International Journal of Scientific Research and Management (IJSRM)
||Volume||10||Issue||07||Pages||EM-2022-3679-3688||2022||
Website: www.ijsrm.in ISSN (e): 2321-3418
DOI: 10.18535/ijsrm/v10i7.em03

Capital Structure, Investment Decision and Financial Performance of SMEs in Uganda A Case of Central Uganda

Abanis Turyahebwa[1*], Byamukama Eliab Mpora[2] Arthur Sunday[3] Marus Eton[4]

[1,2,3,4] Department of Business Studies, Kabale University.

Abstract
The paper explored the relationship between capital structure, investment decision and financial performance of SMEs in Uganda a case of Central Uganda. The study adopted a descriptive, cross-sectional and correlational design. The sample size was 226 SMEs in Central Uganda.
The findings point to a moderate significant positive relationship between capital structure, investment decision and financial performance of SMEs. Capital structure and financial performance of SMEs (r = 0.642, P-value = 0.000), investment decision and financial
performance of SMEs (r = 0.488, P-value = 0.000).
From the results, we confirm that capital structure, investment decision, predict up to 66.2% of the change in financial performance of Small and Medium Enterprises in Central Uganda
The results show good model fits and fig.2 defines the model of capital structure and investment decisions on financial performance of SMEs in Uganda and is encompassed of 4 proportions of capital structure in terms of Equity, Long term Debt, Short term debt as well as investment decisions and their predictive power on financial performance of SMEs in Uganda. Figure 2 and table 1 and 2 clearly indicate that capital structure and investment decisions are significantly associated with return on assets (ROA) which in turn leads to improved financial performance.
The study recommends an appropriate mix of capital structure coupled with premeditated investment decisions so as to have improved financial performance of SMEs in Uganda.
The current study underwrites to academic research by providing empirical proof to support theories pertinent to the elucidation of financial performance. The study was anchored on Pecking Order theory together with Modigliani & Miller theory and the results depict the behaviours that managers have while making decisions concerning capital structure and investment decisions. With such, the precursors of capital structure, investment decisions on financial performance of SMEs in Uganda and other related developing countries has been revealed.

Keywords: *Capital Structure, Investment Decision, Financial Performance, SMEs,Uganda.*

1.0 Introduction

The overall objective of this study was to establish the relationship between capital structure, investment decisions and financial performance of Small and Medium Enterprises (SMEs) in Central Uganda.
The subject of small scale enterprises has become a vital issue that play substantial role in economic development for fostering growth, innovation and prosperity (Turyahebwa et al, 2013). SMEs have a potential contribution socially and economically by contributing conspicuously in job creation, revenue generation as well as a spur for rural and urban areas progression.
According to UIA (2022), Small Enterprises employ between 5 (five) and 49 (forty nine) and have total assets between UGX: 10 million but not exceeding 100 million. The Medium Enterprise therefore, employs between 50 (fifty) and 100 (one hundred) with total assets more than 100 million but not exceeding 360 million.

In developing countries SMEs play a major role because about 90 percent of all firms outside the agricultural sector, constitute as major source of employment and contribute significantly on domestic and

exports earning (Turyahebwa et al, 2013). The SMEs growth arises as a key tool in poverty reduction efforts, despite this, global economic trade and free trade economy has ushered a new opportunity as well as challenge for SMEs. The majority of SMEs has been unable to see their first birthday (Turyahebwa et al, 2013).
Numerous challenges impact the overall performance of SMES; these include; inadequate technical and financial capacities by the SMEs owners, lack of specialized SMEs support institutions, too much taxation (Marus et al, 2021).

Investment decisions made by Small and Medium Enterprises ought to lead to their improved performance, growth, reduced risks and high survival rate (Turyahebwa et al, 2013). However, of critical concern to both practitioners and academia is that the investment culture for the most of the SMEs most especially in hotel industry are low and misguided (Turyahebwa, et al, 2022). Majority of the SMEs invest without any prior analysis, they simply use try and error (Njeru et al, 2015).
In the recent times of global business world, investment prospects have increased, financing options have amplified, thus, increased dependency Chaklader, 2016on capital markets. SMEs require capital and still more capital is required if the SMEs are to grow (Chadha, 2016).
The requisite resources can come from various sources and in diverse forms. SMEs can use either debt or equity capital to finance their assets. The major choice is a combination of debt and equity . One of the most baffling issues confronted by financial managers is obtaining an appropriate mix of debt and equity.

