
**THE MODERATING EFFECT OF SHARI'AH COMPLIANCE ON THE
RELATIONSHIP BETWEEN LEVERAGE AND FIRM PERFORMANCE**

By

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ABSTRAK

Kajian ini meneliti pengaruh leveraj, saiz, kecairan, risiko pasaran, dan nisbah pasaran-buku terhadap prestasi dengan kesan penyederhana pematuhan Shari'ah. Satu model konseptual dibangunkan berdasarkan karya lalu untuk menguji hubung kait antara pemboleh ubah. Teori *irrelevance* oleh Modigliani and Miller, teori kos agensi, dan teori *pecking order* digunakan untuk menjelaskan hubungan antara pemboleh ubah dalam model kajian berkenaan. Data sekunder dikutip daripada pangkalan data *data stream* bagi 959 firma yang tersenarai di papan utama Bursa Malaysia. Bagaimanapun, selepas saringan, hanya 903 firma dikekalkan untuk analisis lanjut. Regresi berbilang digunakan untuk menguji hipotesis yang dibangunkan dalam kajian ini. Keputusan menunjukkan bahawa leveraj, saiz, kecairan, risiko pasaran, dan nisbah pasaran-buku sama-sama menjelaskan 22.9% varians dalam tahap prestasi. Semua pemboleh ubah kecuali saiz mempunyai sumbangan unik dalam mempengaruhi tahap prestasi. Tambahan lagi, leveraj dan risiko pasaran mempunyai kesan negatif terhadap prestasi manakala nisbah pasaran-buku dan kecairan didapati mempunyai pengaruh signifikan dan positif terhadap prestasi syarikat. Kajian lanjut menunjukkan bahawa pematuhan Shari'ah mempunyai kesan penyederhana yang signifikan terhadap hubungan antara leveraj dan prestasi. Adalah dicadangkan bahawa pembuat dasar syarikat tidak sepatutnya merendah-rendahkan kesan leveraj terhadap prestasi dalam membuat keputusan perniagaan yang strategik. Oleh kerana pematuhan Shari'ah menunjukkan kesan penyederhana yang signifikan terhadap prestasi, pembuat dasar syarikat perlu menonjolkan potensi pematuhan Shari'ah dalam meningkatkan prestasi syarikat. Akhir sekali, implikasi teoriti, kekangan, dan hala tuju kajian akan datang turut dibincangkan.

Kata kunci: Leveraj, Pematuhan Shari'ah, Pemboleh ubah kawalan, Prestasi, Bursa Malaysia

ABSTRACT

This study investigates the influence of leverage, size, liquidity, market risk and market-to-book ratio on the performance with the moderating effect of Shari'ah compliance. A conceptual model was developed based on the previous literature to test the relationships among the variables under investigation. Modigliani and Miller's Irrelevance Theory, Agency Cost Theory and Pecking Order Theory were used to explain the relationships of the variables in the research model. Secondary data were collected from the *data stream* data base for 959 firms listed on the main board of Bursa Malaysia. However, after data screening only 903 firms were retained for further analysis. Basically, hierarchical regression was used in order to test the hypotheses developed in this study. The results revealed that leverage, size, liquidity, market risk and market-to-book ratio jointly explained 22.9% variance in the level of performance. All the variables except size have significant unique contribution in influencing the level of performance. Moreover, while leverage and market risk have a significant negative effect on performance, market-to-book and liquidity ratio were found to have a significant positive influence on the firms' performance. Further investigation revealed that Shari'ah compliance has a significant moderating effect on the relationship between leverage and performance. It is recommended that the policy makers of firms should not underestimate the effect of leverage on performance in strategic business decisions. The fact that Shari'ah compliance exerts significant moderating effect on performance, the firms' policy makers should publicise the potential positive influence of the Shari'ah compliance on the performance of firms. Finally, the theoretical implications, limitations and directions for future research were discussed.

Keywords: Leverage, Shari'ah compliance, Control variables, Performance, Bursa Malaysia

TABLE OF CONTENTS

TITLE PAGE.....	i
PERMISSION TO USE	ii
ABSTRAK.....	iii
ABSTRACT.....	iv
APPROVAL PAGE	v
DECLARATION	vi
ACKNOWLEDGMENT.....	vii
TABLE OF CONTENTS.....	viii
LIST OF TABLES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Problem Statement	4
1.3 Research Objectives.....	6
1.4 Research Question.....	7
1.5 Significance of the Study	7
CHAPTER TWO	9
LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2 Capital Structure	9
2.3 The impact of Capital Structure on Performance.....	10
2.4 Determinants of Capital Structure.....	11
2.5 Shari'ah Compliance.....	14
2.6 Screening Criteria of Securities and Exchange Commission Malaysia	15
2.7 Bursa Malaysia.....	18
2.8 Theories of Capital Structure	18
2.8.1 Modigliani and Miller's Irrelevance Theory.....	19

2.8.2 Agency Cost Theory	20
2.8.3 Pecking Order Theory	21
2.9 The Conceptual Framework of the Study	21
2.10 Statement of Hypothesis	25
2.11 Summary of the Chapter	25
CHAPTER THREE.....	26
RESEARCH METHODOLOGY	26
3.1 Introduction.....	26
3.2 Population of the Study.....	26
3.3 Data Collection Strategy	27
3.4 Method of Data Analysis	27
3.5 Measurement of Variables	28
3.5.1 Measures of Performance.....	28
3.5.2 Measures of Leverage (Capital Structure)	29
3.5.3 Shari'ah Compliance.....	30
3.5.4 Measures of Control Variables.....	31
CHAPTER FOUR.....	33
DATA ANALYSIS AND RESULTS.....	33
4.1 Data Cleaning.....	33
4.1.1 Missing Data	33
4.2 Assumptions of Multiple Regressions	34
4.2.1 Outliers.....	34
4.2.2 Normality, Linearity and Homoscedasticity Tests.....	35
4.2.3 Multicollinearity.....	40
4.3 Hierarchical Regression	41
4.3.1 Return on Asset (ROA).....	42
4.4 Moderating Effect of Shari'ah Compliance	44
DISCUSSION, SUMMARY AND RECOMMENDATION.....	47
5.1 Introduction.....	47
5.2 Recapitulation of the Research.....	47
5.3 Discussion of Findings.....	48
5.4 Managerial Implications.....	49

5.5 Theoretical Implication	50
5.6 Limitations and Directions for Future Research	51
5.7 Conclusion	51
Reference	53
Appendix A	61
Appendix B	63