

## Review in Business and Economics

Volume 4, Issue 1  
March, 2024

ISSN: 2788-4856

# Exploring the Multifaceted Influence of Firm Characteristics on Financial Performance in Dynamic Market Environments

*Muhammad Hamza Khan<sup>1</sup> and Masroor Shah<sup>2</sup>*

1. Hailey College of Commerce, University of the Punjab Lahore.. Pakistan [hamzah8887@gmail.com](mailto:hamzah8887@gmail.com)
2. Faculty of Management Sciences, International Islamic University, Islamabad Pakistan

*The paper under consideration reveals the connection between firm age, firm size, industry ownership, and return on assets in the fast-moving goods industry. Data comprised for the period between year 2011 and 2022 gathered from companies involved in this industry is executed with correlation and regression analysis. The result show that firm age, firm size and industry ownership appear to be the most significant factors influencing rate of return on assets. By unveiling the intricate patterns that determine financial results in such competitive companies the research results may be useful for making of strategic decisions and for increasing performance in the FMCG sector.*

**Keywords:** Firm Age, Firm Size, Industry Ownership, Return on Assets, Fast Moving Consumer Goods.

### Introduction

It is a crucial area of research in both finance and management to investigate the role of firm characteristics on the financial success of the company. For executives, investors, and officials to be able to make decisions, it is vital for them to have a solid understanding of how the many features of organizations impact financial performance (Belfo & Trigo, 2013). When we talk about a company's characteristics, we're referring to the distinct qualities that set it apart from competitors in terms of factors such as its age, size, industry, as well as structure of ownership. When comparing the financial success of companies in different industries, economies, and historical periods, these characteristics are frequently taken into consideration (M. B. Romney & Steinbart, 2009). The size of the firms being researched is one of the primary variables that are important in this study. The size of a company is an important factor that determines its access to resources, its ability to realize economy of scale, and its level of management experience (Melanzeri & Zarabi, 2013). Larger companies often have greater resources along with greater power to negotiate than smaller companies, which gives larger companies the ability to engage in research and development, extend their range of products, and penetrate unfamiliar markets (Belfo & Trigo, 2013).

Another essential factor that has a significant impact on financial performance is its age sector. Competition, the makeup of markets, and the degree of technical complexity vary widely

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ISSN: 2788-4856

across different sectors (M. Romney et al., 2012). These factors all have the potential to influence the financial success and long-term viability of businesses that are active in those particular industries. Another key factor that affects a company's financial performance is the ownership of the company (J. A. Hall, 2015). The ownership structure of a company has the potential to influence the amount of management and decision-making authority that is held by the company's owners, its shareholders, or anyone else involved. This has the potential to have an impact on the cash flow, financing possibilities, and dividend policy of the company (Trigo et al., 2014).

The age of the company is another important factor that might impact financial performance. Companies that have been around for longer could have a well-known brand reputation, dedicated consumers, and an established history of being financially stable (Cushing & Romney, 2023). On the other hand, younger companies may have goods that are more inventive, have fewer fixed expenditures, and have better growth opportunities; nevertheless, they might also pose higher degrees of risk (Wilkinson et al., 2014). Return on asset is an accounting metric that assesses the profitability as well as the effectiveness of a company's assets in producing revenue. ROA abbreviates for "return on asset." The purpose of this study is to investigate how return on assets (ROA), when combined with company size, industry, ownership, and age, impacts the financial performance of businesses (Gelinias et al., 2017).

In general, an investigation of the role that firm characteristics play in financial performance may give significant insights into the ways in which various businesses' features function within the economic system and how they affect financial performance (Lee, 2013). This study can help executives, financiers, and legislators make educated decisions that support sustainable expansion as well as equilibrium in both the domestic and worldwide economies by determining the variables that impact financial performance and providing them with the information they need to do so.

