Corperate Governance and Performance of Delfi Group Limited

Mohd Yusof, Norsafinas

Universiti Utara Malaysia

18 November 2019

Corperate Governance and Performance of Delfi Group Limited

Norsafinas Binti Mohd Yusof
Universiti Utara Malaysia

ABSTRACT

The purpose of the study is to assess corporate governance and its effect on Delfi Ltd's firm performance and risk. The research approach is to evaluate Delfi's regression using SPSS Model. The study found that Delfi's performance is dramatically declining and, as it increases slightly over the years, means that its potential against short-term liability is deteriorating, the regression analysis indicates that Delfi's performance has higher interest rate (external factor) impact.

Keywords: performance, interest rate, corporate governance

1.1 Overview

Delfi Limited has a long history of dating back to the early 1950s in chocolate confectionery and a lively heritage steeped in value and creativity. We set up our first Indonesian manufacturing facility and introduced SilverQueen and Ceres to local consumers. For many, it was their first taste of a chocolate that would lead to a lifelong commitment to enticing treatments. We introduced Selamat in the 1970s, and Delfi with its iconic skier logo in the 1980s. We have built strong emotional connections between customers and our brands over the years. Our diverse brands and beloved products continue to entertain generations as we remain committed to upholding the highest standards for all Delfi products and pave the way for innovation by producing confectionery items that will give consumers a smile over and over again.

Our Own Brands range has gradually expanded to include chocolate confectionery, biscuits and wafers, coffee, drinks and baking. Our business has grown steadily to become a trusted name for both our customers and our business partners. This was done by building the company gradually from the ground up and remaining true to our core business values of total customer satisfaction, superior product performance, relentless creativity, prudent financial practices, and seamless teamwork.

In 2006, we entered the Philippines market by strategically acquiring a chocolate production, marketing and distribution company from which we now own two well-known local brands: Goya and Knick Knacks. From a single market, we have developed into a regional chocolate confectionery company backed by integrated production capabilities and a wide distribution network and supported by a strong portfolio of Own Brands. Via our comprehensive manufacturing, marketing and distribution network in Indonesia and our regional markets, we sell our Own Brands and a selection of well-known Agency Brands. Indonesia remains our largest market as we extend our presence in the Philippines and Malaysia and export internationally to over 20 countries.

Today, the business of the company group Delfi is built on a solid basis with demonstrated strengths in the production, manufacture and distribution of a portfolio of the region's cherished chocolate brands. Millions of discerning chocolate lovers appreciate our products.

1.2 Research Objective

1. To investigate the internal factors influence towards performance.

2. To investigate the external factors influence towards the perforamnce.

3. To investigate both the internal and external factors influence towards performance.

1.3 Research Questions

1. Does any relationship between the internal factors influence of Delfi Ltd towards performance?

2. Does any relationship between the external factors influence towards performance?

3. Does any relationship between both internal and external factors influence towards performance?

1.4 Scope of Study

The research sample is information of Singapore's food industry, namely Delfi Ltd. The accounting and financial ratio were based on annual reports from Delfi Ltd for 2014-2018.The sample of the study is details about foods industry in Singapore, namely Delfi Ltd. The accounting and financial ratio was based on Delfi Ltd 2014-2018 annual reports.

1.5 Organization of the study

This research is made up of five main chapters. The first chapter is the summary of this study, which includes description, research objectives, report range and study organization. In the second chapter, we address independent and dependent variables literature review, which is internal and external factors that affect company output on asset return (ROA). Chapter three states that we address the observations and outcomes of this study in chapter four, the estimation of variables, research methodology and data analysis. This analysis is concluded in the last chapter.

LITERATURE REVIEW

2.1 Corporate governance

Corporate governance, according to Sodali and Governance Consultant S.A. (2012), can be broadly defined as the proper distribution of power and obligations between the board of directors, the management and the owners of a company. Shlefier and Vishny (as discussed in Spring 2006) describe the way in which corporate governance deals with the ways in which financial suppliers to companies make sure that their investment is returned. Next is to review the supervisory and control mechanism aimed at ensuring that the management of the company behaves in compliance with investors ' interests (Parkinson, 1994) as quoted in Jill Solomon (2007).

2.2 Credit risk

To research the credit risk analysis associated with the performance of the company and its corporate governance. In all activities in which success depends on counterparties, issuers, or borrower efficiency, credit risk is found. According to the BCBS (2001) and Gostineau (1992) Basel Committee on Banking Supervision as cited in Hamisu Suleiman Kargi (2011), credit risk is the possibility of losing the outstanding loan partially or totally due to credit events (default risk). Credit events usually include events such as bankruptcy, failure to pay due obligation, repudiation / moratorium, or alteration and restructuring of credit rating. Basel Committee on Banking Supervision- BCBS (1999), as stated in Hamisu Suleiman Kargi (2011), described credit risk as the potential for a bank borrower or counterparty to fail to fulfill their obligations under agreed terms. Heffernan (1996) as quoted in Hamisu Suleiman Kargi (2011) observes that credit risk is either the risk of an asset or a loan being irrecoverable in the event of an outright default or the threat of delay in servicing the loan.

2.3 Operation risk

According to the Basel Committee on Banking Supervision, 2004 (as stated in Helen Matthews and Technical Information Services, 2008), operational risk was also described as the risk of loss due to insufficient or failed internal processes, people and systems or external events. According to Helen Matthews and Technical Information Services (2008), operational risk is largely based on procedures and processes, which ensures that auditing is used for risk identification purposes. Risk-based audit can be used as a mechanism for detecting risks, as well as a means of reporting to the board on the efficacy of the risk management system of the

company. The board of directors will take the lead in creating a strong culture of risk management. The Board of Directors and senior management will develop a corporate culture that is driven by strong risk management and that encourages and offers reasonable expectations and opportunities for skilled managers to ensure that there is a clear functional risk management culture across the company. (Basel Banking Supervisory Committee, 2011).

2.4 Liquidity risk

It is important to define the definition first in order to study the liquidity risk. It is defined as the bank's ability to convert capital into a cash value and to satisfy commitments and credit demands without losses. Liquidity is one of the most significant metrics of assessing the financial strength of the company and its ability to fulfill its commitments by money or equivalents and to swap capital for short-term funds. Liquidity is also one of the bank's main goals in maintaining customer trust and coping with risk bankruptcy. According to Al-Araj,2010 (as stated in Nahed Habis alwarasahedh, 2018), the Board of Directors is responsible for determining the methods by which liquidity risk management can be effectively controlled and monitored, developing an effective liquidity risk management system and defining strategies and policies to support and improve the system in a manner consistent with acceptable liquidity danger.

