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Factors influencing performance of a company: Chipotle Mexican Grill

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Abstract

The purpose of this study to determine the internal and external factors that affecting the Chipotle Mexican Grill performance of the company. The study involved some variable used to include internal, external and both factors in order to evaluate company's performance. For instance, company's performance, liquidity risk, credit risk, operational risk and corporate governance index are internal factor while external factors are gross domestic product (GDP), inflation rate, exchange rate and interest rate. This study chooses company's performance Return on Asset (ROA) as dependent variable for the performance of Chipotle Mexican Grill. All the data obtained from the financial report of Chipotle Mexican Grill from the year 2014 until 2018. Data was measured by using ratio analysis and SPSS system which is include correlation, regression and R square to find the relationship of the company performance with others variable.

Keyword: company performance, return on asset, growth domestic product, quick ratio

1.0 INTRODUCTION

This topic begins with an overview of the company background, the discussion of the problem statement, the research objective, research question, the scope of study and the organization of the study.

1.1 Corporate background

Chipotle Mexican Grill Inc. is an American fast casual restaurant chain, also known as chipotle. In 1933, Chipotle creator Steve Eells opened the Chipotle Mexican Grill in Denver, Colorado. Within a month, the store sells more than 1,000 burritos per day. In the next three years, when MacDonald's corporation became a major investor in 1988, Eells added five more locations in Colorado. McDonald's was completely divested from Chipotle in 2006. The company is trading under the ticker symbol CMG on the New York Stock Exchange. The business operated its service and restaurant on the basis of 11 regions on 31 December 2016. The business owned 2,198 chipotle restaurants across the U.S. as well as 29 global chipotle restaurants, as well as 23 restaurants operating in another non-chipotle model. On 31 December 2016, 29 restaurants are located outside of the United States, with 17 in Canada, six in the United Kingdom, five in France and one in Frankfurt, Germany. Steve Eells, founder and CEO of Chipotle Mexican Grill, announced he would step down from his position in November 2017, and Brian Niccol, CEO of Taco Bell, has become a new CEO of Chipotle Mexican Grill in March 2018.

Every fast-food company faces some problem and there will be a threat, be it the big companies or small companies. This company is the international company including Chipotle Mexican Grill Inc. and rarely certain that it faced the many risks, particularly in terms of liquidity risk, credit risk and operational risk. It also has been inspired by a corporate governance sound factor such as transparency, accountability and responsibility. The business was praised for delivering on its "food with integrity" promise when it took pork off its menu for six months before January 2015 was able to secure a supply of humanely raised meat. Then, chipotle was identified in the second half of the year as the cause of numerous norovirus, salmonella and *E.coli* that sick almost 600 people in 13 countries.

The company closed its store and spent several months under investigated by Center for Disease Control and Prevention (CDC) and other health organizations as well as a criminal investigation linked to incident. Therefore, this aspect will help wheter or not impact the performance of company.

1.2 Statement of the problem

The financial performance can be measure through company's productivity which shows the extent to which it profits from its production factors. Since there may be correlation relationship between competitiveness and external macroeconomic factors, therefore in this report, the determinants of probability in the fast food sectors are therefore to be found in this study.

1.3 research objective

This study aims to determine the internal and external factors that affect the company's performance of Chipotle Mexican Grill Company in United States. The objectives are:

1. to investigate the internal factors toward company's performance
2. to investigate the external macroeconomics factor toward company's performance
3. to investigate the internal and external factor toward company's performance

1.4 research question

1. Is there any relationships between internal factors and company's performance?
2. Is there any relationships between external macroeconomic factors toward company's performance?
3. Is there any relationship between internal and external factor toward company's performance?

1.5 scope of study

The study sample consists of one U.S. one company from fast food sectors that Chipotle Mexican Grill Inc. The accounting and financial ratio was based on the company's annual report for 5 year starting from the year 2014 until the year 2018.

1.6 Document organization

Five chapter were included in this report. Chapter one provided with the overview of the company background, the problem statement, the research objective, research question, and the scope of study and organisation. Chapter two consists of the literature review, the subject discussed is viability of the company and its determinant. Chapter three are the detailed theoretical framework, calculation factors and research methodology as well as data analysis. Chapter four discusses the results and findings, including descriptive analysis, correlation, coefficient and R square. Finally, chapter five includes the descriptions and conclusion of the research, the limitation of the study and recommendation for the future.

2.0 LITERATURE REVIEW

The aim of this chapter is to review the study-related literature. Section 2.2 is corporate governance concept. Section 2.3 provides insight into the liquidity risk. Section 2.4 explains operational risk and section 2.5 explain about credit risk. Ultimately, the business risk will be clarified in section 2.6.