For them to accomplish their objectives, business organizations require a plan. Miles and Snow's approach categorization represents one of the most often used business approach groupings among experts in managerial and business study. Miles and Snow (2022) categorize tactics as responder, defender, analyzer, and prospector. Anwar, (2021) emphasize the efficiency of production in both offensive and defensive methods. Firms that use the responder and defensive strategies are often passive when it comes to response to market possibilities and choose to be active in a market that is stable. In the meantime, both analyzer and prospector initiatives are focused on creating new products. Firms employing prospector and analyzer methods see a market dynamic shift as a chance to grow. Prospective purchaser and analyst businesses are distinguished by vigorous product marketing, study and development, and creativity.

The problem statement of this study is to explore the influence of firm characteristics in affecting financial success. The problem statement for this research can be found here. A company's financial performance can be affected by a number of internal and external factors; nonetheless, it is necessary for informed choice-making and strategic planning to have an

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awareness of the unique impact that the features of the company have on performance. Researchers can uncover significant variables that contribute to or impede an organization's achievement by evaluating the link between firm characteristics with financial performance. This provides us with insights into how companies may improve their financial results in an increasingly competitive business climate.

This study will use a quantitative research strategy to answer the issue statement. Data will be gathered from a varied sample of enterprises from various sectors, including a wide range of company characteristics such as firm size, age, ownership, and age type. To investigate the link between these company characteristics and financial performance metrics such as return on assets, statistical analytic techniques such as regression analysis will be used. This study will allow us to discover certain business characteristics that have a substantial impact on financial performance, as well as the magnitude and course of these impacts.

### Literature Review

According to Yoon, (2023), firm size is a typical factor that has the capacity to influence a company's behaviors as well as the decisions it makes about its strategic direction. According to Trigo, (2014), various company sizes and types of industries would react in a variety of unique ways to the same scenario. This is due to the fact that different businesses place varied emphasis on certain aspects of their strategic positioning (Trigo et al., 2016). Large corporations typically take a defensive stance because of the well-established procedures and resources at their disposal, which enables them to make decisions that are lucrative while taking on less risk. Contrary to popular belief, in order to earn profitability and a successful outcome, small businesses need to be willing to take on greater risks. Large companies often place a higher emphasis on sustained stability, whereas smaller companies look for considerable opportunities for expansion.

According to Turner, (2022), huge companies have a propensity to exclusively participate in company possibilities that provide substantial margins of profit. Meanwhile, small businesses with a focus on expansion are more likely to participate in any business opportunity, regardless of how high or poor the margins are. As a result, major companies are anticipated to pursue a defensive approach, whilst small companies are anticipated to embrace an aggressive approach. The research conducted by Belfo & Trigo, (2013) on companies operating in the United States revealed that smaller companies were quicker to launch competitive challenges and more discrete in their implementation. According to Belfo & Trigo, (2013), despite the fact they were quicker to reply when they were assaulted, their replies were more conspicuous than those of their bigger opponents. In their study, Moscovice & Simkin, (2023) evaluated the responses of major and small manufacturing enterprises in the United States to the environmental setting they were operating in. According to the results, small companies have access to particular resources that make it possible for them to overcome obstacles that provide bigger hurdles for larger firms and make it possible to capitalize on specific age possibilities more readily than larger organizations (Wilkinson et al., 2014). These resources also assist small businesses to overcome barriers that create higher challenges for bigger corporations.

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Romney and Steinbart, (2009) investigated the impact of firm-specific parameters, such as the age of the enterprise, size of the enterprise, the volume of funding, borrowing ratio, percentage of liquidity, increase, and concreteness of inventory, on the profitability that was assessed by Return on Assets. This research was conducted in Pakistan. Over the course of the investigation's ten years, the sample population consisted of nine of the mentioned insurance firms. The findings of the regression indicate that the factors of expansion, leverage, which is the volume of funding, firm size, and availability are the most significant factors in determining profitability. As a result, expansion, size, and the total amount of capital are all positively correlated with one another. On the other hand, the proportion of liquidity as well as the percentage of leverage both have an inverse relationship that is substantial in relation to profitability. It was shown that there is no substantial relationship between the age of firms and the tangible characteristics of assets and revenue (M. Romney et al., 2012).

