PEOPLE: International Journal of Social Sciences
ISSN 2454-5899

Lim & Naysary, 2022

Volume 8 Issue 1, pp. 17-35

Received: 21st October 2021

Revised: 09th February 2022, 11th February 2022, 13th February 2022

Accepted: 14th February 2022

Date of Publication: 15th March 2022

DOI- https://doi.org/10.20319/pijss.2022.81.1735

This paper can be cited as Lim, W. C. & Naysary, B. (2022). Capital Structure and Corporate Performance of Listed Healthcare Companies in Malaysia. PEOPLE: International Journal of Social Sciences, 8(1), 17-35.

CAPITAL STRUCTURE AND CORPORATE PERFORMANCE OF LISTED HEALTHCARE COMPANIES IN MALAYSIA

Wan Ching Lim
Faculty of Business, Master of Business Administration, INTI International University, Nilai, Malaysia
gracelimlim0829@gmail.com

Babak Naysary
Assistant Professor, Monash University Malaysia, School of Business, Selangor, Malaysia
bnaysary@hotmail.com

Abstract

This study is focused on describing the dependent variable phenomenon under study which is corporate performance. The study will evaluate the influences of capital structure and the dimensions towards the corporate performance of listed healthcare companies in Malaysia. The nature of the investigation is quantitative based correlation design, and the purpose of this investigation is to determine the existence of the relationship between debt to total asset ratio, debt to total equity ratio, and long-term debt ratio of capital structure with the corporate performance of listed healthcare companies in Malaysia. This study setting is non-contrived as there are no changes made in the study setting and it is merely collecting data from secondary resources. The data will be randomly selected from the company's annual report. The sample size of this study is

24 listed healthcare companies in Malaysia from the year 2018 to the year 2020. To determine the influences of capital structure and the relationship towards corporate performance by using appropriate statistical techniques. The findings indicated that DAR, DER, and LDR had a statistically significant linear relationship on ROE; whereas DAR, DER and LDR had no significant linear relationship on ROA.

Keywords

Malaysia, Listed Healthcare Companies, Capital Structure, Corporate Performance

1. Introduction

The performance of a corporate is typically considered and concerned in the present (Saenchaiyathon and Liengjindathaworn, 2019). Corporate performance is defined as within the specified period is or how many monetary targets achieved association (Thomas, 2016). It can also be defined as in efforts to achieve financial obligations to measure the organization arrangement, the method of achievement, and the way of the widely (Adewuyi, 2016).

After the 19th century with the incidence of the financial crunch of 1998 in Asia, Brazil, and Russia, the practice of corporate governance gained momentum due to low efficiency and poor corporate behavior had worsened the global financial situation and some self-delivered disgraces to further destabilized the world financial system (Bashir, Bhatti and Javed, 2020). Corporate performance can be quantitatively evaluated by using specific indicators through a comprehensive assessment of some important parameters, including financial indicators, shareholder performance, and market performance with highly objective and evaluable (Nwakaego, 2016).

Following Jensen and Meckling's (1976) paper that revealed the possible effects of capital structure have on firm performance. However, Yazdi, Hanne, and Osorio Gome (2020) stated that only financial performance measurements are insufficient for measuring the performance of a corporation. Hence, there have additional perspectives such as internal processes as well as learning and growth should be considered (Abata, M., 2017). In a business environment that consists of rapidly changing and dynamic, the corporate performance was evaluated by the analysis of all financial ratios and indicators which means the control of the financials and capital structure are important (Narkunienė and Ulbinaitė, 2018).

1.1. Research Problem

There are many studies (Bashir et. al., 2020; Rambe and Putry, 2017; Yazdi et. al., 2020) was focused on the relationship between capital structure and corporate performance which is linked with plenty of corporate financial factors but there is no consistent and accurate conclusion.

Therefore, the purpose of the current research is to study the relationship of DAR, DER, and LDR on ROA and ROE of listed healthcare companies in Malaysia. Presents literature review of the paper will be as follows in Chapter 2 follow by describes data and research methodology in Chapter 3, results and discussion in Chapter 4, presents the conclusion/ recommendations/ limitations in Chapter 5 and lastly future research direction of the finding at the last of Chapter 6.

2. Literature Review

In the literature review, the review of corporate performance and capital structure is included. The focus is on describing the dependent variable phenomenon under study which is corporate performance. Also, the capital structure theory is reviewed and discussed. Next, the framework is shown to guide the research, and hypotheses are developed to achieve the research objectives.

2.1. Review of Corporate Performance

Corporate's performance is one of the crucial parts of the management in a corporate to the evaluation of the corporate performance which allows a corporate to find out the importance of management decision that would lead to changes on performance and direction of the results and the decisions to be made for improvement (Narkunienė and Ulbinaitė, 2018). Profitability performance is the ability of corporate management to distribute and manage resources efficiently (Ramlan, 2020). The corporate performance reveals the success of an organization in executing a task (Başkurt and Altindağ, 2017).

