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UNIVERSITI
TEKNOLOGI
MARA



FACULTY OF BUSINESS AND MANAGEMENT

BACHELOR OF BUSINESS ADMINISTRATION (HONS.) FINANCE

SUKA JAYA TRAVEL & TOURS SDN BHD

INDUSTRIAL TRAINING REPORT (MGT666)

**THE IMPACTS OF HUMAN CAPITAL EFFICIENCY ON FINANCIAL
PERFORMANCE IN THE MALAYSIAN PLANTATION SECTOR**

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EXECUTIVE SUMMARY

This research paper provides a profile of the internship place, Suka Jaya Travel & Tours (SJTT). The well-established SJTT travel firm offers unique holiday experiences to individuals, families, and groups. SJTT is a trusted tourist authority with over two decades of experience in inbound and outbound travel, ticketing, and Umrah & Ziarah programs.

This research paper also examines how human capital efficiency affects Malaysian plantation financial performance. The study examines financial metrics and human capital efficiency. The report also suggests ways to improve industrial human capital efficiency. The research uses a strong methodology and extensive data analysis.

The research shows that human capital efficiency is vital to Malaysian plantation companies' financial performance. Human capital efficiency improves financial indicators like return on assets and asset turnover ratio. The study also shows that firm size, leverage, and age affect human capital efficiency and financial success.

In conclusion, this study illuminates how human capital efficiency affects Malaysian plantation financial performance. It stresses the importance of human capital development and proposes ways to improve efficiency. It also details SJTT, the internship site, and its dedicated management team directed by Haji Abdul Shukor Bin Mohammed Zainuri.

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COMPANY PROFILE



NAME	SUKA JAYA TRAVEL & TOURS SDN. BHD
NEW OFFICE ADDRESS	NO.19A, LORONG MAJU 1, TAMAN SERAI MAJU 34300 BAGAN SERAI, PERAK, MALAYSIA
OLD OFFICE ADDRESS	NO.8, TINGKAT BAWAH, KOMPLEKS PERNIAGAAN BAGAN SERAI, JALAN MAHKAMAH, 34300 BAGAN SERAI, PERAK, MALAYSIA
WEB SITE	https://www.sukajaya.com/index.php
EMAIL	abdulshukor@sukajaya.com / abdshukorz@gmail.com
NUMBER	Tel: 012-4732360 – Haji Abdul Shukor Office: 05-7212360 Fax: 05-7214926
OFFICE HOURS	Monday- Saturday 830am – 530pm
MANAGERS AND DIRECTORS	HAJI ABDUL SHUKOR BIN MOHAMMED ZAINURI

Suka Jaya Travel & Tours (SJTT) is a well-known travel agency that offers remarkable holiday experiences to individuals, families, and groups. Our operations center on our commitment to ensuring customer satisfaction and our constant search for extraordinary experiences and services for our esteemed customers.

SJTT was established on October 7, 1994, by the visionary leader Tuan Haji Mohammed Zainuri bin Mohamed Shajuddin. Due to his passion for travel, he obtained a tourism certificate from NPC, Malaysia. Tuan Haji Mohammed Zainuri, with more than twenty years of expertise in the travel sector, has successfully overseen the remarkable expansion of the organization.

Remarkably, Tuan Haji Mohammed Zainuri's professional efforts extend beyond the realm of travel. Before transitioning into the tourism industry, he prioritized education and community development while serving as a primary school principal in Perak, Malaysia. His varied background has influenced his all-encompassing approach to SJTT leadership.

The growth and success of SJTT may be attributed to the extensive expertise, proficiency, and unwavering commitment of our workforce. Our company has more than twenty years of expertise in inbound and outbound travel, ticketing, and Umrah & Ziarah packages, making us highly specialized in the field of tourism. Our extensive knowledge and experience in the field establish us as a reliable and respected authority.

Ultimately, the vision of Tuan Haji Mohammed Zainuri bin Mohamed Shajuddin and the unwavering commitment of our personnel have propelled SJTT to become a prominent player in the travel and tour industry since its establishment. Our expertise lies in inbound and outward travel, and ticketing services, as well as Umrah and Ziarah packages, with a wealth of knowledge spanning over two decades. The recent diversification of our operations across various industries demonstrates our commitment to innovation and flexibility. As SJTT evolves, it consistently delivers exceptional experiences and services, further enhancing its position as an industry leader.

MANAGEMENT PROFILE

Director & Chief Executive Director (CEO)

Haji Abdul Shukor Bin Mohammed Zainuri

Haji Abdul Shukor bin Mohammed Zainuri has served as a highly respected director at SJTT since 2001, showcasing his unwavering dedication and exceptional knowledge. He possesses a Diploma in Foundation Tourism from IATA and a Certificate of Accomplishment from ABACUS Ticketing System, which has expanded his knowledge and skills in the fields of tourism and ticketing. With his status as a Chartered Accountant and membership in the Malaysia Institute of Accountants, he possesses a robust financial expertise that greatly benefits his work. Haji Abdul Shukor's extensive knowledge in financial operations, accounting, and management has played a crucial role in the success of SJTT. He possesses extensive knowledge that covers Umrah Ziarah packages, including inbound and outgoing tourists, tickets, transportation, hotel bookings, and several other services and trading activities.

Overall, Haji Abdul Shukor bin Mohammed Zainuri's remarkable professional progress, academic accomplishments, and extensive experience make him an invaluable asset to the travel and tourism sector. His unwavering dedication to achieving the highest standards of quality and his wide range of abilities greatly enhance the performance of SJTT in multiple areas of the company.

Director

Pn Hajjah Habsah Binti Husain

Puan Hajjah Habsah Binti Husain, an esteemed director and founder of Suka Jaya Travel & Tours (SJTT), possesses a wealth of expertise covering more than two decades in the fields of ticketing, Umrah Ziarah, inbound, and outbound tourism. Having a strong educational background and considerable experience in government service, she offers an extensive range of knowledge and a strong dedication to providing great customer service to SJTT. Her engagement in industry seminars and courses displays her commitment to ongoing education and professional advancement. The knowledge and leadership of Puan Hajjah Habsah have played a crucial role in shaping the success of SJTT.

VISION, MISSION, & RESPONSIBILITIES

VISION

- SUKA JAYA TRAVEL professional and one stop Center Company in Ticketing, Traveling, Touring, and Other Services & Business in the world.

MISSION

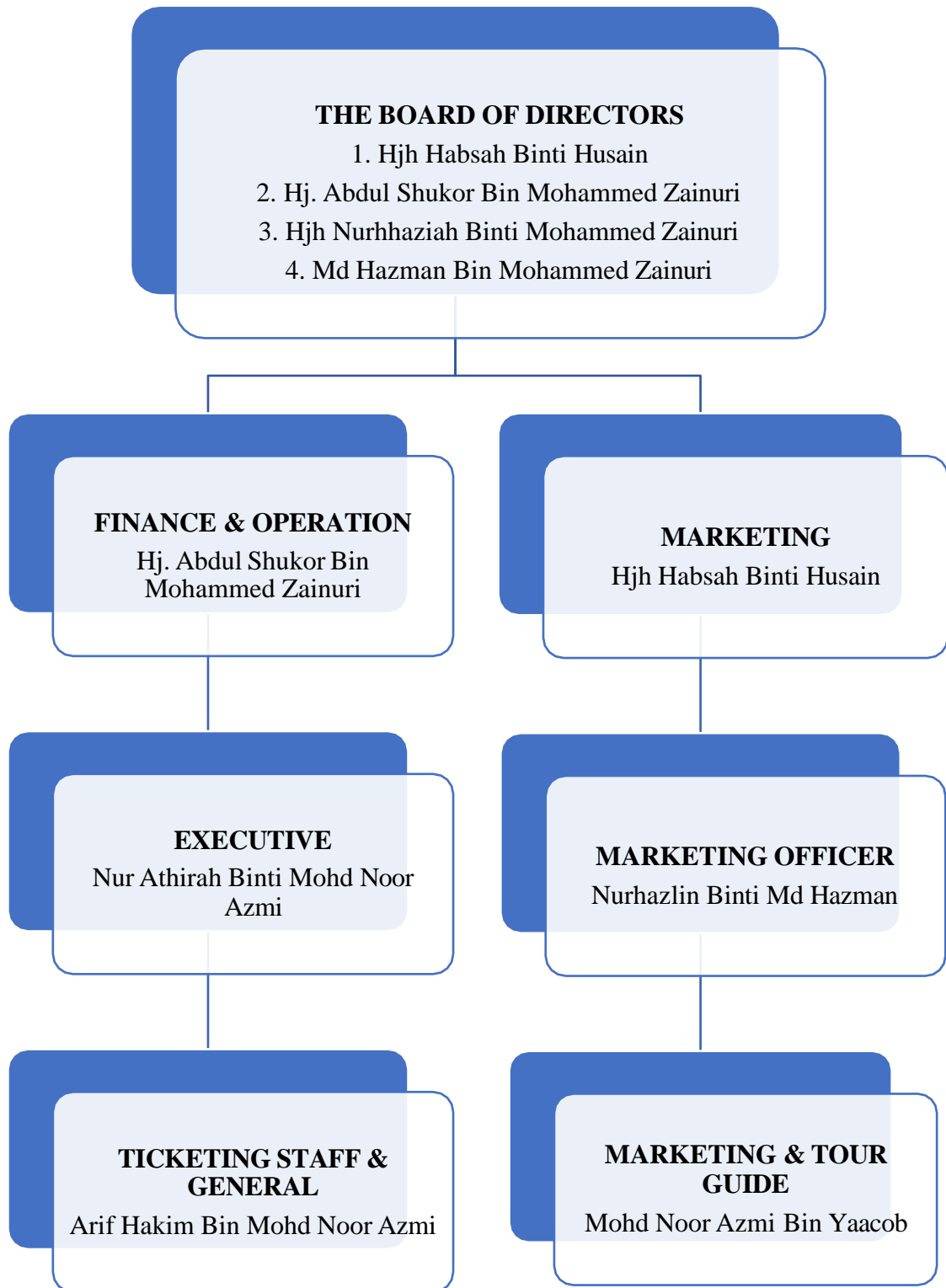
- “PERKHIDMATAN YANG TULUS IKHLAS DAN BERAMANA”

