

APPENDICES

APPENDIX 1: LIST OF MALAYSIAN PUBLIC-LISTED SHARIAH-COMPLIANT FIRMS

Table A-1 (a): List of Shariah-compliant Firms under Consumer Products maintain for the 10 years from 2007 until 2016

No.	Name of Securities	No.	Name of Securities
1.	Ajinomoto (M) Bhd	19.	Nestle (Malaysia) Bhd
2.	Apex Healthcare Bhd	20.	New Hoong Fatt Holdings Bhd
3.	Asia File Corporation Bhd	21.	NTPM Holdings Bhd
4.	Bonia Corporation Bhd	22.	Oriental Food Industries Holdings Bhd
5.	CCM Duopharma Biotech Bhd	23.	PCCS Group Bhd
6.	Classic Scenic Bhd	24.	Pelikan International Corporation Bhd
7.	Cocoaland Holdings Bhd	25.	Poh Huat Resources Holdings Bhd
8.	DeGem Bhd	26.	Poh Kong Holdings Bhd
9.	Ekowood International Bhd	27.	QL Resources Bhd
10.	Eng Kah Corporation Bhd	28.	Sern Kou Resources Bhd
11.	Hovid Bhd	29.	Tek Seng Holdings Bhd
12.	IQ Group Holdings Bhd	30.	UMW Holdings Bhd
13.	Jaycorp Bhd	31.	UPA Corporation Bhd
14.	Jerasia Capital Bhd	32.	Xian Leng Holdings Bhd
15.	Khee San Bhd	33.	Y.S.P. Southeast Asia Holding Bhd
16.	Lii Hen Industries Bhd	34.	Yee Lee Corporation Bhd
17.	London Biscuits Bhd	35.	Zhulian Corporation Bhd
18.	Mintye Bhd		

Table A-1 (b): List of Shariah-compliant Firms under Industrial Products maintain for the 10 years from 2007 until 2016

No.	Name of Securities	No.	Name of Securities
1.	Adventa Bhd	31.	Luster Industries Bhd
2.	Ajiya Bhd	32.	Malaysia Steel Works (KL) Bhd
3.	Aluminium Company of Malaysia Bhd	33.	Mentiga Corporation Bhd
4.	Amalgamated Industrial Steel Bhd	34.	Mieco Chipboard Bhd
5.	APB Resources Bhd	35.	Minho (M) Bhd
6.	APM Automotive Holdings Bhd	36.	NWP Holdings Bhd
7.	Astino Bhd	37.	Nylex (M) Bhd
8.	BP Plastics Holding Bhd	38.	OKA Corporation Bhd
9.	CB Industrial Product Holding Bhd	39.	Ornapaper Bhd
10.	Chin Well Holdings Bhd	40.	Perusahaan Sadur Timah Malaysia (Perstima) Bhd
11.	Choo Bee Metal Industries Bhd	41.	Petronas Gas Bhd
12.	Coastal Contracts Bhd	42.	Rubberex Corporation (M) Bhd
13.	Cymao Holdings Bhd	43.	Sapura Industrial Bhd
14.	Daibochi Plastic And Packaging Industry Bhd	44.	Scientex Bhd

15.	Dominant Enterprise Bhd	45.	Sino Hua-An International Bhd
16.	Eksons Corporation Bhd	46.	Southern Acids (M) Bhd
17.	EP Manufacturing Bhd	47.	Subur Tiasa Holdings Bhd
18.	Evergreen Fibreboard Bhd	48.	Success Transformer Corporation Bhd
19.	GUH Holdings Bhd	49.	Supermax Corporation Bhd
20.	Heveaboard Bhd	50.	Ta Ann Holdings Bhd
21.	Jaya Tiasa Holdings Bhd	51.	Thong Guan Industries Bhd
22.	Johore Tin Bhd	52.	Tong Herr Resources Bhd
23.	Kia Lim Bhd	53.	Top Glove Corporation Bhd
24.	Kim Hin Industry Bhd	54.	V.S. Industry Bhd
25.	KNM Group Bhd	55.	Wah Seong Corporation Bhd
26.	Kossan Rubber Industries Bhd	56.	Weida (M) Bhd
27.	KYM Holdings Bhd	57.	White Horse Bhd
28.	Lafarge Malaysia Bhd	58.	WTK Holdings Bhd
29.	LB Aluminium Bhd	59.	Yi-Lai Bhd
30.	Lion Industries Corporation Bhd	60.	YLI Holdings Bhd

Table A-1 (c): List of Shariah-compliant Firms under Construction maintain for the 10 years from 2007 until 2016

No.	Name of Securities	No.	Name of Securities
1.	Ahmad Zaki Resources Bhd	11.	Mitrajaya Holdings Bhd
2.	Crest Builder Holdings Bhd	12.	MTD ACPI Engineering Bhd
3.	DKLS Industries Bhd	13.	Mudajaya Group Bhd
4.	Ekovest Bhd	14.	Muhibbah Engineering (M) Bhd
5.	Gamuda Bhd	15.	Pintaras Jaya Bhd
6.	Ho Hup Construction Company Bhd	16.	Prinsiptek Corporation Bhd
7.	Hock Seng Lee Bhd	17.	Protasco Bhd
8.	IJM Corporation Bhd	18.	TRC Synergy Bhd
9.	Melati Ehsan Holdings Bhd	19.	TSR Capital Bhd
10.	Merge Energy Bhd		

Table A-1 (d): List of Shariah-compliant Firms under Trading or Services maintain for the 10 years from 2007 until 2016

No.	Name of Securities	No.	Name of Securities
1.	Alam Maritim Resources Bhd	20.	Nationwide Express Courier Services Bhd
2.	Bintulu Port Holdings Bhd	21.	OCB Bhd
3.	CNI Holdings Bhd	22.	PBA Holdings Bhd
4.	Compugates Holdings Bhd	23.	PDZ Holdings Bhd
5.	DKSH Holdings (M) Bhd	24.	Perak Corporation Bhd
6.	Fiamma Holdings Bhd	25.	Petronas Dagangan Bhd
7.	Harbour-Link Group Bhd	26.	Pharmaniaga Bhd
8.	Ipmuda Bhd	27.	Pos Malaysia Bhd
9.	KBES Bhd	28.	Salcon Bhd
10.	Knusford Bhd	29.	SEG International Bhd
11.	KPJ Healthcare Bhd	30.	Sime Darby Bhd

12.	KUB Malaysia Bhd	31.	Sumatec Resources Bhd
13.	Kumpulan Fima Bhd	32.	Suria Capital Holdings Bhd
14.	Kumpulan Perangsang Selangor Bhd	33.	Taliworks Corporation Bhd
15.	Malaysian Bulk Carriers Bhd	34.	Tanjung Offshore Bhd
16.	MBM Resources Bhd	35.	Telekom Malaysia Bhd
17.	Mega First Corporation Bhd	36.	Tenaga Nasional Bhd
18.	MISC Bhd	37.	The Store Corporation Bhd
19.	MMC Corporation Bhd	38.	Utusan Melayu (M) Bhd

Table A-1 (e): List of Shariah-compliant Firms under Properties maintain for the 10 years from 2007 until 2016

No.	Name of Securities	No.	Name of Securities
1.	A & M Realty Bhd	10.	KSL Holdings Bhd
2.	Asian Pac Holdings Bhd	11.	LBS Bina Group Bhd
3.	Crescendo Corporation Bhd	12.	Mah Sing Group Bhd
4.	Damansara Realty Bhd	13.	Malton Bhd
5.	Eastern & Oriental Bhd	14.	MK Land Holdings Bhd
6.	Glomac Bhd	15.	Oriental Interest Bhd
7.	Gromutual Bhd	16.	Pasdec Holdings Bhd
8.	Hua Yang Bhd	17.	Petaling Tin Bhd
9.	Ibraco Bhd	18.	South Malaysia Industries Bhd

Table A-1 (f): List of Shariah-compliant Firms under Plantation maintain for the 10 years from 2007 until 2016

No.	Name of Securities	No.	Name of Securities
1.	Astral Asia Bhd	10.	Kuala Lumpur Kepong Bhd
2.	Batu Kawan Bhd	11.	Kwantas Corporation Bhd
3.	BLD Plantation Bhd	12.	MHC Plantations Bhd
4.	Cepatwawasan Group Bhd	13.	NPC Resources Bhd
5.	Far East Holdings Bhd	14.	Rimbunan Sawit Bhd
6.	IJM Plantations Bhd	15.	Sarawak Oil Palms Bhd
7.	Inch Kenneth Kajang Rubber PLC	16.	TH Plantations Bhd
8.	Kim Loong Resources Bhd	17.	TSH Resources Bhd
9.	Kretam Holdings Bhd	18.	United Plantations Bhd

APPENDIX 2: OBJECTIVE ONE: TARGET CAPITAL STRUCTURE AND TARGET DIVIDEND POLICY

Table A-2: Summary of Mean values results for the existence of target capital structure by industry

Variable	Highest	Mean	Lowest	Mean
LEV 1 (TDTE)				
TDTE	Construction	0.5259	Consumer Product	0.3113
NDTS	Industrial Product	0.0333	Properties	0.0043
Tangibility	Plantation	0.7457	Construction	0.3454
Profitability	Consumer Product	0.0890	Properties	0.0524
Business Risk	Properties	1.0613	Industrial Product	-0.2900
Growth Opportunities	Plantation	1.3176	Properties	0.6590
Firm Size	Trading & Services	20.9778	Consumer Product	19.5463
Liquidity	Consumer Product	0.9006	Construction	0.5530
Share Price Performance	Industrial Product	0.1627	Trading & Services	0.1223
LEV 2 (TDTA)				
TDTA	Properties	0.1764	Consumer Product	0.1466
NDTS	Industrial Product	0.0329	Properties	0.0040
Tangibility	Plantation	0.7476	Construction	0.3380
Profitability	Consumer Product	0.0934	Properties	0.0522
Business Risk	Consumer Product	0.3519	Trading & Services	-0.1850
Growth Opportunities	Consumer Product	1.5533	Properties	0.6391
Firm Size	Plantation	20.9930	Consumer Product	19.5702
Liquidity	Consumer Product	0.9136	Plantation	0.5624
Share Price Performance	Properties	0.1435	Trading & Services	0.0883
LEV 3 (TCDTA)				
TCDTA	Properties	0.1766	Industrial Product	0.1278
NDTS	Consumer Product & Industrial Product	0.0329	Properties	0.0042
Tangibility	Plantation	0.7438	Construction	0.3470
Profitability	Consumer Product	0.0893	Properties	0.0512
Business Risk	Consumer Product	0.3499	Industrial Product	-0.1912
Growth Opportunities	Plantation	1.3680	Properties	0.6391
Firm Size	Plantation	21.0014	Consumer Product	19.5553

Liquidity	Consumer Product	0.8968	Construction	0.5472
Share Price Performance	Industrial Product	0.1458	Trading & Services	0.0994
LEV 4 (IDTA)				
IDTA	Properties	0.1766	Consumer Product	0.0009
NDTS	Consumer Product	0.0335	Properties	0.0042
Tangibility	Plantation	0.7451	Construction	0.3374
Profitability	Consumer Product	0.0920	Properties	0.0512
Business Risk	Consumer Product	0.6006	Industrial Product	-0.3268
Growth Opportunities	Trading & Services	1.1684	Properties	0.6391
Firm Size	Plantation	20.9877	Consumer Product	19.5681
Liquidity	Consumer Product	0.8786	Construction	0.5277
Share Price Performance	Construction	0.1371	Trading & Services	0.1094

Note: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

Table A-3 (a): Correlation Matrix of Firm Specific Factors of Capital Structure (Lev 1 (TDTE))

OVERALL SAMPLE (N=1791)