2.5 Market risk

Research the market risk relationship between the success of the company and its corporate governance. Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss arising from changes in earnings from assets and liabilities. Interest risk, foreign exchange risk, and price change risk are three material market threats. (Yokin,1999)

2.6 Performance

Last but not least, to research the relationship between the company's governance and efficiency. The research results, referring to Wim Eysink and Leen Paape (2016), support the hypothesis that good governance improves organizational performance as it generates six variables of governance with academically validated positive effects on performance. Such "nice" governance variables listed are: board autonomy, board diversity, remuneration, CEO characteristics, oversight and ownership structure. Conclusive evidence is found that each of

these variables is capable of improving organizational efficiency, but there is no one size that suits all solution to practical application.

METHODOLOGY

3.1 Introduction

The approach used in this study will be discussed in this section. This section would discuss all the elements involved in carrying out this experiment from the samples collected and the sampling methods used for the research. Finally, this section gives a detailed description of the chosen method of research used and the process of data collection.

3.2 Population and Sampling Technique

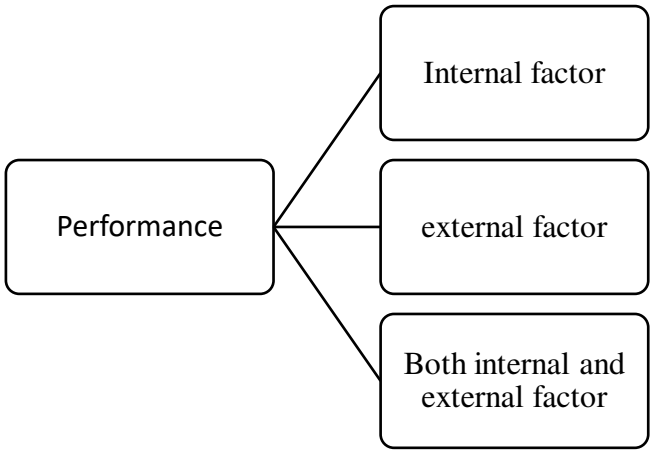
Population can be understood as the evaluation of the selected population or research group. Population in this sample is Singapore's biggest food business. To carry out this analysis, one organization was chosen from the population as a test. The chosen company is Delfi Ltd. Data from the annual reports from 2014 to 2018 will be used to calculate dependent variables (performance) and independent variables (internal factors and external factors).

3.3 Statistical Technique

In this analysis, Delfi has been selected. From 2014 to 2018, we used data obtained from the annual report to analyze the impact of business-related internal and external variables from different aspects, including productivity, company performance, financial, and credit. Disclosure of data on board of directors in terms of age, representation of race, ethnicity, review panel, community service program, meeting attendance, and familiarity with the director is used to determine the corporate governance index ranking. Between 2014 to 2018, we collected data on Singapore's GDP, unemployment, interest rate and exchange rate.

3.4 Data Analysis

This part will analyse the data as follow:



3.5 Statistical Package for Social Science (SPSS)

SPSS, also known as IBM SPSS Analytics, is a software package used for the study of status data. SPSS facilitates the study and alteration of many types of data and almost all structured data formats. SPSS provides data processing of quantitative and bivariate statistics, statistical performance forecasts and category classification predictions. The software also offers information transformation, graphing, and targeted advertising features. SPSS Inc. developed the computer kit in 1968 and purchased by IBM in 2009. While the program was changed to IBM SPSS statistics, it is often widely referred to as SPSS. To conclude this analysis, version 25 of IBM SPSS Statistics has been used to measure excel information which we receive from the annual report to produce the answer.

The subsequent cumulative linear regression was used to assess the impact on Delfi Ltd's return on capital of financial, local and internal as well as external factors.

Model 1: Linear Regression Model of internal factors to the performance of Delfi Ltd.

$$Performance_{ROA} = a + a_1CR + a_2QR + a_3OR + a_4ACP + a_5DTI + a_6OM + \varepsilon$$

Model 2: Linear Regression Model of external factors to the performance of Delfi Ltd.

$$Performance_{ROA} = a + a_1GDP + a_2Inflation + a_3ER + a_4IR + \varepsilon$$

Model 3: Linear Regression Model of internal and external factor to the performance of Delfi Ltd

$Performance_{ROA} = a + a_1CR + a_2QR + a_3OR + a_4ACP + a_5DTI + a_6OM + a_7IR + a_8CGI + a_9GDP + a_{10}$ Inflation $+ a_{11}ER + a_{12}IR + \varepsilon$

FINDINGS AND ANALSIS

Introduction

By financial statement study, the company's pattern can be established by contrasting the combination to different periods of time or with another organization in the same sector. In this analysis, we will infer that the financial information of a corporation in its financial statement is the declaration of income, the balance sheet and the statement of cash flow.

4.1 DESCRIPTIVE ANALYSIS

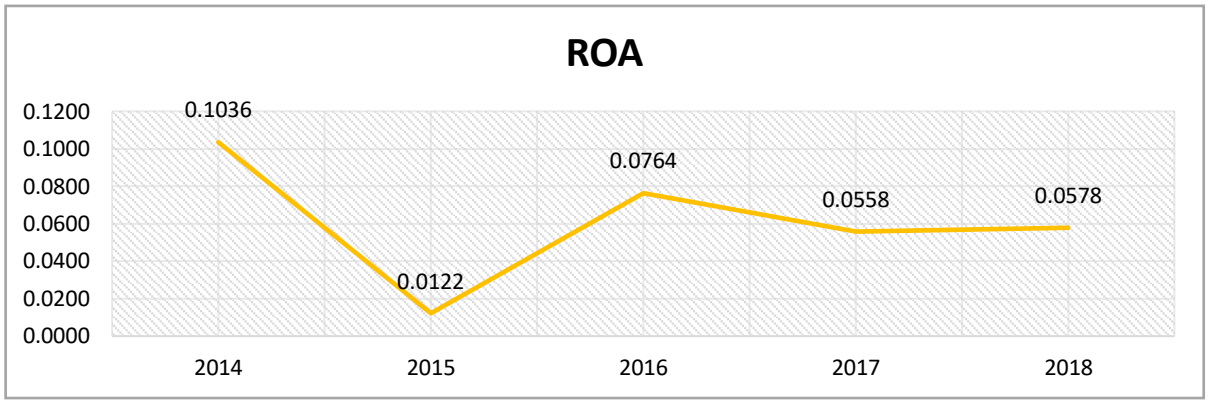
Descriptive Statistics

	Mean	Std. Deviation	N
ROA	.0611492771	.0334058316	5
CURRENT RATIO	56337.14244	60993.14042	5
QUICK RATIO	.5263406916	.4265790807	5
AVERAGE-COLLECTION PERIOD	56.27614043	4.182400278	5
DEBT TO INCOME	2.736770723	2.920911423	5
OPERATIONAL RATIO	.6603634561	.2979586929	5
OPERATING MARGIN	.1244603310	.0959887655	5
GDP	3.318929167	.4540301026	5
Inflation	.360	.2074	5
InterestRate	3.653659547	1.410038989	5
ExchangeRate	1.350637606	.0485999507	5
STDV	.0412835387	.0274608053	5
Total Corporate Index	3.00	.000	5

Table 1: Descriptive Statistics Of Dependent And Company Specific Variables

From 2014 to 2018, the data collected are tested in the SPSS framework using linear model regression analysis for 5 tests. Table 1 displays the average and standard deviation of the combination of dependents and variables. The subsequent elaboration will round the quality up to 4 decimal places.

