Impact of Internal and External Factors Roa The Performance in Logistic Industry: A Case in Dhl

Jamil, Wan Nur Syarizzah

Universiti Utara Malaysia

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Wan Nur Syarizzah Binti Jamil

Universiti Utara Malaysia

ABSTRACT

The study's aim is an attempt to determine the company performance DHL which involved two main factors of internal and external factors. These data were interpreted and collected DHL annual reports of five-year period from 2014 to 2018. There are four risks involved which are credit risk, operational risk, profitability, and market risk. Measurement of current ratio, quick ratio, average -collection period, debt to income ratio, operational ratio, and operating margin are used to examine the overall five years' liquidity risk of DHL. Hence, to determine the relationship of these risk factors to the company performance, this study used profitability, credit risk, operational risk, market risk, gross domestic products (GDP), inflation, interest rate, exchange rate, stdv, and corporate governance index. SPSS system are used to do data analysis in which by implementing step wise method which apply the descriptive statistics, correlation, and model summary.

Keywords: Return on asset, credit risk, operational risk and market risk

1.0 Introduction

This chapter begins with an overview of the logistics industry. This is followed with the discussion of the problem statement, the research objectives, scope of the study and lastly the organization of the study.

1.1 Overview

DHL is the global market leader in the logistics industry and "The Logistics company for the world". DHL (Dalsey, Hillblom and Lynn) International GmbH is an American-founded German company which is now the international courier, parcel, and express mail division of the German logistics company Deutsche Post DHL. Deutsche Post DHL is the world's largest logistics company, now in over 220 countries and territories worldwide, particularly in sea and air mail. The company delivers over 1.3 billion parcels per year. The company was founded in the United States in 1969 and expanded its service throughout the world by the late 1970s. The company was primarily interested in offshore and intercontinental deliveries, but the success of FedEx prompted their own intra-US expansion starting in 1983.

In 1998, Deutsche Post began to acquire shares in DHL. It reached controlling interest in 2001, and acquired all outstanding shares by December 2002. The company then absorbed DHL into its Express division, while expanding the use of the DHL brand to other Deutsche Post divisions, business units, and subsidiaries. Today, DHL Express shares its DHL brand with business units such as DHL Global Forwarding and DHL Supply Chain. It gained a foothold in the United States when it acquired Airborne Express. The DHL Express financial results are published in the Deutsche Post AG annual report. In 2016, this division's revenue increased by 2.7% to €14 billion. The earnings before interest and taxes (EBIT) increased by 11.3% over 2015 to €1.5 billion.

The financial impact can be huge. Taking into account the predicted increase in natural disasters caused by climate change, it is estimated that by 2030, the annual global economic cost of natural disasters will be around € 328 billion (DHL Engineering and Manufacturing 2025+). In addition, socio-political threats like conflict, terrorism, migration and political instability could

also affect the operations of the E & M Research by Maple croft shows that this type of threat is a growing phenomenon.

What's needed of course is transparency in the global supply chain. This allows E&M companies to continuously track, collate, and analyze the world's most disruptive events, drawing on the leading risk intelligence data and issuing alerts throughout the organization in near-real time along with detailed, regularly updated reports. With an efficient supply chain risk management process in place, E&M companies can turn disruption into competitive advantage. For instance, an organization can seize the opportunity to be a first-mover in profitable yet risky new markets.

In addition, transparency in the global supply chain. This allows companies E & M continues to track, organize, and analyze the events of the most disturbing in the world, depicting the leading risk intelligence data and issue warnings throughout the organization in the near future along with detailed reports and regularly updated. In addition, with efficient supply chain risk management processes, E&M companies can turn disruption to competitive advantage. For example, organizations can seize the opportunity to be the first mover in a new market that is profitable but risky. However, risk is everywhere in today's business landscape. Risk mitigation allow companies E & M to prepare a variety of challenges and to continue to move towards the development and profitability of the business.

1.2 Research Objective
1. To investigate the internal factors towards company performance.
2. To investigate the external factors towards company performance.
3. To investigate both internal and factors towards company performance.

1.3 Research Questions
1. Does any relationship between internal factors and company performance?
2. Does any relationship between external factors and company performance?
3. Does any relationship between both internal and external factors towards company performance?

1.4 Scope of study

The sample of study is details about e-commerce industry in Malaysia, namely DHL. The accounting and financial ratios was based on eBay 2014-2018 annual reports.

1.5 Organization of the study

This study consists of five main chapters. First chapter is the introduction of this study, includes overview, research objectives, research questions, scope of study and organization of the study. In second chapter, we discuss about the literature review of the independent and dependent variables, which is internal and external factors that influence the company liquidity ratio. Chapter three tells that the measurement of variables, research methodology and data analysis. In chapter four, we discuss the findings and results of this study. In final chapter is summary and conclusions of this study.

2.0 Literature Review

2.1 Introduction

This chapter is committed to the review of the literature related to the study. This chapter will have several parts which are credit risk, liquidity risk, market risk, and operational risk.

2.2 Liquidity Risk

Liquidity risk is related to financial intermediation, maturity transformation and transfer of resources from the lender to the borrower (Scannella, 2010, 2012). Liquidity risk can be divided into two types of financing risk and trade risk to help determine the key drivers of liquidity risk in banking such as asset and liability mismatches, customer behavior and financial market volatility. In addition, failure to obtain sufficient profit may also be one of the major causes of dissolution. Therefore, companies need to develop strategies to improve their liquidity status. Even under favorable commercial conditions, the company must be stressed and trying to adapt to the management of liquidity to boost liquidity and cash flow (Pass C R and Pike, 1984). There are two common financial ratios used to measure corporate liquidity risk, namely liquidity ratio and quick ratio. Current ratios are calculated by dividing current assets by current liabilities, while fast current ratios are calculated by subtracting inventory and prepayments from current assets and dividing them by current liabilities.

2.3 Credit Risk

Credit risk is one of the most important tasks for the liquidity and stability of the banking sector related to increasing bank sensitivity to credit risk and changes in the price of financial instruments (Kiselakova and Kiselak, 2013). The most significant impact on the performance of the company only has a financial risk. Risks are not systematically having higher impact on the performance of the company as systematic risk (Kiselakova, 2015). According Greening & Bratanovic (2009) credit risk is the risk that is popular for both financial and non-financial institutions must practice it. Credit risk occurs when a debtor or borrower fails to meet its obligations to repay the loan to the lender. In addition, if a higher level of credit risk, credit risk will also affect interest rates, and investors and lenders will demand higher capital levels. The average collection period or debt-to-income ratio is a common financial ratio that can be used to measure credit risk. The average

receipt period is calculated based on the ratio of accounts receivable to daily credit sales. Instead, the difference between debt and income is calculated by dividing the amount of debt by the amount of income.

2.4 Operational Risk

Operational risk management includes the non-financial issues but can lead to financial loss. Bank operating risk can occur at any level. As external and internal injuries are often closely linked to individual institutions, Apatachioae's (2014) operational data at the bank should be detailed enough to include a clear and comprehensive classification of all internal weaknesses when applied. Besides, according Wahlstrom (2006) states that there is someone talking about the need to identify sources of risk, even in praktiketis quite difficult. Clearly, knowing the underlying source of an operational event is important and helps an organization understand and control this risk in the future (Chua, 1996). In addition, operational risks can be summarized as the risk of human error resulting in failed business operations. Therefore, this is an important consideration when considering a potential investment decision.

