UNIVERSITI TEKNOLOGI MARA

Fakulti Pengurusan dan Perniagaan

INDUSTRIAL TRAINING REPORT AT ROBERT BOSCH SDN. BHD.

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EXECUTIVE SUMMARY.

Bosch is the leading auto parts manufacturing company. It is basically German based company having branches in around 60 countries. I am glad and blessed because I've been chosen to undergo my internship at this big company which called Robert Bosch Sdn. Bhd, Bayan Lepas, Penang under finance department. Under finance department, it divided into 2 section which called CFA2 (controller) and CFA3 (controlling). As me, I am the student practical under CFA2 based on free trade agreement section. There are 25 staff in finance department include two managers and one boss. For this report, I wrote about industry analysis on the determinant of financial performance in manufacturing sector based on profitability. The business has contributed considerably to economic process recently. The dependent variable in this study is profitability and the independent variable are liquidity, leverage and operating profit margin. The findings show that all three-independent variable have a significant with the dependent variable which is profitability. According to the Covid-19 pandemic, many of the manufacturing sectors in Malaysia had been affected based on their profitability. Economies all around the world are experiencing an unprecedented economic slowdown amidst rising concerns of the Covid-19 pandemic and Malaysian companies including large conglomerates are not spared. As it stands, Movement Control Order (MCO) some of the industries had been impacted such as tourism, aviation, retail, and construction among others. From the findings and several articles by previous researchers, an economical assets management is predicated on short finance choices associate degreed is crucial for maintaining a healthy balance between liquidity and profit of a firm. In different words, it's all regarding managing of current asset, current liability, and the financing of the companies. There are two type of strategy that a firm can choose which are conservative strategy and aggressive strategy. Conservative strategy is where a firm holding more current asset but need to bear high cost of liquidity. If a firm choose aggressive strategy, the firm which holding low current asset but the firm need to bear high cost of illiquidity. In both the cases, profitability is firm's priority. This disproportionate feature of assets management develops the likelihood of non-linear relationship of assets with profitableness, thereby accenting the necessity to check all potentialities of funding assets as is needed for a firm.

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COMPANY'S PROFILE.

Company Background.

Figure 1: Company Logo

The Bosch Group is a technology global and service provider, with almost half of its sales coming from outside Europe. The companies are almost more than 60 countries with 440 fully consolidated subsidiaries. Sttugart, Germany is a parent company of Robert Bosch GmbH. It was originally a "precision electromechanical engineering workshop" founded by Robert Bosch (1861-1942) in Stuttgart in 1886.Bosch has been in Malaysia since 1923 and is represented by Robert Bosch Sdn. Bhd., with offices in Selangor and Penang. In Malaysia, Bosch is active in the fields of mobile solutions, industrial technology, consumer goods and energy, and construction technology. The company has three manufacturing divisions in Penang, providing multimedia systems for automobiles, power tools, and automotive steering. In 2018, Malaysia contributed nearly 538 million ringgits (113 million euros) in sales and employed more than 2,800 employees.

Bosch hopes to develop products that "invented for life", stimulate enthusiasm, improve quality of life and help protect natural resources. The words "We are Bosch" mission statement reflects this. It summarizes the values, strengths, and strategic orientation. The objective of Bosch to achieve is the aim to secure their company's future by ensuring its strong and meaningful development and preserving its financial independence. There are some strategic focal points that help to succeed:

1. Focusing on customers
    - Bosch understand their customers' requirement. They tailor the product to them and they create innovative business models

2. Shaping change
    - Bosch shape change and seize the opportunities it brings, especially in connectivity, electrification, energy efficiency, automation, and the emerging market.
3. Striving for excellence
    - Bosch measure themselves against the strongest competitors. They work is fast, agile, and accurate. Efficient processes, lean structures, and high productivity secure and increase the value of the company.

Moreover, there are 7 values that reflect the missions statement which are future and results focus, responsibility and sustainability, initiative and determination, openness and trust, fairness, reliability, credibility, legality and diversity.

Product and services.

Bosch technology shape many areas of our life such as in a car, at home, or at work. First will be discussing in a car, which involves mobility. Bosch develops innovative solutions that facilitate new mobility offerings. Whether for private or commercial vehicles, multimodal transportation services, fleet management, or smart transport infrastructure. Bosch brings together vehicle technology, the data cloud, and services to offer a complete mobility solution. Next, Bosch offers individual solutions for the home to make life a bit easier every day. The product that Bosch produces is garden tools, home appliances, and power tools for DIY enthusiasts. For industry and trades, Bosch offers innovative products and services such as drive and control technology, large thermal plants and system solutions, power tools for professionals, and security solutions. This all technology that implements by Bosch brings our life to be a better life and technology modern era.