Variable	TDTA	NDTS	Tangibility	Profitability	Business Risk	Growth Opportunities	Firm Size	Liquidity	Share Price Performance
TDTA	1.0000								
NDTS	-0.0530**	1.0000							
Tangibility	0.0579**	0.1813***	1.0000						
Profitability	-0.1597**	-0.0127	-0.1295***	1.0000					
Business Risk	0.0031	-0.0415*	-0.0428*	0.0991***	1.0000				
Growth Opportunities	0.0408*	0.1102***	0.0378	0.4113***	0.0040	1.0000			
Firm Size	0.3480***	-0.0938***	0.2310***	0.0649***	0.0040	0.2706***	1.0000		
Liquidity	-0.3671***	-0.0588**	-0.3176***	0.1913***	0.0327	-0.0001	-0.1889***	1.0000	
Share Price Performance	-0.0112	-0.0100	-0.0215	0.2063***	-0.0205	0.2211***	-0.0070	0.0142	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-3 (b): Correlation Matrix of Firm Specific Factors of Capital Structure (Lev 2 (TDTA))

OVERALL SAMPLE (N=1702)

Variable	TDTA	NDTS	Tangibility	Profitability	Business Risk	Growth Opportunities	Firm Size	Liquidity	Share Price Performance
TDTA	1.0000								
NDTS	-0.0201	1.0000							
Tangibility	0.1257***	0.1858***	1.0000						
Profitability	-0.1996***	0.0208	-0.1439***	1.0000					
Business Risk	0.0237	-0.0237	-0.0386	0.1219***	1.0000				
Growth Opportunities	-0.0691***	0.1370***	0.0383	0.4366***	0.0080	1.0000			
Firm Size	0.3463***	-0.0976***	0.2462***	0.0625***	-0.0029	0.2038***	1.0000		
Liquidity	-0.5906***	-0.0603**	-0.3320***	0.1797***	0.0192	-0.0626***	-0.2410***	1.0000	
Share Price Performance	-0.0642***	0.0009	-0.0228	0.2240***	0.0398	0.1435***	-0.0144	0.0180	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-3 (c): Correlation Matrix of Firm Specific Factors of Capital Structure (Lev 3 (TCDTA))

OVERALL SAMPLE (N=1732)

Variable	TCDTA	NDTS	Tangibility	Profitability	Business Risk	Growth Opportunities	Firm Size	Liquidity	Share Price Performance
TCDTA	1.0000								
NDTS	-0.0159	1.0000							
Tangibility	0.1016***	0.1862***	1.0000						
Profitability	-0.2066***	0.0061	-0.1372***	1.0000					
Business Risk	0.0235	-0.0112	-0.0207	0.0920***	1.0000				
Growth Opportunities	-0.1062***	0.1154***	0.0407*	0.4320***	0.0152	1.0000			
Firm Size	0.2772***	-0.0896***	0.2360***	0.0801***	0.0220	0.2407***	1.0000		
Liquidity	-0.5988***	-0.0506**	-0.3401***	0.2075***	0.0081	-0.0169	-0.2117**	1.0000	
Share Price Performance	-0.0545**	-0.0086	-0.0175	0.1924***	-0.0292	0.1762***	-0.0115	0.0165	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-3 (d): Correlation Matrix of Firm Specific Factors of Capital Structure (Lev 4 (IDTA))

OVERALL SAMPLE (N=1763)

Variable	IDTA	NDTS	Tangibility	Profitability	Business Risk	Growth Opportunities	Firm Size	Liquidity	Share Price Performance
IDTA	1.0000								
NDTS	-0.0830***	1.0000							
Tangibility	0.0234	0.1727***	1.0000						
Profitability	0.0010	-0.0085	-0.1314***	1.0000					
Business Risk	-0.0026	-0.0234	-0.0325	0.1046***	1.0000				
Growth Opportunities	0.0127	0.1246***	0.0327	0.4298***	0.0091	1.0000			
Firm Size	0.1877***	-0.1070***	0.2217***	0.0870***	0.0098	0.2303***	1.0000		
Liquidity	-0.0802***	-0.0594**	-0.3201***	0.1935***	0.0141	-0.0345	-0.1774***	1.0000	
Share Price Performance	0.0389	-0.0211	-0.0251	0.2124***	0.0197	0.1413***	-0.0028	0.0199	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-4 (a): Results of Static Panel Data Analysis
Dependent Variable: Lev 1 (TDTE)

OVERALL SAMPLE (N=1791)

Independent Variable	Pooled OLS	Fixed Effect	Random Effect
NDTS	-0.546 (0.572)	-0.998 (1.230)	-1.069 (0.912)
TANG	-0.332*** (0.056)	-0.092 (0.106)	-0.242*** (0.084)
PROF	-1.114*** (0.174)	-0.831*** (0.180)	-0.976*** (0.171)
BR	0.002 (0.002)	0.000 (0.001)	0.001 (0.001)
GO	0.009 (0.011)	0.051*** (0.014)	0.032*** (0.012)
SIZE	0.119*** (0.008)	0.264*** (0.025)	0.160*** (0.015)
LIQ	-0.228*** (0.016)	-0.095*** (0.023)	-0.141*** (0.020)
SPP	0.016 (0.017)	-0.014 (0.014)	-0.006 (0.014)
CONSTANT	-1.640*** (0.169)	-4.834*** (0.518)	-2.599*** (0.305)
F test		9.13***	-
Breusch-Pagan LM test		-	1416.44***
Hausman test		-	46.69***
R-squared	0.248	0.108	0.096
Multicollinearity (vif)	-	-	1.18
Heteroskedasticity (X2-stat)	-	-	3.9e+06***
Serial Correlation (F-stat)	-	-	65.739***

Notes:

This tables represents regression results of Lev 1 (TDTE) for Malaysian Shariah-compliant firm.

Pooled OLS equation: $TDTE_{i,t} = \alpha + \beta_1 NDTS_{i,t} + \beta_2 TANG_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 RISK_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 GROWTH_{i,t} + \beta_7 LIQUIDITY_{i,t} + \beta_8 SPP_{i,t} + \epsilon_{it}$

Random effect and Fixed effect model equation: $TDTE_{i,t} = \alpha + \beta_1 NDTS_{i,t} + \beta_2 TANG_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 RISK_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 GROWTH_{i,t} + \beta_7 LIQUIDITY_{i,t} + \beta_8 SPP_{i,t} + \lambda_i + \mu_{it}$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

TDTE=Total debt to total equity; Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity(MV)/Equity(BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-4 (b): Results of Static Panel Data Analysis
Dependent Variable: Lev 2 (TDTA)

OVERALL SAMPLE (N=1702)

Independent Variable	Pooled OLS	Fixed Effect	Random Effect
NDTS	0.125 (0.135)	-0.517** (0.243)	-0.315 (0.202)
TANG	-0.091*** (0.013)	-0.077*** (0.021)	-0.086*** (0.018)
PROF	-0.173*** (0.043)	-0.237*** (0.038)	-0.242*** (0.037)
BR	0.002** (0.001)	0.000 (0.001)	0.001 (0.001)
GO	-0.010*** (0.002)	-0.008*** (0.003)	-0.008*** (0.002)
SIZE	0.027*** (0.002)	0.055*** (0.005)	0.041*** (0.004)
LIQ	-0.110*** (0.004)	-0.087*** (0.005)	-0.092*** (0.004)
SPP	-0.005 (0.005)	-0.003 (0.003)	-0.004 (0.003)
CONSTANT	-0.242*** (0.040)	-0.821*** (0.104)	-0.516*** (0.072)
F test		18.06***	-
Breusch-Pagan LM test		-	2745.55***
Hausman test		15.91*	-
R-squared	0.437	0.297	0.292
Multicollinearity (vif)	-	-	1.19
Heteroskedasticity (X2-stat)	-	-	45011.23***
Serial Correlation (F-stat)	-	-	305.473***

Notes:

This tables represents regression results of Lev 2 (TDTA) for Malaysian Shariah-compliant firm.

Pooled OLS equation: $TDTA_{i,t} = \alpha + \beta_1 NDTS_{i,t} + \beta_2 TANG_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 RISK_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 GROWTH_{i,t} + \beta_7 LIQUIDITY_{i,t} + \beta_8 SPP_{i,t} + \epsilon_{it}$

Random effect and Fixed effect model equation: $TDTA_{i,t} = \alpha + \beta_1 NDTS_{i,t} + \beta_2 TANG_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 RISK_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 GROWTH_{i,t} + \beta_7 LIQUIDITY_{i,t} + \beta_8 SPP_{i,t} + \lambda_i + \mu_{it}$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

TDTA=Total debt to total assets; Non-Debt Tax Shield (NDTS) =Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity(MV)/Equity(BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-4 (c): Results of Static Panel Data Analysis
Dependent Variable: Lev 3 (TCDTA)

OVERALL SAMPLE (N=1732)

Independent Variable	Pooled OLS	Fixed Effect	Random Effect
NDTS	0.136 (0.122)	-0.076 (0.177)	-0.016 (0.157)
TANG	-0.102*** (0.013)	-0.098*** (0.021)	-0.106*** (0.018)
PROF	-0.126*** (0.041)	-0.263*** (0.038)	-0.257*** (0.036)
BR	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)
GO	-0.014*** (0.002)	-0.009*** (0.003)	-0.010*** (0.002)
SIZE	0.022*** (0.002)	0.047*** (0.005)	0.033*** (0.003)
LIQ	-0.111*** (0.004)	-0.090*** (0.005)	-0.095*** (0.005)
SPP	-0.002 (0.004)	-0.001 (0.003)	-0.001 (0.003)
CONSTANT	-0.133*** (0.038)	-0.661*** (0.102)	-0.362*** (0.069)
F test		13.97***	-
Breusch-Pagan LM test		-	2281.62***
Hausman test		36.39***	-
R-squared	0.431	0.288	0.283
Multicollinearity (vif)	-	-	1.19
Heteroskedasticity (X2-stat)	-	-	83996.82***
Serial Correlation (F-stat)	-	-	82.549***

Notes:

This tables represents regression results of Lev 3 (TCDTA) for Malaysian Shariah-compliant firm.

Pooled OLS equation: $TCDTA_{i,t} = \alpha + \beta_1 NDTS_{i,t} + \beta_2 TANG_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 RISK_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 GROWTH_{i,t} + \beta_7 LIQUIDITY_{i,t} + \beta_8 SPP_{i,t} + \epsilon_{it}$

Random effect and Fixed effect model equation: $TCDTA_{i,t} = \alpha + \beta_1 NDTS_{i,t} + \beta_2 TANG_{i,t} + \beta_3 PROFIT_{i,t} + \beta_4 RISK_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 GROWTH_{i,t} + \beta_7 LIQUIDITY_{i,t} + \beta_8 SPP_{i,t} + \lambda_i + \mu_{it}$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

TCDTA=Total conventional debt to total assets; Non-Debt Tax Shield (NDTS) =Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity(MV)/Equity(BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-4 (d): Results of Static Panel Data Analysis
Dependent Variable: Lev 4 (IDTA)

OVERALL SAMPLE (N=1763)

Independent Variable	Pooled OLS	Fixed Effect	Random Effect
NDTS	-0.051** (0.021)	0.027 (0.041)	-0.021 (0.029)
TANG	-0.002 (0.002)	-0.009* (0.005)	-0.003 (0.003)
PROF	-0.001 (0.007)	0.018** (0.008)	0.012* (0.007)
BR	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
GO	-0.000 (0.000)	0.000 (0.001)	-0.000 (0.000)
SIZE	0.002*** (0.000)	-0.005*** (0.001)	0.001*** (0.001)
LIQ	-0.001** (0.001)	-0.003*** (0.001)	-0.002** (0.001)
SPP	0.001* (0.001)	0.001 (0.001)	0.001* (0.001)
CONSTANT	-0.040*** (0.006)	0.104*** (0.025)	-0.023** (0.010)
F test		3.99***	-
Breusch-Pagan LM test		-	330.39***
Hausman test			47.35***
R-squared	0.045	0.020	0.002
Multicollinearity (vif)			1.18
Heteroskedasticity (X2-stat)			1.1e+08***
Serial Correlation (F-stat)			81.684***

Notes:

This tables represents regression results of Lev 4 (IDTA) for Malaysian Shariah-compliant firm.

