



اَوْنِبُوْرَسِيْتِي تِيكْنُوْلُوْجِي مَارَا  
UNIVERSITI  
TEKNOLOGI  
MARA

**FACULTY OF BUSINESS AND MANAGEMENT**  
**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE**

**INTERNSHIP (MGT666)**



**FINANCIAL PERFORMANCE OF PERKESO SERI MANJUNG**

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20182550318

**GROUP:**

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## **EXECUTIVE SUMMARY**

My six-month industrial training at SOCSO Seri Manjung was summarized in this report. My industrial training began on March 1, 2021, and will end on August 13, 2021. Puan Rossita Binti Ladin, my supervisor, and Encik Muhammad Ashreeq Bin Amierullah, a SOCSO's officer who gave and shared a lot of information with me, were the person who supported me the most during my internship.

I am assigned to five departments in this office which are the Benefit Department, the Enforcement Department, the Finance Department, the Administration Department, and the Employment Insurance System (EIS) Department. According to the schedule, I will rotate through each department once every two weeks. The goal of this exchange is to gain more knowledge and experience about this company.

Furthermore, this report discusses SOCSO's company's industry analysis for eight consecutive years. This industry analysis seeks to assess the company's performance in several areas, including profitability ratio, leverage ratio, liquidity ratio, and efficiency ratio, to determine whether it is performing well or poorly. Other than that, it also discusses how to solve the company's problems to improve their performance.

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### **3.0 COMPANY'S PROFILE**

#### **3.1 BACKGROUND, LOCATION, ORGANIZATIONAL CHART**



The Employees' Social Security Act 1969 and the Employees' Social Security (General) Regulations 1971 were administered, implemented, and enforced by the Social Security Organisation (SOCSO), which was established as one of the government departments under the Ministry of Human Resources. SOCSO's status was changed to Statutory Body on July 1, 1985, and since January 1, 1992, SOCSO has implemented its own remuneration system known as the Sistem Saraan Baru PERKESO.

The concept of SOCSO Social Security Protection is based on the concept of shared responsibility through resource pooling, risk sharing, and income replacement. Social security protection is a fundamental need that must be met in accordance with the International Labour Organization (ILO) Convention 1952, namely, Convention 102: Minimum Standards for Social Security. In order to achieve the goal, the main function of SOCSO is to provide social security protection to employees and their dependents through the Employment Injury Scheme and the Invalidity Scheme.



### **SOCSO SERI MANJUNG BUILDING**

NAME	Seri Manjung SOCSO office
ADDRESS	No 125 & 126 Jalan PPMP 3/3 Pusat Perniagaan Manjung Point, 32040 Seri Manjung,Perak
MANAGER	Puan Rosnah binti Sa'ad
NUMBER	Tel: 05-6882600 Fax: 05-6882549
E-MAIL	pkssmanjung@perkeso.gov.my
OFFICE HOUR	8:00 a.m – 5:00 p.m (Monday – Friday)

## **3.2 VISION, MISSION, OBJECTIVE, VALUE**

### **3.2.1 Vision**

To become the most prominent, proactive, and outstanding leader in the field of social security.

### **3.2.2 Mission**

To offer social security protection to insured individuals and their dependents through social security programmes, as well as to promote awareness of workplace health and safety concerns, therefore improving insured persons' social well-being.

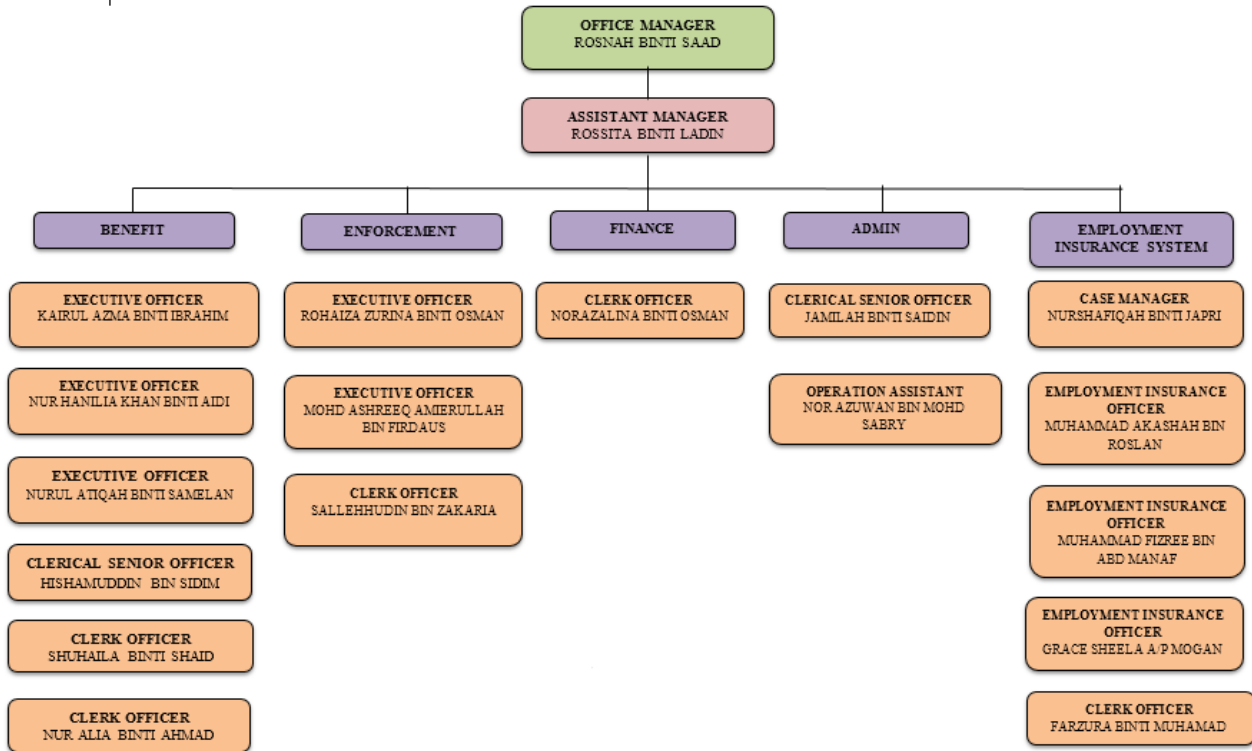
### **3.2.3 Objective**

To offer social safety nets to all insured individuals and their dependents through social security schemes based on the notion of a caring society, in accordance with the National Development Policy and Vision 2020.