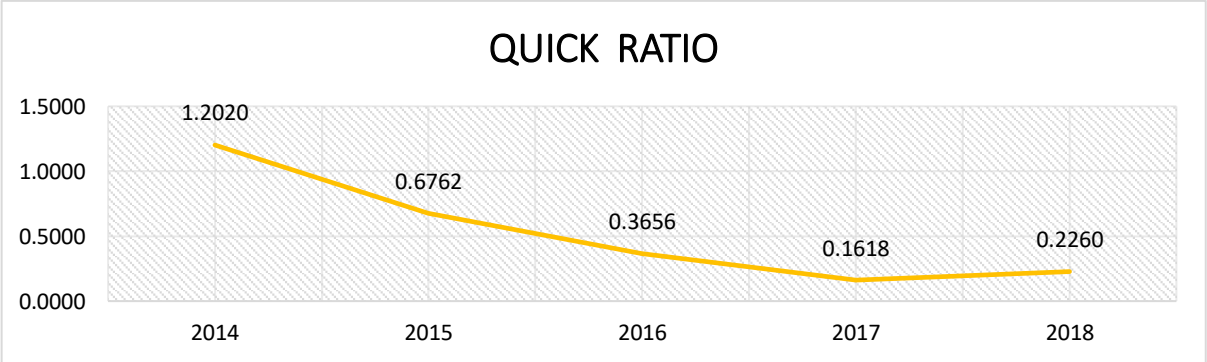
4.1.1 COMPANY PERFORMANCES



Graph 1: Return On Asset Ratio Of Delfi Ltd From 2014-2018

Return on assets (ROA) used to calculate the company's performance. The higher ROA shows us the better profatibility of the product. The ROA of Delfi Ltd fluctuated over the 5 years of observation, as we can see from the chart above. Delfi's ROA declined dramatically in 2015 (0.0122) and increased slightly in 2016 (0.0764). While the ROA dropped again to 0.0558 in 2017 and only slightly higher than in 2018 (0.0578). The mean ROA for Delfi is 0.0612 based on descriptive table, and the standard deviaton is 0.0334. Just 6.12 cent is created for every 1 dollar Delfi investment property. Within 5 years, the dispersal of profit generated from resources is only about 3.3 million. Delfi's ability to generate revenue from capital is small.

4.1.2 LIQUIDITY RISK

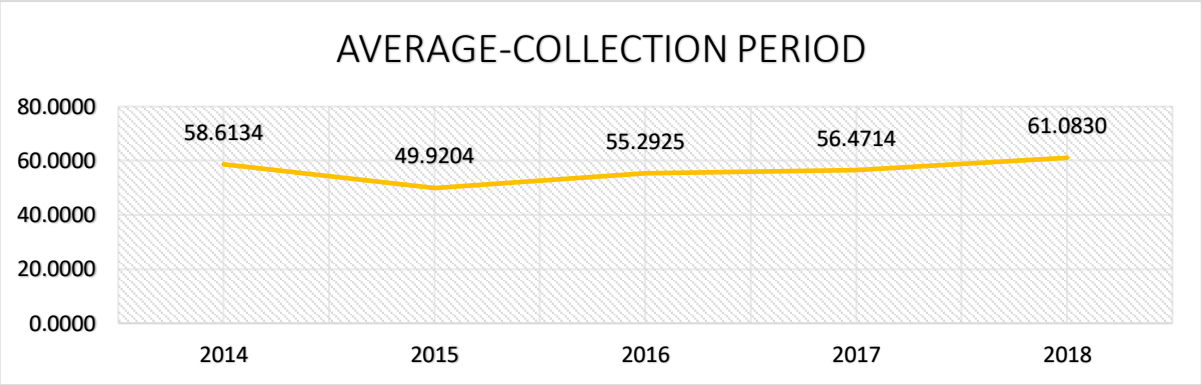


Graph 2: Quick Ratio of Delfi Ltd from 2014-2018

Quick ratio, also regarded as acid test ratio, indicates a company's proportion of fast capital in addition to its current liabilities. The greater the quick ratio, the flexibility is the business to fulfill short-term liabilities. Delfi's fast ratio fell from 2014 to 2017 for 4 years. Delfi's accelerated ratio in 2014 was 1.2020, and then the ratio continues to decline as of 2015 (0.6762), 2016 (0.3656) and 2017 (0.1618). In 2018, the proportion increased slightly to

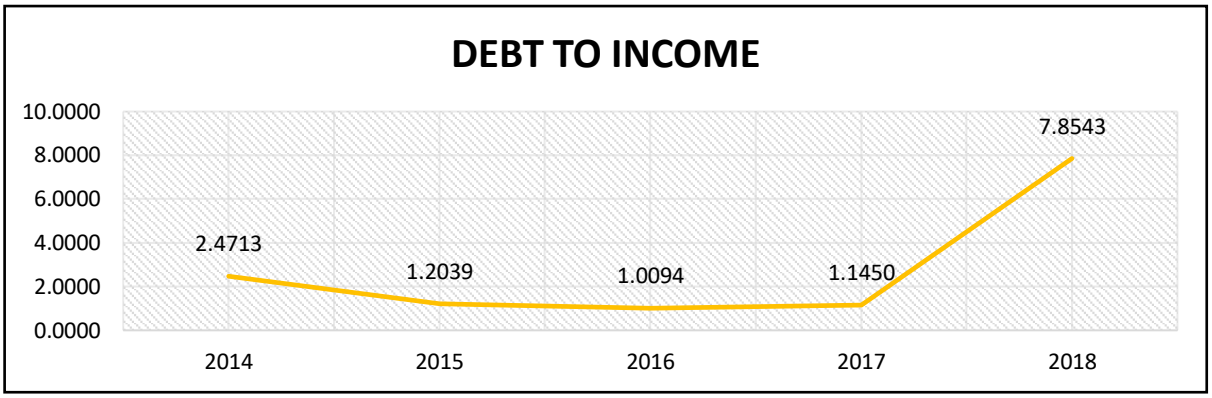
0.2260. We may say that the flexibility of Delfi is poorer throughout the year. The mean quick ratio for delfi in 5 years is 0.5263 and the standard deviation is 0.4266 based on table 1. For 2014 to 2018, it means that every $1 in short-term debt, Delfi can only cover 0.5263 cents and that the company's ability to fund short-term debt is unsustainable. Thus it tells us that the ability of Delfi to undergo short-term contigencies may be low.

