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# Gender Diversity in the Boardroom and Risk Management: A Case of Louis Vuitton Malletier

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# Gender Diversity in the Boardroom and Risk Management: A Case of Louis Vuitton Malletier

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## Abstract

The objective of this study to analyse the general business of Louis Vuitton with hazard elements and macroeconomic variable on productivity execution. The information got from annual report of Louis Vuitton. Begin with year 2011 to year 2015. The estimation of liquidity ratio and operating ratio used to see the by and large execution of Louis Vuitton. It is within 5 years which professedly past benchmark. Another estimation is the asset size, this variable has a negative and no critical association with liquidity risk. To see the relationship of risk issue to the profitability, this study is using liquidity (current ratio and quick ratio), GDP and operating ratio. This data was examined by utilizing regression and bivariate correlation. The regression analysis and bivariate correlation present just a single variable of profitability is huge to operating ratio which is ROA with the major effect to the profitability. Be that as it may, the liquidity and GDP is not noteworthy to profitability with minor effect to the profitability.

**Keyword: Specific Risk, Liquidity Risk, Operational Risk, Profitability, Annual Report. Louis Vuitton.**

## **1.0 INTRODUCTION.**

### **1.1 Background of the study.**

Fashion is one of the past decade's seldom economic success stories. Over that period, the industry has developed at 5.5 percent every year, as indicated by the McKinsey Global Fashion Index, to now be justified regardless of an expected \$2.4

trillion. In fact, not only does it touch everyone, but it would be the world's seventh-largest economy if ranked alongside individual countries' GDP. In Malaysia's GDP was increasing from 5.3% to 6% in year 2011 to 2014 and decrease in year 2015 to 5%.

The sluggish economy with a higher cost of living has stifled consumer sentiment, who predominantly the low-to-middle-income earners must be saving money as possible as they could. As a result, the consumer fashion impacted with the decreasing of retail volume growth sales during the 2016 period. Then, the strategy of competition shifted to budget-conscious consumers to achieve sizeable growth of sales among entry, mid-market fashion. Retail Group Malaysia said retailers in the fashion and fashion accessories sector expected their business to slow down again, with a positive growth of only 0.2% during the third quarter of year 2016.

Liquidity is perceived as the primary organization's determinant as far as the capacity of any budgetary instrument or resource or security which can be exchange volume, then it can be effortlessly changed over into the money without losing its qualities or costs (Banque De France, 2008). The liquidity prerequisite of a business depends upon the business' temperament (Panigrahi, 2013). The resources or security or any money related instruments can be purchased and sold in the market where the organization is essentially utilizing the money from pitching those resources for pay any due here and now commitment or, then again to be held as an organization's money save. The failure of organization in fulfilling this commitment may happen if wasteful market made as it absences of transformation resource happened and resource esteem misfortunes, this called as liquidity hazard (Investopedia, 2016). As far as the company's monetary administration part, the liquidity viewpoint is a fundamental variable for the successful what's more, proficient operations and furthermore in the long haul it can support the business duration (Enyi, 2006).

The maintainability of organization does not decide just by its liquidity, the operational of an organization as a piece of interior component which one of a kind to particular industry or business contended to be imperative part with the operational hazard presentation to the organization as interior disappointment where it is unsystematic hazard in nature (Investopedia, 2017). This hazard related with the misfortunes which came about by the general population disappointment, procedures, frameworks or outer occasions. The significance of this hazard must be surveyed depends on the contention of Dutta and Perry (2007) where this contemplate manifested by assignment of substantial capital is expected to relieve this hazard in monetary

establishment. In like manner, the presence of this hazard with the huge recurrence operational misfortunes which identify with the reputational outcomes and boundless effect of misfortunes are highlighted which it is helpful to measuring, checking and moderating operational hazard and holding adequate money to cook unforeseen misfortunes. Presently, this hazard is conspicuous yet turned into a some portion of hazard profile segment not just in the money related foundation and in addition firms as a rule (De Fontnouvelle, 2007).