The correct evaluation of corporate performance can determine the operating results and overall financial situation; measure the quality of assets, make management quality and efficiency of enterprises to achieve corporate goals; determine the quality of corporate earnings, liquidity, capital adequacy, and corporate services (Gerhardt and Vander Vennet, 2016). The study of Suhardjanto, Purwanto, Sari, and Setiany (2018) stated the research result showed that the organization's financial performance in Malaysia is conspicuously related to the corporate's environmental and transparency of the management and business modal to the society. Therefore,

a corporate performance study such as the current study is still needed in Malaysia specifically on dimension debt to total asset and equity especially during the current pandemic situation as the results may prove different from earlier studies undertaken under different circumstances.

2.2. Review of Capital Structure

According to Cole and Schneider (2020), stated capital structure is in a more traditional perspective which is managers should minimize corporate's weighted average cost of capital (WACC) which subsequently maximizes corporate's value. The capital structure will influence the capital cost of the corporate; not only influences corporate performance through the governance structure and operation behavior (Saenchaiyathon and Liengjindathaworn, 2019).

According to Hang et al. (2017), the debt to asset ratio is a leverage ratio used to calculate the coefficient between total debts owed by an enterprise relative to the capability and the total asset generated by an enterprise. Martellini et al. (2018) stated debt structure is generally defined by the total asset's ratio to total liabilities ratio. According to Hang et.al. (2017), the calculation of the standard ratio is done with the total debt and total assets of an organization which proves the organization's wealth that is financed by borrowing and measures the extent to which the corporate protects creditors' interests in liquidation. If the asset-liability ratio reaches 100% or more than 100%, which means that the corporate has no net assets or insolvency (Zheng, 2017).

$$DAR = (\text{Total Debt}) / (\text{Total Assets}) \quad (1)$$

DAR is a ratio of debt used to measure the ratio between total debts to total assets which can be explained by how much the corporation's assets are financed by debt or how much the corporate's debt affects the management of assets (Ilham, 2020). Another financial ratio often used in the capital structure is DER. The said ratio can get information of a firm's capital structure including build-up capital, issued capital operating capital and the information is the comparison between debt and capital (Kamar, 2017).

$$DER = (\text{Total Debt}) / (\text{Total Equity}) \quad (2)$$

Screening DER reflects the corporate's ability to meet all its obligations, which is shown by how much a part of its capital is used to pay the debt (Kamar, 2017). If the equity used can cover all debts owed by the corporate, then the corporate does not need to use the assets owned to cover these debts, where the use of corporate assets can affect the level of profit to be obtained

(Weber and Yang, 2020). Management plays an important role in corporate, especially when making crucial capital structure decisions to maximize corporate value (Văidean and Vaida, 2017). Management needs to achieve a balance of proportion in capital structure decisions at the same time making sure the corporate value is maximized (Nadeem and Wang, 2011).

The asset structure influences the capital structure as funds are needed to make investments on fixed assets and current assets while for fixed asset investments only long-term sources like the issue of equity, debentures, or preference are used, for current asset investments; short-term sources of income are equally important with long-term sources to achieve the ideal capital structure (Văidean and Vaida, 2017).

$$LDR = (\text{Long Term Debt}) / (\text{Total Assets}) \quad (3)$$

Moreover, financial risk is also one of the elements that the management needs to consider when achieving good corporate performance; long-term and short-term assets need to finance by long-term and short-term debt is the normal practice while reducing both debts is the key to achieving the ideal capital structure (Levent and Ersan, 2012).

2.3. Review of Capital Structure Theory

The business finance theory in modern society must begin with Modigliani and Miller (1958) in the view of the capital structure of a corporate. Capital structure irrelevance theory is the entrance point for the capital structure theory in the modern world (Abeywardhana, 2017).

According to Martin, G., and Baker, H. (2011), the Modigliani and Miller irrelevance theory was used with the pre-requisite requirement that the firm has a certain range and amount of free cash flows. A certain proportion of debt and equity were selected and used to ensure all the equipped assets were properly financed which could provide adequate cash flow to the investors; this is the root of Modigliani and Miller's theory (Molla, 2019). Hence, this capital structure theory does not depend on the capital structure of a firm, and it is based on a set of simplifying assumptions that include no taxes, no transaction costs, and no information asymmetry (Abeywardhana, 2017). However, many factors could influence a firm's value such as profits, assets, cash on hand, leverage, and tangibility (Yana, 2010).

Modigliani and Miller illustrate the firm value is independent, and it does not have any relationship or impact if there is a change in the corporate's capital structure (Abeywardhana, 2017). The transaction of securities from a theory was developed in an ideal environment where

most of the market imperfections do not exist which means there is no bankruptcy cost and taxation (Pandey, 2002).

