UNIVERSITAS
GADJAH MADA
Debt Financing and Firm Performance Among Belgian SMEs: Does Firm Size Matter?
Rasyiqah Shadrina Rohman, Nanhui Xu
Universitas Gadjah Mada, 2026 | Diunduh dari http://etd.repository.ugm.ac.id/

TABLE OF CONTENTS

ACKNOWLEDGEMENTS ..... **iv**

TABLE OF FIGURES ..... **xi**

LIST OF TABLES ..... **xii**

TABLE OF APPENDICES ..... **xiii**

LIST OF ABBREVIATIONS ..... **xiv**

ABSTRACT ..... **xv**

CHAPTER I **1**

INTRODUCTION **1**

1.1 Background **1**

1.2 Problem Formulation **3**

1.3 Research Question **4**

1.4 Research Objective **4**

1.5 Research Motivation **5**

1.6 Research Benefit **6**

1.7 Research Contribution **6**

1.8 Research Scope and Limitations **7**

1.9 Writing Systematics **9**

CHAPTER II **11**

UNIVERSITAS
GADJAH MADA
Debt Financing and Firm Performance Among Belgian SMEs: Does Firm Size Matter?
Rasyiqah Shadrina Rohman, Nanhui Xu
Universitas Gadjah Mada, 2026 | Diunduh dari http://etd.repository.ugm.ac.id/

THEORETICAL FOUNDATION AND LITERATURE REVIEW 11

2.1 Theoretical Foundation 11

2.1.1 Modigliani-Miller Propositions 11

2.1.2 Agency Cost Theory 11

2.1.3 Agency Costs and Firm Size within the SME Category 12

2.1.4 Pecking Order Theory 13

2.1.5 Trade-Off Theory 14

2.2 Relevant Past Research 14

2.2.1 Evidence of a Negative Debt-Performance Relationship 14

2.2.2 Evidence of Positive and Context-Dependent Relationships 15

2.2.3 Evidence from SME Samples 15

2.2.4 Methodological Development and the Research Gap 16

2.3 Research Framework 17

2.4 Hypothesis 18

2.4.1 Debt Financing and Firm Profitability 18

2.4.2 Firm Size and the Strength of the Debt Effect 19

CHAPTER III 20

RESEARCH METHOD 20

3.1 Research Design 20

3.2 Operational Definition of Research Variables 20

3.2.1 Dependent Variables 20

3.2.2 Independent Variables 21

UNIVERSITAS
GADJAH MADA
Debt Financing and Firm Performance Among Belgian SMEs: Does Firm Size Matter?
Rasyiqah Shadrina Rohman, Nanhui Xu
Universitas Gadjah Mada, 2026 | Diunduh dari http://etd.repository.ugm.ac.id/

3.2.3 Control Variables 21

3.2.4 Firm Size Tier 22

3.3 Population and Sample 23

3.3.1 Population 23

3.3.2 Sample and Sampling Method 23

3.3.3 Sample Size 25

3.4 Research Instrument 25

3.5 Data Collection Method 26

3.6 Data Analysis Method 27

3.6.1 Estimation Strategy 27

3.6.2 Main Regression Equation 28

3.6.3 Subgroup Regression by EU Size Tier 29

3.6.4 Wald Tests 31

3.6.5 Robustness Checks 31

CHAPTER IV 33

ANALYSIS AND DISCUSSION 33

4.1 Data Description 33

4.1.1 Descriptive Statistics Result 33

4.1.2 Correlation Analysis 34

4.2 Hypothesis Testing 35

4.2.1 Main Regression Result 35

4.2.2 Pooled Interaction Regression Result 38

UNIVERSITAS
GADJAH MADA
Debt Financing and Firm Performance Among Belgian SMEs: Does Firm Size Matter?
Rasyiqah Shadrina Rohman, Nanhui Xu
Universitas Gadjah Mada, 2026 | Diunduh dari http://etd.repository.ugm.ac.id/

4.2.3 Wald Test Result 40
4.2.4 Control Variables 42
4.2.5 Hypothesis Test Result 42
4.3 Robustness Checks 43
4.3.1 Lagged Debt Ratios 43
4.3.2 Alternative Performance Measures 44
4.4 Discussion 45
4.4.1 Debt Financing and Profitability among Belgian SMEs 45
4.4.2 The Ordering of the Debt Types 46
4.4.3 Firm Size and the Strength of the Debt Effect 47
4.4.4 Endogeneity and the Lagged Specification 48
4.4.5 Interpretation of the Alternative Performance Measures 48
CHAPTER V 50
CONCLUSION 50
5.1 Conclusion 50
5.2 Limitations 51
5.3 Implications 52
5.3.1 Practical Implications 53
5.3.2 Theoretical Implications 53
5.3.3 Recommendations for Future Research 54
REFERENCES 56

UNIVERSITAS
GADJAH MADA

Debt Financing and Firm Performance Among Belgian SMEs: Does Firm Size Matter?
Rasyiqah Shadrina Rohman, Nanhui Xu
Universitas Gadjah Mada, 2026 | Diunduh dari http://etd.repository.ugm.ac.id/

APPENDICES 61