Pooled OLS equation: $TCDTA_{i,t} = \alpha + \beta_1 NDTSi_{i,t} + \beta_2 TANGi_{i,t} + \beta_3 PROFITi_{i,t} + \beta_4 RISKi_{i,t} + \beta_5 SIZEi_{i,t} + \beta_6 GROWTHi_{i,t} + \beta_7 LIQUIDITYi_{i,t} + \beta_8 SPPi_{i,t} + \epsilon_{it}$

Random effect and Fixed effect model equation: $TCDTA_{i,t} = \alpha + \beta_1 NDTSi_{i,t} + \beta_2 TANGi_{i,t} + \beta_3 PROFITi_{i,t} + \beta_4 RISKi_{i,t} + \beta_5 SIZEi_{i,t} + \beta_6 GROWTHi_{i,t} + \beta_7 LIQUIDITYi_{i,t} + \beta_8 SPPi_{i,t} + \lambda_i + \mu_{it}$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

IDTA= Islamic debt to total assets; Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity(MV)/Equity(BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-5: Results of Fixed Effect Model with Heteroscedasticity and Serial Correlation Robust Standard Error

Independent Variable	Lev 1 (TDTE)	Lev 2 (TDTA)	Lev 3 (TCDTA)	Lev 4 (IDTA)
NDTS	-0.998 (1.838)	-0.517 (0.353)	-0.076 (0.206)	0.027 (0.046)
TANG	-0.092 (0.219)	-0.077* (0.042)	-0.098** (0.043)	-0.009 (0.006)
PROF	-0.831*** (0.288)	-0.237*** (0.054)	-0.263*** (0.063)	0.018** (0.008)
BR	0.0004 (0.001)	0.0004 (0.001)	0.0003 (0.000)	-0.000003 (0.000)
GO	0.051* (0.030)	-0.008*** (0.003)	-0.009*** (0.003)	0.000 (0.001)
SIZE	0.264*** (0.080)	0.055*** (0.009)	0.047*** (0.009)	-0.005*** (0.002)
LIQ	-0.095* (0.049)	-0.087*** (0.012)	-0.090*** (0.008)	-0.003** (0.001)
SPP	-0.014 (0.015)	-0.003 (0.003)	-0.001 (0.003)	0.001 (0.000)
CONSTANT	-4.834*** (1.628)	-0.821*** (0.180)	-0.661*** (0.184)	0.104*** (0.037)
R-squared	0.108	0.297	0.288	0.020
Adjusted r-squared	0.104	0.294	0.284	0.016

Notes:

This tables represents regression results of all types of leverage with the robust standard error.

$$LEV_{i,t} = \alpha + \beta_1 NDTSi,t + \beta_2 TANGi,t + \beta_3 PROFITi,t + \beta_4 RISKi,t + \beta_5 SIZEi,t + \beta_6 GRWTHi,t + \beta_7 LIQUIDITYi,t + \beta_8 SPPi,t + \lambda_i + \mu_{it}$$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent variables:

Lev 1 (TDTE) = TD/TE; Lev 2 (TDTA) = TD/TA; Lev 3 (TCDTA) = TCD/TA, and; Lev 4 (IDTA) = ID/TA.

Proxy of independent variables:

Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity (MV)/Equity (BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-6 (a): Results of Difference GMM
Dependent Variable: Lev 1 (TDTE)

OVERALL SAMPLE (N=1424)

Variable	One-Step Difference GMM	Two-Step Difference GMM
TDTE(-1)	0.554*** (0.031)	0.556*** (0.003)
NDTS	-5.867*** (2.271)	-5.743*** (0.223)
TANG	-0.031 (0.152)	-0.035** (0.016)
PROF	-0.636*** (0.223)	-0.635*** (0.021)
BR	-0.000 (0.001)	-0.001*** (0.000)
GO	-0.010 (0.023)	-0.010*** (0.002)
SIZE	0.069** (0.031)	0.058*** (0.004)
LIQ	-0.108*** (0.033)	-0.107*** (0.004)
SPP	0.022** (0.011)	0.021*** (0.001)
Number of company	181	181
no. of instruments	164	164
1st Order Corr. (AR (1))	-7.34*** (0.000)	-2.47** (0.014)
2nd Order Corr. (AR (2))	0.46 (0.649)	0.34 (0.732)
Sargan test	367.02*** (0.000)	367.02*** (0.000)
Hansen test	-	161.77 (0.338)

Notes:

This model estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$TDTE^*_{i,t} = \delta\alpha + (1 - \delta) TDTE_{i,t-1} + \delta\beta_1 NDTS_{i,t} + \delta\beta_2 TANG_{i,t} + \delta\beta_3 PROF_{i,t} + \delta\beta_4 RISK_{i,t} + \delta\beta_5 SIZE_{i,t} + \delta\beta_6 GROWTH_{i,t} + \delta\beta_7 LIQUIDITY_{i,t} + \delta\beta_8 SPP_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of dependent variables:

Lev 1 (TDTE) = TD/TE

Proxy of independent variables:

Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity (MV)/Equity (BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-6 (b): Results of Difference GMM
Dependent Variable: Lev 2 (TDTA)

OVERALL SAMPLE (N=1301)

Variable	One-Step Difference GMM	Two-Step Difference GMM
TDTA(-1)	0.508*** (0.035)	0.513*** (0.010)
NDTS	-0.855* (0.454)	-0.835*** (0.065)
TANG	-0.021 (0.034)	-0.012* (0.007)
PROF	-0.344*** (0.051)	-0.345*** (0.012)
BR	-0.000 (0.000)	-0.000** (0.000)
GO	-0.003 (0.005)	-0.002*** (0.001)
SIZE	0.014** (0.006)	0.011*** (0.002)
LIQ	-0.061*** (0.008)	-0.059*** (0.002)
SPP	-0.003 (0.003)	-0.003*** (0.001)
Number of company	181	181
no. of instruments	164	164
1st Order Corr. (AR (1))	-8.02*** (0.000)	-6.10*** (0.000)
2nd Order Corr. (AR (2))	-0.71 (0.478)	-0.63 (0.528)
Sargan test	270.00*** (0.000)	270.00*** (0.000)
Hansen test	-	155.11 (0.482)

Notes:

This model estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$TDTA^*_{i,t} = \delta\alpha + (1 - \delta) TDTA_{i,t-1} + \delta\beta_1 NDTS_{i,t} + \delta\beta_2 TANG_{i,t} + \delta\beta_3 PROF_{i,t} + \delta\beta_4 RISK_{i,t} + \delta\beta_5 SIZE_{i,t} + \delta\beta_6 GROWTH_{i,t} + \delta\beta_7 LIQUIDITY_{i,t} + \delta\beta_8 SPP_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of dependent variables:

Lev 2 (TDTA) = TD/TA

Proxy of independent variables:

Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity (MV)/Equity (BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-6 (c): Results of Difference GMM
Dependent Variable: Lev 3 (TCDTA)

OVERALL SAMPLE (N=1347)

Variable	One-Step Difference GMM	Two-Step Difference GMM
TCDTA(-1)	0.500*** (0.036)	0.506*** (0.007)
NDTS	-0.093 (0.185)	-0.115*** (0.019)
TANG	-0.013 (0.034)	-0.013** (0.006)
PROF	-0.258*** (0.049)	-0.252*** (0.010)
BR	-0.000 (0.000)	-0.000 (0.000)
GO	0.005 (0.004)	0.005*** (0.001)
SIZE	0.008 (0.007)	0.008*** (0.001)
LIQ	-0.059*** (0.008)	-0.058*** (0.002)
SPP	-0.006** (0.003)	-0.006*** (0.000)
Number of company	179	179
no. of instruments	164	164
1st Order Corr. (AR (1))	-8.59*** (0.000)	-4.87*** (0.000)
2nd Order Corr. (AR (2))	0.14 (0.890)	0.10 (0.920)
Sargan test	272.82*** (0.000)	272.82*** (0.000)
Hansen test	-	156.13 (0.459)

Notes:

This model estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$TCDTA_{i,t}^* = \delta\alpha + (1 - \delta) TCDTA_{i,t-1} + \delta\beta_1 NDTS_{i,t} + \delta\beta_2 TANG_{i,t} + \delta\beta_3 PROF_{i,t} + \delta\beta_4 RISK_{i,t} + \delta\beta_5 SIZE_{i,t} + \delta\beta_6 GROWTH_{i,t} + \delta\beta_7 LIQUIDITY_{i,t} + \delta\beta_8 SPP_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of dependent variables:

Lev 3 (TCDTA) = TCD/TA

Proxy of independent variables:

Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity (MV)/Equity (BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-6 (d): Results of Difference GMM
Dependent Variable: Lev 4 (IDTA)

OVERALL SAMPLE (N=1393)

Variable	One-Step Difference GMM	Two-Step Difference GMM
IDTA(-1)	0.518*** (0.029)	0.517*** (0.000)
NDTS	0.019 (0.040)	0.018*** (0.001)
TANG	-0.005 (0.007)	-0.005*** (0.000)
PROF	-0.018* (0.010)	-0.019*** (0.000)
BR	-0.000 (0.000)	-0.000*** (0.000)
GO	0.001 (0.001)	0.001*** (0.000)
SIZE	-0.005*** (0.002)	-0.005*** (0.000)
LIQ	-0.001 (0.001)	-0.001*** (0.000)
SPP	-0.000 (0.001)	-0.000*** (0.000)
Number of company	181	181
no. of instruments	164	164
1st Order Corr. (AR (1))	-9.40*** (0.000)	-3.04*** (0.002)
2nd Order Corr. (AR (2))	-2.49** (0.013)	-1.16 (0.247)
Sargan test	292.76*** (0.000)	292.76*** (0.000)
Hansen test	-	168.66 (0.214)

Notes:

This model estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$IDTA_{i,t} = \delta\alpha + (1 - \delta) IDTA_{i,t-1} + \delta\beta_1 NDTS_{i,t} + \delta\beta_2 TANG_{i,t} + \delta\beta_3 PROF_{i,t} + \delta\beta_4 RISK_{i,t} + \delta\beta_5 SIZE_{i,t} + \delta\beta_6 GROWTH_{i,t} + \delta\beta_7 LIQUIDITY_{i,t} + \delta\beta_8 SPP_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of dependent variables:

Lev 4 (IDTA) = ID/TA

Proxy of independent variables:

Non-Debt Tax Shield (NDTS) = Annual Depreciation Expenses/TA; Tangibility (TANG) = Net FA/TA; Profitability (PROF) = EBIT/TA; Business Risk (BR) = Yearly change on Firm EBIT; Growth opportunities (GO) = Equity (MV)/Equity (BV); Firm Size (SIZE) = Natural log of TA; Liquidity (LIQ) = CA/CL; Share Price Performance (SPP) = First Difference Year End Share Price.

