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IMPACT OF CAPITAL STRUCTURE ON THE FIRM PERFORMANCE: MODERATING ROLE OF FIRM SIZE

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ABSTRACT
The primary aim of the research was to explore the influence of capital structure based on the business performance in context to the moderating role of firm size. In consideration of the main aim of the study, the objectives of the research were to comprehend the notion of the impact of capital structure on the firm performance with regards to the moderating role of firm size, to examine the factors affecting the capital structure on the firm performance in context to the moderating role of firm size, to determine the relationship of capital structure on the firm performance considering the moderating role of firm size, to address recommendations with accordance to capital structure on the firm performance: moderating role of firm size. Secondary data collection method has been utilised to attain the fresh and unique findings. In this context, data has been collected from the annual reports of the Pakistan commercial banks from the years 2011 till 2020. The banks included as Allied Bank Limited, Askari Bank Limited, Habib Bank Limited, MCB Bank Limited, Meezan Bank Limited, Faysal Bank Limied, United Bank Limited, Silk Bank Limited, National Bank of Pakistan and Bank Al-Habib Limited. For such concern, data has been collected in respective to the independent and dependent variables including ROE, ROA, total asset, total debt and equity. It has been validated that the firm performance is largely dependent on the firm capital structure specifically in terms of debt and equity. As the independent variables total equity and debt has been resulted as the significantly correlated with the dependent variable ROE and ROA. Whilst the moderating variable total asset also has the significant impact on the dependent variables.
Key Words: ROE , ROA , Capital Structure

INTRODUCTION
This section of the study is based on the introduction where the following chapter highlights upon certain background information regarding the capital structure on firm performance by defining the moderating role of firm size. The aims and objectives of the research are highlighted and defined determining the major focus of the study by adding research questions in which the overall research is dependent. On the other hand, the problem statement is highlighted by determining the main idea of investigation as the current topic is important and has certain level of significance. This chapter further provides justification and the contribution of their research in the study along with determining its scope. Lastly, it provides the overall plan of the research.

Background of the Study
According to Nenu, Vintilă, and Gherghina, (2018) focusing only in capital goods by the workers has importantly enhanced their effectiveness and production of goods as capital is considered as the fundamentals of economic development that tends towards improving and enhancing growth, which capital occupies a central position in the procedure of the development of economy. Capital structure

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is referred to as the particular combination of debt and equity that is used for financing the organisation's assets and its functioning (Yapa Abeywardhana, 2017). From the organisational opinion, equity present a more expensive yet the permanent source of capital with larger financial flexibility. Whilst, on the other hand, debt offers a cheaper finite-to-maturity capital source lawfully compels to firm to its fixed and the promised cash outflows where it requires to refinance at certain future date at an undefined cost. As the company's capital structure is helpful in comprehending its present financial health, risk profile and compatibility with particular investment or in the formation of strategies of acquisition (Nguyen, & Nguyen, 2020). However, it is observed that the organisation's capital structure is an outcome of such financing decisions that will be guided through the policies of capital structure by setting goals with the help of management and the board. In addition, it is also determined that capital structure is an outcome of such aspects as company size and maturity that impacts on the options of financing that the company should have (Samour, and Hassan, 2016). Besides, equity and debt issuance, where capital structure could be important that is impacted by the merger and acquisition (M&A) activity that is required by financed by cash, borrowing, share assumptions for proceeding from divestitures and asset sales. Capital structure is majorly influenced over time by the company's operations that might consume or develop cash and by managing decisions related to dividends and share buybacks (Margaret, & Kevin, 2010).

Research Problem

According to Welch, (2010) there are two most common issues in capital structure research. The most common ones are that initially it is not clear that either capital structure is considered as debt, nonfinancial liabilities where they should not be observed as equity. The second problem is the equity issuing that should not be reviewed as equal to the changes in capital structure. Although, there are number of aspects that are affecting the capital structure including profitability, cost of capital, business nature of the organisation, cash flows, control of firm and other conditions of capital market (Khaki, & Akin, 2020). As observed from various researches that there is a gap in the literature where there are several researches that have been carries put in this regard but studies lack in providing efficient relationship of capital structure on the performance of business with regards to the moderating role of firm size. In addition, fewer studies lack in determining multiple factors and their impacts of capital structure on the firm's performance (PHAM, 2020).

