Corporate Governance and Performance of BreadTalk Group Limited.

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Abstract

The study aims to measure corporate governance and its impact firm performance and risk of BreadTalk Group Limited. The method of the study is regression analysis of BreadTalk Group Limited by using SPSS System. The study found that BreadTalk has a decreasing performance year by year. If the company failed to decrease the Debt to income, the performance, and ability Company able to manage to make payments every month to repay the borrowed money become worst. Meaning that the company has borrowed too much money even though they earns profit. The regression analysis show that performance of BreadTalk has greater influence by debt to income and corporate governance index (internal factor) and market risk products of Singapore (external factor).

Keywords: return on asset, corporate governance, and macroeconomics.

1.0 Introduction

BreadTalk Group is involved in retailing food and beverage services that include bakery, restaurant, and food atrium. The division of bakery covers the manufacture and retail of food and confectionery goods like franchising. The Group network of owned bakery outlets in Singapore, Malaysia, Hong Kong, and Thailand as well as franchised bakery outlets across Asia and the Middle East. It also owns and operates restaurants in Singapore, Thailand as well as the UK as well as food atria in Indonesia, Japan, Taiwan, Hong Kong, and Malaysia. The BreadTalk Group generates savory culinary magic for daily recipes, uniting individuals around the globe with excellent taste.

The company product which is bread, buns, desserts, and pastries were sold in the organization product line. BreadTalk has a network of more than 1,000 offices in 16 states. The company was founded in 2000 and was incorporated in 2003. BreadTalk has also been expanding into new labels. BreadTalk retained its place as the hallmark brand of the organization in the bakery industry, each with its own Toast Box, Thye Moh Chan, and Bread Society. The Company runs more than 850 bakeries, more than 25 Din Tai Fung outlets in Singapore, Thailand and the United Kingdom, and more than 50 award-winning food atria in the Food Republic as additional information and 8,000 employees working worldwide.

BreadTalk recorded a commendable increase in revenues in 2015 for the company's performance, which is the number 624.1 million more than the other year. Sales declined from 2016 to 2017, and sales started to grow again in 2018. It used highly effective advertisements to draw interest from customers around the world for a unique taste for each brand they made. The products remain value-enhancing and robust product innovations and correct market-place strategies that drive sales.

For the size of company, which is the total assets for the year 2014 which is 115,744 million. Next, for the year 2015 it was increased to 146,424 million and for the year 2016 increase 151,945 million and followed by 2017 also increase 160,471 million. The following year 2018 the total

asset was increase 162,736 million. From the overall total assets for company BreadTalk, from the year 2014 until 2018 it is increase from the year to year.

1.1 Problem Statement

In a system of rules, practices, and processes through which a firm is directed and controlled, corporate governance can be described. Corporate governance includes constantly managing a company's interests as investors, executives, employees, government and community the organization which follows good principles of corporate governance such as transparency, accountability, independence fairness business ethics, and sustainability would typically exceed other companies in attracting investors whose investment will help finance further growth. Risks related to the performance of the company which is corporate governance, credit risk, operating risk, liquidity risks, and market risk.

Besides, good corporate governance is a critical factor in supporting a company's performance integrity and efficiency. If the organization has not adopted the rule of corporate governance, it may lead the company to conduct the illegal operation. Bad corporate governance, for instance, can reduce the ability of a corporation, can lead to financial problems, and in some situations, can cause long-term damage to the reputation of a business. Based on the issues, BreadTalk is fined SGD 16,300 for repeatedly discharging illegal waste into sewers. Releasing dangerous or hazardous substances, or an excessive amount of regulated substances are an irresponsible act that affects operational integrity and poses health and safety hazard to the workers. BreadTalk was also one of 18 repeat offenders with harsher punishments. Therefore, it is crucial to research to determine how important the company-specific factor and economic factor, which is it is macroeconomic will affect the BreadTalk Company's corporate governance index.

1.2 Research Objective

The analysis aims to investigate the effect of the Breadtalk Corporate Governance Index on its determinants. The objectives of this study are:

1. To investigate the internal factors towards the performance of Breadtalk Company.

2. To investigate the external factors towards the performance of the Breadtalk company.
3. To investigate the internal and the external towards the performance of the Breadtalk Company.

1.3 Research Question

1. Does any relationship between the internal factors towards the performance of Breadtalk?
2. Does any connection between the external factors towards the performance of Breadtalk?
3. Does any relationship between both internal and external factors towards the performance of Breadtalk?

1.4 Scope of the Study

The sample of the study is details about food processing in Singapore, which is the BreadTalk Company. The accounting and financial ratios were based on BreadTalk 2014-2018 annual reports.

1.5 Outline of the Study

This study is made up of five major chapters. Chapter one addresses the context of the project, consisting of a study summary, description of issues, research objectives, research questions study scope, and study structure. Chapter two deals with literature reviews that search and evaluate the literature available in the selected subject area. Chapter three describes the methods for study, such as sampling techniques, data analysis, variables estimation, and SPSS statistics. Chapter four describes the study's results and conclusions, including descriptive statistical analysis, comparison, and diagnostic testing. Finally, chapter five suggests the outcome of the discussion, the limitation of the study, and the conclusion as well.

