



اَوْنِبُوْا سَيِّئَاتِيْ بِاَتِيْكَوْا لُوْكِيْ بِاِمَارًا
UNIVERSITI
TEKNOLOGI
MARA

FACULTY BUSINESS MANAGEMENT

BACHELOR BUSINESS OF ADMINISTRATION (HONS) FINANCE

INDUSTRIAL TRAINING REPORT SIME DARBY BEYOND AUTO



STUDENT'S NAME : WAN NUR ALIA SYAZWANI BINTI WAN
BDRULHISHAM

STUDENT ID NUMBER : 2021119235

PROGRAM : RBA242

SUBJECT : MGT 666 INDUSTRIAL TRAINING

ADVISOR : DR NOR ANIS BT SHAFAI

EXAMINER : DR. FADLI FIZARI ABU HASSAN ASARI

EXECUTIVE SUMMARY

By participating in an industrial training program, I was able to get practical experience and expertise in the sectors of finance and automotive. Six months were spent at Sime Darby Beyond Auto (SDBA) at Ara Damansara. The lessons I learned here will serve me well as I enter the workforce as a professional soon. The primary purpose of my industrial training report is to demonstrate the knowledge and skills I have acquired from March 6 until August 18, or simply in a 24-week timeframe. It also highlights how I stepped out of my comfort zone by successfully completing assigned tasks, ultimately equipping me to face the challenges of the working industry in the future.

The company that I have chosen to shape myself to be a better version of me in the next working phase is Sime Darby Berhad (SDB). As the umbrella for the company, SDB is divided into three independent entities: Sime Darby Plantation Berhad, Sime Darby Property Berhad, and Sime Darby Berhad which consist of Industrial, Motors, Logistics and Healthcare. I undergo training at Sime Darby Beyond Auto (SDBA) which is the organizational unit of Sime Darby Motors.

I was assigned to the SDBA finance department under procurement. The report additionally outlines the various roles played by the finance department, such as accounts payable and accounts receivable, reporting, distribution, and procurement. Even though I was supposed to be working in procurement, I took advantage of opportunities to study in other units since I believe that every experience is valuable.

In addition to learning about how office management works, I have worked hard to improve my soft skills, especially my communication skills, by having conversations with employees at every level of the SDBA hierarchy. My strong desire to improve myself pushed me to learn advanced data analysis methods in Excel, which improved my analytical skills. I also solved a lot of different problems, like figuring out procurement reports, managing bids and tenders, and leading important purchases. This helped me get better at solving problems. This intensive training time has been a life-changing experience, made even better by the helpful advice and steady support of my respected coworkers and wise supervisors. They have also given me a lot of information and skills that will help me succeed in the next part of my career.

TABLE OF CONTENT

EXECUTIVE SUMMARY	2
ENDORSEMENT OF OUR ORIGINAL REPORT	3
TABLE OF CONTENT	4
ACKNOWLEDGEMENT	6
STUDENT PROFILE	7
1.0 INTRODUCTION TO THE COMPANY	9
1.1 COMPANY BACKGROUD	9
1.2 COMPANY VISION	10
1.3 COMPANY MISSION	10
1.4 PURPOSE	11
1.5 CORE VALUES	11
1.6 BACKGROUND OF ESTABLISHMENT	11
1.7 ORGANIZATIONAL STRUCTURE.....	12
2.0 PRODUCTS OR SERVICES OFFERED.....	13
2.1 BYD ATTO 3	13
2.2 BYD Dolphin.....	13
2.3 BYD Retail.....	14
2.4 BYD After-Sales	14
3.0 TRAINING’S REFLECTION (WORK EXPERIENCE BASED ON DEPARTMENTS)	15
5.0 RESEARCH REPORT	18
1.0 Introduction.....	18
2.0 Literature Review.....	19
2.1 Dependent Variable	19
2.2 Independent Variable	20
3.0 Methodology	22
3.1 Introduction.....	22
3.2 Theoretical framework	22
3.3 Sampling Design	23
3.4 Data Analysis	23
6. FINDING AND DISCUSSION	25
1.0 Finding	25
2.0 Discussion	27

7.0 CONCLUSION.....	28
8.0 REFERENCES	30
9.0 APPENDICES	34

CHAPTER 1

1.0 INTRODUCTION TO THE COMPANY

1.1 COMPANY BACKGROUND

Sime Darby Motors



As part of the Sime Darby Berhad conglomerate, Sime Darby Motors is a global automotive powerhouse serving the Asia-Pacific area. It operates in the automobile business in several different capacities, including wholesale, retail, and after-sales care. The firm is an authorized dealer for various well-known automakers, giving consumers access to a wide selection of automobiles. Beyond Auto (BYD) is Sime Darby Motors' newest brand, joining the lines of BMW, Ford, Hyundai, Jaguar, Land Rover, MINI and Volvo.

Through its extensive network of dealerships and service centers, it gives its valued customers a transcendental journey with its vast network of luxurious stores and immaculate service centers. This includes transcendental sales, meticulous maintenance, and resolute repair services. With a strong presence in key markets, Sime Darby Motors operates in countries such as Malaysia, Singapore, Thailand, Australia, New Zealand, China, and Vietnam. The company's commitment to delivering high-quality products and services is reflected in its efforts to enhance the overall customer experience in the automotive sector. Sime Darby Motors not only impresses with its unique vehicle solutions, but it is also a stronghold of sustainable ideas. The company is always aware of how it affects the environment, so it works hard to reduce its carbon footprint and spread eco-friendly projects across its huge empire.

Sime Darby Beyond Auto (BYD)



In a world where new ideas are always being made, Sime Darby Beyond Auto, an ambitious project made by the famous Sime Darby Motors, a global automobile powerhouse, has just been unveiled in November 2022. This ground-breaking project isn't like anything else, and it shows how committed the company is to go beyond the ordinary and finding new ways to help people move around. BYD car is an unstoppable force that is ready to change everything about the car industry. SDBA aims to redefine the automotive landscape by embracing emerging technologies, sustainable practices, and evolving customer needs.

SDBA has made electric vehicle advocacy a top priority. The programme is aware of the need for more eco-friendly transportation worldwide, thus it is working to hasten the spread of electric vehicles (EVs) in the regions where it is active. By investing in charging infrastructure and forming partnerships with major electric vehicle manufacturers, SDBA improves EV accessibility and convenience for consumers.