Research Aims and Objectives

The primary aim of the research is to explore the influence of capital structure based on the business performance in context to the moderating role of firm size. In consideration of the main aim of the study, the objectives of the research are illustrated below:

1. To comprehend the notion of the impact of capital structure on the firm performance with regards to the moderating role of firm size.
2. To examine the factors affecting the capital structure on the firm performance in context to the moderating role of firm size.
3. To determine the relationship of capital structure on the firm performance considering the moderating role of firm size.
4. To address recommendations with accordance to capital structure on the firm performance: moderating role of firm size.

Research Questions

The research questions that have been addressed for this research are as follows based on which the overall study is carried out;

RQ1. *How capital structure is being tackled to impact the firm performance?*

RQ2. *What are the causes and reasons for firms to incorporate financial structure to increase the businesses performance?*

RQ3. *What is the relationship in between capital structure and firms' performance?*

RQ4.*What is the relationship in between capital structure and firm size being a mediating element?*

Justification and Contribution of the Study

The problem of the research is discussed for a purpose. the study provides relevant information that what could be the possible issues and effects of capital structure in the overall performance of the organisation. furthermore, the justification of the research conducted is to determine why and how the firms should incorporate financial structure for enhancing their business performance. The research

investigators are in seek of answering to the problems raised in the research for improving the organisational performance. There is a significant effect of capital structure in the performance of firm which is varied as per the size of the firm. The current topic is essential as it provides relevant knowledge and discussion regarding the capital structure and its effect on firm's performance by determining the size of the organisation. The study will contribute significantly in the market in terms of providing support several stakeholders such as financers, organisational managers, future researchers and the financial students (Karimi, 2020).

REVIEW OF LITERATURE

Concept of the capital structure on the firm performance: moderating role of firm size.

A capital structure is the choice of equity, debt and hybrid securities for any business to finance their organisation. According to the study of Younus, Rana and Khan (2021) the capital structure is regarded as the financial structure of any business as it is a combination of equity fund and debt maintained by the business. However, as stated by Mehmood, Amin and Raza (2020) the capital structure is a long-term financing utilised by firms whereas, capital structure is referred to manners in which businesses finance a mixture of short term and long term capital liabilities.

Nodeh et al., (2016) as asserted by debt finance addresses a tax advantage to the businesses. In addition, capital structure is appropriate to the businesses value and that businesses are capable to maximise their value by increasing debt level in their capital structures. The financing choice refers to the business decisions because an optimal capital structure that shows a corporate financing mix is likely to maximise the market share price as well as the value of the business.

Factors Impacting the capital structure on the firm performance: moderating role of firm size

The value of a business dependent on the decision of its future and past investments. Such investments are prone to be funded by equity, debt and/or mix of these both. It has been addressed in the study of Nodeh et al., (2016) that business performance is impacted by the financing decision making that makes it one of the major areas of consideration for the business management. It can thus be argued that capital structure is the major tactical concerns which has been core under the corporate finance. As stated in many areas of this research already is that the most highly accepted business objective function is the maximisation of the business value. Therefore, a firm is dependent on the financing decisions and the capital structure becomes a crucial element for the businesses success (Abbasi & Malik, 2015).

The relationship of capital structure on the firm performance: moderating role of firm size.

All of the financial as well as non-financial decisions are made by the managers of the organisations in the endeavour of improvising the performance of the business shareholders. Amidst the pecuniary decisions, the capital structures decisions and/or the selection of the equity and debt financing is not associated with the determining of the suitable kind of asset financing yet it is too related with the adequate blend of the financing selection for successfully running the business operations (Buallay & Hamdan, 2019).