Corporate governance is the process that regulated and guides companies. Corporate governance is a set of promises made to the stock holder of the corporation by a company and by those that make decision for a corporation. (Macey, 2008). Corporate governance is defining feature in organizations where the decision makers, typically director are separated from actual ownership of the corporation. (Berle & Means, 1932). The corporate governance is recognized as an important feature of attracting investment competitive companies and efficient market finance. This practice foster confident and trust among the companies and financial markets that will appeal direct from foreign investment into a country. The corporate governance systems ensure that the system of internal control which sufficient and appropriate to operate the company. This will ensure the company is well managed for the interest of shareholder and others stakeholders. (Mudekereza, 2017)

According to John Spacey, (2017) is defined as the potential or the possibility of an entity not being able to secure money or cash needed to pay its short term or moderate term commitment. There are two types of liquidity risk that is market liquidity and funding liquidity. Funding Market liquidity is the risk that the market liquidity worsens when you need to trade. Funding liquidity risk is the risk that a trader cannot fund his position and forced to unwind. (Lasse, 2008). Liquidity is a term used to refer to how easily an asset or security can be bought or sold in the market. It basically describes how quickly something can converted into cash. (R. Harper, 2019)

Operational risk is the probability of failure due of loss to inadequate or ineffective process, structure or policies. (Rouse, 2013). According to Mohammed Nasser, (2013) there are element that contribute both internally and externally. Deficient procedures, disappointment with existing frameworks, wasteful equipment and maintenance add some example of internal factors to the management off account tasks are antagonistically influenced. Catastrophic events, political changes, state-related powerless money arrangements and criminal misrepresentation are example of external factors that have only exacerbated operational hazard. Operational risk is summary of a company's uncertainties and hazard when it attempts to do its day – to – day business activity. (Segal, 2019)

Credit risk is the risk a debt holders assumes by accepting the risk that the loan will default by the debtor. There are three different types of credit risk, the first of which is default risk. This is the most well-known kind. The second type is called as credit spread risk and the last downgrade risk, a trend that concerns lender and organizations. (Nelson, 2019). According to Waemustafa & Sukri,(2015), some determinants of credit risk banks are influenced uniquely by the formation of the Islamic bank credit risk and conventional credit. There are some variables show that significant difference in term of leverage, solvency, and efficiency in management as well as profitability between Islamic banks and conventional banks. Credit risk may result from the failure of a borrower to repay a loan or fulfill contractual obligations. (Labarre, 2019)

Market risk is an opportunity for an investor to experience losses due to factor affecting the financial market's overall performance. (Chen, 2019). Market risk that can lead to investment losses due to price change. It is often assessed with the definition of volatility which aims to estimate an investment's fluctuations on the basis of tis historical price movement. (Spacey, 2015). According to Maverick, (2019) the risk of changing conditions included in the market risk in the particular commercial center where an organization seeks business. Because of interest rate changes, a risk faced by commercial bank is known as interest bank risk. If the bank provide a loans with high interest rate for longer period and then the interest rate drops dramatically, this risk will occur.

3.0 METHODOLOGY

The methodology of analysis include the methods and strategies used to achieve the study's goals and objectives. The study's approach makes the research more rigorous and focused on the achieving the goals. This chapter will clarify the sample usage methods performed in the report. This research aimed at understanding how the performance and its impact risks. The system used to collect data is version 25 of the Statistical Package for the Social Science (SPSS).

3.1 population/sampling technique

Population refers to groups of people, artifacts or things you want to know. The research unit is the key organization evaluated in one analysis that population is the biggest fast food corporation in United State in this study. One company was selected as a sample to conduct this study. Chipotle Mexican grill Inc. data from 2014 until 2018 is used to calculate the dependent variable (Return on Asset) and the independent variable (internal and external factors).

3.2 Statistic technique

I choose Chipotle Mexican Grill Inc. as the largest fast food business in United States to perform this research. I compile the annual report (2014 until 2018) and use this annual's report comprehensive income statement and balance sheet to measure the company's impact on specific factor such profitability, liquidity, operational, market and credit. For non- financial statements, the disclosure of information about the board of directors in terms of audit committee, board size, gender, board meeting and program available such charity is used for the corporate governance index score. To order to obtain macroeconomics indicator such as GDP, inflation, exchange rates and interest rates are obtained for five years from 2014 to 2018. Usually, the ordinary least square regression used for this research. This technique can be extended to a single or multiple explanatory and coded categorical explanatory variable. Hutcheson, G. D. (2011) OLS is basically comprehensive modelling technique that may be used to a model particular response that has been recorded.

3.3 data analysis

Accordance to the conceptual research in future, there are one dependent variable and three independent variable in this study. The research framework as follow:

