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The Impact of Firm Size on Business Performance of Real Estate Companies Listed on the Vietnamese Stock Market

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Abstract
Enhancing business performance is always a priority objective for enterprises, especially in the context of Vietnam's real estate market, which has experienced significant fluctuations and intense competitive pressure amid international economic integration. This study analyzes the relationship between firm size and business performance of real estate companies listed on the Vietnamese stock market. The research uses a dataset collected from listed real estate enterprises during the period 2020–2024. Regression methods and statistical tests were conducted using SPSS 26 to assess the impact of firm size indicators—such as total assets, revenue, and labor size—on business performance. The results show that firm size has a positive and statistically significant effect on the business performance of real estate companies. Based on these findings, the study proposes several solutions to improve the performance of listed real estate enterprises in the coming period.

Keywords: Firm Size, Business Performance, Listed Real Estate Companies

1. Introduction

In recent years, Vietnam's real estate market has undergone profound fluctuations under the influence of both domestic and international macroeconomic conditions. Following the Covid-19 pandemic, the economic recovery has been uneven; the financial market has faced mounting pressures, interest rates and capital costs have fluctuated sharply, and changes in legal policies have directly affected the capital-raising capacity and business operations of real estate enterprises. As an industry with strong spillover effects—contributing significantly to GDP growth and driving the development of related sectors such as construction, finance–banking, and building materials—real estate plays an especially important role in the structure of the modern economy. However, declining liquidity, difficulties in accessing credit, pressure from maturing corporate bonds, and shifts in housing demand have placed real estate enterprises in an unprecedentedly challenging position.

In this context, business performance becomes a crucial measure that reflects managerial capability, resource utilization, and the adaptability of enterprises to market fluctuations. For real estate companies listed on the Vietnamese stock market—large-scale enterprises with high levels of transparency and market influence—improving business performance is even more essential, not only for their own development but also for financial stability and investor confidence. Among the determinants of business performance, firm size is considered one of the key variables, representing resource accumulation capacity, financial strength, and the extent of market expansion. International studies indicate that firm size may exert either positive or negative effects depending on industry characteristics, competitiveness, and managerial capability.

However, in Vietnam, empirical evidence regarding the relationship between firm size and business performance in the real estate sector, particularly among listed enterprises, remains limited. This highlights the need for systematic research to clarify the magnitude and direction of firm size effects on business performance in the current context. Against this backdrop, this article focuses on evaluating the impact of firm size on the business performance of real estate companies listed on the Vietnamese stock market during the period 2020–2025, thereby providing scientific evidence and policy implications to enhance the operational efficiency of enterprises in the sector.

2. Theoretical Background

Research Overview

In recent years, numerous international studies have examined in depth the relationship between firm size and business performance in the real estate sector, particularly in emerging markets. In the Indonesian market, Yuliah, Triana, and Nopianti (2022) [10] analyzed 29 listed real estate and property–construction companies during 2016–2020, using explanatory variables such as capital structure, firm size (total assets), and total asset turnover. The results showed that capital structure had a significantly negative effect on ROA, whereas firm size had only a "minimal effect" on financial performance. This suggests that expanding size alone is insufficient to enhance profitability unless asset utilization efficiency improves correspondingly.

Using a similar sample of Indonesian listed real estate companies, Herawati (2025) [3] examined 24 firms during 2018–2022 with independent variables including intellectual capital, firm size, and capital structure. The findings revealed that intellectual capital had a positive and statistically significant effect on ROA, while firm size and capital structure exerted no significant standalone influence, although all three variables jointly explained a considerable portion of the variation in financial performance. This reinforces the notion that in the real estate sector, the quality of intangible resources (knowledge, managerial capability) may at times outweigh the magnitude of the balance sheet.