Table A-7: Testing for the Multicollinearity by each sectors

Variance Inflation Factor		Lev 1	Lev 2	Lev 3	Lev 4
		(TDTE)	(TDTA)	(TCDTA)	(IDTA)
Industry	Consumer Products	1.44	1.51	1.45	1.49
	Industrial Products	1.27	1.35	1.27	1.31
	Construction	1.58	1.51	1.39	1.42
	Trading & Services	1.21	1.27	1.26	1.21
	Properties	1.25	1.35	1.32	1.29
	Plantation	1.60	1.74	1.63	1.69

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

Table A-8: Explanatory power of regression models by each sectors

Adjusted r-squared		Lev 1	Lev 2	Lev 3	Lev 4
		(TDTE)	(TDTA)	(TCDTA)	(IDTA)
Industry	Consumer Products	0.5016	0.6498	0.6261	-0.0024
	Industrial Products	0.3110	0.6050	0.4988	0.0565
	Construction	0.3138	0.5988	0.5613	0.0502
	Trading & Services	0.2231	0.3650	0.3706	0.0380
	Properties	0.3473	0.3154	0.2621	-0.0245
	Plantation	0.4656	0.7010	0.6918	0.0680

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

Table A-9 (a): Testing for the Pooled OLS versus Fixed Effect

F test		Lev 1	Lev 2	Lev 3	Lev 4
		(TDTE)	(TDTA)	(TCDTA)	(IDTA)
Industry	Consumer Products	7.05***	21.06***	14.52***	3.33***
		Fixed Effect	Fixed Effect	Fixed Effect	Fixed Effect
	Industrial Products	4.06***	11.58***	13.65***	2.97***
		Fixed Effect	Fixed Effect	Fixed Effect	Fixed Effect
	Construction	15.09***	11.14***	6.42***	3.82***
		Fixed Effect	Fixed Effect	Fixed Effect	Fixed Effect
	Trading & Services	11.56***	13.99***	7.48***	4.08***
		Fixed Effect	Fixed Effect	Fixed Effect	Fixed Effect
	Properties	7.64***	15.42***	12.51***	3.12***
		Fixed Effect	Fixed Effect	Fixed Effect	Fixed Effect
	Plantation	8.09***	16.08***	9.81***	4.58***
		Fixed Effect	Fixed Effect	Fixed Effect	Fixed Effect

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-9 (b): Testing for the Pooled OLS versus Random Effect

BP LM Test	Lev 1 (TDTE)	Lev 2 (TDTA)	Lev 3 (TCDTA)	Lev 4 (IDTA)	
Industry	Consumer Products	193.58*** Random Effect	569.93*** Random Effect	477.37*** Random Effect	24.59*** Random Effect
	Industrial Products	85.29*** Random Effect	510.53*** Random Effect	632.24*** Random Effect	29.87*** Random Effect
	Construction	131.72*** Random Effect	123.93*** Random Effect	78.34*** Random Effect	20.35*** Random Effect
	Trading & Services	389.39*** Random Effect	386.81*** Random Effect	212.92*** Random Effect	73.17*** Random Effect
	Properties	102.73*** Random Effect	194.74*** Random Effect	166.75*** Random Effect	21.20*** Random Effect
	Plantation	50.37*** Random Effect	161.78*** Random Effect	110.53*** Random Effect	11.02*** Random Effect

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).
***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-9 (c): Testing for the Random Effect versus Fixed Effect

Hausman Test	Lev 1 (TDTE)	Lev 2 (TDTA)	Lev 3 (TCDTA)	Lev 4 (IDTA)	
Industry	Consumer Products	7.79 Random Effect	4.15 Random Effect	1.34 Random Effect	2.06 Random Effect
	Industrial Products	29.95*** Fixed Effect	19.13** Fixed Effect	24.46*** Fixed Effect	31.16*** Fixed Effect
	Construction	46.73*** Fixed Effect	15.51* Fixed Effect	15.02* Fixed Effect	16.79** Fixed Effect
	Trading & Services	4.14 Random Effect	12.37 Random Effect	10.86 Random Effect	100.69*** Fixed Effect
	Properties	1.95 Random Effect	0.68 Random Effect	0.56 Random Effect	1.04 Random Effect
	Plantation	35.12*** Fixed Effect	21.97*** Fixed Effect	12.02 Random Effect	20.05** Fixed Effect

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).
***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-10 (a): Results of testing for the Heteroscedasticity

Heteroscedasticity (Modified Wald test)	Lev 1 (TDTE)	Lev 2 (TDTA)	Lev 3 (TCDTA)	Lev 4 (IDTA)
Consumer Products	20507.47***	974.00***	2381.83***	5.1e+07***
Industrial Products	1.6e+05***	10670.78***	39728.78***	1.0e+07***
Industry Construction	4177.27***	302.07***	1182.47***	4.0e+05***
Trading & Services	64698.91***	7538.79***	7631.22***	2.5e+07***
Properties	2712.14***	755.87***	3014.49***	1.7e+07***
Plantation	6679.12***	683.18***	949.40***	35424.96***

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-10 (b): Results of testing for the Serial Correlation

Serial Correlation (Wooldridge Test)	Lev 1 (TDTE)	Lev 2 (TDTA)	Lev 3 (TCDTA)	Lev 4 (IDTA)
Consumer Products	30.724***	20.312***	28.829***	1.695e+06***
Industrial Products	109.487***	82.266***	20.838***	30.023***
Industry Construction	24.647***	112.627***	46.410***	15.589***
Trading & Services	43.745***	78.483***	88.426***	24.703***
Properties	310.011***	74.279***	62.778***	54.463***
Plantation	36.303***	32.235***	98.855***	11.710***

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-11: Firm Specific Factors of Capital Structure

Variable	Industry					
	Consumer Products	Industrial Products	Construction	Trading & Services	Properties	Plantation
Lev 1 (TDTE)						
Constant	-1.277	-2.379	-13.664***	-2.590	-2.402***	1.040
NDTS	-0.619	-0.960	-30.665**	-4.055	-4.339	2.442
Tangibility	-0.199	0.191	-0.470	0.286	-0.476***	-1.349**
Profitability	-0.769	-0.836*	-2.753**	-1.517*	-0.348	-0.703
Business Risk	0.002	-0.001	0.028*	0.001	-0.000	0.004
Growth Opportunities	-0.008	0.013	0.235	0.075	0.012	0.018
Firm Size	0.105**	0.140	0.711***	0.149*	0.151***	0.017
Liquidity	-0.310***	-0.174**	0.176	-0.150*	-0.092*	-0.096**
Share Price Performance	-0.013	0.005	-0.091	0.009	0.020	-0.059
b						
Constant	0.089	-0.170	-2.185***	-0.553**	-0.989***	-0.726
NDTS	-0.867**	-0.663	-2.138	-0.402	-1.076	-1.298
Tangibility	-0.170***	-0.091	-0.029	-0.025	-0.119***	-0.265**
Profitability	-0.349***	-0.128	-0.335	-0.270***	-0.292	-0.545**
Business Risk	-0.000	-0.001	0.005*	0.001*	0.002	0.009***
Growth Opportunities	-0.006***	-0.011	-0.020	-0.003	0.029	-0.003
Firm Size	0.016	0.026	0.121***	0.039***	0.062***	0.056**
Liquidity	-0.123***	-0.127***	-0.065*	-0.083***	-0.050**	-0.053***
Share Price Performance	-0.002	-0.006	0.003	0.001	0.002	-0.000
Lev 3 (TCDTA)						
Constant	-0.232	-0.191	-1.217**	-0.292**	-1.066***	-0.853
NDTS	0.029	-0.361	-1.279	-0.365	0.103	-2.127
Tangibility	-0.160**	-0.021	-0.124	-0.099*	-0.145**	-0.197
Profitability	-0.326***	-0.165**	-0.324	-0.363**	-0.120	-0.461**
Business Risk	-0.000	-0.000	0.005	0.001*	0.002	0.003*
Growth Opportunities	-0.010***	-0.011**	-0.020***	-0.006	0.006	0.008
Firm Size	0.031**	0.023	0.075***	0.028***	0.066***	0.060*
Liquidity	-0.117***	-0.084***	-0.109***	-0.093***	-0.050**	-0.069***
Share Price Performance	-0.007	-0.001	0.005	-0.001	0.001	-0.014
Lev 4 (IDTA)						
Constant	-0.008	0.058	0.101	0.073	0.015	0.436*
NDTS	-0.011	0.058	0.551	0.037	-0.348*	1.115
Tangibility	-0.006	0.012	-0.027	-0.013	-0.003	-0.059
Profitability	0.006	0.020*	0.004	0.027	-0.008	0.042
Business Risk	-0.000	-0.000	-0.000	0.000	0.000	-0.000
Growth Opportunities	-0.000	0.001	0.003	-0.003	0.001	-0.007
Firm Size	0.001	-0.003	-0.004	-0.003	-0.000	-0.019*
Liquidity	-0.001	-0.001	-0.012	-0.003	-0.001*	-0.004
Share Price Performance	-0.000	-0.000	-0.001	0.001	0.000	0.009

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-12 (a): Diagnostic Tests for Lev 1(TDTE) by each sectors

Dynamic model	Diagnostic test	Industry					
		Consumer Products	Industrial Products	Construction	Trading & Services	Properties	Plantation
GMM(1)	AR1 test	0.000	0.000	0.063	0.000	0.306	0.231
	AR2 test	0.373	0.170	0.461	0.312	0.121	0.661
	Sargan test	0.012	0.000	0.367	0.000	0.495	0.094
	Hansen test	-	-	-	-	-	-
	R-squared	0.1537	0.5450	0.4567	0.3654	0.3151	0.6049
	Preferred estimator	No	No	Yes	No	Yes	Yes
GMM(2)	AR1 test	0.225	0.001	0.309	0.068	0.263	0.240
	AR2 test	0.425	0.043	0.560	0.310	0.082	0.505
	Sargan test	0.012	0.000	0.367	0.000	0.495	0.094
	Hansen test	0.654	0.220	0.204	0.277	0.626	0.115
	R-squared	0.0955	0.5416	0.5387	0.4188	0.2740	0.6292
	Preferred estimator	Yes	Yes	Yes	Yes	Yes	Yes

Table A-12 (b): Diagnostic Tests for Lev 2 (TDTA) by each sectors

Dynamic model	Diagnostic test	Industry					
		Consumer Products	Industrial Products	Construction	Trading & Services	Properties	Plantation
GMM(1)	AR1 test	0.000	0.000	0.041	0.051	0.329	0.061
	AR2 test	0.183	0.097	0.277	0.127	0.382	0.704
	Sargan test	0.034	0.003	0.263	0.186	0.777	0.322
	Hansen test	-	-	-	-	-	-
	R-squared	0.8025	0.7230	0.5553	0.3973	0.6495	0.6257
	Preferred estimator	No	No	Yes	Yes	Yes	Yes
GMM(2)	AR1 test	0.005	0.001	0.055	0.009	0.237	0.033
	AR2 test	0.178	0.126	0.107	0.068	0.123	0.716
	Sargan test	0.034	0.003	0.263	0.186	0.777	0.322
	Hansen test	0.492	0.266	0.608	0.676	0.561	0.192
	R-squared	0.8112	0.7293	0.5320	0.4379	0.6082	0.7197
	Preferred estimator	Yes	Yes	Yes	Yes	Yes	Yes

Table A-12 (c): Diagnostic Tests for Lev 3 (TCDTA) by each sectors

Dynamic model	Diagnostic test	Industry					
		Consumer Products	Industrial Products	Construction	Trading & Services	Properties	Plantation
GMM(1)	AR1 test	0.000	0.000	0.008	0.047	0.041	0.174
	AR2 test	0.971	0.021	0.131	0.129	0.331	0.368
	Sargan test	0.022	0.000	0.381	0.501	0.499	0.486
	Hansen test	-	-	-	-	-	-
	R-squared	0.6866	0.5635	0.6998	.4514	0.1258	0.4930
	Preferred estimator	No	No	Yes	Yes	Yes	Yes
GMM(2)	AR1 test	0.000	0.008	0.021	0.003	0.007	0.122
	AR2 test	0.929	0.211	0.092	0.095	0.207	0.431
	Sargan test	0.022	0.000	0.381	0.501	0.499	0.486
	Hansen test	0.736	0.404	0.542	0.664	0.326	0.452
	R-squared	0.6765	0.5662	0.6822	.41763	0.2186	0.5336
	Preferred estimator	Yes	Yes	Yes	Yes	Yes	Yes