2.0 Literature review

This section deals with the analysis of some past research related to this study on the index and its determinants in corporate governance. It consists of several parts that discuss the general concept of corporate governance, performance, and macroeconomics. An overview of corporate governance and its determinants will be built through this subject consisting of firm-specific factors and macroeconomic factors.

Corporate governance is a set of structures developed and implemented to control management decisions and activities to help strengthen the market value of the businesses, the efficiency of the companies, and their capital resources. Many companies follow corporate governance to ensure that the company is responsible to investors and to improve further the accountability of the company concerning financial reports (Tariq, 2013).

Jensen and Meckling initially launched the thesis on the influence of corporate governance on the performance of the company in 1976, and since then further scholars were researching the relation between corporate governance and the performance of the company to determine that corporate governance structures have a significant impact on the performance of the company. The board's structure is an essential corporate governance tool (Ayda Farhan, 2017). Agency theory, which is the study of the relationship between the principal and the agent, assumes that independent non-executive directors are a great mechanism that can monitor the executives effectively (Ramdani, 2010). The independency of the board can bring a positive effect on the company's performance and value (O'Connell, 2010).

According to Roy (2016), there are two different ways that strong corporate governance can affect the company's performance. Firstly, it can lead to higher share price multiples as investors anticipate lesser cash flow will be diverted, and they will receive a fraction of the company's profit in the form of dividends. Secondly, strong corporate governance can reduce the expected return on equity; hence, it reduces the costs of shareholders' monitoring and auditing, which then leads to a lower cost of capital. However, strong corporate governance does not necessarily mean that the company is performing well because the cost to implement a strong corporate governance mechanism may outweigh the benefits.

The interaction between corporate governance and liquidity is relevant because it could shed some light on the mechanism that affects shareholder assets through corporate governance (Kee H. Chung, John Elder, and Jang Chul Kim, 2010). The company performance indicators were analyzed for the effect of firm performance on firm value ROA and ROE (Suhadak, Kurniaty, Ragil, and Mangesti, 2018). So if a company has a high ROA, then the company has the opportunity to improve its capital growth. Instead, if the company does not profit from the overall resource used, it will repress the development of its capital (Kee H. Chung, John Elder, and Jang Chul Kim, 2010).

Operational risk as the possibility of human error, ineffective or unsuccessful internal processes and structures and external events. Generally, companies with higher levels of operational risk can experience high levels of operational losses. Since higher operating risk creates losses regulators have pressured the banking industry to change how it handles its operations. Operational risk has the potential for creating significant losses for financial firms, there is very limited the impact of operational risk on firm performance with respect to nonfinancial institutions. Others, a firm can improve shareholder value by reducing the amount of operational risk relative to the earnings of the firm. Many high-profile losses in the financial industry have been traced to operational risk (Chiungfeng, Picheng Lee& Asokan Anandarajan, 2017).

Kubo and Sakai (2011) note that there are weaknesses in popular models of credit risk evaluation, such as option models. These are not appropriate for measuring long-term credit risk which institutional investors need. This is because the likelihood of bankruptcy is a moving target that constantly changes depending on the timing of the evaluation. The researchers add to the risk research literature by creating a credit risk evaluation tool that does not use stock prices, but integrates business cycles. The models include a prediction model for long-term cash flow and an evaluation model for credit risks.

3.0 Methodology

Methodology in science is a formal way of solving a specific problem systematic way to solve a particular problem. It is a studying how research is to be carried out. Methodology is define as a body of rules, and postulates employed by a discipline which is a particular procedure or set of procedures The purpose of this research is to analyze the effect of the corporate governance index of BreadTalk Limited Group on its determinants. The method that is used to collect and analyzed data is IBM Statistical Package for the Social Sciences (SPSS) Statistics version 25.

3.1 Sampling Technique

The population of this research is corporate governance index in relation and its determinants. Annual report for five years (2014 until 2018) have been chosen as samples to conduct this research in a more practical way to determine the relationship between dependent variable (ROA) and independent variables (internal factors and external factors).

3.2 Statistical Technique

This study focus on the company in Singapore. The sample for this research are chosen from BreadTalk Limited Group. The data used to conduct this research are extracted from annual reports of these five years from year 2014 to 2018. Income statement and balance sheet in the annual report which contain the financial information is used to evaluate the financial performance of company by computing financial ratios such as return on assets. For the external factors, GDP, inflation rate and exchange rate from year 2014 to 2018 are taken from the website to analyze the economic condition.

The main technique that used to complete this research is secondary data, get all the information and the data based on the internet, newspapers and the other secondary resources. Mainly used the secondary data because it is low cost, easy to get the data of the company. So, they decided to use secondary data as their tools for information. The secondary data's purpose is data collected by

someone other than the consumers. The data is simpler and can be easily obtained than the primary data, and it may also be use able if the primary data cannot be collected at all.

