends to increase SPP.

The matrix financing behaviour were introduced and the discussion is based on the four categories of firms: (i) Over-levered (OL) and Under-paying of dividend (OP), (ii) Under-levered (UL) and Over-paying of dividend (OP), (iii) Over-levered (OL) and Under-paying of dividend (UP), and (iv) Under-levered (UL) and Under-paying of dividend (UP). The analysis discusses the results for the matrix financing behaviour on under-levered, over-levered, under-paying, and over-paying, and all the factors are strongly mediated by SGR in each matrix and each type of mediation, i.e. profitability in Matrices 1, 2, and 3 (indirect-only mediator), and Matrix 4 (Complementary mediation); company's efficiency in Matrices 1, 2, 3 (indirect-only mediator); leverage in Matrices 3 and 4 (indirect-only mediator); dividend policy in Matrices 3 and 4 (indirect-only mediator); and firm size in Matrices 1 and 3 (indirect-only mediator), and Matrix 4 (Competitive mediation). The results record that higher profitability tends to increase the SGR. The results are consistent for all matrices in that it leads to an increase in SPP. The rest of the variables showed mixed results influencing the SGR and SPP.

Overall, the findings record that the SGR is one of the important factors that influences SPP and also plays a role as a mediator variable for Malaysian Public-listed Shariah-compliant firms. This enables the study to explore the implications of the SGR model for the financial and operating activities of the firm. The effects of the financial leverage changes, lower or higher dividend payment, increase or decrease in profitability, and company's efficiency on the firm's growth can all be assessed through the established SGR model and lead to an increase or decrease in SPP.

### **7.2.3 Objective Three: Capital Structure Threshold in the Relationship between capital structure and SGR**

The purpose of Objective Three is to examine the effect of three measurements of capital structure (i.e. Lev 1 (TDTE), Lev 2 (TDTA), and Lev 3 (TCDTA)) on Malaysian Public-listed Shariah firms' sustainable growth and capital structure at which a firm could maximize its growth. Unfortunately, this study cannot find the threshold for Lev 4 (IDTA) because of the unavailability of complete data. Based on Hansen's (1999) panel threshold regression estimation procedure, panel unit root tests are adopted to confirm that the variables are stationary.

For Lev 1 (TDTE), the results show that increasing total debt to total equity beyond the threshold value of more than 142 percent would have a negative impact on the SGR. Then, the calculation of Lev 3 (TCDTA) only focuses on Conventional debt. The results indicate that higher or lower than the 3 percent threshold would decrease the firm's SGR.

The most significant measurement related to the screening methodology benchmarks is Lev 2 (TDTA). The double-threshold model is accepted for the rest of the estimation results. Based on the results, the regression slope estimation indicated the effect of total debt on total assets in the three regimes. The first and second regime imply positively significant at the 1% level of significance, but the third regime is insignificant. Nevertheless, increasing the total debt to total assets beyond the threshold value of more than 0.3700 (37 percent) would have no impact on the SGR. Moreover, the control variable in this research shows that the net profit margin is positively significant at the 1% level of significance and assets to sales (ATS), while the dividend payout ratio (DPR) shows that it negatively influences the SGR.

Finally, the results showed that the financial threshold of Malaysian Shariah compliant firms is not limited to 33 percent total debt to total assets, but to 37 percent to sustain the growth. In order to remain listed as Shariah-compliant companies, the choice is to take Shariah securities or Islamic debt after hitting 33 percent.

### **7.3 Implications and Recommendations**

After going through all the findings and results, there are several recommendations to various groups, as listed below:

#### **7.3.1 Students and Academicians**

This study provides new evidence to look at the target capital structure and target dividend policy on Malaysian Public-listed firms. As has been discussed in the earlier chapters, Malaysia firms having a target leverage for all types of leverage. This study revealed Lev 3 (TCDTA) as having the highest speed of adjustment, followed by Lev 2 (TDTA), Lev 4 (IDTA), and Lev 1 (TDTA). This suggests that firms that were far from the target capital structure had faster adjustment than those close to the target. The results on target dividend policy show that lagged dividend has consistent results for the overall sample and all types of industries. The finding indicates that an increase in past dividend will tend to increase the future dividend payment.