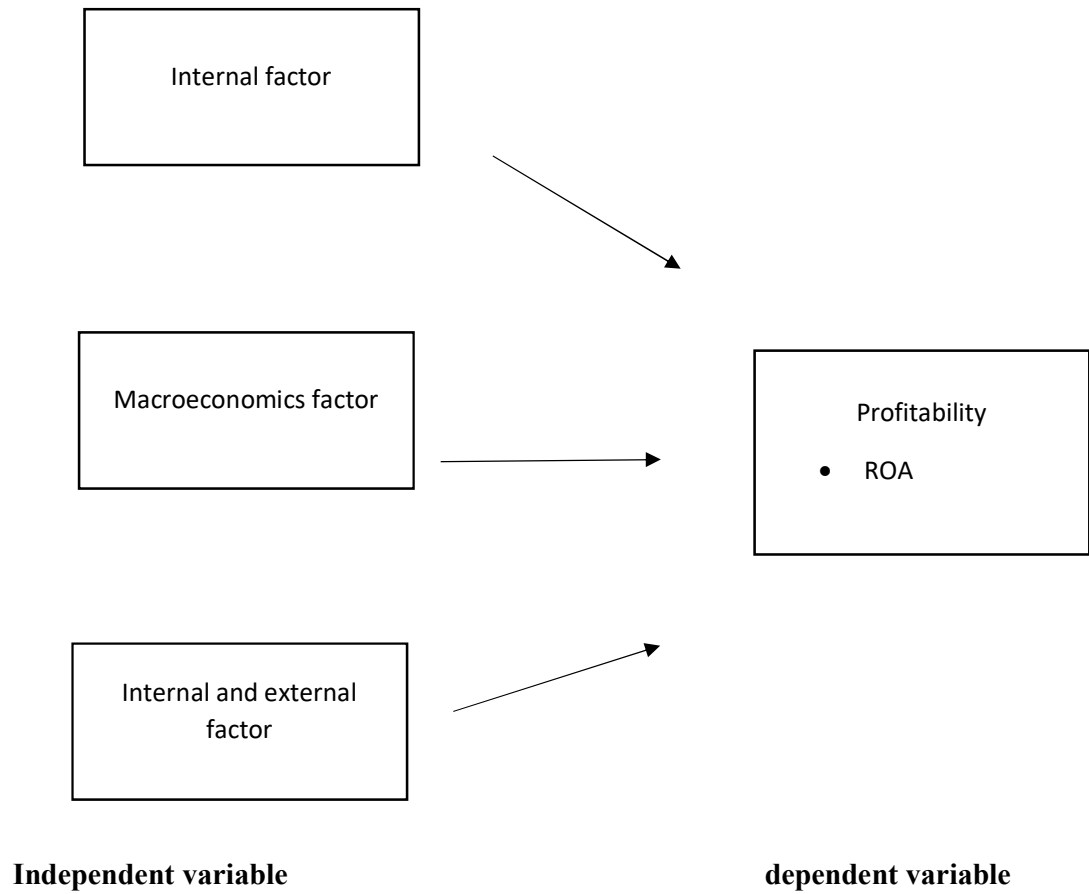


Figure 3.1 research framework

To determine the influence of independent variable order on dependent variable, multiple regression was used. The technique regression will describe the independent variable's influence with dependent variable. in the equation forms, the multiple regression can be presented as follow:

$$ROA = \beta_0 + \beta_1 ACP + \beta_2 CR + \beta_3 QR + e \dots \dots \dots \text{equation 1}$$

$$ROA = \beta_0 + \beta_1 EXCR + \beta_2 GDP + e \dots \dots \dots \text{equation 2}$$

$$ROA = \beta_0 + \beta_1 ACP + \beta_2 QR + \beta_3 CGI + \beta_5 EXCR + \beta_6 GDP + e \dots \dots \dots \text{equation 3}$$

No	variables	Notation	Measurement
1	Return on Asset	ROA	Net income / total asset
2	Current ratio	CR	Current asset/ current liability
3	Quick Ratio	QR	Inventory / prepaid expenses
4	Average collection period	ACP	Account receivable / (revenue/360)
5	Exchange rate	EXCR	5 years exchange rate
6	Gross domestic product	GDP	5 years gross domestic product

Table 3.1

3.4 Statistical Package for Social Science (SPSS)

IBM SPSS version 25 was used in this study to calculate the results obtained from the data. SPSS, also known as Statistical Package for Social Science, is a versatile software that allows researchers to analyse statistical data. (Landau & s. Everitt, 2005). In this study, IBM SPSS statistics will only be used to measure the correlation between linear regression and variable based quantitative data collected. Quantitative data refers to numerical factor gathered through the annual report.

4.0 FINDING

Analyst of financial statement allows analyst to define business patterns by comparing the ratios over a period of five years. There are there element of financial statement, income statement, balance sheet and cash flow statement. Such statements allow researchers to measure the effectiveness of liquidity, profitability, leverage, operational and company-wide efficiency.

4.1 descriptive statistic

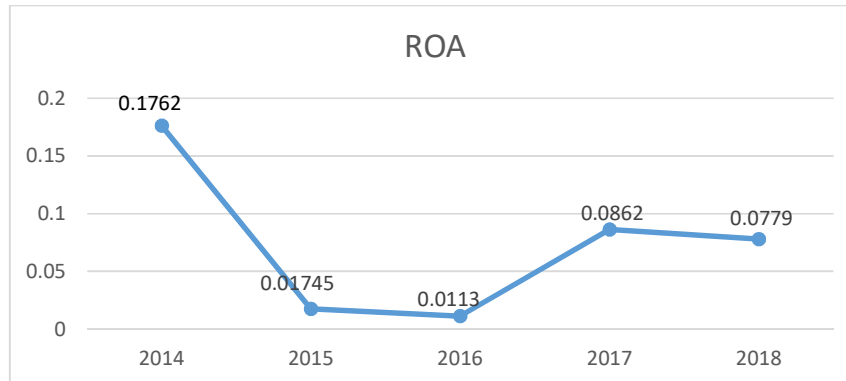
Descriptive Statistics			
	Mean	Std. Deviation	N
ROA	.0738100	.06659186	5
CURRENT RATIO	2.418720	.7895566	5
QUICK RATIO	.389180	.0361928	5
AVERAGE-COLLECTION PERIOD	3.541740	.6578660	5
DEBT TO INCOME	.137380	.0240303	5
OPERATIONAL RATIO	.906980	.0741428	5
OPERATING MARGIN	.095660	.0740191	5
CGI	.680	.1095	5
GDP	2.420	.5450	5
Inflation	1.500	.8916	5
Interest Rate	2.020203213 691646	.4150008777 13091	5
Exchange Rate	1.1360	.06877	5
stdev.	7.505181198 394202	1.776251781 065769	5

Table 4.1

Based on the above table 4.1, it displays the dependency variable (ROA) and independent variable. The ROA for Chipotle Mexican Grill is also one of the internal variable of this analysis. The data collected has been run using IBM SPSS system using regression analysis with only 5 sample (from 2014 until 2018). The mean and standard deviation are recorded in table 4.1. The explanation below will round off to 4 decimal places.

