Marketing Management and Corporate Comprehensive Profitability with Leverage Moderation : South East Asia Evidence

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Abstract

This study aims to demonstrate the influence of marketing management on corporate comprehensive profitability and the moderating role of leverage in the relationship. Data were collected from 5,272 firm-years from 1,318 sample companies in Southeast Asia for the period 2021-2024. Moderated regression analysis was used to analyze the data. The results demonstrate that a more optimal marketing management role leads to greater corporate comprehensive profitability, and pressure from creditors, as indicated by a higher leverage ratio, strengthens the influence of marketing management on corporate comprehensive profitability. The novelty of this study lies in the use of various proxies to measure marketing management variables and the novelty of the model for testing the moderating role of leverage in marketing management's influence on corporate comprehensive profitability.

Keywords: marketing management, corporate comprehensive profitability, leverage.

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Introduction

The research topic of marketing and profitability is interesting to study because it is related to future strategies in facing competition and achieving long-term corporate goals (Leelavathy & Kamali, 2024). Optimal marketing will boost operating profits, thereby reducing dependence on external funding providers such as creditors and new shareholders, which have the potential to exacerbate agency problems, cost of debt, and cost of equity (Brewis et al., 2023). Effective marketing activities will improve the image of managerial performance, potentially increasing awards and bonuses, company value (Edeling & Fischer, 2016), and the company's ability to meet investors' return on investment expectations (Mubeen et al., 2020). Marketing activities are the main operational activities of a business entity. High-quality products, if not supported by good marketing, will not impact sales because the market is not well aware. Therefore, marketing activities play a vital role in operational activities and must be run efficiently to achieve organizational goals both short and long term (Kumar et al., 2019).

Current research in measuring marketing management variables has used only one or two proxy measures: the marketing expense-to-sales ratio (Guenther et al., 2025), the marketing expense-to-total-assets ratio (K. Chen, 2020a), the marketing expense-to-total-operating-expenses ratio (Valentyn & Pavlov, 2017), the natural logarithm of marketing expenses (Molla & Rahaman, 2022), and sales persistence (Quyang, 2002). Furthermore, in measuring profitability variables, research has also used only one or two proxy measures, specifically net income measures, namely net income-based ROA and ROE (Wang et al., 2025). Previous research on the influence of marketing management on profitability remains inconsistent. According to (Olim et al., 2025), marketing management positively impacts profitability. However, according to Liang & Gao (2020), marketing activities do not significantly impact profitability. Furthermore, according to (Rahman, Rodríguez-Serrano, et al., 2020), higher advertising intensity negatively impacts profitability. Investing in substantial marketing expenditures may not yield benefits in the same period as the costs incurred. To our knowledge, little research examining the influence of marketing management on profitability has examined the moderating role of leverage, particularly in financial sector entities. These studies have used leverage as a control variable (Anh & Gan, 2020), even though pressure from creditors and funding customers may motivate marketing managers to perform more effectively to increase profitability.

This research is unique in two ways. First, it measures the variables: marketing management is measured using various proxies, combining measurements used by previous researchers. Similarly, profitability is measured not only by net income but also by comprehensive income. Comprehensive income is broader than net income, because it includes net income, plus unrealized earnings from adjustments to the fair value of assets that have the potential to become net income in the future, which is in line with the main business of financial sector entities, namely investing in financial assets. Second, the novelty in the model, namely testing the moderating role of the leverage ratio in the influence of marketing management on the profitability of financial sector corporations. The purpose of this study is to examine the influence of marketing management on company profitability, where the measurement of marketing management variables combines all measuring proxies used in previous research, and to test the moderating role of leverage in the influence of marketing management on company profitability, with various measuring proxies of marketing management variables.

The urgency of measuring marketing management using various measurement proxies is to determine which proxy is most predictive in explaining profitability. The hope is that this will provide input for marketing managers in evaluating marketing performance, particularly the ability of marketing management as an operational activity to influence financial performance. The urgency of measuring the profitability of financial sector corporations using various proxies and involving comprehensive income is to determine the ability of marketing management to explain the achievement of banking profitability more comprehensively, combining actual realized income with income that will be realized in the next period. This is important because financial sector entities have many productive assets in the form of financial assets reported at fair value, where these financial assets will be realized quickly, so using comprehensive income as a measure of banking profitability is considered more relevant. Moreover, comprehensive income includes net income. The hope is that this will provide input for prospective investors specializing in banking entities in predicting comprehensive financial performance by combining actual realized income and unrealized income that is influenced by marketing management as one of the main operational activities of banking. Testing the moderating role of the leverage ratio in the influence of marketing management on the profitability of financial sector corporations is important because it can prove whether the cost of debt obligation motivates marketing managers to boost profitability through optimizing marketing activities.