Financial constraints are higher in developing countries in general, and Uganda in particular, as such SMEs are particularly constrained by gaps in the financial system such as high administrative costs, high interest rates, high collateral requirements, lack of experience within financial intermediaries, lack of lender information and regulatory support to engage in SMEs lending and absence of well-functioning SMEs lending markets (International finance corporation, 2010).
Poor financial performance of Small and Medium Enterprises has continued to be unexplained most especially in the third-world countries Uganda inclusive. Whereas the Small and Medium Enterprises occupy the large part of the economy and the growth of youth owned and operated small enterprises tend to perform poorly (Turyahebwa et al, 2013). This situation if left unchecked is likely to hamper economic growth of developing countries.

In this study, it is inveterate that the financial performance of SMEs can be improved and these SMEs would continue to play a major economic role as it is clearly indicated in the literature. The study makes vital input to capital structure, investment decisions and to existent financial performance of SMEs literature.

The rest of the paper continues as follows. Consequently, the study presents related literature, methods, results, discussion and recommendations.

2.0 Related Literature

Theoretical Review

The firm's capital structure is the mixture of the use of debt and equity in a certain percentage to finance production and business activities of the firm (Stephen et al, 2003). To be precise, the business capital structure is a combination of equity, short term debt and long term debt.

In regards to financial performance of SMEs, it is widely putative that the financial performance is an aggregate economic indicator reflecting the level of use of factors of the production process. Measuring financial performance of SMEs is one of the most contentious issues in financial management. There are many pointers of measuring the financial performance of business. These include; Return on Assets (ROA), Profitability Return on Equity and Return on Investment (Nurlela et al, 2019). This study used accounting tools such as Return on Assets (ROA) and Return on Investment (ROI).

Modigliani and Miller Theory (M&M Theory)

Th study sought to apply a capital structure theory as advanced by Modigliani and Miller (1958) stated that

the business has a certain set of predicted cash flows. When a business prefers a certain percentage of financial debt and equity, it simply divides the cash flow between investors (Nurlela, 2019). Investors and firms are assumed to have a similar access to financial markets. Modigliani and Miller affirm that, the choice about a business's capital structure is immaterial to the value of the firm. Bestowing to this theory, the market value of a business is based on its earning power and by the potential risk of its main assets.

The Pecking Order Theory

Myers and Majluf (1984), promulgated pecking order theory. The theory thought that business financial performance may be positively affected if the correct capital structure is put in place by pyramid or ladder according to the order of preference (Udisifan et al, 2021).

The theory suggests that If internal funds are inadequate to finance business activities, a firm might obtain external finance, but it will choose among numerous peripheral finance sources so as to curtail supplementary costs. Firms do not usually care whether they finance with debt or equity; they simply pick the type of financing, which, at that point of time, appears to be more valued by financial markets (Turyahebwa et al, 2013) .

Based on the literature review, plentiful studies have been carried out to edify the effect of capital structure on the profitability of firms, these studies but a few have looked at a combined effect of capital structure together with investment decisions on financial performance of SMEs in Uganda.

Capital Structure and financial Performance of SMEs

Capital structure is one of the most unfathomable issues in financial performance of businesses (Barine, 2012). Financial performance is regarded as a measure of how the business utilizes its assets to generate wealth (Turyahebwa et al, 2013). Capital structure is regarded as mix of equity and debt that businesses tend to zero while financing their business activities (Udisifan, 2019). Capital structure may affect the financial performance of the business depending on how managers chose the mix of financing. Financial performance may be measured using Return on Assets (ROA), profitability, Return on Investment (ROI) and Return on Equity (ROE).

Barbosa et al, (2005) affirms that financial performance is as a result of how managers utilize their available resources efficiently to create earnings. The persistence of business is essentially reliant on its financial performance with which the assortment of its capital subsidize massively to boost the performance.

A comparison between studies done in developed countries like USA and developing countries like Nigeria does not show any significant differences. For example, Roden et al (1995) explored the capital structure of forty-eight businesses in the USA and established that there exists a positive relationship between capital structure and firm performance among firms.

Badar and Saeed (2013) showed the impact of using leverage in a business's capital structure on its performance. The study indicated that long term debts significantly affect in a positive way the firm's performance whereas short term debts negatively affect firm performance.

Ganiyu et al, (2019) lately availed pragmatic evidence that capital structure affects firm performance positively in Nigeria. The study explored the impact of capital structure and firm performance in Nigerian non-financial sector. The study documented that long-term debt positively affect firm performance (Udisifan, 2021).