RESPONSIBILITIES

1. Customers and Users: Our utmost focus is to cater to our customers and fulfil their requirements. Our utmost dedication lies in providing superior products and services at affordable pricing. Timely and equitable service is crucial, and we make every effort to ensure that our distributors can generate a justifiable profit.
2. Employees: We highly regard our employees as unique people and honor their dignity and valuable contributions. Our goal is to ensure a work atmosphere that is both secure and supportive. We prioritize equitable remuneration, hygienic and secure work environments, and equal prospects for professional development and progression. We promote transparent communication, welcome recommendations, and value input from our staff.
3. We uphold our responsibility as responsible participants in the communities in which we conduct our operations. We support charity efforts, local enhancements, and fulfil our equitable tax obligations. We strive to enhance the welfare, happiness, and quality of life for the community.
4. Environmental awareness: We are aware of our influence on the environment and the utilization of natural resources. We assume accountability for the proper care of the premises we utilize and attempt to safeguard the environment using sustainable methodologies.
5. Innovation and Growth: We promote the exploration of novel concepts and the cultivation of innovative ideas. Research and innovation are crucial for advancement. We are prepared to allocate resources towards acquiring new equipment, expanding our facilities, and developing new items. In addition, we establish reserves to anticipate and address unexpected difficulties.
6. Stakeholders: Our primary obligation is to our stakeholders. Our goal is to operate in a manner that guarantees a solid profit, benefiting our stakeholders and allowing them to receive a fair return on their investment.

ORGANIZATIONAL CHARTS

SUKA JAYA TRAVEL & TOURS SDN. BHD. (318996-W)



COMPANY'S PRODUCT & SERVICES

NO	PRODUCT & SERVICES	PRICE
1	<p>UMRAH ZIARAH</p> <ul style="list-style-type: none"> • UMRAH BIASA • UMRAH CUTI SEKOLAH • UMRAH AWAL RAMADHAN • UMRAH PERTENGAHAN RAMADHAN • UMRAH AKHIR RAMADHAN • UMRAH SYAWAL 	<p>(RM8,790 Per Person)</p> <p>(RM9,590 Per Person)</p> <p>(RM10,590 Per Person)</p> <p>(RM11,590 Per Person)</p> <p>(RM12,900 Per Person)</p> <p>(RM8,790 Per Person)</p>
2	<p>DOMESTIC TOUR</p> <ul style="list-style-type: none"> • CRUISE KUALA SEPETANG/ TAIPING, PERAK, MALAYSIA 	<p>(RM50 Per Person)</p>
3	<p>INTERNATIONAL TOUR</p> <ul style="list-style-type: none"> • BALKAN 4 NEGARA • UMRAH + TURKEY • UZBEKISTAN • SWITZERLAND • SPAIN, PORTUGAL & MORROCO • ALGERIA&TUNISIA 	<p>(RM7,890 Per Person)</p> <p>(RM13,550 Per Person)</p> <p>(RM6,990 Per Person)</p> <p>(RM9,999 Per Person)</p> <p>(RM11,333 Per Person)</p> <p>(RM8,999 Per Person)</p>
4	<p>TICKETING</p> <ul style="list-style-type: none"> • MALAYSIA AIRLINES • SAUDI AIRLINES • MALINDO AIRLINES • AIR ASIA • EMIRATES AIRLINE 	<p>Depending On the Place to Go.</p>
5	<p>EDUCATIONAL TOURS</p> <ul style="list-style-type: none"> • HISTORICAL TOUR, TURKEY 	<p>(RM5,777 Per Person)</p>
6	<p>MICE (MEETING, INCENTIVES, CONFERENCES, EXHIBITION)</p>	<p>Depending On the Event</p>
7	<p>SPECIAL INTEREST</p> <ul style="list-style-type: none"> • TRAVEL INSURANCE • HOTEL BOOKING • VEHICLE RENT 	<p>Depending On the Customer's Interest</p>
8	<p>HALAL PRODUCT</p>	<p>Depending On the Product</p>
9	<p>BADAL HAJI & UMRAH</p> <ul style="list-style-type: none"> • Badal Haji & Umrah • Badal Umrah 	<p>RM2,100 Per Person</p> <p>RM500 Per Person</p>

TRAINING REFLECTION

DURATION

DATE	1 September 2023 – 9 February 2024
WORKING DAY	MONDAY to SATURDAY
WORKING HOURS	830am to 530pm

ROLES, RESPONSIBILITIES, ASSIGNMENT & TASKS

During my practicum, I had the opportunity to take on various roles and responsibilities across different departments, including finance, customer services, and human resources.

- Finance

My main duties entailed accurately inputting data, carrying out tax-related assignments, completing journal entries, and reconciling accounts for the years 2022 and 2023. These responsibilities needed a careful focus on detail, as any mistakes may have significant financial effects. These assignments have taught me the significance of keeping accurate financial records and their contribution to enhancing the organization's general financial well-being.

- Customer services

I was tasked with handling consumer calls and resolving their inquiries. In addition, I was responsible for reaching out to clients to notify them that their Badal Hajj gifts were available for pickup. These duties required excellent communication abilities and a focus on client satisfaction. Through proficiently interacting with consumers, I acquired essential expertise in delivering exceptional customer service and building favorable connections with clients.

- Human resources

I provided customer support for inquiries regarding Badal Haji, Umrah, and ticketing. This included spreading information regarding these services, resolving customer inquiries, and facilitating their navigation through the required procedures. This position required a profound comprehension of organizational rules and guidelines, together with the capability to effectively convey complex information.

Overall, my practicum experience allowed me to take on a variety of jobs and duties, giving me a well-rounded view of the organization. Through these projects and duties, I learned

critical skills in finance, customer service, and human resources, as well as significant insights into the company's operations.

GAINS

- **ALLOWANCE:** RM200 per Month
- **KNOWLEDGE:** Throughout my practicum as a student, I acquired helpful knowledge in many areas of accounting and customer service. I acquired proficiency in entering data accurately in MYOB, executing practical accounting duties, and managing realistic taxation processes. Furthermore, I have developed abilities in customer service, encompassing the ability to effectively handle inquiries and respond to their requirements. I acquired proficiency in establishing accounting accounts and improved my skills in generating receipts using a receipt book. The practicum has equipped me with a strong knowledge base and proficient skills in accounting and customer service, which will undeniably enhance my future job pursuits.
- **SKILLS:** Throughout my practicum as a student, I had the chance to develop and polish a wide range of useful talents. I developed my abilities for critical thinking and problem-solving through a range of hands-on challenges and assignments. In addition, I enhanced my proficiency in accounting and finance, acquiring practical knowledge in the practical application of theoretical principles to real-world situations. Collaborating closely with a team enabled me to understand the significance of efficient teamwork and cooperation. I acquired the ability to contribute towards a common objective by utilizing the individual capabilities of each team member. In addition, my communication skills were enhanced through interactions with coworkers, supervisors, and customers, allowing me to effectively convey knowledge and actively engage in listening to others. In summary, my practicum experience equipped me with a wide range of abilities that will form a solid basis for my future job pursuits.

THE IMPACTS OF HUMAN CAPITAL EFFICIENCY ON FINANCIAL PERFORMANCE IN THE MALAYSIAN PLANTATION SECTOR

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ABSTRACT

The research paper, titled "The Impacts of Human Capital Efficiency on Financial Performance in the Malaysian Plantation Sector," seeks to investigate the correlation between human capital efficiency and financial performance within the Malaysian plantation sector. The study employs a sample of twenty (20) companies working in that sector. The results demonstrate a strong correlation between human capital efficiency and financial performance. Companies that have higher human capital efficiency tend to have better financial performance, as indicated by metrics such as return on assets, asset turnover ratio, and leverage. These findings highlight the significance of efficiently overseeing and utilizing human resources to influence financial results in the plantation sector. The study highlights the importance of investing in the development and optimization of human capital to improve financial performance. Additional research is advised to investigate other factors that may impact this association and to evaluate the applicability of the findings to different businesses and environments.

CHAPTER 1

1.1 Introduction

Malaysian human capital efficiency refers to how a country uses its human capital to generate economic production and promote sustainable development. Soo Yee Leong, Chee-Wooi Hooy, and Tuck Cheong Tang (2019) define human capital efficiency as the effectiveness and productivity of human capital investments in economic growth and social welfare. Education, skill development, labor market dynamics, human capital and economic demand are all part of it. Human capital efficiency is vital to Malaysia's competitiveness and economic performance. It determines how much the country can use its workforce's skills and knowledge to boost productivity, innovation, and inclusive development.

Siti Nurazira Mohd Daud et al. (2018) offer an alternative view on Malaysian human capital efficiency. To maximize human capital efficiency, Siti Nurazira Mohd Daud et al. (2018) emphasize organizational elements and human capital management practices. They believe that a good work environment and effective human capital management—talent acquisition, development, and retention—improve organizational-level human capital efficiency. A culture of continuous learning and innovation and integrated human capital strategies with the organization's goals are also stressed. Siti Nurazira Mohd Daud et al. (2018) feel that organizational investments in human capital efficiency boost company competitiveness and productivity and benefit the Malaysian economy.

The Malaysian plantation industry has been a major driver for economic activity and has been crucial to the nation's progress and development. With so much area dedicated to cash crops like rubber and palm oil, industry has been a major employer and foreign exchange earner. However, as the industry faces global market challenges, examining its financial performance elements is crucial. This research proposal examines how human capital efficiency affects Malaysian plantation companies' financial performance. Organizations across sectors recognize the value of human capital—knowledge, skills, and experience. The labor-intensive Malaysian plantation business requires efficient human resource management and use. This study will shed light on industry business success by studying the relationship between human capital efficiency and financial performance parameters like return on assets. Understanding the sector and improving financial results are key to its sustainable growth. Studying human capital efficiency in the Malaysian plantation sector can reveal ways to improve the utilization of human capital. This improvement could boost production,

profitability, and economic performance in a key sector. Sustainable development and responsible labor management include identifying talents, training, and management techniques that boost efficiency and competitiveness. This research may also inform policies and programs to improve working conditions, skill gaps, and worker well-being. These insights can inform decision-makers and help the sector change for the better.