The pecking order theory (Modigliani & Miller, 1963) states the order in which funds are used to finance a company's assets and operations. Companies prioritize the use of internal funds derived from net profit, which includes the results of marketing activities. If internal funds are insufficient, or if the company is expanding on a larger scale and requires significant asset investment, the company will seek external funding from creditors, leading to an increase in the leverage ratio and the use of funding sources by issuing equity securities. High leverage encourages the optimization of marketing activities because management is motivated to increase sales volume and a positive customer image to fulfill obligations to creditors regarding interest payments and principal (Sheng & Montgomery, 2023). Agency theory (Jensen & Meckling, 1976) states that information asymmetry between management, creditors, and shareholders can lead to the fulfillment of unilateral interests and harm the interests of others. High profitability through optimizing sales volume and efficient marketing activity performance is a shared goal of all stakeholders in the company, both agents and principals.

Marketing management is the management of marketing activities in order to introduce and market products to buyers (Morgan et al., 2019) to increase sales turnover and profitability as short-term goals, and company value as a long-term goal (Cao & Weerawardena, 2023). Various proxies for measuring marketing management variables include marketing productivity, which shows how much marketing expenses (input) are able to produce sales achievements (output). Referring to research by Rahman, Serrano, et al., (2020) and Guenther et al., (2025) marketing productivity is measured by marketing and advertising expenses divided by sales (MKT/SALES). The size of marketing expenditures shows the ratio of the size of marketing expenditures to the size of the company. Referring to research by (K. Chen, 2020b) the size of marketing expenditures is measured by marketing and advertising expenses divided by total assets (MKT/TA). Marketing activities show the amount of marketing activities funded by the company in one period. Referring to research by (Molla & Rahaman, 2022), marketing activity is measured using the natural logarithm of marketing and advertising expenses (LnMKT). Marketing performance indicates the marketing's ability to maintain customer loyalty. Referring to research by Ouyang et al., (2002), marketing performance is measured by sales persistence, namely the company's ability to maintain and sustain sales achievements between periods, reflected by the magnitude of the coefficient of influence of previous period sales on current period sales (SALESP).

Comprehensive profitability is a performance measurement that uses total comprehensive income (Ratih et al., 2025). Total comprehensive income is the addition of net income elements plus five other comprehensive income elements (Kusuma, Zuhroh, et al., 2021). Net income is realized income accrued and cash, and realized expenses accrued and cash (Kusuma & Kusumaningarti, 2023). Other comprehensive income is unrealized gains minus unrealized losses from changes in asset and debt valuations from their original book value converted to fair value (Kusuma et al., 2025). The use of total comprehensive income in modifying profitability formulations was first introduced by researchers from Italy (Būmane, 2018) and Latvia (Marchini & D’Este, 2015), by including other comprehensive income in interpreting returns, thus the return on assets formula becomes total comprehensive income divided by total assets (ROA CI) and the return on equity formula becomes total comprehensive income divided by total equity (ROE CI). In Indonesia itself, testing the usefulness of this modification has been conducted and successfully proven its value relevance. The use of ROA comprehensive income is able to predict future profits (Kusuma, 2021a) and is able to predict future cash dividend payments (E. Chen & Gavious, 2016); (Kusuma & Agustin, 2023). The use of comprehensive income ROE can predict cash profits and cash flows (Kusuma, 2020), future financial performance (Kusuma, Assih, et al., 2021), predict corporate financial health (Kusuma, 2024), predict cash dividend payments (Kusuma & Hilda Agustin, 2024), and fund provider investment returns (Kusuma, 2017). The use of comprehensive income-based net profit margin has value relevance (Murdiyanto & Kusuma, 2022) not only in conventional entities but also in sharia-compliant entities (Wahyudi et al., 2025).