Hall (2013) used a multivariate regression analysis model to investigate the data for this study came from the years through. In his study, the individual included a variety of other control characteristics, such as flexibility, which he determined by dividing the number of current assets by total present obligations, borrowing, which he determined by dividing total debt by the total amount of assets, and firm age, which he determined ROA and profitability when leverage and firm age are included (J. A. Hall, 2015).

Gelinas (2017) investigated how certain features of a business influenced the financial performance of companies that were traded on the financial companies and were classified under the agriculture sector. The research strategy for this study was a correlational approach, and multiple regression analyses were utilized as the technique of analysis. Only one of the factors employed to indicate company characteristics, availability, was shown to have a statistically important effect on the return on assets (ROA) of publicly traded agricultural companies, according to what he discovered. Even if their coefficients were positive, the other factors, including business size, advantage, and age, did not have a meaningful impact on the financial performance of the firm. According to the findings of the investigation, management teams at companies should concentrate their efforts on those particular to the company that has a beneficial impact on the organization's financial health over the long run.

### Resource-Based Theory

The resource-based theory, initially put forward in the year 1984, serves as the conceptual basis for this research project. Melanzeri & Zarabi, (2013) characterize the resource-based theory (RBT) as the process of analyzing and determining a company's strategic benefits based on an examination of the unique combination of possessions, competencies, capacities, and intangibles that the company possesses as an organization. RBT is also known as the resource-based view. This theory addresses the internal features of firms and the effect such qualities have on the performance of the firms. It sees the company as a collection of resources that, when brought together, provide organizational capabilities. These capabilities allow the company to achieve above-average levels of profitability (Al-Okaily et al., 2020). Skills are built by each company using these resources; once these skills have been developed to their full

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potential, they represent the firm's primary source of differentiation. Because it focuses more on the features of individual companies than on the elements of their industries, this theory will be helpful in explaining the variations in profitability that exist among companies operating within the same industry. Leverage ratios are a standard method for evaluating a company's financial resources; these ratios indicate the extent to which the company can enhance its endeavor's financing by borrowing money from loan suppliers. A company's liquidity can also be measured by the amount of ad hoc financial resources it has available to run its day-to-day operations. The firm's business knowledge provides the firm with organizational capabilities that it may employ to acquire a competitive advantage over other companies, which enables the firm to generate an above-common financial performance. One of the real resources that the committed can use to benefit a comparable take advantage is the magnitude of its assets, which can be measured. Other tangible resources include the firm's physical resources.

Subsequently, the size effect was initially hypothesized by (Pearson et al., 2010), other financial economists have researched it and aimed to clarify it from a variety of different viewpoints. The study work that has been done since then may be found here. The hypothesis of risk premier can provide a justification. According to (Lieberman & Whinston, 1975), the explanation for how size can accurately forecast returns is not because of the operating attributes it measures but rather because of the market features that it possesses. The market value may absorb risk premier. Companies that have a lower market value are often more risky than companies that have a greater market value. As a result, these companies need larger returns in order to make up for the risk they provide. According to Berk's line of reasoning, the other nonmarket-based metrics are incapable of producing a size premium that is meaningful. The notion of availability is the second potential rationale for this phenomenon.

Penadés-Plà et al. (2016) utilizes the notion of the illiquidity payment for clarifying the size impact and suggests that size is a measure of liquidity. The illiquidity premium was developed by (Wilkin & Chenhall, 2010). In their study, present evidence that the risk of liquidity can have an influence on asset price. Furthermore, a pricing framework that incorporates liquidity risk has greater accuracy in describing the size influence than the model used for capital asset pricing (CAPM), which is the usual model. (Grabski et al., 2011) employ a lack of liquidity factor as a means of explaining the size differential and demonstrating that the size variable has a considerably positive influence on the insolvency factor. [T]hey do this by showing that the size variable has a considerable impact on the insolvency factor.

