

The Influence of Malaysia Firm Size on Financial Performance in ICT Sector

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ABSTRACT

This empirical study examines the influence of firm size on the financial performance of Malaysia Information and Communication Technology (ICT) listed companies. The study utilised a sample of 53 of ICT listed companies derived from the Osiris database for the period covering 2020 – 2024. The independent variable is firm size, which is measured by proxies such as total assets, market capitalisation and total sales, while the dependent variables, is measured by profitability ratios (return on assets (ROA), return on equity (ROE), profit margin). The conceptual framework was proposed and the hypotheses of this study were developed. Besides, the multiple regression analysis was used in analysing the data collected in this study. The finding of the study showed that firm size, total asset, market capitalisation and total sales, has a significant effect on firm financial performance in terms of ROE. On the other hand, there is no significant effect in the result between firm size and firm performance in terms of ROA and profit margin. The study concluded that it provides a useful insight to different users, who can benefit from the financial information and assist them in their decision making processes by understanding the nature of the firms' size and financial information in evaluating the firms' performance.

Keywords: Performance, Firm Size, ICT

JEL Classification Code: G1, G11, M21, M15

INTRODUCTION

The development of the ICT sector not only benefits a single industry, it also complements and supports the development of other industry sectors, which increases the development of the government and private sector, and the people of Malaysia (Acutance Sdn Bhd, 2013). Malaysia has undergone a structural shift from manufacturing- based to a service-oriented economy from 1971 to 2007, and in 2008, the government accorded that the services sector, as well as ICT sector, had full potential in advancing Malaysia to become a high-income economy (Malaysian Ministry of Finance, 2009). However, in terms of performance and classification of group income, the latest report of the World Economic Forum shows that from 2012 to 2016, Malaysia is categorised in the group of emerging and developing Asian countries and is recognised as the most competitive economy on the upper-middle income from 2007 to 2017 (Baller et al., 2016; Schwab, 2017). However, some problems have been identified, as these problems the influential on the size of the firm towards firm performance of the ICT listed companies in Malaysia.

Since the transition of the ICT industry from ICT manufacturing towards higher value-added ICT services, it is found that there is a decrease in the total export of ICT goods in Malaysia and a decrease in ICT manufacturing contribution towards the gross domestic product (GDP) (Malaysia Economic Planning Unit 2015). In addition,

the economic slowdown has given a challenge for the Malaysian ICT sector as well as an impact on the growth potential in a developing country (Nations, 2012). Therefore, it is important to identify the influence of firm size on the performance of firms when facing economic and business fluctuations.

As the total assets measure the firm's resources while firm size in this study is proxy as the firm's total assets, thus there is an effect between firm size and profitability. Due to their higher leverage—they may and do borrow a larger portion of their future cash flow—bigger companies see a greater gain in the value of an acquisition as the risk-free rate drops (Chatterjee & Eyigungor, 2023). However, some studies show an inverse influence in which a larger firm size would cause difficulties in managing the firm's effectiveness when solving problems in a bureaucratic management structure while the smaller size of a firm will increase the level of the profitability due to the limitation of assets, which urges the management to increase production levels at the optimum level (Margaretha & Supartika, 2016). The limitation of assets allows firms to define the strategy on outsourcing by renting the technology and tools from other firms to support the process of the production. Then, the smaller firms are able reduce the cost to buy an asset in return for increasing the production more efficiently and gaining higher profit. Therefore, it is vital to identify firm size based on the total assets that have positive and negative influences on firm financial performance in Malaysian ICT listed companies.

Total sales are more related to the product market thus it can be used to measure product market competition. Malaysia Digital Economy Corporation Sdn Bhd (MDEC) (2012), mentioned in the Multimedia Super Corridor (MSC) annual report in Malaysia, that the year-on-year total sales increased from RM21.75 billion in 2008 to RM33.53 billion in 2012. Yet, Sam and Hoshino (2013) stated that the oligopolistic price policy aims to gain higher sales revenue by minimising adequate profit, but if firms carried out too much sales maximisation, it could result in bankruptcy. This is supported by Dang et al. (2015) that the sales are consistent with the conventional wisdom that smaller firms have limited access to external financing and results in a higher probability of bankruptcy. There is an influence between firm size based on total sales and firm financial performance in which the result shows that if the firm that has a lower level of total sales, it will increase the level of profitability of the firm. Therefore, it is important to measure the effect of the total sales on the firm performance of ICT listed companies in Malaysia.

