



**UNIVERSITI TEKNOLOGI MARA**

**THE EFFECT OF FIRM SIZE ON  
PROFITABILITY: EVIDENCE FROM FOOD AND  
BEVERAGES IN MALAYSIA**

**NURUL SHAFIKA BINTI MOHD ROBANI  
2016351521**

Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Finance)**

**Faculty of Business and Management**

**December 2018**

## AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


Name of Student : Nurul Shafika Binti Mohd Robani

Student I.D. No. : 2016351521

Programme : Bachelor of Business and Administration (Hons)  
Finance.

Faculty : Business and Management

Thesis : **THE EFFECT OF FIRM SIZE ON PROFITABILITY: EVIDENCE  
FROM FOOD AND BEVERAGES IN MALAYSIA**

Signature of Student :  .....

Date : December 2018

## **ABSTRACT**

The size of a firm plays an important role in determining the kind of relationship the firm enjoys within and outside its operating environment. The larger a firm is, the greater the influence it has on its stakeholders. Firm size has been considered as an important determinant of firm profitability (Student, 2013). In determining the business success of a firm, profitability performs a dynamic role. Profitability is the amount of money a firm can engender with whatever resources the firm has. The eventual goal for any organization is maximizing its profitability (Niresh & Velnampy, 2014). Size has been recognized in the literature as a fundamental variable in explaining organizational profitability and a number of studies have tried to explore the effect of firm size on profitability. However, the results of these prior studies have been inconsistent and controversial; while some scholars reported positive relationship, others reported negative relationship, thus calling for further investigation (John & Adebayo, 2013). Data collection is using the secondary data which is from Thomson Reuters Database. The data collected from the period of 12 years from year 2006 to 2017. This research uses the method of regression analysis, descriptive analysis and correlation analysis of panel data.

## TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iv</b>
<b>TABLE OF CONTENT</b>	<b>v</b>
<b>LIST OF TABLES</b>	<b>vii</b>
<b>LIST OF FIGURES</b>	<b>viii</b>
<b>LIST OF SYMBOLS</b>	<b>ix</b>
<b>LIST OF ABBREVIATIONS</b>	<b>x</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	4
1.4 Research Questions	6
1.5 Research Objectives	6
1.6 Significance of the Study	7
1.7 Scope of the Study	8
1.9 Definition of Key Terms	8
1.10 Summary	10
<b>CHAPTER TWO LITERATURE REVIEW</b>	<b>11</b>
2.1 Introduction	11
2.2 Overview of Firm Size and Profitability	11
2.3 Literature Review on Total Assets	13
2.4 Literature Review on Total Sales	13
2.5 Literature Review on Leverage	13
2.6 Literature Review on Inventory	13
2.7 Literature Review on Liquidity	14
2.8 Research Framework	14

## LIST OF TABLES

<b>Tables</b>	<b>Title</b>	<b>Page</b>
Table 4.2.1	Descriptive Analysis	23
Table 5.1.2	Summary of The Result	37