Organizational Structure

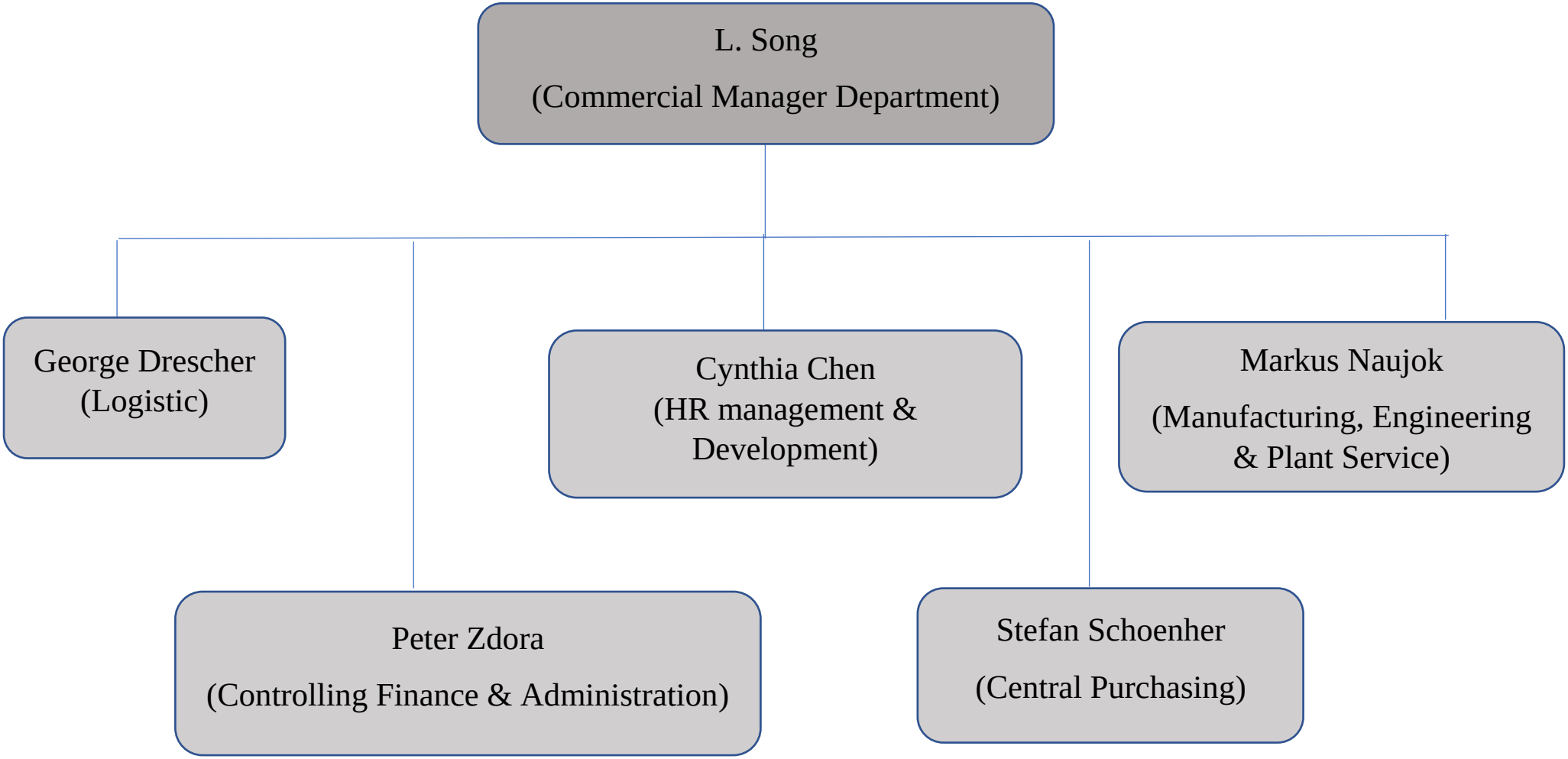

Figure 2: Organizational Structure

Department Structure.