1. Company performance

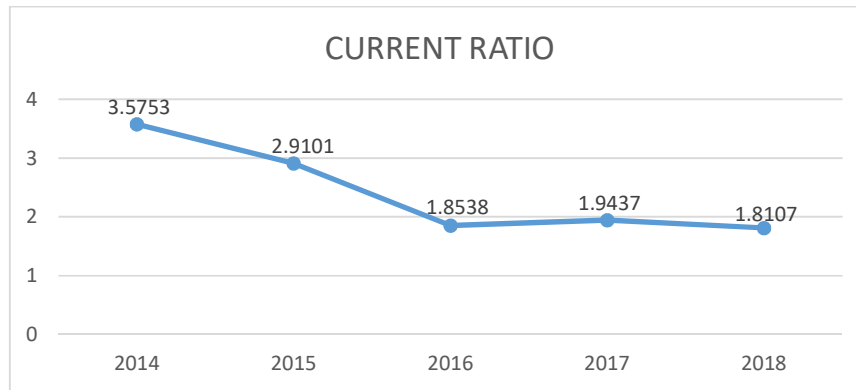
Graph 1: return on asset ratio of Chipotle Mexican Grill from 2014 – 2018



Return on asset is an indicator of the company's performance. ROA is an indicator of how profitable a business is with respect to its total asset. From the graph above, we can see that the ROA of Chipotle Mexican Grill fluctuated over the years. The ROA of Chipotle was steeply fell from 2014 (0.1762) to 2015 (0.01745). It has continuously decrease in 2016 (0.0113) but rapidly increased on 2017 (0.0862). During 2018 (0.0779) the ROA of Chipotle Mexican Grill slightly decrease. The highest ROA for Chipotle Mexican Grill among 5 years is 2014 (0.1762). Depending table 4.1, Chipotle Mexican Grill has an average ROA is 0.0738 and standard deviation is 0.0665.

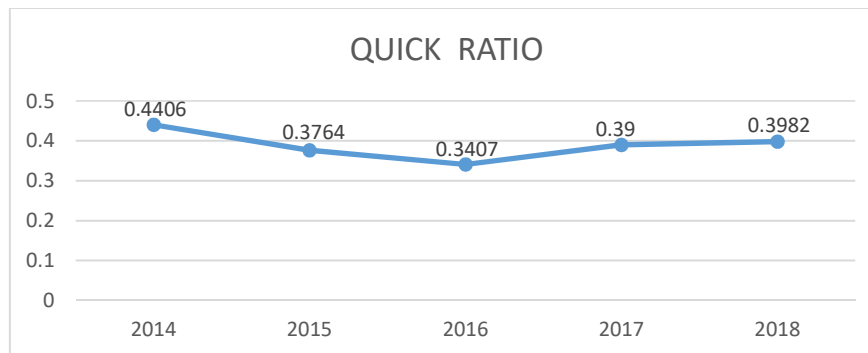
2. Liquidity risk

Graph 2: current ratio of Chipotle Mexican Grill from 2014 to 2018



Current ratio is calculation of the willingness of a company to pay short-term or due obligation within a year. This illustrates how an organization can optimize the current asset to fulfill its current debt and other liabilities. From the graph above, it shows that current ratio has rapidly fall for 3 years and slightly increase and decrease for another 2 years. In 2014 the current ratio is 3.5753 has steadily decline to 2.9101 in 2015 and continuous decline to 1.8538 in 2016. But in 2017 the current ratio for Chipotle Mexican Grill has slightly increase 1.9437 and in 2018 the current ratio slightly decrease 1.8107. The average for current ratio is 2.4187 and standard deviation is 0.7896 based on the table 4.1.

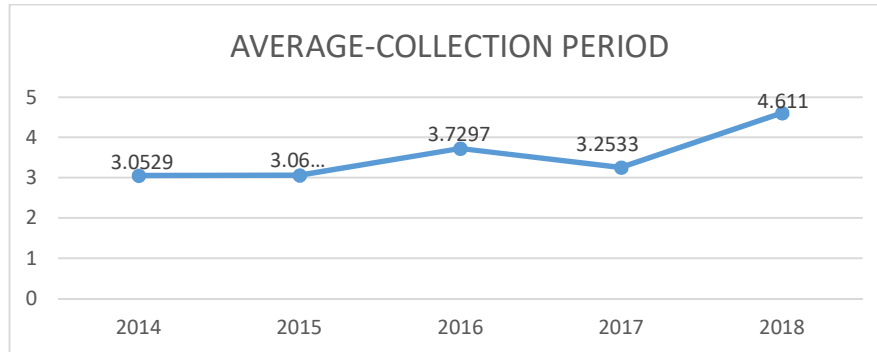
Graph 3: quick ratio for Chipotle Mexican Grill from 2014 to 2018.