2.5 Market Risk

Market risk is the risk of losses in the portfolio of liquid arising from movements in market prices and is comprised of interest rates, currency, equity and commodity risk. According to the Basel Accord, market risk represents the risk of loss in equilibrium and off-balance sheet items as a result of market price fluctuations (Basel Committee on Banking Supervision, 2005). The dominant factors that may cause market risk are equity prices, interest rates, foreign exchange rates and commodity risk. Equity risk is associated with the risk of a change in equity prices that affects the balance and off-balance sheet items of the bank. Equity risk includes general price risk related to changes in the overall stock market and specific price risks related to changes in individual securities. In addition, the market risk associated with financial instruments and personal portfolio tool may serve as one of these factors, some or all of these functions, and in many cases, it may be very complicated. In general, market risk can be defined as the market trend - prices, interest rates, and exchange rates. Measuring financial market risk are important for successful risk management.

2.6 Firm Performance

Performance can be defined as an approach to determine the extent of the organization's goals be achieved within a certain period. The objectives or goals can be used in financial or non-financial terms. Performance can be determined by macros and micro factors. According to Williamson, macroeconomic factors are related to regional or national economies and affect large populations of selected individuals. Macro factors such as GDP growth, inflation, unemployment, interest rates, exchange rates and the level of competition. Micro factors including individual risk exposure, operational strategy and the management strategy. Any different mathematical measures to assess how well a company uses its resources to make profit.

For the examples of financial performance, including operating income, earnings before interest and taxes, and the net asset value. It is important to note that there is no measure of financial performance that should be taken alone. Instead, a full assessment of the company's performance should take into account a variety of different measures. Assess the financial performance of a business enabling decision makers to judge the results of the strategy and business activities in terms of financial objectives. Therefore, the company's financial performance is directly affected by its market position.

2.7 Importance of Financial Risk Management

All government or private sector organizations have at least one financial manager to guide investment activities. In addition, can manage the work of financial risk management report and develop and carry out cash management scheme. However, the responsibility of financial managers varies according to the scope and operation of the organization and the actual position held by the manager, but the majority of work included preparing a report that would normally require the regulatory authority. Another important aspect is the management of the preparation of financial reports, such as the balance sheet, income statement and future income or expense analysis. All these explain and determine the financial position of the organization. In many firms, financial managers are key personnel who administer the department of accounting and budgeting.

Usually, a career in financial management requires at least a master's level qualification and financial risk management during the course usually covers the basics of business law,

accounting, principles of management, e-trade finance, ethics, law taw and other related topics. Programs such as MBA Finance help students learn skills to focus on different aspects of the business such as system integration of the financial perspective, the implementation of business strategy, e-commerce capabilities, technology and HR consulting. In addition, financial managers are available in every organization, having a bachelor's degree will provide better opportunities for promotion and advancement in their careers. As demand for financial-based individuals improves aspects of their careers, it looks brighter.

3.0 Methodology

3.1 Introduction

The research methodology is a procedure or special techniques used to identify, select, process, and analyze information on the topic. Cohen and Manion (1996) define the methodology as a research method for collecting data. This chapter will describe the methods used in this study. This chapter will also outline each component involved in conducting this study from the sample obtained and the sampling technique used for the analysis. Finally, this chapter provides a detailed explanation of the selected analysis method used and the data collection method. The method that is used to collect and analyses data is IBM Statistical Package for the Social Science (SPSS) Statistics version 25.

3.2 Population / Sampling Technique

The unit of analysis is the main entities that are analyzed in this study. For example, individuals, groups and artifacts may be the unit of analysis in this study. In this study, the organization will be the unit of analysis. The population in this study is a company in the logistic industry in Malaysia. DHL was selected as a sample of study. The data are from the data of each company's annual report from 2014 to 2018 and are used to measure dependent variable (ROA) and independent variables (internal and external factors).

3.3 Statistical Technique

This study focus on the companies in Malaysia. The sample for this research was selected from the logistic industry. DHL was selected in this study. We use the data obtained from annual report from 2014 to 2018 for this company to study the effects of firm internal and external factors from various aspects, namely company performance, profitability, operational and credit. To find the corporate governance index score by using the disclosure of information regarding board of director in terms of qualification, gender diversity, nationality, audit committee, community service project, meeting attendance and director experience. In the process of determining the impact of macroeconomic factors on company performance, we collect data on US GDP, inflation, interest rates and exchange rates from 2014 to 2018.

3.4 Data Analysis

In accordance to the conceptual framework of research in the future, there are one dependent variable and two independent variables in this study. The research framework is as follow:
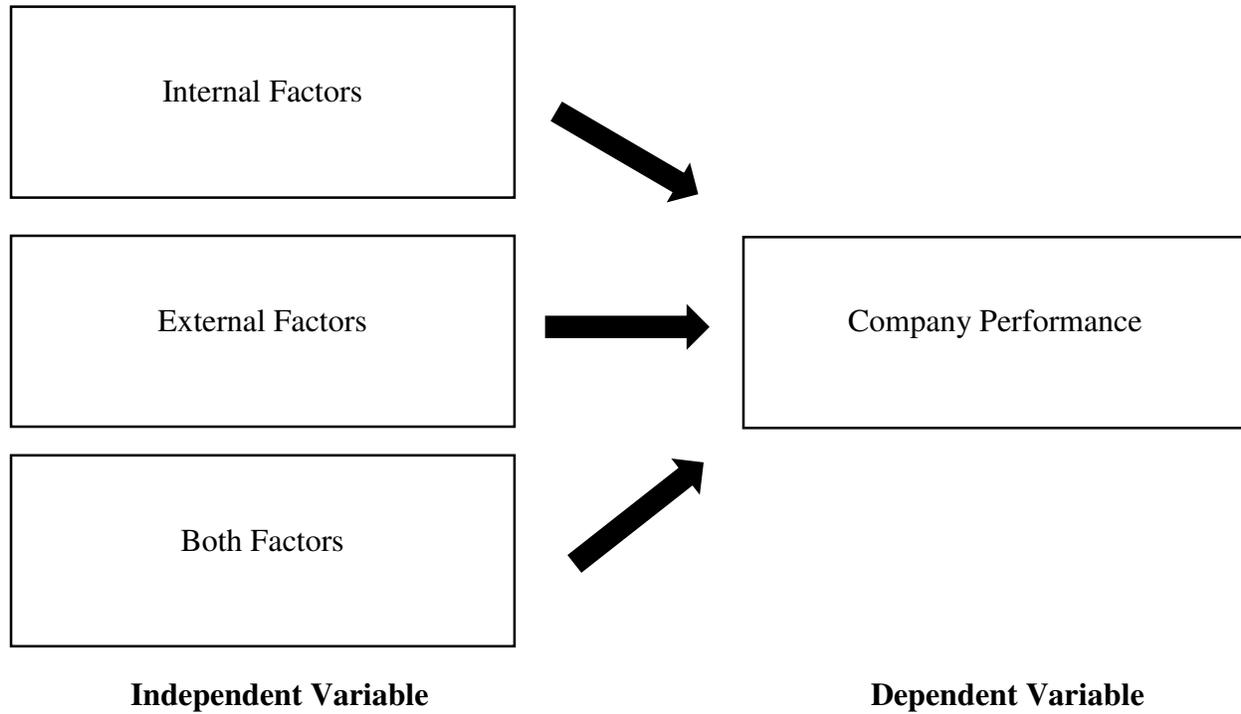
Figure 1: Research Framework