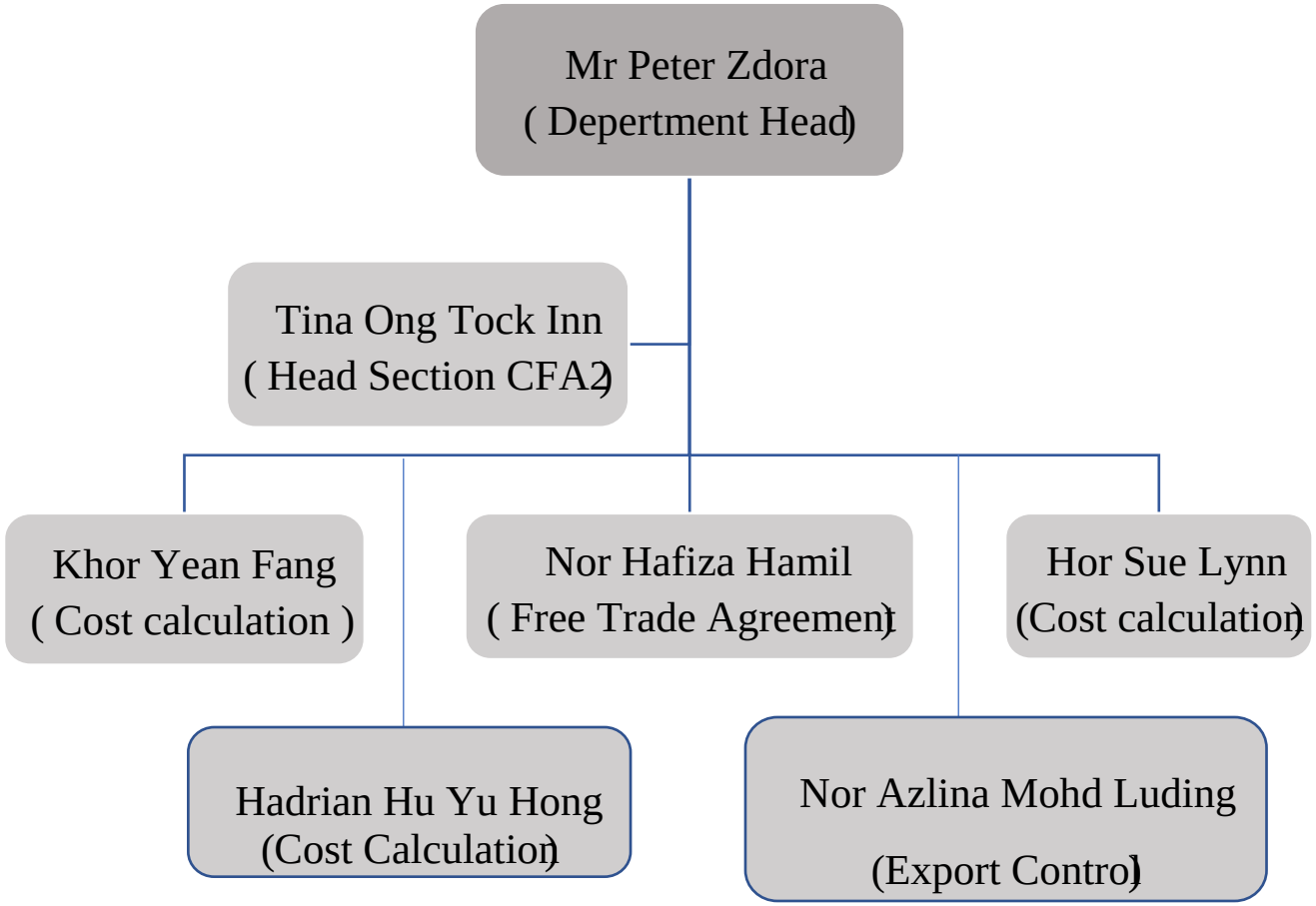

Figure 3: Department Structure

TRAINING REFLECTION.

My internship at Robert Bosch Automotive Engineering Pte Ltd. in Bayan Lepas, Penang starting from 1st March 2021 until 13th August 2021 under the finance department (control) was an amazing trip and a pleasant experience for me. Working hour at the company start from 8 am until 5 pm from Monday to Friday. During my internship, I feel very lucky and happy because I received a monthly allowance of 800 ringgits plus 5 days of annual leave as benefit given during the internship at Robert Bosch Co., Ltd.

Flash back to my first day at Robert Bosch Automotive Engineering Co., Ltd. Bhd, this is one of the unforgettable days for me. The culture of the finance department is a very peaceful, friendly and supportive work environment, and there is a strong cohesion among the employees. Most of the staff in the office were very kind and friendly to me. Indirectly, it makes me easily ask questions whenever I have a doubt with my tasks in which especially when using the SAP system. Even though, I have only a week of chances to go to the office and the rest I was appointed to work from home, but I could learn and absorb more information about the company and how does it operates. During my 24-week internship, I gained so much information that I never thought to get during internship. I get to improve my communication skill and be more comprehensive understanding the real finance working condition. This is a good opportunity for me to train myself and learn as much as I can in gaining the knowledge and experiences in finance field. I get to finished ,my task searching thousand of invoice, attached an invoice in MITI website and doing a BOM list for the part number during my internship period.

During the entire internship process, I found myself learning very quickly and able to work alone or in a team. I can also complete my homework efficiently and effectively. However, I still need to understand the process of my homework. To overcome it, I will directly ask my supervisor about my tasks and avoid making mistakes. In addition, I can improve my skills and gain new knowledge, which can be used for the work experience gained during my internship in this company. From this internship, it can help the students to be more confidence when dealing with third party. The student not only exposed to the theory of financing that was learn in the university, but they can feel the real working condition and improved the student soft-skill and functional skills.

SWOT Analysis.