Comprehensive income-based profitability has demonstrated a positive impact on a company's market image and firm value (Kusuma, 2021b). High comprehensive income, particularly in financial sector companies with substantial financial asset investments, has been shown to impact ERC (Kusuma & Kusumaningarti, 2023), sustainability performance (Athori et al., 2025), stock returns (Athori & Kusuma, 2023); (Kusuma, 2023b), and cumulative abnormal returns (Kusuma et al., 2022). However, there are two drawbacks to the use of comprehensive income, specifically related to changes in the content of the income statement: audit fees (Agustin & Kusuma, 2024) and creative accounting action (Kusuma, 2023a). Its highly fluctuating and highly sensitive characteristics to macroeconomic changes (Kusuma & Saputra, 2022) and internal organizational conditions (Kusuma, 2024), cause audit resources to be high and its impact on the amount of external audit fees (Kusuma & Luayyi, 2024), as well as the uncertainty of realization becomes a medium for tax avoidance (Kusuma & Rahayu, 2022), income smoothing and inter-reporting profit management and accounting reporting fraud. Apart from that, the use of profitability performance measurement based on comprehensive income increases transparency which has the potential to reduce agency problems, dependence on creditors and pressure from the majority of shareholders (Kusuma & Athori, 2023).

Andriana et al., (2025) study of the ASEAN market demonstrates that optimal marketing activities significantly impact profitability and sustainability performance. Companies with high leverage ratios are more motivated to achieve optimal profitability levels due to their obligation to pay interest and repay principal. To increase creditor confidence, maintain a positive image, and avoid incurring new debt, companies strive to optimize internal funding sources through profitability optimization. High profitability can be achieved through optimizing the role of marketing management.

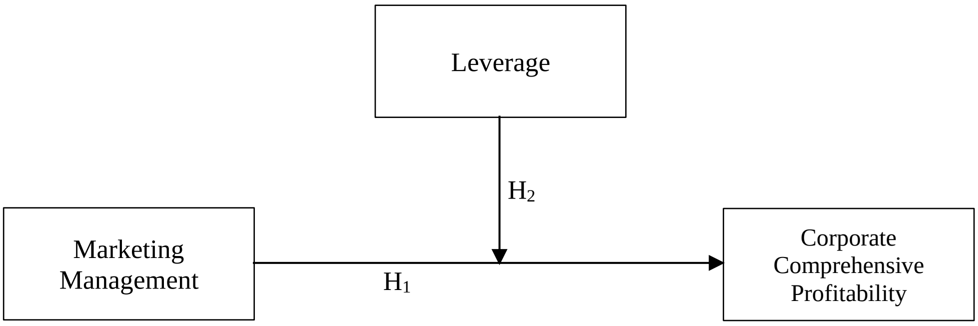

Figure 1. Research conceptual framework

The research hypotheses are:

H1. Marketing management has a positive effect on corporate comprehensive profitability.

H2. Leverage strengthens effect of marketing management on corporate comprehensive profitability.

Methodology

This quantitative research uses hypothesis testing. Data are derived from the financial reports of 1,318 sample companies listed on the five largest capital markets in Southeast Asia: Singapore (SGX), the Philippines (PSE), Malaysia (MYX), Thailand (SET), and Indonesia (IDX) for the research period 2021–2024, with 5,272 firm-year observations. The sample was selected using a purposive sampling technique, with detailed selection criteria as follows.

Table 1. Research Sample

Criteria	Indonesia (IDX)	Malaysia (MYX)	Thailand (SET)	Singapore (SGX)	Philippines (PSE)	Amount
Population	910	1.011	852	773	224	3,835
Reduced:						
2021-2024 financial reports	(472)	(236)	(258)	(329)	(91)	
Negative income	(184)	(343)	(316)	(175)	(48)	
Sample	254	432	278	269	85	1,318
Observe data (firm-years)						5,272

Source : Bloomberg database.

The dependent variable is corporate comprehensive profitability (CCP), which is the ability of assets to generate total comprehensive income, and is measured by the modified return on assets (return on assets), which is total comprehensive income divided by total assets (Kusuma, 2021a). The independent variable is marketing management (LnMKT), which is the marketing activities undertaken by a corporation during a period to achieve sales volume targets. The marketing management variable is measured using the natural logarithm of marketing expenses in the hypothesis testing model, as this proxy is more frequently used by previous researchers than other proxies (Molla & Rahaman, 2022). The moderating variable is leverage (LEV), which is the extent of asset financing from debt, measured by the debt-to-asset ratio (Ratih et al., 2025). The control variables are company size (SIZE), measured by LN total assets; the implementation of good governance (GCG), measured by the governance score in the ESG score; industry type (TYPE), and the year of study (YEAR), measured by dummy variables corresponding to the number of industrial sectors and the year of study.

