



اَبُو سَيِّدِي تَيْكُو لُو كِي مَارَا
UNIVERSITI
TEKNOLOGI
MARA

Fakulti
Pengurusan
dan Perniagaan

INDUSTRIAL TRAINING REPORT

MGT666



THE HAVEN ALL SUITE RESORT, IPOH
(22 AUGUST 2022 – 10 FEBRUARY 2023)

DETERMINANTS OF LOCAL COMMERCIAL BANKS
PROFITABILITY

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ABSTRACT

This is an industrial training report a student from Universiti Teknologi Mara Cawangan Perlis Kampus Arau, Nursyaidatul Ain Binti Mohd Norbert, who is in the last semester of her bachelor's degree and doing industrial training for 25 weeks. This industrial training began on 22 August 2022 and will end on 10 February 2022 of Finance department at The Haven All Suite Resort Ipoh, Perak. During the internship, I was supervised by Miss Lee Hoon Hooi from Finance department. Do not even forget that I was also advised and supervised by UiTM's advisor, Puan Noor Hafizha Binti Muhamad Yusuf. I learn a lot of new things during this internship and to some extent, it has opened my eyes to the reality that this is the real picture when entering the world of work. However, in this report, I will cover all of the company's information and data as well as the experiences I had throughout my internship. This report will also include a research study in which we will go over the financial course.

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2.0 COMPANY'S PROFILE



2.1 Location

Name of the company is The Haven All Suites Resorts, which have three (3) tower of building and 512 units. The Haven All Suites Resorts is located at Jalan Haven, 31150 Ipoh Perak. This Ipoh 5-star hotel is located just 5 minutes after exiting the North-South Highway along a straight Tambun Road to The Haven Ipoh.

2.2 Background of The Haven All Suite Resort

The Haven Ipoh is operated by one of the largest hotel chains in the world, Best Western International and was just given its formal debut by Malaysia's Minister of Tourism and Culture, Dato Seri Nazri Tan Sri Abdul Aziz (BWI). The Haven Sdn Bhd (852948-T) is a wholly owned subsidiary of Superboom Projects Sdn Bhd incorporated primarily to undertake the development of The Haven Resort & Residences.

Superboom Projects Sdn Bhd was established as a real estate development company in Malaysia on June 27, 2022. The company started with development and management of an 80-acre mixed development project at Tambun, Ipoh. The mixed development consists of 9 blocks of 576 apartment units called Permai Lake View Apartments ("Permai") and the group's flagship of 3 blocks of 512 condominium units of

The Haven Lakeside Residences ("The Haven Ipoh"), as well as shops and terraced houses. Superboom (through Gemitra Sdn Bhd) was the central focus in Subang Galaxy, a residential development in Subang 2, Selangor, consisting of 175 residential terraced houses, before taking over management of Permai Apartments. However, the suites can be purchased outright as a home or as an investment with different rental rates. There are a few suites that are managed exclusively as a hotel for short-term (hotel bookings) and long-term stays in Ipoh, Malaysia.

The Haven Hotels Sdn Bhd (941619-V) was founded in 2011 as a hotel management expert wholly committed to offering its owners high-quality 5-star hotel standards and services. The Haven Resorts Sdn Bhd, through its hospitality division, began managing 150 resort hotel suites of The Haven All Suite Resort and has been a significant contributor to the success of the property, securing the hotel's position in the Top 1% on TripAdvisor Travellers' Choice Award for five years, from 2016 to 2020. With unwavering commitment to quality and distinction, it has subsequently attained widespread recognition in its industry and has received more than 15 national, regional and worldwide hospitality awards throughout the years.

2.3 Mission

The mission of The Haven is to provide owners and guests who buy the suites as vacation homes or second homes high-quality, as well as comfortable resort hotel accommodations.

The state-of-the-art facilities in the resort hotel suites will reflect the growing demand for lifestyle living. The company is committed to the protection of the environment, civic responsibility and a free-living environment where their owners and guests may enjoy the benefits of all the advantages of a secure, attractive and aesthetically appealing resort.

2.4 Objective & Mission

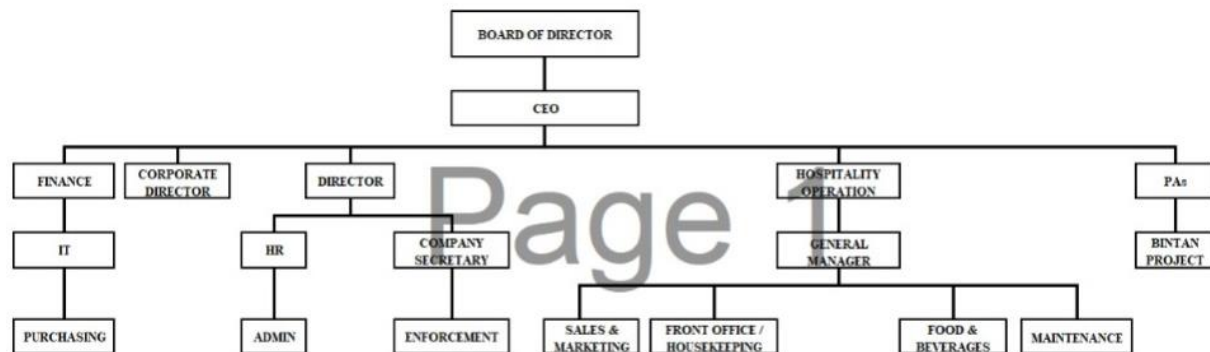
The objective of this company is to perform extraordinarily which in this case means successfully completing the development while also fostering joyful and peaceful communities for their customers. The preservation of environment and civic awareness are embraced by this goal.