The hazard itself has obscure result later, since the hazard is a parameter that can impact different conditions in firm, for example, benefit, proficiency, and so on (Hoseininassab, E., Yavari, K., Mehregan, N., and Khoshshima, R., 2013). In this way, this review tried to look at the fabricating hazard components and macroeconomic elements on productivity execution.

The parts of study will be split into four sections where the second part will be literature review which talk about the past review done by various researches. The following part will talk about the descriptive findings which look at the assembling hazard components furthermore, macroeconomic elements on profitability performance and including Louis Vuitton general business. The last part contains some talk, suggestion, and conclusion to the Louis Vuitton.

## **2.0 LITERATURE REVIEW.**

A basic thought from explores, controllers and form related association given to the liquidity risk after crises occur over the globe in various financial matters and industry including these mold industries. This hazard happens because of inadequate hazard administration hones (Crowe, 2009). This estimation is basic to see the agreeable liquid hold openness to meet exchange duties out due where this insufficiency prompts liquidity risk which firm may need to take over the top exercises for instance put off portions, procure impermanent financing at negative terms or even offer assets. Another segment that an association must be stressed over is its operational that could provoke operational danger where it is occurring a result of the mistake people, structures, systems and external component. These dangers can bring about recurrence of huge operational misfortunes. Other than that it can spread wide effect and decimate reputational outcomes. The hardships that brought on by this risk must be assuaged, measured and watched additional time with holding a satisfactory cash to cook startling mishaps. This risk has transformed into a key

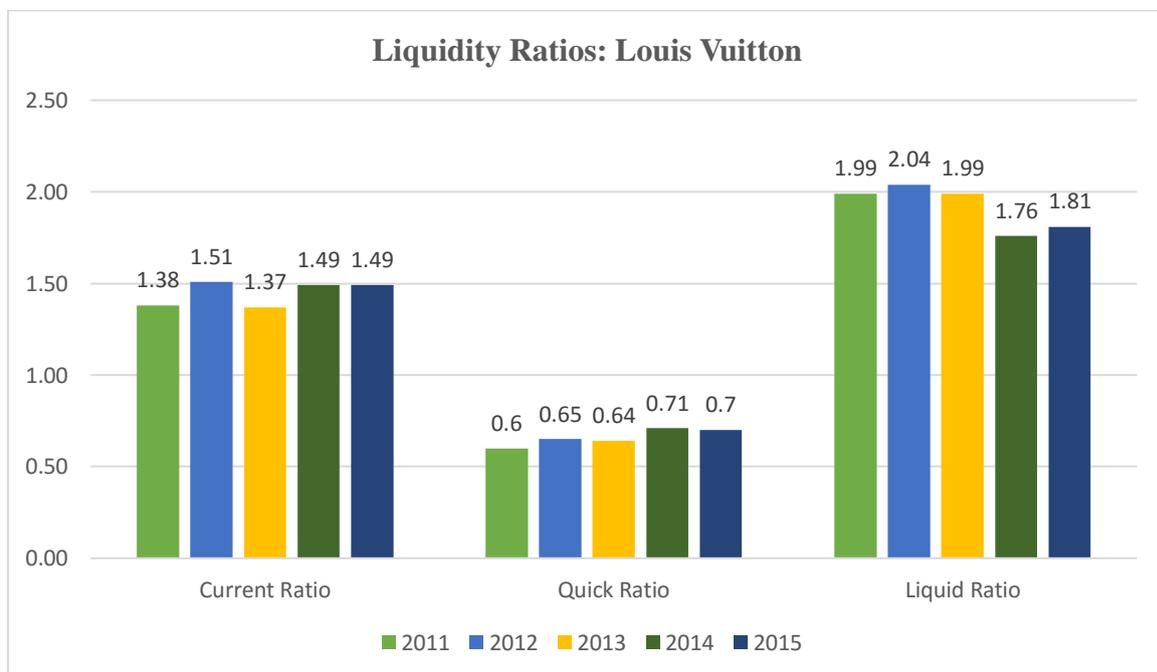
section of the peril profile on both cash related establishment and general firms which as of now in prior audit the operational danger is not by any means perceived.