Quick ratio is also refers as acid ratio which measure the ability of a company fulfill its short-term obligations with its most liquidity assets. From the graph above, the quick ratio has slightly decrease from 2014 (0.4405) to 2015 (0.3764). In 2016 (0.3407) the quick ratio is continuous decrease but in 2017 (0.39) starts to increase to 2018 (0.3982). Based on the table 4.1, the average for quick ratio is 0.3892 and standard deviation is 0.3619.

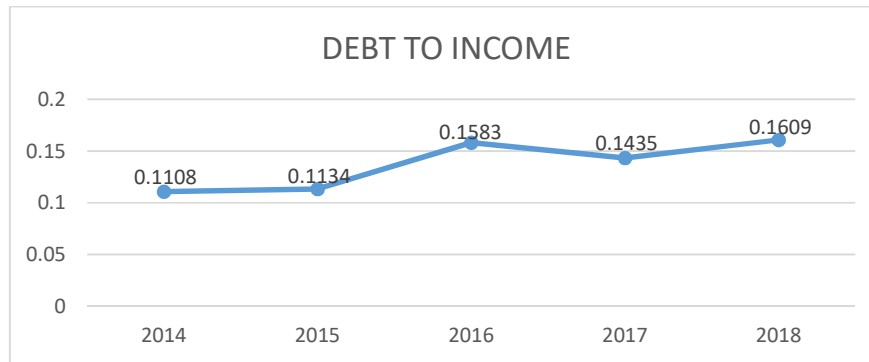
3. Credit risk

Graph 4: average-collection period for Chipotle Mexican Grill from 2014 to 2018



Average time is the amount of time it takes for a company to receive payment owed by its customers in terms of accounts receivable. From the graph above, the average-collection period increase every years. In years 2014 it takes 3.0529 days to collect back the account receivable while in 2016 it takes 3.0618 days. In the year 2016, the performance started to decrease when it takes 3.7297 days to collect but in 2017 it starts too dropped when it only takes 3.2533 days. In 2018, the chipotle Mexican grill takes 4.611 days to collect the payment and it the longest times in the 5 years to collect back. The 5 years average collection period for chipotle Mexican grill is 3.5417 and the standard deviation is 0.6579. this indicate that average days in 5 years for chipotle Mexican grill to collect back its receivable is 3.517 days and the number may be varied at ± 0.6579 days.

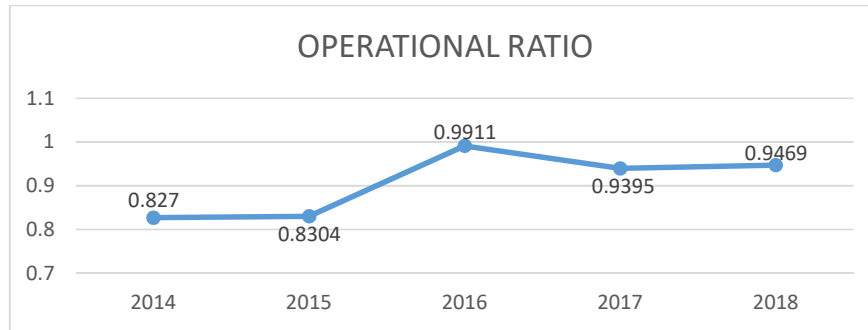
Graph 5: debt to income for Chipotle Mexican Grill from 2014 until 2018



The debt to income ratio is a measure of the company's stability. It provide a measurement of the total liabilities of business compared to its income. As you can see from the graph above, the debt to income is fluctuation every years but debt to income has increased from 0.1108/1 dollar income in 2014 to 0.1609/1 dollar income in 2018. In 2015 the debt to income steadily increased from 0.1136/1 dollar to 0.1583/1 dollar income in 2016. However, in 2017 the chipotle Mexican grill performance in using income to cover the debt has slightly improve. The average of the debt to income for chipotle Mexican grill is 0.1374 and standard deviation is 0.2403. This shows that, every 1 dollar debt, Chipotle Mexican Grill can produce 0.1374 of profits.

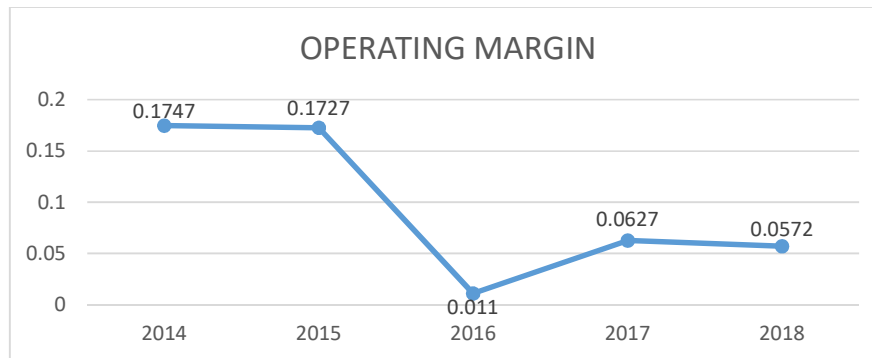
4. Operational risk

Graph 6: operational ratio of Chipotle Mexican Grill from 2014 to 2018



Operating ratio demonstrate the efficiency of the management of an organization. The operating ratio indicates that the management of the company is effective in keeping a low cost when generating a revenue or sales. From the graph above, we can see that 2016 is the highest ratio compared over 5 years. This indicate that in 2016, the company's management not efficient managed its operating expenses compared in 2015 shows the lowest ratio. The higher the ratio, the lower company's ability to generate profit. The average for operational risk is 0.907 and the standard deviation is 0.7414. This tells us that the company's not efficient in management. Company spent 9.07 cents to generate 1 dollar sales.