4.1.3 CREDIT RISK



Graph 3: Average Collection Period of Delfi Ltd from 2014-2018

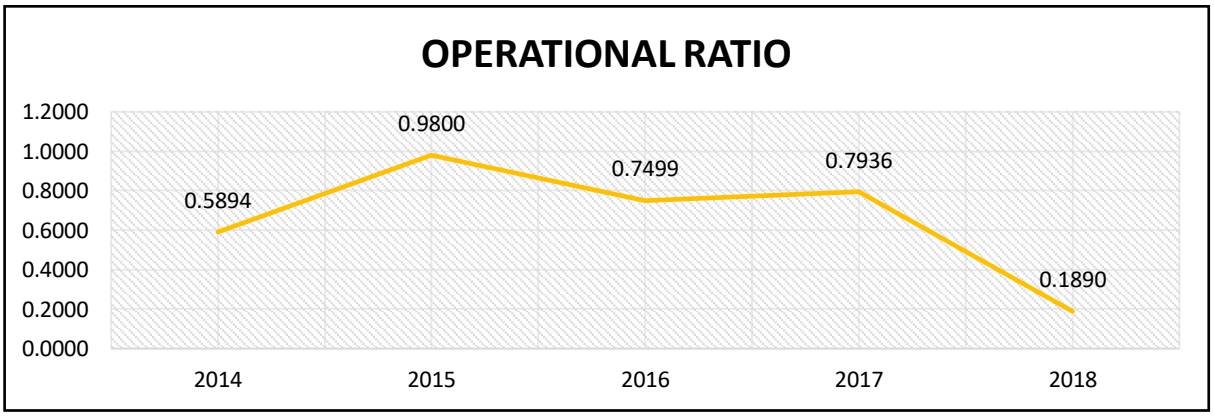
The average collection period is the approximate amount of time it takes for a company to receive payments due in terms of receivable balance. The chart shows that the average selection period of Delfi is in pattern of fluctuation. The processing of the accounts receivable took 58.6134 days in 2014 and 49.9204 days in 2015. The quality improvement in 2016, taking 6 days longer than in 2015, continues to increase in the collection of receivables back from 2017 (56.4714) to 2018 (61.0830), when the collection of receivables back in 2018 took 5 days longer than in 2017. For Delfi to recover back its receivables, the average days in 5 years is 56.2761 days, and this can vary to a maximum of 4.1824 days. The ability of the company to receive receivables is considered to be high.



Graph 4: Debt To Income Ratio Of Delfi From 2014-2018

The debt-to-income ratio is a ratio indicating the profitability of the business to the debt load. A company ability to repay debt depends on the composition of its expenses and profits. The debt-to-income ratio provides a simple indicator of a business ' gross liabilities compared to its profits. For fact, larger business enterprises and those with sufficient cash flow will maintain higher debt levels as long as they have expense structures that are effective. Delfi's debt-to-income rate has fallen from 2.4713 cents/1 dollar income in 2014 to 1.1450 cents/1 dollar income in 2017. Delfi's debt-to-income pressure has risen dramatically in 2018 (7.8543) and strengthened its efficiency in using debt-to-revenue revenue. Delfi's average income debt ratio is 2.7368 and the standard deviation is 2.9209. This shows that Delfi would produce 273.68 cents of gain for every 1-dollar debt. So their willingness to use profit-making ability is quite strong with a dispersion of 292.09 points.

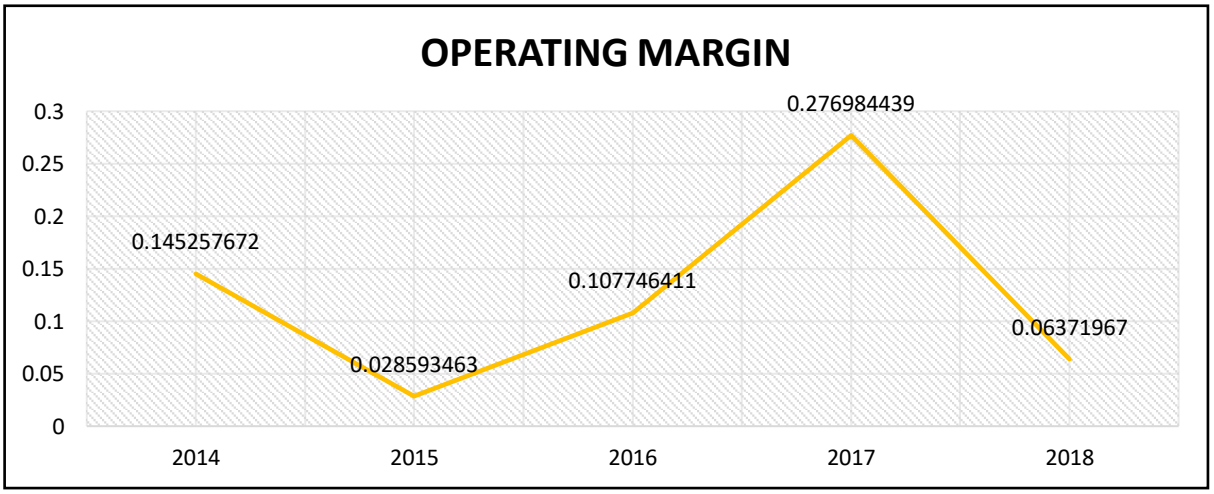
4.1.4 OPERATIONAL RISK



Graph 5: operational Ratio of Delfi Ltd from 2014-2018

The operating ratio shows the management performance of an organization. The higher the proportion, the lower the income-generating ability of the company. According to the diagram above, Delfi's financial ratio was high because its operating expenses are handled better in 2014 and the lowest in 2018. The higher the number, the lower the profit-generating capacity of the