Internal Factors	
External Factors	Company Performance
Both Factors	

Independent Variable   **Dependent Variable**

Table 1: Measurement of Variables

No	Variables	Notation	Measurement
1	Return on Asset	ROA	Net income / total assets
2	Current Ratio	CR	Current assets / current liabilities
3	Quick Ratio	QR	Inventory / prepaid expenses
4	Average-Collection Period	ACP	Account receivable / (Revenue / 360 Days)
5	Debt to Income	DTI	Total liabilities / total income
6	Operational Ratio	OR	Operating expenses / Net sale
7	Operating Margin	OM	EBIT / revenue
8	Gross Domestic Product	GDP	5-years gross domestic products

9	Inflation	INF	5-years inflation rate
10	Interest Rate	I	5-years interest rate
11	Exchange Rate	AOP	5-years exchange rate
12	Market Risk (STDV)	STDV	5-years daily stock price

3.5 IBM Statistical Package for Social Sciences (SPSS)

In this study, IBM SPSS Statistics version 25 was used to calculate data to obtain results. According to Landau & Everitt (2004) SPPS also known as the Social Science Statistics Package is a powerful software that helps researchers perform statistical data analysis. However, IBM SPSS Statistics will only be used to calculate the correlation between linear regression and variables based on quantitative data extracted from annual reports.

The pooled model of multivariate regression was used to determine the influence of independent variables on the dependent variable. The hypothesis was illustrated in Model 1, 2 and 3.

Model 1 : Pooled model of internal factors to the company performance of DHL

ROA $= a + a_1ROA_i + a_2ACP_i + a_3DTI_i + a_4OR_i + a_5OM_i + a_6CGI_i + \varepsilon_{it}$

Model 2 : Pooled model of external factors to the company performance of DHL

ROA $= a + a_1GDP_i + a_2Inflation_i + a_3IR_i + a_4ER_i + a_5MR_i + \varepsilon_{it}$

Model 3 : Pooled model of company performance of DHL

ROA $= a + a_1ROA_i + a_2ACP_i + a_3DTI_i + a_4OR_i + a_5OM_i + a_6CGI_i + a_7GDP_i +$
$a_8Inflation_i + a_9IR_i + a_{10}ER_i + a_{11}MR_i + \varepsilon_{it}$

4.0 Findings and Analysis

4.1 Introduction

Financial statement analysis allows researchers to identify companies' trends by comparing ratios over five years. There are three main components of the financial statements; income statement, balance sheet and statement of cash flows. This fact allows researchers to measure liquidity, profitability, leverage, operations and efficiency throughout the company.

4.2 Descriptive Analysis

**Table 2: Descriptive statistics of dependent and company specific variables**

Descriptive Statistics			
	Mean	Std. Deviation	N
ROA	.054735515376288	.014594404556370	5
CURRENT RATIO	1.016450740166878	.064078464464143	5
QUICK RATIO	.580183922140478	.126923019219084	5
AVERAGE-COLLECTION PERIOD	55.492392531506130	1.664825878363685	5
DEBT TO INCOME	5.195700648707001	.987993026351369	5
OPERATIONAL RATIO	.006961262194862	.006277787571010	5
OPERATING MARGIN	.042877003958866	.012441477887098	5
GDP	5.180	.7727	5
Inflation	2.420	1.0710	5
InterestRate	2.8700	1.65156	5
Exchange Rate	4.3680	.73819	5
Stdv	.533721858867610	.160387329842219	5
CGI	1.000	.0000	5

Based on table 2, it has recorded average mean and standard deviation of the dependent and variable ratios. The SPSS system is used to collect data that has been performed by regression

analysis with only 5 samples from 2014 to 2018. Further, the explanations are made around the value of 4 decimal places.

i. Company Performance

Graph 1: Return on asset ratio of DHL from 2014-2018
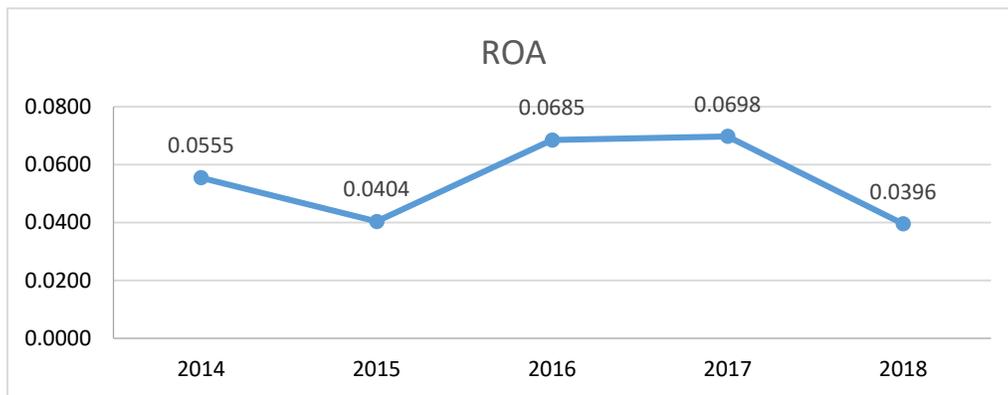
Return on Asset is measured as the ratio of profits generated to the total assets under the responsibility of management (Khidmat and Rehman, 2014). The graph show that the return on asset for DHL decrease from 2014 (5.55%) to 2015 (4.04%). Further, it increased in 2016 (6.85%) to 2017 (6.98%) but fell again in 2018 to 3.96%. The highest ROA for DHL in the last 5 years are 2017 (6.98%), while the lowest was in 2015 (4.04%). Based on table 2, the average ROA for DHL is the standard deviation is 0.0547 and 0.0145.

ii. Liquidity Risk

Graph 2: Current ratio of DHL from 2014-2018
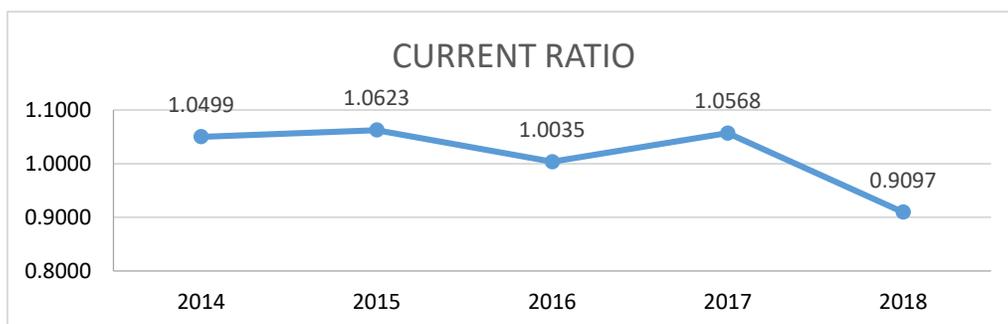
Current ratio is a gross measure of liquidity in that simply compares all liquid assets with all current liabilities (Khidmat and Rehman, 2014). The graph shows that the quick ratio for DHL increase

from 1.0499 in 2016 to 1.0623 in 2015. The quick ratio for DHL dropped in 2016, DHL's quick ratio was 1.0035, while in 2017 it increases to 1.0568. In 2018, the quick ratio for DHL fell back to 0.9097. Based on table 2, the average ratio of the average DHL in five years at 1.0164 and the standard deviation is .06407.

