

CHIEF FINANCIAL OFFICER PROFILES AND FINANCIAL PERFORMANCE AMONG TOP 100 COMPANIES IN TELECOMMUNICATION INDUSTRY

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1. INTRODUCTION

The telecommunication industry is one of the thriving markets in Malaysia. To date, there are 15 public listed telecommunication companies, including four (4) companies that are the largest network operators and major line providers in the country. These companies, Telekom Malaysia Berhad, Axiata Berhad, Digi.com Berhad, and Maxis Berhad, have near-monopoly position in the country. Telecommunications can be defined as the means of electronic transmission of information over a distance in the form of voice telephone calls, data, text, images, or video (Newton, 2000). It is an essential sector in the country as modernization requires advanced telecommunication systems to ensure the smooth running of databases and machinery. The relationship between the characteristics of the CFOs and the financial performance of the companies in the telecommunication industry will be analyzed in this paper. The telecommunication industry provides essential services as it helps connect people. According to Wilson (2020), people have been using telecommunication services such as internet data connection and telephone lines coverage extensively to facilitate their work in recent years. Next, Hoitash, Hoitash, and Kurt (2016), and Liu, Gan, and Karim (2021) defined a Chief Financial Officer (CFO) as the person responsible for supervising the company's financial and economic performance. Meanwhile, financial performance refers to how well the company is doing to achieve its targeted economic goals and be among the best in the industry after a certain period (Fatihudin, Jusni & Mochklas, 2018). Companies must have an excellent financial performance to increase investors' confidence in investing in their company.

2. METHODOLOGY

There is a total of 15 telecommunication companies listed in Bursa Malaysia. However, only eight (8) companies were sampled for the study because the other seven (7) companies were unable to provide complete information essential for this study from their report. The CFOs and companies' data used in this study were derived from the companies' annual reports. There are six (6) CFO characteristics discussed in this paper, including age, gender, qualifications, working experience, directorships, and tenure years. Meanwhile, for measuring the companies' financial performance, this paper will use Return on Equity (ROE) ratio to analyze the financial performance of the selected companies. It is calculated by dividing the company net income by the total of the shareholders' equity and is presented in the form of a percentage.

3. RESULTS AND DISCUSSION

Age can be viewed as one of the values determining a director's efficiency and expertise. The CFOs of the selected companies are aged between 39 until 65 years old. Next, CFO gender is also one of the characteristics included in exploring the influence of the CFOs profile on financial performance. There is only one (1) company with a female CFO and has achieved the highest ROE ratio compared to other CFOs. Most of the CFOs have accounting licensing certifications and degrees from different universities in various fields of study. The research also found that the working experience of the directors is one of their assets to prove their credibility and expertise in particular areas. It is supported by the data where all CFOs show a huge achievement in their past jobs. Directorships referred to the CFOs' position in other companies or departments. Among the eight (8) companies, three (3) companies did not provide information regarding their CFO's directorship and a company stated that the CFO does not hold any directorship. Meanwhile, the other four (4) companies mentioned that the CFO has directorship with other companies and within its own company. Lastly, tenure years refer to the duration of time the CFO has held the position. The longer-tenured CFOs have greater internal credibility while the short-tenured CFOs will view the industry differently and provide fresh ideas for the company in dealing with financial decisions. The summary of the CFOs' characteristics for the selected eight (8) companies is shown in the table below:

Table 1: Summary of CFO's Age, Gender, Qualifications, Working Experience, Directorships, and Tenure Years