A large portion of specialists make sense of the organization's execution through the proportion produced and figured from the money related explanation of yearly report information. To produced and computed liquidity and benefit proportion, most analysts making sense of it through the organization's budgetary explanation that accessible in their yearly report. Same goes in this review, a similar method is being utilized. Inquire about liquidity and benefit apportion has been made and all information were accumulated from Hermes Paris' yearly reports from the year 2011 to 2015, which measured with the present extent depicted as association's ability to satisfy liabilities which utilizing current assets and smart extent showed an ability to satisfy current liabilities using most liquid current assets.

### 3.0 DESCRIPTIVE FINDINGS.

#### 3.1 Liquidity Performance.

**Bar Graph 1. Descriptive Results.**



Before the overview trend analysis for both ratios on the above examined, the formula for those ratios for 2011-2015 can be calculated as following:

$$\text{Current Ratio (CR)} = \text{Current Assets/Current Liabilities}$$

**Quick Ratio (QR) = (Current Assets-Inventories)/Current Liabilities**

**Liquid Ratio (LR) = Total Asset/Total Liabilities**

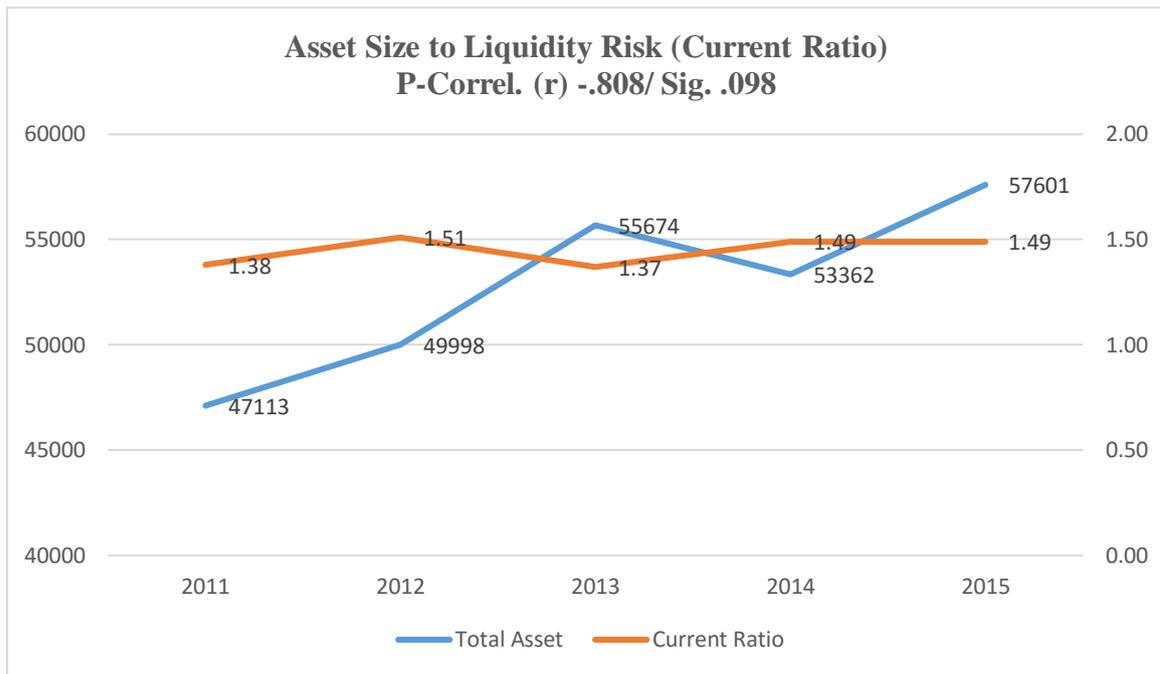
**Table Result 1. Descriptive Results.**

Current Asset (EUR millions)	Current Liability (EUR millions)	Inventories (EUR millions)	Current Ratio (%)	Quick Ratio (%)	Liquid Ratio (%)
13,267	9,594	7,510	1.38	0.60	1.99
14,273	9,482	8,080	1.51	0.65	2.04
16,082	11,700	8,586	1.37	0.64	1.99
18,110	12,175	9,475	1.49	0.71	1.76
18,950	12,699	10,096	1.49	0.70	1.81