Second objective is to build and maintain relationships. This is all-inclusive and includes relationships with the government, the press, the financial sector, businesses, contractors and suppliers, employees and of course, customers. Material success is meaningless if relationships are not developed alongside.

The requirement of profit is The Haven third objective. Life itself is the guiding principle for their goals. Life and what awaits us in the afterlife are what motivate them on to act as responsible corporate citizen. However, their financial goal is transcended by their commitment to delivering exceptional service, adding value, promoting a high standard of living and fostering peaceful communities.

To achieve the mission, the company has publicly stated its four important criteria which is absolutely honesty, full dedication, a willingness to take the absolute challenge in their career and a willingness to serve others and to place others before self.

2.5 Organizational Structure



Mr. Peter Chan (Chief Executive Officer)

Mr. Chan was born and raised in Singapore before leaving the country in 1979 to pursue a career that would take him to New York, London, Hong Kong and Kuala Lumpur before settling in Australia. His educational background, life philosophy, and intuitive business sense have allowed him to get extraordinary and intensive expertise in a variety of disciplines, allowing him to achieve spectacularly in the developments that he has undertaken.

Ms. Amy Lau (Director)

Ms. Amy is a Chartered Secretary with over 20 years of executive experience in a variety of industries. She is steadfast in her commitment to providing exceptional outcomes. This passion for achievement led her to work for the Mitsui Group, where she held a senior position until being called to assist the Chief Executive Officer of NV Multi Corporation Berhad, a company listed on the Main Board of Bursa Malaysia.





Dato' Azmi Rammely (Director of Corporate Affairs)

Dato' Azmi Rammely has over 29 years of experience in the development and finance industries, and has been actively involved in construction management and financing both in Malaysia and overseas. Dato' Azmi Rammely's previous corporate experience includes serving as Group Chief Strategy Officer of Pilecon Engineering Berhad, Senior General Manager of Boustead Holding Berhad (JV Mariwasa Kraf Tangan), Director of Malaysia's National Hydraulic Research Institute (NAHRIM), and Operation Manager of Bangsar Ria Sdn Bhd (Subsidiary of Metroplex Berhad).

Jeffrey Loo Hee Jin (Vice President, Business Development)

Mr. Loo has a Master of International Management certificate from the American Graduate School of International Management (Thunderbird) and a Bachelor of Science (Finance) degree from Arizona State University. He speaks English, Chinese (Mandarin, Cantonese, Hokkien, and Teochew), Japanese and Thai. He also responsible in all business development and sales for The Haven project in international markets.



Alagesan A/L Arumugam (Project Manager, Project Implementation)

Mr. Alagesan holds a Phd in Conservation and a Bachelor of Science in Architecture from Robert Gordon University in Aberdeen, Scotland. He is The Haven Group's Project Manager (Project Implementation) and has over 20 years of expertise in Architectural Design, Project Planning, Supervision, and Construction.

2.6 Products and Services

The Haven All Suite Resort in Ipoh is a lovely hidden gem that needs to be explored. The Haven invites guests to a great holiday experience surrounded by nature's pristine shimmering glory, which conveniently located not far from the Ipoh city Centre. Furthermore, it is located in the heart within a virgin forest and limestone hills, can be pampered into a world of 5-star experience and immerse in the luxuriousness of spacious, clean, comfortable and safe accommodations, as well as stunning breathtaking views of the lush dense forest, majestic hills, a 280-million-year-old limestone rock formation with a natural flowing lake.

The main selling points of The Haven is offers its guests with luxurious accommodations in the form of 150 all-suite apartments that are large and well-designed, which make them ideal for both leisure and business. There are also several pretty nice passive design aspects that reduce the need for artificial cooling too and south-facing apartments are one of the aspect. In the room, they provide complete amenities to ensure that their customers are delighted with the services and feel comfortable during their holiday. Apart from that, the room pricing includes a breakfast buffet prepared by the cuisines restaurant that offers an international menu with a focus on fresh, healthful ingredients. These are their unique selling points that are luxury, property serenity, calming and relaxing.

Besides the spacious rooms, The Haven gives a great outdoor experience. The spectacular 14-storey high, 280-million-year-old limestone outcrop known as "Rockhaven" rises from the 4-acre free-flowing lake near the Condotel buildings. There are jogging trails, meditation terraces and BBQ grills surround the lake. A variety of wildlife that calls the forest home and may be spotted if guests are fortunate enough to come across them. For those who are travelling with families, they will enjoy the children's pool, indoor and outdoor playgrounds and even a pet's zone with rabbits, guinea pigs and ponies. Guests can feed all of these pets because it is a popular activity when staying here. Additional programs offer connection to nature with workshops such as learning

how to make your own compost, gardening and building a rain barrel or birdhouse. Meanwhile, guests that interested in mountain climbing can also attempt to scale one of Malaysia's only two Via Ferrata paths on Mount Haven, which is located inside The Haven's grounds.

Additionally, the unique 60-metre sea-horse shaped swimming pool, which is also an iconic identity to the resort is also one of the main attracting facilities for guest's enjoyment. Aside from luxurious staycations, The Haven also provides event and function spaces. This is because it is an ideal venue for meetings, incentives, seminars, conferences and corporate functions. It is also ideal for weddings, parties, and other private gatherings. Furthermore, last few months, The Haven Resort Ipoh presents The Haven Musical Extravaganza, a collaboration between the Selangor Symphony Orchestra and the Ministry of Tourism, Arts and Culture. The musical event taking place over three nights where guests and music lovers can enjoy luxurious accommodations as well as a night of music and gastronomy within the magnificent view of the resort.