Uncertainty over the information constitutes the third possible explanation. In comparison to major publicly traded firms, small caps often have fewer years of existence that can be traced, receive fewer accolades from analysts, and have less stringent obligatory disclosure rules. As a result, small caps typically have a greater level of knowledge uncertainty on averages. According to (Gervásio & Da Silva, 2012), businesses that are less well-known and so have a more limited pool of investors can attract greater returns. (Hung et al., 2007) demonstrate that the price delays to knowledge which may be attributed to investor recognition as the cause can help explain a portion of the size impact. Studies that have already been



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conducted provide evidence that the quantity of information that is accessible is correlated with the size of the company and that the degree of unpredictability of data has an effect on the returns that are obtained in the future. The lack of information that is available about small businesses prevents investors from diversifying their holdings, which in turn leads to greater returns. According to (Gordon & Miller, 1976), firm age and size are considered to be relevant indices of information unpredictability. There are more market-specific explanations available in addition to the three we discussed before in this paragraph. (Muñoz, 2017) have demonstrated that the size impact is greatly amplified when there are rigorous regulations governing IPOs and a big number of individual investors.

### Firm Age

The amount of time that has passed since a being or object first came into being is its age. Despite the fact that some people feel that listings age should determine the age of the company, researchers considered firm age as the number of years that have passed since the company was incorporated (Laeven & Woodruff, 2007). According to the individual, the age of the firm when it was listed on the stock market is more economically advantageous given that listing is a distinguishing milestone in the life of the organisation. According to (Shalit & Sankar, 1977), the argument made by Shumway cannot be sustained when seen from the viewpoint of the firm as an official personality. Through the process of incorporation, a business is given the status of a distinct person in the eyes of the law. As a result of this, we support using the year of establishment as the basis for determining the age of the firm.

There is debate on whether or not the majority of studies have found no such link. Others, such as (Anderson & Eshima, 2013), have observed a negative association between the two. Due to the conflicting responses, the discussion is currently unable to reach a conclusion. (Cooke, 1992) evaluated the influence that company size and age had on Pakistan's companies' overall performance in the firm sector. It has been shown that older businesses in Pakistan are more productive yet generates less profit as a result. In a similar spirit, concentrated on the 200 firms that were listed on the Pakistan Stock Exchange during the years 2008 and 2011. According to the findings of the study, there is an inverse correlation between age and profitability. (Chen & Chen, 2011) used a sample of Spanish companies from 1998 to 2006 and showed that business performance improves with the age of the firm, despite the fact that older companies have a lower standard of efficiency and profitability. These findings were based on the findings of Coad, Segarra, and Teruel.

According to the organismic developmental analogy proposed by (Younis & Sundarakani, 2020), which states that "like human beings and plants, institutions have a life cycle...a time of blossoming power and a wrinkled old age wherein exit becomes almost inescapable," the inverse correlation between the age of a company and its profitability may be explained by this comparison. Despite this, (Brammer & Millington, 2003) issued a warning against the rigorous adoption of the organismic life cycle comparison. He reasoned that the life cycle of an organization cannot be preset or anticipated with a level of confidence that is acceptable.

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The unfavorable connection may also be understood via the lens of the liability of becoming obsolete, according to which the level of an organization's performance decreases with increasing years. The collapse has been linked to the natural drift, which resulted from competitiveness and competitiveness (Zimmerman, 1983), as well as organizational inertia, sometimes known as the syndrome of being too large or too old to adapt. Obsolescence risks develop when there is an increasing mismatch between an object's exterior characteristics and its surroundings. In the same spirit, the risk associated with aging could be able to assist explain the inverse relationship between age and profitability. According to (Valtakoski & Witell, 2018), the term "liability of obsolescence" refers to the internal inefficiency that results from the aging of an organization.