More specifically, the financial debts are risky, but it is tightly related to the financials of the firm such as the share price, performance, financial ratio, and so on (Ardalan, 2017). Therefore, alternate theory needs to be considered or joint field to apply in firms in a real-world environment (Al Kahtani and Al Eraij, 2018).

2.4. The Conceptual Framework

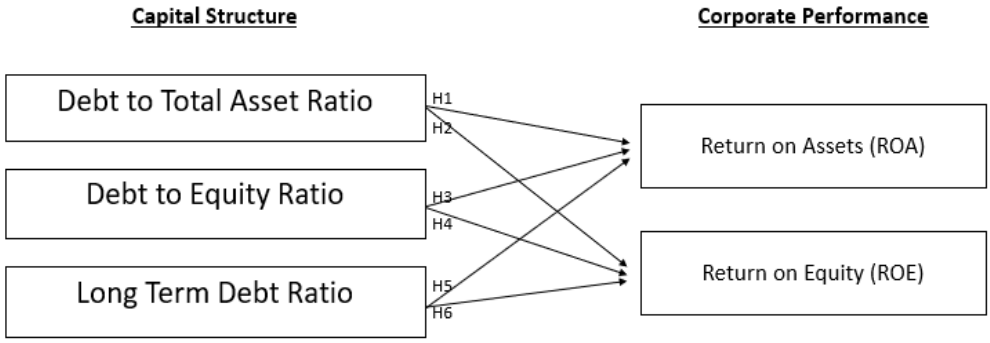

Figure 1: *Theoretical Framework - Capital Structure and Corporate Performance of listed healthcare companies in Malaysia.*

(Source: Self)

The figure above shows the conceptual framework of capital structure and corporate performance of listed healthcare companies in Malaysia.

2.5. Hypotheses

Based on the framework above, the hypotheses are shown as below:

0H1: The debt to total asset ratio has a positive and significant relationship with the return on assets (ROA) of listed healthcare companies in Malaysia.

H2: The debt to total asset ratio has a positive and significant relationship with the return on equity (ROE) of listed healthcare companies in Malaysia.

H3: The debt to total equity ratio has a positive and significant relationship with the return on assets (ROA) of listed healthcare companies in Malaysia.

H4: The debt to total equity ratio has a positive and significant relationship with the return on equity (ROE) of listed healthcare companies in Malaysia.

H5: Long term debt ratio has a positive and significant relationship with the return on assets (ROA) of listed healthcare companies in Malaysia.

H6: Long term debt ratio has a positive and significant relationship with the return on equity (ROE) of listed healthcare companies in Malaysia.

3. Data and Methodology

In data and methodology part, it consists of secondary data collection and methods to obtain the financial data. Also, descriptive and inferential statistical analysis is included. They were discussed thoroughly and comprehensively in this chapter.

3.1. Data

Secondary data collection was adopted for the current study. Data were obtained from the annual report covering the period 2018 to 2020 of listed healthcare companies in Malaysia. The study setting is non-contrived as there are no changes made in the study setting. It is merely collecting data from secondary published resources. The study included 24 listed healthcare companies.

3.2. Methodology

The purpose of the current research is to focus on describing the dependent variable phenomenon under study which is corporate performance. The study will evaluate the influences of capital structure on the corporate performance of listed healthcare companies in Malaysia. Therefore, methods such as descriptive and inferential statistical analysis were included as the study adopted a quantitative method of data analysis. Multiple linear regressions were used to determine the existence of the relationship between the debt to total asset ratio DAR, debt to total equity ratio DER, and long-term debt ratio LDR of capital structure. The capital structure will then be linked with the corporate performance of listed healthcare companies in Malaysia. The study also looks at the power of influence of dimensions on corporate performance.

The study utilized quantitative analysis using appropriate statistical techniques to examine the influences of capital structure on corporate performance. There are several methods to calculate the statistics in Excel by using formulas. The method used to analyze for the current study is Multiple Linear Regression. MLR is the most common form of regression analysis as MLR is used to analyze and determine the relationship among dependent and independent variables (Uyanık and Güler, 2013).

4. Results and Analysis

The analysis part consists of several tables and diagrams which will be elaborated in detail below. They were collected and calculated precisely in the result and discussion part. The model relationship will be shown via Multiple Linear Regression with hypotheses testing.

4.1 Descriptive Statistics

Descriptive statistics are used to classify and summarize the profile of the capital structure of listed healthcare companies in Malaysia. The differences and basic characteristics of the sample can be identified by calculating the key value such as mean, median, and standard deviation (Hair, 2016). Refer to Table 1 below, the Company Performance ROA & ROE from the year 2018-2020 was tabulated, the relationship of capital structures and company performance can be determined by performing data analysis on the Table.