On the other hand, it provides insightful advice to help businesses, investors, business executives, and legislators choose the best and most appropriate capital structure. (Bui et al., 2023). Prasetyantoko and Parmono (2012) mentioned that the greater the capital market, the higher the market capitalisation growth; however, the greater capital market could mean greater volatility of the macroeconomy which decreases the firm's profitability. Market capitalisation is an indication of the value of the firm which also means the firm size is more relevant with the fundamental value of the firm, rather than market value; thus it may result in misleading evaluations of firm performance (Skamo, 2012; Prasetyantoko & Parmono, 2012). It can be explained as a firm that can perform better but still maintains in the lower level of market capitalisation as its reputation and products have not revealed the fancy of the masses (Pachori & Totala, 2012). Therefore, it is important to examine the market capitalisation that influences firm performance to determine the success of the business of the Malaysian ICT listed companies.

Thus, the data analysis of this study can be used for evaluating the financial performance of Malaysian ICT firms and the results can act as a guide and insight for future improvement and company policymaking. Researchers and practitioners may find the current study's findings useful in determining the critical elements of a wise IT investment decision (Alghorbany et al., 2022). According to Carnini Pulino et al., 2022, it will assist stakeholders in the company, legislators, decision-makers, and academics in better understanding it affects the performance of the company as a whole and by pillar. In short, by analysing the influence of firm size on firm financial performance, it can provide an insight and guideline for future actions of the firms. Additionally, a firm can become more alert towards obstacles when there are similar forthcoming circumstances and for better improvements towards the success of Malaysian ICT firms' performance. Besides, the proper management of a firm can help the firm to be more competitive through innovating, performing and adapting the strategic measurements implemented.

LITERATURE REVIEW

Malaysian Information and Communication Technology (ICT) is one of the sectors that measure the development of the nation and people of Malaysia. Nowadays, ICT has become a requirement for people's work, social, and personal lives as getting information quickly and distributing information have been made easier. Kraus et al., (2022) stated that people, businesses, industries, communities, and nations all have to overcome the problem of adjusting to a digital environment. In Malaysia, ICT was an essential sector in economic development. This was supported by Sam and Hoshino (2013) whereby the continuing development in the ICT sector has become an important factor in economic growth. The development of the ICT industry not only benefitted a single industry, but it also complemented and supported the development of other industry sectors, which led to increasing development to the government, private sector, and the people of Malaysia (Acutance Sdn Bhd 2013). Thus, the role of ICT in Malaysia has enabled the overall development and growth in every sector as well as the Malaysian economy, and to achieve the goal of Vision 2020, which is to attain a developed nation status.

Firm Size

Firm size is commonly used due to the phenomenon of economies of scales and is also used as the fundamental of firm characteristics. However, this can be explained by the fact that bigger firms can produce items with lower costs as compared to smaller firms. Thus, in this situation, firms will look to expand their size in order to get a competitive edge on their competitors as well as by reducing the production costs and increasing their market share. In general, firm size has been recognised as an important variable in evaluating and explaining firm profitability. In the previous studies, there are different measures on firm size; for example Li et al., (2021) used total assets and number employees to measure firm size; Doğan (2013) and Aydın Unal et al. (2017) utilised total assets, sales, and number of employees; while John and Adebayo (1985) and Niresh & Velnampy 2014 used total sales and total assets to measure the size of firms; total assets, total sales, and market capitalisation were used as the indicators to measure firm size in the studies of Trigueiros (2000) and Dang et al. (2015). Therefore, based on the previous researches, this study utilised total assets, total sales, and market capitalisation as the proxies to firm size.

Total Assets

Total assets have been widely used by previous researchers as a proxy of firm size. Total assets serve as a measure of economic value, and they will grow over time to benefit the companies (Coelho et al., 2023). Based on the previous studies, some of the researches argued that total assets have a significant influence to profitability and firm performance (Dang et al., 2015; Ramin et al., 2017; Aydın Unal et al., 2017) while other researchers argued that total assets have no significant relation to firm performance (Garcia Martinez et al., 2006; Niresh and Velnampy 2014). Adams and Veprauskait (2013) also found that total assets as a size indicator did not correlate to ROA and ROE, while Akram et al., (2021) tested the size-profitability relationship and discovered that there is no correlation between total assets and ROA. Thus, in this study, total assets will be utilised as a proxy to identify the influence of firm size towards firm financial performance.

