



اَوْبُو سَبِيحِي تَيْكُو لُو كِي مَبَارَا  
UNIVERSITI  
TEKNOLOGI  
MARA



# INDUSTRIAL TRAINING REPORT



**PEJABAT KEBAWAH DULI YANG MAHA MULIA**  
**TUANKU SULTAN KEDAH DARUL AMAN**

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**Programme** : Bachelor of Administration (Hons.) Finance

## **EXECUTIVE SUMMARY**

This report summarized the six months industrial training as a requirement of my Business and Administration Hons. Finance that I eased successfully in Finance Department, Pejabat KDYMM Tuanku Sultan Kedah from 28 Feb 2021 until 12 August 2021.

The contents are my updated resume, introduction to the company, summary of reflection to my industrial training experiences, SWOT analysis. During my industrial training period, I gathered practical experiences and new knowledge.

This report includes research paper that focuses on Determinants of Firms' Performance: Evidence from Non-Financial Shariah Compliant Firms in Malaysia. The main objective of this paper is to investigate the factors affecting firm performance. The study is conducted using the panel data analysis techniques to identify the key determinants of firm's profitability.

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### 3.0 COMPANY'S PROFILE

#### Pejabat Kebawah Duli Yang Maha Mulia Tuanku Sultan Kedah Darul Aman

##### A. OBJECTIVE

###### **OBJECTIVE**

*Merancang dan melaksana semua urusan berkaitan dengan Kebawah DYMM Tuanku Sultan Kedah, Kebawah DYMM Tuanku Sultanah, DYTM Raja Muda dan DYTM Raja Puan Muda serta kerabat-kerabat DiRaja dan kakitangan Pejabat KDYMM Tuanku Sultan Kedah agar dapat dilaksanakan dengan baik dan mengikut peraturan.*

##### B. MISSION

###### **MISSION**

*Dengan iltizam dalam mengendalikan serta mentadbir segala urusan berkaitan dengan aktiviti-aktiviti Kebawah Duli Yang Maha Mulia Tuanku Sultan Kedah Darul Aman sebagai Ketua Negeri, termasuklah segala tanggungjawab untuk mengekalkan serta mendaulatkan adat resam istana sebagai warisan bangsa melayu yang perlu kita junjung, cintai dan menghargainya buat selama-lamanya.*