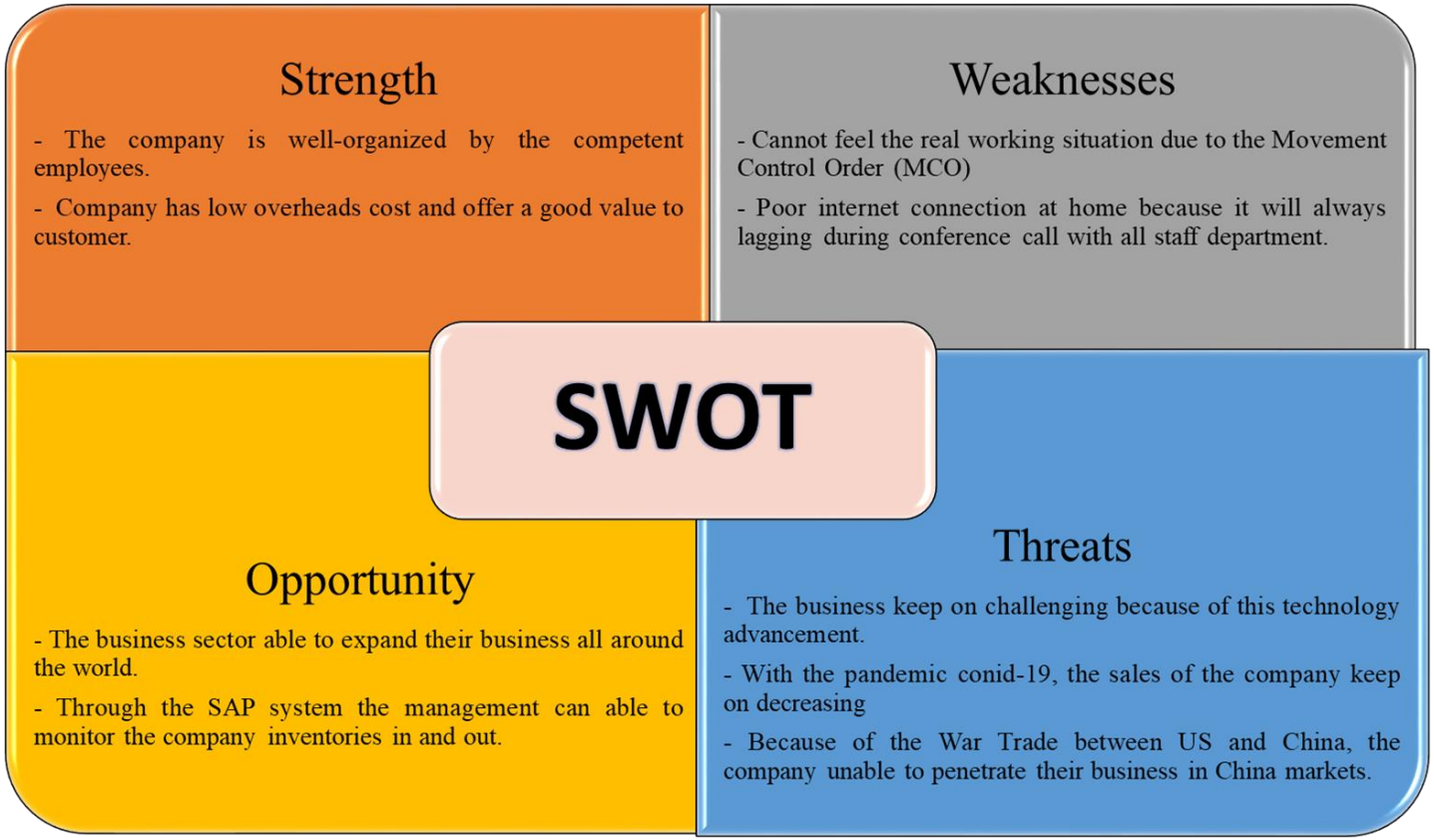

Figure 4: SWOT Analysis

REGRESSION ANALYSIS

Background of Study.

The profitability of a company and its influencing factors that important to all participants in the economic system, and their research has become more important in the current economic downturn. However, to fully understand business development, profitability combined with the level of financial debt. Profitability is a primary goal of all companies to achieve. Without profitability, the company will not be able to survive in the long term. Therefore, it is very crucial to measure current and past profitability while predicting future profitability.

It has conducted empirical tests on the determinants of profitability in various industries around the world, with more emphasis on manufacturing, banking, and pharmaceutical companies. There is very little construction research conducted in Malaysia and Europe however, the construction sector is still largely underserved. In India, studies have been conducted on specific sectors, but most of them are related to the banking, pharmaceutical, and manufacturing sectors. Past studies have not attempted to compare various parts of the construction industry, such as real estate construction, industrial construction, and infrastructure. Factor affecting the company's efficiency performance.

Problem Statement.

The industry sector has contributed current economic growth significantly. The main objective of a company is to be sustainable in the competitive environment. In doing that, the company needs to develop, implement and maintain strategies that can enhance its performance (Škuflić et al., 2016). Internal and external factor can be done to investigate the impact on the company's income. The quality and potency of managers rely on their ability to spot those components which will cause exaggerated (Alarussi & Alhaderi, 2018)

Companies with high profit tend to use internal finance and cut back the utilization of debt. On the opposite hand, firms with extraordinarily low profit tend to use debt as a supply of fund. This is to avoid the utilization of the equity that's liable to data imbalance. Therefore, profit are a negative impact on the capital structure. Companies with high gain will tend to use higher debt (Chandra et al., 2021). This means that profitability will have a positive impact on the capital structure. Most of companies, if not all, should know that profitability is one of their

importance to sustain their business in long term. This is more obvious during a inflation time, some companies take an action which is risky to them in order to remain their financial status of the company (Alarussi & Alhaderi, 2018). Increasing in risk and cost of financial distress occur when the company use more debt. In addition, maintaining day-to-day liquidity in business operations to ensure compliance with your commitments is essential for managing working capital. It is a difficult task for managers to make sure that the business is running in a well-organized and advantageous manner. There are tendencies for inequality of current assets and current liability which affects a firm's growth and profitability (Amponsah-Kwatiah & Asiamah, 2020).

Objectives of Study.

Generally, this study aims to investigate the relationship between manufacturing companies' profitability and three firm specific variables which is leverage, liquidity, operating profit margin of the company. This research is important as it can give insight to manufacturing companies on the aspect they should pay more attention to and enabling them to plan their business well for longer period.

In detail, objective of this research is:

1. To investigate the factors influencing profitability in the manufacturing industry.
2. To examine the impact of Leverage, Liquidity and Operating profit margin of Company on profitability in manufacturing industry.

