ABSTRACT

This study investigates the correlation between a firm's size and its growth concerning profitability. It incorporates various firm-specific variables, including leverage and asset tangibility, along with macroeconomic indicators. Employing a quantitative research approach, the study utilizes annual data from 2017 to 2021, focusing on listed companies within the ASEAN region, specifically Indonesia, the Philippines, Malaysia, Vietnam, and Singapore. The primary data sources comprise the Bloomberg and COMPUSTAT Global databases. Using the fixed effect model, the study includes a total of 145 listed companies, resulting in 725 firm-year observations. The study found evidence of an insignificant negative relationship between size and profitability, while the relationship between growth and profitability is positive and significant. This suggests that the phenomenon of economies of scale persists, but in the long run, it may be replaced by diseconomies of scale. The study contributes to a nuanced understanding of relationships between variables within each country. However, it does not include all companies from each respective country. Employing a unique methodology, the study draws samples from five distinct ASEAN countries, conducting an integrated analysis encompassing both a collective examination and individual assessments of these countries. By adopting this comprehensive strategy, this research aims to provide a more holistic perspective on the intricate relationships under investigation.

Keywords : Firm size, firm growth, profitability, ASEAN