### **3.2.4 Value**

PERKESO PRIHATIN is our culture, which has been nurtured in conjunction with global great values, in order to fulfil the ambition to be compassionate in enhancing service delivery for the benefit of the customers' well-being.

### 3.3 ORGANIZATIONAL STRUCTURE



ORGANIZATIONAL CHART OF SOCSO SERI MANJUNG

### **3.4 SERVICES OF COMPANY**

**SOCSO has run various services such as:**

#### **1. Medical and Prevention**

SOCSO Rehabilitation Center is one of the services available in this section. SOCSO Rehabilitation Center is an international standard rehabilitation facility that provides both medical and vocational rehabilitation services. This SOCSO Rehabilitation Center was built with only one goal in mind: to help insured persons and employees be physically and vocationally rehabilitated so that they can return to the world of work and society at their full potential.

#### **2. Self-Employment Social Security Scheme**

This Scheme insures self-employed individuals against workplace injuries, including occupational illnesses and accidents that occur while conducting work-related tasks. Self-employment injury is defined as personal harm to a self-employed insured person caused by an accident or occupational disease arising out of and in the course of his or her self-employment activity, including while travelling for the purpose of his or her self-employment activity. Occupational illness is defined as a disease induced or worsened by any of the jobs specified in the Employees' Social Security Act of 1969's Fifth Schedule. This plan provides financial benefits to covered persons and their dependents in addition to medical care, physical rehabilitation, and vocational training.

#### **3. Social Security Appellate Board**

The Social Security Appellate Board's function is to hear disputes and claims made by the Organization, employers, workers, and their dependents regarding the issues specified in Section 84 of the Employees' Social Security Act 1969 and Section 59 of the Employment Insurance System Act 2017. The applicant may be represented in writing by a legal practitioner or an officer of a registered trade union, or by any other person approved by the Board. The application must be submitted within three years of the emergence of the cause of action.



#### **4. Return to Work Programmed**

The SOCSO Return to Work Disability Management Program is a Sustainable Management Program established by SOCSO to assist injured or recovered SOCSO contributors in recovering and returning to work as soon as possible, in a healthy and safe manner. Each SOCSO contributor who participates in the Return to Work Program will go through a systematic rehabilitation process based on biopsychosocial principles, which encompass biophysical, physiological, and social aspects that must be addressed in order for them to return to work. This program is available to insured individuals who have suffered from a work injury and require rehabilitation or support in their job hunt. It is also applied for the Invalidity Scheme, personality and allowed to apply for the Invalidity Scheme, self-motivated and gain strength or support in finding work.

#### **4.0 TRAINING'S REFLECTION**

Internships are an important way for anybody to get real-world experience. As a result, an internship is an excellent chance for students to learn, get experience, and prepare. We will face many challenges and hurdles, and it is believed that with our experiences, we will be able to stimulate and finish the cleaning process. Experience, in my opinion, is a very essential thing in life since it teaches us to be brave when we take chances. It is also not something that we can just manufacture; rather, we must go through it. Working as an intern at PERKESO Seri Manjung allows me to learn about and find myself from a variety of perspectives. It also assists me in controlling and developing my attitude and conduct while dealing with various angles, people, and circumstances.

I go through my internship course for the duration of approximately 6 months which starts on 1 March 2021 until 13 August 2021. I work according to working hours which is from 8 am until 5 pm which is equivalent to 8 working hours and my working day is from Monday to Friday which is on weekdays. I chose PERKESO Seri Manjung as my host company for the duration of my internship. There are numerous reasons why I chose this location for my internship. First and foremost, my residence is close to the office. Thus, it would be much easier for me to go to work. Second, I wanted to have an exciting and memorable internship experience. The surroundings were very strange and unfamiliar to me. Perhaps the experiences gained while interning at PERKESO Seri Manjung will be useful in the future.

Furthermore, I was assigned to six departments which are the Enforcement Department, Benefits Division, Prevention, Medical and Rehabilitation Division, Finance Division, Human Resource Division and Employment Insurance System. We will rotate through each department for two weeks, reporting to each company officer. This rotation aims to increase knowledge for each department in the company and can provide new experiences when working in a different department. Among the departments in the SOCSO Seri Manjung are as follows:

1. Benefit Department

This benefit section handles all of the insured person's (OB) claims. This unit is also divided into three sections: Disability Scheme, Temporary Disability Benefit (FHUS), and Permanent Disability Benefit (FHUK). Each unit division is led by

an Executive Officer and a Clerk. Mrs. Kairul Azma binti Ibrahim is in charge of this unit.

## 2. Enforcement Department

Employers must follow the Employees' Social Security Act of 1969 and the Employees' Social Security (General) Regulations of 1971. It also guarantees that all associated data are kept up to date and collects arrears and short payment payments. This unit is led by Puan Rossita binti Ladin.

## 3. Finance Department

The Finance Department is the division of a corporation that is in charge of collecting finances for the firm, managing funds inside the organisation, and preparing for the expenditure of cash on various assets. For example, it processes receipts and checks for the insured individual (OB).

## 4. Admin Department

An organization's administration department is its backbone. An efficient administrator is a valuable asset to any business. An administrator's primary task is to guarantee that all departments in a company operate efficiently. This department serves as a bridge between an organization's numerous departments, ensuring the seamless flow of information from one to the other.

## 5. Employment Insurance System (EIS) Department

The purpose of this department is to establish a social security scheme known as the Employment Insurance System ('EIS'). The EIS had since launched into operation on 1 January 2018. It also gives benefits that the insured persons could receive under the EIS include a job seeking allowance, a re-employment allowance, a reduction in income allowance, a training allowance, and career counselling.

Each department is responsible for its own set of tasks such as keeping track of the dates and bills paid by the insured person. In a book, I will record the dates and bills of the hospital or clinic visited by the insured person. These bills will be processed and the funds refunded to the insured. In addition, I will assist in providing the insured person with items such as pampers and other necessities. Aside from that, I was also assisted in calculating the ILAT pension. This disability will be paid to a qualified employee who has been certified as disabled by a medical board. If the sum is less than the specified amount, he will not be paid by SOCSO.