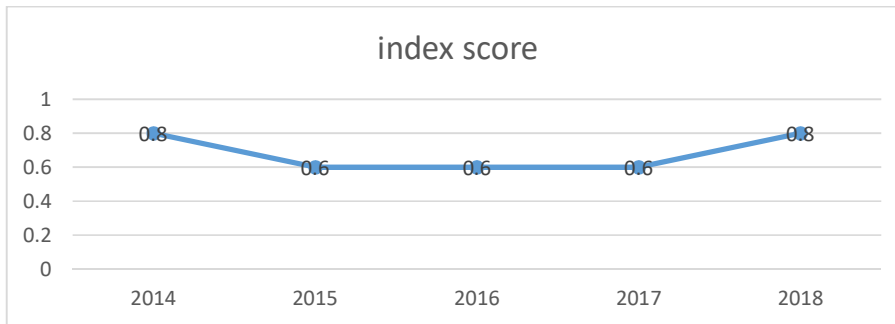
Graph 7: operating margin for chipotle Mexican grill from 2014 to 2018



Operating margin measures how much profit a company can generate on a dollar of sales, after paying for variable cost of production cost before interest or tax is paid. The graph shows the fluctuated of operating margin for 5 years. As you can see the lowest operating margin was on 2016, 0.011 while the highest was in 2015, 0.1727. The average of operating margin is 0.95680 and the standard deviation is 0.7111. This indicate that the company profit is 95.68% of total revenue.

5. Corporate governance index

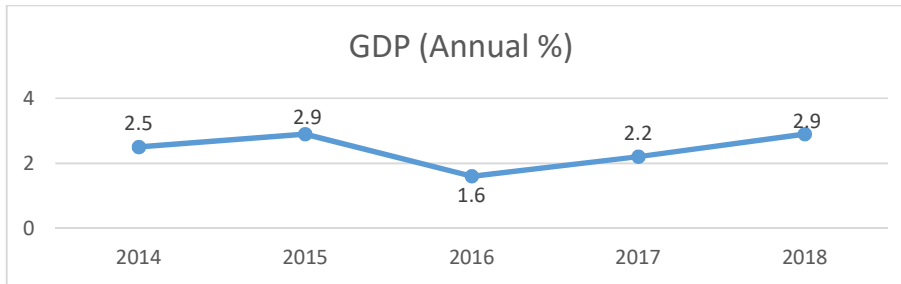
Graph 8: CG index of Chipotle Mexican Grill from 2014 to 2018



Corporate governance index (CGI) is calculated based on 5 principles, namely accountability, transparency, independence, fairness, and sustainability. The criteria that represent each principle are: meeting, the presence of an audit committee, more than 50% of non-executive members on the board of directors, the presence of female executives on the board, and involvement in social responsibility programs, respectively. Each criterion is counted as 1, and Chipotle only achieves 3 and 4 out of 5 criteria from 2014 to 2018. The average of CGI is 0.680 and the standard deviation is 0.5450. Hence, Chipotle Mexican Grill only achieves 68% of corporate governance in their company.

6. Growth domestic product (GDP)

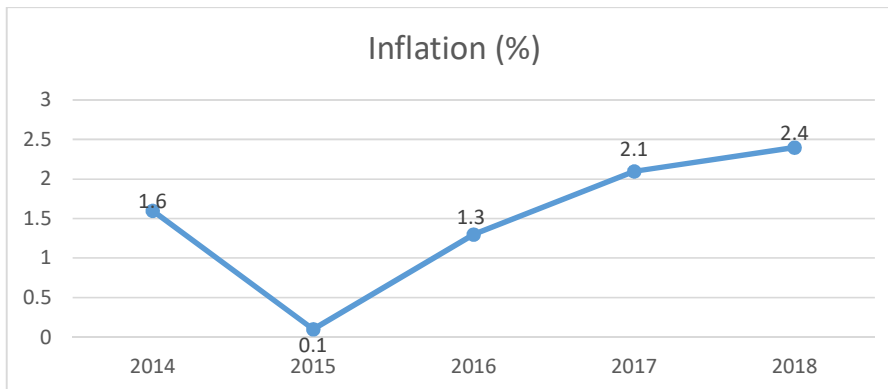
Graph 9: GDP from 2014 to 2018



From the graph above, we can see that the GDP of US is fluctuated. The GDP from 2014, 2.5% is slightly increase to 2.9% in year 2015. However, in 2016 the GDP is abruptly dropped to 1.6% and starts to increase from 2017 to 2018. The average of GDP is 2.2420.