Research model:

$$CCP_{i,t} = \alpha_0 + \beta_1 LnMKT_{i,t} + \beta_2 LEV_{i,t} + \beta_3 (LnMKT * LEV) + Control + \varepsilon_{i,t} \tag{1}$$

Robustness Test

This test aims to determine the consistency of the hypothetical results if the proxy measures of marketing management and comprehensive profitability are changed. The proxy measure of marketing management, previously the natural logarithm of marketing expenses (LnMKT) (Molla & Rahaman, 2022); (Wang et al., 2025), was replaced with the ratio of marketing expenses to sales (MKT/Sales) (Guenther et al., 2025).

$$CCP_{i,t} = \alpha_0 + \beta_1 \frac{MKT}{Sales_{i,t}} + \beta_2 LEV_{i,t} + \beta_3 (MKT/Sales * LEV) + Control + \varepsilon_{i,t} \tag{2}$$

Replacing the marketing management measurement proxy, from the previous natural logarithm of marketing expenses or LnMKT (Molla & Rahaman, 2022); (Wang et al., 2025) with the ratio of marketing expenses to total assets or MKT/TA (K. Chen, 2020c).

$$CCP_{i,t} = \alpha_0 + \beta_1 \frac{MKT}{Total\ Assets}_{i,t} + \beta_2 LEV_{i,t} + \beta_3 (MKT/TA * LEV) + Control + \varepsilon_{i,t} \tag{3}$$

Replacing the marketing management measurement proxy, from the previous natural logarithm of marketing expenses or LnMKT (Molla & Rahaman, 2022); (Wang et al., 2025) with the ratio of marketing expenses to total equity or MKT/TE (Valentyn & Pavlov, 2017).

$$CCP_{i,t} = \alpha_0 + \beta_1 \frac{MKT}{Total\ Equity}_{i,t} + \beta_2 LEV_{i,t} + \beta_3 (MKT/TE * LEV) + Control + \varepsilon_{i,t} \tag{4}$$

Replacing the marketing management measurement proxy, from the previous natural logarithm of marketing expenses or LnMKT (Molla & Rahaman, 2022); (Wang et al., 2025) with sales persistence (Ouyang et al., 2002).

$$\begin{aligned} CCP_{i,t} = \alpha_0 + \beta_1 SalesPersistence_{i,t} + \beta_2 LEV_{i,t} + \beta_3 (Salespersistence * LEV) \\ + Control + \varepsilon_{i,t} \end{aligned} \tag{5}$$

Sales persistence is the magnitude of the beta coefficient in the sales function for period t against sales for period t+1, in the following model:

$$Sales_{i,t+1} = \alpha_0 + \beta Sales_{i,t} + \varepsilon_{i,t} \tag{6}$$

Result and Discussion

Table 2 below presents the results of the MRA test to prove the hypothesis. The LnMKT coefficient is positive at 0.051** (18,308) thus H1 is accepted, marketing management as measured by the natural logarithm of marketing expenses has a positive influence on comprehensive profitability and is significant at the 5% level. The interaction coefficient of the LnMKT*LEV variable is positive at 0.075*** (21,503) thus H2 is accepted, leverage strengthens the positive influence of marketing management as measured by the natural logarithm of marketing expenses on comprehensive profitability and is significant at the 1% level. The adjusted R^2 value of 0.4581 indicates that variations in comprehensive profitability can be predicted by variations in all independent variable values by 45.81%.

Table 2. Result of Hypothesis Test

Variable	(Model 1)
Constant	0.028** (14.279)
LnMKT	0.051** (18.308)
LEV	0.084*** (20.942)
LnMKT*LEV	0.075*** (21.503)
SIZE	–0.024* (11.616)
GCG	–0.035* (14.723)
TYPE	YES
YEAR	YES
F-Statistics	18.167***
Adjusted R^2	0.4581

Notes :
Level significant of regression coefficient ***, **, * for 1%, 5%, 10%.
Source : Data processed by researcher, 2025.