Besides that, I also gain much experience and knowledge from this industrial training such as assisting in the administration of online interviews. During my internship at SOCSO, I was appointed as a secretary for two online interviews, one with SODEXO and one with Jabatan Perangkaan Malaysia. This interview is held if the employer wants to hire new staff for their business, and SOCSO will assist them by publicizing available positions. Make a panic call to all applicants who have already enrolled. Other than that, I also helped the Executive Officer in Doctor's Congregation at Hospital Seri Manjung. I help in the management of the medical congregation. This doctor's assembly will determine the amount of impairment of patients and the percentage of help that should be provided based on numerous SOCSO guidelines.

Finally, by doing the internship course, I hope to obtain professional information and abilities, as well as develop my communication skills and capacity to connect with others. I understand that as a member of a working society, I will need to meet new people and communicate with them in order to satisfy their requirements. Internships also assist me understand how to operate in a structured company. It teaches me how to be self-sufficient in completing my responsibilities. Furthermore, all of the knowledge I have gained via classroom study may be used through internship. Not only that, but by taking an internship, I am able to face problems that are common in the workplace.

## **5.0 INDUSTRY ANALYSIS**

Many people or industries are affected during a pandemic. So, with the existence of The Social Security Organization (SOCSO) can help others to survive, especially those who have lost their jobs. So, SOCSO is dedicated to providing greater support for employers and employees under the Wage Subsidy Programmed 3.0 (PSU 3.0), SIP Prihatin, SPS Lindung, and Foreign Workers COVID-19 Screening as part of the Perlindungan Ekonomi dan Rakyat Malaysia (PERMAI) assistance package as soon as possible.

## **FINANCIAL RATIO ANALYSIS**

Financial ratio analysis has been conducted to assess and evaluate the performance of PERKESO Manjung. Some ratios have been selected according to the availability of data and it is crucial to the company to compute. The ratios are profitability ratio (return on asset, net profit margin), liquidity ratio (current ratio, quick ratio), leverage ratio (debt ratio, debt to equity ratio) and efficiency ratio (fixed asset turnover, total asset turnover).

### **5.1 PROFITABILITY RATIO**

In general, profitability is defined as a company's value after deducting all expenses incurred during a given period from its revenue. It is one of the most significant indicators of management success, shareholder satisfaction, investor attraction, and the company's long-term viability (Alarussi & Alhaderi, 2018). Return on asset (ROA) and net profit margin (NPM) were used in this study to determine the company's profitability. The profitability ratio analysis is shown below.

Table 5.1.1 Return on Asset for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
Return on Asset (%)	6.24	4.85	4.75	6.12	28.81	30.62	31.40	36.98

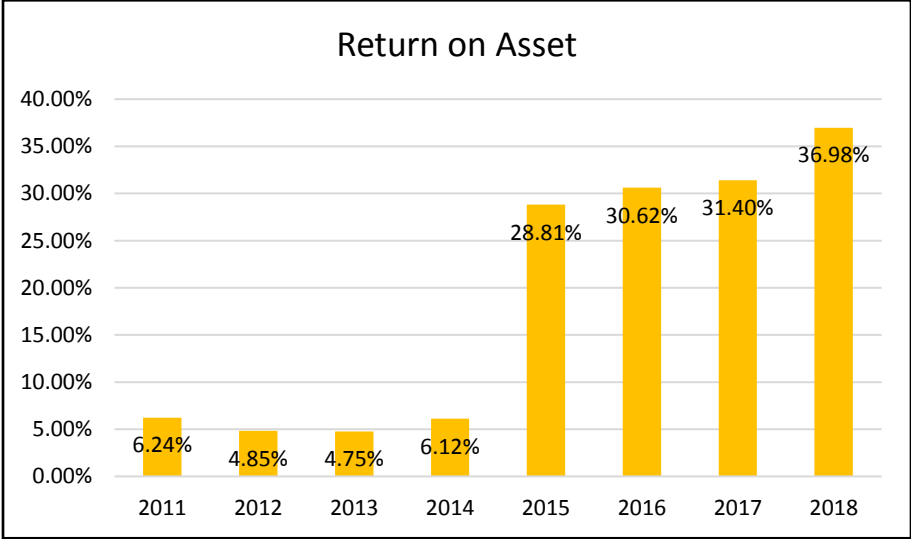


Figure 5.1.1: Return on Asset in Eight Consecutive Years (2011-2018)

Figure 5.1.1 reports return on asset (ROA) of PERKESO from 2011 until 2018. Based on the graph above, it shows an inconsistent percentage of return on assets. It can be proved by showing a slight decrease from 2011 until 2013 and an increase from 2014 until 2018. In 2011 it continued to decrease from 6.24% to 4.75% in 2013 and started to increase from 2014 which is 6.12% to 36.98%. It means that the company might have over invested in assets that have failed to produce revenue growth, a hint the company may be in trouble. Even massive but inappropriate accruals can cause return on assets to move. Next, it started to increase from 2014 to 2018 which increased from 6.12% to 36.98%. It indicates that this company manages their expenses well.

Table 5.1.2 Net Profit Margin for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
Net Profit	37.95	31.12	24.32	40.16	258.57	252.56	199.24	297.06
Margin (%)								

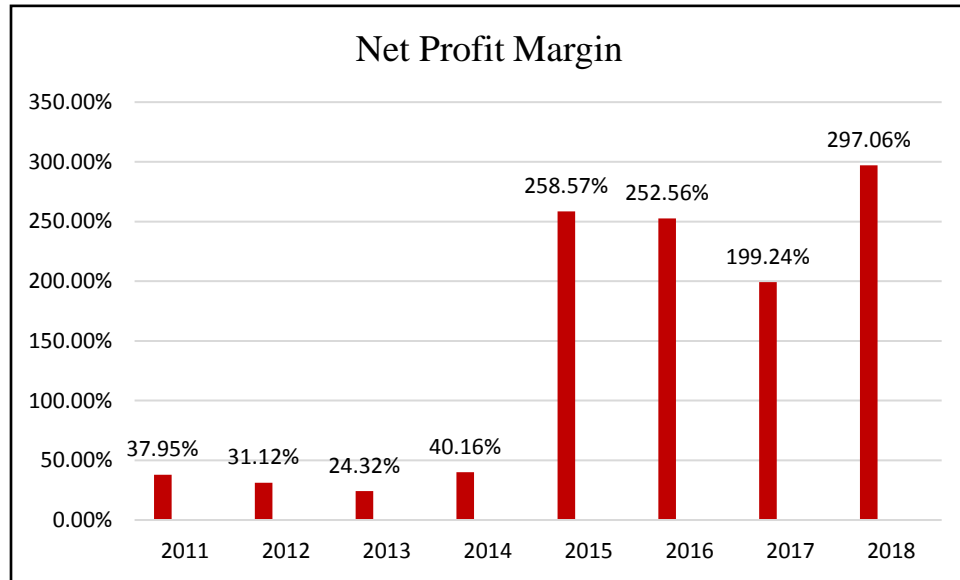


Figure 5.1.2: Net Profit Margin in Eight Consecutive Years (2011-2018)