7. Inflation rate

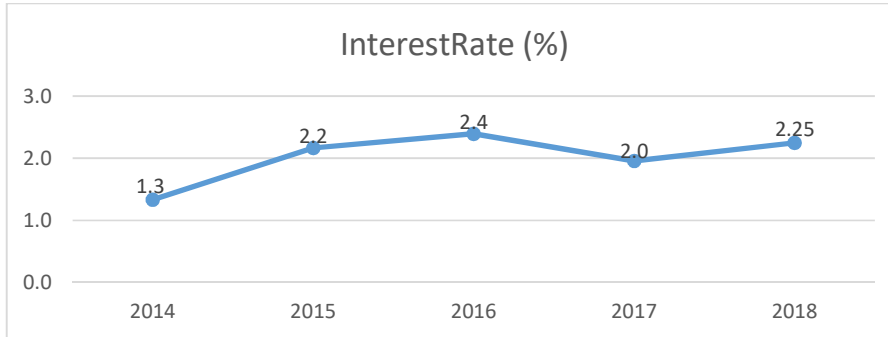
Graph 10: inflation rate from 2014 to 2018



Inflation rate is measure of therate at which the average price in an economy increases over a period of time. As we can see the inflation graph in 2015 has significantly dropped from 1.6% to 0.1% and rapidly increase for the next three years. The average of the inflation rate is 1.5%.

8 Interest rate

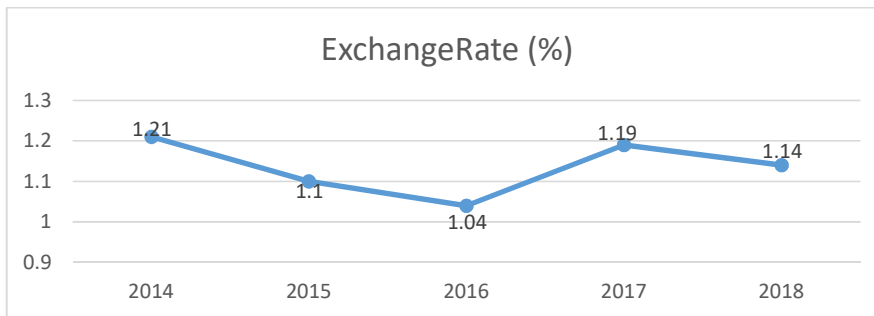
Graph 11: interest rate from 2014 to 2018



The interest rate of US are rapidly increase from 1.3% to 2.4% in the year 2014 to 2016. In 2017, the interest rate slight dropped to 2.0% and increase to 2.25% in 2018. The mean for interest rate is 2.0202.

9 Exchange rate

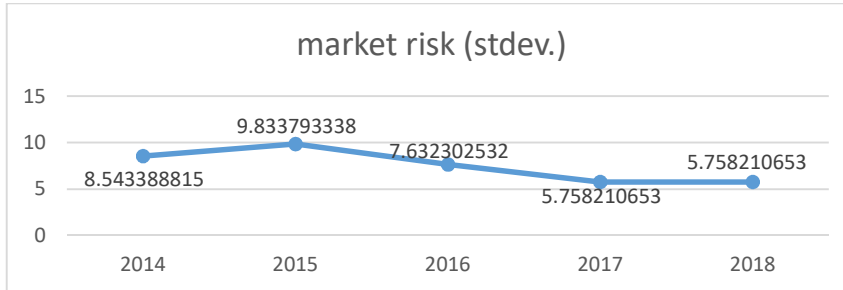
Graph 12: exchange rate



The graph above shows that the exchange rate for United States has dropped drastically from 1.21% in 2014 to 1.04% in 2016. The exchange rate rapidly grew in 2017, 1.19% but slightly dropped to 1.14 in 2018. The average of exchange rate is 1.1360.

10 Market risk (stdev)

Graph 13: market risk



The highest market risk for Chipotle Mexican Grill in 2015 98.34% but for the next four year the market risk dropped to 57.58%. The average for market risk is 7.5051.

In this study, the correlation shows that the movement of the variables. So, the correlation for both internal and external factors for Chipotle Mexican Grill as table 4.2 below. The relationship between return on asset (ROA) and average-collection period, debt to income, operational ratio and market risk (stdv) reveals the negatively correlation with profitability. While, quick ratio, current ratio, operating margin, corporate governance index, GDP, Inflation, interest rate and exchange rate are shows positively correlated with return on asset (ROA). From the table below, we can see that the most significant to ROA are quick ratio while the least significant is interest rate.

II. Model I: company's performance on internal factors

Table 4.3: model summary company's performance on internal factors.

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.940 ^a	.884	.845	.02622202	2.899
a. Predictors: (Constant), QUICK RATIO					
b. Dependent Variable: ROA					

From the table 4.3 model summary for dependent variable and internal factors shows that 84.5% of the variance in the dependent variable is explained by quick ratio. There is positively significant influence between company performances against quick ratio.

Table 4.4: Anova Company's performance on internal factors.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.016	1	.016	22.797	.017 ^b
	Residual	.002	3	.001		
	Total	.018	4			
a. Dependent Variable: ROA						
b. Predictors: (Constant), QUICK RATIO						

From the table 4.4 Anova shows a significant value 0.017 below than alpha value ($p < 0.05$) for dependent variable and internal variables It indicates that the variable is perfectly significant to represent the model.

Table 4.5: Coefficient Company's performance on internal factors

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)	-.599			.141		-4.236	.024
	QUICK RATIO	1.730	.362	.940	4.775	.017	.577	2.882	1.000	1.000
a. Dependent Variable: ROA										

From table 4.5 we found that quick ratio have the biggest significance towards company performance with p-value is < 0.05 . This indicate that when the liquidity increase, the company profit also increase.

