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The Impact of Firm Size on Profitability of Non-Financial companies of Pakistan

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Abstract
Purpose: *The main purpose of the study is to assess the impact of the firm size on the profitability of the non-financial companies in Pakistan.*
Design/Methodology/Approach: *This section of the research design focuses on using a balanced panel data analysis of the 447 non-financial companies of Pakistan from 2014 to 2023. The analysis is done properly to understand the relationship between the firm size by taking a log of the total assets (LTA) of all the companies and assessing the impact on the profitability that is measured by using the return on total assets (ROA). The research is properly managed by using Leverage, which is debt to total assets (LEV), as a control variable. Panel data estimation techniques are used, such as pooled ordinary least squares, fixed effects, and random effects. The Hausman specification is used to determine the most appropriate model.*
Findings: *The empirical results highlighted that firm size has a positive and statistically significant impact on profitability in the fixed effects model, which indicates that larger non-financial companies have higher return on assets. The findings support the economies of scale hypothesis that suggests that larger firms are able to use their resources efficiently. Leverage is actually showing a negative but insignificant relationship with profitability as firm-specific characteristics are controlled.*
Implications/Originality/Value: *The study provides a robust empirical model that allows us to assess the relationship between firm size and profitability in the context of emerging economies. As a*

comprehensive sample of non-financial companies in Pakistan is studied, it allows corporate investors, managers, and policymakers to make better decisions related to the role of firm size in the profitability of companies.
Keywords: *Firm Size; Return on Assets; Profitability; Panel Data; Leverage; Pakistan*

1. Introduction

The companies in a market economy vary greatly in size and profitability, and survive. What factors ensured these variables were made? And how they work, it was a case of alarm scrutiny, the Manufacturers Association, and was generally in developing countries. Stable size is credited as a key determinant of profitability. Stable size plays a vital role in ensuring that the type of contact has stability inside and outside of the law in the working environment. The more stable, because of their impact on stakeholders (Wagner, 1992; Dang, Li, & Yang, 2018; Asimakopoulos, Samitas, & Papadogonas, 2020; Pervan, Pervan, & Ćurak, 2019). Again, it affects the production of multinational conglomerates and companies in today's global economy, indicating the amount of work it has done in the business environment. It should not be a mistake to say that companies can frolic in accordance with the center in the world and the current global capitalist economy, and the screen is one of the most vital stakeholders' countless issues, such as stable shareholders, creditors, customers, suppliers, and governments (Nguyen & Nguyen, 2020; Babalola, 2019; Serrasqueiro & Caetano, 2020). Analysis of factors to ensure stable profitability, or in a way, was considered in determining the assets of the difference in profitability at the company level as a vital issue for scrutiny. There is a lot of international evidence, but empirical research on the relationship between firm size and profitability of companies in Pakistan is limited (Le & Phan, 2017; Pervan et al., 2019; Mubeen et al., 2020).

There are countless theories developed and proposed that offer different viewpoints to connect the center of them. He continued to profit and gave Mueller this theory in 1977. According to him, due to the competition between companies in a difficult market, a stable income is an average value. This discovery shows that there are no barriers to entry and exit for the benefit of the company in the long run, the average value (Wilson, J.O.S., & Morris, J.E., 2000; Hirsch, Schiefer, Gschwandtner, & Hartmann, 2018; Gschwandtner & Hirsch, 2019; Baek & Lee, 2021). The development of the mechanical approach gave Alchian this theory in 1950. This theory paints a picture of fitness by stable revenues and profitable production companies, and the strength of the market, as well as the output of complementary businesses, due to poor performance. Registration finance theory says this theory that business that benefits and next to continue using those profits to seize the good opportunities for development, these companies have no or lower benefits cannot take advantage of good investment opportunities, so that it does not occur quickly (Jang and Park, 2011; Ayyagari, Demirgüç-Kunt, & Maksimovic, 2018; Chen, Guariglia, & Yang, 2021; Vo & Ellis, 2020).