1.2 COMPANY VISION

The company's aspiration is "New Energy Changing the World, Green Technology Leading the Change".

1.3 COMPANY MISSION

"Technological Innovations for a Better Life" is the mission of the company.

1.4 PURPOSE

To Change the World by Creating a Complete, Clean-Energy Ecosystem that Reduces the World's Reliance on Fossil Fuels.

1.5 CORE VALUES

- Excellence – Motivates our dreams with vitality.
- Pragmatism – Turns our dreams into reality.
- Passion – Fills our dreams with spirit.
- Innovation – Facilitates our Dreams by Invention.

1.6 BACKGROUND OF ESTABLISHMENT

In 1995, Chinese scientist Wang Chuanfu developed BYD Co Ltd. to generate and store energy. Wang Chuanfu, the famous head of the company, told the story of how the initials "BYD" came to be in a way that was both clear and interesting. He explained that these intriguing symbols were the illustrious pinyin initials of the magnificent Chinese name Biyadi. Named after the historic Yadi Road in the charming Dapeng New District, where their business was growing, their first brand, Yadi Electronics. And with an elegant touch of alphabetical brilliance, the letter "B" was added, creating a harmonious combination that shines on the big stages of trade shows.

Although the company didn't start out with a particularly moving slogan, the infinite creativity of its employees eventually led to the exquisite epiphany that would become its mantra: "Build Your Dream." This eloquent proclamation and the beautiful name "BYD" go together like a perfect tapestry, weaving together the very essence of desire and ambition.

To compete with the pricier Japanese battery manufacturers, Chuanfu set out to develop rechargeable batteries. He painstakingly examined patents and batteries to boost efficiency and reduce costs. This strategy helped BYD expand its product line. In 2002, Chuanfu entered the auto industry by acquiring a financially troubled Chinese automaker. The company released its first automotive product a few years later.

Diversification helps BYD Co Ltd. BYD Auto entered the global automobile market with its battery technology, utilized in cell phones, laptops, and consumer electronics, and its involvement in new energy and rail transit. When Warren Buffet purchased 10% of BYD Auto in 2008, it made headlines around the China news as Buffett predicted that BYD Auto might become the market leader in electric vehicles. After making this investment, Daimler AG or well known as Mercedes-Benz collaborated with BYD to create an electric version of their B-Class MPV. Unfortunately, Mercedes reluctance to pursue the joint venture had killed the project's potential.

After redesigning some of popular models, BYD then rebadged and renamed them. The business started developing its own vehicles in 2013. Wolfgang Egger, formerly of Alfa Romeo and SEAT, was appointed by BYD in 2016 as the company's principal design director with the goal of creating more distinctive vehicles. BYD products were named after Chinese dynasties including Qin, Tang, Yuan, Song, and the 2020 flagship model Han. BYD was the first carmaker to stop making gasoline-powered cars in April 2022 when they said that they are committed to an electric future.

1.7 ORGANIZATIONAL STRUCTURE

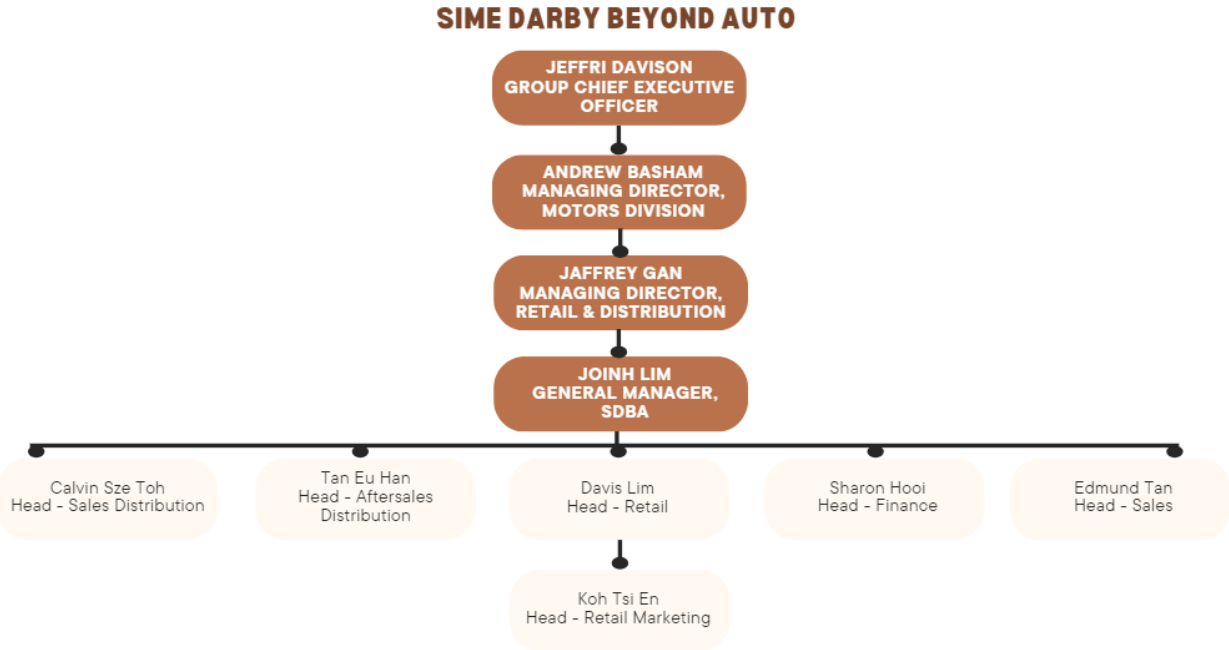


Figure 1 SDBA Organization Chart

CHAPTER 2

2.0 PRODUCTS OR SERVICES OFFERED

2.1 BYD ATTO 3



Also known as the BYD Yuan Plus in China and some Latin American nations. It replaced the BYD Yuan and debuted in China and abroad in February 2022. Meanwhile SDBA officially launched Atto 3 on 8th December 2022. BYD named the vehicle "Atto" after the attosecond, the lowest time scale unit in physics, to reflect its "speedy, energetic, and dynamic" nature. It's named after the Yuan dynasty as part of BYD's successful "Dynasty" line of new energy vehicles.