Human capital is crucial to plantation companies' productivity, innovation, and success. Companies in this area depend on their employees' knowledge, skills, and experience. Growing crops, applying sustainable practices, and negotiating complex market conditions require this reliance. Human capital refers to more than simply technical knowledge; it also encompasses the adaptability of individuals to changing industry trends, their willingness to participate in collaborative projects, and their capacity to contribute to continuous improvement initiatives. Plantation companies must manage and develop their human resources to stay competitive, achieve operational excellence, and address globalization, environmental sustainability, and social responsibility.

Human capital research in Malaysia's plantation sector has often used the resource-based view (RBV) and knowledge-based view (KBV) theories to explore how human capital affects organizational performance. The Resource-Based View (RBV) framework emphasizes human capital as a strategic resource that can give a competitive edge. This statement emphasizes the importance of investing in human capital, including training, skill development, and staff retention, to boost productivity and efficiency. Cheah et al. (2016) and Tan et al. (2019) examined human capital and organizational effectiveness in the plantation business. The evidence presented in these studies supports the notion that human capital investments yield favorable outcomes across various critical performance indicators. In contrast, the KBV theory emphasizes knowledge and learning as keys to creativity and organizational abilities. Choong et al. (2015) and Lim et al. (2018) examined plantation industry knowledge-based human capital. The performance outcomes of management have been the focus of these studies, which have examined the effects of knowledge sharing, learning orientations, and knowledge practices. These studies emphasize the necessity of using and capitalizing on human capital's knowledge assets to improve decision-making, innovation, and organizational success.

The current situation of human capital in Malaysia's plantation sector is characterized by a range of challenges and transformations. Historically, the sector has heavily relied on a

narrow economic base Ibrahim, (2023) driven by palm oil and rubber production, which poses risks to long-term sustainability and necessitates diversification efforts. Additionally, there is a heavy dependence on low-cost labor Ibrahim (2023), often imported from neighboring countries, impacting human capital development, and hindering the sector's transition towards a more knowledge-intensive and value-added industry. In response, the Malaysian government has implemented initiatives such as the maximum limit of 6.5 million hectares for palm oil plantations by 2023 Amirkadra (2023) to promote sustainable land use practices. This limitation has led to a need for increased productivity and efficiency through technological advancements, including the adoption of automated machinery such as the Mechanical Automated Rubber Tapper (MARCOP) and the Cantas™ system Amirkadra (2023), developed by the Malaysian Palm Oil Board (MPOB). These ongoing developments underscore the importance of addressing overdependence on a narrow economic base and imported low-cost labor, while emphasizing the significance of human capital development to acquire the necessary skills and knowledge for adaptation, ensuring the long-term success and competitiveness of Malaysia's plantation sector.

1.2 Background of Company

The plantation firms listed on Bursa Malaysia are significant to Malaysia's economy, as they primarily engage in the growing of crops such as palm oil, rubber, and timber. Prominent entities within this industry are Sime Darby Plantation, IOI Corporation, Kuala Lumpur Kepong Berhad, and Genting Plantations. These organizations show unique traits such as significant land ownership, a strong dedication to sustainable practices, a diversified market presence, and notable developments in technology. Furthermore, the Malaysian plantation sector prioritizes human capital efficiency since a competent and knowledgeable workforce is essential for sustainable growth and competitiveness. Sime Darby Plantation, IOI Corporation, Kuala Lumpur Kepong Berhad, and Genting Plantations acknowledge the value of human capital management and development. These companies strategically invest in staff development to boost human capital efficiency. They prioritize extensive training to give workers the skills and knowledge they need. Training in sustainable agriculture, technology use, and other important areas is included. Plantations take part in training and professional development to boost staff productivity, operational efficiency, and environmental compliance.

Plantation companies use modern technologies to boost efficiency and capitalize on human capital. They use precise farming, modern agricultural gear, and data analytics to simplify operations and allocate resources. Technology integration boosts production and minimizes labor-intensive practices, addressing labor shortages and old farming methods. Talent management methods are part of human capital efficiency. Plantation companies offer competitive pay, career growth, and a pleasant workplace to recruit and keep qualified workers. For a happy and productive staff, they prioritize employee involvement, empowerment, and well-being.

Malaysian plantation sector focus on human capital efficiency to boost sustainable growth, financial performance, and industry competitiveness. Effective human capital management boosts productivity, operational efficiency, and sustainable practices that meet global environmental and social standards.

1.3 Problem statement

Human capital efficiency's effects on financial performance are crucial in the Malaysian plantation company. Human capital is essential for organizational success, but little is known about how it affects Malaysian plantation companies' financial performance. Organizational performance and economic growth depend on human capital—knowledge, skills, and experience. Human capital challenges in plantations must be addressed. This study addresses the unique topic of human capital in Malaysian plantations to fill the gap in knowledge and support plantation policies. By identifying the main elements affecting human capital in this industry, strategies can be designed to optimize efficiency and financial performance. This problem statement highlights the importance of analyzing human capital efficiency in Malaysian plantations.

The Malaysian plantation sector struggles with human capital due to its limited economic base and low-cost workforce. This relationship raises various issues that must be addressed to improve human capital efficiency and financial performance. First and foremost, the agricultural sector needs skilled and knowledgeable people who can use sustainable farming methods, modern technology, and effective resource management. This involves using precision agriculture and integrated insect management to lessen the agricultural industry's environmental effects. The plantation industry needs skilled labor to monitor and use remote sensing, data analytics, and automation to improve production and operations. The Malaysian plantation industry must also adapt to market changes and environmental

regulations. Growing global environmental awareness and demand for sustainable products require a workforce that can adapt to sustainable practices. This requires labor that understands sustainability standards like the Malaysian Sustainable Palm Oil (MSPO) certification process and can create procedures for checking compliance. Attracting and retaining skilled plantation workers is another difficulty. The industry competes with industries that provide better jobs, promotions, and salaries. Agriculture, research and development, and sustainability management experts are limited due to this issue. The lack of professional advancement and the perception that the plantation business delivers low-skilled, physical labor make it hard to retain skilled workers.

Malaysia's plantation company must address these concerns to improve human capital efficiency and financial performance. Resolving human capital issues requires improving the sector's employer challenge, offering skill development and career advancement, and investing in sector-specific training programs.

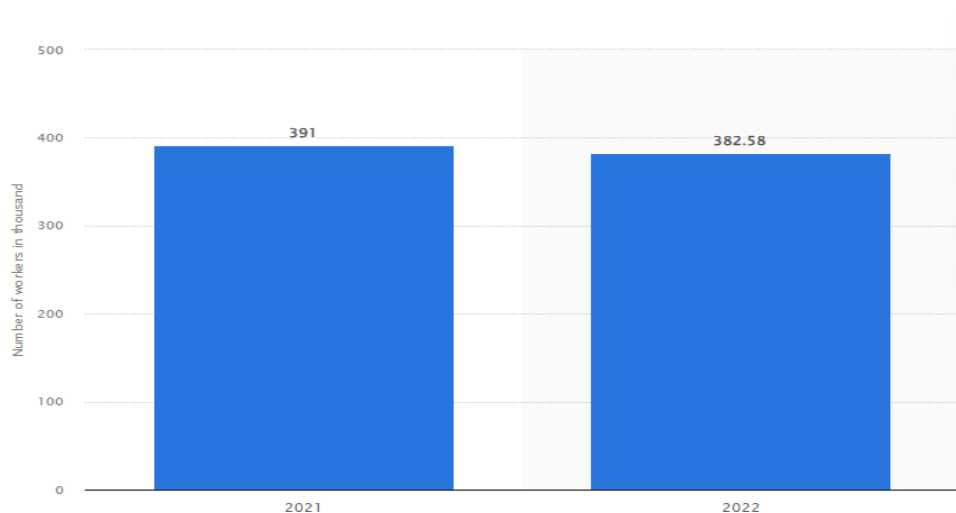
The Malaysian plantation sector offers a unique context for studying human capital due to various factors. Plantations are vital to Malaysia's economy, boosting exports and rural development. Thus, understanding and strengthening human capital in this industry can have major economic effects. The Malaysian government also mandates the Malaysian Sustainable Palm Oil (MSPO) certification scheme for plantations. Examining human capital's impact on these policies and promoting sustainability are linked. This study emphasizes human capital to help the Malaysian plantation sector accomplish policy goals and remain sustainable and competitive.

Despite the uniqueness of the sector to be study, the plantation industry's human capital problem is affected by many factors. First, plantation companies struggle to recruit and retain competent workers due to competition from other industries. Skilled workers often find jobs with better pay, career possibilities, and working situations. Thus, the plantation industry struggles to recruit and retain skilled workers. The plantation industry lacks industry-specific training and skill development. This affects human resource optimization because workers may not obtain the training, they need to develop industry-specific skills. Without focused training, plantation workers may lack the skills and knowledge to succeed. Plantation companies' inability to understand and employ modern technology like automation and digitization limits their ability to increase human capital efficiency. The sector may be slow paced to adopt technology that streamlines processes,

boosts efficiency, and optimizes resource management. Failure to use new technologies might prevent workers from using tools and systems that improve performance and financial results. These aspects can help the plantation industry increase its employees' knowledge, skills, and capacities, which will boost financial performance.

Statistics and study are needed to assess the Malaysian plantation sector's human capital issue. Total employment in 2022 is 382,580 workers, a decrease from 2021 which at 391,000 workers, Department (2023).

Figure 1.0 Total number of workers in palm oil plantations in Malaysia from 2021 to 2022



After the Pandemic Covid-19, the labor shortage problem became more serious as the workers, especially foreign workers were returned to their hometown. Thus, the total employment in 2022 was facing decrease from last year due to the labor shortage. This shortfall is especially obvious in sustainable farming knowledge and skills. The Malaysian Palm Oil Board (MPOB) has stressed the need for qualified labor to address this labor shortage issues especially during the Covid-19 outbreak and prediction from planters and analysisist that Malaysia, the second-largest producer of palm oil in the world, will either see a decrease in output or, at most, see no change (Chu, 2022). The Malaysian Farming Research and Development Institute (MARDI) also found that the plantation business needs more competent labor and outdated farming technologies. This is an urgent need to examine the impacts of human capital efficiency on financial performance in Malaysian plantation sector.

