UNIVERSITI TEKNOLOGI MARA

RELATIONSHIP BETWEEN INTELLECTUAL CAPITAL AND COMMERCIAL BANKS PERFORMANCE IN MALAYSIA

NUR SUHAILI BINTI AMIRUDDIN
2015418572

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Finance)**

Faculty of Business and Management

June 2018

AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Nur Suhaili Binti Amiruddin

Student I.D. No. : 2015418572

Programme : Bachelor of Business and Administration (Hons) Finance.

Faculty : Business and Management

Thesis : Relationships between intellectual capital and commercial banks performance in Malaysia

Signature of Student : ....

Date : June 2018

ABSTRACT

Intellectual capital (IC) have increasingly been significant among all financial institutions around the world and its important contribution towards adding higher value to its products or services. The purpose of the study is to examine the IC disclosure practices from 6 local commercial banks in Malaysia in their annual reports quantitatively and how it influence the profitability of the banks for the period 2008 to 2017 which is 9 years with total of data sample 54, using efficiency coefficient called VAIC developed by Ante Pulic. The intellectual capital consist of human capital efficiency (HCE), capital employed efficiency (CEE) and structural capital efficiency (SCE). This study aims to know its relationship with performance of the banks in Malaysia by using return on assets (ROA) as a proxy of dependent variable. Finding from this study shows that the capital employed efficiency (CEE) have significant effect while HCE and SCE has no significant impact towards the ROA.

ACKNOWLEDGEMENT

Firstly,Alhamdulillah, I wish to thank Allah S.W.T for giving me the opportunity to embark on my degree and for completing this long and challenging journey successfully. This study has been successfully completed with the assistance of various parties. I would like to express my special thanks of gratitude to everyone who helped me a lot in completing this research.

I would like to thank my supervisor, Madam Nor Hadaliza Binti Abdul Rahman, who encourage, guide and support me from the initial stage of my study. Her encouragement and support have made all of the difference. This study will not be successful without the proper guidance as well as her patience and encouragement to complete this study. Madam Hadaliza was also giving valuable advice to help me in this study when we are facing some difficulties and she is giving her best effort to guide me until I understand what we supposed to do with this study.

Besides that, I will also like to thank my coordinator, Madam Liyana Binti Mohamed Yousof for giving us useful suggestions and always remind me not to forget in completing the project. With these help, I am able to improve my research study and complete it successfully.

Last but not least, I would to thank to our parents and friends who had given us support and help while we were in need for assistance. They always encourage me to keep on conducting this research the best as I can. Without their moral support and advice I am not be able to complete this study successfully.

TABLE OF CONTENT