2.2 BYD Dolphin



Dolphin is a battery-electric hatchback that has been on the road since 2021, and it is a shining example of how cars should be made. It is part of BYD's prestigious "Ocean Series," and its beauty has taken it to Europe, Australia, and Thailand. In order to meet safety standards for crashes, it has

smoothly grown longer, solidifying its place in the compact. SDBA is planning to launch Dolphin in July 2023.

2.3 BYD Retail



The BYD showroom are officially launched in February 2023. As for now there are a total of 3 SDBA showrooms around Malaysia which are, BYD Ara Damansara, BYD Trec, and BYD Gurney Plaza, Penang. Customers enjoy intimate shopping in retail showrooms while a sales assistant can help with the test drive. In general customers that are unfamiliar with SDBA products or services could learn more about them in-person with one-on-one customer service if they went to the showroom.

2.4 BYD After-Sales

Finally, SDBA service center. BYD Ara Damansara, BYD Skudai, Johor and BYD Georgetown, Penang are the three SDBA service centers currently available. Because BYD vehicles did not contain engines, SDBA service centers instead concentrated on dent repair, car washing, and polishing.

CHAPTER 3

3.0 TRAINING'S REFLECTION (WORK EXPERIENCE BASED ON DEPARTMENTS)

Starting from March 6th, until August 18th, 2023, I successfully finished a 24-week industrial training as part of the last completion requirements for my bachelor's degree. Reflecting on my time at Sime Darby Beyond Auto, it is challenging to articulate the profound knowledge and experience I gained during this internship. Nonetheless, I will make an earnest attempt to chronologically document my journey, from day one of my training until the final day of my internship, within this report.

The official working hours at SDBA, Ara Damansara are Monday through Friday, 8:30 a.m. to 5:30 p.m. Given that Sime Darby Beyond Auto is a nascent brand, most of its workforce comprises new employees. Among them are individuals with just one year of experience and freshly graduated. This situation presents an advantage for me as I am able to integrate seamlessly due to our relatively close age range and comparable levels of seniority. As I entered the office, the entire Finance team greeted me warmly with radiant smiles, introducing me to some of the bosses. This warm reception is particularly important for me as a procurement staff member since I will be required to engage with the bosses more frequently than other members of the finance team.

When I started working at Sime Darby Procurement, my first job was to learn all about the Group Procurement Policies and Authorities (GPPA). This practice was important for me to understand how the procurement process works and get used to words I am unfamiliar with before. I was entrusted with the responsibility of managing the realm of Purchase Requisition (PR) and Purchase Order (PO) operations. Purchase Requisition is an employee's first internal request to buy things or services for the company. Meanwhile Pos are being issued that serve as the conduit between buyer and vendor when placing orders. In addition to mastering this pivotal workflow, I also gained proficiency in generating POs through the cloud based GDMS system, a cloud management system. These crucial tasks remained at the core of my duties from the first day I report duty until the last day of my internship.

The next month, I was taught how to read the Letter of Award (LOA) that went with the Purchase Orders (POs) I had raised. Each PO had different values and was related to a different department. Because of this, I had to work with several respected people, such as Heads of Departments (HODs), General Managers (GM), and the Acting Managing Director (MD) to get their approval on the PO. These interactions not only taught me how to explain complicated details in a clear way, but also helped me improve my communication skills when talking to people regardless of their position. This experience also gave me a great chance to introduce myself and show off my skills to the amazing people at SDBA. This opened the door to possible recognition and gave me a solid base for my future.

During my eventful second month as an intern at SDBA, we need to conduct asset tagging for all the assets that we purchase on all branches. Even though asset tagging wasn't my official task, as the person who approved and raised the PO, made me a valuable resource for the person in charge of this important work. I was able to help her complete the asset tagging because I knew where the assets were, how many there were, and how much they were worth. Asset tagging helped keep track of inventory and made it possible to keep an eye on these important resources in real time.

My heart brims with gratitude as I reflect upon my internship journey, filled with extraordinary opportunities that encompass tasks typically undertaken once a year. Two huge events, Stock Count, and the stringent audit process, are set for June. Stock count is a snapshot in time that reveals an organization's inventory levels. SDBA commits to conduct a stock count once per year. The stock count was delegated to Branch Heads and Sales Executives at each location (Ara Damansara, Trec KL, Penang, and JB), while the Finance Department gathered in BLG Swift, Port Klang to complete the stock count for undelivered vehicles. Despite the oppressive heat, the invaluable experience gained overshadowed any temporary discomfort. The rigorous asset tagging process played a crucial role in confirming the meticulous placement of every Atto 3 vehicle that arrived in Malaysia, ensuring no misplacements or missing units. As a result, a total of 4 vehicles are missing and not to be found and we took around a week to trace those vehicles.

The abundance of benefits I received during my internship period at Sime Darby Beyond Auto is beyond measure. It stands as one of the most gratifying moments in my educational

journey, as I not only received a generous monthly allowance but also invaluable perks as an intern. I was always treated as a keen learner, but my standing as a student was always kept in their mind. The six months I spent at the company were enriched by remarkable opportunities, such as participating in procurement meetings with the esteemed Head of Procurement at Sime Darby Motors, engaging in business planning sessions, and even attending negotiations with vendors. Also, my coworkers were happy to share their knowledge and experience with me, which gave me important advice for my future job. My heart is full of gratitude for the many chances and benefits that have come my way over the past six months. I strongly suggest that students go to Sime Darby Beyond Auto in Ara Damansara to get industry training experience like the one I had.

CHAPTER 5

5.0 RESEARCH REPORT

Determinants of Profitability: Profitability of Commercial Banks in Malaysia

1.0 Introduction

The concept of profitability, often dissected as the amalgamation of two constituent terms, profit and ability (Tulsian, 2015), stands as the fundamental objective for any company, organization, entity, or business venture. When revenue exceeds expenses, a business is considered profitable.

By selling assets with immediate rewards can boost short-term profits. But this short-term method lacks consistency. A business needs a solid business plan or a set of principles to make money repeatedly or it will lead to its demise. Additionally, profitability serves as a vital factor in determining the value of a company, often quantified as a multiple of its annual profit. Conversely, the measurement of profitability can be undertaken through two key ratios: the earnings per share ratio and the net profit ratio. The net profit ratio compares post-tax profits to sales, while the earnings per share ratio measures profits per share.