Theoretical Framework

Trade of theory states that businesses which decide their capital structure on the bases of the benefits as well as the costs of debt and increases their leverage ratio to extend by which marginal benefits and costs are equal (Younus, Rana, & Khan, 2021. Warrad & Oqdeh, 2018). The costs and benefits debts are amidst others, the reduction of the tax liability as well as it leads to an increase among the bankruptcy risks. In addition, the trade of theory, undermines some forecasts such as a positive relationship among leverage and profitability is expected. Secondly, the size of organisation and leverage ratio are expected to be positively associated. The rationale in this theory is that larger organisations are much more diversified and therefore they are less incline towards bankruptcy. Sine the organisation's size can be looked upon as inverse proxy for the risk of bankruptcy, the businesses with larger size as a result have a higher borrowing capacity and they ensure to have benefit from it.

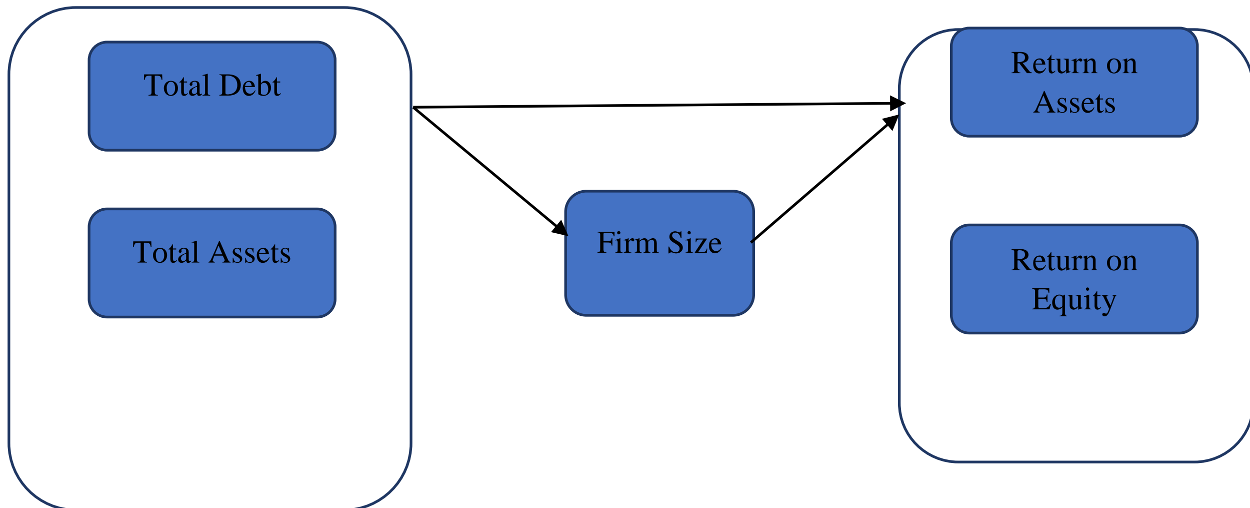
Pecking order theory states that capital structure decisions tend to focus on the roles of asymmetric information among a businesses manger as well as investors (outside of business) (Warrad & Oqdeh, 2018). In addition, this theory states that businesses are embedded to resort towards internal financing initially and if funding becomes compulsory, they tend to acquire external finance where debt is much preferred in contrast to equity since debt is perceived much safer (Gong, Zhou & Chang, 2013).

Conceptual Framework

The conceptual framework shows the dependent and independent variables of the study as shown below. The independent variables in the study are ROA, ROE, Total debt and Total assets and the moderating variable is the firm size. Whereas, the dependent variable is the capital structure.

Capital Structure Financial Performance

The independent variables in the study are ROA, ROE, Total debt and Total assets and the moderating variable is the firm size. Whereas, the dependent variable is the capital structure. Capital Structure Financial Performance