Last but not least, The Haven All-Suite Resort in Ipoh had much to make things interesting. For a weekend, the fitness room, table tennis, badminton and squash courts, tennis court and half-basketball court are more than enough for guests to use the facilities to play sports. This made the guests feel happy while being on weekend holiday.

3.0 TRAINING'S REFLECTIONS

In order to acquire my bachelor's degree in finance, I had to complete my studies by doing industrial training in the private sectors as a final-year student at The Haven All Suite Resort, Ipoh (The Haven). The training is a part of academic subject which is MGT666. The term "Industrial Training" refers to a programme that aims us as a student by provide the students to managed good practical training within a specific time frame. It offers students with important practical knowledge and skills that will help students to become the best and most successful employees. The period of industrial training is 6 months.

Throughout the industrial training period, which is from 22th August 2022 to 10th February 2023. I am working from 9AM to 6.00PM for Monday through Friday and Saturday half day from 9AM to 1PM. I have been placed to finance department to manage several aspects of the resort such as do the collection report, general cashier, key in invoices and so on. My responsibility in the finance department is to ensure that all invoices are collected and posted into the system known as SQL Accounting Software, which allows Jeenitha to make payments to suppliers. At the same time, I also check the monthly bills like Tnb, Astro, Booking.com and others. That is my daily basis at the office. However, there are times when I was assigned to do some work outside of my job scope department which is helping the housekeeping staff and doing F&B works that collects breakfast vouchers from guests at the cuisine. At one time, I was charged in doing a stock take, which entailed checking all of the hotel units to identify some items that are required. Regardless of the task given to me, I enjoy doing it with the support and presence of staff that help me a lot.

During this internship, I had the benefits such as allowance and a duty meal. I also can participate in the programmes and event they organize. In addition, The Haven Resort Ipoh has hosted The Haven Musical Extravaganza for three days where the event was to celebrate the return of travel after it had previously been prohibited due of the Covid-19 pandemic. Besides that, industrial training provides students with the

opportunity to get real-world experience that will help them understand their future career path.

At the Haven Resort Ipoh, I learn on how to be a multi-tasks person by being able to complete many tasks at once especially when there is limitation of people available in the work space area. However, I will be making a to-do list to determine which tasks are important and which are not. It can help me to manage my work-related thoughts and also prioritizing what has to be done. This is because I want to relax my mind so that I will feel less stressed with the work. Furthermore, as an intern in this company, I gained a great deal of communication skill where I being able to communicate with other employees where are from other countries. At this point, I become culturally aware where I soak in all of the different cultures that surround a work in tourism and use it to create my knowledge foundation. When knowing a little about their culture will make the interaction more enjoyable and knowing their point of view may also help in problem solving. This is because this company listens to everyone's idea when they voice out it.

Finally, and most importantly, I was unaware with the finance department works in the tourism industry and this internship gives a realistic perspective of what finance does in the company. The finance department is important in the organization since it deals with large amounts of money and manages the company's profit and loss.

4.0 RESEARCH ANALYSIS (PANEL DATA ANALYSIS)

4.1 Introduction

Economic growth and stability of any country is widely depending on the financial sector strength. Basically, financial sector in Malaysia is divided into banking system and non-banking system. Malaysian banking system consists of commercial banks, Islamic banks and investment banks. Commercial banking is the main character of current economy as it helps the flow of resources. A commercial bank is a financial institution that offers its service to customers such as loans, certificates of deposit, savings bank accounts, bank overdrafts and others. These institutions generate income by providing loans to individuals and earning interest on those loans. It offers a variety of loans such as corporate loans, housing loans, bridging loans and other loans whereby the highest income comes from corporate loans due to higher margin. As banks must make allowances for impaired loans, the level of credit risk serves as an indicator to measure loan growth. Banks with low credit risk show consistent loan growth and these key aspects are important in measuring bank profit. However, in reality a bank is like a heart in the economic system while the capital it provides is like blood in it. The organs will stay sound and healthy as long as blood is circulated. If an organ is not supplied with blood, it becomes ineffective. As a result, if no funding is provided to the various sectors of the economy, the economy will not grow and flourish.

According to Dao and Nguyen (2020) profitability has long been shown to be one of the key markers for the health of the banking industry. To be more specifically, successful banks have the ability to diversify their business in a way that effectively controls systemic risks. Malaysian banks, which are among Southeast Asia's largest, provide a diverse range of banking and financial services. Profitability is a measure of an organization's performance that emphasizes the significance of financial stability and good management. Among all sectors of an economy in Malaysia, financial institutions can be one of the most important contributors to economic growth due to the most tightly supervised and regulated by Bank Negara Malaysia (BNM). Apart from that, loan growth may be used to measure bank profitability because it is a main factor in increasing bank

revenue. An impressive loan growth shows that high quality of bank in serving borrowers with low fees, followed by an appropriate financial standard benchmark. It is important to emphasize that credit standards help banks in determining the creditworthiness of potential borrowers to reduce loan payment problems by following the terms and conditions that have been stated (Iskandar, Che-Yahya & Wahid, 2019).