In addition, this study also focus on SGR for Malaysian Public-listed Shariah-compliant firms. The findings from this paper provide financial information concerning the usage of debt in a firm's capital structure, the payment of dividend, firm's profitability, company's efficiency, and larger or smaller firms that could lead to a higher or lower SGR and SPP. The findings presented could be useful to academic researchers studying Shariah-compliant firm's target leverage, target debt, factors that

affect the SGR and SPP. Instead of focusing on the firm performance, this study provides evidence that changes in financial leverage, dividend payment, profitability, company's efficiency, and smaller or larger firms also influence the SGR of firms and SPP.

This study also investigates the mediating effect of sustainable growth in the relationship between the firm specific factors and SPP. This study uses SEM STATA techniques to estimate the analysis, and the findings confirm that the SGR is one of the important factors that influences SPP and also plays a role as a mediator variable for Malaysian Public-listed Shariah-compliant firms. Therefore, it is expected that research on the methodology debate will continue.

### **7.3.2 Management, Shareholders and Investors**

The results presented in this study could be useful to management and shareholders who are concerned with the financial and operating activities in the firms.

The findings clearly confirm that Shariah-compliant firms have a target capital structure and have a speed of adjustment of less than one to be under adjusted and below the required adjustment to be at the target within a year. Malaysian Public-listed Shariah-compliant firms have a lower speed of adjustment implies a higher transaction costs for firms in moving towards the target capital structure, where, it takes 2 years to reach the target. Thus, management should monitor and efficiently manage their transaction cost in order to achieving their target and at the same time having a good financial conditions.

A target dividend policy exists in Malaysian Public-listed Shariah-compliant firms (for overall sample and by each industries). For overall sample, the speed of adjustment (0.572) indicates that firms close the gap between the current and the target

dividend policy by 42.8% within one year, and it takes 1.75 years to reach the firm's target dividend policy. Trading and services and Properties having the lowest speed of adjustment by 25.7% and 28.9% % the gap between current and target leverage within one year. The results indicate that the stable earnings per share can afford the firms to pay larger dividend. In addition, the higher dividend and lower speed adjustment indicates that there is high smoothing and stability of dividend policy. Therefore, the clientele effect and the information content in dividend announcement on stable dividend might give correct signal to investors because stable dividend policy means that a company's regular cash dividend and have steady grow. Maximizing its stock price perhaps needs a firm to maintain a steady dividend policy.

In Malaysian context based on Higgins model, decrease in capital structure and dividend policy, and increase in profitability and larger firm tend to increase in SGR. An excessive level of debt could lead to unsustainable growth, financial distress, and insolvency. This will assist firms in terms of which area priority should be given to improve and lead their firms to have higher SGR performance. In addition, higher SGR can be improved SPP. SGR is one of the important factors that influence SPP. Thus, management should focus on SGR performance in order to have higher SPP. Lower capital structure, lower dividend policy, higher profitability and larger firms will increase SGR and lead to increase in SPP. SGR is very important for the companies to monitor in order to have a better firm performance. It should create awareness concerning the importance of the best planning to manage their financial leverage, the payment of dividend, profitability, and company efficiency in order to sustain firm's growth and have a better SPP. This results also can help investor to make better investment decision in future.

The results showed that the financial limit (threshold) of Malaysian Shariah-compliant firms is not limited to 33 percent, but that total debt to total assets can be limited to 37 percent to be sustained in the growth of firms. Then, when the conventional debt is close to 33 percent and the firms require more or additional financing for the firm's operation, the firms obtain the financing by looking at Shariah securities or Islamic debt. This means that 67 percent of financing can be raised from Shariah securities or Islamic debt. By identifying the optimal debt ratio, it could help managers to undertake financial planning in an efficient manner.