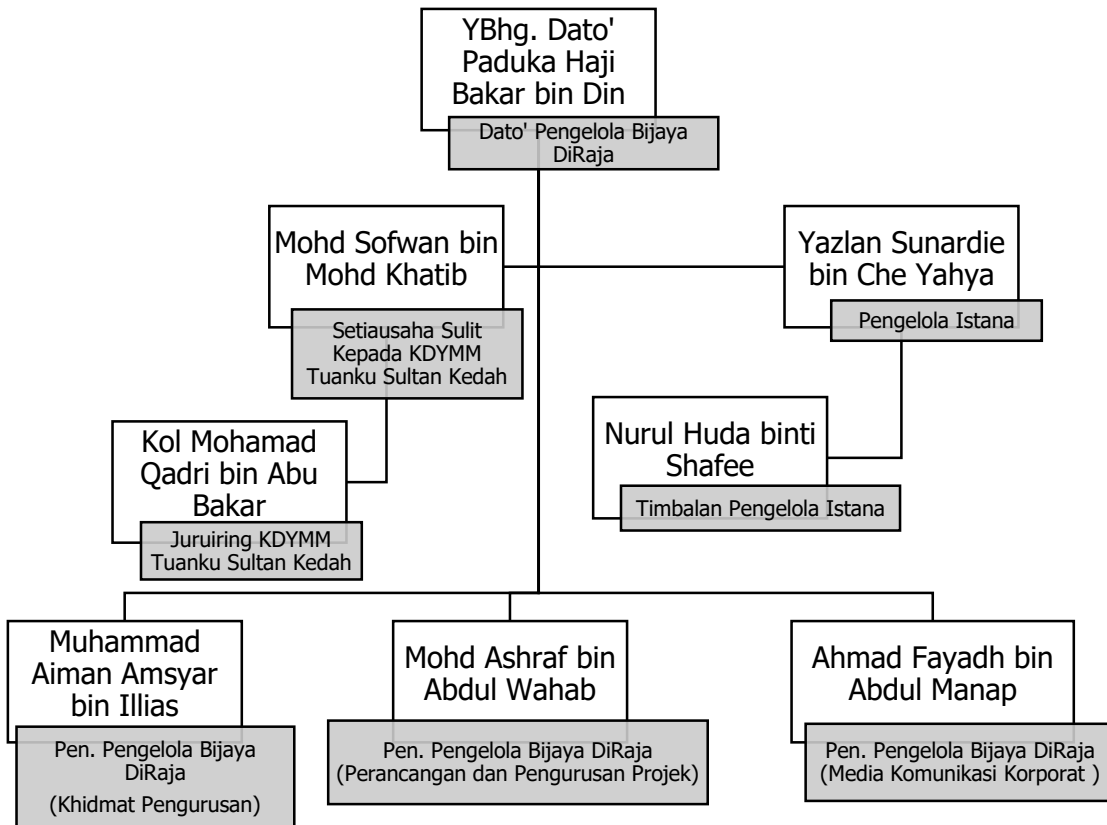
##### C. VISION

###### **VISION**

*Memartabatkan imej institut tertinggi (Istana) dengan kedudukannya.*

*Mengamalkan pengurusan pentadbiran institusi istana secara profesionalisme dan sistematik.*

## 4.0 ORGANIZATION CHART



## **5.0 TRAINING'S REFLECTION**

### Duration of My Industrial Training

Started my industrial training on 28<sup>th</sup> of February 2021 at Pejabat Kebawah DYMM Tuanku Sultan Kedah and will be ended on 12<sup>th</sup> of August 2021. Now some get to know to my industrial training's days, I came to work around 7.40 o'clock in the morning before the Restriction of Movement Order Control being imposed and went back home around 6 o'clock in the evening. After the Restriction of Movement Order Control has been placed, I still went to work as usual but later than my usual days but with restricted SOPs. The office opened at 9 o'clock in the morning and I finished my work by 6 o'clock in the evening as usual.

### My Supervisor

My supervisor's name is En. Faizal Azli. I met him on my first day of industrial training and he introduced me to all officers and staffs in the office. He is the best I swear, funny but at the same time very considerate. He always checked on me whether I am good with the office's environment or not. He taught me on ways to get along with people, adapting with my job scopes and etc. Sincerely, I am very glad to have him as my supervisor.

### Office's Environment

Sincere from the bottom of my heart, I was very happy doing my industrial training at Pejabat KDYMM Tuanku Sultan Kedah. The main contribution to my happiness is from the people in the office themselves. They were very friendly and supportive to one another, even the bosses and all the staffs. They were able to work under pressure which I admired the most but still managed to finish their jobs on time. I would say Pejabat KDYMM Tuanku Sultan Kedah has such a positive working environment.

## Tasks Given During My Industrial Training

### ❖ Finance Related Tasks

I was being assigned to Finance Department, in charged by Pn. Sumaiyah and En. Ridhwan. At my early industrial training, around the first week, they gave me simple tasks such as stamping, filing, rechecking figures in the company's report, making copies of some documents, binding and etc. I understand that they might not really brave enough to let me do crucial works because I was still new a practical student indeed. However, for the next weeks and months, they have trusted me to do other tasks that needed me to calculate salaries, deal with suppliers' documents for payment or even prepare beforehand documents payment could be processed. I have been using Excel, Powerpoint and Word to complete most all of my tasks.

As for the tasks, I did bring back documents and finished some calculations at home as I will be very busy when I am at work. Actually, the whole office was busy. Therefore, I did simple work at home and went to the office and to everything done if I needed help from En. Ridhwan and Pn. Sumaiyah. I did calculations and summarized monthly reports with the help from En. Ridhwan which I found it great as I learned ways to read the actual report of the company well.