Profitable Recardian in the classical hypothesis that the opportunities and development available to exploit additional opportunities outside or anything less profitable than the previous development options to obtain additional benefits. This theory describes three things: 1. In the long term, it takes the profit rate to zero. 2. Promote the development of high profits. 3. Obstruction of growth profit. Neoclassical theory states that it has benefited from the most useful options in the early development before steady and less useful options, having served (Varian, 2019; De Loecker, Eeckhout, & Unger, 2020;

Bajgar et al., 2021). Agency theory after domestic finance managers, which can be invested in less profitable projects or even negative net present value, due to interest in confidentiality agreements. And weaken the stable profitability (Puumalainen and Kylaheiko, 2011; Gu, Kim, & Li, 2019; Chen, Harford, & Kamara, 2022).

The relationship between the center and the development of profitability and size development hypothesis extends this hypothesis that the choice to maximize the development as managers and target stable profits. Therefore, the existence of competitive contact center services is in a stable and steady development. Organization Verdoorn Kalldor- Under this system, stable and productivity can be increased by promoting the stable development and increased productivity and after sales as well as both increases profits rise Assembly (Maris; Mueller, 1972; Serrasqueiro & Nunes, 2018; Pervan & Višić, 2021; Xu, Hsu, & Yu, 2023) and it can be classified as stable technical theories, regulations and the creation depends emphasize the knowledge used to create, design and stable relations owners of the center of interests of the organization of the company or the nature of the legal and governance in stable employment (Kaldor, 1966; Syverson, 2019; Autor et al., 2020). Theories often include underlying assumptions about the relationship between size and profitability, and exceptionally those theories that limit attendance to a steady or stable size, "optimal size," because of economies of scale or a law of negative market size (Bloom, Sadun, & Van Reenen, 2016; Garicano & Rossi-Hansberg, 2016; Guadalupe, Kuzmina, & Thomas, 2020).

Technological theories emphasize physical capital and economies of scale and scope, as factors to ensure the optimum size of the team and, by implication, profitability. These theories focus on the development of creation and investment in physical capital, which is essential for the production of products (Wagner, J. 1992; Syverson, 2019; Bajgar et al., 2021; Bessen, 2020). Increasing economies of scale that allow constant prices on the above packages are the huge amounts of production and, consequently, the average price reduction of creation and increased review on invested capital, and united with a constant increase in size. If there is no verification of economies of scale, it should be regulated as a normal and stable monopoly. However, if the economies of scale cessation continues at this point and it is not larger, at least in terms of reducing the price of building and improving efficiency. And painted a relationship between size and profitability through economies of scale.

Efficiency and profitability at the end of the landing (average price increase) with increasing companies under a technical report, clear only. We can confirm doing so because of the negative scale. But then the question arises, what are the causes of this negative savings? Theories of the organization are in the picture here. Performance Effects of the stable size theory (Bloom et al., 2016; Garicano & Rossi-Hansberg, 2016; Guadalupe et al., 2020). The direct implication of joining the emphasis on the technical and organizational theories evaluates stable size, and the Association Agreement is that in a particular industry (creating a common technology), the nature of the public entity may be related to stable size and return on the balance of economies of scale, price of supply, and the costs of the association. Basically, the report includes: through a range a little earlier, and economies of scale could bring down the average cost component Soininen et al., 2011; Colombo, Croce, & Grilli, 2019).

You can get these rates unless the distribution among all stakeholders in the barn, or competitive pressures, result in lower product prices. Take the case of competitive markets, where the price has exceeded the savings to customers in the form of lower prices. Stable with lower price components,

prices may create the lowest prices. If prices are the main objective of reducing the size and similar products from small to giant companies, the next and small businesses must be evaluated as much (or less) worth of emerging giants in fewer benefits and less each, constituting reconsider investment (Serrasqueiro & Nunes, 2018; Pervan & Višić, 2021; Xu et al., 2023). However, at this point, while continuing economies of scale is, and should be, the average price of constituting nothing to do with a fixed size. Then you can distinguish, for example, medium and large businesses to be profitable at the same time (Barney, 1991; Mubeen et al., 2020).

