



**Paper: “Debt versus Equity in Corporate Financing: Distinction and Resemblance Between Agency Theory and Market Timing Theory in Capital Structure Decisions”**

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Corresponding Author: Samer Hamad

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Peer review:

Reviewer 1: Wisdom Kalabeke  
Multimedia University (MMU), Malaysia

Reviewer 2: Robert Szucs  
University of Debrecen, Hungary

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Reviewer A:

Recommendation: Revisions Required  
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**The TITLE is clear and it is adequate to the content of the article.**

The title is vague, it does not reflect the research design, sample, or context

**The ABSTRACT clearly presents objects, methods, and results.**

The abstract should focus on summarizing the study's objectives, methodology, main findings, and implications more succinctly. But the authors devote considerable space to defining key concept that not necessary, these details might be better placed in the introduction.

It does not clearly state the research design, sample size, or analytical techniques. This omission can leave readers unclear about the robustness and scope of the empirical study.

**There are a few grammatical errors and spelling mistakes in this article.**

**The study METHODS are explained clearly.**

Explained clearly but the narrative becomes cluttered with statistical jargon and detailed equations. A more balanced approach that outlines the procedures without overwhelming the reader is advisable.

There is also noticeable repetition regarding the choice of quantitative secondary data from the SEC and the rationale behind using panel data. A more concise description would improve readability and maintain the focus on methodological rigor.

Standard diagnostic tests and model selection criteria are mentioned however, the section does not engage critically with potential limitations of the methodological approach. Issues such as potential omitted variable bias, measurement error, or the effects of unobserved heterogeneity could be discussed to provide a more balanced perspective.

**The body of the paper is clear and does not contain errors.**

Many sections in the literature review reiterate definitions and well-known theoretical arguments without synthesizing how these theories specifically inform the empirical strategy of the study.

The two major theories - agency theory and market timing theory are separately discussed, but there is limited critical discussion on how these theories interplay in the context of the empirical findings. A deeper integration that critically examines theoretical assumptions against the empirical results would strengthen the article.

**The CONCLUSION or summary is accurate and supported by the content.**

The conclusion largely restates the empirical findings and confirms or rejects specific hypotheses without engaging in a broader discussion of implications. The synthesis of how the findings contribute to or challenge existing theories is somewhat superficial.

Also, the conclusion does not include a robust discussion of the study's limitations or suggest areas for future research. Misses an opportunity to discuss the broader impact on corporate finance practices or policy recommendations. Addressing potential shortcomings and outlining future research questions would add depth and forward-thinking insight.

**The list of REFERENCES is comprehensive and appropriate.**

There are inconsistencies and Formatting issues, it is advisable to check through and Standardize the reference format to enhance professionalism and clarity. Also, use more recent references as key references date back several years

***Please rate the TITLE of this paper.***

[Poor] **1-5** [Excellent]

2

***Please rate the ABSTRACT of this paper.***

[Poor] **1-5** [Excellent]

2

***Please rate the LANGUAGE of this paper.***

[Poor] **1-5** [Excellent]

4

***Please rate the METHODS of this paper.***

[Poor] **1-5** [Excellent]

4

***Please rate the BODY of this paper.***

[Poor] **1-5** [Excellent]

4

***Please rate the CONCLUSION of this paper.***

[Poor] **1-5** [Excellent]

3

***Please rate the REFERENCES of this paper.***

[Poor] **1-5** [Excellent]

3

**Overall Recommendation!!!**

Accepted, minor revision needed

**Comments and Suggestions to the Author(s):**

The article demonstrates a comprehensive review of capital structure theories and employs a rigorous quantitative methodology however, it suffers from issues related to clarity, conciseness, and critical synthesis. Addressing the weaknesses in the title, abstract, and other sections by reducing redundancy, tightening the narrative, and engaging in limitations and future study opportunities could significantly improve both the readability and the academic contribution of the work.

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Reviewer C:  
Recommendation: Accept Submission

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**The TITLE is clear and it is adequate to the content of the article.**

The title "Agency Theory and the Market Timing Theory: Distinction and Resemblance" clearly reflects the article's primary focus, which discusses these two theories and their relationship in the context of capital structure. It is both clear and adequate, as it encapsulates the content well.

**The ABSTRACT clearly presents objects, methods, and results.**

The abstract overviews the research focus, methods (examining debt vs. equity issuance preferences), and results (relationships between various financial variables and capital structure). However, the methods could be described more precisely, particularly concerning how the statistical tests were applied, enhancing clarity.

**There are a few grammatical errors and spelling mistakes in this article.**

There are some noticeable grammatical and syntactical errors throughout the article, such as awkward phrasing ("financial performance or profitability was found statistically significantly negative with the debt ratio") and occasional missing articles ("a research aims" instead of "the research aims"). While the text remains understandable, the flow could be improved.

**The study METHODS are explained clearly.**

The article thoroughly explains the methodology used, particularly the use of panel data regression and statistical tools such as the Lagrange multiplier test and Hausman test. However, some sections could benefit from more detail, particularly regarding the rationale for choosing the regression model and the specific data handling steps.

**The body of the paper is clear and does not contain errors.**

The results are generally clear, showing the relationships between different variables (e.g., the negative relationship between the current ratio and debt ratio). However, some results, especially those concerning the relationships between asset structure and debt ratio, could be explained more deeply. A clearer breakdown of statistical significance for each hypothesis would be helpful.

**The CONCLUSION or summary is accurate and supported by the content.**

The conclusion effectively summarizes the main findings of the research, including the relationships observed between the variables and their alignment with agency theory and market timing theory. The conclusions are well-supported by the data and the content presented in the body of the article.

**The list of REFERENCES is comprehensive and appropriate.**

The reference list includes many relevant sources, including seminal papers on agency theory, market timing theory, and capital structure decisions. It is both comprehensive and appropriate, with relevant and up-to-date citations supporting the arguments and methods used in the article.

***Please rate the TITLE of this paper.***

[Poor] 1-5 [Excellent]

5

***Please rate the ABSTRACT of this paper.***

[Poor] 1-5 [Excellent]

4

*Please rate the LANGUAGE of this paper.*

[Poor] **1-5** [Excellent]

3

*Please rate the METHODS of this paper.*

[Poor] **1-5** [Excellent]

4

*Please rate the BODY of this paper.*

[Poor] **1-5** [Excellent]

4

*Please rate the CONCLUSION of this paper.*

[Poor] **1-5** [Excellent]

5

*Please rate the REFERENCES of this paper.*

[Poor] **1-5** [Excellent]

5

**Overall Recommendation!!!**

Accepted, minor revision needed

**Comments and Suggestions to the Author(s):**

The wording is redundant in places (e.g., it repeats the relationship between agency costs and compensation several times). It could be stylistically tighter, but this does not significantly affect the assessment of the scientific content.

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