Literature Gap

As stated by Hussain et al. (2020) businesses performance is vitally impacted by several dimensions as well as financial structure is one of the vital elements amidst them. In addition to this a lot of studies had been addressed to explore if there are any negative, positive and/or no relation in between the business performance as well as financial structure yet these researches produce mixed outcomes. Mutunga and Owino (2017) asserted that the level of debt has a vital negative linked with the business performance that is not in linked with the findings of several studies for some economies. Furthermore, Zalaghi, Godini and Mansouri (2019) as stated by it has been examined that the capital structure of some of the businesses revealed that they had a positive relation in between financial structure and profitability. Besides, the business size is measured that shows the size of the business (Warrad & Oqdeh, 2018). In addition, the firm size is a scale which can be classified through the size of a business in several ways. Particularly, the size of the business is divided in three kind of categories that are; medium size businesses, big size business and small size businesses (Hussain et al., 2020). The determination of the business size depends upon the total assets of the business. In addition, the measurements with regards to the size of the business can be viewed and judged via the business assets which it pertains. Furthermore, the asset structure tends to reflect the 2 kinds of elements under the composition of the total firms assets as well as fixed assets. In addition, the asset structure is the comparison or balance in between the fixed assets as well as total assets. Furthermore, it has been stated in the study that ROA is the kind of return-on-investment metric which measure the businesses profitability in relation to its total assets. In addition, this ratio shows the ways in which a business is performing by comparing the net income its generates from the business assets.

METHODOLOGY

The methodology chapter is focused on the determination of the research methods, approaches and techniques for the conducting research analysis. The following chapter is primly postulated different aspects of the methodology including research philosophy, research approach and research deign. Furthermore data collection methods has been also identified along with the sample population and analysis techniques in respective to the needs of research objectives and problem. Ethical

considerations are implicated and mentioned at the end of this chapter along with the chapter summary.

Research Philosophy

The research philosophy is considered as the important factor of the methodology as it determines the framework and the basic understanding of an author in terms of conducting the analysis. There are several types of research philosophies including positivism, interpretivism, realism and others. In this context, interpretivism philosophy has been largely occupied in the subjective and theoretical nature of researches whilst the positivism philosophy in contrast deals with the scientific aspects and numerical approaches in context of a research analysis and findings (Geoffrey, 2019). As long as the following research in concerned, it is important to include the financial results and data in terms of addressing the financial aspects of the research objectives and aim. Positivism philosophy in such concern has been adopted to prosper the analysis and research findings with the scientific data and results.

Research Approach

The research has been reflected as a type research tactics which has been used to signify the authors approach for the concern data collection and research analysis. According to study Pandey and Pandey (2021) deductive and inductive approaches are two proactive types of research approaches which has been utilised in most of the primary and secondary researches. Inductive approach has been applied for the concern of attaining theoretical based findings whilst the deductive approach has been normally used for attaining the specified and numeric based results and findings (Zangirolami-Raimundo et al. 2018).

Research Design

The research design has been used to determine the nature and formulation of research in respective data gathering and analysis approach. In this study quantitative design has been implemented for the purpose of addressing the need of the financial results and numeric data. The selection of the quantitative findings has supported by a study Rutberg et al. (2018) which stated that use of quantitative design help the authors to present the findings through the support of the numerical analysis and in terms of a dedicated manner. In similar another research of Hochbein et al. (2018) signified the application of quantitative method in terms of addressing the theoretical findings with the support of the scientific factors and approaches as the qualitative approach does not mitigate the aspects of numeric and logical variables of a concerned research.

Research Sampling

The research sampling is known as a crucial element in the quantitative researches as the analysis and data gathering has been depended on the correct determination of the sampling technique and sample size Basias et al. (2018). In this aspect, following research has used the purposive sampling techniques in order to attain purposeful and signified data in respective to research requirements. The purposive sampling techniques allows the authors to interpret the meaningful and comprehensive data in terms of the needs of the research questions (Pandey and Pandey, 2021). Hence the following research has used the financial results of commercial banks of Pakistan through the sample size of 10 banks. In this respect, ten years of financial data has been attained from the annual resorts of the concerned banks.

Data Collection

The data collection method has the significant importance in terms of concluding the reliable findings of a research. There are two broad classification of the data collection method including primary data collection and secondary data collection (Durdella, 2017). In concern to the following research, secondary data collection method has been utilised to attain the fresh and unique findings. In this context, data has been collected from the annual reports of the Pakistan commercial banks from the years 2011 till 2020. The banks included as Allied Bank Limited, Askari Bank Limited, Habib Bank Limited, MCB Bank Limited, Meezan Bank Limited, Faysal Bank Limied, United Bank Limited, Silk Bank Limited, National Bank of Pakistan and Bank Al-Habib Limited. For such concern, data has been collected in respective to the independent and dependent variables including ROE, ROA, total asset, total debt and equity.