Table A-12 (d): Diagnostic Tests for Lev 4 (IDTA) by each sectors

Dynamic model	Diagnostic test	Industry					
		Consumer Products	Industrial Products	Construction	Trading & Services	Properties	Plantation
GMM(1)	AR1 test	0.000	0.000	0.013	0.000	0.202	0.025
	AR2 test	0.000	0.036	0.605	0.140	0.069	0.234
	Sargan test	0.906	0.000	0.756	0.966	0.354	0.341
	Hansen test	-	-	-	-	-	-
	R-squared	0.0316	0.0156	0.0253	0.1085	0.1785	0.0083
	Preferred estimator	No	No	Yes	Yes	No	Yes
GMM(2)	AR1 test	0.300	0.036	0.172	0.072	0.089	0.185
	AR2 test	0.315	0.216	0.258	0.209	0.306	0.453
	Sargan test	0.906	0.000	0.756	0.966	0.354	0.341
	Hansen test	0.992	0.912	0.925	0.528	0.701	0.368
	R-squared	0.0076	0.0141	0.0192	0.0855	0.0955	0.0005
	Preferred estimator	Yes	Yes	Yes	Yes	Yes	Yes

Table A-13: Firm Specific Factors of Capital Structure by each industry

Variable	Industry					
	Consumer Products	Industrial Products	Construction	Trading & Services	Properties	Plantation
Lev 1 (TDTE)						
TDTE(-1)	0.629***	0.356***	0.766***	0.754***	0.408**	0.698***
NDTS	-15.600***	-5.272***	-14.254	-8.578***	21.824	0.305
Tangibility	0.106	0.278**	-0.329	0.134	-0.335	-0.366
Profitability	-2.058***	-0.588***	-1.987**	-0.382	1.295	-0.438
Business Risk	0.004***	-0.000	-0.031	-0.003	-0.002	-0.012*
Growth Opportunities	0.055***	-0.143***	-0.032	0.066***	-0.104	0.067
Firm Size	-0.270***	0.053***	0.108	-0.065	0.008	0.045
Liquidity	-0.005	-0.225***	-0.165	-0.141***	-0.150	-0.009
Share Price Performance	-0.017*	0.054***	-0.080	-0.007	0.007	-0.082
Lev 2 (TDTA)						
TDTA(-1)	0.465***	0.621***	0.682***	0.327***	0.732	0.537***
NDTS	-0.320	-2.085***	-10.596*	2.462**	0.436	-3.587
Tangibility	-0.145***	0.086*	-0.161	-0.101*	-0.260	-0.044
Profitability	-0.416***	-0.405***	-0.346	-0.191**	0.554	-0.354*
Business Risk	-0.000	-0.000**	0.009	0.000	-0.006	0.002
Growth Opportunities	0.004***	-0.013***	-0.053	-0.026***	0.001	-0.018
Firm Size	-0.016	0.013*	0.072*	0.058***	-0.000	0.049**
Liquidity	-0.059***	-0.075***	-0.160	-0.026***	-0.026	-0.003
Share Price Performance	-0.004***	-0.003	-0.007	0.009***	0.006	0.006
Lev 3 (TCDTA)						
TCDTA(-1)	0.592***	0.525***	0.751***	0.310***	0.838***	0.795***
NDTS	-0.017	-2.585***	-4.924	1.150	7.451*	-5.668
Tangibility	-0.247**	0.005	-0.278	-0.170*	0.014	-0.094
Profitability	-0.646***	-0.404***	0.046	-0.266**	-0.698	0.046
Business Risk	-0.000	-0.000***	-0.011	0.000	0.002	-0.006
Growth Opportunities	0.013***	-0.030***	-0.048*	-0.013	0.137**	0.045
Firm Size	-0.032***	-0.004	0.095***	0.067**	-0.053**	0.069***
Liquidity	-0.049***	-0.045***	-0.103*	-0.049**	-0.045	0.011
Share Price Performance	-0.007***	-0.001	-0.014	0.007	-0.019	-0.020
Lev 4 (IDTA)						
IDTA(-1)	1.306***	0.457***	0.564***	0.715***	-0.053**	0.572***
NDTS	0.006**	0.035**	-1.310	0.235	-0.416	2.304*
Tangibility	0.006**	-0.020***	-0.021	0.003	0.007	-0.052
Profitability	0.007***	-0.007***	-0.034	-0.043	-0.044*	-0.116
Business Risk	0.000	-0.000*	0.001	0.000	0.001**	-0.000
Growth Opportunities	-0.000	-0.000	-0.002	0.005*	0.005*	-0.008
Firm Size	-0.000	-0.002***	-0.004	-0.011	-0.002	-0.034***
Liquidity	-0.001*	0.000***	-0.005	0.003	-0.002	0.001
Share Price Performance	0.000*	-0.000**	-0.000	0.000	-0.001**	-0.002

Notes: Lev 1 is a total debt to total equity (TDTE), Lev2 is a total debt to total assets (TDTA), Lev3 is a total conventional debt to total assets (TCDTA), Lev 4 is a total Islamic debt to total assets (IDTA).

***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-14: Correlation Matrix of Firm Specific Factors of Dividend Policy for Overall Sample

OVERALL SAMPLE (N=1749)

Variable	Dividend Yield	Dividend Yield (-1)	Earnings Per Share	Market Capitalization	Liquidity	Investment opportunities	Firm Size	Sales growth	Leverage	Growth Opportunities
Dividend Yield	1.0000									
Dividend Yield (-1)	0.7918***	1.0000								
Earnings Per Share	0.0365	0.0348	1.0000							
Market Capitalization	-0.0015	0.0033	0.4389***	1.0000						
Liquidity	0.0937***	0.0839***	0.1457***	-0.0362	1.0000					
Investment opportunities	0.0835***	0.0853***	0.3697***	0.3286***	0.3262***	1.0000				
Firm Size	-0.0511**	-0.0410	0.3808***	0.8242***	0.1764***	0.2623*	1.0000			
Sales growth	-0.0175	-0.0259	0.0807***	0.0746***	-0.0549**	0.0159	0.0342	1.0000		
Leverage	-	-0.0467*	-	0.1353***	0.6844***	-0.6844***	0.3463***	0.0980***	1.0000	
Growth Opportunities	-0.0110	0.0297	0.4556***	0.6103***	0.0161	0.1354***	0.3159***	0.0895***	0.0784***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-15: Testing for the Pooled OLS versus Fixed Effect

Statistical test	Sample		Result
F test (Pooled OLS versus Fixed Effect)	Overall		3.37*** Fixed Effect
	Industry	Consumer Product	2.67*** Fixed Effect
		Industrial Product	3.39*** Fixed Effect
		Construction	4.79*** Fixed Effect
		Trading & Services	4.54*** Fixed Effect
		Properties	2.48*** Fixed Effect
		Plantation	2.56*** Fixed Effect
Breusch- Pagan LM Test (Pooled OLS versus Random Effect)	Overall		50.18*** Random Effect
	Industry	Consumer Product	2.92** Random Effect
		Industrial Product	20.19*** Random Effect
		Construction	16.17*** Random Effect
		Trading & Services	17.24*** Random Effect
		Properties	0.00 Pooled OLS
		Plantation	0.00 Pooled OLS
Hausman Test (Random Effect versus Fixed Effect)	Overall		315.28*** Fixed Effect
	Industry	Consumer Product	49.98*** Fixed Effect
		Industrial Product	212.78*** Fixed Effect
		Construction	46.83*** Fixed Effect
		Trading & Services	65.97*** Fixed Effect
		Properties	- -
		Plantation	- -

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-16: Testing for the Heteroscedasticity and Serial Correlation

	Heteroscedasticity (Modified Wald test)	Serial Correlation (Wooldridge Test)
Overall	6.8e+05***	59.820***
Industry	Consumer Product	50922.97***
	Industrial Product	64368.72***
	Construction	1513.46***
	Trading & Services	3.7e+05***
	Properties	26731.26***
	Plantation	1100.20***

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-17: Results of Fixed Effect Model with Heteroscedasticity and Serial Correlation Robust Standard Error

Independent Variable	Overall (N=1554)	Consumer Products (N=325)	Industrial Products (N=509)	Construction (N=163)	Trading & Services (N=300)	Properties (N=141)	Plantation (N=154)
DY(-1)	0.487*** (0.074)	0.587*** (0.083)	0.421*** (0.123)	0.463*** (0.074)	0.510*** (0.142)	0.505*** (0.048)	0.443*** (0.106)
EPS	0.018*** (0.005)	0.011 (0.011)	0.048*** (0.016)	0.017 (0.015)	0.010 (0.007)	-0.028 (0.022)	0.007 (0.006)
MC	0.003 (0.002)	0.004 (0.004)	-0.001 (0.004)	0.005 (0.005)	0.001 (0.002)	-0.002 (0.003)	0.005** (0.002)
LIQ	-0.000 (0.002)	-0.017* (0.009)	-0.002 (0.005)	-0.012 (0.008)	0.002 (0.005)	0.005 (0.004)	-0.001 (0.001)
INV	0.003 (0.007)	0.038 (0.024)	0.013 (0.015)	-0.039 (0.027)	-0.011* (0.006)	0.003 (0.002)	0.033 (0.021)
SIZE	-0.008** (0.003)	-0.014** (0.005)	-0.004 (0.013)	-0.006 (0.008)	0.002 (0.008)	-0.006 (0.006)	-0.012* (0.007)
SG	0.003* (0.002)	-0.002 (0.011)	0.004 (0.008)	0.008 (0.004)	0.004 (0.005)	0.005 (0.003)	0.001 (0.001)
LEV	-0.004 (0.008)	-0.046 (0.035)	-0.027 (0.025)	-0.085** (0.034)	0.001 (0.016)	0.009 (0.019)	0.038* (0.022)
GO	-0.012*** (0.003)	-0.006 (0.005)	-0.022*** (0.007)	-0.024*** (0.008)	-0.006 (0.005)	-0.001 (0.004)	-0.004 (0.006)
CONSTANT	0.163** (0.070)	0.272*** (0.092)	0.105 (0.256)	0.168 (0.142)	-0.036 (0.164)	0.146 (0.100)	0.196 (0.124)
R-squared	0.5532	0.6632	0.3551	0.4574	0.7709	0.5825	0.5649

Notes:

This tables represents regression results of dividend policy with the robust standard error.