### ❖ Other Tasks

Besides doing Finance related tasks, I did other tasks too. Basic tasks such as photocopying, stamping documents, reorganizing files and document, getting parcels from dispatch and etc. In addition, I did write and record letters for the office's records.

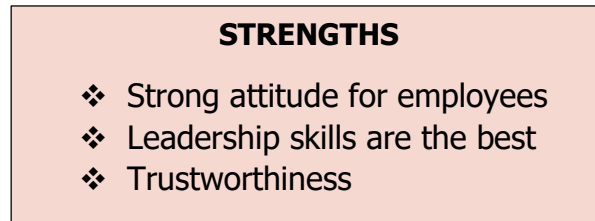
I did in charged at the front desk before the Restriction of Movement Order Control. All these tasks were from all the employees in the office.

## Allowance

I received allowance of RM20 per day for 3 months.

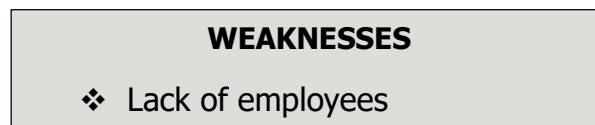
## 6.0 SWOT ANALYSIS

### A. STRENGTHS



First of all, we will look at the strengths of Pejabat KDYMM Tuanku Sultan Kedah. Attitude is the key of success for the company. Respecting each other in the office is their culture which is great. Next, leadership skills are at their best. As far as I concern, there were always a solution to every problem that aroused. They took their responsibilities seriously and trust to each other. No doubt people keep on saying that Pejabat KDYMM Tuanku Sultan Kedah has a strong and respectful team working in it.

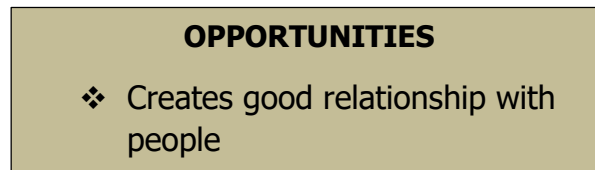
### B. WEAKNESSES



Frankly speaking, I couldn't find their weaknesses that much but I did notice on lack of employees in the company. It happened when I saw them struggled doing their work as they were doing several jobs for a single position. However, I am proud of them since they managed to do multitask even though they were busy with their current job.

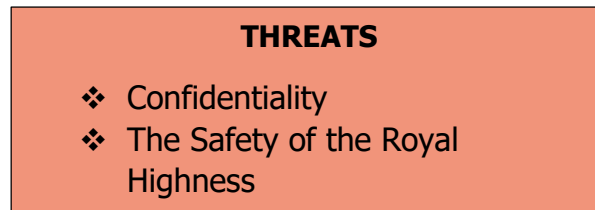


### C. OPPORTUNITIES



Being in Pejabat KDYMM Tuanku Sultan Kedah will deal with public most of the time. People came to the office to make any reports regarding to the state or people can just email any reports as they cannot meet KDYMM Tuanku Sultan Kedah directly. Therefore, it will definitely creat good relationship with people.

### D. THREATS



Nothing much to say about threats that might be happen towards Pejabat KDYMM Tuanku Sultan Kedah. The first thing is about confidentiality. As everyone knows that everything that has any relations with KDYMM Tuanku Sultan Kedah are confidential such as daily schedules, financial transactions and etc. Therefore, it must be protected very tightly to avoid any harms that might happen. It relates to KDYMM Tuanku Sultan’s safety as if there is anyone that might have grudge toward KDYMM Tuanku Sultan.

## 7.0 DETERMINANTS OF FIRMS' PERFORMANCE: EVIDENCE FROM NON-FINANCIAL SHARIAH COMPLIANT FIRMS IN MALAYSIA



### **Objective of this study:**

To provide further evidence on the determinants of firm's profitability for non-financial shariah-compliant firms in Malaysia.

### **Objective of this paper:**

To investigate the factors affecting firm performance.