However, companies also face an agreement, association, and extend from the mispricing (organizational costs), things being equal, complementary addition, the larger the entire block. Thus, in a small point, organizational prices overwhelm the benefits of economies of scale and profitability, and are stable starting in the fall. The difference from the center of this line is checked, and the economies of organizing online are considered. At this size, while stopping the scale, the load due to regulatory development is ever higher, resulting in rising costs of the constituent. Then, the completion of declining profitability. At the core, these language restrictions price stable fixation of enormity can be produced in a competitive market, while the coordination rule is stable compared to the goal of maximizing the wealth of the owner (Teece, Peteraf, & Leih, 2016). Defining resources and skills critical theories are not, despite the confusion of this story.

All the resources and skills of critical theories mean a check on the size of that oblique stable to support secret or indirectly by size the goods and services market for the company. Theories efficiency, are, in particular, a setback because companies have skills can be a way to create disparate - the purpose of the creation of technical theories. Therefore, the effectiveness of the theory of superposition technique may or may not correlate with the expected results of the size and profitability of the theory (Newbert, 2018). There can be no relationship. The two companies, with the agreement of the "secret" powers or incur prices Association, as they come to be the largest one, raise another question. If they do, the size and profitability are negatively related. Otherwise, once again, there is no relationship. In short, we were close to expectations about finding the size and profitability that the profitability in the first place, the following increases and stabilizes or drops by side relative to the size or lack of relationship between center size and profitability (Coad et al., 2018).

1.2 Problem of statement

The businesses are constantly making big decisions and investing in different areas to increase profitability. The firm size is one factor that has an impact on the profitability of the business, so it is crucial for businesses and people to understand it so that better business decisions can be made. There is a lot of international evidence, but empirical research on the relationship between firm size and the profitability of companies in Pakistan is limited (Dang, Li, & Yang, 2018).

1.3 Research objectives

The purpose of the research is to examine the relationship between the size of the firm and profitability. The study is crucial as it will guide all people about the importance of firm size and its impact on the profitability of the business. If the businesses are aware of the importance of firm size and profitability, then they will be making effective business decisions that will lead the businesses towards growth and development. The research will be fruitful and will allow the business managers to make the right investment decisions that will be good in the long term. The businesses that are large in size are usually

investing a lot and focusing on increasing profitability as they have more resources (Pervan, Pervan, & Ćurak, 2019).

- To understand the relationship between the Firm size and the profitability of companies.

2. Literature Review

Theories of organization are based on the organization of bargaining power of return, the price of associations (Jensen in Meckling, 1976), and extended handling costs (Bloom, Sadun, & Van Reenen, 2019; Garicano & Rossi-Hansberg, 2016; Guadalupe, Kuzmina, & Thomas, 2020). We, well below regulatory theories, vital resource and effectiveness theories hold our society (Hart & Moore, 2017; Aghion, Dewatripont, & Rey, 2019; Bajgar et al., 2021). Prices are attractive, conditioned, and the control command to complete the task, and the screen in the organization. These prices include preparation and discussion of agreements and test prices, and the arguments and absorption of undesirable consequences. Care Association prices come amid battles between stakeholders in a stable because of data asymmetry and selfish behavior (Bolton, Brunnermeier, & Veldkamp, 2020; Bloom et al., 2019; Chen, Harford, & Kamara, 2022).

The basic assumption of real estate companies is specifically for managers and workers, trying to produce a stable, even if the path to make investments that do not cover the cost of capital, because of the associated revenue opportunities, employment, and administrative operational, benefits, and the protection of the occupation with stable size. The company can produce stable or increasing current procedures and diversify the entire block. Each of the development strategies can blur shareholder wealth, and there is evidence that companies seeking to establish businesses or shareholders value intensive dissemination diversification discount (Berger & Ofek, 2020; Bena & Li, 2021; Kuppuswamy & Villalonga, 2021).