3.3 Data Analysis

In this research, one dependent variable which is return on asset (ROA) and two categories of independent variables (internal and external factors) are used. The research framework is shown as below:

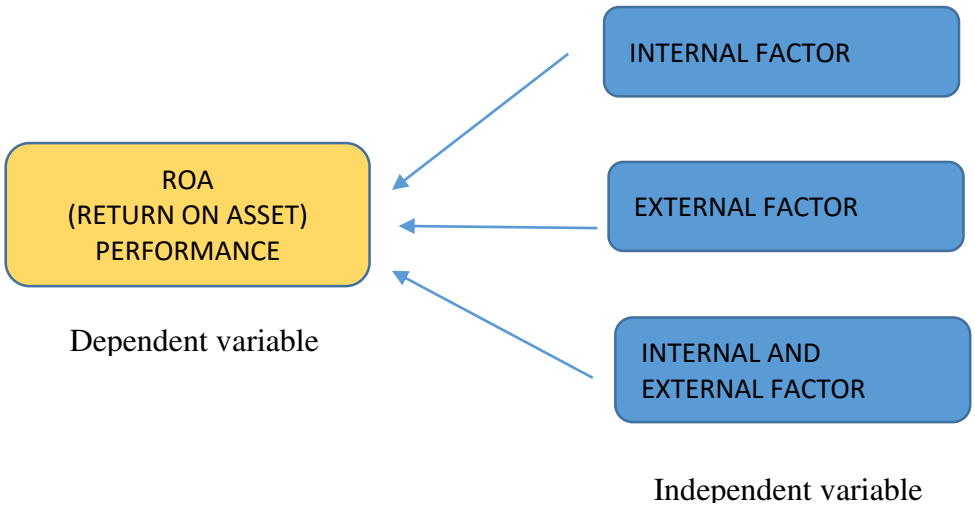


Figure 1: Research Framework

IBM Statistical Package for Social Sciences (SPSS Statistics)

To complete this analysis, IBM SPSS Statistics version 25 was used to measure the findings from the annual reports. Statistical Package for the Social Sciences or SPSS were developed by Norman H. Nie, C. Hadlai (Tex) Hull and Dale H. Bent at University of Stanford. SPSS was officially named as IBM SPSS Statistics in current version (2015) after being acquired by IBM. SPSS is the most widely used programs for statistical analysis in social science or research due to its multi-function such as statistics analysis, data management and data documentation features which helps in better decision making. For this research, IBM SPSS Statistics were used to compute descriptive statistics, linear regression, correlation and coefficient between independent variables and dependent variable based on quantitative data extracted from annual reports and official websites.

The following linear regression model were derived for the internal factors, external factors and the combination of both internal and external factors.

Model 1:

Linear Regression Model for performance with internal factors.

Performance roa = α + α1 CR + α2 QR + α3 OR + α4 ACP + α5 DTI + α6 OR+ α7 OM + ε

Model 2:

Linear Regression for performance with external factors.

Performance roa = α + α1 GDP + α2 Inflation + α3 ER + α4 IR + α5 STDV + ε

Model 3:

Linear Regression Model for performance with internal and external factors.

Performance roa = α + α1 CR + α2 QR + α3 OR + α4 ACP + α5 DTI + α6 OR + α7 OM + α8 CGI + α9 GDP + α10 Inflation + α11 ER + α112 IR + α13 STDV + ε

4.0 Findings and Analysis

The data was collected using regression analysis in the SPSS system using only five samples from 2014 to 2018. Table 1 displays the mean and standard deviation of conditional and factor proportion.

4.1 Descriptive analysis

Descriptive Statistics

	Mean	Std. Deviation	N
ROA	.132373746172704	.033262368644369	5
CURRENT RATIO	.816312959136642	.146123989787599	5
QUICK RATIO	.776627066087749	.144839952732073	5
AVERAGE-COLLECTION PERIOD	34.058544325054110	.586311983735545	5
DEBT TO INCOME	21.964656715225328	5.326685499769515	5
OPERATIONAL RATIO	.507009983828294	.011422372297380	5
OPERATING MARGIN	.049407761804399	.011751683912025	5
GDP	3.318929166761285	.454030102581213	5
Inflation	.360	.2074	5
Interest Rate	3.653659547339698	1.410038988632923	5
Exchange Rate	1.350637606060606	.048599950713313	5
STDV	.366745795502019	.020252965542588	5
total corporate index	4.60	.548	5