Theoretical Framework.

1. Dependent variable.
    - The dependent variable is the main problem that researchers must discover, because the objective of the researcher is to identify and predict its variability. It can also help researchers evaluate the dependent variables and other independent variables that affect the variables. Therefore, the dependent variable selected for this study is the profitability of selected manufacturing companies in Malaysia.

2. Independent variables
    - Independent variables are the variables in which its value or any change in its value can affect dependent variable, it either positive or negatively. For this research, four independent are identified to be related to the chosen dependent variables which are Leverage, Liquidity, Operating profit margin of the Company.

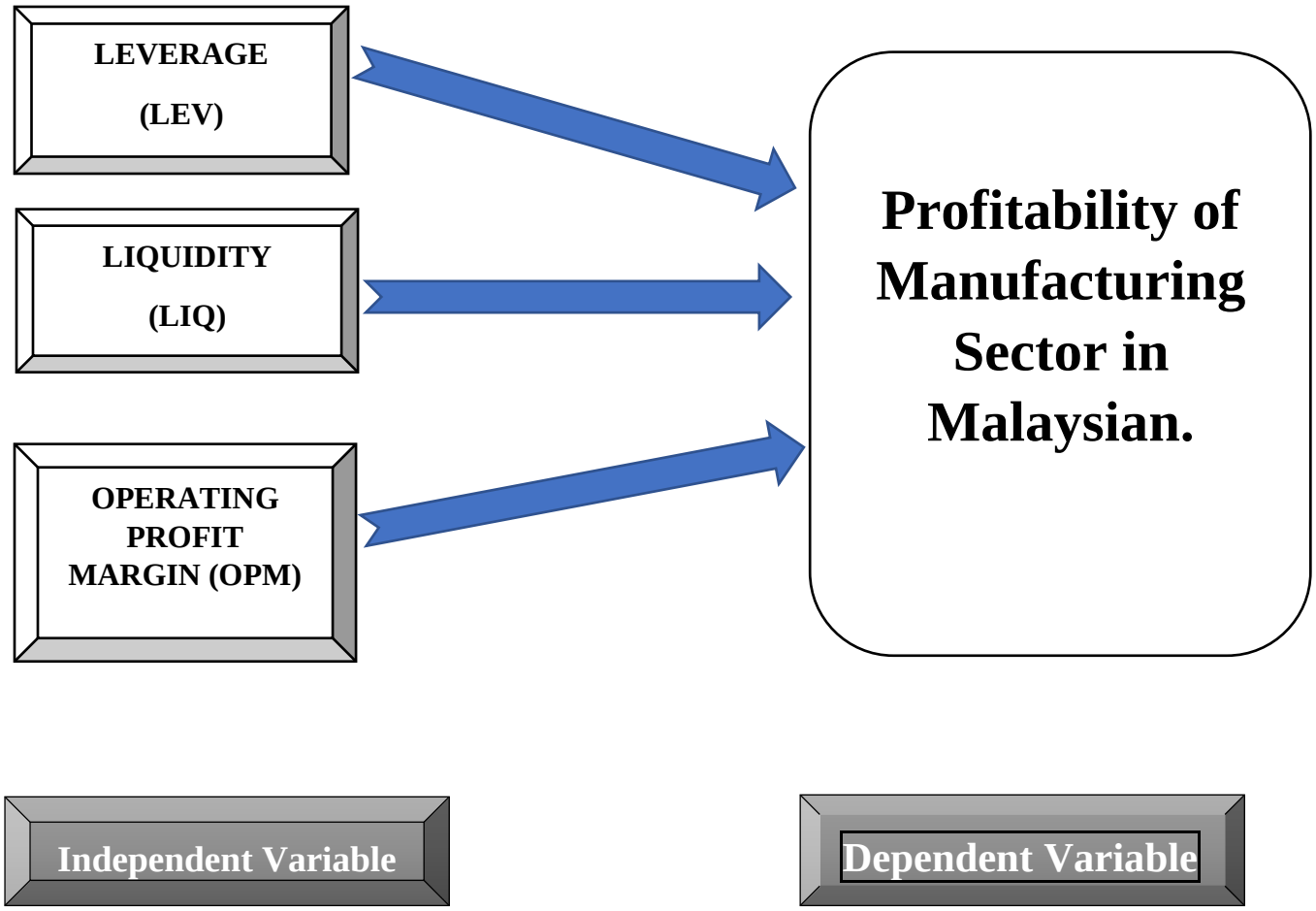

Figure 5: Theoretical Framework

Scope of Study

1. Dependent and Independent Variables

   Study the impact of this research focuses on the performance of companies from various industries in Malaysia. Researchers use the profitability of the company as a dependent variable. Independent variables include liquidity, operating profit margin, and leverage. financial performance on the profitability of the Malaysian manufacturing industry.

2. Data collection method

   The data is collected from secondary data. Ancillary data used in the report includes financial reports from selected companies in Malaysia using Thomson Reuters Eikon, as well as Emerald magazines, articles, books, and other online materials related to this research.

3. Time Frame

   The data gathered in this study is for ten years, from 2010 to 2019.