Pooled OLS equation: $DY_{it} = \beta_0 + \beta_1 DY_{it-1} + \beta_2 EPS_{it} + \beta_3 MC_{it} + \beta_4 LIQ_{it} + \beta_5 INV_{it} + \beta_6 SIZE_{it} + \beta_7 SG_{it} + \beta_8 LEV_{it} + \beta_9 GO_{it} + \varepsilon_{it}$

Random effect and Fixed effect model equation: $DY_{it} = \beta_0 + \beta_1 DY_{it-1} + \beta_2 EPS_{it} + \beta_3 MC_{it} + \beta_4 LIQ_{it} + \beta_5 INV_{it} + \beta_6 SIZE_{it} + \beta_7 SG_{it} + \beta_8 LEV_{it} + \beta_9 GO_{it} + \lambda_i + \mu_{it}$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

DY=DPS/Price per share; DY (-1) = lagged DY; Earning per share (EPS) = Net income/no. of shares; Market capitalization (MV) = Natural log of market capitalization; Liquidity (LIQ) = CA/CL; Investment opportunities (INV) = Accumulated retained earnings/TA; Firm size (SIZE) = Natural log of TA; Sales growth (SG) = Yearly change on net sales; Leverage (LEV) = TD/TA; Growth opportunities(GO) = Equity (MV)/Equity (BV)

Table A-18 (a): Results of Difference GMM for Overall Sample
Dependent Variable: DPS

OVERALL SAMPLE (N=1373)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.410*** (0.035)	0.428*** (0.005)
EPS	0.172*** (0.024)	0.145*** (0.008)
Number of company	181	181
no. of instruments	52	52
1st Order Corr. (AR (1))	-15.35*** (0.000)	-1.38 (0.167)
2nd Order Corr. (AR (2))	2.56** (0.010)	0.85 (0.397)
Sargan test	423.39*** (0.000)	423.39*** (0.000)
Hansen test	-	52.59 (0.374)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables: Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-18 (b): Results of Difference GMM for Consumer Products
Dependent Variable: DPS

CONSUMER PRODUCTS (N=253)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.085 (0.075)	0.085*** (0.001)
EPS	0.831*** (0.087)	0.829*** (0.001)
Number of company	34	34
no. of instruments	31	31
1st Order Corr. (AR (1))	-6.48*** (0.000)	-0.98 (0.326)
2nd Order Corr. (AR (2))	0.48 (0.630)	1.39 (0.164)
Sargan test	142.73*** (0.000)	142.73*** (0.000)
Hansen test	-	30.49 (0.390)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables: Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-18 (c): Results of Difference GMM for Industrial Products
Dependent Variable: DPS

INDUSTRIAL PRODUCTS (N=451)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.383*** (0.078)	0.384*** (0.002)
EPS	0.099*** (0.024)	0.100*** (0.001)
Number of company	58	58
no. of instruments	52	52
1st Order Corr. (AR (1))	-7.59*** (0.000)	-1.54 (0.124)
2nd Order Corr. (AR (2))	2.94*** (0.003)	0.88 (0.376)
Sargan test	128.01*** (0.000)	128.01*** (0.000)
Hansen test	-	51.66 (0.409)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-18 (d): Results of Difference GMM for Construction
Dependent Variable: DPS

CONSTRUCTION (N=144)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.434*** (0.157)	0.429*** (0.007)
EPS	0.021 (0.024)	0.018*** (0.002)
Number of company	19	19
no. of instruments	17	17
1st Order Corr. (AR (1))	-2.08** (0.038)	-1.73* (0.084)
2nd Order Corr. (AR (2))	0.47 (0.635)	1.04 (0.299)
Sargan test	10.29 (0.801)	10.29 (0.801)
Hansen test	-	15.74 (0.399)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-18 (e): Results of Difference GMM for Trading & Services
Dependent Variable: DPS

TRADING & SERVICES (N=265)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.740*** (0.027)	0.743*** (0.004)
EPS	0.062** (0.031)	0.063*** (0.003)
Number of company	35	35
no. of instruments	25	25
1st Order Corr. (AR (1))	-6.14*** (0.000)	-1.80* (0.072)
2nd Order Corr. (AR (2))	1.53 (0.127)	2.03** (0.043)
Sargan test	86.84*** (0.000)	86.84*** (0.000)
Hansen test	-	16.06 (0.853)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-18 (f): Results of Difference GMM for Properties
Dependent Variable: DPS

PROPERTIES (N=124)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.700*** (0.184)	0.711*** (0.020)
EPS	0.049 (0.032)	0.040** (0.015)
Number of company	17	17
no. of instruments	12	12
1st Order Corr. (AR (1))	-3.50*** (0.000)	-2.14** (0.032)
2nd Order Corr. (AR (2))	-0.17 (0.863)	-0.10 (0.921)
Sargan test	20.44** (0.025)	20.44** (0.025)
Hansen test	-	9.96 (0.444)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-18 (g): Results of Difference GMM for Plantation
Dependent Variable: DPS

PLANTATION (N=136)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.440*** (0.140)	0.440*** (0.001)
EPS	0.103** (0.050)	0.103*** (0.002)
Number of company	18	18
no. of instruments	17	17
1st Order Corr. (AR (1))	-3.10*** (0.002)	-1.28 (0.200)
2nd Order Corr. (AR (2))	-2.58** (0.010)	-1.17 (0.241)
Sargan test	34.95*** (0.002)	34.95*** (0.002)
Hansen test	-	17.86 (0.270)

Notes:

This model estimated a partial adjustment model of Lintner (1956) and estimated using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPS^*_{i,t} = \delta\alpha + (1 - \delta) DPS_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend per share (DPS) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (a): Results of Difference GMM for Overall Sample
Dependent Variable: DPR

OVERALL SAMPLE (N=1373)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.195*** (0.074)	0.215*** (0.022)
EPS	-0.278 (0.283)	-0.288*** (0.058)
Number of company	181	181
no. of instruments	52	52
1st Order Corr. (AR (1))	-8.20*** (0.000)	-3.27*** (0.001)
2nd Order Corr. (AR (2))	4.17** (0.000)	2.01** (0.045)
Sargan test	95.08*** (0.000)	95.08*** (0.000)
Hansen test	-	54.91 (0.294)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR^*_{i,t} = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \epsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (b): Results of Difference GMM for Consumer Products
Dependent Variable: DPR

CONSUMER PRODUCTS (N=253)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.171 (0.131)	0.177*** (0.004)
EPS	0.812* (0.479)	0.807*** (0.013)
Number of company no. of instruments	34 31	34 31
1st Order Corr. (AR (1))	-3.82*** (0.000)	-1.95* (0.051)
2nd Order Corr. (AR (2))	1.37 (0.170)	1.00 (0.318)
Sargan test	38.89 (0.104)	38.89 (0.104)
Hansen test	-	29.82 (0.423)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR^*_{i,t} = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (c): Results of Difference GMM for Industrial Products
Dependent Variable: DPR

INDUSTRIAL PRODUCTS (N=451)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.274*** (0.085)	0.275*** (0.002)
EPS	-0.376 (0.343)	-0.381*** (0.007)
Number of company no. of instruments	58 52	58 52
1st Order Corr. (AR (1))	-7.14*** (0.000)	-2.71*** (0.007)
2nd Order Corr. (AR (2))	0.37 (0.709)	0.35 (0.727)
Sargan test	105.79*** (0.000)	105.79*** (0.000)
Hansen test	-	50.81 (0.441)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR^*_{i,t} = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (d): Results of Difference GMM for Construction
Dependent Variable: DPR

CONSTRUCTION (N=144)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.300* (0.166)	0.300*** (0.007)
EPS	0.218 (0.563)	0.152 (0.099)
Number of company	19	19
no. of instruments	17	17
1st Order Corr. (AR (1))	-4.42*** (0.000)	-1.15 (0.249)
2nd Order Corr. (AR (2))	4.08*** (0.000)	0.98 (0.325)
Sargan test	24.46* (0.058)	24.46* (0.058)
Hansen test	-	16.48 (0.351)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR_{i,t}^* = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (e): Results of Difference GMM for Trading & Services
Dependent Variable: DPR

TRADING & SERVICES (N=265)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.045 (0.032)	0.044*** (0.001)
EPS	0.382 (0.730)	0.385*** (0.006)
Number of company	35	35
no. of instruments	25	25
1st Order Corr. (AR (1))	-6.43*** (0.000)	-1.68 (0.093)
2nd Order Corr. (AR (2))	1.27 (0.205)	1.44 (0.148)
Sargan test	42.12*** (0.009)	42.12*** (0.009)
Hansen test	-	24.32 (0.386)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR_{i,t}^* = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (f): Results of Difference GMM for Properties
Dependent Variable: DPR

PROPERTIES (N=124)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	0.409*** (0.079)	0.416*** (0.005)
EPS	-0.563 (0.612)	-0.438*** (0.130)
Number of company	17	17
no. of instruments	12	12
1st Order Corr. (AR (1))	-1.73* (0.083)	-1.73* (0.084)
2nd Order Corr. (AR (2))	-3.15*** (0.002)	-1.02 (0.307)
Sargan test	22.58** (0.012)	22.58** (0.012)
Hansen test	-	9.52 (0.484)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR_{i,t}^* = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

Table A-19 (g): Results of Difference GMM for Plantation
Dependent Variable: DPR

PLANTATION (N=136)		
Variable	One-Step Difference GMM	Two-Step Difference GMM
DPS(-1)	-0.291 (0.237)	-0.291*** (0.000)
EPS	-0.014 (0.231)	-0.013*** (0.001)
Number of company	18	18
no. of instruments	17	17
1st Order Corr. (AR (1))	-2.33** (0.020)	-1.72* (0.086)
2nd Order Corr. (AR (2))	1.34 (0.180)	0.89 (0.371)
Sargan test	9.255 (0.864)	9.25 (0.864)
Hansen test	-	15.01 (0.451)

Notes:

This model estimated a partial adjustment model using the Arellano and Bond dynamic panel GMM estimations (Stata command: xtabond).

$$DPR_{i,t}^* = \delta\alpha + (1 - \delta) DPR_{i,t-1} + \delta\beta EPS_{i,t} + \lambda_i + \eta_t + \varepsilon_{it}$$

Figures in the parentheses are t-statistics. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively

Proxy of variables:

Dividend payout ratio (DPR) = Dividend/no of share; Earning per share (EPS) = Net income/no. of shares.

APPENDIX3: OBJECTIVE TWO: FIRM SPECIFIC FACTORS, SUSTAINABLE GROWTH RATE AND SHARE PRICE PERFORMANCE

Table A-20 (a): Descriptive Statistics of Overall Sample

Variable	Overall Sample			
	Mean	SD	Min	Max
Share price performance	0.0865	0.3903	-1.1654	1.8267
Sustainable growth rate	0.0481	0.0837	-0.7724	0.5479
Lev 1 (TDTE)	0.3727	0.4951	-3.0576	8.9437
Lev 2 (TDTA)	0.1710	0.1360	0.0000	1.3917
Lev 3 (TCDTA)	0.1616	0.1304	0.0000	1.3917
Lev 4 (IDTA)	0.0068	0.0308	0.0000	0.4219
Dividend policy	0.3166	0.6555	-7.7389	14.5349
Profitability	0.0808	0.1814	-3.5002	1.5278
Company's Efficiency	2.2922	2.9084	-0.0446	51.0788
Firm's size	20.3126	1.3049	17.4224	25.6129

Table A-20 (b): Descriptive Statistics of Industry analysis

Variable	Consumer Products				Industrial Products			
	Mean	SD	Min	Max	Mean	SD	Min	Max
Share price performance	0.0996	0.3689	-1.1654	1.5417	0.0724	0.4095	-0.8832	1.8267
Sustainable growth rate	0.0466	0.0634	-0.2578	0.3412	0.0474	0.0862	-0.7724	0.3358
Lev 1 (TDTE)	0.3046	0.3463	0.000	2.5506	0.3404	0.5353	-3.0576	8.9437
Dividend policy	0.370	0.5496	-6.2854	2.8839	0.2978	0.7939	-4.3668	14.5349
Profitability	0.0733	0.1057	-0.9611	0.4464	0.0492	0.2042	-3.5002	1.5278
Company's Efficiency	1.3127	0.9594	0.2702	8.7478	1.5864	1.6288	0.3222	17.3451
Firm's size	19.5852	1.0406	17.6332	23.6261	20.0754	1.0604	17.7334	23.5299
Variable	Construction				Trading and services			
	Mean	SD	Min	Max	Mean	SD	Min	Max
Share price performance	0.0704	0.4197	-0.8317	1.7746	0.0609	0.3512	-0.7544	1.3175
Sustainable growth rate	0.0591	0.1158	-0.6475	0.5479	0.0378	0.0891	-0.4590	0.3301
Lev 1 (TDTE)	0.4779	0.6426	-2.9085	2.5084	0.4482	0.5863	0.0000	4.3112
Dividend policy	0.2685	0.3109	-0.4601	1.8322	0.3655	0.7309	-7.7389	4.0413
Profitability	0.0783	0.1058	-0.3749	0.3549	0.0981	0.1753	-1.3364	0.9501
Company's Efficiency	2.1261	1.8170	0.6162	14.8964	2.5604	2.6226	0.1810	17.9349
Firm's size	20.4305	1.2347	18.1086	23.7627	20.9727	1.7282	17.4224	25.6129
Variable	Properties				Plantation			
	Mean	SD	Min	Max	Mean	SD	Min	Max
Share price performance	0.1300	0.4423	-0.8396	1.7273	0.1294	0.3457	-0.6046	1.5313
Sustainable growth rate	0.0420	0.0723	-0.3153	0.4394	0.0677	0.0643	-0.1262	0.2399
Lev 1 (TDTE)	0.3662	0.2766	0.0000	1.1809	0.3610	0.3507	0.0000	1.7555
Dividend policy	0.2584	0.5707	-1.0532	5.4575	0.2723	0.5143	-3.3394	3.4557
Profitability	0.1075	0.1816	-0.4859	0.7385	0.1429	0.2590	-2.0249	1.2899
Company's Efficiency	4.8231	4.4275	1.4592	25.2092	3.7085	5.3343	-0.0446	51.0788
Firm's size	20.4878	0.8422	18.9576	22.6127	20.9581	1.0073	19.1881	23.7097