Eniola, et al (2017) investigated the impact of capital structure on profitability in Nigeria. The study revealed a positive and significant relationship between equity and firm profitability. Similarly, Tran (2018) studied the relationship between capital structure and business operating performance. The findings indicated that there is a positive relationship between debt ratio and Return on Assets and Return on Equity. Phan (2016) carried out a study on the impact of capital structure on the business results of industrial enterprises. The study used Return on Assets and Return on Equity as dependent variables signifying business results, the independent variables are capital structure, the findings showed that there is a strong

relationship between the variables.

John MacCarthy (2019) conducted a study to establish the effect of capital structure on business performance. The study discovered that total debt and short-term debt accounted for 76.3% and 67%, correspondingly of capital used to finance the business activities. Furthermore, the results indicated that there is a significant and negative relationship between capital structure and business performance. The study resolved the firms should abate the use of debt capital and instead focus on equity capital to finance their business activities.

The above literature review provide background for the following hypothesis to be tested.

H_1: *There is a significant relationship between capital structure and financial performance of SMEs in Uganda*.

Investment decision and financial performance of SMEs

This study is concerned with financial performance of SMEs, and it is widely presumed that the financial performance is a cumulative economic indicator reflecting the level of use of factors of the production process. Measuring financial performance of SMEs is one of the most contentious issues in financial management. There are many pointers of measuring the financial performance of business. These include; Return on Assets (ROA), Profitability Return on Equity and Return on Investment (Nurlela et al, 2019). This study used accounting tools such as Return on Assets (ROA) and Return on Investment (ROI).
Financial performance in this study is looked at in terms of profitability which is management effectiveness shown by profits generated from sales or company investments (Weston & Copeland, 2010).

Investment decisions are significant decisions because they relate directly to investment profitability (Riyanto, 2013). Harjito (2013) affirmed that a business's investment decisions are reflected in the types of assets the company invested in. This is imperative because the alignment of current assets and fixed assets forms the structure of the company's wealth (Riyanto, 2013).

Investment decisions are imperative, because through investment decisions businesses can realize goals as affirmed by Turyahebwa et al (2022). Investment decisions regarding choices about shaping the distribution of funds into investment forms (Sartono, 2012). Investment decisions are discerned into short-term investment decisions and long-term investment decisions.
Replete studies indicate that financial constraints and business leverage have vital repercussions on the investment behavior of firms (Ahn et al., 2006; Suto, 2003). Similarly, a number of studies shows that financial constraints have a negative impact on firm-level investment. Vermoesen et al. (2013) affirmed that high leveraged Belgian firms experienced a larger investment contraction during crisis times, as likened to less leveraged firms. In the study steered by Baum et al. (2010) for a set of manufacturing firms in the USA, the findings indicate that leverage rouses the investment under the effects of uncertainty.

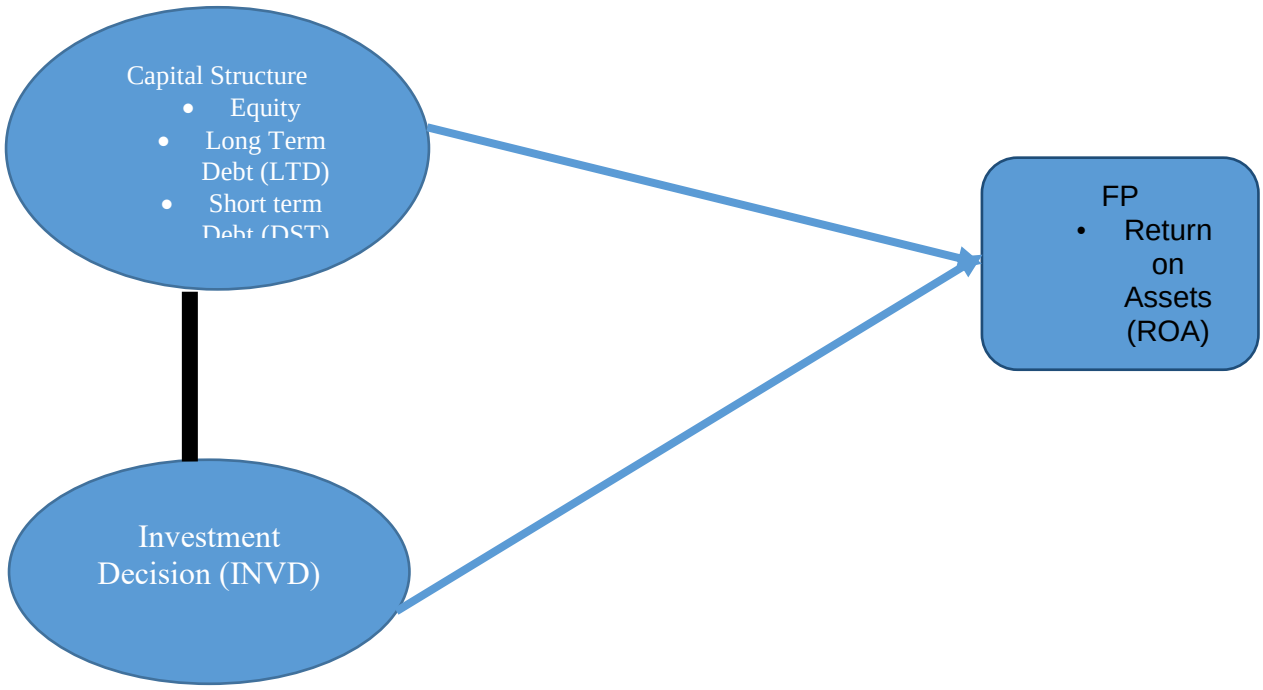
Aidogan (2003) illustrates that the thoughtfulness of business investment to its own cash flow upsurges for growing firms. Kim (2014) affirms that the investment cash flow sensitivity is explained by the level of external financing. It is only a handful of reports that emphasise the role of profitability and liquidity on the investment behavior (Perić, 2015; Yu et al., 2017; Stickney, 1982; Gilchrist, 1995 and Black et al. 2000). Acharya et al. (2007) affirms that the liquidity level weathers business' future investment and bids fortification against market risks.