Most researchers studied the factors of bank profitability and the relationship between internal factors. Internal factors come from commercial bank financial statements such as balance sheets and income statements. The balance sheets elements would illustrate the banks' management policies and decisions about the sources, composition and use of funds. Hence, these can be called as bank-specific profitability factors (Wahdan and Leithy, 2017). According to Rose (2002), bank profitability is the net income or net earnings of a bank (usually divided by a measure of bank size). The profitability of a bank may be determined in a various way. The most popular strategies are discovered to be financial ratios. This is because financial ratios enable us to analyze and interpret a bank's financial data and accounting information that allowing us to have a better knowledge of the bank's financial status and evaluate its performance. As a result, understanding this topic is important since the profitability of a commercial bank's performance is determined by a variety of ways. Therefore, the objective of this research is to investigate the determinants of profitability in local commercial bank. This study bridges the gap on the varying profit growth recorded by commercial banks in the country by evaluating capital adequacy, credit risk, management efficiency and bank size.

4.2 Literature Review

Dependent Variables

Profitability

Profitability refers to a bank's capability to generate revenue from sales, fees or investing activities. It shows a bank's financial health and its capacity to maximise shareholder value by growing their businesses, innovating new products and competing for the lowest service fees among peers. In this study, return on assets (ROA) has been used as a proxy. ROA is a comprehensive financial ratio used to measure a bank's profitability performance. Many regulators also believe ROA is the best indicator for profitability. According to Rivard and Thomas (1997), ROA is the most accurate indicator of bank profitability. This is because high equity multipliers do not influence ROA. According to Rose (2002), ROA is defined as net income divided by total assets. Among the various interpretations by academic researchers, there are several techniques to account for bank performance. Nonetheless, most academic researchers included (Staikouras & Wood, 2011) studies agreed that financial ratio, return on assets (ROA) is the most recognised strategy implemented.

Independent Variables

Capital Adequacy

Initially, capital adequacy was determined using the Basel I and II frameworks, which were established by the Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) under the Basel Accord. Following the 2008 financial crisis, the Basel III Accord was implemented from 2013 to 2019 in light of risk exposure from market, operation and lending which enhanced quality and increased the size of bank equity base. As a result, every nation's national regulator has imposed their own assessment of capital adequacy requirements, as defined by the central bank (Bitar, Pukthuanthong, & Walker, 2018). The relationship between capital adequacy and profitability has a positive impact on the performance of Nigerian banks (Udom, 2018). Deposits are among profitability indicators that can be considered as a liability and we

know that it is one of the most important sources of funding in commercial banks, with a significant impact on profitability. High deposits reflect a bank's profitability, whereas low deposits indicate a bank's underperformance. According to Staikouras and Wood (2011), the equity-to-assets ratio may be used to assess a bank's capital strength. This ratio should be used to provide an average level of financial safety and soundness by showing the bank's ability to absorb any unexpected losses or risks. The researcher found that when commercial banks' capital adequacy increases simultaneously, it enhances their net income on assets. Therefore, commercial bank profitability increases, that suggesting a positive relationship between bank profitability and capital adequacy.

Management Efficiency

The management component, which has a comprehensive understanding of all the different important areas of a bank, is regarded as one of the factors that guide the function of the bank and determine its overall performance (Grier, 2007). Management quality is the CAMEL framework's subjective component that reflects all of a bank's qualitative characteristics, including organisational culture, management system, risk inclination level, and others. However, it can be assessed using various ratios that measure the factors that determine a bank's level of quality. According to researchers who have studied banks' efficiency, the management quality and efficiency are directly correlated. To put it in simple terms, the greater the management quality, the better the efficiency, but with different significance. Management efficiency correlated negatively with profitability, while the other variables had the opposite effect. According to Bhatia and Mahendru (2015), the banking industry in India focuses on efficiency to boost profitability following liberalization and privatization. As a result, banks began to improve their asset quality, management efficiency and capital adequacy, which is a factor that directly effects bank efficiency. It is suggested that banks should focus on core revenue, credit assessment and quick debt recovery in order to increase efficiency and that consequently lead to higher profitability (Mohanty and Krishnankutty 2018). However, as suggested by Flamini et al (2009), in relatively uncompetitive markets where firms enjoy a significant market share, there is a positive relationship between operational cost efficiency ratio and banks' performance because costs are transferred to depositors in

the form of low interest and to lenders in the form of high lending rates. In this study, proxy of management efficiency is operating expenses.

Credit Risk

In theoretically, credit risk is the most important risk resulting from commercial banks' operations nature. Credit risk arises from poor choices and moral risks. This risk has an impact on the profitability of commercial banks. To make significant profits, commercial banks must recover all loans to clients and only a small percentage of non-performing loans may trigger commercial bank failures. However, credit risk is defined as a borrower's failure to meet loan obligations to the bank in light of the maturity, terms and conditions agreement. Loans are probably the largest contributor to late payments and it is the bank's primary source of credit risk. According to BNM Credit Risk Framework, the vast evolving Malaysia financial landscape has influenced the scale and type of credit risk. According to one research, credit risk management should include strong procedures in terms of asset quality, provision adequacy, reserves and credit risk disclosure (Ayog, Apanga, Appiah, & Arthur, 2016). It is essential for banks to measure credit risk in order to determine their capacity to respond to market changes. Based on data from the largest 47 commercial banks in Europe from 2007 to 2012, Li and Zou (2014) discovered that credit risk management has a positive effect on commercial bank profitability. Adebayo et al. (2011) undertake research in the Ghana region of Brong-Ahafo on the rising challenge of credit risk management and investigate the nature of the relationship with local bank profitability.