Graph 3: Quick ratio of DHL from 2014-2018
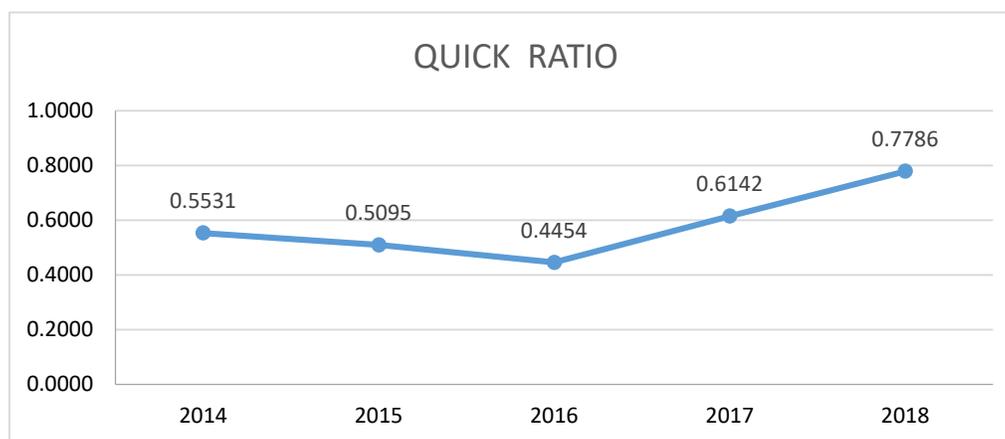
According to Albrech et al. (2008) stated that the quick ratio is the company's ability to repay short-term debt quickly without relying on stocks or ending inventory. The higher the ratio result, the better a company's liquidity and financial health, the lower the ratio, the more likely the company will struggle with paying debts. The graph show that the quick ratio for DHL has fall consecutively 3 years from 2014 to 2015. In 2014, the quick ratio for DHL was 0.5531, in 2015 was 0.5095 and in 2016 was 0.4453. Furthermore, the upside in 2017 was 0.6142 to 0.7786 in 2018. Based on table 2, the average ratio of DHL in 5 years is 0.5802 and the standard deviation is 0.1269.

iii. Credit Risk

Graph 4: Average-Collection Period for each years

AVERAGE-COLLECTION PERIOD

Year	Value
2014	56.9147
2015	52.8361
2016	56.8626
2017	55.6700
2018	55.1786
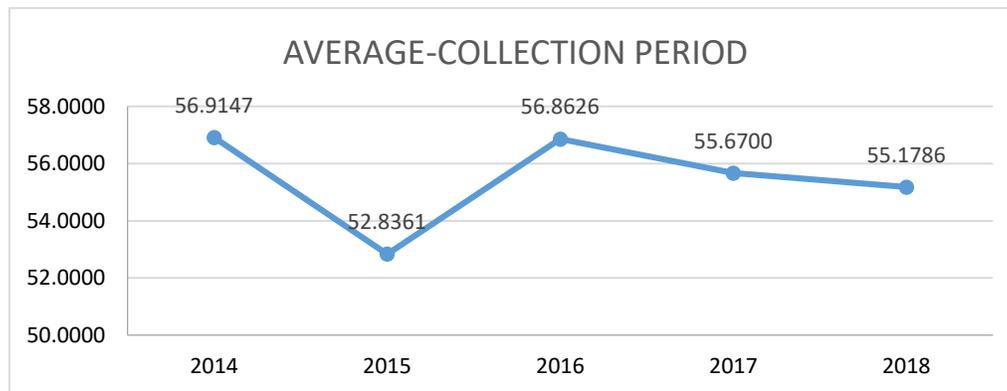
The average collection period is the amount of time it takes for a business to receive payments owed by its clients. Low average collection periods indicate organizations collect payments faster. The graph shows that the average collection period for DHL is in fluctuation. In 2014, it takes 56.9147 days to collect accounts receivable back. The improved performance in 2015, when it took for four days less than 2014, but its performance in collecting debts fell in 2016 (56.8626). In 2017, DHL took 55.6700 days, while in 2018, it takes 55.1786 days, to recover the debts. The longer the time needed to collect the debt, the greater the impact on the company's cash flow. The average 5-year average of the DHL collection is 55.4914 days and the standard deviation is 1.6648 days.

Graph 5: Debt to income ratio of DHL from 2014-2018

DEBT TO INCOME

| Year	Value
2014	5.2708
2015	5.3430
2016	4.6000
2017	4.0684
2018	6.6962
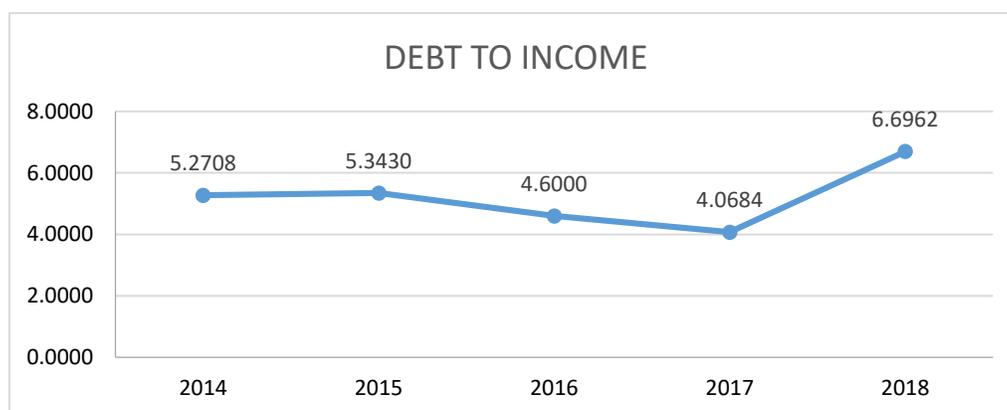
The debt to income (DTI) ratio is the percentage of your gross monthly income that goes to paying your monthly debt payments. A low debt to income ratio demonstrates a good balance between

debt and income The graph shows that the debt to income ratio is decreased from income DHL 5.2708 cent / 1 USD in 2014 to income of 4.0684 cent / 1 USD in 2017. In 2018, the debt to income ratio is increased from income DHL 6.6962 cent / 1 USD. DHL to cover the debt burden on the company's earnings have increased between these years. DHL's performance is using its income to cover its debt increased slightly in 2017. However, the burden on the following years increased. Based on table 2, the average debt to income ratio for DHL is 5.1957 and standard deviation is 0.9800.