1.4 Objective of study

The general objective of this research is to examine the impact of human capital efficiency on the financial performance in the Malaysian plantation sector.

This study outlined the following specific objectives:

- To investigate the relationship between human capital efficiency and financial performance indicators.
- To identify the relationship between firm size and financial performance indicators.
- To examine the relationship between leverage and financial performance indicators.
- To analyze the relationship between firm age and financial performance indicators.
- To determine the relationship between asset turnover and financial performance indicators.

1.5 Scope of study

The research will employ a quantitative approach, utilizing secondary data obtained from Bursa Malaysia on an annual basis. Financial statements and annual reports of Malaysian plantation companies will be collected and reviewed. Bursa Malaysia will provide company-specific financial data. A representative sample of twenty (20) Malaysian plantation companies listed in Bursa Malaysia.

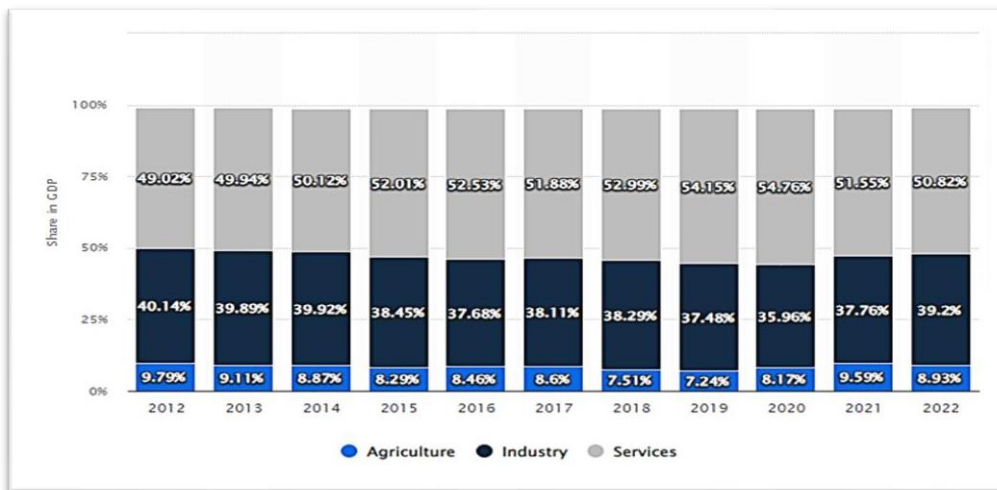
Table 1.0 20 Selected Plantation Company

No	Selected Plantation Company
1	Astral Asia Bhd
2	IOI Corporation Bhd
3	Kuala Lumpur Kepong Bhd
4	Genting Plantations Berhad
5	Batu Kawan Bhd
6	Sarawak Oil Palms Bhd
7	Far East Holdings Bhd
8	Kim Loong Resources Bhd
9	Ta Ann Holdings Bhd
10	KRETAM Holdings Bhd
11	Hap Seng Plantations Holdings
12	TSH Resources Bhd
13	United Malacca Bhd
14	Jaya Tiasa Holdings Bhd
15	Chin Teck Plantations Berhad
16	Innoprise Plantations Berhad
17	Sarawak Plantation Bhd
18	TH Plantations Bhd

19	Dutaland Bhd
20	CepatWawasan Group Bhd

The Malaysian plantation industry was chosen for this study due to its distinctive characteristics and economic importance. Malaysia's plantation sector is vital to agricultural productivity, employment, and exports.

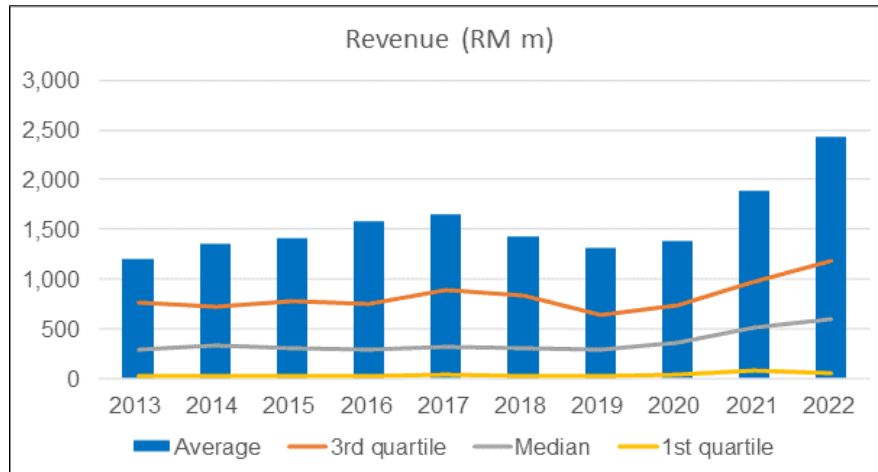
Figure 2.0 Malaysia: Share of economic sectors in the gross domestic product (GDP) from 2012 to 2022



Malaysia's plantation sectors have long played a vital role in the country's national economy. Significant products in this industry include palm oil, rubber, timber, and other income crops. According to figure 2.0, the agriculture or plantation sector is a significant contributor to Malaysia's GDP. In 2022, the agricultural or plantation sector accounted for 8.93% of Malaysia's GDP. Palm oil is Malaysia's main agricultural export, boosting GDP and foreign cash. Malaysia is one of the world's top palm oil producers and exporters, contributing to economic growth, employment, and rural development.

The provided figure below illustrates a consistent increase in revenue within the plantation sector starting from 2013. Although there was a slight drop in 2018/19, subsequent growth has recovered. The average revenue in 2022 is 53% higher than the average revenue in 2013. This chart below demonstrates the reason behind Malaysia's status as one of the largest palm oil exporters globally.

Figure 3.0: Plantation Sector Revenue 2013-2022 (Value, 2023)



Rubber production and export have supported rural economies and generated export earnings in Malaysia, but palm oil has surpassed it. Malaysia values natural forest and plantation timber, which boosts economic growth, job creation, and exports. Sustainable management and illegal timber harvesting are becoming more crucial for long-term profitability and environmental effects. Malaysia's agriculture/plantation sector also grows fruits, vegetables, spices, and other cash crops to diversify productivity and increase farmer income. These crops affect Malaysia's economy depending on market demand, export possibilities, and domestic consumption.

The Malaysian plantation sector is an amazing site to study human capital efficiency and financial performance for many reasons. First, planting, harvesting, processing, and selling require trained workers. Second, sustainable agriculture and environmental compliance are becoming increasingly important, requiring competence. MPOB and MARDI reports highlight plantation worker shortages and outdated farming practices. These elements make plantations a suitable model for how human capital efficiency affects financial performance.

Understanding how human capital efficiency affects financial performance in the plantation business is crucial to sustained economic growth, productivity, and resource allocation. This research aims to improve industrial human capital management by studying this relationship in depth and providing valuable insights and recommendations. This study will affect plantation companies, policymakers, industry stakeholders, and researchers. These findings will inform agricultural sector strategies and policies to boost human capital and financial performance.

1.6 Significant of study

a) Plantation Companies

The study will significantly influence Malaysian plantation companies. For plantation companies in Malaysia, the study of human capital efficiency and financial performance is important. Industry organizations can learn how optimizing people can improve financial performance by understanding the relationship between human capital efficiency and financial performance. The findings of this study may help organizations improve their human resources management thus can increase productivity, reduce expenses, and improve firm performance.

b) Investor/Shareholder

This research also sheds light on the relationship between human capital efficiency and financial performance, which may help Malaysian plantation investors. By understanding how human capital affects financial outcomes, investors may improve their decision-making. Companies' human capital management practices can be assessed for sustainable growth and profitability. This analysis may also help investors identify companies that value human capital efficiency, which could boost investment returns.

c) Body of knowledge

This study also adds to the knowledge of academics studying human capital, financial performance, and the plantation business. This study examines how human capital efficiency affects Malaysian plantation industry financial performance. Scholars might expand this study by studying related topics, alternative research methods, and the complicated relationship between human capital and financial performance in various businesses or regions.

d) Public/ Malaysians

This study will affect the public/ Malaysians on the human capital efficiency and financial performance. This study could increase industry sustainability, improving environmental and worker conditions. Improving human capital efficiency can boost economic growth, create jobs, and improve society's health.

e) Policymakers

Finally, plantation policymakers can benefit from our study. This study may help policymakers establish methods to improve sector human resource management and evidence-based decision-making. Policymakers may improve plantation industry competitiveness and sustainability by understanding how human capital efficiency affects financial performance. This can lead to long-term economic and social benefits.

Overall, the research on the effects of human capital efficiency on financial performance in Malaysian plantations offers useful insights and advantages to plantation companies, investors, researchers, the public, and policymakers. It focuses on staff management, financial consequences, and sector-specific difficulties, offering practical implications and chances for improvement in the plantation business.

CHAPTER 2: LITERATURE REVIEW

This chapter consists of the previous study which provide a significant impact to the current issue in human capital efficiency and financial performances in Malaysia.

2.1 RETURN ON ASSET

Return on assets is a financial metric to assess a company's profitability. The metric is typically a percentage, derived from a company's total assets and net income. A company with a higher Return on Asset (ROA) is more proficient in effectively managing its balance sheet to create profits. A decreased ROA signifies the possibility of improvement. The study employs ROA to represent the firm's performance. ROA is commonly used as a measure to assess financial performance and has been extensively studied in previous research as an indicator of financial performance (Joshi et al., 2013; Khan et al., 2015; Nimtrakoon, 2015; Ulum et al., 2016; Nawaz et al., 2017; Ozkan et al., 2017) Mohammad, H. S., & Bujang, I. (2019). Thus, to compare to remain faithful to prior research [Widarni, E. L., & Wilantari, R. N. (2021), Ismail, R. (2009), Xu, J., & Wang, B. (2019), Ting, I., Kiong, W., Chuann, C. Y., & Hooi, L. H. (2011), Oppong, G. K., Pattanayak, J. K., & Irfan, M. (2019), Ozkan, N., Cakan, S., & Kayacan, M. (2017), Poh, L. T., Kilicman, A., & Ibrahim, S. N. I. (2018), Mohammad, H. S., & Bujang, I. (2019), Soewarno & Tjahjadi, (2020), Shairi, S. A. B., Mohammad, H. S., & Tuyon, J. (2021)] which have confirmed the positive relationship between human capital efficiency and financial performance (ROA), this study employed ROA as the metric to assess financial performance. ROA is calculated by dividing the net income by the total assets.