The veracious investment decisions and prime source of funding are vital because they shake the business's financial performance. The assortment of the types of assets to be invested result in optimum returns for the business (Turyahebwa et al, 2022).

Thus the hypothesis:

H2: There is a significant relationship between investment decisions and financial performance of SMEs in Uganda.

Fig.1 Conceptual framework of the study variables



3.0 Materials And Methods

Research Design, Population and Sample

The study engaged a descriptive design. The study employed a descriptive design in order to describe the profile of the respondents in terms of age group of owners, level of education, number of years in present business and the perceptions of respondents regarding capital structure, investment decisions and financial performance (Turyahebwa etal, 2013). The study also adopted cross sectional research design as the study intended to obtain a random sample as well as understand a cross section of interest at a particular time. Cross-sectional studies are useful for generating and clarifying hypothesis and they help laying the ground work for decisions about future follow up studies (Kraemer, 1994). The study also used a correlational design in order to establish the relationship between variables.

A total sample of 256 Small and Medium Enterprises for this study was generated using Slovin's (1960) formula. One hundred twenty-eight (226) questionnaires were collected from respondent representatives of SMEs representing a response rate of 88%. MacKinlay (1997) suggests the size of the sample depends on the strength of the relationship required for the study; but the bigger the sample the better. Slovin sample selection approach was preferred because it had previously been used in similar environments and studies (Kamukama et al, 2010).

The formula was used to arrive at the sample size was Slovin's formula.

$n = \frac{N}{1 + N(e^2)}$ Where:

n = required sample size
N = total population
e = margin of error

The unit of analysis was SMEs and unit of inquiry were the owners or representatives of the owners of the businesses.

Measurement of Variables

The independent variables of this study are capital structure (Equity, Debt) and investment decision, while the dependent variable is financial performance (Return on Assets, Return on Investment)**.**

Return On Assets (ROA): Return on assets measures how proficiently an enterprise manages own assets to generate profits in a specific period:

Debt: for purposes of this study, debt is broken down into two i.e Long Term Debt (LTD) and Short Term Debt (DST).

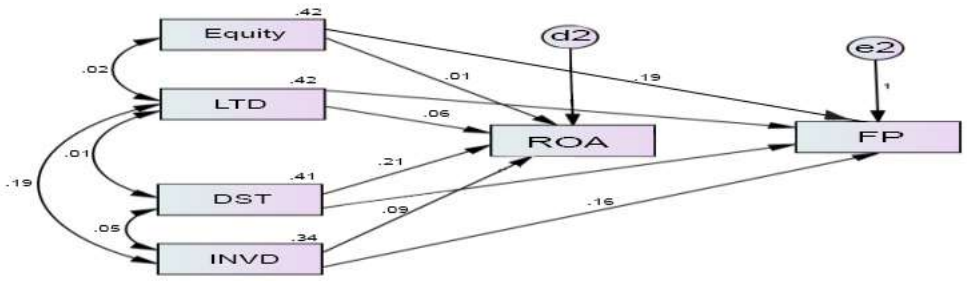
Financial Performance (FP) is measured in terms of Return on Assets (ROA) and Return on Investment.