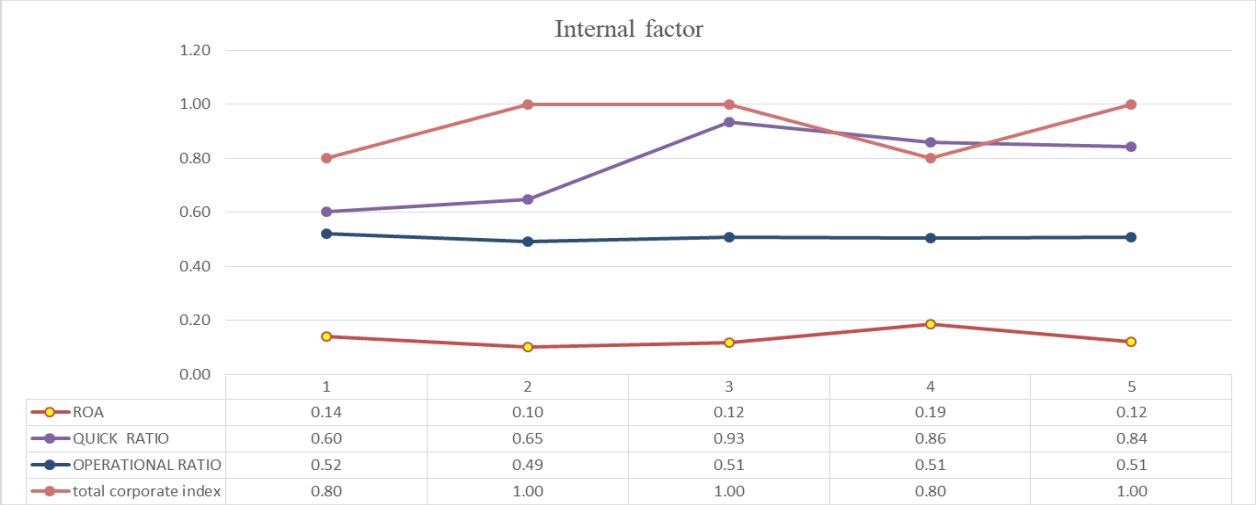
Table 1: Descriptive statistics

4.1.1 Mean and standard deviation

Based on the table 1, the description statistics is like an average. The higher the standard deviation the more fluctuate and the lower standard deviation means less fluctuate. Higher the fluctuation means more sensitive and risky, it can be towards the differences between each year for five years. For instance, debt to income has the higher mean which is 5.3267 and it is also the most fluctuated which is the standard deviation 21.9647 today and the amount are not same for following days because of the standard deviation are more than 2. If the standard deviation closed to 0 the mean or the average amount will stay the same and not risky compared to the standard deviation more

than 2 are too risky. The higher the number of standard deviation the more of unpredictable of the company.

4.1.2 Trend of internal factors.

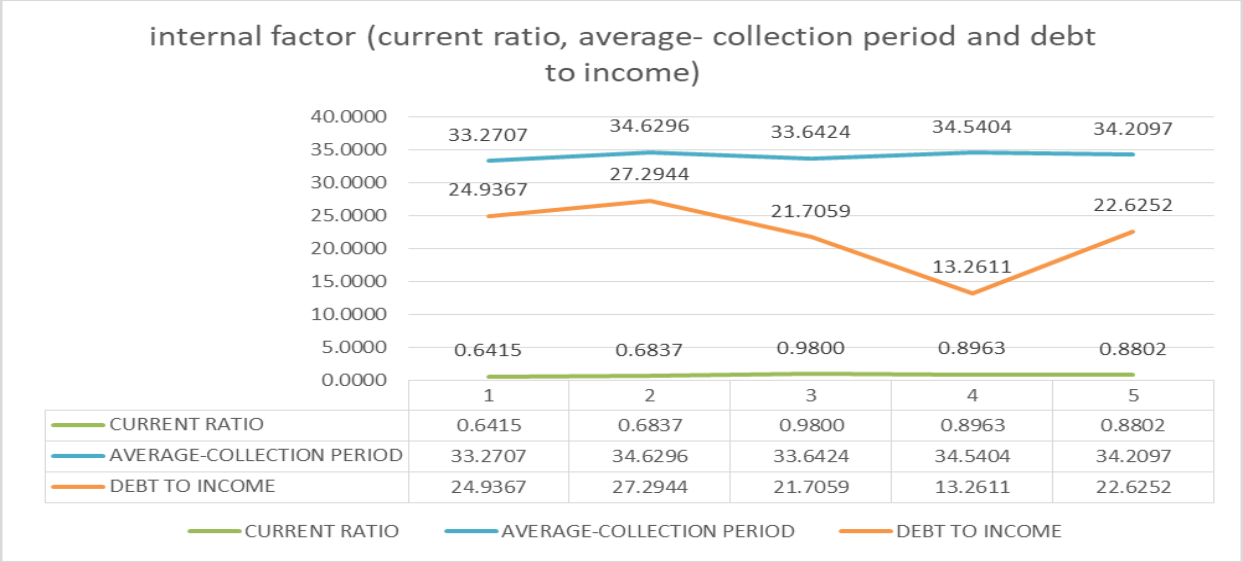


	1	2	3	4	5
ROA	0.14	0.10	0.12	0.19	0.12
QUICK RATIO	0.60	0.65	0.93	0.86	0.84
OPERATIONAL RATIO	0.52	0.49	0.51	0.51	0.51
total corporate index	0.80	1.00	1.00	0.80	1.00