Subsequently, the Malaysian banking sector has assumed a prominent role in the realm of indirect financing, paralleling the challenges faced by other Asian nations during the financial crisis (Oh, 2017). Malaysia has Islamic, Commercial, Investment, and Development Financial Institution (FDI) banks. However, for the purpose of this study, our focus will be centered on commercial banks. A significant majority of individuals worldwide engage in their banking transactions through commercial banks. Also, commercial banks make most of their money from lending, which includes business loans, mortgages, car loans, and personal loans. Customers' savings give these banks the money they need to make these kinds of loans.

Banks make money by carefully executing procedures that generate more revenue than expenses. A bank's revenues mostly come from service fees and asset interest. A bank's assets are its loans and securities. However, bank loans, savings, and money market commercial paper sales are the biggest liabilities. Earnings per share alone don't show a bank's true profitability. By figuring out how well a bank is doing, it's important to look at three key income ratios: the return

on assets, the return on equity, and the net interest margin. Nevertheless, the focus of this thesis lies in the examination of return on assets as a measure of bank profitability.

2.0 Literature Review

Extensive international research has been done on what makes a bank profitable, because it is such an important indicator of how well a business is doing. The objective of this research paper is to explore the interrelationship between profitability and its determinants within commercial banks operating in Malaysia. The results of this study show that different factors, including both dependent and independent variables, affect the profitability of business banks in different ways. The dependent factor, namely bank profitability, as denoted by the return on assets (ROA), interacts with independent factors such as bank size, capital adequacy, bank liquidity, and leverage, collectively shaping the overall profitability landscape.

2.1 Dependent Variable

2.1.1 Profitability of banks

Return on Assets (ROA)

Return on assets (ROA), serves as a key metric employed by analysts to gauge a bank's profitability. The formula for ROA entails dividing the total net income by the total assets of the bank. ROA is better than other metrics, like return on equity (ROE), because a study based on ROE doesn't consider the effects of financial leverage (Azlan et al., 2012a). The inclusion of assets in the measurement of profitability is crucial, as acquiring assets necessitates a combination of equity and debts. Moreover, ROA represents a functional indicator of a bank's profitability, illustrating the ability of bank management to effectively leverage both financial and tangible investment resources to generate profits (Javaid et al., 2011)

2.2 Independent Variable

2.2.1 Capital Adequacy (CA)

The measure of Capital Adequacy (CA) serves as an indicator to assess the strength of a bank's capital in relation to its risk, signifying the safety and soundness of the institution (Mei Gee Shum Shen Hwei Soh Yan Wong Coong Mum Yong Lai Han, 2015b). The equity-to-assets ratio, which is given as a number, is a proxy for a bank's capital adequacy, especially its risk-weighted credit exposures. We can figure out this number by dividing the equity by the total assets. By looking at a bank's Capital Adequacy Ratio, officials can make sure that the bank has enough capital to handle a reasonable amount of losses, including losses from bad loans.

Berger (1995) supports the **positive relationship** between capital adequacy and bank profitability in the United States. Well-capitalized banks can handle losses and shareholder risks, lowering bankruptcy costs. Due to their lower insolvency risk, these banks can charge higher interest rates on loans or lower deposit rates, lowering their funding costs.

However, Ayanda & Adeniyi Mudashiru (2013) argue for a **negative relationship** between capital adequacy and bank profitability based on their study of Nigerian banks. They argue banks may not use or manage their capital well, keeping only the minimum amount needed and excess money to cover unexpected losses.

Also, some experts have found **no link** between the amount of capital a bank has and how well it does financially. Olalekan, an Associate Professor of Strategic Management, and Adeyinka (2013) discovered that capital adequacy does not exhibit a significant relationship with profitability for both domestic and foreign banks in Nigeria.

H1: There is an insignificant relationship between capital adequacy and bank profitability.

2.2.2 Bank Size (BS)

Bank size can be utilized as evidence of economies of scale or to examine the size-profitability relationship of individual banks. In general, larger banks are expected to achieve economies of

scale and generate higher profits (Mei Gee Shum Shen Hwei Soh Yan Wong Coong Mum Yong Lai Han, 2015b).

Studies have shown that the size of a bank is related to its ability to make money, which suggests that bigger banks often benefit from economies of scale. For instance, larger banks can reduce the cost of gathering and processing information, leading to increased profitability (Alper et al., 2011). However, some researchers argue that once a bank reaches an optimum level of size, diseconomies of scale may arise, negatively impacting profitability (Acaravci et al., 2013). They found that as a bank grows, the marginal return decreases, resulting in a decline in average earnings.

H1: There is a significant relationship between bank size and bank profitability.

2.2.3 Bank Liquidity

Regarding bank liquidity, the link with profitability has yielded inconsistent results over time. Some researchers have identified a **positive and statistically significant** association between bank liquidity and profitability. Sufficient liquidity assets enable banks to have lower risk of insolvency, as they can withstand financial risks and reduce the cost of borrowing from external sources, leading to greater profits (Mbekomize & Mapharing, 2017).

However, other studies have found a **negative correlation** between liquidity and profitability, suggesting that higher levels of liquid assets may be associated with reduced profitability (Gjorgji & Goran, 2019). Also, liquidity risk, which comes from the possibility that a bank won't be able to handle a drop in liabilities or pay for growth on the asset side, is seen as a good indicator of a bank's ability to make money.

H1: There is a significant relationship between bank liquidity and bank profitability.

2.2.4 Financial Leverage

Financial leverage improves company performance, especially for profitable organizations. Abubakar also notes that banks may enhance their financial performance by using financial leverage and making smart capital structure decisions for long-term growth. Financial leverage is borrowing to buy assets and save money. For this research, the debt-to-asset ratio was utilized, obtained by dividing total liabilities by total assets. Banks can benefit from tax advantages by

borrowing more, therefore a greater leverage ratio is predicted to boost profitability (Determinants of Profitability for The Banking Sector at Borsa Istanbul, N.D.). Larger debt ratios indicate bank profitability.

When a bank has high leverage, its debt ratio exceeds its ownership ratio. According to Myers (n.d.), larger debt levels boost profitability by providing a tax shield, but they also expose the bank to creditor takeover, financial turbulence, and higher agency expenses.