Table 1: *Tabulation of Company Performance ROE & ROA from the year 2018-2020*

No	Listed Healthcare Companies in Malaysia	Year 2018		Year 2019		Year 2020	
		ROA	ROE	ROA	ROE	ROA	ROE
1	Adventa Berhad	-26.08	-48.80	-12.17	-20.00	-12.81	19.28
2	Apex Healthcare Berhad	11.75	16.07	9.39	13.01	9.31	12.55
3	Careplus Group Berhad	-0.49	-1.42	-2.02	-5.79	34.29	68.29
4	Duopharma Biotech Berhad	6.14	9.92	6.24	10.94	5.84	9.99
5	Hartalega Holdings Berhad	15.86	21.42	13.54	18.08	56.67	76.79
6	IHH Healthcare Berhad	1.20	2.46	1.03	2.09	0.44	0.90
7	Kossan Rubber Industries Berhad	9.93	16.18	9.86	16.40	35.77	57.06
8	Kotra Industries Berhad	6.36	10.67	9.07	13.64	11.43	16.33
9	KPJ Healthcare Berhad	3.72	9.05	3.51	11.17	1.81	5.60
10	KL International Berhad	-1.51	-1.85	-3.50	-4.35	5.74	7.37
11	LYC Healthcare Berhad	-20.51	-34.92	-19.51	-43.73	-11.98	-49.21
12	Malaysian Genomics Resource Centre Berhad	-11.53	-20.58	-13.79	-32.04	-26.94	28.89
13	Metro Healthcare Berhad	9.15	13.85	8.63	13.72	16.20	27.59
14	Nova Wellness Group Berhad	24.30	35.25	16.64	20.93	13.96	15.92
15	Nova Pharma Solutions Berhad	19.91	26.50	8.53	10.69	-5.33	-6.37

16	Optimax Holdings Berhad	9.22	23.94	13.04	36.04	7.52	16.00
17	Pharmaniaga Berhad	2.40	8.19	-8.49	-35.23	1.73	8.14
18	Supercomnet Technologies Berhad	8.52	9.27	8.88	9.65	9.58	10.50
19	Smile-Link Healthcare Global Berhad	0.00	0.00	7.24	6.49	2.15	2.83
20	Supermax Corporation Berhad	6.11	10.26	6.95	11.53	20.80	39.57
21	TMC Life Sciences Berhad	3.54	3.82	2.54	2.78	1.77	2.08
22	Top Glove Corporation Berhad	8.10	18.00	6.66	14.84	24.35	47.32
23	Topvision Eye Specialist Berhad	4.67	6.93	4.63	7.81	4.17	7.81
24	Y.S.P. Southeast Asia Holding Berhad	7.74	10.04	5.44	7.16	4.98	6.55

(Source: Bursa Malaysia Health Care Listed Companies, 2021)

Based on the Listed Healthcare Sub-Sector in Malaysia is listed in Table 2, including health care equipment and services, health care providers, and pharmaceuticals. Total samples of companies are 24, 37.50% of the companies are health care equipment and services, 33.33% are health care providers and 29.16% of companies are health care providers.

Table 2: *Listed Healthcare Sub-sectors in Malaysia*

No	Sub-Sector of Listed Health Care	Frequency	Percentage
1	Health Care Equipment and Services	9	37.50%
2	Health Care Providers	8	33.33%
3	Pharmaceuticals	7	29.16%

(Source: Self)

Thus, there are three indicators selected to determine the relationship of capital structure towards corporate performance. The three indicators of the study are DAR, DER, and LDR. The study environment was carried out in the listed healthcare companies in Malaysia. Through the factor analysis of the financial ratio, then ROA and ROE of corporate performance will be calculated.

4.2. Descriptive Statistics

The reliability test will be based on 3 companies by random selections which are KPJ Healthcare Berhad, LKL International Berhad, and LYC Healthcare Berhad. The result of Cronbach Alpha value is 0.870 which means the data collections for these 3 years are accepted to proceed with the study. According to Cooper and Schindler (2017), the Cronbach Alpha value

from the internal consistency test for full data collection must be more than 0.7 and it is a reliable and relevant item. Calculation of Cronbach's Alpha is shown below:

Table 3: *Anova: Two-Factor Without Replication*

SUMMARY	Count	Sum	Average	Variance
KPJ Healthcare Berhad	3	1.490	0.497	0.079
LKL International Berhad	3	0.360	0.120	0.001
LYC Healthcare Berhad	3	1.360	0.453	0.035
DAR	3	0.840	0.280	0.019
DER	3	1.640	0.547	0.124
LDR	3	0.730	0.243	0.018

ANOVA Table

Source of Variation	SS	df	MS	F	P-value	F-crit
Healthcare Companies	0.255	2	0.127	7.692	0.043	6.944
Measurement (IVs)	0.164	2	0.082	4.964	0.082	6.944
Error	0.066	4	0.017			
Total	0.486	8				

(Source: Self)

Cronbach's Alpha = 1 – (0.017/0.127)

= 0.87

4.3. Descriptive Statistics

Firstly, the objective of multiple linear regression testing is used to determine the relationship of capital structure and company performance, taking company performance ROA as the dependent variable; while DAR, DER, and LDR as independent variables, the multiple linear regression analysis is carried out.

