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The Effect of Business Scale on the Business Performance of Listed Steel Companies on the Vietnamese Stock Market

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Abstract

Increasing corporate efficiency is a significant priority for many companies, particularly in light of the present global economic integration environment. The link between the enterprise size and the business performance of steel businesses listed on the Vietnamese stock market is examined in this article. Based on study data collected from 26 steel businesses that were listed between 2019 and 2023 on the Vietnamese stock market. The author employed

testing and regression techniques with SPSS26 software. The results of the research demonstrate that the scale variable has a positive and statistically significant effect on the business performance of firms, regardless of whether it is assessed by total assets, revenue, or labor scale. The authors use this as the foundation for their suggestions on how to increase the operational effectiveness of steel businesses listed on the Vietnamese stock market.

Keywords: Business Scale, Business Performance, Listed Steel Companies

1. Introduction

Businesses must constantly increase the effectiveness of their operations and output in order to thrive. The comparison between the expenses incurred to attain the goals of the production and business processes and the actual outcomes obtained is known as business performance. One of Vietnam's most important businesses is the manufacturing and trading of steel. The domestic steel industry is still facing difficulties, though, as a result of the Covid-19 pandemic's effects and changes in the global market. These include the infrastructure and construction industries' stagnation as well as competitive pressure from neighboring countries and growing domestic supply. Rising input costs, low sales volume, large inventory, plus pressure from loan interest rates and rising exchange rate differences... are big challenges for Vietnam's steel industry. Therefore, steel industry enterprises need to increase business efficiency. To have solutions to enhance business efficiency, listed steel companies in Vietnam grasp the influencing factors. This is also the research goal of the article.

2. Theoretical Background

Study overview

Prasetyantoko and Parmono (2009) examined the influence of business size on the performance of businesses based on data from 238 businesses listed on the Indonesian stock market in the period 1944 - 2004. Focusing on the pre- and post-crisis period, examining changes in this relationship when the economy experiences fluctuations. Research results show that, when the characteristics of businesses and macroeconomic indicators are stable, there is a positive and significant relationship between the variable of business scale in terms of total assets and profit margin. Return on total assets during and after the crisis. However, the size variable does not have a statistically significant impact on the company's market value.

Mule and colleagues (2015) ^[11] conducted more study on this topic using information from 53 Nairobi-listed businesses between 2010 and 2014. The findings of the study indicate that while firm size, as determined by the natural logarithm of sales, has no effect on ROA or Tobin's Q, it does have a positive and statistically significant influence on the financial index ROE.

Aytürk and Yanık (2015) illustrate the variables influencing profitability word based on dynamic model analysis using panel data of 1123 small and medium-sized firms (SMEs) in Turkey from 2009 to 2013. The analysis's findings demonstrate that there is a statistically significant relationship between firm size (as determined by the natural logarithm of total sales) and financial performance.

Shehata *et al.* (2017), focusing on 34,798 SMEs in the UK between 2005 and 2013, demonstrate that there is a statistically significant negative link between the company's size and the coefficient of return on total assets. An inverted U-shaped link between business size and performance was revealed by Lee (2009) ^[9] using imbalanced panel data on almost 7,000 US enterprises from 1987 to 2006. Money.

Goddard *et al.* (2005) examined the variables influencing the earnings of 12,508 businesses from key European nations (the UK, Spain, Italy, Belgium, and France) that were involved in the industrial and service sectors during the course of nine years, from 1993 to 2001. The dynamic model's findings demonstrate that the size variable has a negative effect on a company's return on assets (ROA) and significant.

The author presents a research model based on the study summary, where the dependent variable is "business efficiency," as determined by ROA. Additionally, the criteria measuring "enterprise size" include revenue size, asset size, operational time, and output.

Variable type	Changing name	Significance
Dependent variable	Return on assets	ROA
Independent variables	revenue size	SIZE1
Independent variables	asset size	SIZE2
Independent variables	output	SIZE3
Independent variables	operational time	SIZE4

Business efficiency

Business efficiency is an economic category in depth, reflecting the level of exploitation of resources and the level of cost of those resources in the reproduction process to achieve business goals" (Associate Professor, Dr. Truong Ba Thanh, 2009). Production and business efficiency today is becoming more and more important for economic growth and is the basic support to evaluate the implementation of economic goals of businesses in each period.

Business efficiency is a comparative quantity: Comparison between input and output, comparison between business costs and business results obtained. Improving business performance is understood as causing the business performance measurement indicators of enterprises to increase regularly and the level of achievement of qualitative goals in a positive direction.

Business performance measurement indicators:

To evaluate the business performance of an enterprise, profit ratio indicators (ROA, ROE) are often used, because it represents the relationship between profits and actual production costs, demonstrating the relationship between profits and actual production costs. Business level of traders in using those factors.

Kaguri (2013) asserts that the kind of firm and the objectives of the assessment will determine the proper scale to be used for assessing the business performance of the enterprise.

Financial indicators are used to assess the success of for-profit companies (Skandalis, 2005).

Accounting metrics for profit, such as return on equity (ROE), return on total assets (ROA), return on revenue (ROS), gross profit, and so forth, can be considered financial indicators. (Gilchris, 2013) or market indices like Tobin's Q index and price per share to book value of equity index (MBVR).

When profit is not the primary objective of a firm, non-financial metrics like social efficiency and managerial effectiveness are used to assess the organization's success. Business performance, according to Lebeans and Euske (2006), is a collection of financial and non-financial measures that reveal how well objectives and outcomes are being attained.

