MGT 666
INDUSTRIAL TRAINING REPORT

NAME   : AINA ZULAIKHA BINTI WAHIDI
STUDENT ID : 2020608366
CLASS   : RBA2426B
TRAINING   : ASNB IPOH BRANCH
SUPERVISOR : PUAN JASMIN JAMIL
ADVISOR   : MADAM NOOR SHARIDA BADRI SHAH

FACULTY OF BUSINESS AND MANAGEMENT

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

INTERNSHIP (MGT666)

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PREPARED BY:

AINA ZULAIKHA BINTI WAHIDI

2020608366

GROUP:

RBA242 6B

SUPERVISED BY:

MADAM NOOR SHARIDABADRI SHAH

EXECUTIVE SUMMARY

This report is about my internship programme with Amanah Saham Nasional Berhad (ASNB) Ipoh. In this comprehensive report, I have discussed about every major aspect of the investment company which I observed and perceived during my internship programme.

During my six-month industrial training, I mainly worked in Branch Management & Supervision Department (JPPC) which more in supporting the branch in assisting the unit holder needs. However the job scope are varied and I did learn to manage and process most of the major services that ASNB offered.

As the main purpose of internship is to learn by working in practical environment and to apply the knowledge acquired during the studies in real world scenario in order to tackle the problems using the knowledge and skill learned during the academic process. The goal is to take advantage of the information that the company provide and to learn and gain experience in the working environment of ASNB.

This internship report covers many important aspects which are basically related with the operation and the financial aspects of the company. In the end of the learning and experience section consists all the policies , processes , practices and procedures which I have undergone through and learned during my internship programme.

Furthermore, this report discusses the Value Added of Human Capital Efficiency, The analysis apart from ASNB companies which Employee Provident Fund (EPF) between Tabung Haji. The analysis seeks to assess the value added of Human Capital in several areas by using the Value-Added Intellectual Coefficient (VAIC)'s method. Ten consecutive years are used in calculating the data.

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3.0 COMPANY'S PROFILE

3.1 Background, Location, Organizational Chart

3.1.1 Bcakground

On March 17, 1978, Permodalan Nasional Berhad (PNB) was established as a part of the nation's New Economic Policy (NEP). PNB, one of Malaysia's leading money management firms, serves as ASNB's headquarters. On Jalan Tun Razak in Kuala Lumpur, there is a business called Permodalan Nasional Berhad. Over the past forty years, PNB has expanded to become the largest investment management organisation in Malaysia. PNB keeps its eye on its mission and works to better the lives of Bumiputeras and other Malaysians for the good of the nation.

One of Malaysia's major fund management firms, Permodalan Nasional Berhad (PNB), has RM322.6 billion in assets under management (AUM) (as at 31 December 2020). PNB's portfolio includes fixed income, international equities, private investments, real estate, and strategic investments in Malaysia's top corporations. PNB's main responsibility as an investment institution for the Bumiputra Investment Foundation (YPB) is to assess, choose out, and purchase a portfolio of solid stocks in constrained businesses with room for expansion. PNB serves as a sort of warehouse for the stock ownership in these limited corporations, which is transferred into trust funds before being sold to unit holders in the form of smaller units.

Amanah Saham Nasional Berhad (ASNB) was established as Permodalan Nasional Berhad's solesubsidiary on May 22, 1979. (PNB). There are currently 33 ASNB branch offices for PNB, throughout Malaysia. Additionally, it has over 2,700 branches around the country. For instance, Maybank, Hong Leong, CIMB, RHB, Affin, Pos Malaysia, and financial institutions.

3.1.2 Location

NAME	Ipoh Amanah Saham Nasional Berhad office
ADDRESS	No. 8 & 8A, Jalan Greentown 1, Greentown Business Centre, 304 Ipoh, Perak
BRANCH MANAGER	Madam Raja Aznah Raja Abdul Aziz
NUMBER	Tel: 05-2496247 ASNB Care : 03-7708899
E-MAIL	asnbcare@pnb.com.my
OFFICE HOUR	8:15a.m – 4: 00p.m (Monday – Friday)

3.1.3 Organizational Chart
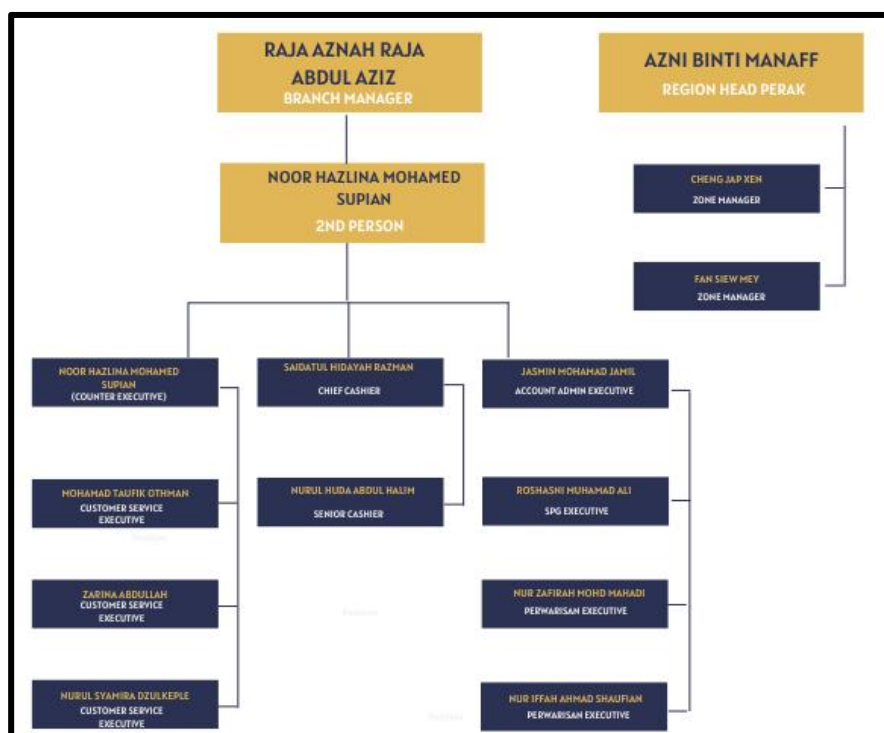
3.2 Logo,Vision, Mission and Objective

3.2.1 Logo

3.2.2 Vision

Being a Distinctive World-Class Investment House

3.2.3 Mission

To strengthen the Bumiputera community's and other Malaysians' economic prosperity and for the sake of country.