Net profit margin (NPM) for PERKESO company shows an inconsistent performance for eight consecutive years. This can be proved by looking at the company's performance for eight years consecutively. In the year 2011 to 2013, the company shows a decrease from 37.59% to 24.32% in generating their profit from their sales which is the company uses an ineffective cost structure. This company also generates high cost of expenses. Besides that, the company drastically increased from 2013 to 2015 which increased from 24.32% in 2013 to 40.16% in 2014 and to 258.57% in 2015. It is indicating that the company was able to generate 258.57% profit from their sales compared to only 24.32% in 2013. This is due to the decrease in their expenses as the company did not have to spend more on their expenses to support their sales. Besides that, the company also shows a slight decrease of net profit from 2015 to 2017 which is 258.57% to 199.24%. This is due to the poor pricing strategies and inefficient management. Aside from that,

it suggests that firms that use risk management tools reduce their profitability in order to maintain financial stability. (L. T. M. Nguyen & Hoang Dinh, 2021). In 2018, sales decreased by 22.17 percent, while net profit increased by 18.06 percent. As a result, the company is able to generate a good profit from their sales because NPM has increased at a higher percentage of 297.06 percent. This demonstrates that the PERKESO company began correctly pricing its products and exercising good cost control.



## 5.2 LIQUIDITY RATIO

Financial key performance indicators that measure the company's ability to meet short-term claims on assets were used to calculate liquidity. Current ratios (CR) and quick ratios (QR) are two examples of these liquidity ratios (QR) (Killingsworth et al., 2021). The lower a company's liquidity, the more difficult it is to pay off its liabilities. (Simamora & Hendarjatno, 2019).

Table 5.2.1 Net Profit Margin for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Current Ratio (times)</b>	14.37	121.71	64.28	72.12	40.88	33.71	40.37	23.61

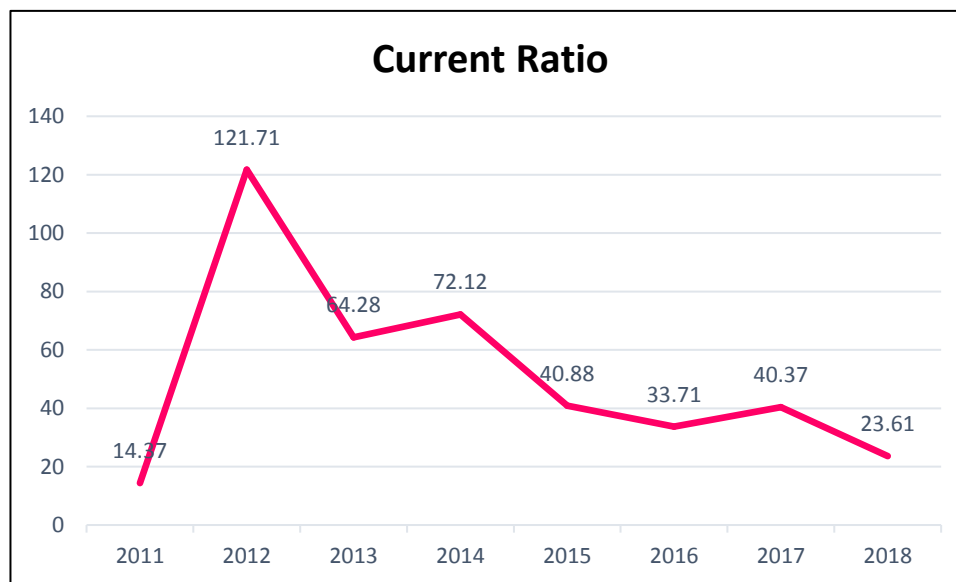


Figure 5.2.1: Current Ratio in Eight Consecutive Years (2011-2018)

PERKESO company shows an unpredictability in its current ratio (CR) in eight consecutive years from 2011 until 2018. Based on the graph, it shows that the company has stayed above 1 in all periods. In 2012, it shows an increase in the holding of total assets which is 0.96%, but the biggest cause of the increase in CR was due to the decline in CL in 2012 by 7.69%. This makes liquidity rise. This can be proved by the CR which increased from 14.37 times in 2011 to 121.71 times in 2012. It indicates that the company has good performance in managing its CA to finance its short-term obligations. In 2013 it started to drop from 121.71 times in 2012 to 64.28 times in 2013. The decline was caused by an increase in current liabilities more than the increase

in current assets which can be noted by the current liabilities increase by 53.41% and current asset decrease by 11.83% in 2013. In 2014, it showed a slight increase in CR which increased from 64.28 times to 72.12 times. It indicates that the company is efficiently using their current asset. Next, it shows the decreases from 2014 until 2016 which is from 72.12 times to 33.71 times. it is ineffective for collecting receivables. Then, it shows a slight increase from 2016 until 2017 which increased from 33.71 times to 40.37 times. It is because the company is growing into its capacity. Lastly, it drops to 2018 which is 23.61 times. It implies that the company has an inability to meet short term obligations.