Graft 1: Trend of Internal factor (Roa, Quick Ratio, Operational Ratio and Total Governance Index)

Based on the graft 1 above is the trend, ROA shows a decreased from 2014 to year 2015 and increase back from 2016 until 2017, the trend continued decrease in 2018. The decreasing trend is due to the decreasing of net income that affected the ROA that year. A quick ratio of more than 1 means the company has enough assets to pay for its current liabilities. Based on the trend above for quick ratio increase from 2014 until 2016 and decreased 2017 until 2018. The ideal ratio is heavily dependent on the sector in which the business operates. A company that operates in an industry with a short operating cycle does not generally need a high rapid ratio. The operating ratio is used to calculate management's operational performance. A low ratio of expenses means a high net profit rate. From the trend the operational ratio is decrease in 2014 and 2015 until 2018 the line is remain or constant. The corporate governance index show increase line start from 2014 and remain in 2015 until 2016, decrease the result in 2017 and grow back in 2018. In corporate index, the highest company get that mean the company have good corporate governance in company.

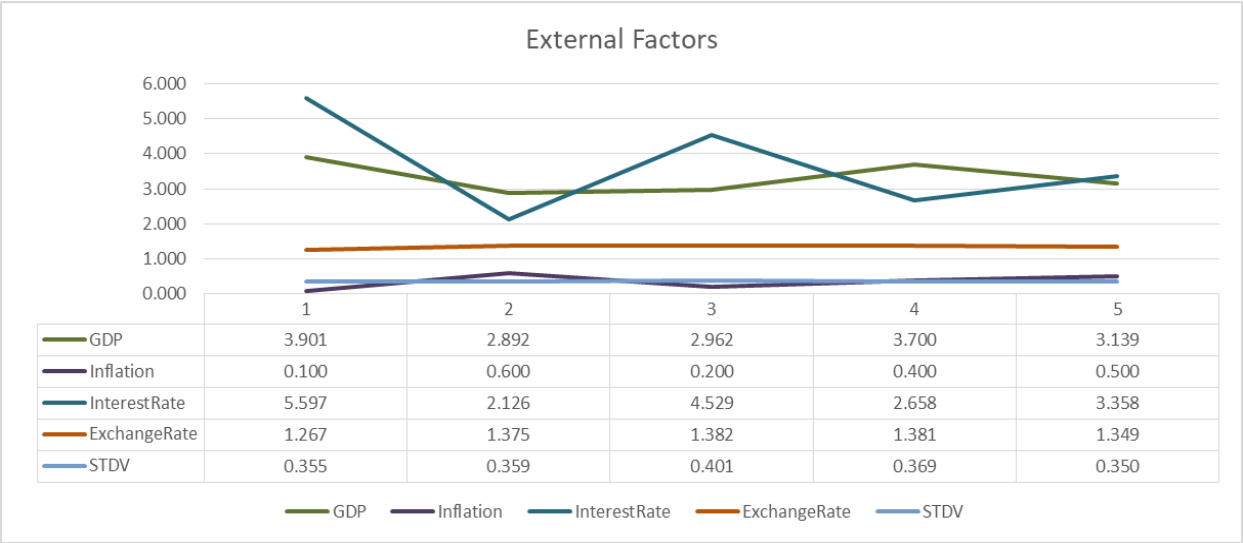
Graft 2: Trend of Internal factor (current ratio, average collection period and debt to income)



The average collection period is the approximate amount of time that it takes for a business to receive payments owed in terms of account receivable. The graph shows that volatile line but still not show big change for the trend and the amount just around 33.2707 until 34.6296. In 2015 BreadTalk took 34.6296 days, the longest time in 5 years, to collect back receivables. The longer the time it takes to collect back receivables, the larger the effect on company's cash flow.

A company's ability to pay off debt relies on its arrangement of expenses and profits. The debt to income ratio provides a simple indicator of a business overall liabilities relative to its sales. The debt-to-income ratio is a ratio that shows the profitability of the company to the debt load. In particular, larger operations and those with a reliable cash flow will maintain higher debt ratios if they have cost structures that are productive. The debt to income ratio of BreadTalk has increase from 24.9367 cent/ 1dollar income in 2014 to 27.2944 cent/ 1dollar income in 2015. The burden of BreadTalk to cover the debt using company's income has decrease among the years 2015 until 2017 and increase for 2018.