3.2.4 Objective

❖ To spread awareness about the significance of financial preparation.

❖ To develop financial planning as a habit and support maintaining a good standard of living in retirement.

❖ To assist people in achieving financial freedom, intellectual peace, and a prosperous life. To continuously educate the people on the value of conserving money for retirement and for the necessities of their children's education.

❖ Through SP360 seminar activities, to offer ASNB unit trust as a competitive investment instrument as the foundation for financial planning.

❖ To incorporate financial planning into daily life and support maintaining a reasonable standard of living in retirement.

3.3 Product and Services

3.3.1 Product

Funds	Minimum Investment[11]			Maximum Investment[11]	
	Initial[11]	Additional			
	Cash/cash equivalent	Cash/cash equivalent	EPF-MIS[12]		
Variable Price Funds					
ASN	RM10	RM1	N/A	Unlimited.	
ASN Equity 2	RM10	RM1	RM1,000	Unlimited.	
ASN Imbang 1	RM10	RM1	RM1,000	Unlimited.	
ASN Imbang 2	RM10	RM1	RM1,000	Unlimited.	
ASN Equity 3	RM10	RM1	RM1,000	Unlimited.	
ASN Sara 1	RM10	RM1	RM1,000	Unlimited.	
ASN Sara 2	RM10	RM1	N/A	Unlimited.	
ASN Equity 5	RM10	RM1	N/A	Unlimited.	
Fixed Price Funds					
ASB	RM10	RM1	N/A	Akaun Dewasa 200,000 Units[14].	Akaun Remaja[13] 200,000 Units[14].
ASM 2 Wawasan	RM10	RM1	RM1,000	Unlimited, subject to availability of Units of the Fund	
ASM	RM10	RM1	N/A	Unlimited, subject to availability of Units of the Fund.	
ASB 3 Didik	RM10	RM1	RM1,000	Unlimited, subject to availability of Units of the Fund.	
ASM 3	RM10	RM1	RM1,000	Unlimited, subject to availability of Units of the Fund.	
ASB 2	RM10	RM1	RM1,000	Akaun Dewasa[15] 200,000 Units[16]	Akaun Bijak[15] 200,000 Units[15].

3.3.2 Services

❖ Registration

❖ Subscription

❖ Redemption

❖ Transfer & Switching

❖ Estate Claim

❖ Zakat Calculator

❖ Change of Particulars

❖ Application of Detailed Statement ASNB

❖ Wakaf

❖ Estate Planning Instruments

❖ Hibah Amanah

❖ Trust Declaration Auto Labur

4.0 Training's Reflection

    4.1 Duration

        Timeline Date   **:** 29 August 2022 – 10 February 2023

        Working Day Day   **:** Monday to Friday

        Working Hours ours   **:** 8 a.m to 5 p.m.

    4.2 Roles, Responsibilities, Assignment & Tasks

I.   **Hibah Amanah & Pengisytiharaan Amanah** - Next, as my supervisor had asked me to do, I studied the services offered by ASNB, specifically Hibah Amanah and Pengisytiharan Amanah. An applicant can ask me questions about the details of the services. Once the payment has been made, we must enter the information requested on their registration form into the system. The applicant must next take the oath in front of the oath commissioner. After the form is finished, we can move on to the documentation, stamping, scanning, court payment, and sending the agreement to the applicant's specified address.

II.   **Information Counter** - I frequently help unit holders fill out the forms required to deposit money, withdraw money, and open new accounts at the customer service counter. In order to promote Auto Labur to unit holders and help them register for a My Asnb online account, we will explain its advantages and persuade them to apply. In addition, I assist unit holders in using kiosk machines to update personal information, completely new registrations, check balances, and register for My Asnb accounts.

III.   **ASNB Agent management** - ASNB's agents Maybank, CIMB, RHB, Alliance Bank, BSN, Ambank, Affin Bank, Muamalat Bank, Hong Leong Bank, and Pos Malaysia are not exempt from facing concerns about the system used by Amanah Saham Nasional Berhad. As such, SCMD plays an important role in helping these agents to further their customer service.

IV.   **Filing documents** - The filing system is very important in the organization. All the company's important documents and information should be properly stored so that it can

be easily searched and may prevent the company's documents or information from being lost.

V. **Guide investors/customers using kiosk** machine - I was placed at the kiosk machine are to guide the investor/customer how to use the machine. Most of the time, I guided them how to check their balance, updating their information and register online account through kiosk. Other than that, I also guided new investors to register a new account at Amanah Saham Nasional Berhad.

IV. **Batching** - All daily transactions that occur in the branch, such as redemption, additional investment, account registration, death claims, and charitable assistance, must be batch processed by interns at the ground floor office. Every day, this work must be completed. Every Monday, courier Poslaju is expected to deliver all of the documents that were batched for the previous week to the headquarters.

4.3 Gains

- **Allowance** - RM 1,000 Per Month

- **Knowledge** - I gained knowledge of the Hibah Amanah and Pengisytiharan Amanah procedures throughout my internship, from donor registration to claim by a done. learned more about the unit trust funds offered by ASNB, financial planning and investment, as well as how to claim the account of a person's death. I also learns how to complete transaction forms for opening new accounts, making deposits, and making withdrawals. I am also familiar with using kiosk devices to register new users, update personal information, and create My ASNB accounts.