For investors, the information content of the performance of firms, especially concerning the SGR of firms, will help them make better investment decisions in the future by encouraging them to analyse the fundamental aspects of the firm when making their investment. Possibly, the findings from this specific and detailed performance analysis on managing financial and operational activities will encourage them to invest in Shariah-compliant firms as well as monitor firm performance as a strategy for future investment. This paper also provides understanding concerning the capital structure and dividend policy behaviour, capital structure planning, and the SGR in Malaysia.

### **7.3.3 Institutions, and Policymakers**

Based on the findings of this research, this study provides input to policymakers on the important factors of firm specific factors and provide deeper information to the Shariah-compliant firms about the factors that influence the SGR. Thus, it provides greater insight into the likely financial consequences of investment in SGR. In addition, policymakers also need to give detailed information regarding share prices or stock prices when the firms are listed or delisted as Shariah-compliant firms.

The alignment of the topic with the Eleventh Malaysia Plan focuses on Malaysia's economic fundamental to achieve a SGR by ensuring stable prices and exchange rates, and an adequate level of savings as a source of investible resource. The achievement of these objectives will eventually lead to better quality of operations and financial policy.

In Malaysian context, the SGR based on Higgins model would give negative impact from capital structure and dividend policy and positive impact from lead to increase in SPP. These results demonstrate that certain factors influence the SGR, including the planning and managing of a firm's financial and operational activities. The SGR is important for helping firms to manage, guide, control and plan their operating and financial strategies. The SGR can also improve financial performance and assist managers with financing decisions.

The data collection, especially on Islamic debt for this study, was difficult to conduct because some of the data information was not available in the system. The Islamic data were also not complete and updated, as it is possible that some of the companies do not reveal the information concerning Islamic data. It is recommended to policymakers or companies to update the system with the detailed information regarding Islamic data or Islamic financial performance because it will provide available and detailed information to researchers.

#### 7.4 Limitations and Suggestions for Further Studies

This study has some limitations that could potentially be addressed in future research. Due to data constraints, the threshold regression analysis required balanced data. This study does not include the Islamic debt to total assets in the threshold regression analysis because the data are not fully available for 10 years analysis. The information on Islamic debt for each firm is still lacking full data, in that all firms should reveal their information on Islamic data. With this, only three types of capital structure [total debt to total equity (Lev 1 (TDTE)), total debt to total assets (Lev 2 (TDTA)), and total conventional debt to total assets (Lev 3 (TCDTA))] were available in the threshold regression analysis.

This thesis focuses on the firm specific factors of Shariah-compliant firms in Malaysia and their effects on SGR and SPP. Future research is proposed and suggested in the following directions:

- i) By referring to the findings of this thesis, future studies may conduct similar investigations in other countries with different market characteristics. Future studies could also focus on only one sector and also differentiate the SGR among ASEAN countries.
- ii) Furthermore, future studies may consider the differences in the SGR between Shariah-compliant and non-Shariah-compliant firms. This study focuses on all sectors of Shariah-compliant firms as the sample.
- iii) In addition, this study focuses on the capital structure, dividend policy, profitability, and company's efficiency, but future studies can investigate the internal and external factors (for example, macroeconomic factors) and also, focus on positive earnings or positive profitability of Shariah-compliant firms that affect the SGR and SPP.

- iv) Moreover, this study uses four types of capital structure, i.e. Lev 1(TDTE), Lev 2(TDTA), Lev 3(TCDTA) and Lev 4(IDTA) to check the robustness of the results obtained in this study. Future studies can measures capital structure in term of book value leverage or market value leverage.
- v) The findings suggest that future research on the panel threshold regression analysis topic should be oriented towards investigating the effect of the threshold regression model by using different finance indicators and different types of institutions influence on the SGR.
- vi) This study are based on large sample of firms. Therefore, a superior analyst could able to analyse and investigate the important of sustainable growt rate and SPP based on specific individual company.