Business scale

Some researchers such as Malik (2011), Amoroso (2015), Serrasqueiro and Nunes (2008), Asimakopoulos *et al.* (2009), Mesut (2013) believe that the more powerful a business has financial potential, the easier it is to create gain a reputation, have many competitive advantages in trade negotiations and diversify products and services, have enough financial resources to recruit highly qualified workers, thereby having many opportunities to improve business performance. However, according to the research results of Kartikasari and Merianti (2016), Shehata and colleagues (2017) showed that enterprise size measured by total assets has a negative impact on business performance.

3. Research methods

Qualitative research methods

The author uses a combination of qualitative research methods and quantitative research methods. Qualitative methods are used for the purpose of discussing the indicators used to measure business performance and business size. Based on the synthesized theoretical basis, the author outlines a questionnaire on the impact of business size on business performance.

Methods of quantitative research

Gather and handle information

The primary objective of this study is to gather secondary data from the financial reports of 26 steel businesses that are listed on the Vietnam Stock Exchange (UPCOM, HOSE, and HNX). There will be 12 listed on UPCOM, 4 listed on HNX, and 10 listed on HOSE for steel businesses by 2023.

The author of this study examines variables and derives research findings through the use of autocorrelation, regression, reliability analysis using Cronbach's Alpha, and research factors analysis (EFA). Use the SPSS 26 software.

4. Research results

After processing the data and analyzing the data. The initial descriptive results are obtained:

Table 1: Descriptive statistics of variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ROA	26	9.5	12.4	11.76	1.45
SIZE1	26	71.1	112.6	99.81	8.04
SIZE2	26	1,190	2,468	1,982	542,67
SIZE3	26	3,852	4,819	4,235	612,74
SIZE4	26	9	30	21.12	1.52
Valid N (listwise)	26				

Cronbach's Alpha

Cronbach's alpha coefficient ≥ 0.6 thus met the requirements to be included in factor analysis. At the same time, the total correlation coefficients of the observed variables all meet the requirement of ≥ 0.3 , ensuring that the given scales can be trusted in a statistically significant way.

Reliability Statistics	
Cronbach's Alpha	N of Items
.816	4

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SIZE1	21.38	25.719	.553	.827
SIZE2	22.45	25.847	.630	.830
SIZE3	22.39	25.369	.659	.825
SIZE4	22.38	25.406	.646	.801

Source: Data processing outcomes (data)

EFA exploratory factor analysis

The results of testing the data with KMO = 0.801 (> 0.5), Sig of Bartlett's Test is 0.000, smaller than 0.05, showing that these observations are correlated with each other and completely consistent with factor analysis. The factor loadings of the observed variables are all > 0.5, the total variance extracted is 82.685% (> 50%) and the Eigenvalue coefficient = 1.612 (> 1). These tests were warranted for exploratory factor analysis.

As a result, all of the scales chosen for the model's variables satisfy the criteria and are suitable for use in further research. Regression analysis outcomes. Findings from the regression analysis of the model assessing how the caliber of an accountant affects the caliber of data in financial reports: The test result for the sig model's appropriateness, which is 0.000 < 0.05, indicates that the model's variables are capable of explaining the variation in the dependent variable.

Coefficients ^a									
Model	Unstandardized Coefficients			Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error		Beta				Tolerance	VIF
1	(Constant)	1.231	.229			5.381	.000		
	SIZE1	.332	.031	.393		10.809	.000	.893	1.120
	SIZE2	.248	.034	.271		7.239	.000	.640	1.190
	SIZE3	.231	.038	.230		6.147	.000	.743	1.186
	SIZE4	.236	.033	.263		7.037	.000	.745	1.183

a. Dependent Variable: ROA

Regression analysis findings indicate that all of the factors pertaining to the independent variable "enterprise size" have a favorable effect on the performance of businesses. This serves as the foundation for listed steel businesses' ideas to increase productivity.

5. Conclusion

One of the industries that will be most impacted by the economic cycle and changes in input and output prices for commodities is the steel industry. This industry's profitability is directly correlated with the advancement of public investment, the encouragement of fiscal policy, and the growth of industrial output. The demand for steel fell precipitously throughout the period of economic depression, recession, and fall, which resulted in a large drop in revenue. On the other hand, if the economy grows and public investment projects and infrastructure building are undertaken, there will be a greater need for steel, which will help drive up steel prices in line with demand. Listed steel businesses concentrate on increasing operational efficiency in order to draw in investors. Based on the findings of her investigation, the author suggests a few fixes:

Firstly, increasing revenue is one of the basic measures to improve the business performance of an enterprise. If you want to increase revenue, businesses must find every way to consume more goods, or produce better goods than before to be able to sell more goods, or sell goods at higher prices than before.

Next, to consume more goods also requires businesses to either produce more products with better quality than before, or to market well so that many customers know and accept the business's products. Industry, either to produce products

with beautiful, diverse designs that appeal to consumers, or to expand the enterprise's target market.

Second, cutting expenses enables companies to offer their products for less money or turn a larger profit than they did previously. Cutting expenses will boost earnings, which will boost operational effectiveness as well.

Third, explore every avenue to accelerate the rate of revenue growth relative to the rate of expense increase. It is challenging to lower overall costs while operating in a large production setting because output grows too rapidly. In this scenario, companies need to take all necessary steps to ensure that the rate of increase in revenue exceeds the rate of growth in expenses, so creating a positive connection between revenue and costs. This implies that companies need to minimize waste and use manufacturing expenditures sensibly and efficiently.

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