In a study conducted by Shairi et al., (2021), data from 32 technology firms in Malaysia between 2013 and 2019 was analyzed to explore the connection between intellectual capital and the profitability of these firms. The study also considered the potential influence of human capital efficiency as a moderating factor. It has been shown that intellectual capital has significant effects on profitability. Shamsuddin, A., Khalit, M. S. B., Abd Latib, Z. S. B., & Raub, M. I. B.,(2015), study found that there is a positive relationship between Human Capital Efficiency and a company's performance in both 2012 and 2013. Xu, J., & Li, J. (2022), analyzed data from 953 manufacturing companies that were listed on the Shanghai and Shenzhen Stock Exchanges between 2012 and 2016. The findings also indicated that earnings are controlled by physical capital, human capital (HC), and

structural capital (SC), whereas profitability and productivity are affected by physical capital, HC, SC, and relational capital.

However, a study conducted by Weqar, F., Khan, A. M., Raushan, M. A., & Haque, S. M. I. (2021), examined data from the Bombay Stock Exchange's finance index from 2009 to 2018 to investigate the influence of intellectual capital on the financial performance of knowledge-driven firms in India's finance sector. The findings indicate that all components of intellectual capital have a small effect on the financial companies in India. Furthermore, according to Prasojo & Hadinata, (2020) found that intellectual capital does not have an impact on the financial performance of a company meanwhile Hsu & Wang, (2012) state that the efficiency of human capital and relational capital does not influence the performance of the organization.

2.2 HUMAN CAPITAL EFFICIENCY

According to Becker (1993), human capital refers to the productive contributions made by the workers of an organization. Human Capital Efficiency (HCE) refers to the optimal use and development of a company's workforce to achieve the most favorable outcomes. It involves maximizing the knowledge, skills, and capacities of employees through efficient training, development, and alignment with organizational goals, leading to improved productivity and performance.

Prior studies have confirmed a direct association between the effectiveness of human capital and the performance of a company Parham, S., & Heling, G. W. J. (2015) , Tran, N. P., & Vo, D. H. (2020). The study conducted by Parham, S., & Heling, G. W. J. (2015) examined data from 33 Dutch production enterprises over 6 years (2007-2012) to investigate the Human Capital Efficiency (HCE) and its impact on the financial performance of Dutch production companies. The study discovered that HCE had a positive effect on the financial performance of Dutch production/manufacturing firms, as measured by return on total assets (ROTA), return on equity (ROE), and staff productivity. A direct relationship exists between the HCE and the ROTA. In addition, there exists a positive relationship between the HCE and the ROE. Moreover, there is a strong and significant relationship between the HCE, and the corporate performance metric referred to as EP. Nevertheless, the control variable, asset turnover ratio (ATO), exhibits no significant relationship with the two financial performance indicators: return on equity and staff productivity. Several additional research [Shamsuddin et al., (2018), Poh L. T., et al., (2018), Chowdhury, L. A. M., Rana, T., & Azim, M. I. (2019),

Joshi, M., Cahill, D., Sidhu, J., & Kansal, M. (2013), Mondal & Ghosh, (2012)], provide evidence supporting the positive relationship between the HCE and financial performance. Tran, N. P., & Vo, D. H. (2020) also revealed that HCE give positive contribution to firm performance and HCE affects firm financial performances.

However, studies conducted by Mohammad, H. S., & Bujang, I. (2019) indicate that within the construction and plantation sectors of the industry, there were negative relationships identified between human capital, structural capital, and financial performance. Abdullah, D. F., Sofian, S., & And Bajuri, N. H. (2015) studies have shown that relational capital has the greatest impact on company performance among all the components of intellectual capital, while human capital has the lowest ranking.

H1: There is a positive relationship between Human Capital Efficiency (HCE) and Return on Assets of the Malaysian Plantation Sector.

2.3 FIRM SIZE

Penrose E.T. (1959) defined company size as the extent of an organization's operations in relation to its total assets, sales revenue, and personnel count. Firm size refers to the extent or quantity of an organization's activities, commonly assessed by criteria such as workforce size, yearly income, or overall assets. The significance of firm size to financial performance derives from the capacity of larger firms to achieve economies of scale, get access to more extensive resources, and benefit from advantages in terms of market power and competitive positioning. Big corporations have the advantage of being able to distribute fixed expenses across a bigger income, negotiate favorable agreements with suppliers, and attract investors. These elements can enhance financial performance by increasing profitability and returns. Nevertheless, it is crucial to acknowledge that the correlation between the size of a company and its financial performance can be impacted by numerous additional factors, including industry dynamics and the efficacy of management.

According to economic theory, increasing the size of a corporation provides several benefits. Firstly, it allows the firm to build barriers that prevent new competitors from entering the market. Additionally, larger firms can take advantage of economies of scale, which leads to increased profitability. For instance, when it comes to palm oil plantations, a newcomer must bear significant fixed expenses to enter the industry. This includes acquiring and operating the plantation estates, obtaining, and upkeeping equipment and machinery, and constructing or obtaining palm oil refineries. Additionally, extensive advertising is necessary

to inform customers about the presence of the new entrant in the market. According to Chrystal & Lipsey (1997), when there is a high barrier to entry, the potential competition is reduced, resulting in increased profits for current firms without encouraging new entrants.

A previous study conducted by Alarussi, A. S. A., Alhdeede, A. T., & Sarpong, S. (2023) examined the relationship between firm attributes, financial ratios, and working capital of companies in Malaysia. The findings indicated a positive and statistically significant relationship between working capital and firm size, as measured by net sales. This study validates that large companies have an extensive number of marketplaces to sell their products, alongside a substantial number of projects that want operational funds. A study conducted by Ramin, A. K., Lizam, M., Zabri, S. M., & Ahmad, M. F. (2017) on the firm size and solvency performance in Malaysia public listed firms. The findings found that firm size measured by total assets does influence the firm's solvency performance for both measurement of debt ratio and current ratio. Additionally, a study conducted by Omondi, M. M., Muturi, W., & Kenyatta, J. (2013) on listed companies at the Nairobi Securities Exchange in Kenya showed that company size had a significant positive effect on financial performance.

However, research conducted by Ramasamy, B., Ong, D., & Yeung, M. C. H. (2005) on the thirty (30) plantation based public companies listed on the Bursa Malaysia. This study indicates that there is a negative relationship between firm size and success in this industry.

H1: There is a positive relationship between Firm Size and Return on Assets of the Malaysian Plantation Sector.

2.4 LEVERAGE

Leverage is the strategic utilization of borrowed funds or financial resources to potentially enhance the returns and financial performance of a firm. It involves borrowing funds or alternative sources of funding to increase the effect of the organization's investments or operations. The significance of leverage in financial performance stays in its capacity to boost returns on investment and enhance profitability. When utilized efficiently, leverage may empower organizations to exploit growth opportunities, optimize their capital structure, and deliver higher returns on equity. Nevertheless, it is important to acknowledge that an excessive amount of leverage may increase financial risk and sensitivity to economic downturns.

A study conducted by Poh L. T., et al., (2018) examined the financial achievements of ten local banks in Malaysia across two separate periods: the most recent six years from 2011 to 2016, and the preceding ten years from 2007 to 2016. The study revealed a significant relationship between the effectiveness of intellectual capital and financial performance metrics such as Return on Assets (ROA), Return on Equity (ROE), and Leverage (LEV). The study conducted over the past six years (2011-2016) has established that Capital Employed Efficiency (CEE) has a significant relationship with ROA, HCE has a significant relationship with ROE, and Structural Capital Efficiency (SCE) has a strong correlation with LEV. Study by Ibrahim, H., & Lau, T.-C. (2019) found that asset tangibility and growth opportunities are both significant positively related to long term debt and debt ratio. Dey, R. K., Hossain, S. Z., & Rahman, R. A. (2018) also found that financial leverage has a positive effect on ROE in his study. Profit after tax, return on equity, return on capital employed, and Tobin-Q are the most significant financial performance variables that influence financial leverage of Indian listed companies Senan, N. A. M., Ahmad, A., Anagreh, S., Tabash, M. I., & Al-Homaidi, E. A. (2021).

However, in Ibrahim, H., & Lau, T.-C. (2019) study show that profitability and liquidity are found to be significant negatively related to short term debt ratio and debt ratio. Omondi et al., (2013) in their study found that leverage had a significant negative effect on financial performance. Same as study by Dey et al., (2018), ROA and Tobin's Q are negatively correlated with financial leverage. Meanwhile, study by Senan et al., (2021) shows that profit after tax, return on capital invested, return on equity, and Tobin-Q are considered to have a substantial effect on financial leverage among the financial performance indicators.

H1: There is a negative relationship between Leverage and Return on Assets of the Malaysian Plantation Sector.

2.5 FIRM AGE

Firm age is the duration of time that an organization has been in existence since its establishment. The significance of a company's age on its financial performance comes from its possible influence on characteristics such as expertise, reputation, and market position. Established companies frequently possess a wealth of experience, industry connections, and a proven history that can positively impact their financial performance. They might have formed dedicated customers, constructed robust brand value, and developed efficient operational procedures. Nevertheless, it is crucial to acknowledge that the correlation between the age of a company and its financial performance can be impacted by a variety of factors, including industry dynamics, innovation, and adaptability.