4.1.3 Trend of external factors.



	1	2	3	4	5
GDP	3.901	2.892	2.962	3.700	3.139
Inflation	0.100	0.600	0.200	0.400	0.500
InterestRate	5.597	2.126	4.529	2.658	3.358
ExchangeRate	1.267	1.375	1.382	1.381	1.349
STDV	0.355	0.359	0.401	0.369	0.350

Graft 3: External factors

GDP measures the value of the country's economic activity. The variable used to analyze the rate of GDP annual growth in Singapore. Based on the ratio trend of external factors, GDP has a volatile and decreasing trend from 3.90% in 2014 to 2.89% 2015 but the trend is increasing in 2015 to 2017 and drop in year 2018 which is the value is 3.39% from 3.70%. The rate of inflation is the country's changing value of money. Inflation also has volatile the first the inflation was increasing in 2015 and drop at 2016, the trend increasing back from 2017 until 2018. Interest rate also has volatile for every years, the first year graft line shows the decreasing from 5.59% in 2014 to 3.35% in 2018. The above line graph shows the exchange rate USD to USG. The result show the exchange rate are constant based on the line graft but if refer to the data table the percentage are volatile for every year.

4.2 SPSS Analysis

The SPSS analysis of performance on company specific variable will be discuss in four type of data which is correlation, model summary, anova and coefficient.

4.2.1 Correlation

Table 2: Correlation of dependent variable and company internal and external factors of BreadTalk Company

Correlations

		ROA	CR	QR	ACP	DTI	OR	OM	CGI	GDP	Inflation	IR	ER	STDV
Pearson Correlation	ROA	1.000	.212	.218	.098	-.887	.348	.792	-.829	.763	-.226	-.015	-.027	-.034
	CR	.212	1.000	1.000	.123	-.618	-.005	.651	.296	-.318	-.003	-.112	.661	.663
	QR	.218	1.000	1.000	.140	-.624	-.013	.662	.295	-.317	.013	-.128	.666	.648
	AC P	.098	.123	.140	1.000	-.263	-.845	.481	.238	-.373	.923	-.995	.712	-.227
	DTI	**-.887**	-.618	-.624	-.263	1.000	-.142	-.965	.491	-.402	.066	.196	-.379	-.266
	OR	.348	-.005	-.013	-.845	-.142	1.000	-.064	-.541	.697	-.853	.892	-.740	-.011
	OM	.792	.651	.662	.481	-.965	-.064	1.000	-.318	.224	.190	-.418	.534	.180
	CGI	**-.829**	.296	.295	.238	.491	-.541	-.318	1.000	-.968	.484	-.307	.501	.224
	GDP	.763	-.318	-.317	-.373	-.402	.697	.224	-.968	1.000	-.548	.446	-.658	-.328
	Inflation	-.226	-.003	.013	.923	.066	-.853	.190	.484	-.548	1.000	-.935	.584	-.384
	IR	-.015	-.112	-.128	-.995	.196	.892	-.418	-.307	.446	-.935	1.000	-.737	.189
	ER	-.027	.661	.666	.712	-.379	-.740	.534	.501	-.658	.584	-.737	1.000	.496
	STDV	-.034	.663	.648	-.227	-.266	-.011	.180	.224	-.328	-.384	.189	.496	1.000
Sig. (1-	ROA	.	.366	.362	.438	.022	.283	.055	.042	.067	.358	.490	.483	.478
	CR	.366	.	.000	.422	.134	.497	.117	.314	.301	.498	.429	.112	.111
	QR	.362	.000	.	.411	.130	.492	.112	.315	.301	.491	.419	.110	.119

taile d)	ACP	.438	.422	.411	.	.335	.036	.206	.350	.268	.013	.000	.089	.357
	DTI	.022	.134	.130	.335	.	.410	.004	.200	.251	.458	.376	.265	.333
	OR	.283	.497	.492	.036	.410	.	.459	.173	.095	.033	.021	.076	.493
	OM	.055	.117	.112	.206	.004	.459	.	.301	.359	.380	.242	.177	.386
	CGI	.042	.314	.315	.350	.200	.173	.301	.	.003	.204	.308	.195	.359
	GDP	.067	.301	.301	.268	.251	.095	.359	.003	.	.169	.226	.114	.295
	Inflation	.358	.498	.491	.013	.458	.033	.380	.204	.169	.	.010	.150	.262
	IR	.490	.429	.419	.000	.376	.021	.242	.308	.226	.010	.	.078	.381
	ER	.483	.112	.110	.089	.265	.076	.177	.195	.114	.150	.078	.	.198
	STDV	.478	.111	.119	.357	.333	.493	.386	.359	.295	.262	.381	.198	.

Based on the table 2, result of the correlation for Model 1, Model 2 and Model 3. The correlation of to both internal and external factors of BreadTalk. According to the result above, most of the variable have negative correlation, when one variable is higher that will associate lower value for other variable. This means that as one variable increases, the other decreases, and vice versa. The Debt to income (DTI) and corporate governance index (CGI) have high correlation with the ROA. For instance, ROA has high negative correlation with DTI. Significant correlation of r= - 0.887, p -value <0.10. ROA has the highest negative correlation with CGI if compare to the other variables. This table show the ROA significant with debt to income, operating margin and corporate governance index have less that P > 0.05.