Market Capitalisation

Market capitalisation is used to determine the return on the investment from investors and also a market estimate of a company's value. Buzzell et al. (1975) argued that higher market capitalisation will lead to greater profits due to market power and lower cost, resulting in economies of scale effects. However, in the study of Abbasi and Malik (2015), market capitalisation was used to measure the size of firm, and the finding found that there was a positive but weak correlation between size of firm and ROA. Thomas Skamo (2012) in his study established that there was a weak positive relationship between market capitalisation and profitability (ROA, ROE, and earning per share). Thus, market capitalisation was utilised in this study as a proxy of firm size to examine the effect towards firm performance.

Total Sales

In general, sales are defined as a transaction between two parties in which the buyer receives goods, services or assets in exchange for money. OECD (2010) defined that the volume of sales is aimed to determine the ability of the management of the firm to manage production costs. However, total sales are one of the most used indicators in firm size due to its relation to product market, which is used to measure the product market competition (Dang et al., 2015). John and Adebayo (1985) showed that total sales have a positive impact on profitability, while Mule et al. (2015) discovered that total sales has a positive and significant effect on ROE. In contrast, Becker-Blease et al. (2012) showed that total sales have a negative but statistically significant relation to firm profitability. In the study of Niresh and Velnampy (2014), total sales have no indicative relationship between size and profitability, in which the result found that total sales have no significant influence to net profit and return on assets. Besides, Adams and Veprauskait (2013) found that size indicators like total sales did not correlate with ROA and ROE. Therefore, according to the previous researches, the influence of firm size towards firm performance due to the ability of the management to manage the cost of the firms can be determined by total sales.

Profitability Ratios

Drake and Fabozzi (2010) stated that a profitability ratio gives information on the number of income from each dollar for sales. In other words, profitability compares the amount of income with sales. Sultan (2014) also explained that profitability ratios measure a firm's income gain or loss in a certain period, which might affect the ability of the firm to obtain debt and equity financing and also affect the liquidity and growth of the firm. The profitability ratio is widely used to measure firm performance, such as in the studies of John and Adebayo (1985), Garcia Martinez et al. (2006), Wei (2012), Kabajeh et al. (2012), Nakhaei (2013); Usman Baba (2013), Sam and Hoshino (2013), Sultan (2014); Sultan and Adam (2015), and Aydın Unal et al. (2017). The profitability ratios in this study include return on assets (ROA), return on equity (ROE), and profit margin, which are utilised as the measures of firm performance.

Return on Assets (ROA)

ROA is used to measure how well a firm uses its resources to generate income and it is most popularly used to identify the firm's performance. ROA reveals the level of the firm to gain higher profits of its actual use from assets (Wei, 2012). ROA helps the firm to provide an efficient management that uses assets to generate earning (Nakhaei 2013). Besides, Tugas (2012) explained that when compared with other similar firms, a lower ROA means a higher degree of leverage (more debt), therefore higher interest expense and lower net income. However, there are several previous studies that used ROA as the measure of firm performance, which include the studies of John and Adebayo (1985), Garcia Martinez et al. (2006), Doğan (2013), Skamo (2012), Wei (2012), Pervan and Višić (2012), Sultan and Adam (2015), Dang et al. (2015), Abbasi and Malik (2015), and Aydın Unal et al. (2017). Therefore, based on the previous researches, ROA is utilised in this study to measure firm performance.

H1: Firm size (Total assets, Market capitalisation, Total sales) will affect the financial performance (ROA) of Malaysian ICT listed companies.

H1a: Total assets will affect the financial performance of Malaysian ICT listed companies.

H1b: Market capitalisation will affect the financial performance of Malaysian ICT listed companies.

H1c: Total sales will affect the financial performance of Malaysian ICT listed companies.

Return on Equity (ROE)

ROE is the volume of net profits return as a percentage of stockholders' equity, which reveals the profit that the firm has generated money invested from the stockholders (Nakhaei, 2013). ROE assessed a corporation's profitability and it is one of the important metrics for evaluating management effectiveness. This is supported by previous studies that used ROE to measure firm performance; for example, in the studies of Pervan and Višić (2012), Wei (2012), Shukeri et al. (2012), Mule et al. (2015), Dženopoljac et al. (2016), and Aydın Unal et al.

(2017). Thus, in this study, the researcher also utilised ROE to measure firm performance.