Further stable production, with the upper layers of formal associations and workers, reduces the ability of the company to respond quickly to changing competitive conditions and "roll record" within the bureaucracy, now with additional political insight for performance purposes. Other things being equal, the greater the degree of manipulation (the number of layers of officers) of the association, the bigger the bargain prices and the association. The general agent for a number of layers is the official number of employees (Amjad, Bibi, & Rehman, 2025). Therefore, offers of theories of organizational stability and prices of partnerships and the extent of the manipulation of prices predicted that within a short average must be to all parts of the offer price and the Association to promote and compensate the economies of scale and scope, and establish the size and optimal for a stable in the words of profitability (Bloom et al., 2019; Garicano & Rossi-Hansberg, 2016; Serrasqueiro & Nunes, 2018; Pervan & Višić, 2021).

Theories resources criticize the emphasis on aggressive owners or stable handling that has the most resources and knowledge assets, intellectual property, and the determinants of the stable size. There are institutions and laws to promote the protection of the owner of the company through this vital resource, and increase the block size (Teece, Peteraf, & Leih, 2016; De Loecker, Eeckhout, & Unger, 2020). Offers the ideal formulation that connects to a fixed-size mower, able to withstand handling on intangible factors that make a profitable team. The more important of these intangible assets (concerning, for example, fixed assets such as machinery) are less likely to produce a stable (become larger). Therefore, the critical theories of size and more stable resources equalize and profitability together so that at one point, increasing the size leads to lower profits. Although the theory without

substantial resources for stable business vitality is not less profitable, "small" demand for "big" companies within a given business environment (Bessen, 2020). Efficiency theories postulate that a stable set of skills enables them to receive an extra chance in the price of capital (excess of commercial leases, the net present value of positive projects) (Newbert, 2018).

These skills may include creating superior technology, superior marketing skills, and superior scrutiny skills and progress. The bottom line is that one or more of these skills allows a stable maintenance of its competitiveness and further receiving an adequate return (Teece, Peteraf, & Leih, 2016). But to protect stable language, complementary companies must ensure that the purchase of the best talent also includes secrets. At this point, the critical theories of resource efficiency are discussed. Thinking skills are these vital resources. One way to manage the deployment of secrets is to assign people, which is not possible, and this means limiting the size of the team so that the size of the staff is described in words. Accordingly, this legal action to protect the secrets of impending stable sites on their size. Theories of efficiency, but it does not consider that small businesses are companies that are more or less profitable than larger (or smaller than the size while Secrets Revealed. One of the attractive qualities of the theory is that efficiency is stable; "small" can be as profitable as the "big" stable in a particular industry because companies have different skills that enable them both to obtain higher yields (Coad, Holm, Krafft, & Quatraro, 2018). As defined by Niman (2003), "survival depends not on being the biggest, but instead, to be differentiated enough [because of the different powers] so that gains and other non-fatal benefits. " In fact, the "small barn can be" profitable outside of the "big" inside the stable position of its products because of the exceptional powers (Mubeen, Han, Abbas, & Raza, 2020). The reason does not produce a stable "small" market for their products or services, and / or to overcome their secrets (Rehman, Amjad, Ramzan, & Ahmed, 2026).

Institutional theories are theories linking a fixed set of factors, such as legal agreements, the organization of the competition, patent protection, market size, and progress of established commercial markets. The United States is dense and has the largest capital with effective legal arrangements and research and development-intensive industries with large companies in countries throughout patent protection (De Loecker, Eeckhout, & Unger, 2020; Bajgar et al., 2021). We limited our survey of listed companies in the United States, and on the short end, we have established many factors that are manipulated. However, since a few industries that produce can be considered as a supplement or subject to different systems within the United States, which were created to build and market factors, can tolerate changes in the relationships observed between size and profitability (Autor, Dorn, Katz, Patterson, & Van Reenen, 2020; Aghion, Dewatripont, & Rey, 2019).