- **Experience** – I manage to learn vast skills including the usage of certain software including Oracle, System Hub, E-Pusaka and HAPA. I managed to learn advanced knowledge regarding trading and fund that are good in the market.

- **Skills** - I developed a variety of abilities, including critical thinking and problem solving, when dealing with unit holders who had a problem and needed me to analyse and come up with a solution. The second benefit of working is that ASNB staff members and other practicum students can learn to operate as a team and collaborate. Finally, since I was

constantly dealing and speaking with unit holders of many ethnicity and languages, I needed oral and written communication abilities.

5.0 THE NEXUS BETWEEN INTELLECTUAL CAPITAL EFFICIENCY AND FIRM PERFORMANCE: AN ANALYSIS BETWEEN INVESTMENT SECTOR AND BANKING SECTOR

5.1 Introduction

5.1.1 Intellectual Capital

Intellectual capital is an intangible asset that can bring income to a firm. According to Low and Kalafut (2002), Intangible assets critical to a company's ability to compete, such as technology, customer data, brand, reputation, and corporate structure, are regarded to as intellectual capital. Thus, the components of intellectual capital are the tacit knowledge and inventiveness of the workforce, infrastructure of human capital and external relationships of the company. The primary forces that influence an organizations to gain income are by investigated the effectiveness of intellectual capital and how it performs in the Malaysian financial industry. Based on previous research the indicator of measuring a firm success is by looking at the significant of the intellectual capital.

1.1   5.1.2 Value Added Intellectual Capital (VAIC)

The VAIC method is intended to assess the effectiveness of intellectual capital utilisation (Pulic, 2000). The VAIC technique are used to calculate the efficiency of intangible asset. The model translates two major components of intellectual capital, human capital and structural capital, into financial figures, resulting in the value added intellectual coefficient (VAIC). According to the (Azlina et al., 2017), Ante Pulic created the Value Added Intellectual Coefficient (VAIC), an analytical method for gauging the effectiveness of intellectual capital inside a business. VAIC was created to make things easier for the management to track and identify the firms resources and ho to manage it well. Based on the research of Penrose(1959) conceived physical and human are the productive resources laid to the groundwork ResourceBased View (RBV)

5.2 Informative Component of Intellectual Capital

5.2.1 Human Capital

Human capital is a set of knowledge, skills,health, or values that can be separate from financial and physical asset that will helps to the structure of firm if its and will eventually allows the company to grow . the higher the management of human capital the higher a firm or country would gain and expand. Hence to compete in the global economy is by engaging in the human capital. The passivity to develop human capital is escalating. the human capital is very crucial component to ensure the optimum level of intellectual capital efficiency in the company.

5.2.2 Structural Capital

Structural capital on the other hand is a non physical infrastructure that enables human capital to function. The ideas, knowledge, experience of an employee develops the uniquenes and oriiginality of the firms. Structured capital, on the other hand, consists of all knowledge assets that are hidden or embedded in organisational systems, databases, processes, procedures, routines, and culture (Razaket al., 2016; An, 2012), which not only create an encouraging environment for employees to create and leverage knowledge in an organisation (Razak et al., 2016), but is also left behind when employees leave for the day (An, 2012). As a result, structural capital is crucial for the company to maintain its competitive advantage.

5.2.3 Capital Employed

Each firm that invests capital to support business expansion is classified as having "capital employed." This capital may also be provided as cash, goods, or services. The amount of capital allocated to a specific purpose can also be referred to as the capital employed. Calculating capital employment involves taking into account a variety of different elements. Gross earnings and the percentage return on investment are examples of these. The capital employed by a company can provide a quick overview of its financial strategy. Combining capital employed with other data to create an analysis metric such as return on capital employed improves its interpretation (ROCE).ROCE demonstrates the value created by the firm's assets and liabilities. Companies create value when they can generate returns on capital that exceed the weighted average cost of capital (WACC) Nuno Fernandes (2014). In light of this, it appears that capital utilised is regarded as a crucial factor to achieve a competitive advantage from a financial viewpoint, which is aligned with the resource-based view (RBV).

5.3 Dependent Variable

5.3.1 Return on Asset (ROA)

Return on Assets (ROA) is a type of ROI metric that measures a company's profitability in relation to its total assets. This ratio measures a company's performance by comparing its profit (net income) to the capital it has invested in assets. The greater the return, the more productive and efficient management is in its use of economic resources. ROA is calculated by dividing a company's net income by its average total assets. The outcome is given as a percentage. Below you will find a breakdown of the ROA formula and calculation in (Table 1). Due to its prominence as a proxy for firm performance, especially the financial performance, ROA is the ideal indicator for assessing the relationship between IC efficiency and firm performance.

5.4 Control Variable

A control variable is any constant variable in a research project. Despite the fact that it is not an analysis variable, it is controlled because its effect on the results is possible. Control variables strengthen a study's internal validity by minimizing the impact of confounding and other independent variable. This allows researchers could minimize bias in the results and demonstrate a correlational or causal relationship between the variables of interest. Due to this, the effect of the firm's financial performance from the establishment before and after Covid-19 could be identify clearly.

5.4.1 Firm Age

Firm age is refers to the age of the company from its establishment time (Nassar, 2018). According to . Studies (Ibhagui & Olokoyo, 2018) show that leverage negatively affects small firms rather than big firms (Hallajian & Tilehnoui, 2016; Hashini & Madumali, 2018) aim to examine the effect of firm size on leverage. According to (Ferreira et al. 2014) firms optimally become more rigid over time. Under this hypothesis, firms list existing ideas to exploit. (Summit 1997), on the other hand, discovered that older firms are more productive but less profitable, whereas larger firms are more profitable but less productive. These disparities in performance are attributed to India's market-restrictive industrial policies enacted over the last three decades.