H1: There is a significant relationship between financial leverage and bank profitability.

3.0 Methodology

3.1 Introduction

The research design in this study consists of one main objective which needs to be investigated, as follows:

- The purpose of this research is to use the Random Effect Model (REM) to analyze the potential internal factors affecting bank profitability.

3.2 Theoretical framework

The theoretical setup in which this investigation was conducted is depicted in the figure 1 below.

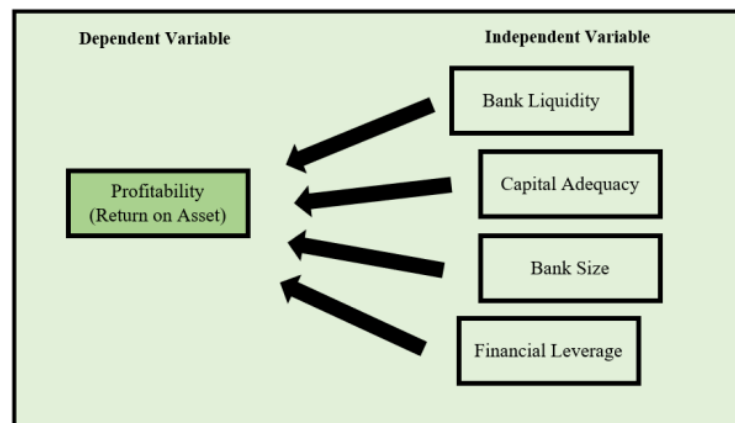


Figure 1 Independent variables used in this study to examine their relationship with the dependent variable.

3.3 Sampling Design

The following table presents a compilation of commercial banks operating in Malaysia. Currently Malaysia boasts a total of 26 operating banks, with 8 being locally owned and 18 being foreign owned commercial banks. However, for the purpose of this study, our focus will primarily be on the performance of the top 5 commercial banks in Malaysia ("Top Banks in Malaysia," 2022), which are highlighted in yellow within the table 1 below.

No.	Name	Ownership
1.	Malayan Banking Berhad	L
2.	Public Bank Berhad	L
3.	CIMB Group Holdings Berhad	L
4.	Hong Leong Bank Berhad	L
5.	RHB Bank Berhad	L
6.	Affin Bank Berhad	L
7.	Alliance Bank Malaysia Berhad	L
8.	AmBank (M) Berhad	L
9.	Bangkok Bank Berhad	F
10.	Bank of America Malaysia Berhad	F

Table 1 List of Top Banks in Malaysia

3.4 Data Analysis

This model is accurate in analyzing the factors that affect commercial banks' profitability in Malaysia by using ROA as a measured.

$$Y = a + bX_1 + cX_2 + dX_3 + eX_4 + \epsilon_{it}$$

$$ROA_{it} = \alpha_{it} + \beta_1 SIZE_{it} + \beta_2 LEV_{it} + \beta_3 LIQ_{it} + \beta_4 CAP_{it} + \epsilon_{it}$$

Where:

ROA_{it} = Return on asset

α_{it} = Intercept

β_1 SIZE_{it} = Bank size

β_2 LEV_{it} = Leverage

β_3 LIQ_{it} = Bank liquidity

β_4 CAP_{it} = Capital adequacy

ϵ_{it} = Error term

β_1 to β_4 = Estimated coefficients of the independent variables

i and t = Bank and time subscripts respectively

3.4.1 Panel Data

In this study, the hypotheses were examined using panel data analysis. This approach allows for the integration of both time series and cross-sectional data, providing a comprehensive framework for analysis.

Variables	Proxy Variables	Predicted Sign	Sources
Dependent Variable Profitability	Return on Assets (ROA)		(Kohlscheen et al., 2018; Muhamad Iskandar et al., 2019)
Independent Variable Bank Liquidity (LIQ)	The total loan to total assets	+	(MBEKOMIZE & MAPHARING, 2017b; Sufian & Habibullah, 2009)
Capital Adequacy (CAP)	The equity to total assets	-	(Asikhia, 2013; Dr. A. M. Ayanda et al., 2013)
Bank Size (SIZE)	The natural logarithm of total assets	+	(Acaravci et al., 2013b; Alper & Anbar, 2011; Mei Gee Shum Shen Hwei Soh Yan Wong Coong Mum Yong Lai Han, 2015)
Leverage (LEV)	The ratio of total debt total assets	+	(Abubakar, 2015; Determinants Of Profitability For The Banking Sector At Borsa Istanbul, N.D)

Table 2 Key Determinant Variables

CHAPTER 6

6. FINDING AND DISCUSSION

1.0 Finding

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	54	1.242037	.2579263	.37	1.71
SIZE	55	8.537022	.2244474	8.161664	8.947761
LEV	55	11.94418	3.394936	5.73	16.73
LIQ	55	67.52836	9.758027	33.56	82.84
CA	55	16.88055	1.731727	13.47	21.76

Table 3 Descriptive statistics table for dependent variable and the independent variable

Table 3 explores the factors influencing profitability for all 5 banks in Malaysia, utilizing return on assets (ROA) as the measure of profitability. The dataset comprises a total of 55 observations. The average profitability, as measured by ROA, during the study period is 1.242, with a range spanning from a minimum value of 0.37 to a maximum value of 1.71.

1.1 Final Result

ROA	Coef.
SIZE	.2167319 (.1352895)
LEV	-.0473367*** (.0078697)
LIQ	.0005186 (.0029201)

CA	-.005366 (.0186568)
_cons	.013047 (1.153004)
sigma_u	.08776664
sigma_e	.12799101
rho	

Table 4 Regression Final Result

*Note: *** significant at 1% level, ** significant at 5% level, * significant at 10% level. The dependent variable is ROA.*

Table 4 shows the regression findings, showing a significant model-data fit at 0.0000 significance. Bank size and return on assets are positively correlated, but not statistically. However, larger banks with more assets tend to be more profitable. Leverage has a substantial negative link with return on assets at 1%. Leverage appears to lower profitability. Liquidity positively correlates with return on assets, although not statistically. Liquid assets have lower returns, which could hurt bank performance. As expected, liquid assets like cash and short-term securities lower profitability. Capital adequacy inversely correlates with return on assets, but not statistically. This can be attributed to inefficiencies in capital utilization and management.

	p-values of the tests		
Models	F-test	BPLM	HAUSMAN
Model 1	0.0095	0.0000	-

Table 5 Panel Specification tests

To ensure the validity of the regression model, several diagnostic tests were conducted to examine the potential issues of multicollinearity, heteroskedasticity, and serial correlation. Table 7 displays

the results of these diagnostic tests, revealing the presence of heteroskedasticity (p-value < 0.05) and indicating the absence of serial correlation (p-value > 0.05).