Generally speaking, Louis Vuitton company execution for all liquidity factors jump up past its benchmark of standard traditional lead of 2:1 and 1:1 individually for current ratio and quick ratio which the general outcomes steady to the benchmark used by (Nizigiyimana, A., 2014) and (Egbide, B-C., 2013). The liquid ratio demonstrates an indistinguishable example from quick ratio and current ratio. The execution is very ideal amid the back to back year from 2011 to 2012. Notwithstanding, amid the continuous year of 2012 the estimation of ratio has fundamentally dropped down however the esteem is keeping up above the benchmark. One more year, amid 2013-2015, the esteem recaptured to the ideal execution with the expansion marginally on both of proportions which demonstrates this organization could settle the commitment with no issue. Three ratios emerge in a similar example which implies that in the snappiest term transformation spoke to by quick ratio and medium term change spoken to by current ratio and the longest-term transformation spoke to by liquid ratio that show the speed of change resource or stock into money have superior which move similarly.

### **3.2 Asset Size to Liquidity Risk.**

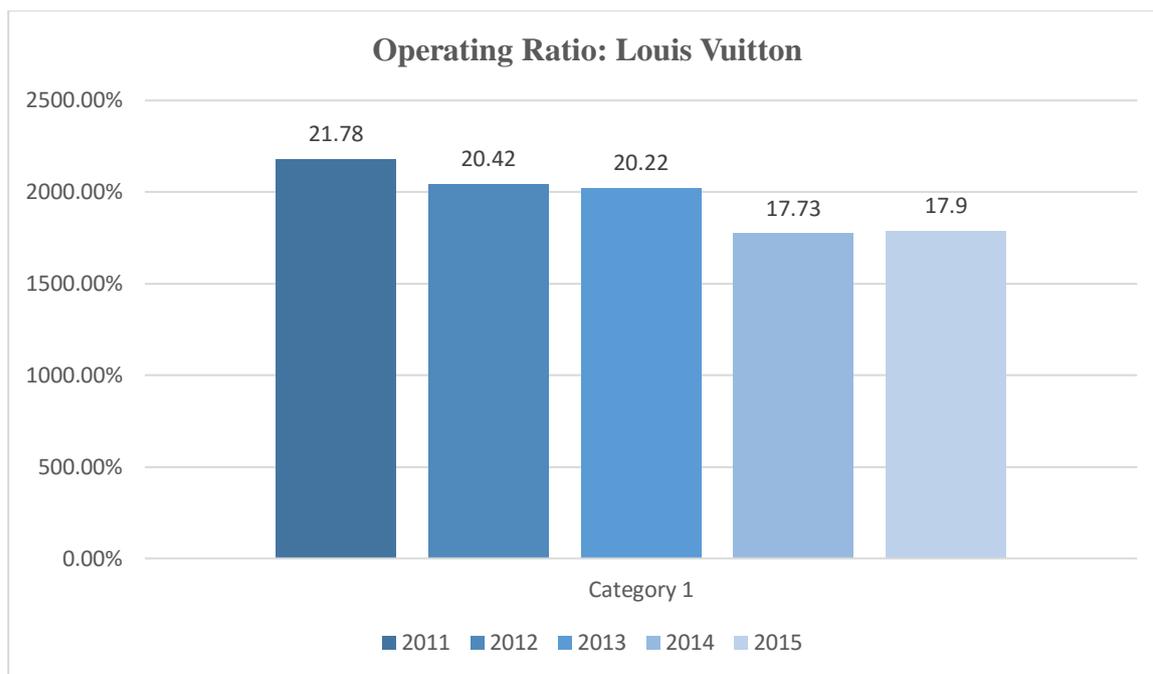
### Line Graph 1. Descriptive Results.