6.0 BACKGROUND OF COMPANY

6.1 Investment company

There are two (2) companies are to be chosen for sample to evaluate the financial performance; Lembaga Tabung Haji and Employee provident Fund (EPF). This study are analyzing company in investment industry (EPF and TH) and banking industry (MAYBANK and CIMB Bhd).The companies has been chosen as the sample due to the good financial performance for ten years period (2012-2021).

Lembaga tabung haji is a state owned enterprise that provide Malaysian hajj pilgrims fund board. However apart from pilgrimage management and savings, Tabung haji's core activities are by investing in shariah compliant instrument in order to generate returns for the depositors by implementing the Strategic asset allocation (SAA) strategy. The stewardship framework Tabung Haji upheld four main principles which one of it is Islamic value & principles. In the Islamic values and principle shows that Tabung Haji's is subjected to higher overarching objectives that are *tawhidic* driven with ethical and moral conduct. This principle are being narrowed down to three components that includes shariah compliant , integrity culture, and human capital management which are align with this research that are focusing on the intellectual capital. At the Kuala Lumpur Islamic Finance Forum 2016(KLIFF)., Tabung Haji's set of practises, which includes an end-to-end future ready talent management process, value-based high performing leaders, and a positive workplace culture, was recognised as the 'Most Outstanding Institution'.

Instead of Lembaga Tabung Haji, Employee Provident Fund (EPF) also the best company to investigate. The Employees Provident Fund (EPF) in Malaysia is one of the world's oldest provident funds. We were established in 1951 to help Malaysian workers save for retirement under the Employees Provident Fund Act of 1991. In 2022, the EPF earns RM39.31 billion in gross investment income for its nine million members. The EPF is currently refining its vision in order to not only stay relevant, but also to provide a better retirement for all members. Because these two companies, Employee Provident Fund and Lembaga Tabung Haji, are in the investment sector and are listed in the top ten profitability performance, this study tends to evaluate intellectual capital efficiency for and focuses on value added intellectual capital efficiency (VAIC).

6.2 Banking Company

.Maybank Bhd is a Malaysian universal bank that operates primarily in Malaysia, Singapore, and Indonesia. Maybank is the most valuable bank brand in Malaysia, the fourth most valuable brand in Asean, and the 70th most valuable bank brand in the world, based on the 2020 Brand Finance report. With total assets exceeding US$203 billion and a net profit of US$1.98 billion in 2019, Maybank is Malaysia's largest bank by market capitalization and total assets, as well as one of Southeast Asia's largest banks. AFurthermore, Maybank is ranked 349th in the Forbes Global 2000 Leading Companies and 106th in The Banker's 2020 Top 1000 World Banks as of July 2020. Maybank is the largest publicly traded corporation on the Malaysian stock exchange in May 2020, with a market capitalization of US$23.7 billion as of December 31, 2019. Banker has named Maybank Islamic the 2020 Global Islamic Bank of the Year. Maybank Islamic is the largest Islamic bank in ASEAN and Malaysia in terms of assets. Maybank employs over 43,000 people and operates a global network of 2,600 retail banking locations. This network includes all ten ASEAN members, as well as major Asian countries and global financial centres.

Meanwhile, CIMB and Maybank from the banking sector have been chosen as sample data in this study. CIMB Group Holdings Berhad is a Malaysian universal bank based in Kuala Lumpur that operates in the fast-growing economies of ASEAN. With 1,080 locations spread out across the region, the network of CIMB's retail branches is extensive. The group includes CIMB Investment Bank, CIMB Bank, CIMB Islamic, CIMB Niaga, CIMB Securities International, and CIMB Thai. The majority of the group's business activities are in consumer banking, wholesale banking (including investment banking and corporate banking), Treasury & Markets, and group strategy & strategic investments. Its primary markets are Malaysia, Indonesia, Singapore, and Thailand. These operations are conducted side by side by CIMB Islamic in accordance with the dual banking strategy of the group. The group employs some 33,000 people across 18 nations, including those in the ASEAN region, the world's major financial hubs, and those where its clients conduct a considerable amount of business and investment.

To test the presence of IC in both companies, this study has two (2) objectives ; general objective and specific objectives. The primary goal of this study is to investigate the relationship between intellectual capital and firm performance in investment and banking firms. For specific objective, this is include:

1) To determine the relationship between human capital and firm performance for both investment and banking companies.

2) To determine the relationship between structural capital and firm performance for both investment and banking companies.

3) To determine the relationship between capital employed and firm performance for both investment and banking companies.

This research will look into the relationship between intellectual capital efficiency and firm performance in two Malaysian industries: investment and banking. Through this research investors could determine which financial assets fit within their investing strategy by using facts and data. Being a novice for this kind of is a challenge for the upcoming finance investor. This will be an instrument that will guide and navigate them in discovering credible and reliable factors that are contributing for this topic .

This study adds to the existing literature by providing insights into IC and firm performance in the Malaysian investment and banking sectors, in addition to proposing an extended VAIC model. Policymakers and business leaders can use these findings to better understand the current state of IC component efficiency levels in Malaysia, as well as the importance of IC components and their interactions, particularly innovation capital, on financial performance. As a result, they can develop strategies to build on that foundation, emphasise the importance of IC, and encourage the enhancement of the most critical IC components in order to improve industry performance.

7.0 PROBLEM STATEMENT

MDEC and the Ministry of Communications and Multimedia together created Malaysia Digital in order to stimulate and draw investors while Malaysians empowering the global digital transformation through the New Investment Policy(NIP). NIP focused in using all sources of tangible and intangible asset as their point of reference in the company advancement.

Due to that, the intangible asset which defines as intellectual capital that focusing on digital innovation are essential accomplishment. Previous research stated that the prime capital market in Malaysia are depending on human capital (Muhammad & Ismail, 2009). Hence, the finance industry should be focusing on the human capital by investing more on the employees and workers in order to make an advancement on the skills and expertise.