Table 5.2.2 Shows the Quick Ratio for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Quick Ratio (times)</b>	0.23	1.85	1.08	1.14	26.76	8.41	18.51	6.91

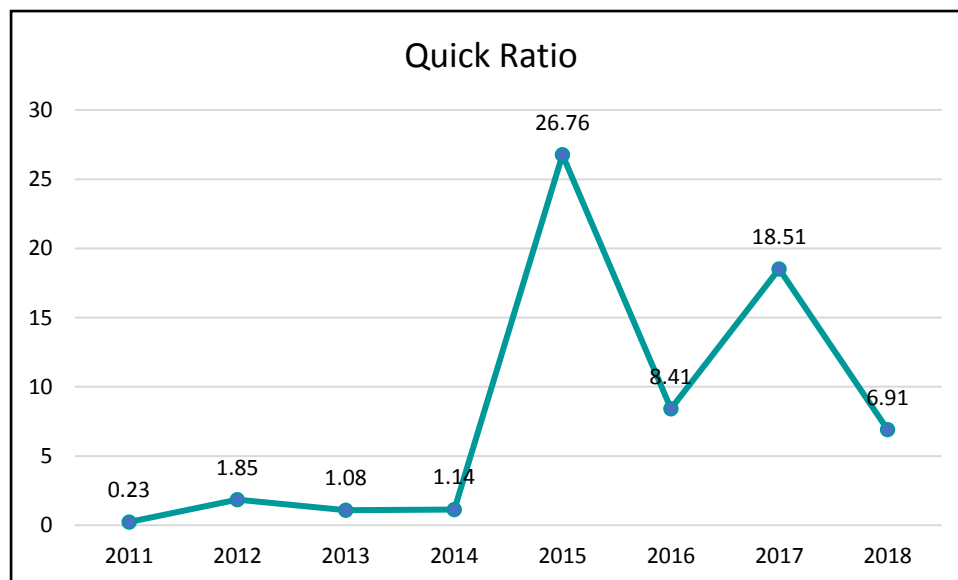


Figure 5.2.2: Quick Ratio in Eight Consecutive Years (2011-2018)

Based on the graph, PERKESO company shows an instability pattern of quick ratio. By looking at the graph, it shows a slight increase from 0.23 times to 1.85 times during 2011 until 2012. It indicates that the company can pay their debt. In 2013, it dropped to 1.08 times. In 2014, the QR of this company increased to 1.14 times and drastically increased in 2015. It can be seen

that PERKESO quick ratio shows that the company does rely their asset on the inventories because the current asset is from the inventories which can affect their liquidity position. This can be proved by a quick ratio which increased from 0.11% in 2014 to 0.26% in 2015. Same as in 2017, it shows an increase in quick ratio from 0.84% in 2016 to 0.81%. It is because the company implies more noteworthy liquidity which is able to pay off the current liabilities. Therefore, quick ratios keep decreasing from 0.26% in 2015 to 0.84% in 2016. Although there is a decline in PERKESO, they are still not able to collect them faster. Next, in 2018 it also dropped to 6.91 times. The drop in quick ratio shows that the reduction patterns of financial leverage are driven by reduced usage of borrowed capital, but the maintenance of a strong level of liquidity is an additional aspect that confirms cooperatives' resilience. (Fusco & Migliaccio, 2018)

### 5.3 LEVERAGE RATIO

The business can utilise its leverage to communicate that its asset risk is minimal, lowering its financing cost (and cost of capital). The model's core tenet is that increased asset risk is related to higher leverage. (P. Nguyen, 2017).

Table 5.3.1 Debt Ratio for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
Debt Ratio (%)	0.38	0.40	0.18	0.34	2.52	3.31	3.07	3.49

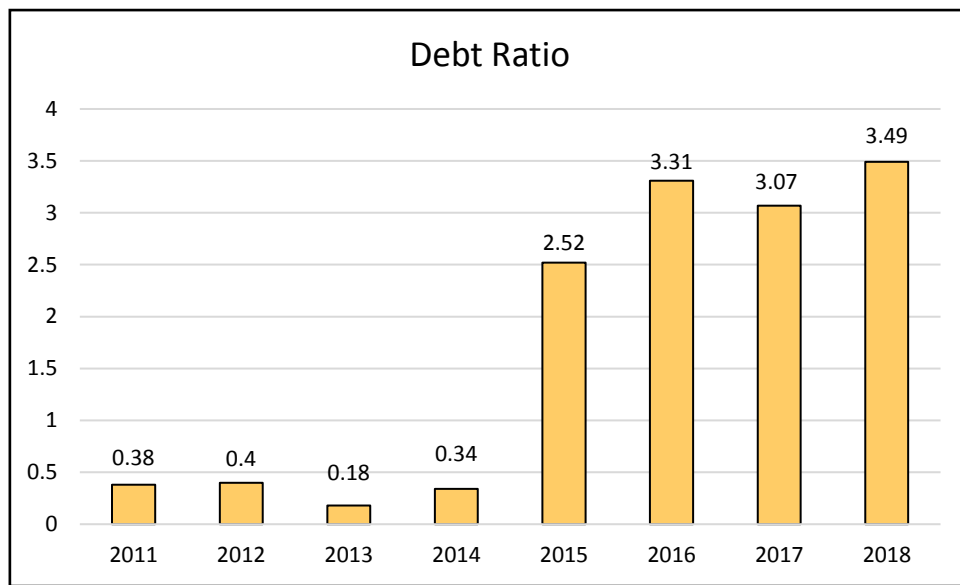


Figure 5.3.1: Debt Ratio in Eight Consecutive Years (2011-2018)

Debt ratio (DR) for PERKESO company shows poor performance due to an inconsistency trend in total debt for the eight consecutive years starting in 2011 until 2018. This indicates that most of the proportions of the company's assets were financed by debts.

In 2012, there was a modest increase in total debt by 13.40% higher than total assets, which is 7.50%, causing the debt ratio to grow. The debt ratio in 2012 is 0.40%, up from 0.38% in 2011. Furthermore, from 2014 to 2016, there was a significant increase in debt ratio, which increased from 0.34% to 3.31%. The same as 2018 also shows an increased trend in debt ratio which is 3.49%. It indicates that PERKESO companies are rising on their borrowing from debt to finance

their assets. Other than that, a debt ratio of greater than 1 indicates that the repayment of debt is now at risk (Zarei et al., 2020). However, In 2013, shows a decrease in total debt (TD) by a high percentage of 53.15% more than their total asset (TA) which is 4.27% that makes the debt ratio drop to 0.18%. The decrease in TD in 2013 was due to the significant decrease of borrowings from both short-term and long-term debt. Same as 2017, there is also a decrease in total debt 1.74% compared to a decrease in TA which is 5.83%. The significant decrease of TD makes the company become less risky as their obligation on interest payment becomes much lower than the previous year since they have cut their borrowings. This can be proved by looking at the DR which has dropped to 3.07%. Other than that, this company has gained profit from their project investment property as a potential to recurring income. Overall, this company shows a poor performance in their debt ratio and indicates a low level of capitalization and conversely, a high level of debt (Fusco & Migliaccio, 2018).