Bank Size

Bank size is an important factor that influences profitability. In general, larger banks are able to provide larger loans and have access to markets that smaller banks may not have. If indeed this were true in Malaysia, it would imply higher profitability for larger banks. Previous research has shown conflicting outcomes. If this were true in Malaysia, it would indicate that larger banks would be more profitable. The total assets of the banks are used as a proxy for bank size in most literature. According to Husni et al. (2011), overall assets have a positive and strong relationship with profitability. According to Asma'

Rashidah et al., (2011) and Athanasoglou et al. (2008), larger assets are helpful to customers in terms of increasing funds and providing large financial services. The bank has control over the size of the organisation because it is managed internally. As a result, the operating costs might be negotiated in order to increase profit. However, since total assets deflated the other dependent variables in the model such as ROA, it would not be appropriate to include total assets in its absolute terms as an independent variable. Thus, it must be modified before it can be included in the model. As a result, the logarithm of total assets was included in the model as a proxy for firm size. This is because other independent variables are all input as ratios that required to get a more relevant coefficient for bank size in the regression analysis. The European Commission (1997), Berger and Humphrey (1997) and others discovered that large banks benefit from scale economies. Spathis et al. (2002) examined the performance of small and large Greek banks from 1990 to 1999 and discovered that large banks were more efficient. Mamatzakis and Remoundos (2003) discovered that economies of scale have a major impact on profitability. In conclusion, because large banks cannot always ensure profit, there was a negative relationship between bank size and profitability.

4.3 Methodology & Data Analysis

Theoretical Framework

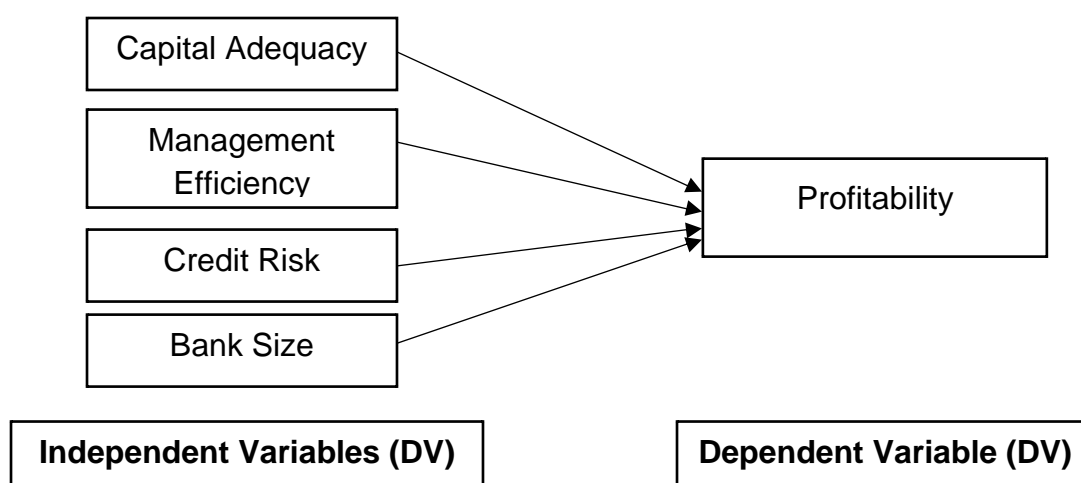


Figure 1: Theoretical Framework

Regression Model

This model accurately analyses the factors influencing commercial bank profitability in Malaysia. This study employed panel data and a static model called the Fixed Effect Model to capture the relationship between the factors that affected profitability. As a result, the empirical model is expanded as shown below.

$$PROFit = \beta_0 + \beta_1 \text{capital adequacy} + \beta_2 \text{management efficiency} + \beta_3 \text{credit risk} + \beta_4 \text{bank size} + \varepsilon$$

Where:

$PROF_{it}$ = Profitability

β_0 = Constant parameter

$\beta_1 - \beta_4$ = Coefficients of independent variables

ε = Error term

Variables	Proxy
Dependent Variable	
Profitability	Return on Asset
Independent Variable	
Capital Adequacy	Equity to Asset Ratio
Management Efficiency	Operating Expenses
Credit Risk	Non-performing Loans
Bank Size	Total Assets

Table 1: The Variables and Proxy

Data and Sampling Method

The information was collected from the Thomson Reuters Eikon online database, which featured information on the factors influencing efficiency performance. Furthermore, STATA 14 Software was used in this study to establish the presence of the factors that contributed to the eight local commercial banks in Malaysia. To evaluate the data, the

researchers used descriptive statistics, panel specification tests (F-Test, BP-LM Test, Hausman Test), diagnostic tests (multicollinearity, serial correlation, heteroskedasticity) and panel regression. The samples of the study included Affin Bank, Alliance Bank, Ambank, CIMB, Hong Leong Bank, Maybank, Public Bank and RHB Bank.

4.4 Results and Findings

The results of this study were obtained from different modes of analyses carried out, namely the descriptive analysis to determine mean, standard deviation, minimum and maximum, diagnostic test, variable selection, panel specification test to decide the final model and the panel regression analysis.