2.0 Discussion

Independent variable	Expectation sign	Regression Result
Size	Negative and not significant	Positive and not significant
Leverage	Positive and significant	Negative and significant
Liquidity	Positive and significant	Positive and not significant
Capital Adequacy	Positive and not significant	Positive and not significant

Table 6 Results for independent variable on Return on Asset

Table 6 presents the findings regarding the determinants of return on assets as independent variables. Contrary to expectations, the results indicate that bank size exhibits a non-significant negative relationship with return on assets. However, the regression results demonstrate a positive relationship between bank size and return on assets, although this relationship is not statistically significant. In contrast, leverage is anticipated to have a positive and significant impact on return on assets. The regression results support this expectation, revealing a significant negative relationship between leverage and return on assets. Additionally, the results reveal a positive and significant relationship between liquidity and return on assets.

However, while the regression results demonstrate a positive relationship between liquidity and return on assets, this relationship is not statistically significant. Furthermore, capital adequacy is expected to have a positive relationship with return on assets, but the results indicate that this relationship is not statistically significant. Despite this, the regression results do indicate a positive relationship between capital adequacy and return on assets, although the relationship lacks statistical significance.

7.0 CONCLUSION AND RECOMMENDATION

In summary, the objective of this study was to examine the internal factors that potentially influence bank profitability in Malaysian listed commercial banks from 2017 to 2022. The study focused on five commercial banks listed on Bursa Malaysia: Malayan Banking Berhad, Public Bank Berhad, CIMB Group Holdings Berhad, Hong Leong Bank Berhad, and RHB Bank Berhad. Panel data analysis using the Random Effect Model (RE) was employed to investigate the relationship between bank profitability (PROFIT) and the independent variables of return on assets (ROA), capital adequacy (CA), bank size (SIZE), bank liquidity (LIQ), and financial leverage (LEV). The randomization tests confirmed the significance and reliability of the model.

Based on the results obtained from the Random Effect model, it can be concluded that bank size (BS) exhibits a positive relationship with profitability (PROFIT), although this association is not statistically significant at a 1 percent level. This implies that larger banks, with greater assets, tend to be more profitable, suggesting a linear relationship between size and profitability. On the other hand, leverage (LV) displayed a significant negative impact on profitability. This can be attributed to the fact that liquid assets, which have lower returns, can potentially impair bank performance. Banks relying heavily on liquid assets, such as cash and short-term securities, tend to have lower profitability. Bank liquidity (LQ) and capital adequacy (CA) did not demonstrate any significant effect on profitability (PROFIT).

With the following empirical study, we can get a better idea of how five independent variables and the profitability of commercial banks in Malaysia are related. Based on what the study shows, these suggestions can be made:

- The investigation may encompass both domestic and international financial institutions, allowing for a comparison not just of profitability but also of ownership structures among the various types of banks.
- Instead of just taking the data based on the success of the bank's group, the research may take into consideration the influence that mergers and acquisitions have on financial performance.
- Increase the time frame so that the conclusion that is generated can be limited to only the period of time that is indicated in the analysis. The time period needs to be

more than 10 years if we are going to achieve more accurate results and if we want to be able to see the pattern more clearly.

- Add on more variables such as return on equity and GDP growth rate as it will give more accurate results.

8.0 REFERENCES

- Abubakar, A. (2015). RELATIONSHIP BETWEEN FINANCIAL LEVERAGE AND FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA. In *International Journal of Economics, Commerce and Management United Kingdom: Vol. III*. <http://ijecm.co.uk/>
- Acaravci, S. K., Çalim, A. E., Çalim, A., İplik, Y., & San, D. (2013). Turkish Banking Sector's Profitability Factors. *International Journal of Economics and Financial Issues*, 3(1), 27–41. www.econjournals.com
- Almaqtari, F. A., Al-Homaidi, E. A., Tabash, M. I., & Farhan, N. H. (2019). The determinants of profitability of Indian commercial banks: A panel data approach. *International Journal of Finance and Economics*, 24(1), 168–185. <https://doi.org/10.1002/ijfe.1655>
- Abdul Jamal, Abdul Karim&Hamidi. (2012). Determinants of commercial banks return on asset. *International Journal of Commerce, Business and Management*.
- Adam Hayes. (2022, July 11). What Is Financial Leverage, and Why Is It Important? Retrieved from Investopedia: <https://www.investopedia.com/terms/l/leverage.asp>
- Brian Beers. (2021, May 29). What Does a High Capital Adequacy Ratio Indicate? Retrieved from Investopedia: [https://www.investopedia.com/ask/answers/040115/what-does-it-mean-whencompany-has-high-capital-adequacyratio.asp#:~:text=The%20capital%20adequacy%20ratio%20\(CAR\)%20is%20a%20m%20easure%20of%20how,at%20risk%20for%20becoming%20insolvent.](https://www.investopedia.com/ask/answers/040115/what-does-it-mean-whencompany-has-high-capital-adequacyratio.asp#:~:text=The%20capital%20adequacy%20ratio%20(CAR)%20is%20a%20m%20easure%20of%20how,at%20risk%20for%20becoming%20insolvent.)
- Claire Boyte. (2021, January 8). Liquidity vs. Liquid Assets: What's the Difference? Retrieved from Investopedia: <https://www.investopedia.com/ask/answers/052515/what-difference-between-banksliquidity-and-its-liquid-assets.asp>
- Rosman, Norazlina & Zainol. (2014). Efficiency of Islamic banks during the financial crisis: An analysis of Middle Eastern and Asian countries. *Pacific-Basin Finance Journal*.
- Sritharan, V. (2015). Does firm size influence on firm's profitability? Evidence from listed firms of Sri Lankan Hotels and Travels sector. *Research Journal of Finance and Accounting*.