iv. Operational Risk

Graph 6: Operational Ratio of DHL from 2014-2018
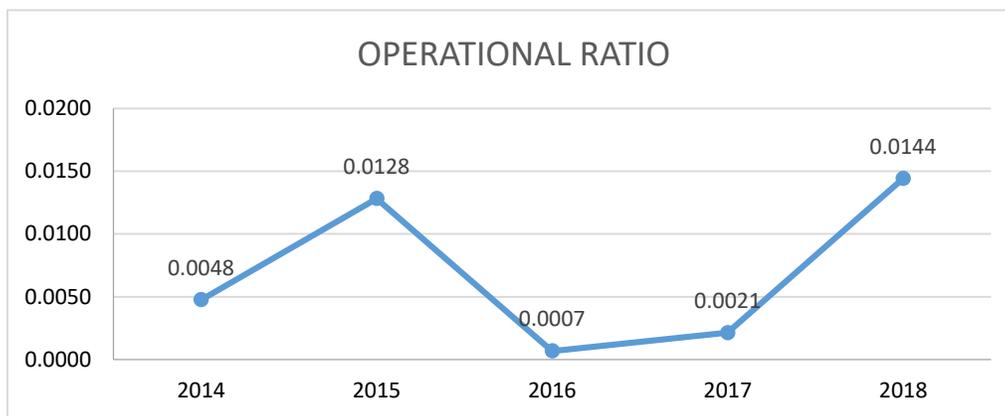
The operational ratio shows the efficiency of a company's management by comparing the total operating expense of a company to net sales. The operating ratio shows how efficient a company's management is at keeping costs low while generating revenue or sales. The graph shows that the operational ratio in 2014 (4.8%), DHL has the lowest operating ratio as it is successfully managing operating expenses. The higher the ratio, the smaller the company's ability to generate profits. However, that some industries have higher or lower operating expenses requirements than others. Thus, comparing operating ratios is generally most meaningful among companies within the same industry, and the definition of a high or low ratio should be made within this context. Based on table 2, the average operational ratio for eBay is 0.0070 and the standard deviation is 0.0063.

Graph 7: Operating Margin of DHL from 2014-2018
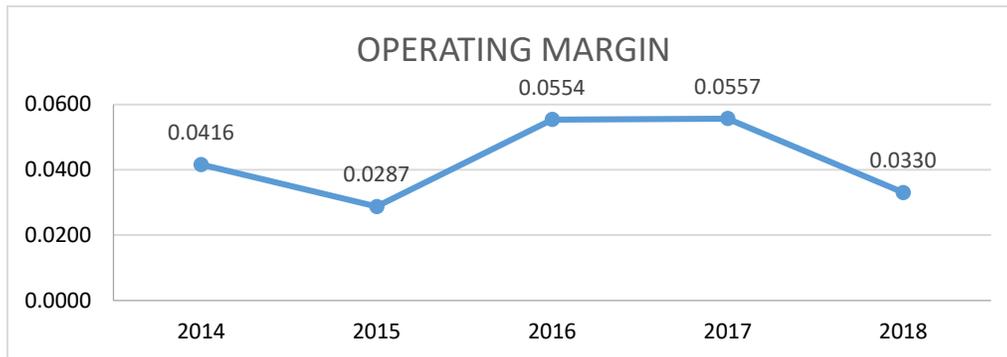
OPERATING MARGIN

Operating margin refers to the amount of profit that a company makes from the sales of its product after deducting variable costs of production such as the cost of the raw materials that go into making the product as well as the salaries incurred in making the product. The operating margin is a measure of profitability and very important because they measure efficiency. The higher the operating margin, the more profitable a company's core business. The graph shows that the operating margin decreased by 2.87% in 2015. However, it has continued to rise consecutively from 2.87% in 2015 to 5.57% in 2017. But, it drops to 3.30% in 2018. Based on table 2, the average operating margin for DHL is 44.29% and standard deviation is 12.44.

v. Corporate Governance Index (CGI)

**Graph 8: CG Index of DHL from 2014-2018**

CGI
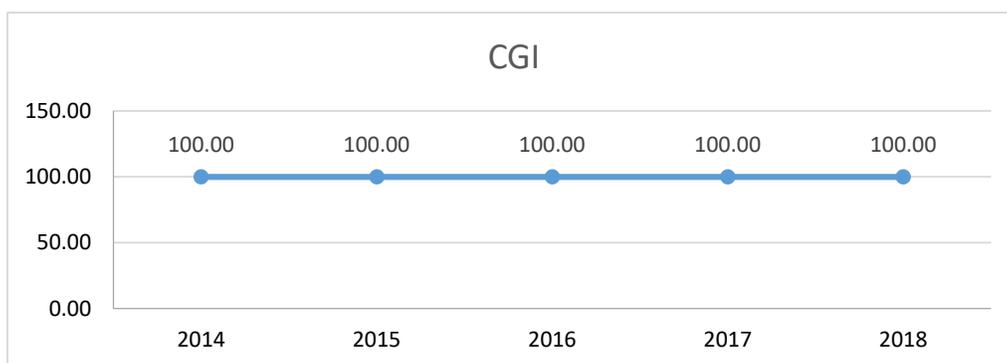
A corporate governance index is a score that reflects the total corporate governance index of a company considering five principles of corporate governance, accountability, independence, justice, sustainability, and transparency. The graph shows that for five years the company has

consistently shown a score of 1 which implies that the company meets every principle of corporate governance. Based on table 10, the average corporate governance index is 1.00 while 0.00 is for standard deviation.

vi. Gross Domestic Product (CDP)

Graph 9: Gross Domestic Product (GDP Annual %) of Malaysia from 2014-2018
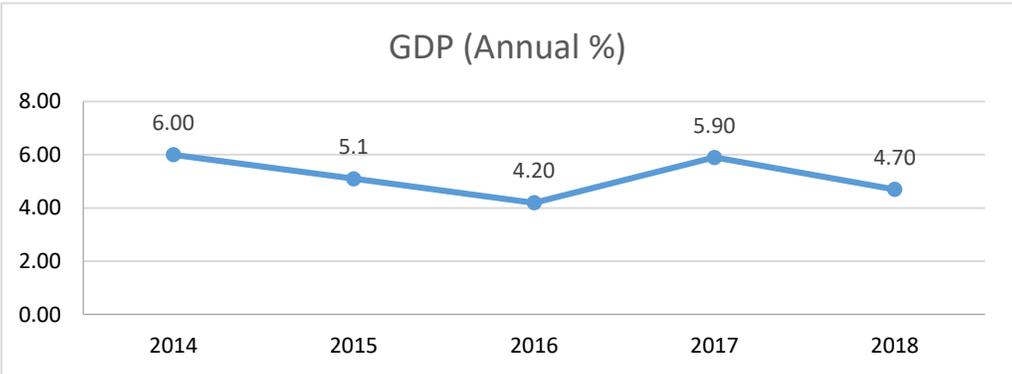
Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. The variables used this study are the annual percentage of GDP growth in Malaysia. The graph shows that the GDP growth slow this year. From 6.00% in 2014 to 4.70% in 2018. Based on table 2, it can be seen that Gross Domestic Product (GDP) mean is 1.0710%.