Several other studies have documented evidence supportive of a positive relationship. Nuraini (2025) [4], in the study *"Capital Structure, Firm Size to Financial Performances in Indonesian Property and Real Estate Companies"* covering the 2022–2023 period, reported a positive and statistically significant effect of firm size on financial performance. The study clarified the role of firm size as an advantage in terms of easier access to capital and broader risk dispersion. From the perspective of firm value, Oksarini, Hariyanto, and Safitri (2025) [5] used data from 74 Indonesian listed real estate companies during 2021–2024 and found that corporate governance variables (institutional ownership, independent directors), firm size, and profitability all had positive and statistically significant effects on firm value (measured by market indicators). This indicates that in some contexts, large size continues to be perceived by the market as a "positive signal" of financial strength and cash-flow generation capacity.

However, not all studies identified positive effects. Usat, Saputra, and Mulya (2025) [9], employing linear regression models on IDX-listed property and construction firms during 2022–2024, found that both debt policy and firm size had no significant impact on firm value, whereas liquidity exhibited a positive and statistically significant effect. The authors argued that in an environment characterized by high financial risk and volatile cash flows, investors tend to prioritize short-term solvency over firm size.

Another research stream focusing on market value has yielded similarly mixed results. Sarianing and Krisnadewi (2024) [7], analyzing 27 IDX-listed real estate companies during 2020–2022, found that good corporate governance increases firm value, whereas firm size had a negative and statistically significant coefficient. This implies an inverse relationship between total assets and market valuation—the authors suggest that when size becomes "excessively large" amid an industry downturn, investors may interpret it as a risk signal (e.g., large inventories, high leverage), leading to stock price discounts. Conversely, Nugroho (2022), examining Indonesian real estate firms during 2015–2019, found that firm size had no significant effect on firm value once governance components were controlled for, thereby reinforcing the view that empirical evidence remains inconsistent across periods and samples.

Firm size has also been studied as a determinant of financial structure, thereby influencing performance indirectly. Putri, Buchdadi, and Kurnianti (2023) [6] analyzed 39 Indonesian listed real estate companies during 2015–2020 and showed that firm size (ln total assets) had a positive and statistically significant effect on debt policy, while profitability negatively affected leverage and asset structure displayed a positive but insignificant effect. Although the dependent variable in this study was debt policy rather than performance, the results imply that larger firms are more likely to borrow, which may subsequently alter financial risk and operational efficiency.

A more recent line of research shifts the focus to financial distress and declining performance. Saraswati (2025) [8] examined 15 IDX-listed real estate firms during 2018–2023 and explored the impact of ROA, leverage, and intellectual capital on financial distress, with firm size as a moderating variable. The findings revealed that firm size not only directly increased financial distress risk but also strengthened the effects of ROA and intellectual capital on the likelihood of distress; meanwhile, firm size did not moderate the relationship between leverage and distress. This suggests that large real estate firms, if financially mismanaged, may become more "vulnerable" to market shocks than smaller firms.

Beyond the Indonesian market, Abdeen (2025) [1] used balanced panel data from the seven largest real estate developers in the UAE during 2019–2024 to analyze internal determinants of ROA. The random-effects model showed that operational efficiency significantly improved ROA, financial leverage substantially reduced ROA, while liquidity and firm size had positive but insignificant coefficients. The author concluded that in this market, "scaling up for the sake of size" does not yield profitability benefits unless accompanied by improvements in asset utilization efficiency.

Another related research direction examines the role of firm size in behavioral and financial transparency dimensions of real estate firms. Afrilia, Rahayu, and Erwati (2025) [2] analyzed 64 IDX-listed real estate companies during 2021–2023, focusing on the effects of corporate governance mechanisms and firm size on financial reporting timeliness. The results indicated that managerial ownership, institutional ownership, and audit committees all increased the likelihood of timely reporting, whereas firm size had a positive but insignificant coefficient—implying that larger firms do not necessarily report more promptly than smaller firms.

Overall, studies conducted from 2022 to 2025 reveal a diverse landscape:

(i) Some studies report positive and significant effects of firm size on business performance or firm value, particularly when markets expect large firms to possess stronger resilience and better access to financing;

(ii) Other studies find no significant effects, suggesting that asset utilization, governance quality, and liquidity may be more important than size itself; and

(iii) Several studies even identify negative effects, especially

in contexts where the industry faces high debt pressure, large inventories, and unfavorable market conditions.