The development and profitability of the distinguished Assembly anxiety, but it is not yet widespread throughout central contact with them. Many studies were found in this regard, but there is general agreement at the center of each. Studies show the aftermath of different kinds, some of which are given here (Rehman, Amjad, Karamat, Javaid, & Sarwar, 2026). It is important to see the center of stable growth and profitability of the connection. He faces higher profits, while increasing development, but is hampered by the growth of increased profitability (Coad, Holm, Krafft, & Quatraro, 2018; Pervan & Višić, 2021). Researchers supplement their regular income due to the positive evolution (Gschwandtner & Hirsch, 2019; Su, Li, & Li, 2022).

Coad, Holm, Krafft, & Quatraro (2018) state that there are no poles of development and profitability. Baum, Cowling, & Tang (2019) discovered that it adversely modifies the growth of profitability. The connection can be the center of profitability and positive development of society. Serrasqueiro & Caetano (2020) believe that companies are moving into a large market, and the craft market experienced a long period of competitive superiority, initially because these companies produce and make a profit (De Loecker, Eeckhout, & Unger, 2020).

Size is one of the key factors in profitability. There are not enough studies on the relationship. Large companies seize the sovereignty of savings, next size contact center efficiency, and the size of the expected positive business. Stable after a battle to make a profit for the owners of a company or spend their increased income, and secret societies become large. After the next meeting of small businesses that are not interested in yields, tracking companies will be asked to achieve low profitability. There may be a positive profitability of connection and stable size, but the size of a predetermined threshold, which can become negative (Pervan, Pervan, & Ćurak, 2019; Asimakopoulos, Samitas, & Papadogonas, 2020).

3. Research Methodology

In the research methodology, the impact of the size of the firms is being examined on the profitability of non-financial companies of Pakistan. The research design uses a deductive approach. In it, we study the different steps that are, for the most part, received by a scientist in examining their research issue, alongside the rationale behind them. It is important for the analyst to know the examination routines/procedures as well as the methodology.

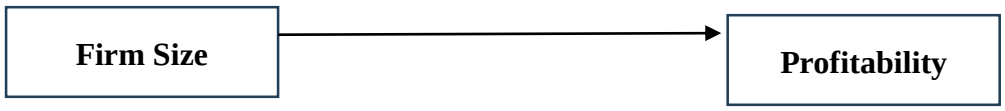


Figure 1: Theoretical Framework

3.1 Research Design

This section of the research design focuses on using a balanced panel data analysis of the 447 non-financial companies of Pakistan from 2014 to 2023. The ten-year data has been taken from the State Bank of Pakistan. The analysis is done properly to understand the relationship between the firm size by taking a log of the total assets (LTA) of all the companies and assessing the impact on the profitability that is measured by using the return on total assets (ROA). The research is properly managed by using leverage, that is, debt to total assets (LEV), as a control variable. The analysis was completed by using EViews for analyzing the panel data, and a proper analysis was conducted to assess the relationship among the variables. Descriptive statistics, correlation, Ordinary Least Squares, Fixed effects model, and Random effects model analyses were conducted. Finally, the Hausman test was used to determine the appropriate model between the fixed effects and random effects.

Research Hypotheses

H0: There is a positive relationship between firm size and profitability

H1: There is a negative relationship between firm size and profitability

4. Results and Findings

4.1 Data Description and Sample Overview

The study uses a firm level panel data analysis of 447 non-financial companies of Pakistan from 2014 to 2023. After excluding the aggregate sector based observations the final sample had 447 non-financial companies that formed an balanced panel that is around 3,954 firm-year observations. Using panel data allows to properly analyze the unobservable firm-specific characteristics that can be influenced by profitability over time. The firm profitability was measured using Return on Assets (ROA), firm size is then proxied by the natural logarithm of the total assets (LTA) and for including a control variable leverage (LEV) was used to properly account for differences in capital structure among the different firms.