Table A-20 (b): Descriptive Statistics of Matrix Financing Behaviour analysis

Variable	Matrix 1				Matrix 2			
	Mean	SD	Min	Max	Mean	SD	Min	Max
Share price performance	0.0749	0.3669	-0.6875	1.5870	0.1233	0.3595	-1.1654	1.7273
Sustainable growth rate	0.0350	0.0800	-0.4227	0.4394	0.0575	0.0585	-0.2682	0.3301
Lev 1 (TDTE)	0.5135	0.5778	0.0000	3.4338	0.2702	0.2684	0.0000	1.3468
Dividend policy	0.3682	1.1088	-7.7389	14.5349	0.4153	0.5542	-6.2854	5.4575
Profitability	0.0581	0.1094	-0.9611	0.7385	0.1397	0.1359	-0.2749	0.9501
Company's Efficiency	1.7672	1.9242	0.3083	16.0044	2.2596	1.6401	0.2702	12.7244
Firm's size	19.7873	1.1078	17.7009	24.5389	21.4459	1.4480	19.0980	25.6129
Variable	Matrix3				Matrix 4			
	Mean	SD	Min	Max	Mean	SD	Min	Max
Share price performance	0.0750	0.4176	-0.8832	1.5926	0.0733	0.3959	-0.8273	1.8267
Sustainable growth rate	0.0442	0.0972	-0.7724	0.5479	0.0527	0.0866	-0.3619	0.4686
Lev 1 (TDTE)	0.4904	0.6077	0.0000	8.9437	0.2242	0.3586	-3.0576	1.8810
Dividend policy	0.2417	0.4783	-4.0258	4.4049	0.2851	0.5108	-4.3668	3.6981
Profitability	0.0462	0.2156	-3.5002	1.5278	0.0844	0.1947	-2.0249	0.9414
Company's Efficiency	2.0617	2.4214	0.2127	25.2092	2.9708	4.4532	-0.0446	51.0788
Firm's size	19.6342	0.9034	17.4223	22.4554	20.4599	0.8787	17.8671	24.3250

Table A-21 (a): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate

MODEL 1 (N=1723)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1958***	1.0000					
Lev 1 (TDTE)	-0.0624***	-0.2042***	1.0000				
Dividend policy	0.0169	-0.0512**	-0.0563**	1.0000			
Profitability	0.1326***	0.4878***	-0.0738***	0.0860***	1.0000		
Company's Efficiency	-0.0161	-0.1260***	0.0401*	-0.0912***	-0.1211***	1.0000	
Firm's size	0.0118	0.1246***	0.2928***	0.0469**	0.1854***	0.1004***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-21 (b): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate

MODEL 2 (N=1734)

Variable	Share Price Performance	Sustainable growth rate	Lev2 (TDTA)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1778***	1.0000					
Lev 2 (TDTA)	-0.0681***	0.0393	1.0000				
Dividend policy	0.0032	-0.0180	-0.0631***	1.0000			
Profitability	0.1270***	0.4775***	-0.0851***	0.0696***	1.0000		
Company's Efficiency	0.0011	-0.1069***	-0.0209	-0.0614**	-0.0536**	1.0000	
Firm's size	0.0091	0.1144***	0.3099***	0.0490**	0.1867***	0.0968***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-21 (c): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate

MODEL 3 (N=1735)

Variable	Share Price Performance	Sustainable growth rate	Lev 3 (TCDTA)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1783***	1.0000					
Lev 3 (TCDTA)	-0.0725***	0.0220	1.0000				
Dividend policy	0.0029	-0.0181	-0.0649***	1.0000			
Profitability	0.1276***	0.4776***	-0.0999***	0.0695***	1.0000		
Company's Efficiency	0.0025	-0.1066***	-0.0531**	-0.0615**	-0.0533**	1.0000	
Firm's size	0.0114	0.1148***	0.2790***	0.0488**	0.1870***	0.0974***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-21 (d): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate

MODEL 4 (N=1732)

Variable	Share Price Performance	Sustainable growth rate	Lev4 (IDTA)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1880***	1.0000					
Lev 4 (IDTA)	0.0404*	0.0432*	1.0000				
Dividend policy	0.0038	-0.0090	-0.0025	1.0000			
Profitability	0.1334***	0.4760***	0.0447*	0.0714***	1.0000		
Company's Efficiency	0.0001	-0.0986***	0.0510**	-0.0632***	-0.0601**	1.0000	
Firm's size	0.0043	0.1145***	0.1495***	0.0488**	0.1880***	0.0900***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-22 (a): Results of Static Panel Data Analysis for Step 1 (Hypothesis 1)
Dependent Variable: SPP

Independent Variable	Model 1	Model 2	Model 3	Model 4
TDTE	-0.043** (0.020)	-	-	-
TDTA	-	-0.170** (0.073)	-	-
TCDTA	-	-	-0.186** (0.075)	-
IDTA	-	-	-	0.478 (0.304)
DPR	0.002 (0.014)	-0.004 (0.011)	-0.004 (0.011)	-0.002 (0.011)
NPM	0.275*** (0.053)	0.241*** (0.049)	0.240*** (0.049)	0.271*** (0.048)
ATS	0.000 (0.003)	0.001 (0.003)	0.001 (0.003)	0.001 (0.003)
TA	0.001 (0.008)	0.001 (0.008)	0.002 (0.008)	-0.008 (0.007)
CONSTANT	0.057 (0.153)	0.066 (0.151)	0.059 (0.150)	0.227 (0.147)
No. of observation	1,723	1,734	1,735	1,732
R-squared	0.020	0.020	0.020	0.020
Adjusted R-squared	0.0175	0.0167	0.0172	0.0169
F-stat	7.14***	6.89***	7.07***	6.96***

Notes:

This tables represents regression results of firm specific factors and share price performance for Malaysian Shariah-compliant firm.

Pooled OLS equation = Model 1: $SPP_{it} = \beta_0 + \beta_1 TDTE_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \varepsilon_{it}$; Model 2: $SPP_{it} = \beta_0 + \beta_1 TDTA_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \varepsilon_{it}$; Model 3: $SPP_{it} = \beta_0 + \beta_1 TCDTA_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \varepsilon_{it}$; Model 4: $SPP_{it} = \beta_0 + \beta_1 IDTA_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \varepsilon_{it}$; Model 5: $SPP_{it} = \beta_0 + \beta_1 TDTA_{it} + \beta_2 TDTE_{it} + \beta_3 DPR_{it} + \beta_4 NPM_{it} + \beta_5 ATS_{it} + \beta_6 TA_{it} + \varepsilon_{it}$; Model 6: $SPP_{it} = \beta_0 + \beta_1 TDTA_{it} + \beta_2 TCDTA_{it} + \beta_3 IDTA_{it} + \beta_4 DPR_{it} + \beta_5 NPM_{it} + \beta_6 ATS_{it} + \beta_7 TA_{it} + \varepsilon_{it}$.

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables: Share Price Performance (SPP) = First Difference Year End Share Price; TDTE=Total debt to total equity; TDTA=Total debt to total assets; TCDTE=Total conventional debt to total assets; Dividend Policy (DPR) = DPS/EPS; Profitability (NPM) = NI/S; Company's Efficiency (ATS) = TA/S; Firm's Size = Natural log of TA.

Table A-22 (b): Results of Static Panel Data Analysis for Step 2 (Hypothesis 2)
Dependent Variable: SGR

Independent Variable	Model 1	Model 2	Model 3	Model 4
TDTE	-0.035*** (0.004)	-	-	-
TDTA	-	0.045*** (0.014)	-	-
TCDTA	-	-	0.037** (0.015)	-
IDTA	-	-	-	0.065 (0.066)
DPR	-0.015*** (0.003)	-0.005** (0.002)	-0.006** (0.002)	-0.005** (0.002)
NPM	0.208*** (0.010)	0.212*** (0.010)	0.212*** (0.010)	0.224*** (0.010)
ATS	-0.002*** (0.001)	-0.002*** (0.001)	-0.002*** (0.001)	-0.002*** (0.001)
TA	0.007*** (0.001)	0.001 (0.002)	0.001 (0.002)	0.002 (0.002)
CONSTANT	-0.096*** (0.028)	0.012 (0.030)	0.004 (0.030)	-0.014 (0.032)
No. of observation	1,723	1,734	1,735	1,732
R-squared	0.293	0.244	0.242	0.235
Adjusted R-squared	0.2912	0.2414	0.2399	0.2331
F-stat	142.50***	111.30***	110.45***	106.25***

Notes:

This tables represents regression results of firm specific factors and sustainable growth rate for Malaysian Shariah-compliant firm.

Pooled OLS equation = Model 1: $SGR_{it} = \beta_0 + \beta_1 TDTE_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \epsilon_{it}$; Model 2: $SGR_{it} = \beta_0 + \beta_1 TDTA_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \epsilon_{it}$; Model 3: $SGR_{it} = \beta_0 + \beta_1 TCDTA_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \epsilon_{it}$; Model 4: $SGR_{it} = \beta_0 + \beta_1 IDTA_{it} + \beta_2 DPR_{it} + \beta_3 NPM_{it} + \beta_4 ATS_{it} + \beta_5 TA_{it} + \epsilon_{it}$; Model 5: $SGR_{it} = \beta_0 + \beta_1 TDTA_{it} + \beta_2 TDTE_{it} + \beta_3 DPR_{it} + \beta_4 NPM_{it} + \beta_5 ATS_{it} + \beta_6 TA_{it} + \epsilon_{it}$; Model 6: $SGR_{it} = \beta_0 + \beta_1 TDTA_{it} + \beta_2 TCDTA_{it} + \beta_3 IDTA_{it} + \beta_4 DPR_{it} + \beta_5 NPM_{it} + \beta_6 ATS_{it} + \beta_7 TA_{it} + \epsilon_{it}$.

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

Sustainable Growth Rate (SGR) = ROE (1 - DPR); TDTE=Total debt to total equity; TDTA=Total debt to total assets; TCDTE=Total conventional debt to total assets; Dividend Policy (DPR) = DPS/EPS; Profitability (NPM) = NI/S; Company's Efficiency (ATS) = TA/S; Firm's Size = Natural log of TA.