As a consequences, this research is to determine the gap between book value and market value. Based on the research of (Baskoro et al., 2020)the market to book value ratio is calculate the gap between the company's market value and book value. All asset should be disclosed in the firm's financial report so that the value as stated in the report are valid to be a basis for decision making as it reflect to the firm's true value. This is in compliance with the Resource based view (RBV) theory which argue that a firm's sustained competitive advantage is based on its nonsubstitutable resources (Barney, 1991). Due to the changes of financial climates such as, technical improvement and the customers demands for high quality products the financial sectors need to expect and adopt more skilled full employees to cope with the demand of high value added good and services.

8.0 LITERATURE REVIEW

The first research on intellectual capital in Malaysia is examining the intellectual capital performance of commercial banks from 2001- 2003 conducted by Goh in the year of 2005. The findings shows that human capital efficiency is higher compared to structural and capital efficiency across all banks. Other discovery that made by Hazlina and Zubaidah, 2008 on the Bursa Malaysia Main Board which the strong correlation between corporate profitability and profitability. For corporations listed on the Main and Second Boards, there is no discernible correlation between the value of intellectual capital and the market worth of the company. According to another research done by Ting and Lean (2009) Malaysian financial institutions' performance on intellectual capital and its connection to their financial success from 1997 to 2007 discovered there is corellation between Return on Assets and the financial sector of intellectual capital performance. Food and Beverage companies over three year period, comparison of beverage companies and food companies show that beverage companies had a higher VAIC (Tze et al.,2011).

VAIC is an analytical method created by Ante Pulic to measure the effectiveness of intellectual capital in as business to help the management and shareholders to track and evaluate the effectiveness of the firms resources. According to (Jurczack, 2008) Pulic's VAIC method is the best to evaluating the effectiveness of an organization's intellectual capital even there are several approach or techniques that is categorized under ROA. This new measurement techniques unlock new possibilities for business since it offers a factual fundamental for contrasting the intellectual capital of various business. Based on the findings, Azlina et al. (2017) and Jurczak(2008) stated that intellectual capital could possibly upgrade long term competitive advantage in the same way that VAIC method was effective

Value added human capital coefficient(VAHU) indicates the financial value an average that employee bring to an organization. According to the past researchers, the human capital efficiency are parallel to the organization performance (Goh, 2005; Makki et al., 2008; Ting and Lean, 2009; Ghosh and Mondal, 2009; Plink and Barning,2010). Hence human capital are significantly connetced to the intellectual capital in a long term duration.

Structural capital part of intellectual capital which related to distinctive manufacturing method such as copyright and R&D. Few researchers stated that structural capital is an innovation capital which referred as organizational capital(Choong, 2008) and (Nadeem et al.,2018). Hence investing in R&D is essential in increasing the companies production and profitability.According to Tseng and Goo (2005) the relationship between profitability and the intellectual capital, business market value and financial performance for 500 Taiwanese firm reveal a strong correlation between a company's market value and its intellectual capital.

As a consequence of the impact to produce more income, effective capital employed will amplify the return on asset and generates more revenue. Studies showed that capital employed ha an effect on profitability as it measures by return on asset and return on equity and impacts the price to book value and asset turnover (Nimtrakoon, 2015; Nadeem et al., 2018). In accordance with RBV theory is an interdisciplinary approach that represents a substantial shift in thinking which leads to gaining competitive advantage. Hence, demands for high quality products increase due to the rivalry of the economic environment and technological advancement. In order to fulfil the demands it is a necessary to have high qualified employees as well as the capacity attract and obtaining trust of more clients. To ensure the presence of the IC all four companies, this research using VAIC method to evaluate the human capital, structural capital and capital employed.

9.0 RESEARCH METHODOLOGY

9.1 Data Collection

The study examined the annual reports of investment companies under Government-Linked Companies (GLCs) which is Employee Provident Fund (EPF) and Lembaga Tabung Haji in Malaysia from year 2012 until 2021. Both companies were selected because; unlike businesses in the conventional industry, these ones depend more on intellectual capital to run their operations. The company's annual reports were used to gather the study's data. According to Bontis (2003), stakeholders and other external users view annual reports as a key source of firm information. Both businesses have been chosen as an example because it is anticipated that they would be able to adapt intellectual capital, value added as from component of study and development, and knowledge-based resources, which is consistent with the resource-based view (RBV) and knowledge-based view (KBV). Additionally, this may enable businesses to manage intellectual capital effectively in the global market and generate sustainable growth in the future. Data are mostly gathered through annual reports of companies, which include financial statements like income statement and balance sheet. The value of Return on Assets (ROA) and the company's profitability were used to conceptualise firm performance. Annual reports from four companies, including banks and investment firms, were chosen to be analysed.

9.2 VAIC Method

The value-added intellectual coefficient (VAIC) and panel data introduced in this study were used to measure intellectual capital efficiency using STATA software. In contrast, the value of the company's profitability was used to conceptualize firm performance. Four (4) companies' annual reports were chosen for analysis: EPF, Tabung Haji, Maybank, and CIMB. Income, employee salaries and benefits, expenses, and other information are included in these reports. Intellectual capital includes customer capital, human capital, intellectual property, and structural capital. In the current study, the value added intellectual coefficient (VAIC) introduced by Pulic (1998) was used to assess intellectual capital efficiency. The relationships between intellectual capital (as measured by human capital efficiency, structural capital efficiency, and capital employed) and firm performance were then investigated using multiple regression analysis.

Furthermore, the data which span from 2012- 2021 collection will be collected from the main source of data. The method used to gather this data is panel data analysis, available to run

the data by using the Stata 14 software. This method is the most effective research tool and is appropriate for this investigation because it includes data observations about various cross sections across time. In this step, determine the availability of the data, collecting the data for each of the firms and firms with insufficient data will be excluded include data filtering, cleaning & transformation would be part of the process.