Hypotheses for F-Test -> ROA:

H0: $\beta1 = \beta2 = \beta3 = 0$

H1: $\beta1$ and $\beta2$ and $\beta3 \neq 0$

Where;

$\beta1$ = DAR, $\beta2$ = DER, $\beta3$ = LDR and α = Significance F-value

If p-value < α (0.05), then assume it is evidence that at least one independent variable effect dependent variable.

If p-value > α (0.05), then assume it is not evidence mean no linear relationship.

Referring to Table 4 calculated result shows the p-value (p-value=0.159) which is more than α (0.05), therefore H1 is rejected while H0 is accepted. It shows that overall, the DAR, DER, and LDR between the ROA has no significant linear relationship. However, the R-square value comes out as 0.223 stating that 22.3% variations in company performance are explained by the three predictors' variations which are DAR, DER, and LDR as shown above. The adjusted R Square is 0.107 which is 10.7% of the variation in company performance is explained by the variation in DAR, DER, and LDR, taking into other independent variables.

Table 4: *Table of Multiple Linear Regressions*

Regression Statistics	
Multiple R	0.473
R Square	0.223
Adjusted R Square	0.107
Standard Error	10.360
Observations	24.000

ANOVA Table

	df	SS	MS	F	Significance F
Regression	3.000	617.610	205.870	1.918	0.159
Residual	20.000	2146.684	107.334		
Total	23.000	2764.294			

(Source: Self)

Furthermore, refer to the result from Table 5 shows the calculated p-value for every independent variable. Stat for DAR is equal to 0.993 with a p-value of 0.333, while t Stat for DER is equal to -1.472 with a p-value of 0.157 and t Stat for LDR is equal to -1.082 with a p-value of 0.292. However, there of them with the p-value more than α (0.05), therefore we H1 is rejected while H0 is accepted. It shows that overall is no significant linear relationship between three independent variables and ROA. Based on the below analysis results of DAR, DER, and LDR effects on the company performance, it is found that there are positive and insignificant effects, then the research hypothesis stating that DAR, DER, and LDR affect significantly on the corporate value has no adequate evidence to be accepted.

Table 5*: Regression Coefficient of Debt and Equity with Company Performance ROA*

	Coefficients	Standard Error	t Stat	P-value
Intercept	7.701	4.344	1.773	0.092
DAR	52.684	53.051	0.993	0.333
DER	-18.454	12.536	-1.472	0.157

LDR	-33.992	31.418	-1.082	0.292

(Source: Self)

According to the coefficient shown in Table 5, the resultant equation from the analysis is: ROA=7.701+52.684(DAR)-18.454(DER)-33.992(LDR)

In conclusion, company performance (ROA) has a positive relationship with DAR and a negative relationship with DER and LDR based on the data analysis of Multiple Regression Equation. In other words, when the ROA increases, the DAR will increase and the DER, LDR will drop. This outcome model helps to predict the data in the future.

Next, the relationship of capital structure and company performance were studied and discussed, taking company performance ROE as the dependent variable while DAR, DER, and LDR as independent variables, the multiple linear regression analysis is carried out.

Hypotheses for F-Test -> ROE:

H0: $\beta1 = \beta2 = \beta3 = 0$

H1: $\beta1$ and $\beta2$ and $\beta3 \neq 0$

Where;

$\beta1$ = DAR, $\beta2$ = DER, $\beta3$ = LDR and α = Significance F-value

If p-value < α (0.05), then assume it is evidence that at least one independent variable effect dependent variable.

If p-value > α (0.05), then assume it is not evidence mean no linear relationship.

Refer to the result from Table 6 shows that the calculated p-value (p-value = 0.030) is less than 0.05 (α), thus the null hypothesis is rejected while hypothesis H1 is accepted. It shows overall, DAR, DER, and LDR to the ROE is evidence that at least one independent variable affects the dependent variable. However, the R-square value comes out as 0.354 illustrating that 35.4% variation in company performance is explained by the three predictors' variations which are DAR, DER, and LDR as shown in the table above. The adjusted R Square is 0.257 which is 25.7% of the variation in company performance is explained by the variation in DAR, DER, and LDR, taking into other independent variables.