LITERATURE REVIEW

1. Profitability

A company that use large amount of debt because it gain high profitability. It means profitability will have a positive effect on capital structure. A study conducted by (Chandra et al., 2021) at small and medium-sized enterprises (SMEs) in Portugal found that return on equity has a positive impact on long-term debt and short-term debt represented by profitability. This will give a positive influence on long-term debt. Nevertheless, the higher price-cost margin might not be the sole reason to immunize a firm's take advantage of the adverse result of riskier capital finance. The internal financial flexibility might provide an extra advantage to the firm to mitigate the negative effects of riskier capital funding on profitableness. It helps in mitigating the issues of underinvestment and conjointly reduces the value of economic distress due to resource constraints (Panda & Nanda, 2018). Moreover, indicator of financial flexibility is not measure. Researchers have used proxies supported numerous money and operational logics to measure money flexibility. According to (Basdekis et al., 2020), performance of company is measure based on profitability ratio. It provides a clear image of a company's money coverage and shows a company's ability to come up with earnings for an explicit amount, rising its sales and assets and increasing capital stock. Factors that have an effect on profit are essential for the long-term methods of the companies. However, the existing literature on factors affecting firms' profitability, such as firm size, financial debt, and R&D expenditures which leads to ambiguous conclusions. There is formula that represent for the profitability, below shows the formula:

ROA = Earnings Before Interest and Tax / Total Asset

2. Leverage

In terms of financial structure (Anh & Gan, 2019), it is proven that debt ratio has a significant positive effect on corporate efficiency. Previous researchers explained that the utilization of high leverage could be a way to cut back the abuse of money flow management and improve business potency as a result of high debt poses a liquidity threat, that could be a serious burden for managers to generate profits. Besides that, Cheng and Tzeng (2011) tested the hypothesis of the interest tax shield and showed the vice versa relationship between the level of debt and corporate technical efficiency. According to the author, the amount of tax breaks for borrowing is less than the number of tax deductions for using other interest-free tax

breaks (such as depreciation or R&D expenses). Therefore, the use of debt does not favour the efficiency of the company. For example, other research focuses on financial leverage (Basdekis et al., 2020), which distinguishes the impact of short run and long run debt on company profitability. There are a way and reason in rising a profitability by using a short term debt financing (Panda & Nanda, 2018). In explicit, found a major correlational statistic between short-run monetary leverage and company profit. Moreover, if you consider the effect of longterm financial debt on corporate profitability, this impact is negative, and the ratio of total debt to total assets has a strong positive impact on equity (ROE). These differences happen from different application of tax policies and agency issues, including differences in bankruptcy costs, information asymmetry, and conflicts between shareholders and creditors. Using retained earnings to make an investment is more profitable than borrowing funds. Thus, the proxy is used to calculate the leverage of the industry:

Leverage = Total Liabilities / Total Equity

3. Liquidity

Liquidity is an ability of the companies to convert their assets into cash. In addition, it also is an ability of the industry to pay its debt in short-term. Liquidity is calculated by diversification ratios, such as current ratio, quick ratio, and cash ratio. Liquidity is important for normal business operations. Regarding the effect of liquidity on industry efficiency performance, conclude that liquidity has a significantly positive relationship with industry efficiency volume. The advantages of holding money are money constraint management and external-financing price reduction. Dislike, (Anh & Gan, 2019) a negative impact of firm liquidity on technical efficiency. (Anh & Gan, 2019) explain that with more cash in hand, managers have the chance to use the money for their benefits that diminish the interests of shareholders, thus reduce firms' efficiency. According to previous researchers, he/she studied that factors that have an effect on the profit of cement firms from 2001 to 2008. It concluded that liquidity, company age, interest rates, operating ratios, and inflation are important determinants of the profitability of the cement industry. A company can decrease the use of external financing if there have high liquidity. As a result, liquidity has a negative effect on financial structure. This research result is also supported by (Chandra et al., 2021), who express that high organization cost from liquidity will make leaser limit the quantity of the credit to the organization. Through the research found that liquidity and scale have a relationship between

positive correlation with profitability. To calculate the liquidity, this formula below is used to represent liquidity:

Liquidity = Current Asset / Current Liabilities.

4. Operating profit margin.

Operating profit margin is defined as the profit a company makes from sales after paying variable costs of production. First, sales have a significant impact on the company's financial performance and are considered one of the key performance indicators. Operating expenses refer to all expenses incurred in the company's operating activities. Total revenue is the total value of the company's product sales revenue**.** Net profit is the actual profit of an enterprise after paying interest and taxes. Earnings per share refers to the proportion of the firms' net profit assigned to each common share. This ratio is also called the operating profit margin. Operating profit means the net profit arising from the normal operations and activities of the business without considering extraneous transactions and expenses of a purely financial nature. The higher the operating ratio, the better would be the operational efficiency of the business. A higher operating profit ratio means that the business has been able not only to increase its sales but also been able to cut down its operating expenses. Hence, firm managers should note that change in sales could be a key determinant of operating profitability only for firms with low profitability and it may not be a significant indicator to explain overall profitability or profitability with capital efficiency for high profitable firms (Nanda & Panda, 2019). This ratio establishes the relationship between operating profit and net sales. The main objective of calculating this ratio is to identify the operational efficiency of the management.

This ratio is also called operating profit margin. Formula of operating profit margin as follows:

Operating Profit Margin = (Operating Profit / Net Sales) X 100

Research Methodology.