9.3 Measurement And Variables

The only one dependent variable in this study. Return on asset and three independent variables; human capital, capital employed and structural capital and even a control variable; firm age. Firm age is added to the study to see the impact of establishment for the selected companies. The following are the measurement for this study:

List of variables	Measurement / formula / proxy for each of the variable
Dependent Variable	**Return On Asset (ROA)** ROA = NET INCOME / TOTAL ASETS
Independent **Variables**	**Intellectual capital (IC)** IC = Total income - all expenes **Human Capital (HC)** HC = total salary and wage including all incentives **Structural Capital (SC)** SC = total liabilities / total equity **Capital Efficiency** CE = (Total Equity $_+$ Total Debt minus Cash) / ARR
Control Variable	**Firm's Age - the year of establishment companies** **(Nassar, 2018)**

Step 1	$VA_{it} = OUTPUT_{it} - INPUT_{it}$	Calculation of value added (VA)
Step 2	$VACA_{it} = VA_{it} / CA_{it}$	The calculation of Value-Added Capital employed Coefficient (VACA)
Step 3	$VAHC_{it} = VA_{it} / HC_{it}$	Calculation of Value-Added Human Capital Coefficient (VAHC)
Step 4	$STVA_{it} = SC_{it} / VA_{it}$	Calculation of the value-added structural capital coefficient (STVA)
Step 5	$VAIC_{it} = VAHC_{it} + VACA_{it} + STVA_{it}$	Calculation of Value-Added Intellectual Coefficient (VAIC)

9.4 Panel Data Analysis

Methodology: Data Analysis
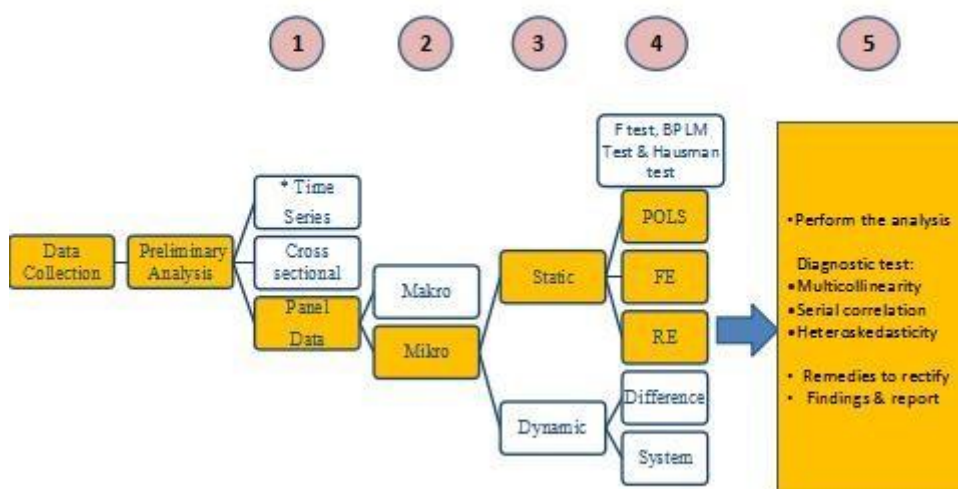
The essential goal of this stage is to evaluate the data and to come up with a model explaining the identify which component affect the correlation between IC and firm performance. The detailed explanations of this stage are as follows:

First step is to choose the best predictor pairing. Lindsey and Sheather's (2010) Stata command, vselect, will be used in this research to determine whether or not certain

variables should be added to the model. An optimal model, according to Lindsey and Sheather (2010), is a model that maximises at least one information criterion. Mallow's Cp (C), Adjusted R2 (R2ADJ), Akaike's information criterion (AIC), Akaike's corrected information criterion (AICC), and Bayesian information criterion are the criteria used (BIC). Sheather's definitions of these criteria were used in this study. The fitted model, in general, has a higher variance explained by the model R2ADJ and lower C, AIC, AICC, and BIC values.

The best panel data estimator should be chosen in the second stage. There are two approaches for studying micro panel data: static and dynamic. The significance of the p-value 0.05 indicates the need to use dynamic model , while p-value >0.05 will be using static model.

Thirdly, there are three type of test to determine the best static technique which is the F-test, the Breusch-Pagan Lagrange Multiplier (BP-LM), and the Hausman test (Park, 2011). For dynamic models, the System Generalized Method of Moment (SGMM) is favoured over the Difference Generalized Method of Moment (DGMM)

The final step is to pick the most effective strategy to resolve any issues based on Hoechle's suggestion, is by running the diagnostic test (2007).