A notable research gap is that most recent studies have focused on Indonesia and the UAE, while empirical evidence for Vietnamese listed real estate firms remains limited and largely pre-2022. This creates an opportunity for further investigation in the Vietnamese stock market, particularly regarding the interplay among firm size, financial structure, business performance, and market value in the context of rising interest rates, declining cash flows, and increasing real estate bond risks during 2020–2024.

Based on the literature review, the author proposes a research model in which the dependent variable—business performance—is measured by ROA. The independent variable—firm size—is operationalized through revenue size, asset size, operating age, and output scale.

Table 1: Variable Specification

Variable Type	Variable Name	Symbol
Dependent	Return on Assets	ROA
Independent	Revenue Size	SIZE1
Independent	Asset Size	SIZE2
Independent	Output Scale	SIZE3
Independent	Labor Size	SIZE4

Source: Author's compilation

Business Performance

Business performance is a microeconomic concept that reflects the degree to which a firm utilizes its resources and incurs costs throughout the reproduction process to achieve its business objectives (Truong Ba Thanh, 2009). Business performance has become increasingly important for economic growth and serves as a fundamental basis for assessing the achievement of corporate economic goals over time.

Business performance is a comparative measure—comparing inputs with outputs, or comparing business expenses with the corresponding business results. Improving business performance means increasing performance indicators continuously and achieving qualitative objectives in a positive direction.

Performance Measurement

Profitability ratios such as ROA and ROE are commonly used to evaluate corporate performance because they represent the relationship between profit and actual production costs, reflecting managerial capability in resource utilization. According to Kaguri (2013), appropriate performance metrics depend on the type of enterprise and the objectives to be evaluated.

For profit-oriented enterprises, performance is typically measured using financial indicators (Skandalis, 2005). These may include accounting-based indicators such as ROA, ROE, ROS, and gross profit (Gilchris, 2013), or market-based indicators such as market-to-book value ratio (MBVR) and Tobin's Q.

For enterprises that do not prioritize profit, performance may be assessed through non-financial indicators such as social impact or managerial efficiency. Lebans and Euske (2006) viewed performance as a combination of financial and non-financial measures indicating the extent to which goals and outcomes are achieved.

Firm Size

Several researchers, including Malik (2011), Amoroso (2015), Serrasqueiro and Nunes (2008), Asimakopoulos *et al*. (2009), and Mesut (2013), suggest that firms with stronger financial capacity tend to build better reputations, possess competitive advantages in negotiations, diversify products and services, and invest in highly skilled human resources—thereby enhancing business performance.

However, findings by Kartikasari and Merianti (2016) and Shehata *et al*. (2017) demonstrated that firm size, measured by total assets, may exert a negative impact on business performance.

3. Research Methodology

Qualitative Method

The author adopts a mixed-method approach combining qualitative and quantitative methods. The qualitative method is used to discuss indicators measuring business performance and firm size. Based on the synthesized theoretical foundation, the author designed a questionnaire to explore the effect of firm size on business performance.

Quantitative Method

Data Collection and Processing

This study employs secondary data collected from annual financial statements and annual reports of real estate companies listed on the Vietnamese stock market (HOSE, HNX, and UPCoM). As of 2024, the research team selected 26 listed real estate enterprises that fully meet the criteria regarding data accessibility, continuity of financial reporting, and stable business operations during the study period.

In this research, the author applies a combination of modern quantitative analytical methods to ensure the reliability and validity of the model. Specifically, the reliability of the measurement scales is assessed using Cronbach's Alpha; subsequently, Exploratory Factor Analysis (EFA) is conducted to evaluate the convergent and discriminant validity of the measurement variables. Statistical issues such as autocorrelation, multicollinearity, and heteroscedasticity are then tested to ensure that the assumptions of the regression model are satisfied. Finally, a panel data regression model is employed to analyze the impact of firm size on the business performance of listed real estate companies during the period 2020–2024. All data processing and statistical analyses are conducted using SPSS 26.