Variable	N	Mean	SD	Min	Max
Return on assets	74	1.229595	.2976319	.37	1.73
Capital adequacy	80	13.23962	1.831647	8.43	18.92
Operating expenses	80	3.699125	2.366548	1.02	9.23
Non-performing loans	78	3.803718	2.86985	1.01	9.80
Total assets	80	4.002625	2.117298	1.08	8.56

Table 2: Descriptive Analysis

Table 2 summarizes the descriptive analysis of the dependent and independent variables comparing for the local commercial bank across the sample period. There are 80 observations in the sample where capital adequacy, operating expenses, non-performing loans and total assets are the variables that used to determine how profitability of the local commercial bank. Based on the result, capital adequacy has the highest mean, standard deviation, minimum and maximum values which are 13.23962, 1.831647, 8.43 and 18.92 respectively. It shows that capital adequacy has greater spread of data from the mean rather than other variables. However, return on assets also is marked as the

lowest mean, standard deviation, minimum and maximum values which are 1.229595, 0.2976319, 0.37 and 1.73 respectively.

Models	Variable Selection					Optimal Model	
	R2ADJ	C	AIC	AICC	BIC	#	Ivs
Model 1	2	0	2	2	2	2	Total assets and operating expenses

Table 3: Variable Selection for Optimal Model

The first step is to determine the most optimal combination of predictors. As shown in Table 3, the most optimal number of variables is two. The chosen variables are total assets and operating expenses.

Models	P-values of the tests			
	F-Test	BP-LM	Hausman	Technique
Model 1	0.0000	0.0000	0.0225	Fixed Effect
	Choose FE	Choose RE	Choose FE	(FE)

Table 4: Panel Specification Tests

Based on Table 4, the panel specification test is used to determine the best model for this study. The three types of testing measured are the F-Test, the Breusch and Pagan Lagrangian Multiplier Test (BP-LM) and the Hausman Test. The F-Test is used to determine the relevance of Pooled Ordinary Least Square (POLS) and Fixed Effect (FE). The F-Test result is 0.0000, which is less than 0.05. This indicates that the best model for F-Test is FE. The BP-LM Test is then used to determine the POLS and Random Effects relevance (RE). The result of the BP-LM Test is 0.0000, which is less than 0.05. Thus, RE is the best model for the BP-LM Test. Meanwhile, to determine between the significance of RE and FE, the Hausman Test is performed. The result indicated in Table 3 is 0.0225, which is less than 0.05. As a result, FE appears to be the best model for the Hausman Test and the technique has shown that Fixed Effect (FE) is chosen as the optimal model to be used for the panel specification test.

		p-values of the tests		
Models	VIF	H	SC	Strategy
Model 1	1.63	0.0000	0.0659	Fixed-effects (within) regression with robust option

Table 5: Diagnostic Tests for Static Models

Three tests are used in the diagnostic test as shown in Table 5. The tests are multicollinearity, heteroscedasticity and serial correlation. Multicollinearity is verified when there is a high correlated relationship between independent variables. The p-value must be smaller than 10 to avoid the problem of multicollinearity. Table 5 shows that there is no concern with multicollinearity because the variance inflation factor (VIF) is 1.63 which is smaller than 10. Next, heteroscedasticity test was utilized to ensure the consistency of data used. The p-value for heteroscedasticity must be bigger than 0.05 to avoid this problem. Table 5 shows that the p-value is less than 0.05, which is 0.0000. This means that the variance is not stable due to a heteroscedasticity problem. The goal of serial correlation is to confirm redundancy. The p-value must be greater than 0.05 to avoid the serial correlation problem and it shows that it is 0.0659 which is greater than 0.05. Thus, it is implied that there is no issue with serial correlation. As a result, fixed effect with cluster option is suggested as a solution to the issues of heteroscedasticity and serial correlation.

Determinants of Local Commercial Banks Profitability

	Fixed-effects (within) regression with robust option
TOTAL ASSETS	-0.1895**
	(-3.23)
OPERATING EXPENSES - TOTAL	-0.0259*
	(-2.08)
Constant	2.0747***
	(8.02)
N	74.0000
r2	0.4354
r2_a	0.4195
r2_w	0.4354
r2_b	0.2543
r2_o	0.2434
F	5.3313
P	0.0191
chi2	

t statistics in parentheses

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

Notes: (1) definition of your variable: example: TID = time in distress, LEV = leverage, CINV = change in investment. (2) Figures in parenthesis are t-statistic. (3) Any other information you would like to include

Table 6: Diagnostic Tests for Static Models

Table 6 shows the regression result using fixed-effects (within) regression with robust option for the four independent variables used on the profitability of the commercial bank which is accompanied by the regression model for the variables. The regression findings suggest that the model fits the data well at one percent level. The adjusted R2 indicates that 41.95% of independent variables used in the model can explain the variation of profitability in the commercial bank while other variables that are not evaluated can be explained in the remaining 58.05%. Total assets have a negative significant relationship with profitability which the result is -0.1895. It shows that small banks are easier to run and bank management may focus on fewer operations, resulting in increased profitability.

(Tan, 2016) This is because almost all banks have been forced to improve their services and profits due to the high increase in local and international competition among banking markets as well as changes in the banking environment. This specified that, for every one unit increases in total assets will result in 18.95% decreases in profitability. In addition, operating expenses has a negative and significant relationship with profitability which is -0.0259 at 10% level of significance. This suggests that increasing operating expenses by one unit will reduces profitability by 3%. The expenses variable is the operational efficiency indicator, which illustrates how banks may be more efficient in resource allocation and utilization, including human resource and technological improvements in banking.

4.5 SWOT Analysis (Practical Company)

The SWOT analysis framework is used to identify and analyses an organization's strengths, weaknesses, opportunities and threats. The acronym SWOT is made up of these words. To manage a successful business, company should examine the procedures on a regular basis to ensure things are as efficient as possible. While there are several strategies for evaluating the company, one of the most successful is to undertake a SWOT analysis.