vii. Inflation Rate

Graph 9: Inflation rate of Malaysia from 2014-2018
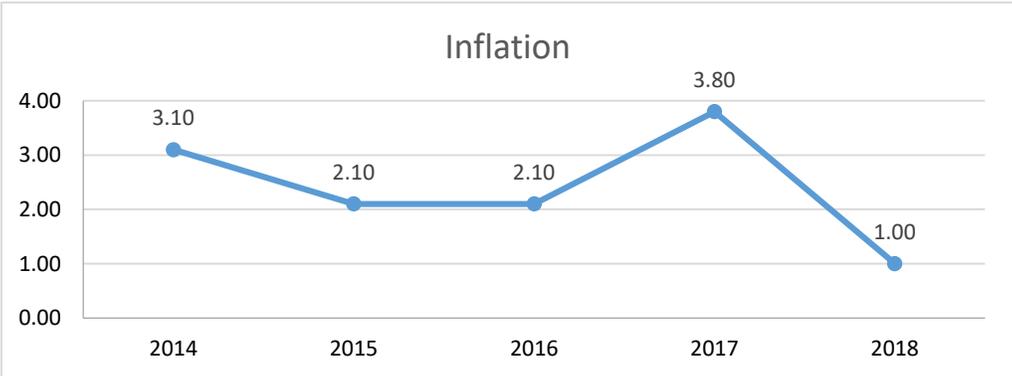
Inflation rate is the change in the value of a country's money purchase. The inflation rate of Malaysia is fluctuated from 2014 to 2018. The highest inflation rate is 3.80% in 2017, while the lowest is 1.00% in 2018. Based on table 2, the inflation rate mean is 1.0710%.

viii. Interest Rate

Graph 10: Interest rate of Malaysia from 2014-2018
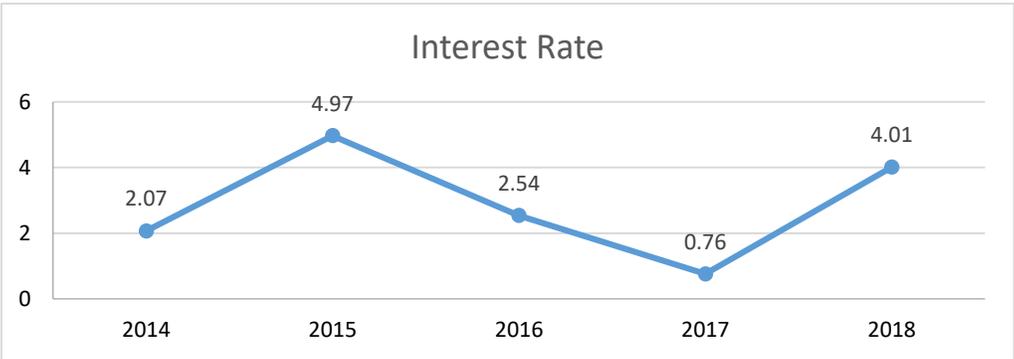
The interest rate plays a huge role on both sides of a deal, and with big ramifications for both parties. The graph shows that the MYR interest rate increased from 2.07% in 2014 to 4.97% in 2015 and decreased to 2.54% in 2016 and 0.76% in 2017. In addition, the MYR interest rate rising again 4.01% in 2018. Based on table 2, the interest rate mean is 1.65156%.

ix. Exchange Rate

Graph 11: Exchange rate from 2014-2018
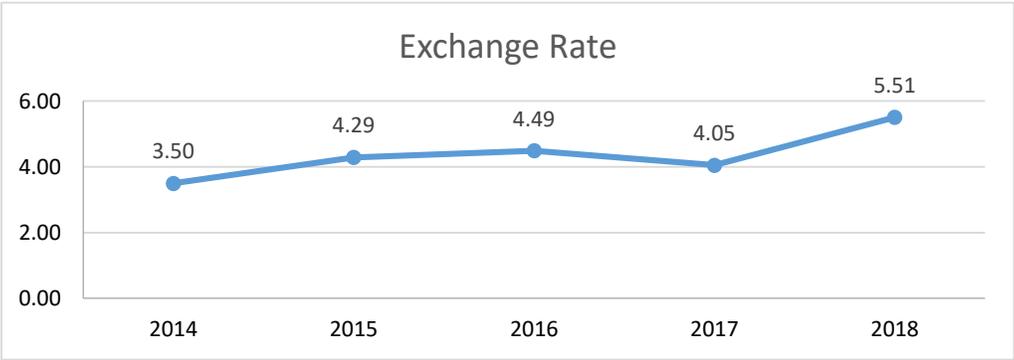
An exchange rate between two countries' currencies indicates the value of one currency relative to the other. The graph shows that the exchange rate of USD to MYR. The value of MYR increases

from 2014 (1USD to 2.50MYR) to 2016 (1USD to 4.49MYR). The value of MYR fell in 2017 (1USD to 4.05MYR), but the upward again in 2018 (1USD to 5.51MYR). Based on table 2, the average exchange rate in 1USD to MYR is 4.3680.

x. Market Risk (STDV)

Graph 12: Market risk of DHL from 2014-2018
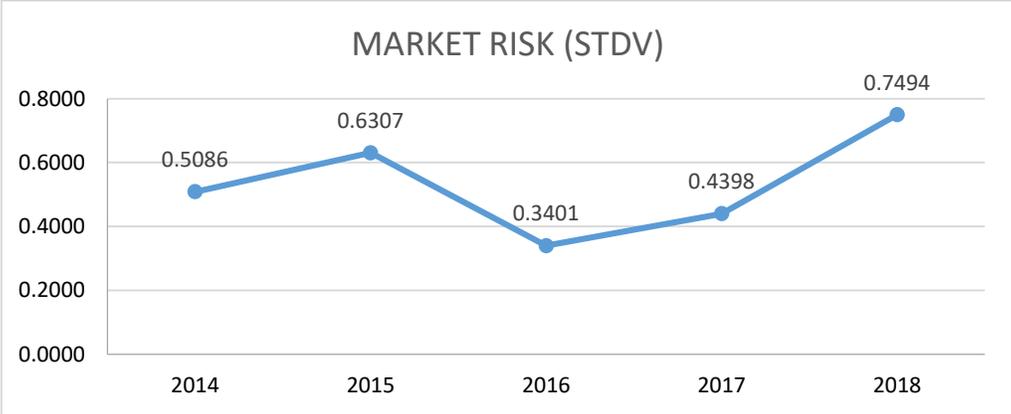
Market risk or also known as systematic risk is an uncontrolled risk. It cannot be eliminated through diversity even if it can be hedged. The graph shows that the market risk for DHL at every year. In 2014 it was 50.58%, 2015 was 63.07%, but in 2016 the market risk dropped to 34.01%. However, in 2017 it was up 43.98%. The highest market risk for DHL is 74.94% in 2018. Based on table 2, the average market risk for DHL is 0.5337%.

4.3 SPSS ANALYSIS

The SPSS analysis will be discussed in for perspectives, namely correlation, model summary, anova and coefficient.

i. Correlation

Table 3: Correlation of dependent variable and company internal and external factors of DHL

Correlations															
		ROA	CURRENT RATIO	QUICK RATIO	AVERAGE-COLLECTION PERIOD	DEBT TO INCOME	OPERATIONAL RATIO	OPERATING MARGIN	GDP	Inflation	InterestRate	Exchange Rate	Stdv	CGI
Pearson Correlation	ROA	1.000	.378	-.454	.673	-.866	-.977	.986	.141	.687	-.874	-.463	-.936	.
	CURRENT RATIO	.378	1.000	-.683	-.120	-.745	-.445	.225	.590	.800	-.314	-.893	-.504	.
	QUICK RATIO	-.454	-.683	1.000	-.109	.652	.568	-.345	.114	-.345	.086	.609	.731	.
	AVERAGE-COLLECTION PERIOD	.673	-.120	-.109	1.000	-.269	-.730	.703	.061	.290	-.718	-.259	-.602	.
	DEBT TO INCOME	-.866	-.745	.652	-.269	1.000	.850	-.791	-.294	-.825	.695	.659	.879	.
	OPERATIONAL RATIO	-.977	-.445	.568	-.730	.850	1.000	-.941	-.164	-.693	.840	.580	.969	.