Table A-22 (c): Results of Static Panel Data Analysis for Step 3 (Hypothesis 3)
Dependent Variable: SPP

Independent Variable	Model 1	Model 2	Model 3	Model 4
SGR	0.913*** (0.110)	0.794*** (0.106)	0.798*** (0.106)	0.770*** (0.097)
CONSTANT	0.042*** (0.011)	0.048*** (0.010)	0.048*** (0.011)	0.051*** (0.010)
No. of observation	1,723	1,734	1,735	1,732
R-squared	0.038	0.032	0.032	0.035
Adjusted R-squared	0.0383	0.0310	0.0312	0.0348
F-stat	68.63***	56.52***	56.89***	63.37***

Notes:

This tables represents regression results of Sustainable growth rate and share price performance for Malaysian Shariah-compliant firm.
Pooled OLS equation = Model 1 – 6: $SPP_{it} = \beta_0 + \beta_1 SGR_{it} + \varepsilon_{it}$.

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables:

Share Price Performance (SPP) = First Difference Year End Share Price; Sustainable Growth Rate (SGR) = ROE (1 – DPR).

Table A-22 (d): Results of Static Panel Data Analysis for Step 4 (Hypothesis 4)
Dependent Variable: SPP

Independent Variable	Model 1	Model 2	Model 3	Model 4
SGR	0.807*** (0.131)	0.719*** (0.121)	0.717*** (0.121)	0.669*** (0.111)
TDTE	-0.014 (0.020)	-	-	-
TDTA	-	-0.202*** (0.072)	-	-
TCDTA	-	-	-0.213*** (0.075)	-
IDTA	-	-	-	0.434 (0.301)
DPR	0.014 (0.014)	-0.000 (0.011)	-0.000 (0.011)	0.002 (0.011)
NPM	0.107* (0.059)	0.088 (0.055)	0.088 (0.055)	0.121** (0.054)
ATS	0.002 (0.003)	0.002 (0.003)	0.002 (0.003)	0.003 (0.003)
TA	-0.005 (0.008)	0.001 (0.008)	0.001 (0.008)	-0.010 (0.007)
CONSTANT	0.135 (0.152)	0.058 (0.150)	0.056 (0.149)	0.236 (0.145)
No. of observation	1,723	1,734	1,735	1,732
R-squared	0.042	0.039	0.039	0.040
Adjusted R-squared	0.0382	0.0358	0.0362	0.0368
F-stat	12.40***	11.73***	11.84***	12.02***

Notes:

This tables represents regression results of Indirect/mediating effects for Malaysian Shariah-compliant firm.

Pooled OLS equation = Model 1: $SPP_{i,t} = \beta_0 + \beta_1 SGR_{i,t} + \beta_2 TDTE_{i,t} + \beta_3 DPR_{i,t} + \beta_4 NPM_{i,t} + \beta_5 ATS_{i,t} + \beta_6 SIZE_{i,t} + \epsilon_{it}$; Model 2: $SPP_{i,t} = \beta_0 + \beta_1 SGR_{i,t} + \beta_2 TDTA_{i,t} + \beta_3 DPR_{i,t} + \beta_4 NPM_{i,t} + \beta_5 ATS_{i,t} + \beta_6 SIZE_{i,t} + \epsilon_{it}$; Model 3: $SPP_{i,t} = \beta_0 + \beta_1 SGR_{i,t} + \beta_2 TCDTA_{i,t} + \beta_3 DPR_{i,t} + \beta_4 NPM_{i,t} + \beta_5 ATS_{i,t} + \beta_6 SIZE_{i,t} + \epsilon_{it}$; Model 4: $SPP_{i,t} = \beta_0 + \beta_1 SGR_{i,t} + \beta_2 IDTA_{i,t} + \beta_3 DPR_{i,t} + \beta_4 NPM_{i,t} + \beta_5 ATS_{i,t} + \beta_6 SIZE_{i,t} + \epsilon_{it}$; Model 5: $SPP_{i,t} = \beta_0 + \beta_1 SGR_{i,t} + \beta_2 TDTE_{i,t} + \beta_3 TDTA_{i,t} + \beta_4 DPR_{i,t} + \beta_5 NPM_{i,t} + \beta_6 ATS_{i,t} + \beta_7 SIZE_{i,t} + \epsilon_{it}$; Model 6: $SPP_{i,t} = \beta_0 + \beta_1 SGR_{i,t} + \beta_2 TDTE_{i,t} + \beta_3 TCDTA_{i,t} + \beta_4 IDTA_{i,t} + \beta_5 DPR_{i,t} + \beta_6 NPM_{i,t} + \beta_7 ATS_{i,t} + \beta_8 SIZE_{i,t} + \epsilon_{it}$

Standard errors in parentheses, except for F test, Breusch-Pagan LM test, Hausman test, Heteroscedasticity and Serial Correlation, which are p-values. ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Proxy of dependent and independent variables: Share Price Performance (SPP) = First Difference Year End Share Price; Sustainable Growth Rate (SGR) = ROE (1 - DPR); TDTE=Total debt to total equity; TDTA=Total debt to total assets; TCDTE=Total conventional debt to total assets; Dividend Policy (DPR) = DPS/EPS; Profitability (NPM) = NI/S; Company's Efficiency (ATS) = TA/S; Firm's Size = Natural log of TA.

Table A-23 (a): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Consumer Product

CONSUMER PRODUCT (N=332)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.2092***	1.0000					
Lev 1 (TDTE)	-0.0885	-0.0594	1.0000				
Dividend policy	0.0077	-0.0847	-0.3180***	1.0000			
Profitability	0.1094**	0.5100***	-0.2496***	0.2777***	1.0000		
Company's Efficiency	-0.0943*	-0.2528***	-0.0364	-0.0356	-0.3273***	1.0000	
Firm's size	0.0086	0.2112***	0.4520***	-0.1545***	0.0819	-0.2101***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-23 (b): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Industrial Product

INDUSTRIAL PRODUCT (N=553)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.2136***	1.0000					
Lev 2 (TDTA)	-0.0773*	-0.3500***	1.0000				
Dividend policy	0.0113	-0.0130	-0.0474	1.0000			
Profitability	0.1090**	0.5564***	-0.0791*	0.0559	1.0000		
Company's Efficiency	-0.0529	-0.2396***	0.0534	-0.0657	-0.2311***	1.0000	
Firm's size	0.0119	0.1457***	0.0626	0.0555	0.2711***	-0.1169***	1.0000

Table A-23 (c): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Construction

CONSTRUCTION (N=179)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1201	1.0000					
Lev 3 (TCDTA)	-0.0678	-0.3068***	1.0000				
Dividend policy	0.0884	-0.0603	0.0554	1.0000			
Profitability	0.2018***	0.3874***	0.0530	0.2270***	1.0000		
Company's Efficiency	0.0183	0.0152	0.2095***	0.0944	0.1728**	1.0000	
Firm's size	0.0536	-0.0660	0.4713***	0.2868***	0.2882***	0.3769***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-23 (d): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Trading & Services

TRADING & SERVICES (N=326)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.2135***	1.0000					
Lev 4 (IDTA)	-0.0512	-0.0878	1.0000				
Dividend policy	0.0265	-0.0878	0.0259	1.0000			
Profitability	0.1719***	0.4649***	-0.0607	0.0764	1.0000		
Company's Efficiency	-0.0986*	-0.0209	0.1900***	-0.1643***	0.2551***	1.0000	
Firm's size	0.0526	0.1810***	0.3364***	0.1126**	0.1614***	0.2231***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-23 (e): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Properties

PROPERTIES (N=167)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1972**	1.0000					
Lev 4 (IDTA)	0.0629	0.1696**	1.0000				
Dividend policy	0.0414	-0.0290	-0.0899	1.0000			
Profitability	0.1212	0.7636***	-0.0009	0.0638	1.0000		
Company's Efficiency	0.0126	-0.2385***	-0.1743**	0.1042	-0.3548***	1.0000	
Firm's size	0.0141	0.4112***	0.4840***	0.0197	0.3293***	-0.0705	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-23 (f): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Plantation

PLANTATION (N=166)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.2275***	1.0000					
Lev 4 (IDTA)	-0.0575	-0.0552	1.0000				
Dividend policy	-0.0174	-0.1029	-0.0986	1.0000			
Profitability	0.1594**	0.4465***	-0.2120***	0.0864	1.0000		
Company's Efficiency	-0.0193	-0.3013***	-0.1880**	-0.1505**	-0.4193***	1.0000	
Firm's size	-0.1469**	-0.0404	0.3166***	0.1653**	-0.1817**	-0.2341***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-24: Testing for the Multicollinearity (Variance Inflation Factor) for Each Industry

Step & Hypotheses	Industry					
	Consumer Product	Industrial Product	Construction	Trading & Services	Properties	Plantation
Step 1	1.30	1.06	1.28	1.15	1.34	1.30
Step 2	1.30	1.06	1.28	1.15	1.34	1.30
Step 3	1.00	1.00	1.00	1.00	1.00	1.00
Step 4	1.42	1.28	1.37	1.28	1.83	1.35

Table A-25 (a): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Matrix 1

MATRIX 1 (N=292)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1820***	1.0000					
Lev 1 (TDTE)	-0.0692	-0.0558	1.0000				
Dividend policy	0.0037	-0.0113	-0.0430	1.0000			
Profitability	0.1400**	0.6507***	-0.0868	0.0552	1.0000		
Company's Efficiency	-0.0301	-0.0333	0.3090***	-0.1572***	0.2942***	1.0000	
Firm's size	-0.0249	0.2043***	0.7264***	-0.0690	0.1973***	0.4741***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-25 (b): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Matrix 2

MATRIX 2 (N=420)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.2218***	1.0000					
Lev 2 (TDTA)	-0.0511	-0.1221**	1.0000				
Dividend policy	0.0250	-0.1662***	-0.0492	1.0000			
Profitability	0.1210**	0.4868***	-0.1625***	0.0368	1.0000		
Company's Efficiency	-0.0395	-0.0571	0.0990**	0.0159	0.5419***	1.0000	
Firm's size	-0.0850*	-0.0895*	0.5793***	0.0700	0.0178	0.1293***	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-25 (c): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Matrix 3

MATRIX 3 (N=571)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.2037***	1.0000					
Lev 3 (TCDTA)	-0.0621	-0.2621***	1.0000				
Dividend policy	0.0311	0.0063	-0.1015**	1.0000			
Profitability	0.1157***	0.5226***	-0.0430	0.1056**	1.0000		
Company's Efficiency	-0.0163	-0.1856***	0.1020*	-0.0736*	-0.1374***	1.0000	
Firm's size	0.0919**	0.2185***	0.4605***	-0.0353	0.1782***	0.0710*	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-25 (d): Correlation Matrix of Independent Variables with Share Price Performance and Sustainable Growth Rate for Matrix 4

MATRIX 4 (N=440)

Variable	Share Price Performance	Sustainable growth rate	Lev 1 (TDTE)	Dividend policy	Profitability	Company's Efficiency	Firm's size
Share Price Performance	1.0000						
Sustainable growth rate	0.1735***	1.0000					
Lev 4 (IDTA)	-0.0557	-0.1978***	1.0000				
Dividend policy	-0.0074	-0.1418***	0.0193	1.0000			
Profitability	0.1453***	0.3831***	0.0624	0.1089**	1.0000		
Company's Efficiency	-0.0063	-0.1650***	-0.0347	-0.1506***	-0.3839***	1.0000	
Firm's size	-0.0707	0.0635	0.5610***	0.0648	0.0296	-0.0311	1.0000

Note: ***, ** and * denote significant at 1%, 5% and 10% levels, respectively.

Table A-26: Testing for the Multicollinearity (Variance Inflation Factor)

Step & Hypotheses	Industry			
	Matrix 1	Matrix 2	Matrix 3	Matrix 4
Step 1: Hypothesis 1	1.76	1.45	1.16	1.27
Step 2: Hypothesis 2	1.76	1.45	1.16	1.27
Step 3: Hypothesis 3	1.00	1.00	1.00	1.00
Step 4: Hypothesis 4	2.09	1.74	1.39	1.38