**Table 7.1:** Summary of the Research Gaps, Research Questions, Findings, Conclusion, Contributions and Implications

Research Gaps	Research Questions	Findings	Conclusion	Contributions	Implications
Lack of sufficient evidence on the existence of target capital structure and target dividend policy in Malaysian Public-listed Shariah-compliant firms.	<b>Q1a:</b> Does a target capital structure exist in Malaysian Public-listed Shariah-compliant firms?	Target capital structure exists in Malaysian Public-listed Shariah-compliant firms.	<b>Target capital structure:</b> All types of target capital structure exists in Malaysian Public-listed Shariah-compliant firms (for overall sample and industries). None of the $\delta_{it} = 1$ , that means firms are not consistently at their target leverage. Firms leverage is at sub-optimal. Since all types of capital structure are $\delta_{it} < 1$ , firms in Malaysian Public-listed Shariah-compliant are found to be under adjust. Firms close by 49.4% - 44.4% the gap between current and target leverage within one year. This is equivalent to 2.25 - 2.02 year to fully reach the target from the current leverage for overall sample. Different industries have different in speed of adjustment due to different characteristics such as the efficiency in the allocation of credit.	<b>Theoretical contribution:</b> The results is consistent with the dynamic trade-off theory, the faster the adjustment takes place, the greater benefits of closing the gap to the target capital structure will be expected. <b>Methodology contribution:</b> The study used 4 types of leverage i.e. Lev 1(TDTE), Lev 2(TDTA), Lev 3(TCDTA) and Lev 4(IDTA). <b>Empirical contribution:</b> The results is similar for all types of leverage where positively significant relationship between lagged leverage and leverage. Negative relationship between tangibility, profitability, liquidity and leverage.	Malaysian Public-listed Shariah-compliant firms have a lower speed of adjustment implies a higher transaction costs for firms in moving towards the target capital structure, where, its takes 2 years to reach the target. Thus, management should monitor and efficiently manage their transaction cost in order to achieving their target and at the same time having a good financial conditions.
	<b>Q1b:</b> Does a target dividend policy exist in Malaysian Public-listed Shariah-compliant firms?	Target dividend policy exists in Malaysian Public-listed Shariah-compliant firms.	<b>Target dividend policy:</b> A target dividend policy exists in Malaysian Public-listed Shariah-compliant firms (for overall sample and by each industries). For overall sample, the speed of adjustment (0.572) indicates that firms close the gap between the current and the target dividend policy by 42.8% within one year, and it takes 1.75 years to reach the firm's target dividend policy. Trading and services and Properties having the lowest speed of adjustment by 25.7% and 28.9% % the gap	<b>Theoretical contribution:</b> The results is consistent with the signalling theory. <b>Methodology contribution:</b> The sample focus on Malaysian Public-listed Shariah-compliant firms <b>Empirical contribution:</b>	The results indicate that the stable earnings per share can afford the firms to pay larger dividend. In addition, the higher dividend and lower speed adjustment indicates that there is high smoothing and stability of dividend policy. Therefore, the clientele effect and the information content in