Table 3 below presents the results of the robustness test. In model 2, the coefficient of MKT/Sales is positive at 0.055** (18.939) thus the results of the H1 test are consistent even though the proxy measuring the marketing management variable is replaced, where marketing management as measured by the ratio of marketing expenses to sales has a positive influence on comprehensive profitability and is significant at the 5% level. Likewise, the coefficient of the interaction variable (MKT/Sales)*LEV is positive at 0.076*** (21.518) thus the results of the H2 test are consistent, leverage strengthens the positive influence of marketing management as measured by the ratio of marketing expenses divided by sales on comprehensive profitability and is significant at the 1% level. The adjusted R^2 value of 0.4188 indicates that variations in comprehensive profitability can be predicted by variations in all independent variable values by 41.88%. In model 3, the coefficient of MKT/Total assets is positive at 0.076** (18,040) thus the results of the H1 test are consistent even though the proxy measuring the marketing management variable is replaced, where marketing management as measured by the ratio of marketing expenses to total assets has a positive influence on comprehensive profitability and is significant at the 5% level. Likewise, the interaction coefficient of the variable (MKT/Total assets)*LEV is positive at 0.072*** (21,349) thus the results of the H2 test are consistent, leverage strengthens the positive influence of marketing management as measured by the ratio of marketing expenses divided by total assets on comprehensive profitability and is significant at the 1% level. The adjusted R^2 value of 0.4721 indicates that variations in comprehensive profitability can be predicted by variations in all independent variable values by 47.21%.

Table 3. Result of Robustness Test

Variable	(Model 2)	(Model 3)	(Model 4)	(Model 5)
Constant	0.028** (14.182)	0.029** (14.239)	0.023**(14.704)	0.024**(14.561)
MKT/Sales	0.055** (18.939)	–	–	–
MKT/Total Assets	–	0.076** (18.040)	–	–
MKT/Total Equity	–	–	0.057**(18.151)	–
Sales Persistence	–	–	–	0.088**(18.262)
LEV	0.083*** (20.712)	0.088*** (20.534)	0.084***(20.795)	0.080***(20.681)
(MKT/Sales)*LEV	0.076*** (21.518)	–	–	–
(MKT/T.Assets)*LEV	–	0.072*** (21.349)	–	–
(MKT/T.Equity)*LEV	–	–	0.074***(21.503)	
(MKT/SP)*LEV	–	–	–	0.076***(21.712)
SIZE	–0.026* (11.051)	–0.027* (11.016)	–0.028* (11.927)	–0.023* (11.849)
GCG	–0.032* (14.786)	–0.035* (14.475)	–0.039* (14.334)	–0.036* (14.012)
TYPE	YES	YES	YES	YES
YEAR	YES	YES	YES	YES
F-Statistics	19.878***	20.956***	18.034***	19.102***
Adjusted R^2	0.4188	0.4721	0.4361	0.4554

Notes :
Level significant of regression coefficient ***, **, * for 1%, 5%, 10%.
Source : Data processed by researcher, 2025.

In model 4, the coefficient of MKT/Total equity is positive at 0.057** (18.151) thus the results of the H1 test are consistent even though the proxy measuring the marketing management variable is replaced, where marketing management as measured by the ratio of marketing expenses to total equity has a positive influence on comprehensive profitability and is significant at the 5% level. Likewise, the interaction coefficient of the variable (MKT/Total equity)*LEV is positive at 0.074*** (21.503) thus the results of the H2 test are consistent, leverage strengthens the positive influence of marketing management as measured by the ratio of marketing expenses divided by total equity on comprehensive profitability and is significant at the 1% level. The adjusted R^2 value of 0.4361 indicates that variations in comprehensive profitability can be predicted by variations in all independent variable values by 43.61%. In model 5, the coefficient of Sales Persistence is positive at 0.088** (18.262) thus the results of the H1 test are consistent even though the proxy measuring the marketing management variable is replaced, where marketing management as measured by Sales Persistence has a positive influence on comprehensive profitability and is significant at the 5% level. Likewise, the interaction coefficient for the Sales Persistence*LEV variable is positive at 0.076***(21.712). Thus, the results of the H2 test are consistent. Leverage strengthens the positive influence of marketing management, as measured by Sales Persistence, on comprehensive profitability and is significant at the 1% level. The adjusted R^2 value of 0.4554 indicates that variations in comprehensive profitability can be predicted by variations in all independent variables by 45.54%.

Based on the results of this model robustness test, it can be concluded that regardless of the proxy for measuring marketing management variables, whether the natural logarithm of marketing expenses, the ratio of marketing expenses to total assets, the ratio of marketing expenses to total equity, or sales persistence, they consistently provide results that marketing management has a positive effect on comprehensive profitability, and leverage strengthens the influence of marketing management on comprehensive profitability.

The Effect of Marketing Management on Corporate Comprehensive Profitability.