In a previous study conducted by Abderahmane, D., & Mounir, L. (2023), the focus was on examining the influence of board diversity on the performance of non-financial companies listed in Malaysia. The analysis was conducted using data obtained from the board composition of the top 100 non-financial businesses listed on Bursa Malaysia between 2017 and 2020. The study found a significant relationship between the age of a corporation and its return on assets, indicating a positive relationship. According to Omondi et al., (2013) in their study found that company age had a significant positive effect on financial performance.

Nevertheless, both studies conducted by Abdullah, S. N., & Ku Ismail, K. N. I. (2017) and Amran, N. A. (2011) on age diversity and firm performance. Abdullah, S. N., & Ku Ismail, K. N. I. (2017) study the link between age and firm performance on 182 Malaysian family companies listed in Bursa Malaysia found that age have a negative relationship with business performance. The study conducted by Amran, N. A. (2011) on top 100 non-financial Malaysian firms in year 2007 before the financial crisis on 2008 also show age diversity is found to be negatively related to ROA.

H1: There is a positive relationship between Firm Age and Return on Assets of the Malaysian Plantation Sector.

2.6 ASSET TURNOVER

The asset turnover ratio is a quantitative measure that evaluates a company's capacity to generate revenue from its total assets. The calculation is derived by dividing the sales revenue by total assets. The asset turnover ratio plays a crucial role in assessing the financial performance of the Malaysian plantation industry. A greater asset turnover ratio indicates that companies effectively utilize their assets to generate revenue, enhancing profitability. By analyzing this ratio, investors and stakeholders can gain valuable information about the operational efficiency and resource utilization of Malaysian plantation firms. This, in turn, enables them to make well-informed decisions on investment and financial strategies.

Previous study conducted by Alarussi, A. S. A. (2021) on financial ratios and efficiency in Malaysian listed companies. The study uses a sample on 108 public listed companies in Malaysia from 2012 until 2014 and this study use STATA to analyzed data. This study examines the financial ratios that may have a significant effect on the efficiency in Malaysian listed companies where the efficiency is measured by asset turnover ratio. The results from the study are each of tangibility and liquidity have negative relationships with efficiency ratio, working capital and productively positively link to efficiency, debt ratio shows a positive but not significant relationship with efficiency ratio, and debt equity ratio shows a negative significant relationship with efficiency ratio. Additionally, Gunawan, R., Widiyanti, M., Malinda, S., & Adam, M. (2022) also found on their study that total asset turnover ratio has a positive and significant effect on return on assets. Finally, study conducted has Munawar, A. (2019) on manufacturing companies in Indonesia Stock Exchange 2012 – 2017 also found that simultaneous liquidity, leverage, and total asset turnover have an influence on profitability of manufacturing companies. Liquidity, leverage, and total asset turnover have a significant positive effect on profitability.

H1: There is a positive relationship between Asset turnover and Return on Assets of the Malaysian Plantation Sector.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 DESCRIPTION OF SAMPLE

Following the literature, this research will define the twenty (20) companies of Malaysian Plantation Sector. The selection of these companies for the research sample might be based on many criteria, such as market capitalization, industry representation, and the availability of financial data. These characteristics guarantee that the sample encompasses a diverse range of plantation businesses, enabling a comprehensive analysis of the industry. The research sample may encompass organizations with diverse performance levels, but it is typically not the primary factor for selection. The objective could be to assemble a heterogeneous range of organizations with varied levels of performance, encompassing both high achievers and those facing challenges. This approach would offer a more equitable and accurate portrayal of the plantation industry. The selection of companies is not solely based on their reputation. Nevertheless, the sample likely included plantation operations that were acknowledged and firmly established. This data could be utilized to examine the methodologies and tactics employed by these corporations and evaluate their impact on financial prosperity. Companies having a favorable reputation might serve as reference points for comparison and analysis.

This research will be using secondary data obtained from the annual report of fifteen (15) years backward starting from 2008 to 2022. Financial data of the companies will be extracted from the published annual reports obtained from the Bursa Malaysia's, online databases, Eikon.

3.2 MEASUREMENT OF VARIABLE

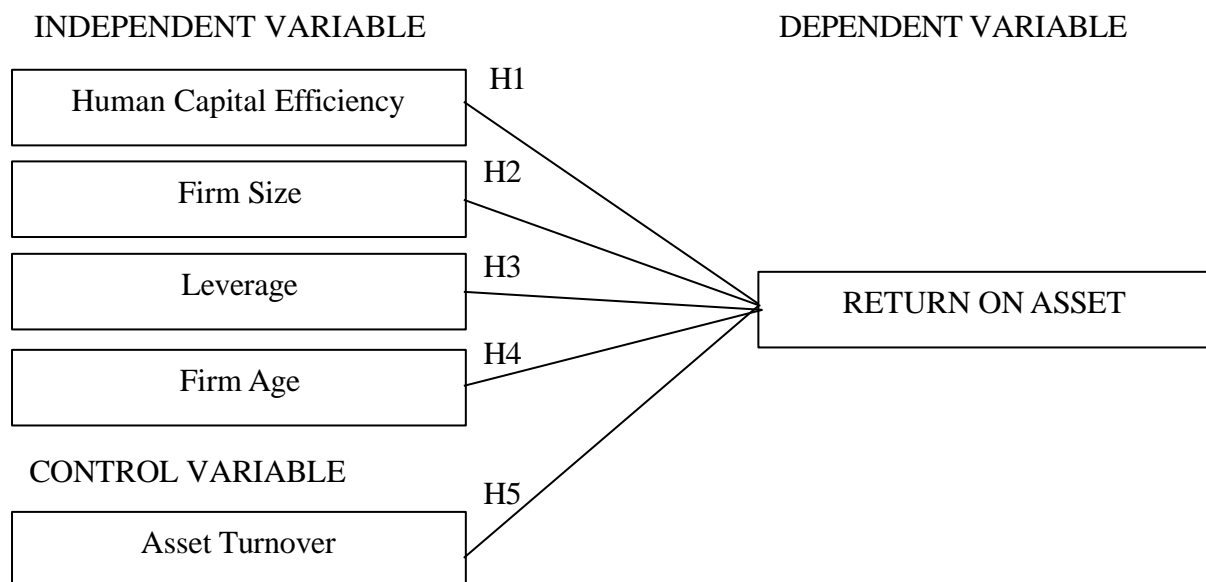
The remain consistent with previous studies, measures pertaining to financial performance and the impact of human capital efficiency will be taken from reviewing and following the suggestions made by the previous studies. The variables are categorized into three different categories: (1) traditional variables, (2) new variables / proxy, and (3) institutional and economics variables. The final list of variables to be included in the study will be based on the result of the variable selection procedure.

Table 2.0 Measurement of Dependent Variable, Independent Variable and Control Variable.

VARIABLE	SYMBOL	INDICATOR	PROXY	REFERENCE
DEPENDENT VARIABLE				
Firm Performance	ROA	Return on Asset	Net Income / Total Assets	Tran, N. P., & Vo, D. H. (2020), Shairi, S. A. B et al., (2021), Xu, J., & Wang, B. (2019).
INDEPENDENT VARIABLE				
Human Capital Efficiency	HCE	Human Capital Efficiency	VA/HC	Parham, S. ;, & Heling, G. W. J. (2015). Tran, N. P., & Vo, D. H. (2020)
Firm Size	SIZE	Total Assets	Natural logarithm of total assets	Ramasamy et al., (2005), Alarussi, A. S. A., et.al, (2023)
Leverage	LEV	Debt to Asset Ratio	Total Liabilities / Total Assets	Poh L. T., et al., (2018)
Firm Age	AGE	Age	The Number of years since the establishment of the company	Abderahmane, D., & Mounir, L. (2023)
CONTROL VARIABLE				
Asset Turnover	ATO	Asset Turnover Ratio	Sales Revenue / Total Assets	Parham, S. ;, & Heling, G. W. J. (2015).

3.3 THEORITICAL FRAMEWORK

Figure 4.0 The relationship between Return on asset (ROA), Human Capital Efficiency, Firm Size, Leverage, Firm Age and Asset Turnover



[Parham, S., & Heling, G. W. J. (2015), Tran, N. P., & Vo, D. H. (2020), Shairi, S. A. B et al., (2021), Shamsuddin, A., et al (2015)]

The above framework shows the relationship between the impacts of human capital efficiency on financial performance in Malaysian plantation sector. From the theoretical framework above, the dependent variable is return on assets. Human capital efficiency, firm size, leverage, and firm age are the independent variables. The control variable for this study is asset turnover. This framework objectively to investigate the impact of human capital efficiency on financial performance in Malaysian plantation sector.

3.4 HYPOTHESIS

H0: There is a no relationship between Human Capital Efficiency (HCE) and Return on Assets of the Malaysian Plantation Sector

H1: There is a positive relationship between Human Capital Efficiency (HCE) and Return on Assets of the Malaysian Plantation Sector.

H0: There is a no relationship between Firm Size and Return on Assets of the Malaysian Plantation Sector.

H2: There is a positive relationship between Firm Size and Return on Assets of the Malaysian Plantation Sector.

H0: There is a no relationship between Leverage and Return on Assets of the Malaysian Plantation Sector.

H3: There is a negative relationship between Leverage and Return on Assets of the Malaysian Plantation Sector.

H0: There is a no relationship between Firm Age and Return on Assets of the Malaysian Plantation Sector.

H4: There is a positive relationship between Firm Age and Return on Assets of the Malaysian Plantation Sector.

H0: There is a no relationship between Asset turnover and Return on Assets of the Malaysian Plantation Sector.

H5: There is a positive relationship between Asset turnover and Return on Assets of the Malaysian Plantation Sector.