### 7.1 ABSTRACT

The main objective of this study is to provide further evidence on the determinants of firm's profitability for non-financial shariah-compliant firms in Malaysia. A better understanding of factors affecting firm's profitability is important not only for the purpose of enriching empirical studies in this field but also for the purpose of cross-country comparison. The use of non-financial shariah compliant firms to analyze the determinants of firm's profitability is the unique contribution of this present research. The data for the final sample consists of 169 firms. The study is conducted using the panel data analysis techniques to identify the key determinants of firm's profitability. The study finds that the profitability of these firms significantly affected by the size of the firms, efficiency, and the level of sales. In addition to that, firms' efficiency suggested to be the most important variable affecting firm's performance. Although this paper provides empirical evidence, several areas need to be refined with future empirical research. First, this paper uses only limited number of variables, the inclusion of firm specific variables might lead to a new set of findings and conclusion. Second, this paper has not taken into consideration the effect of using different data analysis techniques (such as GMM). Future studies might want to explore the used of other techniques in analyzing the data.

**Keywords: Profitability, VSELECT, Shariah-compliant, non-financial firms, Firm's Performance**

## 7.2 INTRODUCTION

The main objective of this paper is to investigate the factors affecting firm performance. Even though, literature provides us with different views on how firm performance should be measured, the main objective of evaluating companies' performance remains the same, that is to investigate the financial stability and health of the company. In this study, financial performance of a company is measured by looking at its profitability. However, despite the importance of this topic, there are relatively few studies investigating the determinants of profitability for shariah compliant companies listed under the trading and services sectors. Previous study investigating the factors affecting profitability of companies have been conducted on a sample of firms from different industries such as manufacturing (Pervan et al., 2019), power and energy sectors (Menicucci & Paolucci, 2016), oil and gas industry (Thi Bui & Minh Nguyen, 2021). In this paper, we argue that the determinants of profitability for our sample of companies would be different due to its unique company and country specific country, hence, empirical findings cannot be generalized to this paper's sample. Furthermore, the findings of the previous studies need to be examined against evidence from another research. This article is organized into several subsections. First, we presented related works on the determinants of profitability. Then, we discussed this paper's data and methodology. Next, the analysis and results are presented along with the discussions. Finally, conclusions and suggestions for future research are provided.

Investigating the determinants of profitability is important for the management of the companies to improve the profitability, financial stability, and financial health of the company. Nevertheless, investigating the factors affecting the profitability levels is not something new, however, the previous studies have no concentrated enough on shariah-compliant firms. The literature surveys conducted shows that this research has been conducted of different sectors such as Banking sector (Alireza Athari & Bahreini, 2021; Derbali, 2021; Hossain & Ahamed, 2021; Khan et al., 2021; Kumar & Bird, 2020; Yin et al., n.d.), oil and gas (Chucks et al., n.d.; Thi Bui & Minh Nguyen, 2021), and Automobile

industry (Sharma & Verma, n.d.). This research is novel and original given the fact that not many research has been conducted on non-financial shariah compliant firms. This research argues that due to its unique characteristics (non-financial and shariah-compliant) the findings of other studies cannot be generalized to this study.

## 7.3 METHODS

### Target Population

The target population of the research was all shariah compliant firms listed under trading and services sector. The final sample firms consist of 48 companies that met the criteria of non-missing data and sufficient firm-year observation over the minimum period of 5 years. The financial data were obtained from the online databases such as Eikon and DataStream.

### Model and Data Measurement

The main objective of this study is to investigate the determinants of profitability for shariah compliant companies listed under the trading and services sector. This paper specifies and estimates the following model for the companies.

$$\mathbf{PROF}_{it} = \beta_0 + \beta_1\mathbf{LEV}_{it} + \beta_2\mathbf{EFF}_{it} + \beta_3\mathbf{SIZE}_{it} + \beta_4\mathbf{LIQ}_{it} + \epsilon_{it}$$

PROF is the profitability of the companies, measured by the return on equity (ROE). LEV is measured by the asset to equity and debt to equity ratio, EFF is the efficiency of the company measured by the fixed asset to total asset ratio, SIZE is the company's size calculated using the log of total sales, and LIQ is the liquidity of the company measured by the current ratio and quick ratio. Multiple regression and correlation methods have been used in empirical analyses.