Data Analysis

The data analysis is the major component in the methodology chapter as the whole findings are extensively dependent on the right selection of the data analysis techniques and results (Durdella,

2017). In this respect, there are two primary known classification of data analysis named as primary data analysis and secondary data analysis technique. The primary data analysis techniques reflects the primary sources of data collection through primary analysis techniques as in similar for the secondary type of researches, secondary techniques has been utilised. However, as the following research is a secondary quantitative due to which the data analysis techniques has been used signified as GLS regression model, Pearson correlation model and also the descriptive model. The GLS regression analysis technique allows the researcher to analyse the interconnection and reliability of the considered independent variable in respective to the dependent variable (Kamdem et al., 2021). Whilst according to Cui et al. (2020) Pearson correlation analysis helps in the determining the relativity and impacts of the concerned variables in context of identification of the connected strengths of a variable. As such the ROA and ROE has been analysed in respective to the impacts of the total debt. And equity of the commercial banks along with the moderate effect of their total assets. In similar the use of descriptive analysis helped to predict the frequency of attained data in correspondence to the signified variables (Kemp et al., 2018).

DATA AND ANALYSIS

This section of the study is based on the data and analysis in which different analysis techniques have been used for the purpose of analysing the data from secondary sources. The data which has been gathered from World Data Bank for the considered variables has been first analysed through descriptive statistics in which statistical properties of the variables were determined. In addition to this, the correlation analysis has also been carried out in this section of the study which helps to determine the association among the variables. On the other hand, the generalised least square (GLS) regression has been carried out for the purpose of testing the impact of capital structure over the performance of banks with the moderation of firm size. Lastly, the discussion has been provided in this section of the study which helps to compare and contrast the results of this study with the results of already established studies.

Descriptive Statistics

The table 1 below show the descriptive statistics of the variables which have been considered for the purpose of analysis in this study. In this regard, it can be determined from the below table 1 that mean value for ROA of banks in Pakistan is 1.03 which depicts that the average ROA of banks in Pakistan is 1.03. The standard deviation for ROA is determined to be 0.91 which posits that the ROA of Pakistani banks will deviate from 0.91. On the other hand, the mean value for ROE of Pakistani banks is 14.24 which depicts that the average ROE for Pakistani banks is 14.24. The standard deviation for the ROE of Pakistani banks is 21.13 which posits that the ROE of Pakistani banks will deviate from 21.13. Moreover, the mean value for total assets of Pakistani banks was 1470000000 which posits that the average total assets of Pakistani banks were PKR 1470000000. The standard deviation for the total assets of Pakistani banks was 1910000000 which depicts that the total assets of Pakistani banks are expected to deviate from PKR 1910000000. Additionally, the mean value for total debts of Pakistani banks was 1230000000 which shows that the average value of total debt of Pakistani banks were PKR 1230000000. The standard deviation for the total debts of Pakistani banks was 1220000000 which posits that the total debt of Pakistani banks will deviate from PKR 1220000000. Moreover, the mean value for total equity of Pakistani banks was 244000000 which shows that the average value of total equity of Pakistani banks were PKR 244000000. The standard deviation for the total equity of Pakistani banks was 1370000000 which posits that the total equity of Pakistani banks will deviate from PKR 1370000000. Furthermore, the mean value for net income of Pakistani banks was 14000000 which shows that the average net income of Pakistani banks is PKR 14000000. While the standard deviation for the net income of Pakistani banks was 15000000 which shows that the net income of Pakistani banks will deviate from PKR 15000000.

Table No. 1 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	100	1.03	0.91	-2.83	5.76
ROE	100	14.24	21.13	-54.11	189.11
Total Assets	100	1470000000	1910000000	89100000	15200000000
Total Debt	100	1230000000	1220000000	83700000	6500000000

Equity	100	244000000	1370000000	-86100000	13800000000
Net Income	100	14000000	15000000	-5828943	92600000

Correlation Analysis

The below table 2 shows the correlation analysis with respect to the variables considered in this study. In this manner, it can be determined on the basis of below table 2 that there is a significant and positive correlation of ROA and ROE as the correlation value is 0.8063 while the sig value is determined to be below the threshold of 0.05. In addition to this, the relationship of ROA was determined to be insignificant with the total assets as the sig value was above 0.05. Similarly, the relationship of ROA was insignificant with the total debt as the sig value was above 0.05. Likewise, the relationship of ROA was also insignificant with the total equity due to the higher sig value. However, the relationship of ROA was significant with the net income as the correlation was determined to be 0.3534 while the sig value is computed to be below 0.05.