4. Research Results

After data processing and analysis, the initial descriptive statistics obtained are presented as follows:

Table 2: 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				

Source: Survey results

Cronbach's Alpha Reliability Test

The Cronbach's alpha coefficient is ≥ 0.6, indicating that the scale meets the required threshold for inclusion in factor

analysis. In addition, the item–total correlations of all observed variables are ≥ 0.3, confirming that the proposed measurement scales are statistically reliable.

Table 3: Cronbach's Alpha Reliability Test

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: Survey results

Exploratory Factor Analysis (EFA)

The results of the data suitability tests show that the KMO value is 0.801 (> 0.5), and the significance level of Bartlett's Test is 0.000, which is less than 0.05. This indicates that the observed variables are correlated and suitable for factor analysis. All factor loadings exceed 0.5, the total variance explained reaches 82.685% (> 50%), and the Eigenvalue is 1.612 (> 1). These criteria confirm that the conditions for conducting EFA are fully satisfied.

Therefore, all measurement scales selected for the variables in the model meet the required standards and can be used for subsequent analyses.

Regression Analysis Results

The regression analysis results of the model testing the impact of firm size on business performance show that the model's significance value is 0.000 (< 0.05). This indicates that the regression model is appropriate and that the independent variables included in the model are statistically significant in explaining the variation of the dependent variable—business performance of the listed real estate companies.

Table 4: Regression Analysis Results

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	.840	1.190
	SIZE3	.231	.038	.230	6.147	.000	.843	1.186
	SIZE4	.236	.033	.263	7.037	.000	.845	1.183
a. Dependent Variable: ROA								

Source: Survey results

The regression analysis results indicate that all indicators measuring the independent variable "firm size" exert a positive impact on business performance. This provides a basis for listed steel companies to develop appropriate strategies to enhance their business performance.

5. Conclusion

The real estate sector is highly sensitive to economic cycles, interest rate fluctuations, fiscal policies, credit conditions, and other macroeconomic factors. The business performance of real estate firms is closely linked to economic growth trends, the pace of urbanization, public investment in infrastructure, and access to credit. When the economy slows down, interest rates rise, market liquidity tightens, and housing and real estate investment demand declines sharply, resulting in reduced revenues and profits for firms in the industry. Conversely, during periods of economic recovery, strong public investment, and rising market confidence, real estate business activities are stimulated, enabling firms to improve revenues, profits, and overall performance.

In the context of increasing capital market participation, listed real estate companies must enhance their business performance to attract investors, strengthen market reputation, and increase firm value. Based on the research findings, the author proposes several recommendations for listed real estate enterprises as follows:

First, increase revenue through product diversification and project quality enhancement. Firms should expand into high-demand segments such as mid-range housing, industrial real estate, and appropriately positioned resort properties, or restructure product portfolios to align with actual demand. In addition, revenue can be boosted by enhancing project value through modern design, integrated amenities, strategic locations, and accelerated sales activities.

Second, strengthen marketing activities and expand market reach. To increase transaction volume, firms should adopt digital marketing strategies, improve project information transparency, and enhance customer service quality. Expanding into fast-growing provinces, capitalizing on opportunities from public investment and urban expansion, is also an important solution to increase market scale.

Third, control costs and optimize capital structure to maintain stable profit margins. The real estate sector is characterized by high capital intensity and long investment cycles; therefore, reducing borrowing costs, optimizing construction expenses, selecting appropriate contractors, and strengthening project management are critical factors for improving business performance. Effective financial cost management in a tight credit environment will help firms maintain cash flow and liquidity.

Fourth, ensure that revenue growth outpaces cost growth. As firms expand in size, total costs tend to increase, particularly land, construction, and financial expenses. Therefore, firms must optimize cost management, reduce inefficiencies, and simultaneously intensify sales and product utilization strategies so that revenue growth exceeds cost growth. This will help improve profit margins and enhance operational efficiency.

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