The main objective of SWOT analysis is to raise awareness of the elements that influence company decisions or the development of a company strategy. SWOT analyses the internal and external environments, as well as the aspects that might influence the viability of a decision, to accomplish it. Albert Humphrey of the Stanford Research Institute developed this strategy in the 1960s as part of a study to identify why business planning frequently failed. SWOT analysis has been one of the most useful tools for company owners to apply in starting and expanding their companies since its creation.

A SWOT analysis is designed to help a realistic, fact-based, data-driven evaluation of an organization, initiatives or industry's strengths and weaknesses. A SWOT analysis is designed to help a realistic, fact-based, data-driven evaluation of an organization's, initiative's, or industry's strengths and weaknesses. The company must maintain the

accuracy of the study by avoiding preconceptions or grey regions and instead focusing on real-life scenarios. Companies should use it as a guideline rather than a prescription. Once the SWOT factors have been discovered, decision-makers may decide if an initiative, project, or product is worthwhile to pursue and what is required to make it successful. As such, the study aims to help a business in aligning its resources with the competitive environment.

STRENGTH	WEAKNESS
<p>1. Well-trained/Knowledgeable employees</p> <p>2. A wonderful place to unwind and relax</p>	<p>1. Depending on tourism & seasons</p> <p>2. High price of products and service</p>
OPPORTUNITY	THREAT
<p>1. Collaborate with local suppliers</p> <p>2. Employment opportunities</p>	<p>1. Existence of pandemic Covid-19</p> <p>2. Strong competition</p>

Strength is a resource or capacity that organization can successfully employ to fulfil its objectives. Firstly, the strength of The Haven Resort Ipoh is well trained and knowledgeable staff which is human resource staff is organized and everyone has their own tasks such as job analysis, hiring, training and evaluating. They give training to their staff in order to motivate them and make them show their talents and potentials to improve their performance. It also helps the organization in creating circumstances for employees to innovate, work as a team and improve talents, as well as establishing an environment for employees to show their creativity and energy. This has produced in well-trained and knowledgeable employees. Next, a wonderful place to unwind and relax. This is because the resort surrounded with nature and wildlife that make people feel peaceful to stay at their especially for those in need of a holiday. Furthermore, the views from the rooms are

just breathtaking with gorgeous view of the lake and limestone hills. This has attracted guests to spend their holidays at The Haven Resort Ipoh.

After that, weakness is a limitation, fault or defect in the organization that prevents it from achieving its objectives. The weakness is depending on tourism and seasons which is the hotel industry operates in annual cycles that are punctuated by the seasons. For tourist, the best time to visit Malaysia is between March to early October. This is because Malaysia has little seasonal variation due to the steady temperature and the coldest months are reported to be November through January. They also will choose the place for travel as well as the activities they plan to participate in and it depends on the season too. However, school holidays also have a significant impact on hotel industry. Since school holidays usually coincide with peak season, travel during this season may be very expensive. This can be proven at The Haven Resort Ipoh where the pricing changes on a daily basis. According to one study, 1 in 9 persons actively avoid school holiday travel and 12% of families avoid travelling because it is too expensive. One of the most important business decisions that will make is the price charge for the products and services. This company charges high prices for products and services that are more costly than market rates. It has caused guests to prepare products by buying from the outside of the resort. On the other hand, companies have their own target market where they attract tourists to buy their goods rather than local guests. This is because local guests make wise decisions and know where more worth to spend their money is.

Thirdly is an opportunity. Opportunity is an any favorable circumstance in the company's environment. It is typically a trend or movement of some kind, or an unnoticed need, that increases demand for a product or service and allows the company to improve its position by offering it. The opportunity of the company is by collaborate with local suppliers where the company know where to purchase the products with the good services without having any issues with the suppliers. This can help both parties increasing profits and revenue. At the same time, they can apply a collaborative approach to supply-chain optimization, redesigning their procedures to reduce waste and duplicate work. The Haven Resort Ipoh always takes care of its suppliers by guaranteeing payment

on time while the suppliers will also deliver the products as requested quickly. Next, employment opportunities where the company gives opportunities to foreign workers. This is because by hiring people from other countries, cultures and backgrounds is the richness of experience and different perspectives they will bring with them. A company with a diverse set of ideas and perspectives is an ideal environment for innovation. Nowadays, many company seek to hire foreign workers to save money yet there are numerous unethical and even abusive behaviors that take place in this industry. However, for The Haven Resort Ipoh there are possible to save money by hiring foreign workers because the company act fairly to all employees. This is due to the fact that each worker has unique skills and excellent job performance. Furthermore, in this company there are many departments such as front office, housekeeping, security and others.

Lastly, threats. Threats is an any unfavorable circumstance in the organization's environment that has the potential to damage its strategy. The coronavirus pandemic has caused considerable disruptions in hotel operations that affecting demand for hotel services and guest's behavior, as well as the financial stability of hotel companies and hotel staff. As a result of this, several other facilities at The Haven Resort Ipoh had to be shut down such as helicopter landing pad. Before the pandemic, there are helicopter will be landing at there but due to the pandemic there are no longer helicopters and the helicopter landing pad has been turned into a venue for anyone who want to have a function. It gives some effect to the resort. However, I am very impressed with hotel owners that can still maintain their service in this industry while adjusting to a new normal in order to survive. At last, strong competition. The Haven Resort Ipoh is currently competing with others hotel such as Lost World Hotel, MH Hotel Ipoh, Impala Hotel Ipoh and others which provides cheaper prices and better accommodation. These hotels provide comparable services, usually for a lower cost. Despite this, each companies have its own charm and may attract a lot of guests. To remain relevant in the hotel industry, companies must ensure that they provide great customer service to customers and make them want to stay again to the hotel.