In addition to this, the relationship of ROE was insignificant with the total assets as the sig value was above than 0.05. In a similar manner, the relationship of ROE was also insignificant with the total debt as sig value computed to be above 0.05. Likewise, the relationship of ROE was also insignificant with the equity due to the higher sig value than 0.05. In addition, the relationship of ROE was also insignificant with the net income as the sig value was above 0.05. However, the relationship of total assets was significant with the total debt as the correlation value was 0.7007 while the sig value was below 0.05. In a similar manner, the relationship between total assets and equity was also significant as the correlation value was 0.7719 while the sig value was below 0.05. Similarly, the relationship among the total assets and net income was also significant as the correlation value was 0.5513 while the sig value was below 0.05. Moreover, the relationship of total debt and equity was insignificant as the sig value was above 0.05. In contrast to this, the relationship between total debt and net income was significant as the correlation value was 0.7536 while the sig value was below 0.05. Lastly, the relationship of equity and net income was insignificant as the sig value was above 0.05.

Table No. 2 Correlation Analysis

	ROA	ROE	Total Assets	Total Debt	Equity	Net Income
ROA	1					
ROE	0.8063*	1				
Total Assets	-0.0774	-0.0895	1			
Total Debt	-0.0142	-0.059	0.7007*	1		
Equity	-0.0955	-0.0723	0.7719*	0.0873	1	
Net Income	0.3534*	0.1438	0.5513*	0.7536*	0.0983	1

Generalised Least Square (GLS)

The below table 3 shows the results of GLS model with respect to the return on assets of Pakistani banks. In this manner, it can be determined from the below table 3 that there is a significant effect of total assets over the ROA of Pakistani banks as B= -0.0000000026, p= 0.025< 0.05. This effect was determined to be negative which posts that the increase in total assets will result in the decrease of ROA of Pakistani banks. On the other hand, the effect of total debt over the ROA of Pakistani banks is determined to be insignificant as B= 0.0000000015, p= 0.207> 0.1. In addition to this, the effect of equity was also determined to be insignificant over the ROA of Pakistani banks as B= -0.0000000001, p= 0.337> 0.1. However, the effect of net income was significant over the RAO of Pakistani banks as B= 0.0000001440, p= 0.000< 0.01. This effect was determined to be positive among the variables which depicts that increase in net income will also result in the increase of ROA of banks in Pakistan. Moreover, the moderation of total assets among the relationship pf total debt and ROA of Pakistani banks was also determined to be significant as B= 0.0000000000, p= 0.000< 0.01. It depicts that there is a positive moderation of total assets among the relationship of total assets and ROA of Pakistani banks. In a similar manner, the moderation of total assets among the relationship of equity and ROA was also significant as B= 0.0000000000, p= 0.022< 0.5. It depicts that there is a positive moderation of total assets among the relationship of equity and ROA of Pakistani banks. Lastly, the moderation of total assets was also significant over the relationship of net income and ROA of Pakistani banks as B=

0.0000000000, p= 0.000< 0.01. It depicts that there is a positive moderation of total assets among the relationship of net income and ROA of Pakistani banks.