Table 5.3.2 Debt to Equity Ratio for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Debt to Equity Ratio (%)</b>	0.38	0.41	0.19	0.35	2.59	3.43	3.18	3.61

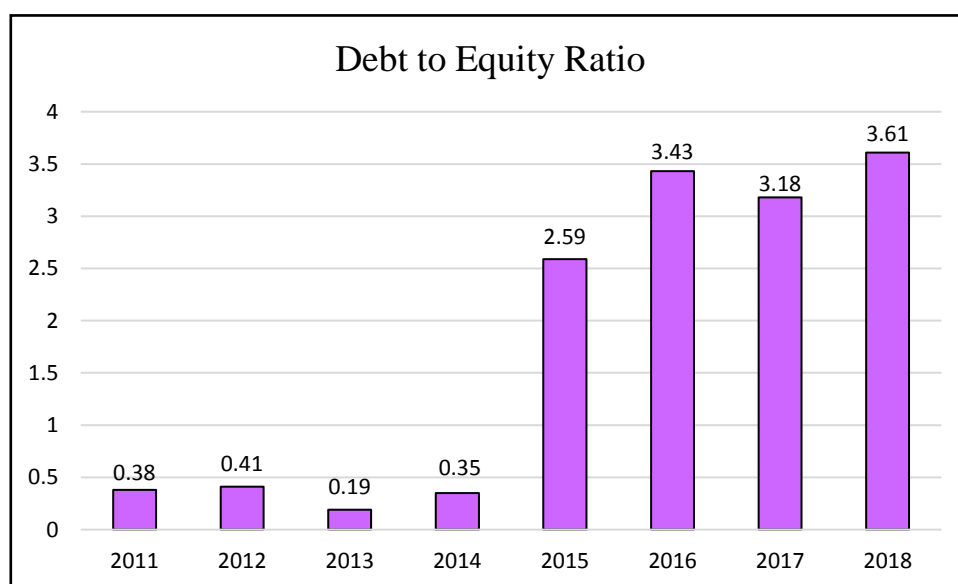


Figure 5.3.2: Debt to Equity Ratio in Eight Consecutive Years (2011-2018)

PERKESO also shows an inconsistent performance in terms of its debt-equity ratio (DER). This was due to the up and down of overall debt owed by the company from year to year starting in 2011 until 2018. In the year 2012, it shows a slight increase of the debt to equity ratio which is from 0.38% in 2011 to 0.41% in 2012. The debt of the company is rising as the company is using more debt than equity as total debt increased by 13.40% meanwhile total equity (TE) increased by 7.48%. In 2013, the debt of the company is reducing as the company is using more equity than debt as total debt decreased by 53.15% meanwhile total equity (TE) increased by 2.10%. It is because the company is looking for their real estate and private equity to be invested. This can be proved by DER which declined from 0.41% in 2012 to 0.19% in 2013.

Next in the year 2014 until 2016 also shows an increase in DER which is 0.35% to 3.43% as same as in 2018 which is 3.61%. It indicates that this company uses more debt financing due to the higher amount of borrowing. In 2017, the Total Debt (TD) shows significant changes due to the decrease in borrowings while the TE has increased by 5.50% more than the previous year. The decrease in TD makes the DER drop much lower than before which is 3.18%. This indicates that the company has a lower amount of borrowing and lower interest payments during this two year which is 2013 and 2017.

## 5.4 EFFICIENCY RATIO

Efficiency Ratio is the ratio used to measure the level of efficiency of the use of company resources (sales, inventory, debt collection, and others) or ratio to assess the company's ability to carry out daily activities. It also measures the firm's ability to convert different accounts in a statement of financial position into cash or sales (Baraja & Yosya, 2019). In this study, the total asset turnover and the fixed asset turnover are used as efficiency ratios.

Table 5.4.1 Shows the Net Profit Margin for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017
<b>Fixed Assets Turnover (times)</b>	10.08	10.64	6.89	9.47	3.43	3.64	4.78

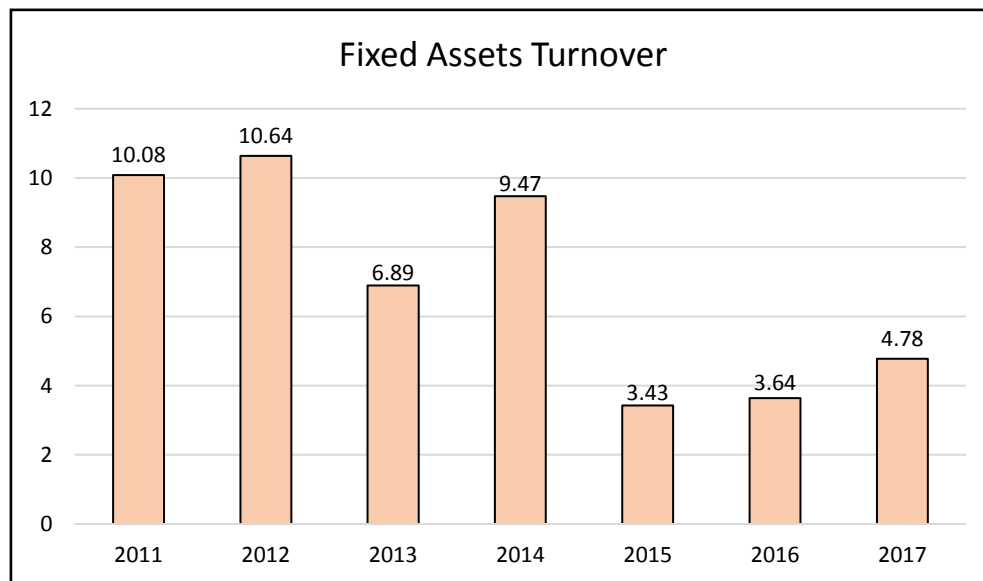


Figure 5.4.1: Fixed Asset Turnover Ratio in Eight Consecutive Years (2011-2018)

