INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES

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ISSN: 2222-6990

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To Link this Article: http://dx.doi.org/10.6007/IJARBSS/v11-i14/8934 DOI:10.6007/IJARBSS/v11-i14/8934

***Received:** 02 December 2020, **Revised:** 14* January *2021, **Accepted:** 20* February *2021*

Published Online: 23 March 2021

In-Text Citation: (Hasan et al., 2021)

To Cite this Article: Hasan, H. L. bt, Zaidi, N. S. B., Mohamed, A. S. b, Yusof, S. bt M., & Aris, N. B. M. (2021). The Effect of Debt Financing on Firm Profitability of Manufacturing Companies in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, *11*(14), 317-329.

Special Issue: Contemporary Business and Humanities Landscape Towards Sustainability, 2021, Pg. 317 - 329

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The Effect of Debt Financing on Firm Profitability of Manufacturing Companies in Malaysia.

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Abstract
Debt financing has grown rapidly in recent year. Debt financing is one of the common ways for company to increase their capital to run their business. This study focuses on the debt financing towards firm profitability of manufacturing companies listed in Bursa Malaysia. By applying trade-off theory and pecking order theory, this study predicts there are significant relationship on debt financing towards firm profitability. This research would further collect debt financing data of listed manufacturing companies in Malaysia and analyse the relationship by descriptive analysis and regression analysis. This study used 23 companies to determine the debt financing towards firm profitability of the listed manufacturing companies in Malaysia. The data was taken for the period of 8 years which were from 2010 to 2018. The independent variables were debt ratio, long term debt and short-term debt while the dependent variable was the return on equity and used to measure the firm's performance. The findings will be useful for policymaker and listed manufacturing companies in Malaysia to make better debt financing decisions. Findings of this research will also aid in maintaining an optimum capital structure and maximize the stockholder's wealth of the listed manufacturing companies in Malaysia.
Keywords: Capital Structure, Manufacturing Company, Debt Financing, Malaysia

Introduction
Debt financing is one of the financing alternatives that most commonly used in manufacturing company. As mentioned by Tirole (2006), the terms of debt are borrower need to pay back the money along with agreed services charges such as loan and interest. If they do not pay the debt as promised, the lender can start and do collection proceedings such as claim the debt from the borrower. Most entrepreneur want to avoid this process since they can lose their business and non-business assets. Payback period for long term loan usually more than 1 years. It depends on the deal negotiated by the borrowers and the lenders. These loan normally are secured and had guarantee by the entrepreneur.
This research is about the effect of debt financing on firm profitability of manufacturing company in Malaysia. There are a lot of manufacturing companies listed in Bursa Malaysia, but the researchers