Table 6*: Table of Multiple Linear Regressions*

Regression Statistics	
Multiple R	0.595
R Square	0.354
Adjusted R Square	0.257

Standard Error	14.559
Observations	24

ANOVA Table

	df	SS	MS	F	Significance F
Regression	3.000	617.610	205.870	1.918	0.159
Residual	20.000	2146.684	107.334		
Total	23.000	2764.294			

(Source: Self)

Furthermore, refer to the result from Table 7 shows the calculated p-value for every independent variable. T Stat for DAR is equal to 2.249 with p-value 0.036 and t Stat for DER is equal to -2.766 with p-value 0.012, both p-values are lower than 0.05 thus can be concluded the significant linear effects dependent variable. However, t Stat for LDR is equal to -1.824 with a p-value of 0.083 which is higher than α. So, no significant linear relationship between LDR and ROE.

Table 7*: Regression Coefficient of Debt and Equity with Company Performance ROE*

	Coefficients	Standard Error	t Stat	P-value
Intercept	7.680	6.105	1.258	0.223
DAR	167.698	74.554	2.249	0.036
DER	-48.735	17.618	-2.766	0.012
LDR	-80.512	44.152	-1.824	0.083

(Source: Self)

In Table 7, the coefficient shown resultant equation from the analysis is: ROE = 7.680 + 167.698(DAR)-48.735(DER)-80.512 (LDR)

All in all, company performance ROE has a positive relationship with DAR, and a negative relationship with DER and LDR based on the data analysis of Multiple Regression Equation. In other words that when the ROA increases, the DAR will increase and the DER & LDR will drop. This outcome model helps to predict the data in the future.

5. Conclusion and Recommendation

The study was mainly introduced and analyzed the statistical analysis of the financial data of 24 listed healthcare companies in Malaysia from 2018 to 2020 and explored the relationship between DAR, DER, and LDR toward company performance through factor analysis and regression analysis.

5.1. Conclusion

In conclusion, the findings indicated that DAR, DER, and LDR had a statistically significant linear relationship on ROE; whereas DAR, DER and LDR had no significant linear relationship on ROA. The Multiple Regression Equation for ROA and ROE are stated and elaborated.

5.2. Summary of Finding / Results Review

This paper takes the three consecutive years of listed healthcare companies in Malaysia as a research sample to conduct a multiple regression analysis and test the relationship of financial ratio towards company performance of listed healthcare companies. The results of the test confirm the six hypotheses we had before the study, and mainly came to the following conclusions:

(1) Debt to assets ratio has no linear relationship to company performance's ROA of listed healthcare in Malaysia.

The P-value of the debt to assets ratio (DAR) is 0.333 and it is more than 0.05, indicating that the DAR is no significant linear relationship to ROA. The regression coefficient of the DAR is 52.684, which is a positive value, indicating that the DAR is positively correlated with the listed healthcare company's performance's ROA.

(2) Debt to equity ratio has no linear relationship to company performance's ROA of listed healthcare in Malaysia.

The P-value of the debt-to-equity ratio (DER) is 0.157 and it is more than 0.05, indicating that the DER is no significant linear relationship to ROA. The regression coefficient of the DER is -18.454, which is a negative value, indicating that the DER is negatively correlated with the listed healthcare company's performance' ROA.

(3) Long-term debt ratio has no linear relationship to company performance's ROA of listed healthcare in Malaysia.

The P-value of the long-term debt ratio (LDR) is 0.292 and it is more than 0.05, indicating that the LDR is no significant linear relationship to ROA. The regression coefficient of the LDR is -33.992, which is a negative value, indicating that the LDR is negatively correlated with the listed healthcare company's performance' ROA.

(4) Debt to assets ratio has a significant linear relationship with company performance's ROE of listed healthcare in Malaysia.

The P-value of the debt to assets ratio (DAR) is 0.036 less than 0.05, which is a significant

relationship to ROE. The regression coefficient of DAR is 167.698, which is a positive value, indicating that under other conditions unchanged, the higher the DAR of a company, the higher its ROE.

(5) Debt to equity ratio has a significant linear relationship with company performance's ROE of listed healthcare in Malaysia.

The P-value of the debt-to-equity ratio (DER) is 0.012 less than 0.05, which is a significant relationship to ROE. The regression coefficient of DER is - 48.735, which is a negative value, indicating that under other conditions unchanged, the higher the negative value (DER) of a company, the higher its ROE will be.

(6) Long-term debt ratio has no linear relationship to company performance's ROE of listed healthcare in Malaysia.

The P-value of the long-term debt ratio (LDR) is 0.083 and it is more than 0.05, indicating that the LDR is no significant linear relationship to ROE. The regression coefficient of the LDR is -80.512, which is a negative value, indicating that the LDR is negatively correlated with the listed healthcare company's ROE.

5.3. Recommendations and Limitations

Healthcare is one of the important industries which must be concerned especially now the world affected by the Covid-19 virus. It is an industry with strong market demand and is considered important to the whole national economy. However, the healthcare industry in Malaysia lacks competitiveness and comprehensive facilities compared with an international market.