COMPANIES/ CFO'S NAME	AGE	GENDER	QUALIFICATIONS	WORKING EXPERIENCE	DIRECTORSHIPS	TENURE YEARS
Axiata Group Berhad (Vivek Sood)	57	Male	✓ Bachelor's Degree	✓ Chief Marketing Officer in Telenor ASA	✓ On the board of 18 other companies (within Axiata Group Berhad).	5 years
Digi.com Berhad (Inger G. Folkesson)	39	Female	✓ Bachelor's Degree	✓ Multiple roles in Telenor Group	✓ Board of Directors at Norkring AS. ✓ On the board at Tapad, Inc.	3 years
Maxis Berhad (Norman Wayne Treeby)	65	Male	✓ Bachelor's Degree ✓ MBA ✓ CPA Australia ✓ CMA ✓ CPA ✓ MIA	✓ 20-year career at Telstra ✓ Senior finance of KPMG Australia.	✓ On the board of seven (7) other companies within Maxis Berhad.	4 years
OCK Group Berhad (Anthony Thong Yeong Shyan)	55	Male	✓ Bachelor's Degree ✓ MIA ✓ MICPA ✓ VSCPA USA ✓ Bachelor's Degree ✓ CPA Australia ✓ MIA ✓ Member of the Chartered Institute of Marketing, UK.	✓ >30 years of experience in accounting and financial reporting.	No information	No information
TIME dotCom Berhad (Long Sher Neng)	47	Male	✓ Bachelor's Degree ✓ MIA ✓ MICPA ✓ VSCPA USA	✓ 25 years of experience in financial management and operation.	✓ Does not hold any directorship in the company or any other public listed companies.	10 years
Telekom Malaysia Berhad (Razidan Ghazalli)	57	Male	✓ Bachelor's Degree ✓ CPA Australia ✓ MIA ✓ Member of the Chartered Institute of Marketing, UK.	✓ 35 years of working experience in various industries.	✓ Does not hold any directorship in other companies. ✓ On the board within TM Berhad	3 years
Redtone International Berhad (Lau Hock Chye)	54	Male	✓ Chartered Secretary ✓ Association of International Accountants, UK.	✓ >20 years of working experience in the telecommunication industry.	No information	6 years
Sedania Innovator Berhad	44	Male	✓ Bachelor's Degree ✓ MIA	✓ Accounts Executive	No information	13 years

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✓ CPA Australia

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The study found that a CFO's age influences the financial performance as the average age amongst the eight (8) CFOs is 55 years old. Meanwhile, the influence of a CFO's gender on the telecommunication company performance is difficult to prove as there is only a company with a female CFO. The third CFO characteristic analyzed is their qualification. Looking at the companies' ROE, it was found that additional qualifications do have a strong influence on the financial performance. However, the CFO of the highest-performing company only holds a degree. In this regard, there is a possibility that rather than their qualifications, the CFOs' working experiences have influenced their companies' financial performance.

Meanwhile, CFOs who hold multiple directorships are said to communicate more efficiently, which facilitates more effective decision-making, the samples show that a CFO with too many directorships might lose focus and could not deliberate his decision thoroughly as he is preoccupied with other roles. Lastly, companies with short-tenured CFOs tend to have higher performance such as Digi.com and Maxis Berhad have shown better ROE results than companies with longer-tenured CFOs in the industry. Table 2 below shows the summary of the ROE for each selected telecommunication company as provided in the annual report 2020.

Table 2: Summary of the ROE Ratios as Provided in the Companies' Annual Report 2020

No.	Company	ROE (%)
1.	Digi.com Berhad	185.50
2.	Maxis Berhad	19.32
3.	Telekom Malaysia Berhad	16.58
4.	TIME dotCom Berhad	10.92
5.	Redtone International Berhad	6.29
6.	OCK Group Berhad	4.61
7.	Axiata Group Berhad	1.45
8.	Sedania Innovator Berhad	-22.34

4. CONCLUSION

This paper has demonstrated that CFO's profiles, age, working experiences, directorships, and tenure years, influence financial performance in the telecommunication industry. In addition, the influence of other profiles, such as gender and qualification, could only be determined if there are more companies with female or lesser qualified CFOs. However, based on the sample, a female, lesser qualified CFO has delivered an excellent performance than other studies. Thus, it is suggested that companies should pay more attention and be more meticulous in selecting the candidate through their ability and credibility to execute their role effectively in the boardroom and improve the company performance to achieve a competitive advantage in the industry.

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