Model II: company's performance on external factors

Table 4.6: model summary company's performance on external factors

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.920 ^a	.847	.796	.03007431	1.221
a. Predictors: (Constant), Interest Rate					
b. Dependent Variable: ROA					

From the table 4.6 model summary for dependent variable and external factors shows that 79.6% of the variance in the dependent variable is explained by interest rate. There is negative significant influence between company performances against interest rate.

Table 4.7: Anova Company's performance on external factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.015	1	.015	16.612	.027 ^b
	Residual	.003	3	.001		
	Total	.018	4			
a. Dependent Variable: ROA						
b. Predictors: (Constant), Interest Rate						

From the table 4.7 Anova shows a significant value 0.027 below than alpha value ($p < 0.05$) for dependent variable and internal variables. It indicates that the variable is perfectly significant to represent the model.

Table 4.8: Coefficient Company's performance on external factors

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)	.372	.074		5.000	.015	.135	.609		
	Interest Rate	-.148	.036	-.920	-4.076	.027	-.263	-.032	1.000	1.000

a. Dependent Variable: ROA

From table 4.8 we found that interest rate have the biggest significance towards company performance with p-value is < 0.05 . This indicate that when the company profit increase, interest rate will decrease.

Model III: company's performance on both factors

Table 4.9: model summary company's performance on internal and external factors

Model Summary ^c					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.997 ^b	.994	.987	.00745626	1.177
a. Predictors: (Constant), QUICK RATIO, GDP					
b. Dependent Variable: ROA					

From the table 4.9 model summary for dependent variable and internal and external factors shows that 98.7% of the variance in the dependent variable is explained by quick ratio and GDP. There is positive significant influence between company performances against quick ratio and GDP.

Table 4.10 Anova Company's summary on internal and external factors

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	.018	2	.009	158.526	.006 ^c
	Residual	.000	2	.000		
	Total	.018	4			
a. Dependent Variable: ROA						
c. Predictors: (Constant), QUICK RATIO, GDP						

From the table 4.10 Anova for dependent variable and internal and external factors shows that a significant value of 0.006 which is below the alpha value ($p < 0.05$). It indicates that the variable is perfectly significant to represent the model.

Table 4.11: Coefficient Company's performance on internal and external factors

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
		2	(Constant)	-.632			.041		-15.571	.004
	QUICK RATIO	2.112	.122	1.148	17.375	.003	1.589	2.635	.718	1.392
	GDP	-.048	.008	-.391	-5.925	.027	-.083	-.013	.718	1.392

a. Dependent Variable: ROA

From table 4.11 we found that GDP and quick ratio have the biggest significance towards company performance with p-value is < 0.05. This indicate that when the company profit increase, quick ratio and GDP also increase.

5.0 DISCUSSION AND CONCLUSION

This purpose of this study to determine the internal and external factors that affect the Chipotle Mexican Grill Company's performance. In this study internal factors (liquidity risk, credit risk, operational risk and corporate governance) and external factors (gross domestic product, inflation, interest rate, exchange rate and market risk) were used to achieve this objective. The discussion will therefore be based on finding in chapter four in this chapter. This chapter includes the recommendation and conclusion for future research.

5.1 limitation

This study is limited in United State fast food industry industry. Also, the data that used for this study is limited as it uses performance for only five years.

5.2 discussion

This study aimed at investigating the internal and external factor that affecting the Chipotle Mexican Grill performance of company. This study is done in order achieve the goals of research as below:

1. to investigate the internal factors toward profitability
2. to investigate the external macroeconomics factor toward profitability
3. to investigate the internal and external factor toward profitability

Based on the table of both correlation (table 4.1) and coefficient (table 4.11), there is evidence that the performance of the organization was influenced and influenced by internal factors in terms of quick ratio and corporate governance element. The correlation shows that quick ratio is strongly positive and significant to company's performance with p-value >0.9.

Macroeconomic factors have been found to influence the Chipotle Mexican Grill Company's performance in the United States. Based on the coefficient table (table 4.11) the value indicates that gross domestic product is determined by the company's performance. There is evidence showing that the company's performance is slightly influenced with a p-value $< 0.10 = -0.391$. Overall, both factors can be concluded to influence the performance of the company. The model summary (table 4.9) shows that the variable from the internal and external factors explain 98.7 percent of the model. The Anova table shows that a significant 0.006 indicates the model is reliable. However, compared to external factors, the internal factors have more impact toward the company's performance.

5.3 recommendation

Quick ratio is found to have a significant relationship with the company's performance which is ROA. Therefore, in order to increase income, it is necessary for a company to control its inventory and expenses effectively. There are several ways on how a company can manage it efficiently. Firstly, improving the ratio inventory turnover. By switching inventory to debtors and cash faster, the quick asset would rise resulting in the quick ratio. Next, the collection period improves. Reduction in period of collection will directly affect the quick ratio. Lower collection period means faster cash rolling. Improving the collecting period can result in better current assets resulting in a number of debtor cycle during a year. In addition, it also the chance of long term debt. Ultimately, internal and external factors determine the performance of the company. The internal factors of Chipotle Mexican Grill have had a greater impact on the company relative to external factors.

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