Table No. 3 GLS Model for ROA

ROA	Coef.	Std. Err.	z	P>|z|	[95%	Conf. Interval]
Total Assets	-0.0000000026**	0.0000000011	-2.240	0.025	-0.000000005	0.000000000
Total Debt	0.0000000015	0.0000000012	1.260	0.207	-0.000000001	0.000000004
Equity	-0.0000000001	0.0000000001	-0.960	0.337	0.000000000	0.000000000
Net Income	0.0000001440***	0.0000000119	12.060	0.000	0.000000121	0.000000167
Total Debt*Total Assets	0.0000000000***	0.0000000000	5.570	0.000	0.000000000	0.000000000
Equity*Total Assets	0.0000000000**	0.0000000000	2.290	0.022	0.000000000	0.000000000
Net Income*Total Assets	0.0000000000***	0.0000000000	-8.950	0.000	0.000000000	0.000000000
_cons	0.710	0.112	6.350	0.000	0.491	0.930

***Significant at 1%; **Significant at 5%; *Significant at 10%

The below table 4 shows the results of GLS model with respect to the return on equity of Pakistani banks. In this manner, it can be determined from the below table 3 that there is a significant effect of total assets over the ROE of Pakistani banks as B= -0.00000007, p= 0.056< 0.05. This effect was determined to be negative which posts that the increase in total assets will result in the decrease of ROE of Pakistani banks. On the other hand, the effect of total debt over the ROE of Pakistani banks is determined to be insignificant as B= 0.00000006, p= 0.157> 0.1. In addition to this, the effect of equity was also determined to be insignificant over the ROE of Pakistani banks as B= 0.00000000, p= 0.468> 0.1. However, the effect of net income was significant over the ROE of Pakistani banks as B= 0.00000195, p= 0.000< 0.01. This effect was determined to be positive among the variables which depicts that increase in net income will also result in the increase of ROE of banks in Pakistan. Moreover, the moderation of total assets among the relationship pf total debt and ROE of Pakistani banks was also determined to be significant as B= 0.00000000, p= 0.005< 0.01. It depicts that there is a positive moderation of total assets among the relationship of total assets and ROE of Pakistani banks. In a similar manner, the moderation of total assets among the relationship of equity and ROE was also significant as B= 0.0000000000, p= 0.058< 0.1. It depicts that there is a positive moderation of total assets among the relationship of equity and ROE of Pakistani banks. Lastly, the moderation of total assets was also significant over the relationship of net income and ROE of Pakistani banks as B= 0.0000000000, p= 0.000< 0.01. It depicts that there is a positive moderation of total assets among the relationship of net income and ROE of Pakistani banks.

Table No. 4 GLS Model for ROE

ROE	Coef.	Std. Err.	z	P>|z|	[95%	Conf. Interval]
Total Assets	-0.00000007**	0.00000004	-1.910	0.056	-0.00000015	0.00000000
Total Debt	0.00000006	0.00000004	1.410	0.157	-0.00000002	0.00000014

Equity	0.00000000	0.00000000	-0.730	0.468	0.00000000	0.00000000
Net Income	0.00000195***	0.00000041	4.800	0.000	0.00000115	0.00000274
Total Debt*Total Assets	0.00000000***	0.00000000	2.820	0.005	0.00000000	0.00000000
Equity*Total Assets	0.00000000*	0.00000000	1.900	0.058	0.00000000	0.00000000
Net Income*Total Assets	0.00000000***	0.00000000	-3.580	0.000	0.00000000	0.00000000
_cons	14.11385000	3.80195900	3.710	0.000	6.66214600	21.56555000

***Significant at 1%; **Significant at 5%; *Significant at 10%

DISCUSSION

4.5.1 Objective 1: To comprehend the notion of the impact of capital structure on the firm performance with regards to the moderating role of firm size.

The foremost objective of the present study was to comprehend the notion of the impact of capital structure on the firm performance with regards to the moderating role of firm size. More specifically, the purpose of this concerned objective was to determine whether or not there is any form of interconnection between the notions such as capital structure, the performance of firms, and the firm's size. With no exception, it is justified to say that the prior studies have made a significant attempts in determining the importance of capital structure while predicting firm performance. For instance, while referring to the literature section, it has been discussed in one of the findings of Younus, Rana and Khan (2021) capital structure is referred to as the financial structure of any business due to the fact that is thee combination of an equity fund and debt maintained by a business. Though Mehmood, Amin and Raza (2020) suggested that the capital structure is a long-term financing employed by firms however, capital structure is also referred to manners in which businesses finance a mixture of short term and long term capital liabilities. In this sense, one of the other findings such as Nodeh et al. (2016) asserted that debt finance entails a tax advantage to the businesses. Apart from this, capital structure is also considered appropriate while determining the businesses value and estimating whether businesses are capable of maximising their value by means of increasing debt level in their capital structures. In this regard, the financing choice is thus referred to as the business decisions because an optimal capital structure that confirms a corporate financing mix is subject to maximising the market share price andbusiness value. Also, capital structure is always a matter of decision in a management selection because it affects the investors' return. In accordance with this it can also be stated that the capital structure is a choice that is controlled by the market and businesses. Based on this, it can also be stated that the capital structure of a firm is considered to be as of significant importance because of its characteristics of demonstrating the value of the business and in predicting an extent the firm performance can meet the certain financial objectives.