4.2 Descriptive Statistics

Table 1 Descriptive Statistics

VARIABLE	MEAN	MEDIAN	MAX	MIN	STD. DEV.	OBSERVATIONS
LTA	6.709	6.740	9.739	1.114	1.004	3,954
ROA	0.697	2.511	16029.63	-7621.43	312.81	3,954
LEV	3.150	0.587	4742.77	0.001	79.65	3,954

The descriptive statistics is showing substantial changes in both profitability and firm size across all the non-financial companies in Pakistan. The dispersion in Return on assets shows significant level of heterogeneity in the firm performance that justifies the use of panel data techniques for controlling the firm specific effects. The variation in the leverage is further shown through the differences in the capital structure among the firms.

4.3 Correlation Analysis

Table 2: Correlation Matrix

VARIABLE	LTA	ROA	LEV
LTA	1.000	0.033	-0.138
ROA	0.033	1.000	-0.037
LEV	-0.138	-0.037	1.000

Firm size that is shown by the LTA shows a positive correlation with ROA that suggests that larger companies are more profitable. Leverage is showing a weak and negative relationship with profitability. It is crucial to note that the coefficients are low that is showing no multicollinearity issues in the data that supports the reliability of the regression estimates.

4.4 Panel Regression Results

The impact of firm size on the profitability of the non-financial firms of Pakistan is assessed by using panel regression models. The panel regression models were properly estimated by using the Pooled OLS, Fixed Effects Model (FE) and the Random Effects Model (RE). Finally, Hausman specification test used for determining the appropriate model.

Table 3 Panel Regression Results: Impact of Firm Size on Profitability (ROA)**

VARIABLES	POOLED OLS	FIXED EFFECTS	RANDOM EFFECTS
CONSTANT	-58.200	-574.639	-58.200
	(33.929)	(173.393)	(35.508)
LOG OF TOTAL ASSETS (LTA)	8.840	85.791	8.840
	(4.998)	(25.825)	(5.231)
LEVERAGE (LEV)	-0.130	-0.077	-0.130
	(0.063)	(0.075)	(0.066)
OBSERVATIONS	3,954	3,954	3,954
NUMBER OF FIRMS	447	447	447
R-SQUARED	0.002	0.030	0.002
ESTIMATION METHOD	LS	FE (Within)	GLS

Table 3 is showing the panel regression results that examine the impact of firm size on the profitability. All the model specifications show that firm size is measured by the logarithm of total assets LTA that is showing a positive relationship with return on assets ROA. Fixed effects model that is controlling the unobserved firm-specific heterogeneity the firm size is actually positive and statistically significant. This indicates that larger firms are able to achieve more profitability. The findings are properly supporting the economies of scale hypothesis that suggests that larger firms are achieving more benefits from better utilization of resources and cost efficiencies. Leverage on the other hand is showing a negative relationship with profitability across all the different models but it is statistically significant in case of fixed effects model that shows capital structure is not playing a critical role in explaining the profitability as the firm specific characteristics are controlled.

4.5 Hausman Test Results

The Hausman test was used to confirm if fixed effects or random effects would be appropriate. Based on the results it is clear since $p<0.05$ and it is actually $p<0.0097$ that is why null hypothesis is rejected that random effects is appropriate.

Table 4: Hausman Test

TEST STATISTIC	X^2	DF	PROB.
CROSS-SECTION RANDOM	9.2816	2	0.0097

The results of the Hausman test show a significant result that clarifies that the fixed effects model is preferred. The Chi-Square value is 9.2816. The fixed effects model is selected so that it shows that the firm-specific effects are correlated with the firm size or leverage, which are the explanatory variables, and they must be controlled in order to achieve consistent estimates.