Throughout the year, the pattern for the benefit size to liquidity risk contrarily identified with each other. The consequence of association with the  $P > 0.10$  shows that there is a negative irrelevant connection between asset size and liquidity risk,  $r(3) = -.808$ ,  $p = .098$ . From the pattern and Pearson Connection, the two of them have same example in opposite relationship which can be expected that if the asset size measure develop uptrend the liquidity risk will respond in opposite way which is in the downtrend. The backwards connections give some positive flag with more asset size which shows the organization is prevalent in tending to liquidity risk. As it were, this organization is adequately used the asset for reimburse liabilities on time amid the back to back year 2011-2015 (Nizigiyimana, A., 2014).

### 3.3 Operational Performance.

#### Bar Graph 2. Descriptive Results.



Gross Margin (EUR millions)	Operating Profit (EUR millions)	Revenue (EUR millions)	Net Profit (EUR millions)	Gross Profit Margin (%)	Operating Profit (%)
15,567	5,154	23,659	3,065	65.80	21.78
18,186	5,739	28,103	3,424	64.71	20.42
19,094	5,894	29,149	3,436	65.50	20.22
19,837	5,431	30,638	5,648	64.75	17.73
23,111	6,384	35,664	3,573	64.80	17.90

### 3.4 Relationship of GDP, Liquidity and Operational to the Profitability

#### 3.4.1 GDP to profitability

A touch of macroeconomic part, the GDP variable endeavored with P esteem > 0.10 shows unessential relationship with gainfulness. 2 out of 5 elements of efficiency (ROA) displays positive immaterial affiliation that shows create in GDP will empower the general benefit. This proposes the monetary change will make the energy for Spritzer Bhd. things. This could make more pay get which over the whole deal it rises the productivity. In any case, 2 out of 5 parts of benefit (ROE, ROA) has negative immaterial relationship with GDP. Regardless of the way that, the Gross domestic product make support advantage with more demand, the resistance from the foe in a practically identical industry hose the hoarding gainfulness since there is truant of high ground of this affiliation.

Table results 6. ANOVA relapse investigation for Spritzer Bhd. particular hazard determinants to gainfulness.

		ANOVA <sup>a</sup>				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	1	.001	120.154	.002 <sup>b</sup>
	Residual	.000	3	.000		
	Total	.001	4			
2	Regression	.001	2	.001	3419.235	.000 <sup>c</sup>
	Residual	.000	2	.000		
	Total	.001	4			

a. Dependent Variable: ROA

b. Predictors: (Constant), ROE

c. Predictors: (Constant), ROE, Leverage

### 3.4.2 Operate to profitability

After the test drove and all of factors included. With the stepwise strategy demonstrates that R regard is 0.990 and displays a strange condition of association between components. R<sup>2</sup> is 0.973 and shows that 97.3% of combination in ROA is clarified through free variable OPERATE. To the degree relationship to benefit, for work variable which it gaged by working degree with a P-esteem > 0.10 shows negative irrelevant relationship with effectiveness. Regardless, the work variable to benefit (ROA) has a positive fundamental relationship with a P esteem < 0.10. This positive affiliation shows that the association's operation can develop the productivity of affiliation. Louis Vuitton is making all the all the even more working pay while diminishing the working costs where this affiliation finish positive measure of preferred standpoint with more period as a wage find out without increased more costs amidst the operation methodology. Rather than having advantage, the negative affiliation shows the increases of costs impact the pay of this affiliation that can grow the advantage. In any case, out of 5 components endeavored just a singular (ROA) which has indispensable relationship to benefit. This model is also essential with the colossal of anova apostatize P < 0.10. One of proficiency estimation has a critical relationship which is ROA to work variable. With this high effect of work to efficiency and one of advantage estimation is essential relationship to work. Along these lines, the prospect of the relationship into the operational figure should wind up clearly essential 2015 onwards neighbouring the GDP and liquidity to overhaul the preferred standpoint.