3.5 RESEARCH MODEL

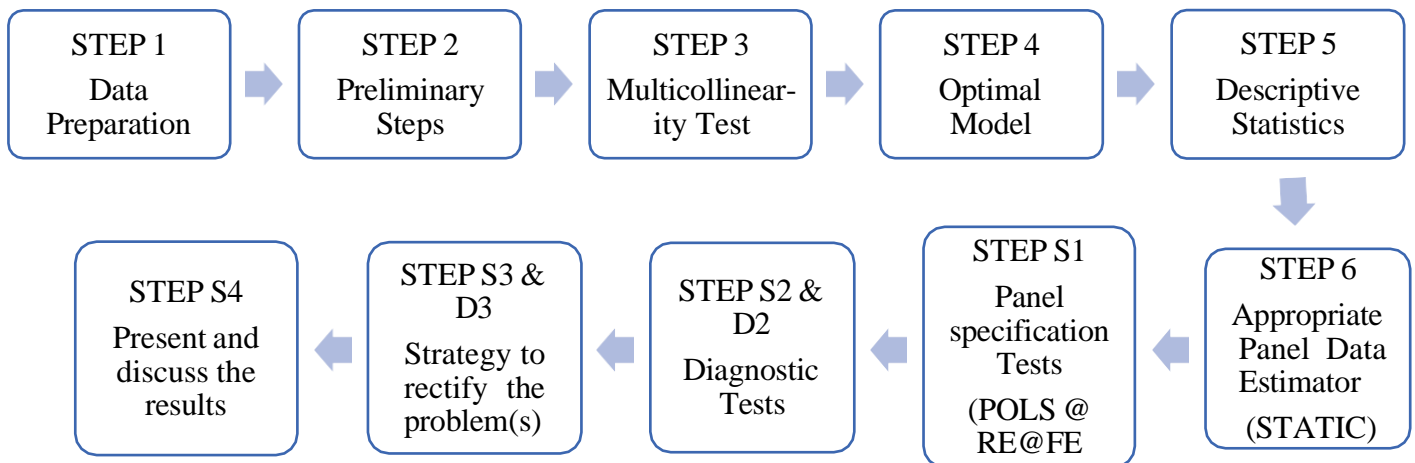
$$ROA_{it} = \beta_0 + \beta_1 HCE_{it} + \beta_2 LEV_{it} + \beta_3 AGE_{it} + \beta_4 ATO_{it} + \beta_5 LOGSIZE_{it} + \epsilon_{it}$$

Table 3.0 Definition of Research Model

ROA = Return on Assets	AGE = Firm Age
HCE = Human Capital Efficiency	ATO = Asset Turnover
LEV = Leverage	LOGSIZE = Firm Size
i = firms / company	t = years / times

3.6 METHODOLOGY

FIGURE 5.0 Step for Methodology



Using panel data analysis, this study follows a methodical path of data preparation and analysis. The study makes use of secondary data from published annual reports of firms collected from the Bursa Malaysia website and online databases such as Eikon.

To assure data availability and validity, the first step in the data analysis process involves data cleansing and preliminary analysis. The goal is to provide a final dataset that is suitable for analysis. When a company's data is insufficient, it will be replaced with data from other companies.

The second step is all about developing and evaluating models. The primary purpose is to analyze the data and create a model that explains the financial performance of Malaysia's plantation industry. The first sub-step is to find the most optimal mix of predictors. Lindsey and Sheather (2010) developed the Stata command "Vselect," which is used to identify which

variables should be included in the model. Mallow's Cp (C), Adjusted R2 (R2ADJ), Akaike's information criterion (AIC), Akaike's corrected information criterion (AICC), and Bayesian information criterion (BIC) are used to make the decision. A better-fitting model has a higher variance explained by the model (R2ADJ) and lower values of C, AIC, AICC, and BIC. This graph displays the variable of interest in human capital efficiency, firm size, leverage, firm age, and asset turnover.

The third step entails selecting the best panel data estimator. Static and dynamic approaches are considered as options. The significance of the lag-dependent variable (Return on Asset) is used to make the decision. A dynamic model is used if the p-value of the lagged dependent variable is less than 0.05, suggesting significance. When the dependent variable is dependent on its earlier realizations, dynamic models are applicable. A static model is preferred if the p-value is greater than 0.05.

The fourth stage is to choose the best static or dynamic panel data analysis technique. Three types of tests influence the decision: the F-test, the Breusch-Pagan Lagrange Multiplier (BP-LM) test, and the Hausman test. The System Generalized Method of Moment (SGMM) is preferred over the Difference Generalized Method of Moment (DGMM) for dynamic models.

The fifth phase entails running diagnostic tests to find any problems with the model. Strategies for resolving the highlighted difficulties are developed based on Hoechle's (2007) recommendations.

The regression results are analyzed in the final stage to assess the significance of the variables with the dependent variable. The p-values are used to determine significance, with * p 0.1, ** p 0.05, and *** p 0.01 indicating significance. Furthermore, the coefficient values are evaluated to establish the variable's direction and size.

Stata 11.2 is used as the statistical software tool for data processing and analysis throughout the investigation. It provides tools for doing regression analysis, correlation analysis, panel specification, and descriptive analysis that are quick, accurate, and thorough.

CHAPTER 4: FINDINGS & DISCUSSION

Using the return on asset as the proxy for financial performance, this section investigates the impact of human capital efficiency on financial performance in Malaysian plantation sector.

The overall sample consists of 300 observations. The summary statistics of the variables over the sample period is presented in Table 4.0. The average size of the financial performance for the period of study is .0541 and it ranges from a minimum value of -.207 to a maximum value of .07.

Table 4.0 Descriptive Statistics

Variables	N	Mean	SD	Min	Max
roa	300	.541	.051	-.207	.07
hce	300	487.970	876.205	-564	5050
Logsize	300	7.432	1.320	4.143	10.385
lev	300	.338	.180	.021	.794
age	300	52.750	24.695	21	116
ato	300	.426	.280	.012	1.347

The first step is to determine the most optimal combination of predictors. As shown in Table 5.0, the choices of the most optimal model predictor sizes were four (4) for C, AIC and AICC, five (5) for R2ADJ and three (3) for BIC. In this research, following the suggestion by Yang (2005), the four-predictor model is chosen. The chosen variables are leverage, asset turnover, human capital efficiency and firm age.

Table 5.0 Variable Selection

Models	Variable Selection						Optimal Model
	R2ADJ	C	AIC	AICC	BIC	#	Independent Variable
Model 4	5	4	4	4	3	4	Leverage, asset turnover, human capital efficiency, and Firm age.

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 6.0, 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 FE is the most appropriate model estimator.

Table 6.0 Panel Specification Tests

Models	p-values of the tests			Technique
	F-test	BP-LM	Hausman	
Model 4	0.0000	0.0020	0.0000	Fixed effects

Various diagnostic tests were then performed to check for the presence of multicollinearity, heteroskedasticity and serial correlation problems. As presented in Table 7.0, the diagnostic test results indicated the presence of heteroskedasticity (p-value < 0.05) and serial correlation (p-value < 0.05) problems. To rectify the problems, following the suggestion by Hoechle (2007), remedial procedure has been carried out by using fixed effect (within) regression with cluster option.

Table 7.0 Diagnostic Tests for Static Models

Models	p-values of the tests			Strategy
	VIF	H	SC	
Model 4	1.98	0.0000	0.0034	Fixed effects (within) regression with cluster option

As shown in Table 8.0, the regression result suggests that the model fits the data well at the 0.05 significance level. The Adjusted R² of 0.4370 suggests that the four independent variables explain 43.7% of the variance in the financial performance. The remaining 56.3% is explained by other variables that were not included in the model. The results of the regression also suggest that leverage, asset turnover and human capital efficiency have a statistically significant relationship with financial performance. The results also suggest that leverage is negatively related to financial performance, whereas asset turnover and human capital

efficiency are positively related to financial performance. The variable age was excluded from the analysis during the model development process due to collinearity issues with other independent variables. This was done to ensure the reliability and interpretability of the remaining variables in defining the financial performance of the Malaysian plantation sector. In addition to that, asset turnover seems to have the greatest influence on financial performance, which is explained by the highest t-value of 4.67.

Table 8.0 Regression Result

The Impact of Human Capital Efficiency on Financial Performance in Malaysian Plantation Sector

	ROA $it = \beta_0 + \beta_1 (0.0000) it + \beta_2 (-0.2972) it + \beta_3 (0.0831) it + \epsilon it$
HCE	0.0000** (2.52)
LEV	-0.2972*** (-10.80)
ATO	0.0831*** (4.67)
Constant	0.1112*** (11.70)
N	300.0000
r2	0.4784
r2_a	0.4370
r2_w	0.3087
r2_b	0.5289
r2_0	0.3022
F	41.2285
p	0.0000
chi2	

t statistics in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Notes: (1) LEV = leverage, ATO = asset turnover, HCE = human capital efficiency and AGE = firm age. (2) Figures in parenthesis are t-statistic.

DISCUSSION

The Relationship Between Human Capital Efficiency and Financial Performance.

The research findings indicate a robust and favourable correlation between human capital efficiency (HCE) and financial performance in the Malaysian plantation sector. When companies in this industry efficiently utilize their human resources, it positively affects their financial performance. The T-statistics for the coefficient between HCE and financial performance is .0000** (t=2.52, p<0.05), demonstrating a statistically significant link between HCE and financial performance. Thus, there is strong statistical evidence to support the claim that the efficiency of human capital has significant effects on financial results in the Malaysian plantation sector.

Efficiency in human capital implies that companies in the sector are optimizing the utilization of all available resources. This entails efficiently leveraging their labor, skills, knowledge, and expertise. Consequently, these organizations acquire a unique value or advantage over their rivals. These findings are consistent with the ideas of the resource-based view (RBV) in the Malaysian plantation sector. The resource-based view (RBV) believes that a company's resources, especially its human capital, have the potential to serve as a long-lasting competitive advantage. In this scenario, the effective utilization of human capital results in enhanced productivity, the capacity to recruit highly qualified individuals, and the requirement for expertise from skilled employees to operate machinery and other resources.

Additionally, a prior investigation must yield comparable outcomes, thereby providing further validation to the conclusions of this study. Shamsuddin et al. (2018) in their study on the correlation between intellectual capital and the performance of companies in the trading and services industry in Malaysia, discovered a positive relationship between human capital efficiency (HCE) and company performance between the years 2012 and 2013. A study conducted by Poh L.T. et al (2019) in Malaysia examined the impact of intellectual capital on the financial performance of banks. The study indicated a significant relationship between the efficiency of intellectual capital and financial performance measures such as return on assets (ROA), return on equity (ROE), and leverage (LEV).