## 7.4 RESULT AND DISCUSSION

Using the Return on Equity as the proxy for firm's profitability, this paper investigates the determinants of profitability for all shariah compliant companies listed under the consumer products sector. The summary statistics of the variables over the sample period is presented in Table 2. The average size of the profitability for the period of study is 12% and it ranges from a minimum value of 0.1% to a maximum value of 241%.

Table 1: Descriptive Statistics

Variables	N	Mean	SD	Min	Max
ROE	278	0.1228	0.1848	0.001	2.42
QR	286	1.4715	1.4482	0.1	14.26
CR	288	2.4570	2.3767	0.24	23.14
ATE	287	1.9915	1.1865	1.04	14.65
DTE	287	0.4142	0.5339	0	4.71
FATO	278	7.3459	16.4949	0.23	107.34
Log sales	261	-3.3114	1.4400	-6.908	0.40

This paper begins the analysis by determining the most optimal combination of variables to be included in the final sample. In this research, following the suggestion by Yang (2005), the fourth-predictor model is chosen. The chosen variables are, firm size, Efficiency and Leverage (Asset to total equity ratio). The remaining three variables (liquidity ratios - current ratio & quick ratio and debt to equity) were excluded from the subsequent analysis. The chosen predictor indicates the importance of those variables in determining the level of profitability for this sample of firms. As expected, the combination of variables in this sample is somewhat different from the literature. This difference may be attributed to the use of different sample and proxy for both dependent and independent variables.

Table 2: Variable Selection

Variable Selection					
Models	R2ADJ	C	AIC	AICC	BIC
1	0.1413228	45.52258	-379.7774	-379.6836	-372.656
2	0.1862597	30.63558	-392.7625	-392.6057	-382.0805
3	0.262208	5.065703	-417.2508	-417.0146	-403.0081
4	0.2699167	3.386105	-418.9993	-418.6673	-401.1959
5	0.2701781	4.302068	-418.114	-417.6696	-396.7499
6	0.2680161	6.053223	-416.3706	-415.7969	-391.4458
7	0.2652666	8	-414.4255	-413.7055	-385.94

The next step is to choose the most appropriate panel data estimator. The three available alternatives are pooled ordinary least squares (POLS), fixed effects (FE), and random effects (RE) models. As presented in Table 3, the results of the F-test (p-value < 0.05), BP-LM test (p-value < 0.05) and Hausman test (p-value < 0.05) suggest that fixed effects is the most appropriate model estimator.

Table 3: Panel Specification Tests

p-values of the tests			
F-test	BP-LM	Hausman	Technique
0.0000	0.0000	0.0000	Fixed Effects

Various diagnostic tests were then performed to check for the presence of severe multicollinearity, heteroskedasticity and serial correlation problems. As presented in Table 4, the diagnostic test results indicated the presence of heteroskedasticity (p-value < 0.05). To rectify the problems, following the suggestion by Hoechle (2007), remedial procedure has been carried out by using fixed effects (within) regression with robust option.

Table 4: Diagnostic Tests for Static Models

p-values of the tests				
Models	VIF	H	SC	Strategy
Model	1.01	0.0000	0.5694	Fixed-effects (within) regression with robust option

Notes: (1) VIF – Variance Inflation Factors, (2) H – heteroskedasticity, & (3) SC – serial correlation

Considering together the diagnostic tests that have been conducted and the remedial procedure undertaken, this paper may say that there is enough evidence to conclude that the examined statistical tests satisfy the key assumptions of linear regression. As shown in Table 5, the regression result suggests that the model fits the data well at the 1% level. The Adjusted R<sup>2</sup> is 48.26%. The results of the regression also suggest that firm’s size, leverage, and efficiency have a statistically significant relationship with the level of profitability. From this result, it is apparent that any decrease in the firms’ leverage and efficiency, and a n increase in firm’s size will increase the level of companies’ profitability. In addition to that, company’s level of efficiency seems to have the most significant influence on the level of company’s profitability, which is explained by the highest t-statistic of 4.34.