Hence, improving the performance of healthcare companies and enhancing market competitiveness is the key to accelerating the growth and sustainability of the industry. Therefore, it is recommended that the future researcher may further study this healthcare sector for the longest period which is at least 5 years to get a better consistent result.

Also, the study was limited to the healthcare industry only listed healthcare in Malaysia and the challenges facing the industry. The data used is only from organizations that provide information on the official website of the stock exchange and the company annual report. In addition, due to time constraints, only three risk factors related to healthcare financial performance were considered and elaborate, and many influencing factors were not studied.

6. Future Research Direction

For the future research direction, it is suggested that data collection should cover a long period. Other than that, more independent variables factors for healthcare financial performance should be considered and covered to find out more relationships that could effluence company financial performance through multiple linear relationships. Also, a larger sample size for the study can be done for future studies. In the future, the researcher may corporate with some official websites of the stock exchange company such as Bursa Malaysia may work together with the healthcare company to get accurate data for a longer period. Three factors were chosen for this study that has no linear relationship towards company performance's ROA. Hence, an increase in sample size could increase the consistency for the result and the relationship between independent variables and dependant variables apparent.

REFERENCES

Abata, M. (2017) 'Does Capital Structure Influence on the Performance of South African Listed Firms?' Acta Universitatis Danubius: Oeconomica. 13(6), pp. 334–350.

Abeywardhana, D. (2017) 'Capital Structure Theory: An Overview', Accounting and Finance Research, 6(1), p.133. https://doi.org/10.5430/afr.v6n1p133

Adewuyi, A. W. (2016) 'Ratio Analysis of Tesco PLC Financial Performance between 2010 and 2014 in Comparison to Both Sainsbury and Morrisons', Open Journal of Accounting, 5(July), pp.45–56. https://doi.org/10.4236/ojacct.2016.53006

Al Kahtani, N. and Al Eraij, M. (2018) 'Does capital structure matter? Reflection on capital structure irrelevance theory: Modigliani-Miller theorem (MM 1958)', International Journal of Financial Services Management, 9(1), p.39. https://doi.org/10.1504/IJFSM.2018.10011008

Ardalan, K. (2017) 'Capital structure theory: Reconsidered', Research in International Business and Finance, 39, pp.696-710. https://doi.org/10.1016/j.ribaf.2015.11.010

Bashir, Z., Bhatti, G. A. and Javed, A. (2020) 'Corporate governance and capital structure as driving force for financial performance: Evidence from non-financial listed companies in Pakistan', IBA Business Review, 15(1), pp.108–133. https://doi.org/10.54784/1990-6587.1013

Başkurt, G. And Altindağ, E. (2017) 'The Impact of Institutionalization of Family Business on Strategic Human Resources Management and Company Performance', Business Management Dynamics, 7(3), pp.10–25.

Bursa Malaysia Health Care Listed Companies. Malaysiastock.biz. (2021). Retrieved 21 November 2021, from https://www.malaysiastock.biz/Listed-Companies.aspx?type=S&s1=10.

Bhatt, P. R., and Bhatt, R.R. (2017) 'Corporate governance and firm performance in Malaysia', Corporate Governance, 17(5), pp.896-912. https://doi.org/10.1108/CG-03-2016-0054

Cole, C. D., and Schneider, R. (2020) 'Corporate Governance and Capital Structure: Extending Agency Theory from Executives to the Board of Directors, Journal of Accounting & Finance (2158-3625), 20(6), pp.108–124. https://doi.org/10.33423/jaf.v20i6.3319

Cooper, D. and Schindler, P. (2017) Business Research Methods. 12th ed. New York: McGraw-Hill Education, pp.1-692.

Gerhardt, M. and Vander Vennet, R. (2017) 'European bank stress test and sovereign exposures', Applied Economics Letters, 24(14), pp.972–976. https://doi.org/10.1080/13504851.2016.1243208

Hang, M., Geyer-Klingeberg, J. and Sttckl, S. (2017) 'Measurement Matters a Meta-Study of the Determinants of Corporate Capital Structure', SSRN Electronic Journal, 7(2), pp.33-46. https://doi.org/10.2139/ssrn.2985375

Hair, J. F., Sarstedt, M., and Ringle, C. M. (2017) Partial Least Squares Structural Equation Modeling. Handbook of Market Research, pp.1-40. https://doi.org/10.1007/978-3-319-05542-8_15-1

Ilham, I. (2020) 'The Influence of Current Ratio and Debt to Asset Ratio on Return on Assets at PT Selaras Aditama', Journal Administrate, 6(2), pp.229. https://doi.org/10.26858/ja.v6i2.13556

Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure. Journal of Financial Economics, 3(4), pp.305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kamar, K. (2017) 'Analysis of the Effect of Return on Equity (Roe) and Debt to Equity Ratio (Der) On Stock Price on Cement Industry Listed in Indonesia Stock Exchange (IDX) In the Year of 2011-2015', IOSR Journal of Business and Management, 19(5), pp.66-76. https://doi.org/10.9790/487X-1905036676

Levent, Ç. and Ersan, E. (2012) 'The Determinants of Corporate Debt Ratio: An Empirical Analysis on Turkish Corporation', International Research Journal of Finance and Economics, pp.151-162.