- Alper, D., Anbar, A., & Alper, D. (2011). Bank Specific and Macroeconomic Determinants of Commercial Bank Profitability: Empirical Evidence from Turkey. *Business and Economics Research Journal*, 2(2), 139–152. www.berjournal.com
- Alzoubi BUSINESS PERSPECTIVES, T. (2018). Determinants of bank profitability: Islamic versus conventional banks. In *Banks and Bank Systems* (Vol. 13). www.businessperspectives.org
- Ayanda, M., & Adeniyi Mudashiru, M. (2013). *INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS DETERMINANTS OF BANKS' PROFITABILITY IN A DEVELOPING ECONOMY: EVIDENCE FROM NIGERIAN BANKING INDUSTRY INTERDISCIPLINARY JOURNAL OF CONTEMPORARY RESEARCH IN BUSINESS.*
- Azlan, A., Jamal, A., Hamidi, M., Rahimie, M., & Karim, A. (2012a). *Determinants of Commercial Banks' Return on Asset: Panel Evidence from Malaysia Article in International Journal of Commerce and Management · Determinants of Commercial Banks' Return on Asset: Panel Evidence from Malaysia* (Vol. 1). <https://www.researchgate.net/publication/235962256>
- Azlan, A., Jamal, A., Hamidi, M., Rahimie, M., & Karim, A. (2012b). *Determinants of Commercial Banks' Return on Asset: Panel Evidence from Malaysia Article in International Journal of Commerce and Management · Determinants of Commercial Banks' Return on Asset: Panel Evidence from Malaysia* (Vol. 1). <https://www.researchgate.net/publication/235962256>
- Berger, A. N. (1995). The Relationship between Capital and Earnings in Banking. In *Source: Journal of Money, Credit and Banking* (Vol. 27, Issue 2).
- Dao, B. T. T., & Nguyen, D. P. (2020). Determinants of profitability in commercial banks in Vietnam, Malaysia and Thailand. *Journal of Asian Finance, Economics and Business*, 7(4), 133–143. <https://doi.org/10.13106/JAFEB.2020.VOL7.NO4.133>
- DETERMINANTS OF PROFITABILITY FOR THE BANKING SECTOR AT BORSA ISTANBUL.* (n.d.).
- Gjorgji, G., & Goran, H. (2019). Determinants of Liquidity and its Relationship with Profitability – The Case of Macedonian Banking Sector. *Asian Journal of Economics and Empirical Research*, 6(1), 85–92. <https://doi.org/10.20448/journal.501.2019.61.85.92>
- Javaid, S., Anwar, J., Zaman, K., & Ghafoor, A. (2011). DETERMINANTS OF BANK PROFITABILITY IN PAKISTAN: INTERNAL FACTOR ANALYSIS. In *Journal of*

Yasar University (Vol. 23, Issue 6).

- Julia Kagan. (2021, October 6). *How Do Commercial Banks Work and Why Do They Matter?* Investopedia. <https://www.investopedia.com/terms/c/commercialbank.asp>
- Kei, C. M., Wong, E., Teng, E. E., Sau, L., Tan, Y., Shi, H., Tunku, U., & Rahman, A. (2013). *DETERMINANTS OF LOCAL COMMERCIAL BANK'S PROFITABILITY: EVIDENCE FROM MALAYSIA*.
- MBEKOMIZE, C. J., & MAPHARING, M. (2017). Analysis of Determinants of Profitability of Commercial Banks in Botswana. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(2). <https://doi.org/10.6007/ijarafms/v7-i2/2878>
- Mei Gee Shum Shen Hwei Soh Yan Wong Coong Mum Yong Lai Han, L. Q. (2015a). *BANK-SPECIFIC AND MACROECONOMIC DETERMINANTS OF BANK'S PROFITABILITY: A STUDY OF COMMERCIAL BANKS IN MALAYSIA BACHELOR OF BUSINESS ADMINISTRATION (HONS) BANKING AND FINANCE UNIVERSITI TUNKU ABDUL RAHMAN FACULTY OF BUSINESS AND FINANCE DEPARTMENT OF FINANCE*.
- Mei Gee Shum Shen Hwei Soh Yan Wong Coong Mum Yong Lai Han, L. Q. (2015b). *BANK-SPECIFIC AND MACROECONOMIC DETERMINANTS OF BANK'S PROFITABILITY: A STUDY OF COMMERCIAL BANKS IN MALAYSIA BACHELOR OF BUSINESS ADMINISTRATION (HONS) BANKING AND FINANCE UNIVERSITI TUNKU ABDUL RAHMAN FACULTY OF BUSINESS AND FINANCE DEPARTMENT OF FINANCE*.
- Modigliani, F., & Pogue, G. A. (1973). *AN INTRODUCTION TO RISK AND RETURN CONCEPTS AND EVIDENCE*.
- Muda, M., Shaharuddin, A., & Embaya, A. (2013). Comparative Analysis of Profitability Determinants of Domestic and Foreign Islamic Banks in Malaysia. *International Journal of Economics and Financial Issues*, 3(3), 559–569. www.econjournals.com
- Muhamad Iskandar, N., Othman, S., Abdullah, Y., & Arshad, N. C. (2019). BANK SPECIFIC CHARACTERISTICS AND PROFITABILITY OF ISLAMIC AND CONVENTIONAL BANKS IN MALAYSIA. In *International Journal of Islamic Business* (Issue 1).
- Myers, S. C. (n.d.). *Capital Structure*.