Data Description.

In this chapter, researchers will discuss data collection, data analysis techniques, regression models, and statistical data to analyse the relationship between dependent and independent variables. Secondary data on three manufacturing sectors under Bursa Malaysia are gathered and collected from Thomson Reuters Eikon online database. To investigate the firm's specific factor affecting manufacturing companies' profitability, past ten years were secured from 2010 to 2019, gathering total of 30 observations. The target population of this study is focus on manufacturing sectors listed under Bursa Malaysia. The three manufacturing companies use as subject to this study are Sime Darby, UMW and Prolexus.

Findings.

Descriptive Analysis.

Table 1 : Descriptive Analysis for (3) manufacturing companies in Malaysia.

Variable	Obs	Mean	Standard Deviation	Min	Max
ROA	30	.0835667	.05877	-.016	.189
LIQ	30	83.13667	36.9094	33.6	198.4
LEV	30	2.026	.5067653	1.41	3.45
OPM	30	.0645	.040489	-.046	.131

Table 1 shows the descriptive statistic for firm specific factors affecting manufacturing companies' profitability in Malaysia. There are a total of 30 observation used in this study. The highest mean is LIQ with 83.13667 followed by LEV which indicate 2.026 and ROA 0.0835667. The lowest mean is OPM with 0.0645. For standard deviation, LIQ shows the highest value of 36.9094 followed by LEV 0.5067653 and OPM 0.040489. LIQ is proven to have wider data spread compared to other variables while OPM has the least data spread as it has the lowest standard deviation of 0.040489.

LIQ shows the highest figure for minimum and maximum value with 33.6 minimum value and 198.4 maximum value. OPM has the lowest minimum and maximum value with -0.046 for minimum and 0.131 for maximum value.

Panel Specification Test.

Table 2: Panel Specification Test for three (3) manufacturing companies' in Malaysia.

Model	F-Test	BP-LM Test	Hausman	Technique
Model 1	0.6745	1.0000	0.6572	Choose RE
	Choose POLS	Choose POLS	Choose RE	

Panel Specification Test were conducted to choose the most suitable model to be used in this study. Three test conducted were F-Test, Breusch and Pagan Lagrangian Multiplier test (BP LM) and Hausman Test. Based on Table 2, F-test result is 0.6745 which is high than 0.05. This indicates that Pooled Ordinary Least Square model is more appropriate than FE model. Next, BP-LM test result is 1.000 which is higher than 0.05. This indicates that for this study, POLS is more appropriate then Random Effect model. Hausman test were conducted to compare between Fixed Effect model and Random Effect model. The result shows p-value 0.6572 which is high than 0.05. Thus, the most appropriate model is Random Effect model (RE).

Diagnostic Test.

Table 3: Diagnostic Test for three (3) manufacturing sectors in Malaysia.

Model	Multicollinearity	Heteroskedasticity	Serial Correlation
Model 1	1.36	0.0077	0.2587
	No multicollinearity problem	Problem Heteroscedasticity	No Serial Correlation problem

Diagnostic Test were conducted to check the problem of the study by using three test which are Multicollinearity, Heteroscedasticity and Serial Correlation. To examine the correlated relationship between independent variables, Multicollinearity is conducted. Based on Table 3, there is no multicollinearity problem in this study as its variance inflation factor (VIF) is 1.36, lower than 10. Next, heteroscedasticity is conducted to check consistency of data. The p-value is 0.0077, lower than 0.05 thus variance is not constant due to heteroscedasticity

problem. Serial Correlation can verify autocorrelation problem. The result p-value 0.2587, higher than 0.05 indicates that there is no serial correlation problem in this study.

Correlation Analysis

Table 4: Correlation Analysis for three (3) manufacturing companies in Malaysia.

	ROA	LIQUIDITY	LEVERAGE	OPM
ROA	1.0000			
LIQUIDITY	-0.5190	1.0000		
LEVERAGE	-0.3860	-0.2369	1.0000	
OPM	0.8022	-0.1009	-0.5024	1.0000

Table 4 shows the correlation analysis for dependent variable and independent variables use in the study. Based on the table, OPM has the highest positive correlation with ROA which is 0.8022 followed by Leverage -0.03860 and Liquidity -0.5190. It can be concluded that OPM has positive relationship with ROA while Liquidity and Leverage has negative relationship with ROA. OPM is proven to be the most significant factors in affecting manufacturing companies' profitability. Highest level of OPM will lead to higher return in the future.

Multiple Regression Result.

Table 5: Regression Analysis for three (3) manufacturing sectors in Malaysia.

	Random-effects GLS regression with cluster option
LIQ	-0.0008**
	(-2.50)
LEV	-0.0193**
	(-2.43)
OPM	0.9713***
	(66.07)
Constant	0.1249***
	(3.04)
N	30.0000
r2	
r2_a	
r2_w	0.8332
r2_b	0.9946
r2_o	0.8557
F	
p	
chi2	
	Notes: *t* statistics in parentheses
	*significant at 10% level
	**significant at 5% level
	***significant at 1% level
	LEV = leverage
	LIQ = liquidity
	OPM = operating profit margin

Table 5 shows the regression result using Random-effects GLS regression with cluster option for three independent variables on the profitability of manufacturing companies in Malaysia. It is proven that Liquidity and Leverage of company are significant to profitability at 5% level while OPM have significant at 1% level to profitability. In addition, OPM has positive relationship to profitability while both Leverage and Liquidity has negative relationship towards profitability. To be conclude, all independent variable has significant towards the profitability.