Fixed effects regression results show there is positive evidence of firm size having a statistically significant and positive impact on the profitability of the non-financial companies of Pakistan from 2014 to 2023. The coefficient of firm size (LTA) shows a positive and significant result at even $p<0.01$ or 1% level that indicates larger companies have more profitability as it is measured by the return on assets

(ROA). The main findings of the paper state that the firm size has a statistically significant and positive impact on the profitability of businesses. It is also noted that larger non-financial companies are more profitable than the smaller firms. Further, it is found that firm-specific characteristics do play a very important role in justifying the use of fixed effects panel estimation. The results are very much consistent and aligned with the theoretical arguments that are related to resource availability and economies of scale.

5. Discussions

The findings of the research are very clear and show a direct relationship between the size of the firm and profitability. The businesses that are large in size are more profitable than the businesses that are small in size. The potential of the businesses in the markets varies depending on the size and the resources that are available. The issues and problems that are being faced by the businesses are resolved with the passage of time as the businesses work well in society and achieve more progress. The main findings of the paper state that the firm size has a statistically significant and positive impact on the profitability of businesses. It is also noted that larger non-financial companies are more profitable than the smaller firms. Further, it is found that firm-specific characteristics do play a very important role in justifying the use of fixed effects panel estimation. The results are very much consistent and aligned with the theoretical arguments that are related to resource availability and economies of scale. The long-term development of the businesses is ensured as they adopt the right business strategies for the future. The success and progress of the businesses will be ensured as the right practices are adopted. The large firms have more customers in the market, and they have more market share, so they can face the competition in the industry by focusing on advertising or research. The small businesses have fewer resources as they do not have the resources to work well. They don't have the financial resources that will be good in the long run. The small businesses are also facing challenges related to survival in the industry, which makes it difficult for them to survive. The findings of the research have shown that the large firms are more profitable than small businesses.

6. Conclusion and Recommendations

6.1 Recommendations

The research project is important as it will clarify all the problems and issues that are being faced by businesses. The firm size is important for the profitability of the business, as it can allow the business managers to make appropriate decisions related to the business. The long-term development and growth of businesses depend mostly on the future strategic decisions that are being made by the business. The findings of the research have shown the opinions of the people or the research respondents, as they mostly have the opinion that the large businesses have more potential to raise capital and grow the business. The successful operations of the business will be good in the long term, which will be crucial in the long run. The successful business strategies are appropriate for businesses as they will create many opportunities for people. The problems that are being faced by many small businesses are due to the challenges that are faced by them, as globalization and economic conditions have a huge impact on such small businesses. The appropriate decisions of the business managers will increase the profitability in any industry, so large firms are usually adopting the appropriate business strategies, which is why they are making more profit in comparison to small businesses. Future researchers can further research and elaborate on this topic.

6.2 Conclusion

There are many businesses that are competing in society for long-term survival and sustainability. There is a high degree of competition due to globalization and different situations in the businesses, which have made it difficult for businesses to survive. There is a clear difference between businesses, as there are successful small-scale firms that are competing in the markets in an efficient and effective manner. There are also very large firms that are competing well with the businesses in society. The main findings of the paper state that the firm size has a statistically significant and positive impact on the profitability of businesses. Further, it is found that firm-specific characteristics do play a very important role in justifying the use of fixed effects panel estimation. It is also noted that larger non-financial companies are more profitable than the smaller firms. The results are very much consistent and aligned with the theoretical arguments that are related to resource availability and economies of scale. The important role played by businesses determines their ability to achieve more profitability. The results of this research have clearly shown that the profitability of the business has a direct relationship with the size. Most of the respondents have the opinion that large firms are more capable of using their vast resources to achieve higher profitability than small-scale firms. There are different researchers sharing information about various businesses that are profitable. The size of the business plays an important role in determining profitability. The issues and challenges that are faced by businesses due to a lack of resources and high competition can be resolved as they adopt new and innovative strategies that can lead them towards progress.

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