H2: Firm size (Total assets, Market capitalisation, Total sales) will affect the financial performance (ROE) of Malaysian ICT listed companies.

H2a: Total assets will affect the financial performance of Malaysian ICT listed companies. **H2b:** Market capitalisation will influence the financial performance of Malaysian ICT listed companies.

H2c: Total sales will influence the financial performance of Malaysian ICT listed companies.

Profit Margin (PM)

Profit margin is an important accounting tool used to help a company to improve its profitability as well as measure the firm's performance and it is derived by dividing the net income to net sales (Sultan, 2014). Profit margin is used to measure the net profit to sales in percentage. This can help the company to identify the difference between profit and loss at the end of an accounting period. It is computed by dividing the net income of the firm by net sales for a given period. In order to measure firm performance, the profit margin is used as the measurement of firm performance, which is based on previous studies (John & Adebayo, 1985; Thurik & Hoeven, 1989; Adenaeuer & Heckeleei, 2011; Pervan & Višić, 2012; Sam & Hoshino, 2013; Sultan & Adam, 2015). This is because most of the investors will use profit margin to make a comparison within the same industry to determine which is the most profitable.

H3: Firm size (Total assets, Market capitalisation, Total sales) will affect the financial performance (profit margin) of Malaysian ICT listed companies.

H3a: Total assets will affect the financial performance of Malaysian ICT listed companies.

H3b: Market capitalisation will affect the financial performance of Malaysian ICT listed companies

H3c: Total sales will affect the financial performance of Malaysian ICT listed companies.

METHODOLOGY

This section discusses the procedures adopted in realising these objectives, which include the measurement of variables in the study. This study examined and identified how the firm size in Malaysian ICT listed firms influence their financial performance. Therefore, this research philosophy used positivism and was designed to use the quantitative research method. The secondary data was collected from financial information. However, the financial information was collected from the Osiris database, which contains detailed information and includes a lot of financial reports on the listed companies around the world. The financial information was used to analyse the data in Malaysia's listed companies. The reason to choose the Osiris database as the most appropriate source of archival data for the sample data in this study is because this database provides the most detailed financial analysis on a listed company with detailed industrial classification that allows the researcher to collect the financial data based on the industry selected in this study and in Malaysia. In contrast, Bursa Malaysia Berhad provides full listed companies in Malaysia, but the industrial classification and financial data in Bursa Malaysia Berhad are not as detailed as in the Osiris database, Dhoraisingam Samuel et al., (2022) and not appropriate to be used in this study.

This study only included the companies in the Malaysian ICT sector listed in the Osiris Database with the availability of data over the consecutive years of 2020–2024. Thus, the findings depend entirely on the accuracy of such data. Makridakis et al., (2022) mentioned that to increase the precision of their daily operations and sales forecasts in retail firm particularly when applied to provide product- or product-store-level forecasts. Thirdly, this study is only limited to the financial performance analysis of the Malaysian ICT sector, thus this study will only be reviewed in Malaysia.

Conceptual Framework

Based on the above literature review and the objectives of this study, firm financial performance has been identified as a dependent variable, by which the measurement of firm performance includes return on assets (ROA), return on equity (ROE), and profit margin, while firm size is an independent variable with proxies such as total assets, market capitalisation, and total sales. Therefore, a conceptual framework is developed to study the influence of firm size on the firm financial performance of Malaysian ICT listed companies.

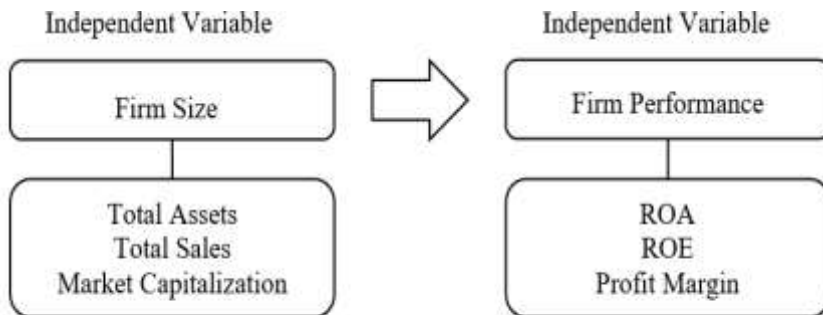


Figure 3.1: The conceptual framework to examine the effect of firm size on firm financial performance

Variable Measurement

Total assets refer to the total net book value owned by a firm and acts as an economic value in which the assets will be expended over the time to help the firms to gain benefits (Collin, 2007). In view of widely adopted tools by other researchers, this study employed total assets as the proxy for firm size. Market capitalisation as a proxy of firm size because it involves firm growth opportunities and equity market condition, which is more to market oriented (Dang et al., 2015). Total sales were employed in this study as a proxy of firm size because it aims to examine the effectiveness of management to manage the costs. Profitability ratios are basically indicators of a firm's overall efficiency. Hence, the profitability measures used in this study are return on assets (ROA), return on equity (ROE), and profit margin to measure the firms' financial performance.

