

Abstract

According to some electrical contractors who are members of the Federated Electrical Contractors, electrical contractor firms may experience a lack of profitability as the firm grows in size. Under these conditions, statistical models were developed to study the firm's size-profitability relationship. Economic data were obtained from the National Bureau of Economic Research, Bureau of Economic Analysis, and Mortgage Information Service. Financial data for 1985–1996 were obtained from the FEC group. Statistical analysis reveals that small, medium, and large firms are significantly different from each other in terms of their profit rate; profitability drops as firms grow larger than \$50 million in sales. An indicator variables model with a first-order autoregressive model built into the error term was developed using backward elimination regression. Data from the year 1996 were used to validate the model, which predicted 76% of the year 1996 response variable, profitability, correctly.

Get full access to this article

View all available purchase options and get full access to this article.

 GET ACCESS

References

Alchian, A. (1965). "The basis of some recent advances in the theory of management." *J. Ind. Economics*, November, 30–41.

[Google Scholar](#)

Amato, L., and Wilder, R. P.(1985). “The effects of firm size on profit rate in U.S. manufacturing.” *Southern Economics Journal*,52(July), 181–190.

[Crossref](#) | [Google Scholar](#)

Bain, J. S. (1956). *Barriers to new competition*, Harvard University Press, Cambridge, Mass.

[Google Scholar](#)

Ballantine, J. W., Cleveland, F. W., and Koeller, C. T.(1993). “Profitability, uncertainty, and firm size.” *Small Business Economics*,5, 87–100.

[Crossref](#) | [Google Scholar](#)

SHOW ALL REFERENCES

Recommended

Journal of Construction Engineering and Management | Article | February 2002

Enhancing Financial Success Among Electrical Contractors

Journal of Management in Engineering | Article | January 2005

Long-Term Entropy and Profitability Change of United States Public Construction Firms

Journal of Construction Engineering and Management | Article | January 2013

Modeling Profitability and Stock Market Performance of Listed Construction Firms on the Athens Exchange: Two-Stage DEA Approach

Journal of Construction Engineering and Management | Article | September 2013

Determinants of Efficiency of Contractors in Hong Kong and China: Panel Data Model Analysis

Journal of Management in Engineering | Article | May 2015

Niche Width, Competitive Positioning, and Performance of International Construction Contractors (1992–2009)

Download PDF