Cucculelli et al. (2014) utilized a sample of Pakistan's companies from 1998-2006 and discovered that performance improves with age. They based their findings on this observation on the sample of Pakistan's companies. Researchers (Roebuck et al., 1995) discovered that there is a positive correlation between age and profitability. The positive link may be explained by the idea of gaining knowledge by doing, which postulates that as the age of the business rises, there is a chance for enhancement in their production efficiency through time as they gain knowledge from their previous work (Bonaccorsi, 1992). This hypothesis explains the positive correlation between the two variables. "New firms have been hindered by the requirement to make search procedures in the preamble to every new problem they counter," claims (Rogers, 2004). As learning takes place, one might stand to gain from the introduction of a variety of strategies for problem-solving. When open searches are removed from the issue-solving process, there is a significant reduction in the amount of time needed to handle the recruiting problem.

Starting with the most prominent (Dang et al., 2018) speculation, which states that the growth rate of a business is not an indication of its size, the firm size and profitability processes have benefited from a strong theoretical and empirical position. This may be traced back to the first hypothesis. Studies conducted almost half a century and a half after the Gibrat hypothesis was able to demonstrate that the link between company size and growth is a linear one that is declining (Petruzzelli et al., 2018). On the other hand, more recent research has shown that there is a positive association between the size of the business and growth. According to (Sin et al., 2005), one of the reasons for the disagreement is that there is no data collection that is both greater in precision and more comprehensive.

### Ownership

Previous research that examined the connection between institutional ownership and the performance of firms yielded conflicting findings. For example, find insufficient proof that institutional ownership is related to economic performance. It is connected with the performance of the company. On the other, the same direction, (Jiang et al., 2011) show that there is a positive association between business value and increasing ownership by institutional investors. This finding contradicts the findings of the previous study. According to the findings of Seifert et al. (2005)'s research, there is no universally applicable correlation between nations. They come to the conclusion that the inconsistency of their findings might be due to the fact that the impact of

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institutional investors on business performance varies depending on geography. In general, the investigations cited above regard institutional investors to be a single category of investors. Nevertheless, the explanations of (Withers et al., 2011), as well as subsequent empirical analyses by (Akben-Selcuk, 2016), imply that shareholders are distinguishable and pursue separate agendas. In addition, (Canback et al., 2006) demonstrate that the impacts of stock ownership by various groups on the performance of the company are distinct from one another.

Udayasankar (2008) puts up three theories on the connection between institutional shareholders and the success of a company: the first is the conflict-of-interest speculation, the second is the efficient-monitoring speculation and the third is the strategic-alignment assumption. According to the successful oversight hypothesis, investors from institutions have access to higher levels of competence and are better able to oversee management at a lesser cost than tiny atomistic stockholders. As a consequence, the conclusion drawn from this line of reasoning is that there is a positive correlation between institutional shareholding and the performance of the company. The conflict-of-interest argument states that institutional investors are compelled into exercising their shares with executives in light of other advantageous commercial agreements with the company. This is because corporate investors regard the firm as a lucrative business partner. According to the strategic-alignment theory, it is to the benefit of both the owners and management of an organization to work together. In most cases, collaboration has the impact of diminishing the positive effects on the value of the company which may be the outcome of monitoring by significant owners. As a result of this, both the conflict-of-interests argument and the strategic-alignment argument postulate that there is a negative association involving institutional ownership and the intrinsic value of the company.

Banerjee et al. (2003) looked at 8,951 companies between the years 1988 and 1999 and found concrete proof indicating a favorable influence of institutional ownership on business performance, determined by proxy Q. In particular, the findings from study indicate that a one percent increase in IO leads to a seventy-five point five percent improvement in business performance. Proxy Q is calculated by taking the booking amount for the entirety of the assets of the company, adding the market value of the majority of the common equity, and then subtracting the combined amount of the book value of the common shares and the taxes that are deferred. This final number is then divided in accordance with the scheduled value of the whole assets.

Employing long-term returns on equity as an indicator of company efficiency for firms throughout the period uncovered that equity returns, expressed as the average geometric value return for the period spanning five years for each company, are constructively related to the ownership of institutional investors at the 10% significance level. This was the case even though the significance level was very low. They ascribed this found a strong link to the fact that institutional investors were successful in their management oversight. (Hitt & Ireland, 1985) demonstrated a large and favorable influence of IO on business performance through the use of a cross-sectional sample. In addition to this, they asserted that such a link demonstrates the effective monitoring that is undertaken by investors from institutions. The study of (Pfaffermayr



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et al., 2013), who proposed that widely owned businesses in the United States, whereby ownership of capital is scattered among minority owners while management is primarily in the palms of insiders, have a tendency to underperform, is considered to be the beginning of the link involving ownership structure and company performance.