Sample and Data

This study used an explanatory research as it was used to investigate the causal links between the factors or variables that pertain to the research problem (Wyk, 2012). In this study, the data was collected from secondary sources (archival data). However, the secondary data used in this study was collected from the financial information of the Osiris database offered by Bureau Van Dijk for the years spanning from 2020 to 2024. There are 944 total listed companies with 122 different classifications of industry in Malaysia. As this study examined the ICT sector listed companies in Malaysia, thus, out of the total of 944 listed companies in Malaysia, 92 listed companies classified under the ICT sector are listed in the Osiris database.

Additionally, only sample data with detailed financial data consisting of the variables selected and within the observation years of 2020 to 2024 were selected as the sample data of this study. Thus, the sample data was collected only on the availability of data throughout the period of 2020 to 2024 and the financial variables that were selected to test in this study. Therefore, a total sample of 53 out of 92 (57.6%) ICT sector listed companies was used for the study.

Hence, the regression model developed by following the variables used is represented below:

$$ROA_{it} = a + b_1TA_{it} + b_2MC_{it} + b_3S_{it} + e_{it} \text{ (Model 1)}$$

$$ROE_{it} = a + b_1TA_{it} + b_2MC_{it} + b_3S_{it} + e_{it} \text{ (Model 2)}$$

$$PM_{it} = a + b_1TA_{it} + b_2MC_{it} + b_3S_{it} + e_{it} \text{ (Model 3)}$$

TA = Total assets; MC = Market capitalization; S = Sales; i = i th firm; t = time period; a = Constant; b_1, b_2, b_3 = Coefficient; e_{it} = Error term

RESULTS AND DISCUSSIONS

Discuss the results of the analysis from the data analysis and findings of the study.

Descriptive Statistics

In explaining the relation between firm size and firm financial performance, the dependent variables are represented by return on assets (ROA), return on equity (ROE), and profit margin, while the independent variables include total assets, market capitalisation, and sales.

From Table 1, it can be depicted that there is a total of 53 observations and the mean score for return on assets (ROA) is 2.4843, while its minimum value is -16.17, the maximum value is 32.98, and the standard deviation is 11.1681.

It was also observed that return on equity (ROE) had a mean score of 5.2688, -54.98 as the minimum value, 201.86 as the maximum value, and the standard deviation is 32.1316. Besides, profit margin which is depicted in the table had 2.5757 as the mean score, -51.01 as its minimum value, and 47.60 as the maximum value while its standard deviation is 19.5209.

However, total assets as the independent variable had a mean score of 4.8113, a minimum value of -52.00, a maximum value of 26.00 and its standard deviation is 13.0841. Market capitalisation as depicted from Table 1 has a standard deviation of 19.9537, a minimum value of -70.00, a maximum value of 40.00, and a mean score of 6.9245. Total sales had a mean score of 5.5472, its minimum value is -68.00, and the maximum value is 36.00, while its standard deviation is 17.7932.

Table 1: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	STD.DEV
ROA	53	-16.17	32.98	2.4843	11.1681
ROE	53	-54.98	201.86	5.2688	32.1316
PM	53	-51.01	47.60	2.5757	19.5209
TA	53	-52.00	26.00	4.8113	13.0841
MC	53	-70.00	40.00	6.9245	19.9537
TS	53	-68.00	36.00	5.5472	17.7932

Note: ROA = return on assets, ROE = return on equity, PM = profit margin, TA = total assets, MC = market capitalization, TS = Total Sales

Multiple Regression Analysis

From Table 2, the result of the Durbin-Watson statistic is 2.091, which is in the acceptable range from 1.5 to 2.5, thus the model of ROA has no error of autocorrelation. From the equation of ROA, the probability in the model is equal to 0.030 which is less than 0.05 and at the confidential level of 95%, which means all the independent variables in the model can be used to predict the dependent variable (ROA) at a significant level.

