



اَبُو سَيِّدِي تِكْوَالِي كِي مَارَا
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**CORPORATE EARNING PERFORMANCE
EVIDENCE FROM PLANTATION SECTOR
LISTED ON KLSE IN MALAYASIA
FROM 1993 TO 2001**

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ABSTRACT

This study is aimed at determining and analyzing plantation company's earning performance in Malaysia during the period 1993 – 2001. Two models have been selected to test and analyze that performance (multiple regression analysis and hypothesis testing). The findings have revealed that all the 3 economic indicators or independent variables i.e.; DGP, CPI and IR were found not significance in influencing the performance, of the company's EPS.

The weaknesses of this study are only focused on the economic variables this is external and totally different from the internal variables, such as the organizational and management capability. Management influences on corporate earning performance may vary with organization characteristics and managerial leadership behavior. Managers may exploit an economics movement opportunity whereas leaders may forgo such opportunity or adapt slowly to it. A capable manager is of paramount important in times of organizational growth, development and crisis for most part of the organizations requires maintenance which will slightly influence the organizations performance. Therefore this study recommends to student and researcher to include the internal & non – economics variables in their future study.

1. INTRODUCTION

Despite of the following nine consecutive years of robust economics growth and buoyant economy, plantation sector continued to experience a declined in its contribution to GDP to 9.1% in 1997 from 20% in 1987 and grew marginally by an average of 1% per annum thereafter.

In addition to the unexpected happen, our robust economics growth has been spoiled by the so – called ‘currency speculator’ led by George Soros . The crunch came in late 1997 after the Thai bath collapsed in July 1997. The regional financial turmoil took is toll on the Asian tigers, Malaysia was not spared. The Asian financial turmoil has indeed left many market players, investors and speculators, as well as plantation magnate in an inopportune disposition. The plantation industry cycle is on its decent once again. Our country suffered high inflation, economics recession and rising interest rate coupled with many economics problem such as high unemployment , non-performing loan (NPL) ringgit devaluation and the most serious of all is the fall of conglomerates which once contribution to the nation economics growth.

Malaysia maintained its position as the world’s largest producer of crude Palm oil, but its share of the world’s production had declined, reaching 50% by 1999 as Indonesia’s production increased rapidly.

2. LITERATURE REVIEW

2.1 Measures of Corporate Performance

Researchers in the area of organizational performance have identified various factors that influence corporate performance. Organizational, managerial, leadership and environmental factors have all been found to affect performance (Weiner and Mahoney, 1981)³.

Researchers in the strategic management field have offered a variety of models for analyzing corporate performance. However, little consensus has emerged on what constitutes a valid set of performance criteria (Lewin and Minton 1986)⁹. For instance, researchers have suggested that studies on corporate performance should include multiple criteria analysis (Cameron and Hitt, 1988)⁴. This multidimensional view of performance implies that different models and patterns of relationship between corporate performance and its determinants will emerge to demonstrate the various sets of relationship between the dependent and the independent variables in different models specified (Ostroff and Schmitt, 1993)².

(Thomas C Kinnear and James R 1991)¹⁴ have indicated that there are numerous measures of corporate performance that could serve as dependant variables. However, more important than the specific measure chosen is the use made of multiple measures, because different criteria o performance are likely to be differentially accepted by the various independent variables (Liebersen and O'Connor, 1972)¹⁰.