Structural Equation Modelling

The study employed Structural Equation Modelling (SEM) to estimate the model. This model denotes a set of equations with associated assumptions of the analyzed system, in which the parameters are determined on the basis of statistical observation (Jöreskog and Sörbom 1993). Structural Equation Modelling helps in appreciating the patterns of covariance amid a set of variables and it explicates as much variance as possible with the model stated (Kline, 2011). Consequently, in order to justify the disparity and covariation of capital structure and investment decision on financial performance of SMEs, the contemporaneous study uses Structural Equation Modelling. The Chi-square test normally considered as an outright test of model fit necessitates that the model is rejected if the p-value is <0.05; Root Mean Square Error of Approximation (RMSEA) ought to be < 0.06 and Tucker-Lewis Index (TLI) values greater than 0.95 (Huand Bentler, 1999). Others like Kim (2007) and Yang (2006) recommend, Goodness of Fit (GFI) > 0.90, Adjusted Goodness of Fit Index (AGFI) > 0.85, TLI > 0.95, CFI > 0.90 and RMSEA < 0.08 as acceptable goodness-of-fit index. The study followed the guidelines mentioned above in fitting the stated model.

4.0 Results And Discussion

Fig 2: Model for the Capital Structure, investment decision and financial performance



Chi-Square = 59.240
Probability = 0.137
RMSEA = 0.001
GFI = 0.995
AGFI = 0.958
CFI = 0.976
TLI = 0.976
df = 49

From the figure above, it is clearly indicated that there is a significant relationship between capital structure, investment decision and financial performance factor structure of observed variables and their essential latent variables in the Small and Medium Enterprises in Uganda. The model for capital structure, investment decision and financial performance suggested that there is an NFI of 0.956, which indicates strong convergent validity (Mark, 2001). Similarly, Figure 2 indicates the model estimated and 49 degrees of freedom (df=49). The findings indicate that the chi-square value of 59.240 is non-significant at the 0.05 level: its p-value is 0.137 signifying that the model fits the data suitably in the population under study.

The findings in fig. 2 above also indicate that RMSEA = 0.001 which is buttressed by the result of TLI of 0.976. Moreover, GFI = 0.995 and AGFI = 0.958 which is way greater than 0.9 which indicates a good fit. Consequently, the model of Capital Structure, Investment Decisions and financial performance of SMEs in Uganda is confirmed.

Table 1: Results of the structural equation showing partially and mediated models

	Fully mediated model	**Partially mediated model**	***CR***	**S.E.**
EQUITY <---ROA	.642***		8.201	.112
ROA <---LTD	.422***	.422***	4.640	.127
DST <---ROA	.624***	624***	6.221	.126
INVD <---ROA	.433**	.343**	2.152	.110
FP <---INVD	.488**		2.125	.118
FP <---EQUITY	.652**		5.011	.116
FP <---LTD	.432**	.160	2.212	.114
FP <---DST	.636***	.013	4.315	.126
LTD <---ROA	.012	.055	1.074	
X^2	21.221	5.214		
df	5	4		
p	.000	.590		
CFI	.999	.875		
NFI	.972	.819		
RMSEA	.001	.124		

The findings revealed that capital structure among major SMEs is demarcated in terms of the three observed variables; Equity, Long Term Debt (LTD) and Short Term Debt (DST). Investment decision remained as a single observed variable. The observed factor loadings likened with their standard errors exposed evidence of an association between capital structure, investment decision and financial performance of SMEs in Uganda.

The unstandardized loadings as indicated in Table 1 appear along with a critical ratio, and p-values. In order to ascertain statistical significance, the critical ratio and p-values were used. A critical ratio greater than 1.96 or a p-value smaller than 0.05 indicates significance. Three asterisks (***) indicate that the p-value is smaller than 0.001. From the table1, all of the unconstrained estimates are significant. All the other indicators have strong standardized loadings. The R2 statistics shows a range from astute to strong regressions.

The convergent validity can be measured by scrutinizing factor loadings. The observed factor loadings matched with their standard errors reveal confirmation of an association between capital structure, investment decision return on assets and return on investment which represents observed variable of financial performance of SMEs.