However, the result of the regression analysis indicated that firm size indicators, which include total assets, market capitalisation, and total sales, did not have a significant relationship with ROA. In short, the model of ROA could not be used to analyse the financial performance of Malaysian ICT listed companies.

Table 2: Regression result of ROA

Variables	C	TA	MC	TS
Coefficient	1.507	-0.007	0.002	0.329
Std. Error	1.529	0.005	0.020	0.176
t-value	0.986	-1.372	0.637	0.527
p-value	0.329	0.176	0.740	0.463
R ²	0.165			
F-value	3.227			
p-value	0.030			
Durbin-Watson	2.091			

*= significant at the level of 0.05

**= significant at the level of 0.01

H1a: Total assets will influence the financial performance of Malaysian ICT listed companies.

H1b: Market capitalisation will affect the financial performance of Malaysian ICT listed companies.

H1c: Total sales will affect the financial performance of Malaysian ICT listed companies.

According to the result of the Durbin-Watson statistic in Table 3, it is found out that there is an acceptable autocorrelation in the model of ROE, as the Durbin-Watson value is 2.050, which is in the acceptable range from 1.5 to 2.5. Besides, from the equation of ROE, the p-value is equal to 0.000, which is less than 0.01 and at the confidential level 99%. Thus, all the independent variables in the model can be used to predict the dependent variable (ROE) at a significant level. R² is equal to 0.758, which means the estimate equation can explain the change of ROE by 75.8%. The p-value of TA is equal to 0.000 that means TA is significant at 0.01 level (t = -5.819, p = 0.000). TA is a factor that affects ROE in firm financial performance, in which the changes of TA will give an impact to the change in ROE by 0.048 in the opposite direction. The regression analysis indicates that MC is positive and significant at 0.05 level (t = 2.599, p = 0.012). This is means that MC is a factor that affects ROE in firm financial performance, whereby a change in the MC will lead to the change of ROE by 0.014 in the positive direction. The regression analysis indicates that TS is positive and significant at 0.01 level (t = 3.029, p = 0.004). TS is able to affect ROE. The change of TS affects in a positive direction to the change of ROE of firm financial performance in Malaysian ICT listed companies. The increase of one unit of TS will affect the change of ROE by 0.095 unit in the same direction.

Table 3: Regression result of ROE

Variables	C	TA	MC	TS
Coefficient	-0.178	-0.048	0.014	0.095
Std. Error	2.369	0.008	0.005	0.031
t-value	-0.075	-5.819	2.599	3.029
p-value	0.941	0.000**	0.012*	0.004**
R ²	0.758			
F-value	51.115			
p-value	0.000			
Durbin-Watson	2.050			

*= significant at the level of 0.05

**= significant at the level of 0.01

H2a: Total assets will influence the financial performance of Malaysian ICT listed companies.

H2b: Market capitalisation will affect the financial performance of Malaysian ICT listed companies.

H2c: Total sales will affect the financial performance of n Malaysian ICT listed companies.

Table 4 shows the result of the regression analysis which indicates that the p-value of the model is equal to 0.383, meaning that there is no independent variable in this model that significantly affects PM. Therefore, the model of PM could not be used to analyse the financial performance of Malaysian ICT listed companies. Total assets are a proxy of firm size, while return on assets (ROA) is a variable for firm financial performance. From the analysis, total assets (TA) does not have a significant relationship with the firms' financial performance of PM. Hence, the above hypothesis is rejected, which mean the firm size proxy as total assets does not have an effect on return on assets of the financial performance of the firms in the Malaysian ICT sector.

Table 4: Regression result of PM

Variables	C	TA	MC	TS
Coefficient	1.364	-0.004	0.003	0.009
Std. Error	2.836	0.010	0.007	0.037
t-value	0.481	-0.446	0.387	0.247
p-value	0.633	0.658	0.700	0.806
R ²	0.060			
F-value	1.040			
p-value	0.383			
Durbin-Watson	1.955			

*= significant at the level of 0.05

**= significant at the level of 0.01

H3a: Total assets will affect the financial performance of Malaysian ICT listed companies.

H3b: Market capitalisation will affect the firm financial performance of Malaysian ICT listed companies.

H3c: Total sales will affect the financial performance of Malaysian ICT listed companies.