This shows that when ROA increases, CGI also increases. A higher ROA means higher earnings for companies hence more company's developments and expansion. Financially strong companies can maintain a fully functional board of directors as the cost of maintaining it will be high. Moreover, higher performance-based incentives can be given to the board of directors to encourage them to effectively and efficiently perform their fiduciary duty as directors to protect the interest of shareholders. As a result, a better corporate governance performance can be established.

MODEL 1

4.2.2 Model Summary of BreadTalk performance on Internal factor.

Table 3 : Model summary of BreadTalk performance on Internal factor

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.887[a]	.787	.716	.017735362012658	
2	.995[b]	.990	.980	.004650315867801	1.933

a. Predictors: (Constant), DEBT TO INCOME

b. Predictors: (Constant), DEBT TO INCOME, total corporate index

c. Dependent Variable: ROA

From table 3, model summary of dependent and internal factors, this tell us that 98.0% of the variance in the dependent variable is explained by the debt to income and corporate governance index. This result is ROA will be positively related to debt to income and total corporate index.

4.2.3 Anova of BreadTalk Performance on Internal factor

Table 4: Anova of BreadTalk Performance on Internal factor

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.003	1	.003	11.070	.045[b]
	Residual	.001	3	.000		
	Total	.004	4			
2	Regression	.004	2	.002	101.323	.010[c]
	Residual	.000	2	.000		
	Total	.004	4			

a. Dependent Variable: ROA

b. Predictors: (Constant), DEBT TO INCOME

c. Predictors: (Constant), DEBT TO INCOME, total corporate index

Based on the table 4, we can learn that debt to income and corporate index has a great effect to the dependent variables. The ROA will be affected by debt to income and corporate index. Based on the ANOVA result shown, Model 1 has a statistically significant to ROA with P < 0.1 when the internal factors are examined.

4.2.4 Coefficients of BreadTalk Performance on Internal factor.

Table 5: Coefficients of BreadTalk Performance on Internal factor

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.254	.037		6.789	.007	.135	.373
	DTI	-.006	.002	-.887	-3.327	.045	-.011	.000
2	(Constant)	.364	.020		18.525	.003	.279	.448
	DTI	-.004	.001	-.633	-7.884	.016	-.006	-.002
	CGI	-.031	.005	-.518	-6.453	.023	-.052	-.010

a. Dependent Variable: ROA

Lastly, from coefficient table, in table 5 we found that the coefficient result shows that there are two significant variables in Model 1 which consists of Debt to income and CGI. This result is consistent with the study of Impact of performance on debt to income and CGI of Firms. Debt to income are significant because have negative significant influenced to the ROA with the P < 0.05. We found that debt to income has the biggest significance effect to performance with P-value <0.05.

MODEL 2

4.2.5 Model Summary of BreadTalk performance on external factor.

Table 6: Model summary of BreadTalk performance on external factor

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000[a]	1.000	.	.	1.865

a. Predictors: (Constant), STDV, InterestRate, GDP, ExchangeRate

b. Dependent Variable: ROA

From table 6, model summary of dependent and external factors, this tell us that 100% of the variance in the dependent variable is explained by the STDV, Interest rate, GDP and exchange rate. This result is ROA will be positively related to STDV, interest rate, GDP and exchange rate.

1.2.6 Anova of BreadTalk Performance on external factor

Table 7: Anova of BreadTalk Performance on external factor

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.004	4	.001	.	.[b]
	Residual	.000	0	.		
	Total	.004	4			

a. Dependent Variable: ROA

b. Predictors: (Constant), STDV, InterestRate, GDP, ExchangeRate

Based on the table 7, we can learn that STDV, interest rate, GDP and exchange rate has a great effect to the dependent variables. The ROA will be affected by STDV, interest rate, GDP and exchange rate. Based on the ANOVA result shown, Model 2 has a statistically no significant to ROA with $P < 0.1$ when the internal factors are examined shown there is no significant value in the table.

4.2.7 Coefficients of BreadTalk Performance on external factor.

Table 8: Coefficients of BreadTalk Performance on external factor

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	-1.404	.000		.	.	-1.404	-1.404
	GDP	.099	.000	1.356	.	.	.099	.099
	IR	.015	.000	.620	.	.	.015	.015
	ER	1.068	.000	1.561	.	.	1.068	1.068
	STDV	-.789	.000	-.481	.	.	-.789	-.789

a. Dependent Variable: ROA

Lastly, from external coefficient table, in table 8 we found that the coefficient result shows that there are 4 variables in Model 2 which consists of STDV, interest rate, GDP and exchange rate. This result is consistent with the study of Impact of performance on STDV, interest rate, GDP and exchange rate. The result shown STDV, interest rate, GDP and exchange rate are not significant because no value in the table for significant influenced to the ROA with the $P < 0.05$. We found that STDV, interest rate, GDP and exchange rate has not significance value that will effect to performance with P-value <0.05.