Effective and optimal marketing activities will increase comprehensive profitability because they promote public awareness of the products sold, ultimately increasing sales volume. The higher the marketing management activity, using various measurement proxies proven in model robustness tests, the higher the conventional profitability achieved based on net income and the comprehensive profitability achieved based on total comprehensive income. Increased sales volume impacts cash receipts from cash sales and cash receipts from the settlement of accounts receivable for credit sales. Cash receipts enable the company to optimally spend it on high-quality raw material inventory, improve production quality, invest in financial assets and fixed assets, improve distribution channels, and optimally fund operating expenses, including marketing and sales expenses, thus increasing net income and profitability. The company is able to invest in the financial sector, funding investments in equity securities and debt securities to increase cash receipts and profits from investment returns. Ownership of financial assets impacts adjustments to the fair value of these assets, which ultimately leads to comprehensive profitability. Ownership of revalued fixed assets and defined benefit obligations for future employee pensions are also revalued, ultimately impacting the profitability of comprehensive income. In line with pecking order theory (Modigliani & Miller, 1963), companies optimize internal funding by increasing sales turnover through effective marketing functions because this is less risky than using debt and issuing shares, which are riskier. This research also aligns with evidence provided by (Morgan et al., 2019); (Grandhi et al., 2021)that optimal marketing activities will increase profitability and sustainability performance.

The Effect of Marketing Management on Corporate Comprehensive Profitability is Moderated by Leverage.

Leverage strengthens the positive influence of marketing management on corporate comprehensive profitability, as pressure from creditors spurs management to work harder to meet creditor expectations regarding high comprehensive profitability targets. These results are consistent even when the marketing management proxy measures are changed, and provide evidence that they persist when the profitability and leverage measures are also changed. This is in line with pecking order theory (Modigliani & Miller, 1963), which posits that external debt financing serves as leverage to achieve high profitability. Pressure from creditors, in the form of obligations to pay interest and repay principal regularly through monthly installments or due dates, as well as efforts to maintain creditor confidence in the loaned funds, and efforts to maintain good relationships with creditors so that they can borrow again in the future when external debt financing is needed, spur management to pursue comprehensive profitability targets. This can be achieved through optimized marketing management. Effective distribution and marketing functions will increase cash receipts from cash sales and cash receipts from the settlement of accounts receivable on credit sales. Cash receipts provide companies with optimal capacity to increase asset spending, fund operations, and invest in the financial sector. Ownership of financial assets impacts the fair value adjustment of those assets, which ultimately leads to comprehensive profitability. This research finding aligns with evidence provided by (Murdiyanto & Kusuma, 2022) that leverage moderates profitability gains and fulfills the return on investment of fund providers. Leverage also drives improved marketing management performance (Wang et al., 2025).

Conclusion

Using data from Southeast Asia, which largely represents emerging markets, this study demonstrates that optimal marketing management will increase company profitability. The measurement of marketing management variables combines all proxies used in previous research. This study successfully provides evidence that creditor pressure, as measured by a high leverage ratio, can strengthen the influence of marketing management on profitability. Based on the results of model robustness tests, regardless of the proxy used for marketing management variables—whether the natural logarithm of marketing expenses, the ratio of marketing expenses to total assets, the ratio of marketing expenses to total equity, or sales persistence—consistently demonstrates that marketing management has a positive effect on comprehensive profitability, and leverage strengthens the influence of marketing management on comprehensive profitability. Increased sales volume impacts cash receipts from cash sales and cash receipts from the settlement of accounts receivable on credit sales. Cash receipts enable companies to optimally invest in high-quality raw materials, improve production quality, invest in financial assets and fixed assets, improve distribution channels, and optimally fund operating expenses, including marketing and sales expenses, thus increasing net income and profitability. External debt financing serves as a lever for achieving high profitability. Pressure from creditors in the form of obligations to pay interest and repay the principal of the loan regularly through monthly installments or due principal, as well as efforts to maintain creditor trust in the funds lent, efforts to maintain good relations with creditors so that they will be loaned again in the future when external funding from debt is needed, spurs management to pursue comprehensive profitability targets.

Limitations lie in the use of comprehensive profitability measures, which still involve aggregate profit and aggregate equity, or fail to separate the rights of parent owners from minority shareholders. Future research is recommended to modify the use of comprehensive profitability by disaggregating the formulation of net income, total comprehensive income, and total equity based on the aggregation of parent and non-controlling owners as stated in the consolidated financial statements. Suggestions for potential investors include examining the company's overall financial performance before making a decision, particularly how marketing activities contribute to increasing operating profit. Further suggestions for potential funders are that high leverage is not always negative, not always a heavy burden that could potentially hinder investment returns. High leverage actually encourages management to optimize profitability because it maintains credit reputation with creditors.

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