The findings portrayed in fig.2 and table 1, showed a significant positive relationship between capital structure (Equity and Debt) and financial performance of SMEs, p (two-tailed) < .01. Correspondingly, findings indicated a significant positive relationship between investment decisions financial performance, p (two-tailed) < .01. These results offer auxiliary confirmation in support of the hypotheses as stated in the literature section.

Table 2: Direct and indirect effects of Capital Structure on financial performance

Standardized Total Effects (Group number 1 - Default model)

	LTD	EQUITY	DST	INVD	ROA
Equity	.000	.000	.000	.000	.642
ROA	.422	.642	.624	.433	.000
FP	.432	.652	.636	.488	.012

From the results in Table 1 and Table 2, in scrutinizing the fully mediated and partially mediated models on these five criteria, results indicated that the fully mediated model was better depiction of the data. The results indicate that of the 8 out the 9 (about 89%) of the fully mediated model's paths are supported at the $p< 0.01$ level or better. In contrast three of 9 (33 percent) of the partially mediated model's paths are supported at the $p < 0.01$ level

Further, the ability of the models to explain the variance in the outcome, as measured by Squared Multiple Correlation (SMC), supports the fully mediated model.

The higher NFI and CFI recommend that the fully mediated model provides a better fit of the data. Based on these conditions, it was affirmed that the fully mediated model was more precise and expedient delineation of the relationships among the constructs of capital structure, investment decisions and financial performance of SMEs in Uganda.

The results in table 1, clearly reflect the change in the predicted value of financial performance for a unit increase in the predictor variables. Consequently, the β coefficient of 1.0 would indicate that for every unit increase in the predictor, the predicted value of the dependent variable also increases by one unit (Norusis, 1990). Similarly, table 1 results reveals that there is a significant regression between capital structure (Equity and Debt) and financial performance of SMEs in Uganda. Similarly, table 1 reveals that there is a significant regression between capital structure (Equity and Debt) and financial performance. This implies that one-unit increase in equity leads to 0.642 significant positive change in Return on Assets. In the same regard, there is a significant regression between Short Term Debt and financial performance. The findings indicate that, one unit increase in short term debt leads to 0.636 significant positive changes in financial performance of SMEs in Uganda. The positive relationship between short term debt and financial performance indicates that short term debt has been effectually used as way to allay managerial cash flow waste and reduce the unscrupulous tendencies of owners of businesses through short term debt repayment commitments. This designates that since short term debt is to be reimbursed within one year, managers cannot use it for their interest without the owners being aware of their unscrupulous ways. These findings are in agreement with Ganiyu et al, (2019). Similarly, the results indicate that there is significant regression between Long Term Debt and financial performance of SMEs. The results point to the fact that one-unit increase in long term debt leads to 0.432 significant positive change in financial performance of SMEs. These findings support our hypothesis which states that *there is a significant relationship between capital structure and financial performance of SMEs in Uganda.* These findings are contrasted by Nenu et al, (2018) who studied the effect of capital structure on risk and firm performance of firms listed on the floor of Bucharest stock exchange. The findings from the study postulates a negative relationship between long term debt and Return on Assets and Return on Equity. Similarly, in a study steered by Birru (2016) whose study investigated the impact of capital structure on financial performance of banks in Ethiopia. The study exposed that long term loan significantly and negatively associated with ROA. It should be clearly noted that the above stated studies were not done on SMEs and were done on listed companies on the stock exchange.

Ganiyu et al (2019) explored the impact of capital structure and firm performance in Nigerian non-financial sector. The study revealed that long-term debt positively affect business performance. In same regard, Ajibola et al, (2018) found that long-term debt and business performance are positively related. These findings are in support of our tested hypothesis which affirms that there is a significant relationship between capital structure and financial performance of SMEs in Uganda

The results in table 1 also reveal that there is a significant regression between investment decisions and financial performance of SMEs. This denotes that a unit increase in investment decision leads to

0.488 significant positive changes in financial performance of SMEs in Uganda. These findings support our hypothesis which states *there is a significant relationship between investment decisions and financial performance of SMEs in Uganda.* These findings are in agreement with a number of scholars; Riyanto (2013) and Harjito & Martono (2013).

Generally, an amalgamation of capital structure and investment decisions, predict 64 per cent of the variance in supposed financial performance of SMEs in Ugandan. In other words, the error variance is 36 percent of other factors. Structural Equation Modelling helped in generating the resulting model clearly distinguishes the Variance of factor and the residual variance (Fürst, 2009). The model in fig. 2 indicates that the multiplicative effects capital structure and investment decisions have a significant influence on financial performance of SMEs.