			between current and target leverage within one year.	Positive relationship between lagged dividend and earnings per share and dividend per share.	dividend announcement on stable dividend might give correct signal to investors because stable dividend policy means that a company's regular cash dividend and have steady grow. Maximizing its stock price perhaps needs a firm to maintain a steady dividend policy.
Lack of evidence on the effect of firm specific factors and SPP.	<b>Q2a:</b> What are the direct relationships of the firm specific factors that affect SPP?	<b>Overall sample:</b> None of variables are significant relationship between firm specific factors and SPP <b>Industries:</b> only profitability has a significant relationship with SPP. <b>Matrix financing behaviour:</b> only profitability a significant relationship with SPP.	<b>Overall sample:</b> There is no significant relationship between firm specific factors and SPP <b>Industries:</b> only profitability in Construction has a positive relationship with SPP. <b>Matrix financing behaviour:</b> only profitability in matrix 4 (UL and UP) has a positive relationship with SPP.	<b>Methodology contribution:</b> Applying the analysis using STATA software. This study provide new evidence concerning on Matrix financing behaviour. <b>Empirical contribution:</b> None of variables are significant relationship between firm specific factors and SPP in Malaysian Public-listed Shariah-compliant firms.	Eventhough, firm specific factors are not statistically significant relationship with SPP, but there might be another factors that influence the relationship between firm specific factors and SPP such as SGR.
Lack of study on the effect of firm specific factors and SGR.	<b>Q2b:</b> What are the direct relationships between firm specific factors and SGR?	There is a significant relationship between firm specific factors and SGR.	<b>Overall sample:</b> Capital structure and dividend policy are negatively significant relationship with SGR, while, profitability and firm's size are positively significant relationship with SGR. <b>Industries:</b> - Profitability and firm's size are positively significant relationship with SGR in Consumer products firms.	<b>Methodology contribution:</b> Applying the analysis using STATA software. This study provide new evidence concerning on Matrix financing behaviour. <b>Empirical contribution:</b> Capital structure and dividend policy are negatively significant relationship with SGR, while,	In Malaysian context based on Higgins model, decrease in capital structure and dividend policy, and increase in profitability and larger firm tend to increase in SGR. An excessive debt could lead to unsustainable growth, financial distress,

			<ul style="list-style-type: none"> <li>- Capital structure is negatively and profitability is positively significant with SGR in Industrial products firms.</li> <li>- Capital structure and dividend policy are negatively significant relationship with SGR, while, profitability is positively significant relationship with SGR in Construction firms.</li> <li>- Capital structure, profitability and firm's size are positively significant relationship with SGR in Properties firms.</li> </ul> <p><b>Matrix financing behaviour:</b></p> <ul style="list-style-type: none"> <li>- Profitability and firm's size are positively significant relationship with SGR, while, company's efficiency is negatively significant relationship with SGR in Matrix 1 (OL &amp; OP) firms.</li> <li>- Profitability is positively and company's efficiency is negatively significant relationship with SGR in Matrix 2 (UL &amp; OP) firms.</li> <li>- Capital structure and dividend policy are negatively significant relationship with SGR, while, profitability, company's efficiency and firm's size are positively significant relationship with SGR in Matrix 3 (OL &amp; UP) firms.</li> <li>- Capital structure and dividend policy are negatively significant relationship with SGR, while, profitability and firm's size are positively significant relationship with SGR in Matrix 4 (UL &amp; UP) firms.</li> </ul>	<p>profitability and firm's size are positively significant relationship with SGR in Malaysian Public-listed Shariah-compliant firms.</p>	<p>and insolvency. This will assist firms in terms of which area priority should be given to improve and lead their firms to have higher sustainable growth rate performance.</p>
<p>Lack of sufficient study on the effect of SGR and SPP.</p>	<p><b>Q2c:</b> Does the SGR has a significant relationship with SPP?</p>	<p>There is a significant relationship between SGR and SPP.</p>	<p><b>Overall sample:</b> The SGR has a positive relationship with SPP.  <b>Industries:</b> The SGR has a positive relationship with SPP in Consumer products, Industrial products, and Properties.</p>	<p><b>Methodology contribution:</b> Applying the analysis using STATA software. This study provide new evidence concerning on Matrix financing behaviour.</p>	<p>Higher sustainable growth rate can be improved share price performance. SGR is one of the important factors that influence SPP. Thus, management should</p>