4.5.2 Objective 2: To examine the factors affecting the capital structure on the firm performance in context to the moderating role of firm size.

One of the other objectives was concerned with identifyingfactors affecting the capital structure on the firm performance in context to the moderating role of firm size. As also discussed in the above section, it has been extensively discussed in the existing body of the literature that prior researchers have made a significant attempt in determining the influence of capital structure on firm performance. However, it has also been widely discussed that while determining the influence of capital structure, the measures or indicators evaluating capital structure are often varied. For instance, the factors in the light of profitability, cost of capital, business nature of the organisation, cash flows, control of firm, and other capital market conditions are also being referred. However, this to be noted that in majority

of the studies, the measures or indicators that have been preferred are related to total debt and equity. In realising this, while determining the influence of capital structure on firm performance, the factors or measures in the light of total debt and equity have been referred.

4.5.3 Objective 3: To determine the relationship of capital structure on the firm performance considering the moderating role of firm size.

The findings of the literature suggested that the relationship between the capital structure and the business performance has been extensively discussed however, the moderation effect of firm size has been rarely discussed (Hussain et al., 2020). Also, the combination of the debt and equity is considered vital when measuring the capital structure due to the fact that is regarded as a significant determinant for predicting the company's performance. It has also been discussed that whenan organisation raises money by means of issuance of the large portion of the equity, it tends to improvise the business performance by several means. Among different reasons, one of the causes is concerned with the fixed maturity period along with the fixed charges. Moreover, another aspect is concerned with the equity financing which ultimately excels the credit worthiness due the in bankruptcy risk and leverage. In addition to this, it can also be said that organisations may not face hindrance at the time issuing the equity. Apart from this, when a business announces the issuance of new equity then such businesses likely address a negative signal towards shareholders.

CONCLUSION

Summarised Findings

The study has summarised that the capital structure refers to the long-term financing of a company, while equity structure refers to the way a company is financed through a mix of short-term and long-term debt. Capital structure and financing is usually a decision made by the company's management as it affects the return for investors. The capital structure is therefore a market-driven and controlled decision, and companies need their capital structure for their future development. Interbank interest rates play a role in banks' access to finance, as banks need to hold an adequate amount of liquid assets to carry out their banking operations. It is consequently necessary to borrow funds from other banks if banks cannot meet their liquidity needs. It is important to note, at the end of the day, that the amount of funds required depends on the size of the bank, so larger banks may need more funds, while medium-sized banks may need less. Banks with high leverage ratios are seen as riskier by investors and lenders. This is because banks are encouraged to borrow large amounts to finance potential growth. ROE and ROA are also ratios that influence a company's response to leverage, taking into account cash inflows and asset growth as a result of debt. However, ROE is higher than ROA when debt is present. This is because debt increases assets.

The ultimate goal of a company is to maximise shareholder wealth, and company performance is the most important factor contributing to maximising shareholder wealth. The financial performance of a company includes the profit, ROA and ROI facets that are important for any company to determine the size of the company. Interbank interest rates play a role in the refinancing of banks as they need to maintain an adequate amount of liquid assets (cash on hand) to conduct their banking business. Thus, if a bank is unable to cover its liquidity needs, it has to borrow funds from other banks. However, the amount of funds required depends on the size of the bank, so larger banks may need more funds, while medium-sized banks may need less. Accordingly, relationship between capital structure and performance can be used to consider leverage in order to increase the value of the firm. In addition, the optimal combination of debt and equity is important in building a firm's capital structure, which is considered an important prerequisite for improving performance.

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