9.5 Research Model

$$ROA_{it} = B_0 + B_1VAIC_{it} + B_2VAHC_{it} + B_3VACA_{it} + B_4STVA_{it} + B_6AGE_{it} + \varepsilon_{it} \dots$$
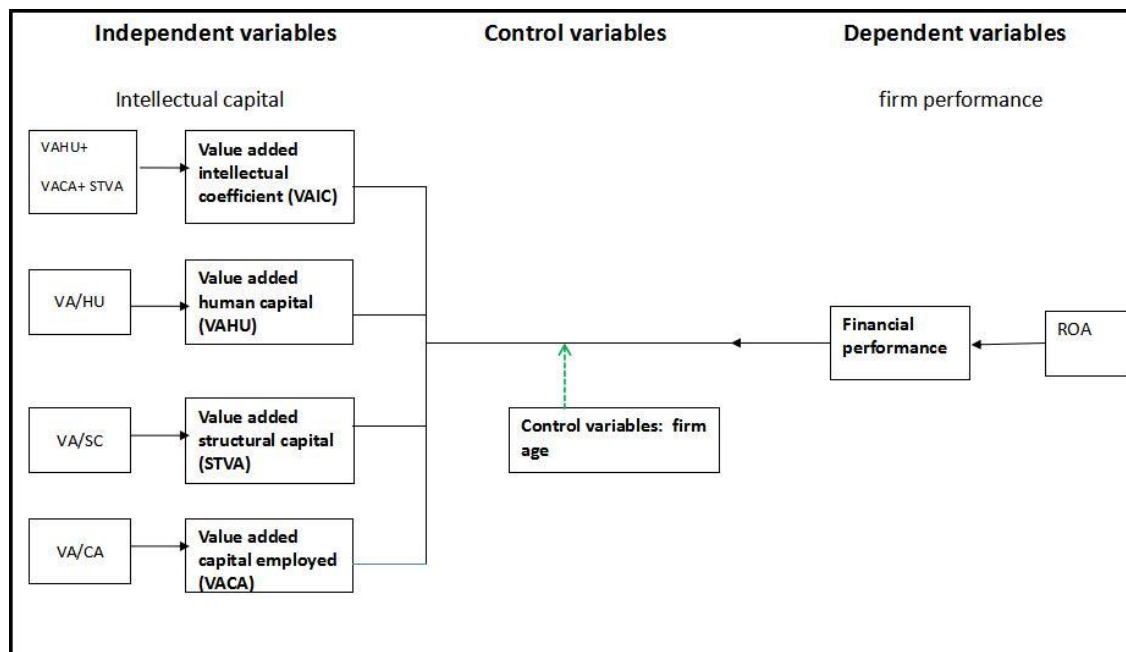
(1)

Hypothesis

H1 : Value added intellectual coefficient (VAIC) and firm performance is significant.

H2 : Value Added Human Capital (VAHC) and firm performance is significant.

H3: Value Added Capital employed (VACA) and firm performance is significant.

H4: Value Added Structural capital (STVA) and firm performance is significant.

9.6 Research Framewok

To test the correlation between IC efficiency and firm performance this research, the components of independent variable, dependent variable and control variable such as human capital, structural capital, capital employed, return on asset and firm age are important to get the output of four companies.

10.0 FINDINGS AND ANALYSIS

DESCRIPTIVE STATISTICS

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
year	40	2015.5	2.908872	2011	2020
roa	40	2.81125	2.908872	.2	10
Vacait	40	1.2235	2.053778	.15	9.41
vahcit	40	13.8665	12.77788	1.49	40.16
stva	40	.71225	.2151861	.33	1
vaic	40	14.06325	15.5949	1.13	50.58
age	40	56.75	9.264628	46	70

The initial analysis of data (Financial performance model) is done using descriptive statistics and correlation analysis between variables. Table above explained the descriptive statistic in terms of independent variable and control variables: intellectual capital component (VAIC) and AGE and financial performance in overall sector. Across the sectors, the age variable that has the highest mean VAIC score of 56.75 and the lowest by structural capital (0.71225).

RELATIONSHIP ANALYSIS

	ROA	VAIC	VAHC	STVA	VACA	AGE
ROA	1.0000					
VAIC	0.4196*	1.0000				
VAHC	0.3408*	0.9760	1.0000			
STVA	0.0947	0.5951	0.7069	1.0000		
VACA	0.4311*	0.7616*	0.7233	0.5998	1.0000	
AGE	0.5368*	0.9055*	0.9065*	0.6962*	0.6233*	1.0000

Table 2 : Relationship Analysis for Intellectual capital component and firm performance

Table 2 exhibits the correlation analysis between Intellectual Capital (VAIC) and financial performance (ROA) for all chooen sectors. For the overall sectors, intellectual capital (IC) parameter (VAIC) was found to be weak positive relationship while AGE was found to be the highest and significant positive correlation with ROA. In contrast, the control variable of AGE were found to be a strong positive relationship negative relationship with VAIC and the significant relationship is VAHC. This does mean that the more establish the company the significant they managing the human capital. ROA had a significant weak positive relationhip with all control variable parameters; VAIC, VAHC, VACA, AGE except for STVA was found to be a little no relationship correlation.

Panel Specification Tests

In this study, a number of panel specifications tests were carried out to confirm the presence of intellectual capital efficiency in for a chosen few organizations in order to decide on hypotheses 1, 2, and 3 and 4; Fixed effect (FE), random effect, or pooled OLS (POLS)

The next step is to select a static panel solution. Pooled ordinary least squares (POLS), fixed effects (FE), and random effects are the three models available (RE). The selection of an appropriate model from POLS, FE, or RE in this study is based on three types of tests which is the tests are the Ftest, the Breusch-Pagan Lagrangian multiplier (BP-LM), and the Hausman test(Park,2011).

Table 3 : Panel Specification Test for intellectual capital component

F-Test		BP-LM Test		Hausman		Appropriate model
F	p-value	chibar2	p-value	chibar2	p-value	
F(3,32)=58.87	0.0000	0.00	1.0000	17.13	0.0002	Fixed Effect (FE)

Available models are pooled ordinary least squares (POLS), fixed effects (FE), and random effects (RE). Table 3 shows that the F-test (p-value 0.05), BP-LM test (p-value > 0.05), and Hausman test (p-value 0.05) results show that FE is the best model indicator.

Diagnostic Tests: Linear Regression

Based on diagnostic test, the study has been conducted three (3) test which are multicollinearity test, Heteroskedasticity and Serial Correlation test

Table 4 : Diagnostic Test for static model

		p-values of the tests		
	VIF	H	SC	Strategy
VAIC	41.44	0.0000	0.0753	Fixed Effect regression with robust option

Table 4 shows that the calculated Variance Inflation Factors (VIF) are greater than 10. As a result, multicollinearity appears to be a significant issue in our investigation. The Modified Wald Test for heteroskedasticity results indicates that the p-value is less than 0.05, or 0.0000. As a result, Ho is rejected. This indicates that there is either a heteroskedasticity problem or that the variances are not constant. Furthermore, the Wooldridge test for serial correlation shows that all of the IC components have P-Values greater than 0.05 which indicates there is no serial correlation problem in the research. According to the diagnostic procedures, the research has multicollinearity and no serial correlation issues. The findings indicated that a heteroskedasticity problem occurred in this study. To tackle the problem of heteroskedasticity, Fixed Effect regression with the robust option was used.