The results of different analyses performed on Malaysian ICT listed companies' data retrieved from the financial database of Osiris offered by Bureau Van Dijk, which was provided by previous researchers Sam and Hoshino (2013). Three hypotheses were developed and tested statistically using a multiple regression model to answer the research questions. Thus, the outcome of the regression on firm size indicates a significant positive relationship between market capitalisation, total sales, and ROE of firm financial performance. While a significant negative relationship between total assets and ROE of firm financial performance was identified from the result. Besides, firm size (total assets, market capitalisation, and total sales) does not have a significant relationship with ROA and profit margin of firm financial performance.

The research objectives are taken into consideration when discussing the summary of the findings. The study's primary goal is to determine how business size affects return on assets (ROA) in the Malaysian ICT industry. According to the study, there is a correlation between ROA and the financial success of Malaysian ICT listed businesses as well as the firm size, which is determined by total assets and market capitalization. This implies that the size of the company will have an effect on Malaysian ICT listed businesses. The typical neoclassical concept, sometimes referred to as economies of scales, is based on the theory that more profitable businesses tend to be larger ones. Nonetheless, ROA is also regarded as a company's core value. Based on this, it is recommended to enhance the coordination requirement to be handled correctly in order to achieve greater profit rates and returns on total assets. The management of the broader industry also plays a significant part in efficiently managing the profitability of the firms. Stated differently, company size has an impact on the rise in

the intrinsic value of businesses, with larger businesses seeing higher rates of profit. Ineffective management of the company's profitability will result in inefficiencies in earnings, a drop in return on assets, and an increase in the inefficiencies associated with the companies' debt. As a result, this study provided significant new information about how business size influences an organization's return on assets (ROA). Conversely, management teams are urged to work with both internal and external researchers to enhance their comprehension of the overall financial performance and to suggest the implementation of strategies that can be found through the study's analysis to improve performance with significant influence.

The second goal of the study is to look at how company size affects the return on equity (ROE) of Malaysian ICT listed companies. The study confirmed that business size affects firm financial performance and that there is a correlation between firm size and ROE. A higher rate of return on the ownership interest of owners of common stock is indicated by an increase in return on equity. As a result, this study offered valuable insight into how crucial managerial effectiveness is to the profitability of a company's stockholder equity. Nonetheless, larger businesses are better able to take advantage of economies of scale and have easier access to financing markets, both of which contribute to higher profit margins. Based on this, the organization's management, in-house researchers, outside researchers, and investors can use the study's analysis to improve asset management, monitoring, and utilization, as well as gain more business management experience and explore opportunities to expand markets and boost market capitalization, all of which will improve the performance of the firms.

Finding the relationship between company performance and size in terms of profit margin is the final goal for Malaysian ICT listed companies. The results, however, showed that the performance of Malaysian ICT listed businesses and company size had no discernible association. Profit margin was used to calculate how much money a company made from each sale. Generally speaking, low firm performance resulted from management that was solely concerned with maximizing profits at the expense of utility, price, and cost. Thus, in order to preserve the effectiveness of the company's financial performance and achieve increased profitability, the management of other industries or larger enterprises is crucial.

CONCLUSIONS

This study's primary goal is to investigate how company size affects Malaysian ICT listed firms' financial performance. To do this, 53 listed businesses' historical data from the Osiris database between 2020 and 2024 will be used. To investigate the hypothesis that company performance is correlated with firm size, archival data was utilized in this study. Therefore, in the analysis, the dependent variables were profitability ratios, such as return on equity, profit margin, and return on assets, and the independent variables were firm size proxies of total assets, market capitalization, and total sales.

Several statistical techniques were used to analyze the data in order to determine the outcome. The association between two variables was first defined using descriptive statistics, then it was examined using multiple regression analysis to determine the relationship between the variables in this study.

The study found that company size significantly affects ROE of the financial performance of Malaysian ICT listed businesses, based on the previously given paragraphs. It follows that the return on equity of ICT companies listed in Malaysia varies in response to changes in firm size. As a result, the companies can develop a strategy to improve their financial performance by increasing their productivity and market value. Furthermore, because the study adds more empirical support to the body of knowledge regarding the relationship between business size and financial success, it is anticipated to have a greater impact on the literature already in existence.

Furthermore, the study is anticipated to instill greater trust in investors and company management regarding the significance of leveraging firm scale when making investment and company decisions. The study has come to a conclusion, and its findings will help a variety of organizations, including the government, non-government organizations, investors, scholars, and businesses, comprehend the significance of firm size and financial data in assessing business success.

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