The conclusion that human capital efficiency positively affects financial performance in the Malaysian plantation sector is further supported, enhancing its credibility and reliability. In summary, the findings of this study emphasize the significance of efficiently

managing and utilizing the workforce in the Malaysian plantation industry, as it can greatly enhance financial performance and competitiveness.

The Relationship Between Leverage and Financial Performance.

The research findings suggest that there is a significant negative relationship between leverage (LEV) and financial performance in the Malaysian plantation sector. Therefore, a decrease in leverage is associated with an improvement in financial performance, and vice versa. The T-statistics for the coefficient between LEV and financial performance is -0.2972***, with a t-value of -10.80 and a significance level of $p < 0.01$. These findings demonstrate that there is a statistically significant negative relationship between leverage and financial performance. There is strong proof to suggest that a rise in debt negatively impacts the financial performance of the Malaysian plantation sector. When the leverage is negative or reduced, it is regarded as advantageous for the company. Negative leverage indicates a reduced amount of debt. Reducing debt is beneficial since it reduces the financial burden on the organization, including interest payments and repayment responsibilities.

The negative relationship between leverage and financial performance in this industry can be attributed to the higher number of skilled individuals. Companies that have employees characterized by exceptional skills and extensive knowledge can function with greater efficiency and effectiveness. This minimizes the necessity for additional funding or financing to fulfil operational needs. Consequently, the company can dedicate additional resources to enhance profit generation, resulting in enhanced financial performance. Lowering debt levels also enhances profitability. Companies with reduced financial responsibilities have increased financial resources at their disposal to allocate towards growth prospects, research and development, or other activities that generate value. This can result in increased revenue and consequently elevated earnings.

Moreover, the research conducted by Ibrahim, H., & Lau, T.-C. (2019), Dey et al. (2018), and Senan et al. (2021) provide evidence of a negative correlation between profitability and liquidity on one hand, and financial leverage on the other. The inverse correlation between leverage and financial performance indicates that higher amounts of debt are associated with lower financial performance. These variables are associated with increased financial risk, reduced decision-making freedom, raised interest expenses, unfavourable market perception, and potential limits on debt. These factors collectively impact a company's profitability and its potential to achieve positive financial outcomes.

This enhances the reliability and dependability of the conclusion that effectively managing leverage is essential for attaining superior financial results in this sector. In summary, the research highlights the significance of effectively controlling leverage in the Malaysian plantation industry. Companies can improve their financial performance and profitability by reducing debt and utilizing the skills and knowledge of their personnel.

The Relationship Between the Asset Turnover and Financial Performance.

The research findings demonstrate a significant relationship between asset turnover (ATO) and financial performance in the Malaysian plantation sector. This means when the asset turnover ratio rises, there is a corresponding enhancement in the financial performance of enterprises within the industry. The T-statistics for the coefficient between ATO and financial performance is 0.0831*** (t-value = 4.67, p-value < 0.01). This suggests that there is a statistically significant correlation between ATO and financial performance. In conclusion, there is strong proof to support the claim that a greater asset turnover is linked to greater financial performance in the Malaysian plantation industry.

A higher or positive asset turnover indicates efficient utilization of resources by the organization. This indicates that the organization is effectively and efficiently utilizing its assets, including land, machinery, and equipment, to achieve high levels of productivity. By optimizing the utilization of these resources, the corporation may enhance its revenue generation from its assets. Furthermore, a greater asset turnover typically indicates that the company is allocating more resources toward acquiring additional assets to generate greater profits. This signifies that the company is actively pursuing possibilities to develop and enhance its operations. Through the allocation of resources towards acquiring extra assets, such as expanding landholdings or enhancing machinery, the company may increase its production capacity and perhaps secure a greater portion of the market. The company can enhance its financial performance by effectively utilizing resources and increasing asset turnover. This can be demonstrated through other means, such as increased revenue, enhanced profitability, and improved financial ratios.

The results of this study are consistent with the findings of Gunawan et al. (2022) and Munawar A. (2019), which indicate that asset rotation has a significantly positive effect on financial performance. A direct relationship exists between asset turnover and financial performance, suggesting that higher asset turnover results in improved financial outcomes within the Malaysian plantation industry. This provides additional validation and

reinforcement to the statement that optimizing asset turnover is essential for attaining superior financial results in the sector.

To summarize, the research highlights the need to optimize asset turnover in the Malaysian plantation industry. Companies can improve their financial performance and position themselves for growth and success by effectively using resources and investing in additional assets.

The Relationship Between Firm Age and Financial Performance.

Due to collinearity issues with other independent variables, age was removed from the study on human capital efficiency and financial performance in Malaysian plantations. Collinearity occurs when two or more independent variables have a strong connection, making it difficult to figure out their influence on the dependent variable (financial performance).

By excluding age, the researchers wanted to confirm the precision and clarity of the remaining components in analyzing Malaysian plantation sector financial performance. Focusing on independent variables that directly affect financial results was chosen.

Age appears little to affect financial performance in Malaysia's plantation business. Therefore, the age of sector companies only considerably affects their financial performance. Financial performance in this industry is mainly influenced by other factors.

The Malaysian plantation sector's financial performance may depend on several reasons. Financial outcomes can be affected by plantation industry factors such as natural resource availability, market dynamics, operational efficiency, and management practices. These indicators explain sector financial performance more than company age, according to studies.

CONCLUSION

The findings of the study revealed that the most significant factors influencing financial performance in the Malaysian plantation sector were asset turnover, human capital efficiency, and leverage. Asset turnover emerged as the most influential factor, followed by human capital efficiency and leverage. Asset turnover is the most important indicator, reflecting how well corporate assets create revenue. A high asset turnover indicates efficient resource allocation and utilization, improving financial performance. Following human capital efficiency, managing, and using employees' knowledge and abilities boosts productivity and operational efficiency. Finally, leverage affects financial performance, emphasizing the necessity for cautious debt management to optimize capital structure and reduce financial risks. Understand and optimize these aspects to help Malaysian plantation companies succeed financially and sustainably.

In conclusion, this study explored how human capital efficiency affects Malaysian plantation financial performance. The investigation examined the return on assets, human capital efficiency, leverage, firm size, firm age, and asset turnover. This study examined how human capital efficiency affects Malaysian plantation financial performance. The study sampled twenty (20) Malaysian plantation companies from 2008 to 2022. The investigation revealed how human capital efficiency affects financial performance, underlining its importance in delivering favourable outcomes for sector organizations.

By highlighting the relevance of human capital efficiency in Malaysian plantation companies' financial performance, this research has effectively addressed the problem statement. The issue statement of this study likely was to understand Malaysian plantation sector financial performance variables. The researcher recognized that organizations need human capital—employee knowledge, skills, and capacities. However, the influence of human capital efficiency on the plantation sector's financial performance was unclear.

This study supports Malaysian plantation sector Resource-Based View (RBV) ideas. It examines how human capital affects Malaysian plantation financial performance to fill a knowledge gap. The analysis shows that human capital efficiency drives the sector's financial performance, supporting the RBV view that firm-specific resources and competencies are essential for competitive advantage. This analysis is supported by Parham, S. & Heling, G. W. J. (2015) and Tran, N. P., & Vo, D. H. (2020) findings that human capital efficiency improves financial performance. The study examines how asset turnover, debt, firm size, firm

age, and return on assets affect financial results in Malaysian plantation companies using a variety of statistical and analytical methodologies. This study's RBV alignment shows that human capital efficiency drives financial performance in the Malaysian plantation sector, emphasizing the strategic relevance of using firm-specific resources for sustainable competitive advantage.

The research demonstrated that the efficiency of human capital had a crucial role in determining the financial performance of Malaysian plantations. This suggests that organizations that effectively manage and utilize their human capital resources will achieve superior financial performance. Research indicates that allocating resources toward the development of human capital and enhancing human capital efficiency will enhance the financial performance of plantation companies. The findings highlight the necessity for organizations in this industry to prioritize the optimization of their human capital resources to improve their financial performance. Human capital in the plantation companies includes skilled plantation workers who can grow and manage crops. These staff may have substantial knowledge in pruning, fertilizing, insect management, and harvesting, which are crucial for crop yields and plantation health. Their expertise helps them choose planting schedules, irrigation systems, and crop rotation, which helps the plantation run smoothly. Plantation companies may maximize their human capital and financial performance by utilizing and developing these individuals' talents and knowledge.

The results of this research have significant implications for understanding theoretical concepts. When it comes to determining the financial performance of the Malaysian plantation sector, they emphasize the significance of human capital efficiency, leverage, and asset turnover. When these important factors are identified, policymakers and industry practitioners can concentrate their efforts on developing policies that improve asset management practices, optimize leverage levels, and promote the enhancement of human capital development. These activities have the potential to contribute to the environmental sustainability and competitiveness of the plantation companies over the long run.

Furthermore, the results of this research contribute to addressing the concerns and objectives of human resource policies on sustainability. By highlighting the positive impact of human capital efficiency on financial performance, this study supports the notion that investing in sustainable human resource practices can lead to improved financial outcomes for companies.

Based on the findings, to improve the future research paper on the impact of human capital efficiency on financial performance in the Malaysian plantation sector, the following enhancements should be considered: (1) broadening the sample selection to include a wider range of companies of different sizes, geographical locations, and subsectors within the industry; (2) extending the research period to gather more data and capture potential variations and trends over time, resulting in more accurate and reliable findings; and (3) incorporating new variables that were not previously considered to explore additional dimensions that may influence the relationship. This will help avoid potential biases caused by omitted variables and provide a more comprehensive understanding of the factors affecting financial performance in the sector.

There are also a few suggestion for the Malaysian plantation companies and sector based on the research results. First, plantation companies must invest in staff training and development to improve human capital efficiency. This can boost production and financial performance by boosting their skills and expertise. Sustainable practices and technological advances can boost operating efficiency and reduce costs. Finally, partnerships and associations can help sector members share best practices and thrive. By following these suggestions, Malaysian plantation companies can improve their long-term competitiveness, sustainability, and financial performance.

Overall, this research provides valuable insights into the relationship between human capital efficiency and financial performance in the Malaysian plantation sector, offering guidance for industry practitioners and policymakers in optimizing their strategies and policies to drive positive financial outcomes.

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