Conclusion

The results show good model fits and fig.2 defines the model of capital structure and investment decisions on financial performance of SMEs in Uganda and is encompassed of 4 proportions of capital structure in terms of Equity, Long term Debt, Short term debt as well as investment decisions and their predictive power on financial performance of SMEs in Uganda. Figure 2 and table 1 and 2 clearly indicate that capital structure and investment decisions are significantly associated with return on assets (ROA) which in turn leads to improved financial performance. The fully mediated model in fig.2 offers backing for the hypothesis that capital structure and investment decisions are significantly related with financial performance of SMEs in Uganda. The findings are consistent with the opinion that optimal capital structure and the choice of investment decisions will improve financial performance of SMEs in Uganda.

The prominence of interaction effects of capital structure and investment decisions to financial performance of SMEs have been accentuated in the current study. Precisely, posting a positive and significant relationship between the variables under study, leads to a conclusion that a blend of capital structure and investment decisions leads to enhanced financial performance.

Implication

The current study underwrites to academic research by providing empirical proof to support theories pertinent to the elucidation of financial performance. The study was anchored on Pecking Order theory together with Modigliani&Miller theory and the results depict the behaviours that managers have while making decisions concerning capital structure and investment decisions. With such, the precursors of capital structure, investment decisions on financial performance of SMEs in Uganda and other related developing countries has been revealed. This is clearly indicated in figures 1, and 2. Consequently, home grown yardsticks for evaluating operational capital structure and investment decisions on financial performance are delivered in this study.

References

1. Abanis Turyahebwa, Moses Agaba, Arthur Sunday, Eliab Byamukama and Sylvia Kalembe (2022). Leadership styles, talent management and employee performance in the hotel industry in Uganda. Kabale University Interdisciplinary Research Journal.
2. Acharya, V. V., Almeida, H., and Campello, M. (2007). Is cash negative debt? A hedging
3. Ahn, S., Denis , D., and Denis, D. (2006). Leverage and investment in diversified firms. Journal of Financial Economics, 79, 317–337.
4. Aidogan, A. (2003). How sensitive is investment to cash flow when financing is frictionless? Journal of Finance, 58, 707–722.
5. Ajibola, A., Wisdom, O., & Qudus, O. L. (2018). Capital structure and financial performance of listed manufacturing firms in Nigeria. Journal of Research in International Business and Management, 5(1), 81–89.
6. Badar & R, Saeed A. (2013). Impact of Capital Structure on Performance: Empirical Evidence from Sugar Sector of Pakistan. European Journal of Business and Management. 5 (5), 78-86.
7. Barbosa, N., & Louri, H. (2005). Corporate performance: Does ownership matter? A