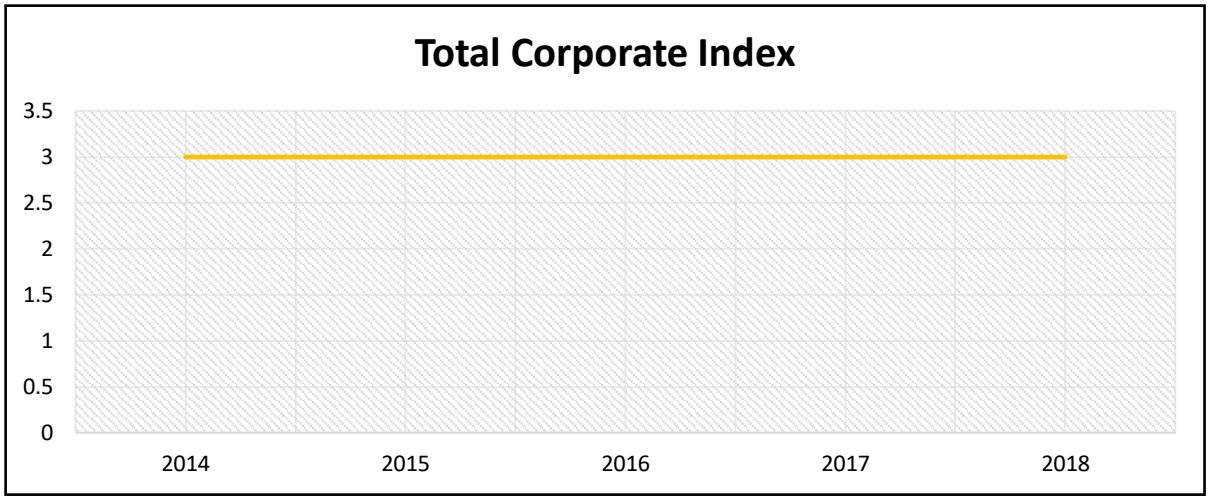
product. The Delfi company's overall operating ratio is 0.6603 and the standard deviation is 0.2980. It tells us that the organization is unable to handle its operating expenses. Delfi has spent 66.03 cents generating revenue per 1 dollar and this number has been deemed volatile for Delfi as its standard deviation is quite high.



Graph 6: Operating Margin of Delfi Ltd from 2014-2018

Operating margin indicates that a company's profit will make sales on a dollar by deducting the fixed costs of production, such as the price of labor and raw materials, Until you pay interest or tax. Through dividing its operating profit through net sales, it can be measured. The diagram above shows a pattern that fluctuates. The lowest operating margin for Delfi was 2015 (0.02859), while 2017 (0.2770) was the highest. Operating profit average is 0.1245 and standard deviation is 0.0960. It means the average operating profit of the company is 12.45% of total revenue. This percentage is not constant because the average above zero for the operating margin.

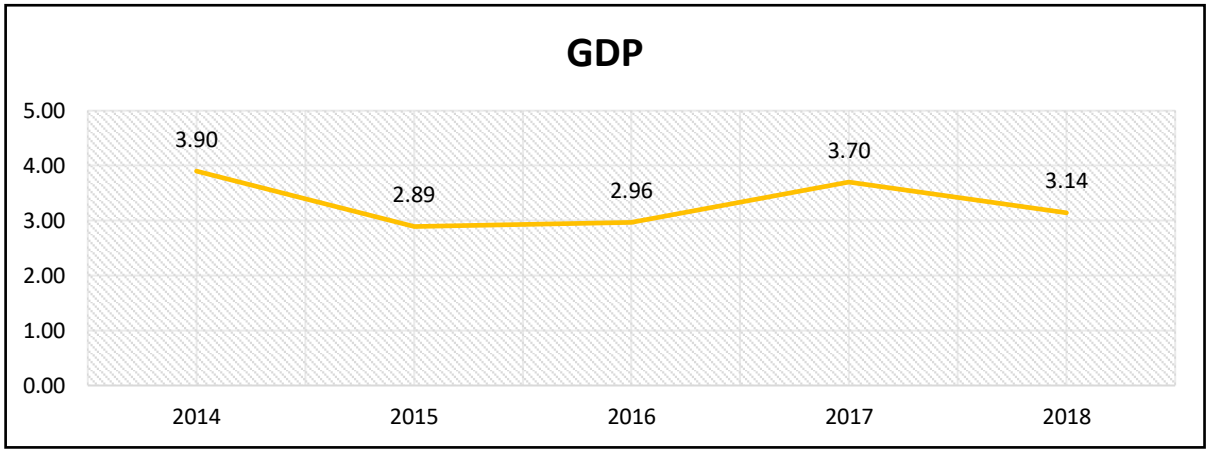
4.1.5 CORPORATE GOVERNANCE INDEX (CGI)



Graph 7: Corporate Governance Index of Delfi from 2014-2018

Corporate governance index (CGI) is calculated based on 5 principles that is accountability, transparency, independence, fairness and sustainability. The requirements reflecting the rule are meeting, the involvement of the audit committee, more than 50 of the non-executive committee, the woman executive on board and the engagement in the system of social responsibility. That criterion counted as 1 rating and from 2014 to 2018 Delfi obtained just 3 criteria which is 70 percent consecutively from the index of corporate governance. Delfi's average CGI is 3 and 2 point dispersion as the panel is unable to fulfill the CGI in this report.

4.1.6 GROWTH DOMESTIC PRODUCT (GDP)

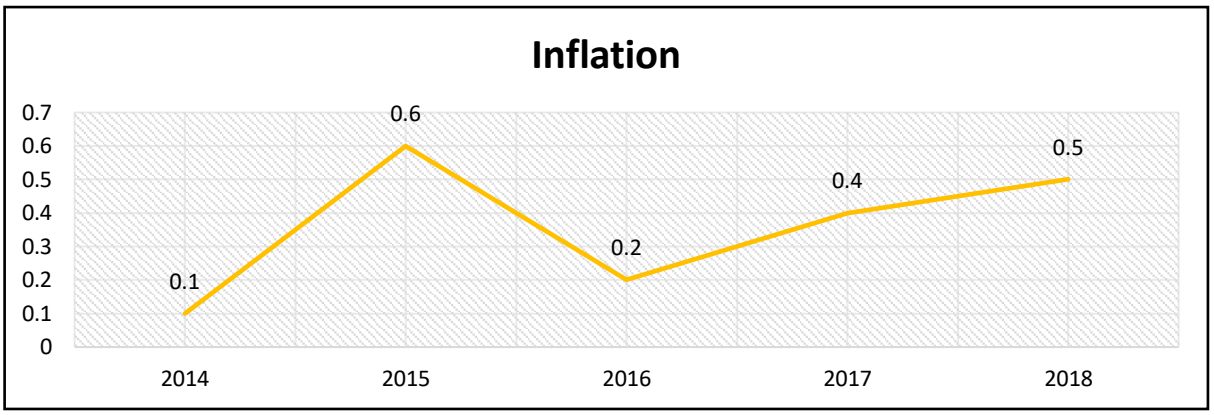


Graph 8: Frowth Domestic Product (GDP) of Singapore from 2014 – 2018

GDP estimates the quality of a country's economic activity. This country's parameter is the standard percentage of GDP growth in Singapore. The graph shows the annual fluctuation of

GDP growth in Singapore. Around 3.9% in 2014 and 3.14% in 2018. We can see that the real GDP is 3.3189%.