		ROA	CURRENT RATIO	QUICK RATIO	AVERAGE-COLLECTION PERIOD	DEBT TO INCOME	OPERATIONAL RATIO	OPERATING MARGIN	GDP	Inflation	InterestRate	Exchange Rate	Stdv	CGI
	OPERATING MARGIN	.986	.225	-.345	.703	-.791	-.941	1.000	.047	.588	-.865	-.316	-.889	.
	GDP	.141	.590	.114	.061	-.294	-.164	.047	1.000	.777	-.503	-.702	-.020	.
	Inflation	.687	.800	-.345	.290	-.825	-.693	.588	.777	1.000	-.797	-.843	-.614	.
	InterestRate	-.874	-.314	.086	-.718	.695	.840	-.865	-.503	-.797	1.000	.505	.691	.
	Exchange Rate	-.463	-.893	.609	-.259	.659	.580	-.316	-.702	-.843	.505	1.000	.564	.
	Stdv	-.936	-.504	.731	-.602	.879	.969	-.889	-.020	-.614	.691	.564	1.000	.
	CGI	.	.	.	.	.	.	.	.	.	.	.	.	1.000
Sig. (1-tailed)	ROA	.	.265	.222	.106	.029	.002	.001	.410	.100	.026	.216	.010	.000
	CURRENT RATIO	.265	.	.102	.424	.074	.226	.358	.148	.052	.303	.021	.194	.000
	QUICK RATIO	.222	.102	.	.431	.116	.159	.285	.427	.285	.445	.138	.080	.000
	AVERAGE-COLLECTION PERIOD	.106	.424	.431	.	.331	.081	.093	.461	.318	.086	.337	.141	.000
	DEBT TO INCOME	.029	.074	.116	.331	.	.034	.056	.315	.043	.096	.113	.025	.000
	OPERATIONAL RATIO	.002	.226	.159	.081	.034	.	.009	.396	.097	.038	.152	.003	.000
	OPERATING MARGIN	.001	.358	.285	.093	.056	.009	.	.470	.148	.029	.302	.022	.000
	GDP	.410	.148	.427	.461	.315	.396	.470	.	.061	.194	.093	.487	.000

	Inflation	.100	.052	.285	.318	.043	.097	.148	.061	.	.053	.037	.135	.000
	InterestRate	.026	.303	.445	.086	.096	.038	.029	.194	.053	.	.193	.098	.000
	Exchange Rate	.216	.021	.138	.337	.113	.152	.302	.093	.037	.193	.	.161	.000
	Stdv	.010	.194	.080	.141	.025	.003	.022	.487	.135	.098	.161	.	.000
	CGI	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.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
	Exchange Rate	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
	CGI	5	5	5	5	5	5	5	5	5	5	5	5	5

Based on table 3, shows that the correlation of company performance to both internal and external factors DHL. ROA, operating margin, GDP, interest rate and market risk associated with positive DHL liquidity risk, while the average collection period, debt to income, operational ratio, inflation and exchange rate DHL is closely related to performance company. From the table, we can see that inflation and GDP is the most important to the performance company in external factors DHL.

ii. Model 1: ROA on Internal Factors

Table 4: Model summary of DHL's ROA on internal factors

Model Summary[c]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.986[a]	.972	.963	.002797228113833	
2	.999[b]	.998	.996	.000889336760394	2.122

a. Predictors: (Constant), OPERATING MARGIN
b. Predictors: (Constant), OPERATING MARGIN , CURRENT RATIO
c. Dependent Variable: ROA

From table 4, model summary of dependent and internal factors, it can be seen that 99.6% of the variance in the dependent variable explained by the operating margin and current ratio. This statement is supported by Priya and Nimalathasan (2013) found that the current ratio and operating margin are significantly associated with return on assets.

Table 5: ANOVA of DHL's ROA on internal factors

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	105.887	.002[b]
	Residual	.000	3	.000		
	Total	.001	4			
2	Regression	.001	2	.000	537.605	.002[c]
	Residual	.000	2	.000		
	Total	.001	4			

a. Dependent Variable: ROA
b. Predictors: (Constant), OPERATING MARGIN
c. Predictors: (Constant), OPERATING MARGIN , CURRENT RATIO

From table 5, we can see that the operating margin and current ratio has a significant impact on the dependent variables. This statement supported by Manyo and Ogakwu (2013) investigated the impact of liquidity on return on assets of 46 quoted firms listed on the Nigerian Stock Exchange

from 2000-2009. The finding show that liquidity has a significant positive impact on Return on Assets (ROA), implying that a unit change in liquidity will result into a corresponding increase in ROA.

Table 6: Coefficients of DHL's ROA on interest factors

		Coefficients[a]									
		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Collinearity Statistics		
Model		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.005	.005		1.032	.378	-.011	.021		
	OPERATING MARGIN	1.157	.112	.986	10.290	.002	.799	1.515	1.000	1.000
2	(Constant)	-.031	.007		-4.400	.048	-.061	-.001		
	OPERATING MARGIN	1.113	.037	.949	30.352	.001	.956	1.271	.949	1.053
	CURRENT RATIO	.037	.007	.165	5.261	.034	.007	.068	.949	1.053

a. Dependent Variable: ROA

From table 6, there is positively significant between company performance against operating margin with P-value < 0.05. This shows that when the company increase as a result the company performance also increase. This statement supported by Bolek (2013) examined the liquidity-profitability relationship and risk in promising companies. The results indicate that current ratio and operating margin has a significant positive association with return on assets.

iii. Model 2: ROA on External Factors

Table 7: Model summary of DHL's ROA on external factors

		Model Summary[b]			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.936[a]	.875	.834	.005947290287445	1.349

a. Predictors: (Constant), Stdv

b. Dependent Variable: ROA

From table 7, model summary of dependent and external factors, it can be seen that 33.7% of the variance in the dependent variable explained by the market risk (stdv). ROA is the ratio used to measure a company's ability to produce a net profit after tax on total assets (Brigham and Houston, 2010). In other words, the higher this ratio, the better the productivity of assets in getting net income.

Table 8: ANOVA of DHL's ROA on external factors

ANOVAᵃ						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	21.088	.019ᵇ
	Residual	.000	3	.000		
	Total	.001	4			

a. Dependent Variable: ROA
b. Predictors: (Constant), Stdv

From table 8, we can see that the market risk (stdv) have a significant impact on the dependent variables. Return on Assets (ROA) is a performance appraisal ratio that shows how profitable a firm is relative to its total assets. It gives a picture of how efficient management has been with regards to the usage of its assets to produce earnings. The higher the ratio, the higher the profitability of the firm. Weetman (2006).