**H0:** There is no impact between firm size and return on assets.

**H1:** There is an impact between firm size and return on assets.

**H0:** There is no impact between ownership and return on assets.

**H2:** There is an impact between ownership and return on assets.

**H0:** There is no impact between firm age and return on assets.

**H3:** There is an impact between firm age and return on assets.

**Table 2.1**

	Positive	Negative	No relationship
Firm size	(Younis & Sundarakani, 2020)	& (Valtakoski & Witell, 2018),	
Firm age	(Kim et al., 2014)		
Ownership	(Cucculelli et al., 2014)	(Anderson & Eshima, 2013)	(Fort et al., 2013)
Return on assets	(Ibrahim et al., 2003)	(Adelino et al., 2017)	

### Research Methodology

This study population is composed of Pakistani fast-moving goods enterprises. Fast-moving goods organizations are consumer goods companies that work with commodities that have a high turnover rate and a comparatively short shelf life, such as dietary supplements, personal hygiene items, and domestic goods. All fast-moving goods enterprises in Pakistan that match the requirements for inclusion will be included in the population. The sample that will be used for this research study will be chosen using a procedure known as convenience sampling. A non-probability selection strategy known as convenience sampling consists of choosing participants on the basis of their ease of access and proximity to the researcher. This type of sampling does not use probability. In this scenario, the researcher would choose fast-moving goods companies in Pakistan that are both easily reachable and willing to offer the necessary data for the research project. The use of convenience sampling is selected because it is both

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practical and convenient in terms of gathering the required data within the restrictions of the time and resources that are available.

This study sample is composed of data collected over a period of 12 years, beginning in 2011 and continuing through 2022. All of the data that is collected will be organized in the form of a time series, which will capture the characteristics of the firms as well as the performance measurements of the firms over the course of this timeframe. The researcher will work towards including as many companies that deal in fast-moving commodities as is humanly possible during this time frame, all the while ensuring that the sample is manageable and that it will be possible to collect and analyze the data from it. The ultimate sample size will be established according to the amount of data that is available from the annual reports of the companies that have been chosen. The annual reports of enterprises operating in the designated industry sector served as the major source of data for the current research. Annual reports are detailed documents that contain a plethora of information on how a business is doing financially, internal control measurements, and other pertinent information. Companies often put together and release these reports on a yearly basis in order to present financial and operational data to shareholders, financiers, and other constituents.

### Data Analysis and Discussion

**Table 4.1 Correlation:**

	1	2	3	4
Firm Age	1			
Firm Size	-.053	1		
Industry Ownership	.206*	.112	1	
Return on assets	.170	-.120	-.336**	1

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The analysis reveals a lack of substantial correlation ( $r = -.053$ ) amongst the age of a business and its size, indicating the existence of is no substantial linear association between these two variables. The findings of the study reveal a little positive correlation ( $r = .206^*$ ) amongst the age of businesses and their degree of industry ownership. This suggests that older firms exhibit somewhat greater propensity for industry ownership. A positive although minor association ( $r = .170$ ) may also be observed regarding the age of a corporation and its return on assets. This suggests that mature organizations may exhibit somewhat superior asset returns in comparison to their younger counterparts. The observed correlation coefficient ( $r = -.053$ ) suggests that there exists no statistically significant relationship between company size and firm age, showing a lack of a strong linear link between the two factors in question. The analysis reveals a negligible correlation coefficient ( $r = .112$ ) between company size and industry

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ownership, indicating a lack of substantial association between the two variables. Consequently, it may be concluded that the size of a firm does not appear to have a discernible impact on its ownership structure. A slight negative connection ( $r = -.120$ ) exists between business size and return on assets. This implies that larger corporations may potentially exhibit somewhat diminished returns on their assets in comparison to smaller enterprises.