8. Barine, F. (2012). Capital structure and financial performance in Nigeria. International. Journal of Business and Social Research, 5(2), 77–86. https://doi.org/10.18533/ijbsr.v5i2.710
9. Baum, C. F., Caglayan, M., and Talavera, O. (2010). On the investment sensitivity of debt under uncertainty. Economics Letters, 106, 25–27.
10. Chadha, S., & Sharma, A. K. (2016). Capital structure and firm performance: Empirical evidence from India. Vision, 19(4), 295–302.
11. Chaklader, B., & Chawla, D. (2016). A study of determinants of capital structure through panel data analysis of firms listed in NSE CNX 500. Vision, 20(4), 267–277.
12. Chau, Tran Thuy Minh. (2018). The impact of capital structure on financial performance of all listed firms in Vietnam stock exchange in 2005-2014 period.
13. comparison of foreign- and domestic-owned firms in Greece and Portugal. Review
14. Eniola, O. J., Adewunmi, A. A., & Adewunmi, O. P. (2017). Impact of capital structure on the profitability of selected quoted banks in Nigeria. International Journal of Economics, Commerce and Management, 5(1), 543–552.
15. firm. Performance in Nigeria. African Journal of Economic Review, 7(1), 31–56.
16. Ganiyu, Y. O., Adelopo, I., Rodionova, Y., & Samuel, O. L. (2019). Capital structure and
17. Gilchrist, S., and Himmelberg, C. (1995). Evidence on the role of cash flow for investment.
18. Harjito, A., & Martono. (2013). Manajemen Keuangan (Editi Ke-2). Yogyakarta: Ekonisia,
19. Hu, L. and Bentler, P.M. (1999).Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. Structural Equation Modeling, Vol. 6. No. 1, pp. 1-55
20. intensity, leverage, and other factors. Journal of Accounting and Public Policy, 1, 125–152
21. John MacCarthy & Helena A.(2019). Does Capital Structure Affects Firms' Performance in Ghana? Panel Data Analysis. Accounting and Finance Research. 8(4), 131-143. DOI:10.5430/afr.v8n4p131
22. Journal of Monetary Economics, 36, 541–572.
23. Kampus Fakultas Ekonomi, Universitas Islam Indonesia.
24. Kamukama, N., Ahiauzu, A., and Ntayi, J. (2010) Intellectual capital and performance: testing interactioneffects, Journal of Intellectual Capital, Vol.11 No. 4, pp.554-574
25. Kim, T. N. (2014). The impact of cash holdings and external financing on investment-cash flow sensitivity. Review of Accounting and Finance, 13, 251–273.
26. Kim, Y. (2007). *Structural Equation Modeling*, Hannarae, Seoul
27. Kim. Y. (2009), "Validation of psychometric research instruments: the case of information science", *Journal of the American Society for Information Science & Technology*, Vol. 60 No. 6, pp. 1178-91
28. Kline, R.B. (2011), Principles and Practice of Structural Equation Modeling, 3rd ed., GuilfordPress, New York, NY.
29. Martono, & Harjito, A. (2003). Manajemen Keuangan, Teori dan Aplikasi. Jakarta: Erlangga.
30. Marus Eton, Fabian Mwosi, Constant Okello-Obura, Abanis Turyahebwa, Gilbert Uwonda (2021). Financial inclusion and the growth of small medium enterprises in Uganda: empirical evidence from selected districts in Lango sub-region. Journal of Innovation and Entrepreneurship
31. Modigliani, F., & Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. American Economic Review, 48(3), 261–297.
32. Myers, S. C. (2001). Capital Structure. Journal of Economic Perspectives, 15(2), 81–102.
33. Myers, S. C., & Majluf, N. (1984). Corporate financing and investment decisions when firms have information that investors do not have. Journal of Financial Economics, 13(2), 187–221.
34. Nenu, E. A., Vintila, G., & Gherghina, Ş. (2018). The impact of capital structure on risk and firm performance: Empirical evidence for the bucharest stock exchange listed companies. International Journal of Financial Studies, 6(2), 1–29. Retrieved from https://econpapers.repec.org/scripts/showcites.pf?h=repec:gam:jijfss:v:6:y:201 8:i:2:p:41-:d:140401
35. Njeru M, Agnes N, Florence M, and Ondabu I.T (2015).Effect of Loan Repayment on Financial Performance of Deposit Taking SACCOs in Mount Kenya Region; International Journal of Innovation and Applied Studies. Vol. 10 No.4 Mar. 2015, pp. 1238-1244
36. Nurlela; Sulastri; Umar Hamdan AJ; Agustina Hanafi (2019). The Influence Of Investment

Decisions And Financing Decisions On Firm Value With Profitability As Intervening Variables(Empirical Study On Companies Listed In Indonesian Sharia Stock Index)
37. of Industrial Organization, 27(1), 73–102. https://doi.org/10.1007/s11151-005-4920-y
38. Perić, M., and Đurkin, J. (2015). Determinants of investment decisions in a crisis: perspective of Croatian small firms. Management, 20, 115–133.
39. perspective on corporate financial policies. Journal of Financial Intermediation, 16, 515–
40. Riyanto, B. (2013). Dasar-Dasar Pembelanjaan Perusahaan (Edisi 4, C). Yogyakarta: BPFE UGM.
41. Sartono, Agus. (2012). Manajemen Keuangan Teori dan Aplikasi. Yogyakarta : BPFE Yogyakarta.
42. Stickney, C., and McGee, V. (1982). Effective corporate tax rates: the effect of size, capital
43. Turyahebwa A, Sunday A, Ssekajugo D (2013). Financial management practices and business performance of small and medium enterprises in western Uganda. African Journal of Business Management.
44. Udisifan Michael Tanko, Akeem Adetunji Siyanbola, Paul Matudi Bako, Olalere Victor Dotun (2021). Capital Structure and Firm Financial Performance: Moderating Effect of Board Financial Literacy in Nigerian Listed Non-Financial Companies.
45. Vermoesen, V., Deloof, M. and Laveren, E. (2013). Long-term debt maturity and financing constraints of SMEs during the Global Financial Crisis. Small Business Economics, 41,433–448.
46. Yu, X., Dosi, G., Grazzi, M. and Lei, J. (2017). nside the virtuous circle between productivity, profitability, investment and corporate growth: An anatomy of Chinese industrialization. Research Policy, 46, 1020–1038.