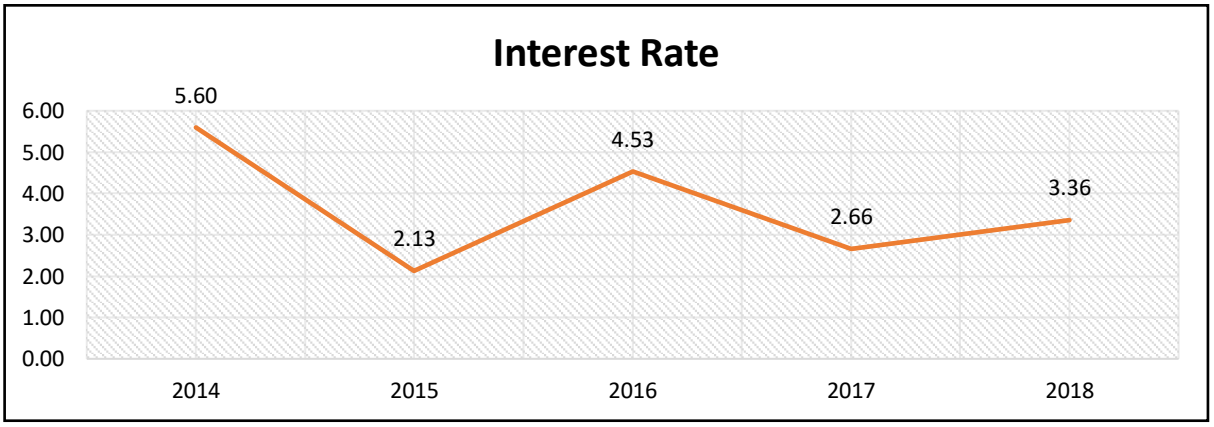
4.1.7 INFLATION RATE



Graph 9: Inflation Rate of Singapore from 2014-2018

Inflation rate is the rising price of a country's purchase value. Singapore's inflation rate for the first year is drastic and fluctuates from 2015 to 2018 for the next year. In 2015, the peak inflation rate was 0.6, while in 2014, the lowest was 0.1. The average inflation rate is 0.360.

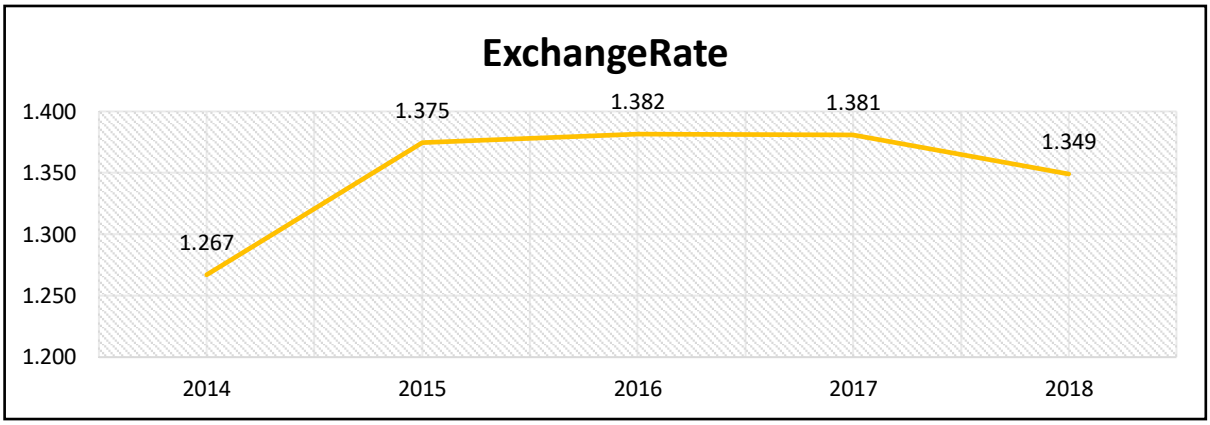
4.1.8 INTEREST RATE



Graph 10: Interest Rate of Singapore From 2014 – 2018

Over the years, Singapore's interest rate has fluctuated. 2015 is the worst year in which the interest rate dropped from 5.60 (2014) to 2.13 (2015) and rose again in 2016 (4.53). The average interest rate is 3.6537.

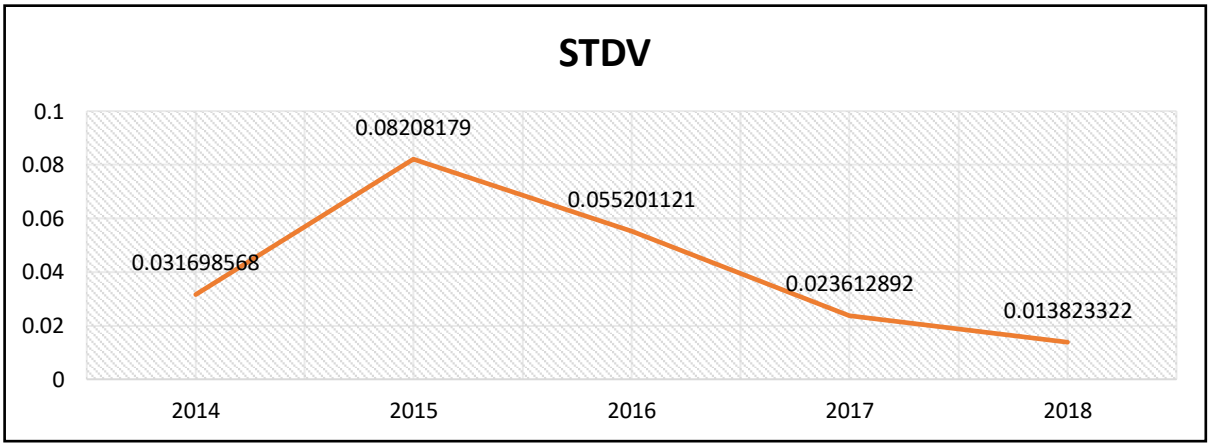
4.1.9 EXCHANGE RATE (1USD TO USD SINGAPORE)



Graph 11: 1USD to Dollar Singapore Exchange Rate from 2014-2018

The chart above displays a USD to Singapore Dollar exchange rate. The price of the Singapore Dollar increases to 1,375 (2015) and then continues to decline marginally in 2018 (1.349) over the three years from 2015 to 2017. The current Singapore Dollar exchange rate of 1USD is 1.3506, as can be seen from descriptive table.

4.1.10 STANDARD DEVIATION (STDV)



Graph 12: Standard Deviation of Delfi Ltd from 2014-2018

In 2014, Delfi's standard deviation (STDV) is 0.03170. Delfi's highest STDV is 0.0821 (2015). While the demand increased in the following years, it dropped dramatically in 2017 to 0.0236 and continued to drop in 2018. Delfi's average market risk is 0.0413.

4.2 SPSS Analysis

The quality company's SPSS analysis on particular variables will be discussed in four perspectives: comparison, model summary, anova, and coefficient.