Analysis of regression for the Intellectual Capital component and performance indicators

Equation: $ROA_{it} = B0 - 0.1864VAIC - 0.0408VAHC + 1.4253VACA + 1.5658STVA + 0.7414AGE + \varepsilon \dots (1)$

Table 5: Regression Analysis (Fixed Effect Regression with robust option)

	Model 1
VAIC	-0.1864*
	(-2.81)
VAHC	-0.0408
	(-1.55)
STVA	1.5658
	(1.14)
VACA	1.4253***
	(9.15)
AGE	0.7414***
	(.)
Constant	3.1390***
	(6.87)
N	40.0000
r2	0.7509
r2_a	0.7224
r2_w	0.7509
r2_b	0.9256
r2_o	0.0022

Variable: Return on Asset (ROA)

T statistics in parentheses

Notes:

VAIC= Value Added Intellectual Coefficient

VAHU = Value Added Human Capital,

STVA= Value Added Structural Capital

VACA= Value Added Capital employed

AGE= Firm Age, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 5 shows the result of regression for overall sector (financial performance) with all IC components in Equation 1, 1a, 1b and 1c. Considering multiple diagnostic tests that have been performed and the corrective procedure that has been implemented, it is feasible to conclude that the examined test statistics satisfies the assumptions of linear regressions. Based on the table, the independent variables, VAIC (t-value=1.87), VAHU (1.85) and VACA (1.69) are observed to have significant effect on ROA. This indicates that human capital assists a firm in capitalising on opportunities as well as mitigating market threats. Brennan (2001) demonstrated that the level of intellectual capital has an impact on firm performance, including employee productivity, increased employee skills, and increased corporate profits. Furthermore, this is also indicating that overall sample (all the selected sectors) are efficient in managing capital employed which driven revenue and affect increased return on asset (financial performance). This is supporting by Nimtrakoon (2015) and Ousama and Fatima (2015) proved that capital employed has an effect on profitability measured by return on asset.

DISCUSSION AND RECOMMENDATIONS

Organizations now face more international rivalry as a result of globalization. employee knowledge and experience must be viewed as a crucial strategic resource if a business is to develop and maintain its competitive advantage. The foremost goal of this report is to examine the relationship of intellectual capital for both sectors by examining their financial statements. The analysis method used was the one proposed by Pulic (1998,2000,2001).

The main conclusion from this study is that human capital do help a firm to capitalize opportunities as well reducing threats. The more longer the establishment of the company the more efficient the company managing its human capital. As for this research the investment sector prof that EPF are more good managing its human capital compared to Tabung Haji since there is 19 years difference of establishment. EPF has highest value in human capital since this company are more to operations and the nature of business it self is to provide a service to investors. As a result, there is a substantial human capital gap between the EPF and the TH. Based on the RBV theory, in order to achieve sustainable competitive advantage a company must take into considerations of other factors such as capital must be valuable, rare, unique, and nonsubstitutable. EPF did lots of improvement and innovations in their systems in order to help investors easily access of their account by providing the I-akaun and the I-lestari.

As for the banking sectors, the Maybank are more efficient in managing their IC compare to CIMB Berhad. This is due to the fact that the control variable plays an important role in this analysis. The difference of 14 years of establishment are the main reason of the efficiency of Maybank. The highest signifiacant if VAIC is the human capital. Thus, this also proved that banking sectors specifically Maybank are more to provide a service towards the customers and investors. Align with the RBV theory does applies to Maybank as well, hence the maybank applications are one of the advanced innovations since it is user friendly and easy to access but high in security.

Tabung Haji and CIMB Berhad should learned from the expert since they have the experience in managing the company as a whole especially in managing the company intellectual capital since that is the crucial things that need to be taken care of since these two sector are service based sector and dealing with lots of investors and customers. In order to fully benefit the value added efficiency, Tabung Haji and CIMB should focus more on the human capital. This is due to the fact that other components of intellectual capital has a strong correlation with human capital.

Thus, the expertise, skills and innovation of the employees are the main factor of the others components will increase.

The limitations that occurs in this study is an unavailability of complete data of the main company, ASNB. Thus, generalizing the results to all investment industries would be unjust. More firms should be the include in this study to ensure the input data could produce more accurate results by contrasting VAIC model with other metrics of the intellectual capital.

11.0 CONCLUSION

As for the conclusion of the performance of the Employee Provident Fund (EPF), Tabung Haji (TH), Maybank (MY) and CIMB Berhad (CIMB) shows that all the companies have their component in improve the existing of intellectual capital. We can conclude that human capital, structural capital, and capital employed are significantly contribute to prove that IC exists. Other than that, The VAIC approach may be used by investors to choose firms for their portfolios that have a history of consistently creating VA in an effective and sustainable manner. Finally, governments may evaluate various businesses and economic sectors based on the VA of their IC using the VAIC technique.

Amanah Saham Nasional Berhad (ASNB) Ipoh, Perak has provided me with vast and fresh knowledge and experience that would benefit me to adapt and give a clear example of the working life. During this 24 weeks of industrial training, I appreciate the opportunity that provided to me since I am able to have a variety work experience of department such as administrative, financial, and marketing related tasks in the office. Furthermore, I enhance my knowledge regarding unit trust funds, investment and financial planning. As for me the main thing that I gain from the industrial training despite of the knowledge is how to communicate and negotiate well regardless race, language, and religion. I intend to widen my knowledge in this finance industry and able to climb the corporate ladder to be one of the great person in the finance industry that could contribute expertise, skills and knowledge.

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