Table 9: Coefficients of DHL's ROA on external factors

Coefficientsᵃ									
	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF

1	(Constant)	.100	.010		9.777	.002	.068	.133		
	Stdv	-.085	.019	-.936	-4.592	.019	-.144	-.026	1.000	1.000

a. Dependent Variable: ROA

From table 9, there is positively significant between company performance against market risk performance also increase. These results are similar to studies conducted by Rinati (2012) in his research obtained the results indicating that profitability as measured by ROA has significant effect on market risk.

iv. Model 3: ROA on Internal and External factors

Table 10: Model summary of DHL's ROA on internal and external factors

Model Summary^c					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.986[a]	.972	.963	.002797228113833	
2	.999[b]	.998	.996	.000889336760394	2.122

a. Predictors: (Constant), OPERATING MARGIN
b. Predictors: (Constant), OPERATING MARGIN , CURRENT RATIO
c. Dependent Variable: ROA

From table 10, model summary of dependent and both internal and external factors, it can be seen that 99.6% of the variance in the dependent variable explained by the operating margin and current ratio. Return on assets (ROA) is one of the performance indicator that contribute to profitability of the company in the way of increasing or decreasing. (Wanrapee Banchuenvijit, 2012) explained that determinants of firm performance.

Table 11: Anova of DHL's ROA on internal and external factors

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	105.887	.002[b]
	Residual	.000	3	.000		
	Total	.001	4			
2	Regression	.001	2	.000	537.605	.002[c]
	Residual	.000	2	.000		
	Total	.001	4			

a. Dependent Variable: ROA

b. Predictors: (Constant), OPERATING MARGIN

c. Predictors: (Constant), OPERATING MARGIN , CURRENT RATIO

From table 11, we can see that the operating margin and current ratio have a significant impact on the dependent variables. This statement was supported by Manyo and Ogakwu (2013) investigating the effect of liquidity on returns on 46 firms' assets mentioned on the Nigeria Stock Exchange from 2000-2009. These findings indicate that liquidity has a significant positive impact on Return on Assets (ROA), indicating that unit changes in liquidity will result in a similar increase in ROA.

Table 12: Coefficients of DHL's ROA on internal and external factors

Coefficients[a]										
		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.005	.005		1.032	.378	-.011	.021		
	OPERATING MARGIN	1.157	.112	.986	10.290	.002	.799	1.515	1.000	1.000
2	(Constant)	-.031	.007		-4.400	.048	-.061	-.001		
	OPERATING MARGIN	1.113	.037	.949	30.352	.001	.956	1.271	.949	1.053

| | | CURRENT RATIO | .037 | .007 | .165 | 5.261 | .034 | .007 | .068 | .949 | 1.053 |

a. Dependent Variable: ROA

From table 12, there is positively significant between company performance against operating margin with P-value < 0.05. This shows that when the company revenue increase as a result the company performance also increase. This statement supported by Rehman et al. (2015) investigate the liquidity-profitability relationship encompasses 99 listed companies in Tadawul. The overall results revealed that there is only one positive significant relationship between return on assets and current ratio of the companies in Saudi Arabia.

5.0 Discussion and Conclusion

5.1 Introduction

This study aims to conclude the performance of the company and its determining factors among companies in logistic industry in Malaysia. To complete the objectives, internal factors (credit risk, company performance and corporate governance) and external factors (market risk, inflation, gross domestic product, interest rates and exchange rates) used in this study. Therefore, we will discuss in this chapter. Recommendations and conclusions for future research are included in the chapter.

5.2 Limitations

This study is limited to logistic industry in the Malaysia. This study is also limited to the data used, as it covers only five years of performance and DHL's financial statements.

5.3 Conclusion

Based on the findings, operating margin and liquidity have the most significant relationship with ROA or company performance. Therefore, it is important for the firm to measure the profitability of the company deriving from its operations to improve DHL performance. The DHL should also manage its liabilities well and the current ratio is used to assess the firm's ability to repay its short-term debt. Most companies get financing by borrowing money or borrowing from others, the company's potential for bankruptcy is high and it cannot be held liable. When too much of the expense on the debt to fulfill the obligation will result in a decrease in the net income generated from the company's assets, ROA. These implications will lead to a decline in performance within the company. Therefore, to control and manage debt to corporate income by increasing income or profitability.

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Appendix

Table 13: Model 2 Excluded Variable

Excluded Variables[a]						Collinearity Statistics		
Model		Beta In	t	Sig.	Partial Correlation	Tolerance	VIF	Minimum Tolerance
1	CURRENT RATIO	.165[b]	5.261	.034	.966	.949	1.053	.949
	QUICK RATIO	-.129[b]	-1.511	.270	-.730	.881	1.135	.881
	AVERAGE-COLLECTION PERIOD	-.039[b]	-.242	.831	-.169	.506	1.978	.506
	DEBT TO INCOME	-.231[b]	-2.313	.147	-.853	.375	2.667	.375
	OPERATIONAL RATIO	-.425[b]	-2.442	.135	-.865	.114	8.734	.114
2	QUICK RATIO	-.029[c]	-.530	.690	-.468	.495	2.019	.495
	AVERAGE-COLLECTION PERIOD	.061[c]	2.423	.249	.924	.424	2.359	.408
	DEBT TO INCOME	.184[c]	1.386	.398	.811	.036	27.830	.036
	OPERATIONAL RATIO	-.179[c]	-8.836	.072	-.994	.057	17.477	.057

a. Dependent Variable: ROA

b. Predictors in the Model: (Constant), OPERATING MARGIN

c. Predictors in the Model: (Constant), OPERATING MARGIN , CURRENT RATIO

Table 14: Model 1 Excluded Variable

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics		Minimum Tolerance
						Tolerance	VIF	
1	CURRENT RATIO	.165[b]	5.261	.034	.966	.949	1.053	.949
	QUICK RATIO	-.129[b]	-1.511	.270	-.730	.881	1.135	.881
	AVERAGE-COLLECTION PERIOD	-.039[b]	-.242	.831	-.169	.506	1.978	.506
	DEBT TO INCOME	-.231[b]	-2.313	.147	-.853	.375	2.667	.375
	OPERATIONAL RATIO	-.425[b]	-2.442	.135	-.865	.114	8.734	.114
	GDP	.095[b]	.992	.426	.574	.998	1.002	.998
	Inflation	.164[b]	1.887	.200	.800	.654	1.529	.654
	InterestRate	-.085[b]	-.377	.742	-.258	.252	3.961	.252
	Exchange Rate	-.168[b]	-4.788	.041	-.959	.900	1.111	.900
	Stdv	-.282[b]	-1.757	.221	-.779	.210	4.757	.210
2	QUICK RATIO	-.029[c]	-.530	.690	-.468	.495	2.019	.495
	AVERAGE-COLLECTION PERIOD	.061[c]	2.423	.249	.924	.424	2.359	.408
	DEBT TO INCOME	.184[c]	1.386	.398	.811	.036	27.830	.036
	OPERATIONAL RATIO	-.179[c]	-8.836	.072	-.994	.057	17.477	.057
	GDP	.000[c]	-.002	.999	-.002	.644	1.552	.613
	Inflation	-.013[c]	-.130	.918	-.129	.185	5.409	.185
	Interest Rate	-.008[c]	-.086	.946	-.085	.237	4.212	.237
	Exchange Rate	-.084[c]	-1.577	.360	-.845	.188	5.309	.188
	Stdv	-.083[c]	-.842	.555	-.644	.113	8.842	.113

a. Dependent Variable: ROA

b. Predictors in the Model: (Constant), OPERATING MARGIN

c. Predictors in the Model: (Constant), OPERATING MARGIN , CURRENT RATIO