5.0 DISCUSSION AND RECOMMENDATION

Choosing the best proxy may have an effect on the significance and direction of the relationship between independent variables and dependent variables since the significance of independent variables is important. The result of the current study shows a significantly negative correlation between total assets and return on assets. The coefficient t -value = -0.1895 and $p < 0.05$, indicate this negative and significant relationship. Furthermore, the result of this paper which shows a negative relationship between total assets and firm profitability (ROA), is logically accepted since ROA's denominator is total assets consequently the more total assets held by a company, the lower ROA it scores given constant net income. Alkassim (2005) found the same result, showing that total assets had a negative effect on profitability of commercial banks.

The findings of this study also show a negative and significant relationship between operating expenses and profitability performance of local commercial banks. According to Munyambonera (2012), who found that the coefficient of the variable reflecting operational efficiency was negative and significant. This is consistent with the assumption that increasing operating expenses have a negative impact on bank profitability. Other studies that found a negative relationship between operational expenses and bank performance include Athanasoglou et al (2013), Kosmidou et al (2008), Yadollahzadeh et al (2013), Weersainghe et al (2013), and Alkhatib (2012).

The data for this study comes from a single source, Eikon, that I utilized in my research. I am having difficulty in receiving data from Eikon due to password and identification restrictions, since the Eikon app has repeatedly forced me to exit. Furthermore, access to data components is restricted because it is solely focused on profitability. The inability to obtain data and information for the proxy and variables such as credit risk and non-performing loans were some problems that I encountered while doing this research. So it is suggested that future researcher should investigate more about the impact of non-performing loans and credit risk on the profitability of local commercial banks in Malaysia.

6.0 CONCLUSION

In conclusion, industrial training is an important step in the education and career development of students and young professionals. It provides hands-on experience in a real-world setting, allowing individuals to apply their theoretical knowledge and skills to practical problems. It also helps individuals in developing critical soft skills such as teamwork, communication, and problem-solving, which are needed for success in the workplace.

Industrial training provides organisations with the chance to bring in new ideas and perspectives, as well as identify and train potential future employees. This can benefit the organisation by improving its workforce's skills and productivity, as well as its ability to adapt to changing market trends.

In the next five years, it is likely that the demand for industrial training will continue to grow as the economy becomes increasingly digitized and technology-driven. With the rapid growth of technology and changes in the workplace, having a well-trained staff is important for organisations to stay competitive. As a result, the significance of industrial training in preparing individuals for the profession is anticipated to grow even more in the coming years.

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APPENDICES



OUR ORIGINAL ENDORSEMENT FORM



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ENDORSEMENT OF OUR ORIGINAL REPORT

Coordinator

Unit Jaminan Kualiti Akademik (UJKA)
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Sir

ENDORSEMENT OF OUR ORIGINAL REPORT FOR PROPOSAL/DISSERTATION/THESIS/PROJECT PAPER/ ASSIGNMENT

With reference to the work of the candidate below:

Nama : Nursyaidatul Ain Binti Mohd Norbert

Matric No. : 2020872088

Faculty : BA - Faculty of Business and Management

Programme : BA242

Title : Determinants Of Local Commercial Bank's Profitability

Percentage of Original Report : 7%

I am pleased that the proposal/thesis/dissertation/project paper/ assignment of the above candidate has fulfilled the Original percentage of the university's requirement.

Thank you.

1st advisor's signature and stamp

Name : NOOR HAFIZHA MUHAMAD YUSUF
Pensyarah Kanan
Fakulti Pengurusan dan
Perniagaan UiTM Cawangan Perlis

2/2/2023















Date

OUR ORIGINAL REPORT

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INDUSTRIAL TRAINING REPORT MGT666 THE HAVEN ALL SUITE RESORT, IPOH (22 AUGUST 2022 - 10 FEBRUARY 2023)
DETERMINANTS OF LOCAL COMMERCIAL BANKS PROFITABILITY NAME: NURSYAIDATUL AIN BINTI MOHD NORBERT STUDENT ID: 2020872088 PROGRAM: BACHELOR OF BUSINESS ADMINISTRATION (HONS.) FINANCE ADVISOR NAME: PUAN NOOR HAFIZHA BINTI MUHAMAD YUSUF

ABSTRACT This is an industrial training report a student from Universiti Teknologi Mara Cawangan Perlis Kampus Arau, Nursyaidatul Ain Binti Mohd Norbert, who is in the last semester of her bachelor's degree and doing industrial training for 25 weeks. This industrial training began on 22 August 2022 and will end on 10 February 2022 of Finance department at The Haven All Suite Resort Ipoh, Perak. During the internship, I was supervised by Miss Lee Hoon Hooi from Finance department. Do not even forget that I was also advised and supervised by UiTM's advisor, Puan Noor Hafizha Binti Muhamad Yusuf. I learn a lot of new things during this internship and to some extent, it has opened my eyes to the reality that this is the real picture when entering the world of work. However, in this report, I will cover all of the company's information and data as well as the experiences I had throughout my internship. This report will also include a research study in which we will go over the financial course.

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