Fixed asset turnover (FATO) for the company shows a slight increase from 10.08 times to 10.64 times in 2011 to 2012. The company is seen decreasing its fixed asset in 2012 by 75.43%. As a result, the sales have increased to 2.46% in 2012. It means that the company spent less money in fixed assets for each ringgit of sales revenue. In the year 2013, the FATO had a slight decrease from 10.64 times in 2012 to 6.89 times. It indicates that the company is trying to reduce more money spent on fixed assets to generate its sales. As same as in 2015, it also dropped from 9.47

times in 2014 to 3.43 times in 2015. It can be proved by looking at the fixed assets in 2015 and 2013, which show the higher percentage 99.89% and 74.53%. For the year 2014, it also shows an increase of FATO from 6.88 times in 2013 to 9.47 times 2014. It can be proved by looking at their fixed assets that shows the higher percentage at 34.76%. Besides that, in the year 2015 to 2017 the Fixed Asset Turnover which is from 3.43 times in 2015 to 4.78 times in 2017. It means that the company has less money tied up in fixed assets for each sale.

Table 5.4.2 Shows the Net Profit Margin for Eight Consecutive Years (2011-2018)

	2011	2012	2013	2014	2015	2016	2017
<b>Total Assets Turnover</b>	0.16	0.15	0.19	0.3	0.11	0.12	0.15

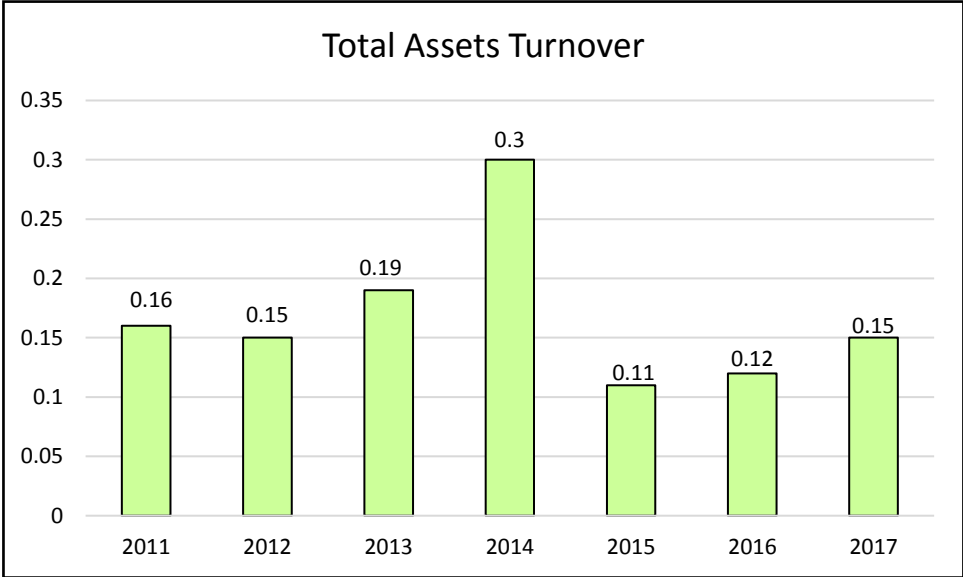


Figure 5.4.2: Total Asset Turnover Ratio in Eight Consecutive Years (2011-2018)

Total assets turnover (TATO) for the company shows an unstable trend from year to year for the seven consecutive years starting in 2011 until 2017. In 2012, TATO slightly dropped from 0.16 times in 2011 to 0.15 times in 2012. This is due to an increase in total assets at 7.49% which resulted in a decrease in sales at 2.46%. In the year 2015, TATO also dropped from 0.3 times in 2014 to 0.11 times in 2015. This indicates that, the company is using their assets inefficiently to generate more sales which is the reason why there is a sudden drop in 2012 and 2015. Next, TATO is slightly increased from 2012 to 2014 which are 0.15 times to 0.30 times respectively. Total



assets used is decreasing at high percentage of 7.49% in 2012 and decrease at lower percentage of only 6.13% in 2014 indicates that the company is efficiently use their assets to generate sales. In 2015, TATO is slightly increased again to 2017 which are 0.11times in 2015 to 0.15 times respectively. The total asset used has slightly decreased at lower percentage of 99.89% in 2015 and decrease at high percentage in 2017 at 5.51%. It indicates that the company is efficiently use their assets to generate sales. Overall, the company performance in term of efficiency is quite poor as they not efficiently manage their assets well to generate income but it is good since they still can operate their company properly.

## 6.0 DISCUSSION AND RECOMMENDATION

The main purpose of this report is to analyze the financial status of PERKESO company through looking into their financial statement. After looking at the analysis results for the company, here comes out with the discussion and recommendations to improve both companies.

In general, profitability is defined as a company's earnings from sales after subtracting all costs spent over a particular period. It is one of the most significant indicators of managerial performance, shareholder happiness, investment attraction, and the company's long-term viability. (Alarussi & Alhaderi, 2018). Based on profitability analysis, the performance of PERKESO Seri Manjung is good even though 2011 to 2014 showed a less favorable trend and had a small percentage compared to 2015 to 2018. But the company should not take it easy and also should find ways to maintain good profitability in future. There are few ways to maintain the performance. Besides, the company also can review the current pricing structure. Rising prices can have a bad effect, but a small increase in a company's product price can make a significant impact on gross profit. So, reviewing current pricing regularly and adjusting prices can be done by the company. Next, in order to keep the return on assets stable in the future, the company should increase total sales for the period, which will result in an increase in net income.

Besides, PERKESO company shows poor performance by its current ratio (CR) and quick ratio (QR). It can be proved by looking at the current ratio and quick ratio. The company's current ratio is too high, greater than two, meaning that the company is not properly using its short-term funding and will indicate problems with working capital. However, even if the quick ratio is greater than one, it still indicates an unfavorable trend, indicating that a company would not have enough liquid assets to cover its current liabilities. However, to maintain the performance, PERKESO company should pay off current liabilities. This is because the current ratio not only depends on current assets but also depends on current liabilities. So, if a company makes early payments to creditors, it can save interest cost and earn a discount. Other than that, according to (Zarei et al., 2020), as this liquidity determinant becomes larger, the firm has more and sufficient assets to repay its short-term debt. Indirectly, it can decrease the level of current liabilities and improve the current ratio. The company should then improve its liquidity ratio by increasing sales in order to improve the performance of the quick ratio. As a result, inventory turnover will rise.