4.2.1 Correlation

Table 2: Correlation of Delfi's dependent variable and internal and external factor

Correlations														
		ROA	CURRENT RATIO	QUICK RATIO	AVERAGE-COLLECTION PERIOD	DEBT TO INCOME	OPERATIONAL RATIO	OPERATING MARGIN	GDP	Inflation	Interest Rate	Exchange Rate	STDV	Total Corporate Index
Pearson Correlation	ROA	1.000	-0.877	0.383	0.676	0.073	-0.412	0.367	0.637	-0.934	0.938	-0.679	-0.546	
	CURRENT RATIO	-0.877	1.000	0.095	-0.836	-0.256	0.578	-0.531	-0.549	0.723	-0.689	0.355	0.792	
	QUICK RATIO	0.383	0.095	1.000	-0.102	-0.218	0.154	-0.214	0.389	-0.482	0.580	-0.824	0.258	
	AVERAGE-COLLECTION PERIOD	0.676	-0.836	-0.102	1.000	0.719	-0.908	0.257	0.478	-0.373	0.499	-0.470	-0.938	
	DEBT TO INCOME	0.073	-0.256	-0.218	0.719	1.000	-0.934	-0.342	-0.077	0.260	0.023	-0.221	-0.612	
	OPERATIONAL RATIO	-0.412	0.578	0.154	-0.908	-0.934	1.000	0.134	-0.137	0.082	-0.322	0.368	0.781	
	OPERATING MARGIN	0.367	-0.531	-0.214	0.257	-0.342	0.134	1.000	0.734	-0.353	0.071	0.008	-0.509	
	GDP	0.637	-0.549	0.389	0.478	-0.077	-0.137	0.734	1.000	-0.548	0.446	-0.658	-0.596	
	Inflation	-0.934	0.723	-0.482	-0.373	0.260	0.082	-0.353	-0.548	1.000	-0.935	0.584	0.242	
	InterestRate	0.938	-0.689	0.580	0.499	0.023	-0.322	0.071	0.446	-0.935	1.000	-0.737	-0.278	
	ExchangeRate	-0.679	0.355	-0.824	-0.470	-0.221	0.368	0.008	-0.658	0.584	-0.737	1.000	0.324	
	STDV	-0.546	0.792	0.258	-0.938	-0.612	0.781	-0.509	-0.596	0.242	-0.278	0.324	1.000	

	Total Corporate Index													1.000
Sig. (1-tailed)	ROA		0.026	0.262	0.105	0.453	0.245	0.272	0.124	0.010	0.009	0.104	0.171	0.000
	CURRENT RATIO	0.026		0.439	0.039	0.339	0.154	0.178	0.169	0.084	0.099	0.279	0.055	0.000
	QUICK RATIO	0.262	0.439		0.435	0.362	0.402	0.365	0.259	0.205	0.153	0.043	0.338	0.000
	AVERAGE-COLLECTION PERIOD	0.105	0.039	0.435		0.086	0.017	0.338	0.208	0.268	0.196	0.212	0.009	0.000
	DEBT TO INCOME	0.453	0.339	0.362	0.086		0.010	0.287	0.451	0.336	0.485	0.360	0.136	0.000
	OPERATIONAL RATIO	0.245	0.154	0.402	0.017	0.010		0.415	0.413	0.448	0.299	0.271	0.060	0.000
	OPERATING MARGIN	0.272	0.178	0.365	0.338	0.287	0.415		0.079	0.280	0.455	0.495	0.190	0.000
	GDP	0.124	0.169	0.259	0.208	0.451	0.413	0.079		0.169	0.226	0.114	0.144	0.000
	Inflation	0.010	0.084	0.205	0.268	0.336	0.448	0.280	0.169		0.010	0.150	0.348	0.000
	InterestRate	0.009	0.099	0.153	0.196	0.485	0.299	0.455	0.226	0.010		0.078	0.325	0.000
	ExchangeRate	0.104	0.279	0.043	0.212	0.360	0.271	0.495	0.114	0.150	0.078		0.297	0.000
	STDV	0.171	0.055	0.338	0.009	0.136	0.060	0.190	0.144	0.348	0.325	0.297		0.000
	Total Corporate Index	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
N	ROA	5	5	5	5	5	5	5	5	5	5	5	5	5
	CURRENT RATIO	5	5	5	5	5	5	5	5	5	5	5	5	5
	QUICK RATIO	5	5	5	5	5	5	5	5	5	5	5	5	5
	AVERAGE-COLLECTION PERIOD	5	5	5	5	5	5	5	5	5	5	5	5	5
	DEBT TO INCOME	5	5	5	5	5	5	5	5	5	5	5	5	5
	OPERATIONAL RATIO	5	5	5	5	5	5	5	5	5	5	5	5	5

	OPERATING MARGIN	5	5	5	5	5	5	5	5	5	5	5	5	5
	GDP	5	5	5	5	5	5	5	5	5	5	5	5	5
	Inflation	5	5	5	5	5	5	5	5	5	5	5	5	5
	InterestRate	5	5	5	5	5	5	5	5	5	5	5	5	5
	ExchangeRate	5	5	5	5	5	5	5	5	5	5	5	5	5
	STDV	5	5	5	5	5	5	5	5	5	5	5	5	5
	Total Corporate Index	5	5	5	5	5	5	5	5	5	5	5	5	5

Table 2 demonstrates the association of results with Delfi's internal and external influences. Delfi's ROA, Quick Ratio, Average Collection Period, Debt to Income Ratio, Operating Margin, GDP, and Interest Rate are positively correlated with efficiency, while Delfi's Operating Ratio, Inflation and Exchange Rate and Standard Deviation are performance-corelated. CGI is not performance-related. From the table, we can see that the debt-to-income ratio is the least important to success while ROA is the most important to performance in the external factors of Delfi.

4.2.2 Model 1: Performance on Internal Factors

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.938[a]	.880	.840	.013344783268340	1.763
a. Predictors: (Constant), Interest Rate					
b. Dependent Variable: ROA					

Table 3: Model Summary of Delfi's Performances on internal factors

Based on Table 3, model overview of external and internal variables, demonstrating that the interest rate determines 84 percent of the variability in dependent variable. This result is inconsistent with the pass study by Fulvio Catellacci, 2002

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.004	1	.004	22.066	.018[b]
	Residual	.001	3	.000		
	Total	.004	4			
a. Dependent Variable: ROA						
b. Predictors: (Constant), Interest Rate						

Table 4: Anova of Delfi's Perfromance on Internal Factors

Table 4 shows that the interest rate has a great effect on the dependent variables. This results is consistent to the pass by Byounggu Choi, Heeseok Lee, 2002.