			<p><b>Matrix financing behaviour:</b> There is a positively significant relationship between SGR and SPP in all types of matrix financing behaviour.</p>	<p><b>Empirical contribution:</b> The SGR has a positive relationship with SPP in Malaysian Public-listed Shariah-compliant firms.</p>	<p>focus on SGR performance in order to have higher share price performance. Help investor to make better investment decision in future.</p>
<p>Lack of study examines the SGR as mediator in the relationship between firm specific factors and SPP.</p>	<p><b>Q2d:</b> Does the SGR play a mediator role between the firm specific factors and SPP?</p>	<p>The SGR has an mediating effect on the relationship between the firm specific factors and SPP.</p>	<p><b>Overall sample:</b> capital structure, dividend policy, profitability and firm size are considered “indirect-only mediation”.</p> <p><b>Industries:</b></p> <ul style="list-style-type: none"> <li>- Profitability and firm’s size are considered “indirect-only mediation” in Consumer products.</li> <li>- Capital structure and profitability are considered “indirect-only mediation” in Industrial products.</li> <li>- Only profitability is considered “direct-only mediation” in Construction.</li> <li>- Capital structure and profitability are considered “indirect-only mediation”, while, firm’s size is “competitive mediation” in Industrial products.</li> </ul> <p><b>Matrix financing behaviour:</b></p> <ul style="list-style-type: none"> <li>- Profitability, company’s efficiency, and firm’s size are considered “indirect-only mediation” in Matrix 1 (OL &amp; OP).</li> <li>- Profitability and company’s efficiency are considered “indirect-only mediation” in Matrix 2 (UL &amp; OP).</li> <li>- All variables are considered “indirect-only mediation” in Matrix 3 (OL &amp; UP).</li> <li>- Capital structure and dividend policy are considered “indirect-only mediation”, profitability is “complementary mediation”, and firm’s size is “competitive mediation” in Matrix 4 (UL &amp; UP).</li> </ul>	<p><b>Methodology contribution:</b> This study uses SGR as a mediating variable between firm specific factors and SPP by applying the panel data analysis using STATA software. This study provide new evidence concerning on Matrix financing behaviour.</p> <p><b>Empirical contribution:</b> None of variables have a significant relationship between firm specific factors and SPP (path c). Surprisingly, when SGR as a mediating variables, firm specific factors have a significant relationship and lead to increase in SPP.</p>	<p>Lower capital structure, lower dividend policy, higher profitability and larger firms will increase SGR and lead to increase in SPP. SGR is very important for the companiesto monitor in order to have a better firm performance. It should create awareness concerning the importance of the best planning to manage their financial leverage, the payment of dividend, profitability, and company efficiency in order to sustain firm’s growth and have a better SPP.</p>

<p>Lack of analysis whether a capital structure threshold exists in the relationship between capital structure and the SGR.</p>	<p><b>Q3:</b> Does a capital structure threshold exist in the relationship between capital structure and the SGR?</p>	<p>A capital structure threshold exists in the relationship between capital structure and the SGR of Malaysian Public-listed Shariah-compliant firms.</p>	<p>Based on the results, the regression slope estimation indicates the effect of total debt to total assets in the three regimes. The first and second regime imply a positive significance at the 1% level of significance but the third regime is insignificant. The first regime, when <math>TDTA \leq 0.3700</math> (in which TDTA less than or equal to 0.3700) it shows that a positive coefficient of 0.0609 implies a positive relationship between TDTA and SGR. Nevertheless, increasing the total debt to total assets beyond the threshold value of more than 0.3700 (37 percent) would have no impact on the sustainable growth rate.</p>	<p><b>Methodology contribution:</b> Applying the analysis using STATA software.</p> <p><b>Empirical contribution:</b> This study provide new evidence concerning the existence of the threshold Lev 2 (TDTA) of 37 percent for Malaysian Public-listed Shariah-compliant firms.</p>	<p>The most significant measurements related to the screening methodology benchmarks are Lev 2 (TDTA). This results encourage firms to raise or add additional financing from Shariah securities or Islamic debt to make firm's conventional financial ratios less than 33 percent. Thus, firms can Raise financing from Shariah securities or Islamic debt.</p>
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