Next, based on analysis of leverage, we can see that the performance of the company is poor. It can be demonstrated by looking at the debt ratio (DR) for eight years in a row, which shows an inconsistent trend in total debt and indicates that debts financed the majority of the company's assets. So, in order to improve their performance while avoiding a high level of debt, the company must find ways to increase their performance debt ratio in the future. To increase its cash flow, the PERKESO company should issue new stock or additional shares. This is due to the fact that cash can be used to reduce the debt burden by repaying existing liabilities. Debt reduction can indirectly reduce the debt-to-total-asset ratio. However, the performance in debt equity ratio (DER) is also showing an unfavorable trend, and the company needs to increase and try to maintain their performance in the future, such as by increasing the equity. This is due to the fact that the company can finance its debt in the future using its equity rather than borrowings.

Moreover, the company also shows poor performance in terms of its efficiency. Based on the analysis, we can see that the company is not efficiently managing their assets well to generate income. The performance of the company can be good or not based on their fixed asset turnover (FATO) and total asset turnover (TATO). According to (Puteh et al., 2018) the inefficiency of the company is due to the high operating cost and operating income. The FATO shows a bad performance for seven consecutive years. It indicates that the ability for the company to generate sales by using its fixed assets is quite low. So, the company should increase its sales by more promotions and by quick movements of the finished goods. Next, the performance of total assets turnover (TATO) of the company for seven years also shows a poor performance. It is because the company is inefficient as it has very low performance which is not good for the company performance in the future to generate their income. So, Inventory turnover can be optimized by making inventory cost-efficient in its operational activities (Magdalena M et al., 2021). To improve their performance, this company should analyze how the assets are used and ways to improve the productivity of each asset.

## 7.0 CONCLUSION

As for the conclusion of the performance of the PERKESO company, it shows that this company has a bad performance after calculating the entire related ratio in order to measure their success and growth. This can be proved through the calculation of the liquidity ratio, leverage ratio, efficiency ratio, and profitability ratio. Other than that, after doing this financial analysis, we also can know how this company conducts its business in order to maintain stability in this global market.

As I recommend on the page above, the PERKESO company need to take note and try to improve their company to be a better one and to keep expand and maintain in this market, PERKESO company need to prepare a various way such as focus in using all marketing mediums like use social media, paid advertising and email marketing in order to promote their services, review current pricing structure and also issue new stock or additional shares to increase their cash flow. After going through all about PERKESO company, I can conclude that this company needs to improve in all parts to achieve their goal to be the most successful company.

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## APPENDICES

### PROFITABILITY RATIO

<b>PROFITABILITY RATIO</b>								
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Net Profit Margin</b> $\frac{\text{Net Profit} \times 100}{\text{Sales}}$	37.95	31.12	24.32	40.16	258.57	252.56	199.24	297.06
<b>Return on Asset =</b> $\frac{\text{Net Profit} \times 100}{\text{Total Asset}}$	6.24	4.85	4.75	6.12	28.81	30.62	31.40	36.98

### LIQUIDITY RATIO

<b>LIQUIDITY RATIO</b>								
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Current Ratio</b> $\frac{\text{Current asset}}{\text{Current liabilities}}$	14.37	121.71	64.28	72.12	40.88	33.71	40.37	23.61
<b>Quick Ratio</b> $\frac{(\text{Current asset} - \text{Inventories})}{\text{Current liabilities}}$	0.23	1.85	1.08	1.14	26.76	8.41	18.51	6.91

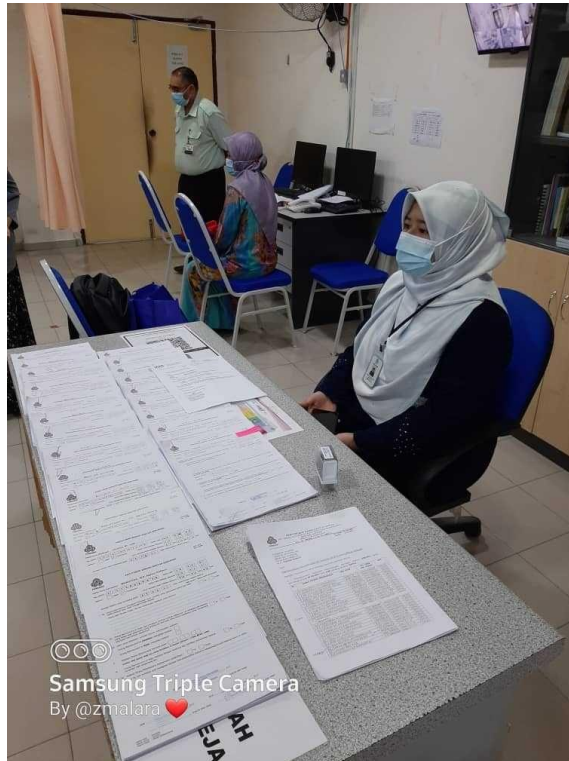
## EFFICIENCY RATIO

<b>Efficiency Ratio</b>							
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Fixed Asset Turnover</b>  $\frac{\text{Sales}}{\text{Average Fixed Asset}}$	10.08	10.64	6.89	9.47	3.43	3.64	4.78
<b>Total Asset Turnover</b>  $\frac{\text{Sales}}{\text{Average Total Asset}}$	0.16	0.15	0.19	0.30	0.11	0.12	0.15

## LEVERAGE RATIO

<b>LEVERAGE RATIO</b>								
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Debt Ratio =</b>  $\frac{\text{Total Debt}}{\text{Total Asset}} \times 100$	0.38	0.40	0.18	0.34	2.52	3.31	3.07	3.49
<b>Debt to Equity =</b>  $\frac{\text{Total Debt}}{\text{Total Equity}} \times 100$	0.38	0.41	0.19	0.35	2.59	3.43	3.18	3.61





Doctors congregate at Seri Manjung Hospital.



Gave a talk at Indah Water Company



Online Interview with Jabatan Perangkaan Malaysia Company



Performance Team in Officer Farewell



Online Interview with SODEXO Company

# Industrial Training Report

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