Coefficients[a]										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.020	.018		-1.097	.353	-.078	.038		
	InterestRate	.022	.005	.938	4.697	.018	.007	.037	1.000	1.000
a. Dependent Variable: ROA										

Table 5: Coefficients of Delfi's Performances on Internal Factors

From the coefficient table above, we learn that Interest Rate has the largest effect on performance with P-value < 0.05. It shows the performance of the company on the company's interest rate. Evidence from H. Breesch, A. Janssens, 2004.

4.2.3 Model 2: Performances on External Factors

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.938[a]	.880	.840	.013344783268340	1.763
a. Predictors: (Constant), Interest Rate					
b. Dependent Variable: ROA					

Table 6: Model Summary of Delfi's Performance on External Factors

From Table 6, model summary of endogenous and external factors tells us that the interest rate describes 84 percent of the variation in the dependent variable. This result is inconsistent with the pass study by Jan Barton, Molly Mercer, 2005.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.004	1	.004	22.066	.018[b]
	Residual	.001	3	.000		
	Total	.004	4			
a. Dependent Variable: ROA						
b. Predictors: (Constant), Interest Rate						

Table 7: Anova of Delfi's Performances on External Factors

Table 7 reveals that interest rates have the greatest effect on the dependent variables. This result inconsistent with the study of Sally Jackson, Sallt Ann Jackson, et al, 1994.

Coefficients[a]										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.020	.018		-1.097	.353	-.078	.038		
	Interest Rate	.022	.005	.938	4.697	.018	.007	.037	1.000	1.000
a. Dependent Variable: ROA										

Table 8: Coefficient of Delfi's Performances on External Factors

Table 8 reveals that interest rate has the most positive effect of P-value < 0.05 on results. It means that when the interest rate rises, the performance of the company will increase. This result is consistent with the study by David Naranjo, 2009.

4.2.4 Model 3: Performance on Internal And External Factors

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.938[a]	.880	.840	.01334478326834 0	1.763
a. Predictors: (Constant), Interest Rate					
b. Dependent Variable: ROA					

Table 9: Model Summary of Delfi's Performance on Both Internal and External Factors

Based on Table 9, the model summary of both internal and external dependent variables indicates that the interest rate describes 84 percent of the variability in the dependent variable. This result is inconsistent with the pass study done by Andrea Stucki, 2009.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.004	1	.004	22.066	.018[b]
	Residual	.001	3	.000		
	Total	.004	4			
a. Dependent Variable: ROA						
b. Predictors: (Constant), Interest Rate						

Table 10: Anova of Delfi's Performances on Both Internal and External Factors

We can see from the following table that the interest rate has the greatest effect on the dependent variables. This result is inconsistent with the pass study done by Kamarulzaman and Fadzilah, 2017.

Coefficients[a]										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.020	.018		-1.097	.353	-.078	.038		
	Interest Rate	.022	.005	.938	4.697	.018	.007	.037	1.000	1.000
a. Dependent Variable: ROA										

Table 11: Coefficient of Delfi's Performances on Both Internal and External Factors

We found from the above coefficient table that the interest rate has the most important effect on performance. Interest rates have a positive influence on the ROA. This result is consistent with the study of M.K Chien and L.H.Shih, 2007.

DISCUSSION AND CONCLUSION

This study aims to evaluate the internal and external factor affecting Delfi's Company's performance. In this analysis, internal and external variables were used to complete the objective. In this section, we will discuss the results. This section includes suggestions and findings for future research.

5.1 Limitations

This research is limited to Singapore's food industry only. The study also limited the information used, since it includes only Delfi Ltd's five-year reports and financial statements.

5.2 Conclusion

We may infer that Delfi has a 5-year decline in performance. Their quality is primarily affected by the interest rate (external factor). The higher Singapore's interest rate, the greater the quality of the company. External factors decide the quality of an organization. The external factors of Delfi have more impact on the organization in this report than internal factors. If the company fails to lift the interest rate, the company's performance and ability to meet short-term liabilities will become worse. Therefore, Delfi will make full use of each dollar of capital they have accumulated.

ACKNOWLEDGEMENT

I would like to express my special thanks to Dr. Waeibrorheem Waemustafa, my gratitude lecturer, who guides me through the process of completing this Delfi Company Report. Throughout this research I discovered several new things. Ultimately, I'd like to thank any person who gives me his hand while I'm doing this research.

REFERENCES

Alrawashedh, N. H. (2018). The Impact of Corporate Governance and Ownership Structure on the Liquidity Risk in Jordanian Commercial Banks, 5-6.

Helen Matthews and Technical Information Services. (2008). Topic Gateway Series No. 51. Operational Risk, 3.

Wim Eysink and Leen Paape. (2016, December). Good Governance driving Corporate Performance ? Nyenrode Business Universiteit, 20.

Keenan, S., & Sobehart, J. R. (1999). Performance measures for credit risk models. Moody's Risk Management Services, 10.

Power, M. (2005). The invention of operational risk. Review of International Political Economy, 12(4), 577-599.

Herring, R. J. (2002). The Basel 2 approach to bank operational risk: Regulation on the wrong track. The Journal of Risk Finance, 4(1), 42-45.

Kargi, H. S. (2011). Credit risk and Performance of Nigerian Banks, 5.

Onuonga, S. M. (2014). The Analysis of Profitability of Kenyas Top Six Commercial Banks: Internal Factor Analysis. *American International Journal of Social Science*, *3*(5), 94-103.

Garner, C. A. (1986). Does interest rate volatility affect money demand?. *Economic Review*, (Jan), 25-37.

Castellacci, F., & Forskningsparken, G. (2002, January). Technology-gap and cumulative growth: models, results and performances. In *DRUID Winter Conference, Aalborg*.

Choi, B., & Lee, H. (2003). An empirical investigation of KM styles and their effect on corporate performance. *Information & Management*, *40*(5), 403-417.

Breesch, H., & Janssens, A. (2004). Uncertainty and sensitivity analysis of the performances of natural night ventilation. In *9th International conference on Air Distribution in Rooms (Roomvent 2004)*. University of Coimbra.

Barton, J., & Mercer, M. (2005). To blame or not to blame: Analysts' reactions to external explanations for poor financial performance. *Journal of accounting and economics*, *39*(3), 509-533.

Jackson, S., Jackson, S. A., & Brashers, D. E. (1994). *Random factors in ANOVA* (No. 98). Sage.

Naranjo-Gil, D. (2009). Management information systems and strategic performances: The role of top team composition. *International Journal of Information Management*, *29*(2), 104-110.

Stucki, A. (2009). Internal and external factors influencing the implementation and diffusion of the open innovation models: the case of the postal sector. In *3rd Global Postal Research and Education Network Conference* (No. CONF).

Kamarulzaman, F. (2017). The Role Of Corporate Governance And Its Impact On Risk And Firm Performance Of Real Estate Industry: Pavilion Reit.