- Nguyen, T. N. L., & Nguyen, V. C. (2020). The determinants of profitability in listed enterprises: A study from vietnamese stock exchange. *Journal of Asian Finance, Economics and Business*, 7(1), 47–58.
<https://doi.org/10.13106/jafeb.2020.vol7.no1.47>
- Oh, S.-N. (n.d.). *Towards a Sustainable Banking Sector-Malaysia*.
- Olalekan Associate Professor of Strategic Management, A., & Adeyinka, S. (2013). CAPITAL ADEQUACY AND BANKS' PROFITABILITY: AN EMPIRICAL EVIDENCE FROM NIGERIA. In *American International Journal of Contemporary Research* (Vol. 3, Issue 10). www.aijcrnet.com
- Olalere, O. E., bin Omar, W. A., & Kamil, S. (2017). Bank Specific and Macroeconomic Determinants of Commercial Bank Profitability: Empirical Evidence from Nigeria. *International Journal of Finance & Banking Studies* (2147-4486), 6(1), 25.
<https://doi.org/10.20525/ijfbs.v6i1.627>
- Olweny, T. (2011). *EFFECTS OF BANKING SECTORAL FACTORS ON THE PROFITABILITY OF COMMERCIAL BANKS IN KENYA*.
<http://www.businessjournalz.org/efr>
- Sufian, F., & Habibullah, M. S. (2009). Determinants of bank profitability in a developing economy: Empirical evidence from Bangladesh. *Journal of Business Economics and Management*, 10(3), 207–217. <https://doi.org/10.3846/1611-1699.2009.10.207-217>
- Trofimov, I. D., Aris, N., Ying, Y., Kolej, J. K., Saad, Y., Nazaria, ;, Aris, M., & Kho, J. (2018). *Munich Personal RePEc Archive Determinants of Commercial Banks' Profitability in Malaysia Determinants of Commercial Banks' Profitability in Malaysia*.
- Tulsian, M. (n.d.). Profitability Analysis (A comparative study of SAIL & TATA Steel). In *IOSR Journal of Economics and Finance* (Vol. 3).
www.iosrjournals.org
- (Almaqtari et al., 2019; Alzoubi BUSINESS PERSPECTIVES, 2018; Azlan et al., 2012b; Kei et al., 2013; Muda et al., 2013; Nguyen & Nguyen, 2020; Olalere et al., 2017; Trofimov et al., 2018)

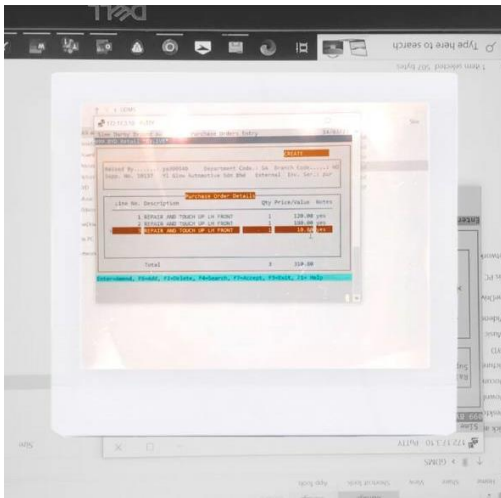
9.0 APPENDICES



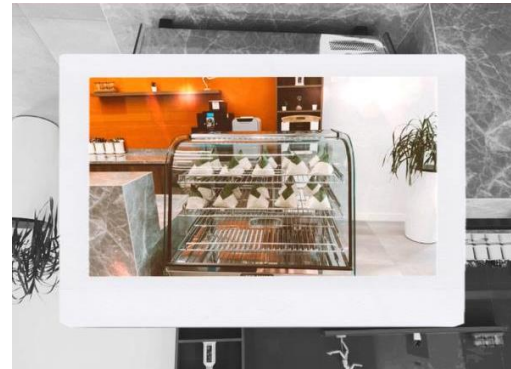
SDBA Office



Weekly Purchase Order



GDMS Software



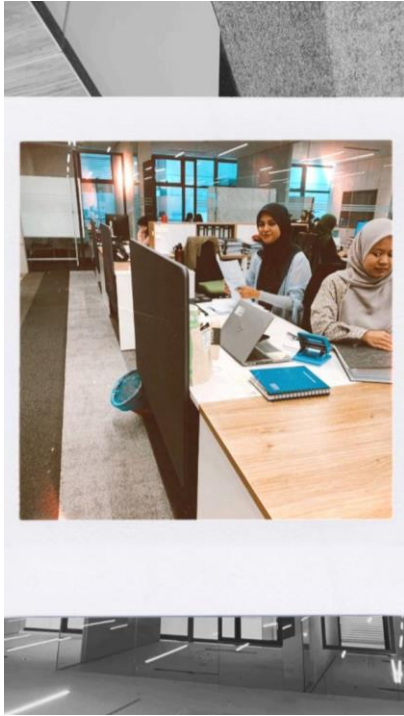
BYD Showroom's Pantry



Weekly Meeting with Vendor



Stock Count @ BLG, Port Klang



Daily Office Situation



Sime Darby Berhad Raya Event












Asset Tagging

Document Information

Analyzed document	WAN NUR ALIA REPORT INTERNSHIP SIME DARBY BEYOND AUTO (BYD).docx (D172042901)
Submitted	7/13/2023 9:24:00 AM
Submitted by	Dr. Nor Anis Shafai
Submitter email	anis448@uitm.edu.my
Similarity	6%
Analysis address	anis448.UiTM@analysis.ouriginal.com

Sources included in the report

SA	2309066_ECON5004P_1.docx Document 2309066_ECON5004P_1.docx (D54927271)		1
SA	Master Thesis Ide, Nafiseh.docx Document Master Thesis Ide, Nafiseh.docx (D39709805)		1
SA	MGT5261P_Dissertation_2228731.docx Document MGT5261P_Dissertation_2228731.docx (D30209269)		1
SA	UNIVERSITI TEKNOLOGI MARA (UiTM) / Proposal - Moratorium Effects towards bank's profitability in Malaysia (2).docx Document Proposal - Moratorium Effects towards bank's profitability in Malaysia (2).docx (D124548557) Submitted by: suzan218@uitm.edu.my Receiver: suzan218.UiTM@analysis.ouriginal.com		9
SA	Research Proposal-Unam-Latest Odada.pdf Document Research Proposal-Unam-Latest Odada.pdf (D19140935)		2
W	URL: https://www.investopedia.com/terms/c/commercialbank.asp Fetched: 7/13/2023 9:24:00 AM		1
SA	UNIVERSITI TEKNOLOGI MARA (UiTM) / Faiz - The factors that will influence performance of Bank in Malaysia.docx Document Faiz - The factors that will influence performance of Bank in Malaysia.docx (D142758916) Submitted by: faiz9214@yahoo.com Receiver: sukorjaafar.UiTM@analysis.ouriginal.com		1
SA	Dr. Nupur Moni & Dr. Bhabani full paper.pdf Document Dr. Nupur Moni & Dr. Bhabani full paper.pdf (D59090438)		1
W	URL: https://doi.org/10.3846/1611-1699.2009.10.207-217 Fetched: 7/13/2023 9:24:00 AM		1