### Regression

**Table 4.2 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.421 <sup>a</sup>	.177	.156	6.85622

a. Predictors: (Constant), Industry Ownership, Firm size, Firm age

The model summary offers information on the general effectiveness of the regression model that was utilized to make predictions regarding the return on assets. A numerous correlated coefficient (R) of .421 has been calculated for this model, which indicates that there is a moderately positive association involving the factors that are independent and the one that is dependent. The value of the coefficient of perseverance, also known as the square root of the correlation, is .177, which indicates that the independent variables may explain about 17.7% of the differences in the return on assets. Taking into consideration the total number of predictors as well as the size of the specimen, the corrected R Square comes in at .156. The estimate has a standard error of 6.85622, which indicates the typical gap that exists between the values that were seen and those that were projected.

**Table 4.3 ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	<b>Regression</b>	1171.608	3	390.536	8.308	.000 <sup>b</sup>
	<b>Residual</b>	5452.900	116	47.008		
	<b>Total</b>	6624.508	119			

a. Dependent Variable: Return on assets

b. Predictors: (Constant), Industry Ownership, Firm size, Firm age

Analysis of Variations: The investigation of covariance for the regression model is displayed in the table labelled "ANOVA." The sum of squares from the regression analysis comes to 1171.608, which indicates the amount that of variation that can be attributed to the predictors. For the regression, the number of degrees of freedom (df) equal to 3 are used. The square root of

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the mean, 390.536, may be found in the regression. The F-statistic for the regression equation is 8.308, and the corresponding significance level (Sig.) is .000; this indicates that the model has a substantial impact on the data when analyzed statistically. The sum of squares for the residuals, which is 5452.900, represents the proportion of variance in the data that cannot be understood by the predictors. The combined effect of the understood versus unexplained variation is reflected in the total sum of squares, which comes to 6624.508.

**Table 4.4 Coefficients**

	<b>Unstandardized B</b>	<b>Coefficients Std. Error</b>	<b>Standardized Coefficients Beta</b>	<b>T</b>	<b>Sig.</b>
<b>(Constant)</b>	2.208	1.636		1.350	.180
<b>Firm age</b>	.104	.036	.245	2.838	.005
<b>Firm size</b>	-2.514	.000	-.065	-.759	.450
<b>Industry Ownership</b>	-6.506	1.489	-.379	-4.369	.000

a. Dependent Variable: Return on assets

The regression coefficients and the statistical significance of those coefficients are displayed in the table labelled "coefficients" for every associated variable. Both the coefficient (B) and the fundamental principle error for the constant term are 1.636. The coefficient for the consistent term is 2.208. The value of the standardized coefficient beta is 1.350, which indicates a positive association with the variable that is being investigated (return on assets). The age of the company has a factor of .104, which indicates that it has a positive link with return on assets. This is one of the variables that predicted the outcome. It has a t-value of 2.838, which indicates that it is statistically relevant, and its significance level (Sig.) is .005. The coefficient for firm size is -2.514, showing a negative link with return on assets; nevertheless, this relationship does not meet the criteria for statistical significance (Sig. = .450). The coefficient for industry ownership is the highest (-6.506), indicating that there is a negative association between ownership and return on assets. A t-value of -4.369 and a level of confidence (Sig.) of .000 indicate that this finding is statistically significant.

### Discussion

According to, firm characteristics are what differentiate one company from another. They include information on the physical characteristics of a company (such as its size) as well as its identity (such as its age, business type, or ownership). They are connected to two separate factors: the magnitude of an organization's operations and the quantity of resources that are at its

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disposal. According to the results of this research, the features of a company, specifically its size and the sector in which it operates, have a substantial impact on the company's strategic direction. However, neither the age of the company nor its ownership had any bearing on the strategic orientation of the company. In terms of being a factor of the business's strategic the initial phase, the industry type is the greatest persuasive firm attribute ( $p < 0.0001$ ) to look at. In the meantime, the size of the company offers a moderate amount of estimation power on the strategic direction ( $p < 0.05$ ). These findings are consistent with those of prior research conducted, which found that company characteristics have a role in the behaviors of companies with regard to their approach to strategy.