Regression Model.

$$PROFit = (0.1249) - 0.0008\ LIQ_{it} - 0.0193\ LEV_{it} + 0.9713\ OPM + e_{it}$$

DISCUSSION AND RECOMMENDATION.

This research can be used as a reference by the manufacturing industry for planning their business strategy in the future to gain more profit than before. The manufacturing sector is the largest sector which it produces from input to output. The innovation found in the manufacturing industry has helped to increase economic productivity. In addition, the manufacturing industry is greatly contributing to the nation's economy (Jolly Cyril & Singla, 2020). This study could serve several significances not only to manufacturing operators but also to the academician and public. Manufacturing companies can also improve their financial performance and better plan on their spending of assets and leverages. For academician who wants to conduct research on the same topic or related to the same industry, this study can be utilized as a reference. Moreover, the public or general reader can use the information from this study to gain more knowledge regarding the profitability of manufacturing companies. The difficulties that the researcher faced to find out this source is limited data and information gathered related to this manufacturing sector. In addition, industry financial element information such as the cost of one raw material and cost of labor is private and unavailable for a certain company. There is also a limited time in gathering and collecting the data is also a limitation in this study. A researcher has to collect data from Thomson Reuters Eikon where there were many other researchers are trying to log in to the website, it will be difficult to stay logged in to the website.

As a result, generated from this study, several recommendations could be given to manufacturing operators and researchers to make a study on this topic in the future. Monetary execution estimates those that mirror the exhibition of the entire organization as far as financial pointers and depict the capacity of firms to make esteem (Dieste et al., 2021). Despite the positive significant relationship between operating profit margin and profitability, manufacturing companies are good at managing their profit effectively and efficiently. This research result that company that remain sustain in the market will make more profit. This is the reason given that a longer-operating company has had more proper networking, both sales networking and supplier networking (Chandra et al., 2021). In addition, the production sector needs more investment in working capital which will increase sales (from accounts receivable) and is required to stock up as adequately as the customers' demand (Pestonji & Wichitsathian, 2019).

As a recommendation to the manufacturing companies, the company should implement the system called Just in Time (JIT) and Total Quality Management (TQM) in their industry. This system helps to minimize costs and maximize the profit to the company. Just-in-time production minimizes the time, labor, and materials in a manufacturing process. It does so by only producing goods as they are needed. A streamlined production system with small batch size, limited on-site raw materials, and low wait times in the manufacturing process is the expected end. The first studies on this topic have investigated the effect of different dimensions of the lean production system such as just in time (JIT) or total quality management (TQM) on financial performance (Dieste et al., 2021). Besides, total quality management is known as a management approach to long-term success through customer satisfaction. In manufacturing sector, assessing corporate performance is important to the manager to make a decision in operational and attract more investor to invest in their company (Anh & Gan, 2019).

CONCLUSION.

This study aims to discuss the determinant of financial performance based on the manufacturing sector. First, this study shows that some of the variable that significant and nonsignificant The manufacturing industry has become an important foundation for a country's long-term economic growth and development, especially for a small country that must rely on international markets through its development phase. A strong industrial base, export-oriented, competitive in the international market, represents an economic objective of both developed and less developed countries. It is apparent that countries in the process of economic growth go from being industrial to being service nations, that is, the industrial sector is replaced by the service sector when another level of economic growth has been attained. All mentioned provides the importance of profitability determinants for a firm's performance and beside that, undoubted influence on the economy as the whole. The manufacturing industry in is an important contributor to the economic growth, especially in the past. It is arguable that the impact of determinants of profitability, throughout the world, is not similar to the term financial performance in every country that gives different influences on all stakeholders.

In general, the characteristics of the manufacturing industry, when evaluating changes in macroeconomic and microeconomic indicators and their relationships, places drivers of firm profitability at a high degree of relevance for Malaysian businesses. The main contribution of this research is the identification of the determinants affecting the profitability of manufacturing firms in Malaysia. In general, the results show that manufacturing profitability is not affected by its liquidity and leverage. It is positively related to the operating profit margin of the company. Particularly, any decrease in operating expenses will increase the profitability of the company. Furthermore, the authors suggest that manufacturing sector managers need to make a good decision in managing their inventory and operational system in order to sustain their return on asset, return on investment and the growth rate of the company This alternative will lead the company will sustain in a market.

As for leverage and liquidity, both of the independent variables also have significance with the profitability but at a negative percentage. This shows that even though it has significance but the amount is the least. The research shows that the decrease in debt will lead to an increase in profitability. Next, liquidity also has a negative amount but it is significant to the profitability of the company. Efficient working capital management is based on short-term

financing decisions and is essential for maintaining a healthy balance between liquidity and profitability of a firm.

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APPENDICES.

Figure 6: World Environment Day

Figure 7: Learning Process.

Figure 8: Production Area.

Figure 9: Quality Assistant Inspection.

Figure 10: The product of Bosch.

Figure 11: My Internship placement.

DETERMINANT OF FINANCIAL PERFORMANCE IN MANUFACTURING SECTOR BASED ON PROFITABILITY.

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