Table 6: Table of findings

Determinants of Profitability

Leverage	-0.0520*** (-4.34)
Efficiency	-0.0017* (-1.72)
Firm size	0.0144** (2.59)
Constant	0.2106*** (7.50)
N	260.0000
r2	0.5865
r2_a	0.4826
F	11.8246
p	0.0000
chi2	

Notes: (1) t statistics in parentheses & (2) \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$



Firm size: Main independent variables of the study is firm size. Total assets, total sales and number of employees have been used as firm size indicators in this study. Writers such as Friend and Lang (1988), Gönenç and Arslan (2003), Deesomsak, (2004), Padron (2005), Khatap et al. (2011), Saliha and Abdessatar (2011) have used "Total Assets" as firm size indicator. Bilkey and Tesar (1977), Cavusgil and Naor (1992), Holzmuller and Kasper (1991), Bonaccorsi (1992), Archarungroj and Hoshino (1998), Jonsson (2007), Serrasqueiro and Nunes (2008), Becker et al. (2010), Banchuenvijit (2012) measured firm size using number of employees. This paper, following previous researchers such as Rajan and Zingales (1995), Wiwattanakantang (1999), Çağlayan (2006), Huang and Song (2006), Serrasqueiro and Nunes (2008), Akbaş and Karaduman (2012), Shubita and Alsawalhah (2012), "Total Sales" is chosen as firm size indicator. In this paper, firm size found to have a significant positive impact on the level of profitability. In other words, the shariah compliant companies listed under the trading and services sector have higher profitability as their size expands. This may be explained by the fact that big firms are more effective than small firms since they make use of the scale economy. The study's results are in the same direction with Hall and Weiss (1967), Fiegenbaum and Karnani (1991), Majumdar (1997), Özgülbaş et al. (2006), Jonsson (2007) Serrasqueiro and Nunes (2008), Lee (2009), Stierwald (2009), Karadeniz and İskenderoğlu (2011), Saliha and Abdessatar (2011), Akbaş and Karaduman (2012), Shubita and Alsawalhah (2012) when the studies concerning the relation between firm size and profitability are analyzed. But results are different from the ones found in the studies of Simon (1962), Shepherd (1972), Whittington (1980), Becker et al. (2010), Khatap et al. (2011), and Banchuenvijit (2012).

Leverage: It was hypothesized that there is a significant negative relationship exist between financial leverage and firm profitability. A lot of research has already been conducted on the impact of financial leverage on firm profitability. The statistical test result of this paper show that there is a significant negative relationship exists between financial leverage and the profitability of the company. Highly leverage firms have lower profitability and lower leverage firms have higher profitability. The results of this study

are consistent with the results of previous studies conducted by Titman and Wessels (1988), Wald (1999), Sheel (1994), Eunju and Soocheong (2005). The results of this study are not matching with the results of previous studies conducted by Larry and Stulz (1995) in which he found a significant positive association between leverage and profitability.

Efficiency: In this paper, we found a significant negative relationship between efficiency of the companies and their profitability. Our result does not provide the support for the existence of a positive strong correlation between efficiency and profitability. The companies that have the capability of producing their products with the best practices are not always capable of generating the maximum profits.

## **8.0 CONCLUSION**

This paper has examined the determinants of profitability for shariah compliant companies listed under the trading and services sector. The result suggests that the three explanatory variables (firm's size, leverage, and efficiency) are statistically significant. Although this paper provides empirical evidence, a number of areas need to be refined with future research. First, this paper did not provide and sectoral analysis on the determinants of profitability. Future research should explore whether industry or sectoral classification would have any effect on the size of profitability and its relationship with the selected determinants. Second, this paper utilizes Stata command *vselect* in determining the most optimal model. Future researchers might want to use different technique and method in determining the optimal model.