Martin, G. and Baker, H. (2011) 'Capital structure and corporate financing decisions', John Wiley & Sons, 15(9), p.151.

Martellini, L., Milhau, V. and Tarelli, A. (2018) 'Capital structure decisions and the optimal design of corporate market debt programs', Journal of Corporate Finance, 49, pp.141-167. https://doi.org/10.1016/j.jcorpfin.2017.11.011

Modigliani, F., and Miller, M. H. (1958) 'The Cost of Capital, Corporation Finance and the Theory of Investment', The American Economic Review, 48(3), pp.261.

Molla, E., 2019. Factors Influencing Capital Structure on Firm's Value: A Study on DSE Listed Companies. International Journal of Science and Business, 3(1), pp.37-51.

Nadeem, A. S., and Wang, Z. (2011) 'Determinants of capital structure: An empirical study of firms in the manufacturing industry of Pakistan', Managerial Finance, 37(2), pp.117-133. https://doi.org/10.1108/03074351111103668

Narkunienė, J. and Ulbinaitė, A. (2018) 'Comparative analysis of company performance evaluation methods', Entrepreneurship and Sustainability Issues, 6(1), pp.125-138. https://doi.org/10.9770/jesi.2018.6.1(10)

Nwakaego, D. (2016) 'Management of Accounts Payable on the Financial Performance of Industrial/ Domestic Manufacturing Companies in Nigeria', IOSR Journal of Humanities and Social Science, 21(7), pp.54-61. https://doi.org/10.9790/0837-2107065461

Pandey, I. (2002) 'Capital Structure and Market Power Interaction: Evidence from Malaysia', SSRN Electronic Journal. https://doi.org/10.2139/ssrn.322700

Rambe, M. F., & Putry, Y. (2017) 'The Influence of Return on Assets, Return on Equity, Current Ratio, Firm Size and Assets Structure on Capital Structure of Mining Companies That are Registered in Indonesia Stock Exchange', The International Journal of Social Sciences and Humanities Invention, 4(9). Pp.3918-3927. https://doi.org/10.18535/ijsshi/v4i9.04

Ramlan, H. (2020) 'The Effect of Leverage and Liquidity on the Companies' Performance', Global Business & Management Research, 12(4), pp.421–424.

Schneider, B. and Barbera, K. (2014). The Oxford handbook of organizational climate and culture. https://doi.org/10.1093/oxfordhb/9780199860715.001.0001

Suhardjanto, D., Purwanto, N., Sari, K. and Setiany, E. (2018) 'Corporate governance and social disclosure: a comparative study of listed hospitality industries in Southeast Asia', International Journal of Trade and Global Markets, 11(1/2), pp.21. https://doi.org/10.1504/IJTGM.2018.092495

Thomas, A. (2016) 'The Importance of Financial Ratios in Predicting Stock Price Trends: A Case Study in Emerging Markets, Journal of Finance University Szezeein, 10(1), pp. 13–26. https://doi.org/10.18276/frfu.2016.79-01

Uyanık, G. K. and Güler, N. (2013) 'A Study on Multiple Linear Regression Analysis', Procedia - Social and Behavioural Sciences, 106, pp.234–240. https://doi.org/10.1016/j.sbspro.2013.12.027

Văidean, V.L., and Vaida, R.C. (2017) 'Corporate Capital Structure Decisions – Empirical Evidence on Determinant Factors', Review of Economic Studies and Research Virgil Madgearu, 10(2), pp.191-209. https://doi.org/10.24193/RVM.2017.10.16

Weber, D. P., and Yang, Y. S. (2020) 'The Debt-Equity Choice When Regulatory Thresholds are based on Equity Values: Evidence from SOX 404', Accounting Review, 95(2), pp. 339-364. https://doi.org/10.2308/accr-52518

Yana, S. (2010) 'Factors That Determine Firm Performance of New Zealand Listed Companies', Auckland University of Technology.

Yazdi, A. K., Hanne, T. and Osorio Góme, J. C. (2020) 'Evaluating the Performance of Colombian Banks by Hybrid Multicriteria Decision Making Methods', Journal of Business Economics & Management, 21(6), pp.1707-1730. https://doi.org/10.3846/jbem.2020.11758

Zheng, J.X. (2017) 'An empirical study on the influence of capital structure on the governance efficiency of the family listed companies', Management World, 7(9), pp.68-69.