## **4.0 DISCUSSION AND RECOMMENDATION**

### **4.1 Discussion**

Amid the back to back year from 2011-2015, general execution of Louis Vuitton was exhibiting extraordinary in the execution result for all estimations of liquidity and operation in yearly introduce. The productivity of transformation resource into money to pay back the commitment with no issue and the gainful operation without achieving any additional expenses are reflected to the general execution of Louis Vuitton. association. One of gainfulness estimation has a basic relationship which is ROA to work variable. With this high impact of work benefit and one of profitability estimation is essential relationship to work. Along these lines, the thought of the association into the operational variable should twist up need on 2015 onwards beside the GDP and liquidity to enhance the benefit.

### **4.2 Recommendation for Improvement**

#### **4.2.1 Better Practice Corporate Governance to Improve Profitability**

The danger of operation called as operational risk which cause misfortunes result on account of the overall public, shapes, systems dissatisfaction and from outside components Li, L. likewise, Moosa, I. (2015). By virtue of Louis Vuitton as an amassing association region, all-inclusive community disillusionment might be the achieved inefficiency with growing working expenses since the wrongdoings of a man lead this inefficiency. Thusly, the operation should be controlled and facilitated in authentic path with the corporate organization. CG itself insinuates the instrument, strategies and relations by which ventures are controlled and composed. For the 2015 onwards, this association ought to worry to the corporate administration since verification from Joh, S. W., 2003 exhibits the frail corporate administration systems allowed insufficiently managed firms to stay in the market and realized inefficiency of advantage task despite low firm profit for quite a while. Thusly, the low profitability suggests that the association won't not get satisfactory pay to give sensible return to money related expert since the association is getting lesser advantage as it can be seen on the basic relationship of operation to productivity with the most imperative impact. To comprehend the issue of individual disillusionment in this association especially on top organization, the consideration of top administrative staff with the force character "more proactive" BOD is required with having the principle influence in setting up. Furthermore, changing the mission, objectives, technique and ways to deal with reduce any failure of top organization approach which prompts inefficiency operation.

#### **4.2.2 Measure and Improve Liquidity Management**

In consent to the divulgements of Panigrahi (2013) who inspected on the liquidity organization for the strong relationship in India, the satisfactory liquidity and a careful association of its liquidity can all around give some flag to seclude among powerful and frustration of a firm. The ideal liquidity organization could keep up a crucial detachment from a firm from the lower liquidity degree which the firm is slight against the propel supervisor weight where firm can't meet their commitment on chose time. In this way, there should be a change also as liquidity execution with the estimation of liquidity organization utilizing present, quick and fluid degree to see the advantage openness. One of great position liquidity organization, affiliation is having enough liquidity. It gathers that the affiliation is holding enough cash to buy from providers with better regarding amidst picking up technique and in along these lines the affiliation may update its preference. Thusly, having liquidity impacts the firm productivity considering study (Lazaridis and Tryfonidis, 2005). For additional conspicuous change for this relationship to develop its leeway is evidently more prominent change of hypothesis considering purposes of intrigue utilized for meander movement. By applying liquidity organization, affiliations can promise themselves not understanding the evil impacts of the nonappearance of or excess liquidity to meet its transient duties affect. By this liquidity organization likewise, the change of an advantage into cash could be coordinated well where this cash will use to pay duty in the fortunate time.

## **5.0 CONCLUSION**

Considering, certainly liquidity possibility, operational hazard (unsystematic threat), and beneficial hazard is gone up against to every one of the affiliations particularly in the examination of the gathering firm. Louis Vuitton Group could deal with the liquidity possibility and operational risk plausibly and enough with the degree is past and underneath the standard of benchmark. The liquidity and operational execution reliably displays this affiliation is not having issue to settle the devotion and works feasibly that could make more benefit. In like way, to keep up the execution in 2015 onwards, from the disclosures, one of variable is essential (ROA) as an productivity variable to the operation with the most basic effect emerged from all of components. Along these lines, this affiliation ought to concern more to the corporate association to lessen any wastefulness that reducing the farthest point of a relationship in conveying more advantage. In like way, to keep up and enhance relentless preferred standpoint of this affiliation, the execution of liquidity association and stock control with taking after the illustration or cycle of market ought to

put into thought as a touch of proficiency obligation despite the way that the divulgences demonstrates fluid and besides GDP is not essential to profitability.

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