

# **DEBT CONSTRAINT AND DEBT FACILITATE EXPROPRIATION TO PERFORMANCE: ASSET UTILIZATION EFFICIENCY AS MODERATING**

Putu Anom Mahadwartha

Faculty of Business and Economics, University of Surabaya, Indonesia

email: anom@staff.ubaya.ac.id

Fitri Ismiyanti

Faculty of Economics and Business, Airlangga University, Indonesia

email: fitri.ismiyanti@feb.unair.ac.id

## **Abstract**

This research purpose is to test debt constraint expropriation (DCE) and debt facilitates expropriation (DFE) condition when firm has higher or lower asset utilization. The use of debt in debt constraint expropriation (DCE) condition has a significant positive effect on firm's market performance and it is higher for firm with high asset utilization efficiency than firm with low asset utilization efficiency. The use of debt in debt facilitate expropriation (DFE) condition has positive non-significant effect on the firm's market performance and it is higher for firm with low asset utilization efficiency compared to firm with high asset utilization efficiency. This research uses moderated regression analysis (MRA) to examine the hypotheses, to test the moderating effect to the model, and Wald coefficient test to get the strength differences effect between moderating variable. The uses of debt in debt facilitate expropriation (DFE) condition has a negative effect on the firm's market performance. The use of debt in debt constraint expropriation (DCE) condition has a significant positive effect on firm's market performance and it is higher for firm with high asset utilization efficiency than firm with low asset utilization efficiency. This research contributes on rules of debt (capital structure) to firm's motivation of transferring wealth among shareholders and debtholders, vice versa.

**Keywords:** debt, expropriation, asset utilization, performance

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