### Conclusion

The gathering of life experiences is represented by a firm's age. It is reasonable to anticipate that greater experience will have been accumulated by mature businesses. According to the RBT point of view, one of the primary sources of edge in competition is the collection of various experiences. According to, firm size and age are two typical characteristics that have a significant impact on attitudes and judgements on the focus on strategy. It is expected of older companies that have accumulated a greater amount of experience and expertise that they will embrace a proactive strategic approach. On the other hand, newer businesses that have not yet accumulated as much expertise have a tendency to take a more cautious approach (a preventive technique). The findings of this study indicate, on the other hand, that the age of a company does not play any part in the process of selecting its strategic direction.

In addition, there were no discernible variations in the strategic orientation decisions made by younger companies compared to those made by older companies. These discoveries create a theoretical void that requires more explanation in order to be filled. In spite of the fact that the findings do not accord with the theoretical foundation that was utilized, the findings are compatible with some earlier study. Studies conducted in the past came to the conclusion that the features of a company do not play any part in defining the strategic direction or performance of the company. The findings bring to light two problems that require further investigation. To begin, the viability of the notion that a collection of a company's experiences is related with the maturation of that company. Second, the relationship between the age of the company, the types of experiences it has gained over time, and its strategic perspective may be influenced by other factors such as the nature of the industry, the size of the company, and the level of competition.

### Implications

The results of the study also validated the notion that companies that adopt an aggressive strategic orientation exhibit superior business success, as measured by return on assets, in comparison to those that use defensive strategies. The results of this study align with the findings of prior research undertaken. Firms that use a proactive approach tend to prioritize the identification and pursuit of prospective markets. Organizations have the potential to capitalize on market possibilities and enhance their sales revenues and profitability amid changing market circumstances. In contrast, a defensive perspective on strategy prioritizes the achievement of operational efficiency. Despite the benefits that defensive enterprises have in decreasing



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operational expenses, they are faced with the challenge of keeping up with dynamic market developments. Organizations that adopt a defensive strategy orientation may be forfeiting the potential to enhance their revenues and economic viability, as they are compelled to conform to the ever-evolving dynamics of the market. The future constancy of the favorable impact of a strategic focus on performance requires validation. The findings of the sensitivity test conducted in this study suggest that there was no statistically significant positive relationship between the strategic perspective and performance, as evaluated by the NPM as well as OPM metrics. This suggests that the impact of a proactive orientation on business performance may yield varying outcomes depending on the specific performance metrics employed.

### Future Directions

This study have future direction that allows to the expanding body of research on managerial strategy and corporate behavior in an academic context. The inclusion of sources from Asian countries in this study might be beneficial for doing study comparisons with other areas. The findings of this study have practical implications for managers in determining the strategic direction that should be pursued in order to enhance corporate performance. Given that the study was done inside the manufacturing industry, it is anticipated that the outcomes of this study would offer significant insights for policymakers in formulating industrialization policies.

### Limitations

Our job is subject to a number of constraints that need us to find solutions. To begin, only fast moving companies were included in the sample for this research project initially. As a result, the conclusions of this study cannot possibly reflect the categories of other businesses. Consequently, fast moving businesses must to be taken into consideration for participation in further investigations. Second, the categorization of ownership structures need to be given more attention to detail. It is advised to divide ownership into the three categories that include local personal possession, foreign ownership, and state ownership. Third, the focus of this research was on the characteristics of the company, which were confined to size, age, the kind of business, and ownership, while other internal elements, such as advancement, market capitalization, and industrial sector were ignored. Fourth, the sole elements that constitute the business environment are the uncertainty related to business and the seriousness of the competition. When other macroeconomic variables are factored into the study, the results will result in a more in-depth comprehension of the factors that determine the firm's strategic direction.

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