MODEL 3

4.2.5 Model Summary of BreadTalk performance on external factor.

Table 9: Model summary of BreadTalk performance on external factor

Model Summary[e]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.887[a]	.787	.716	.017735362012658	
2	.995[b]	.990	.980	.004650315867801	
3	1.000[c]	1.000	1.000	.000196006491311	
4	1.000[d]	1.000	.	.	2.231

a. Predictors: (Constant), DEBT TO INCOME
b. Predictors: (Constant), DEBT TO INCOME, total corporate index
c. Predictors: (Constant), DEBT TO INCOME, total corporate index, STDV
d. Predictors: (Constant), DEBT TO INCOME, total corporate index, STDV, CURRENT RATIO
e. Dependent Variable: ROA

From table 9, model summary of dependent with internal and external factors, this tell us that 100% of the variance in the dependent variable is explained by the debt to income, corporate governance index, STDV and current ratio . This result is ROA will be positively related to debt to income, corporate governance index, STDV and current ratio.

4.2.6 Anova of BreadTalk Performance on internal and external

Table 10: Anova of BreadTalk Performance on internal and external

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.003	1	.003	11.070	.045[b]
	Residual	.001	3	.000		
	Total	.004	4			
2	Regression	.004	2	.002	101.323	.010[c]
	Residual	.000	2	.000		
	Total	.004	4			
3	Regression	.004	3	.001	38397.275	.004[d]
	Residual	.000	1	.000		
	Total	.004	4			
4	Regression	.004	4	.001	.	.[e]
	Residual	.000	0	.		
	Total	.004	4			

a. Dependent Variable: ROA
b. Predictors: (Constant), DEBT TO INCOME
c. Predictors: (Constant), DEBT TO INCOME, total corporate index
d. Predictors: (Constant), DEBT TO INCOME, total corporate index, STDV
e. Predictors: (Constant), DEBT TO INCOME, total corporate index, STDV, CURRENT RATIO

Based on the table 7, we can get that from STDV, debt to income, CGI and current ratio has a great effect to the dependent variables. The ROA will be affected by STDV, debt to income, CGI and current ratio. Based on the ANOVA result shown, Model 2 has a statistically not significant to performance ROA with $P < 0.1$ when the internal and external factors are examined shown there is no significant value in the table.

4.2.7 Coefficients of BreadTalk Performance on internal and external factor.

Table 11: Coefficients of BreadTalk Performance on internal and external factor

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.254	.037		6.789	.007	.135	.373
	DTI	-.006	.002	-.887	-3.327	.045	-.011	.000
2	(Constant)	.364	.020		18.525	.003	.279	.448
	DTI	-.004	.001	-.633	-7.884	.016	-.006	-.002
	CGI	-.031	.005	-.518	-6.453	.023	-.052	-.010
3	(Constant)	.425	.002		212.484	.003	.399	.450
	DTI	-.004	.000	-.689	-182.564	.003	-.005	-.004
	CGI	-.028	.000	-.465	-124.617	.005	-.031	-.025
	STDV	-.186	.006	-.113	-33.538	.019	-.256	-.115
4	(Constant)	.424	.000		.	.	.424	.424
	DTI	-.004	.000	-.698	.	.	-.004	-.004
	CGI	-.028	.000	-.458	.	.	-.028	-.028
	STDV	-.181	.000	-.110	.	.	-.181	-.181
	CR	-.002	.000	-.010	.	.	-.002	-.002

a. Dependent Variable: ROA

Lastly, from coefficient table (table 11), we found that DTI, CGI, STDV and CR has the most significance effect to performance. Besides, DTI, CGI, STDV and CR influence ROA positively. This result is consistent with the study of Asia Economic and Financial. Review that states that the increase of a performance in a country will eventually increase the, DTI, CGI, STDV and CR as well.

5.0 Discussion and Conclusion

This research aims to establish the internal and external factor affecting BreadTalk Company's performance. In order to complete the objective, internal factors (liquidity risk, credit risk, operational risk and corporate governance) and external factors (market risk STDV, inflation, GDP of the gross domestic product, interest rate and exchange rate) have been used in this section. This section contains suggestions and findings for future research study.

5.1 Limitation

This analysis is related mainly to Singapore's food manufacturing industry. The study was only related to the data included since it includes only five years of BreadTalk Company's results and financial reports.

5.2 Conclusion

In conclusion, BreadTalk has a decline performance in 5 years. Its performance is affected mainly by Debt to income and corporate governance index (internal factor), and market risk STDV (external factor). The lower the debt to income and market risk of Singapore, the better of this company performance. A company performance is determined by internal and external factors. In this case, BreadTalk Company external factors has greater influence on the company than internal factors. However, it would be difficult for company to control its external environment. Hence, it would be more persuasively for BreadTalk to enhance its internal performance. If the company failed to decrease the Debt to income, the performance, and ability Company able to manage to make payments every month to repay the borrowed money become worst. However BreadTalk needs to make full use of every single dollar of assets they have acquired. Meanwhile, BreadTalk Company needs to be aware of the economic situation and be effective in taking risks.

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