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**10.0 APPENDICES**





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8.30 pagi





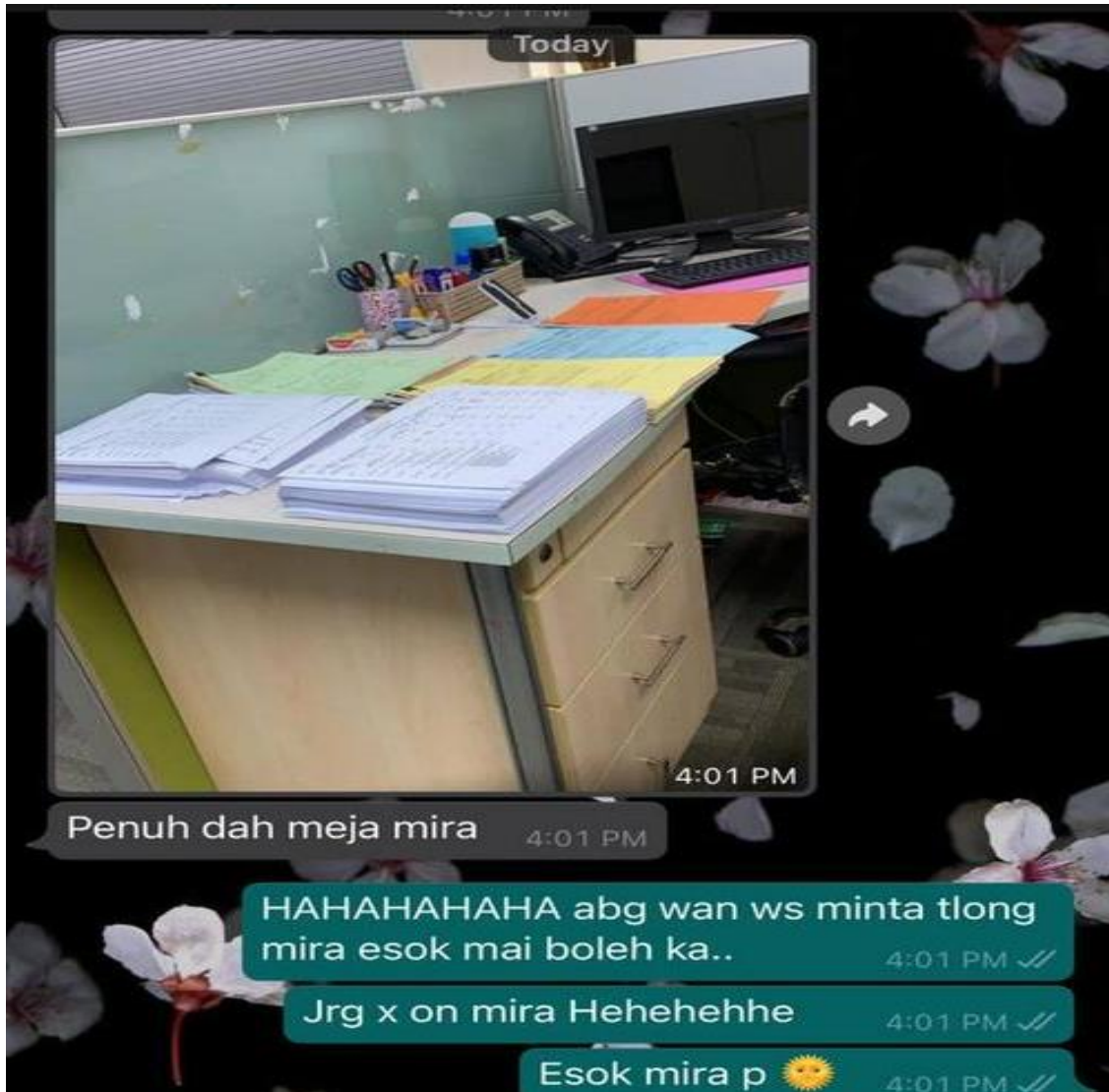














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Depa ada bila diperlukan, tq  
adik adik yang banyak bantu  
kakak2 dan abang2 d ofis,  
gmbaq ni hari lain lain tp  
situasi lebih hampir sama  
setiap hari.. I have no words  
🙏🙏🙏



speechless



Thank you 🙏🙏

Reply

