UNIVERSITI TEKNOLOGI MARA

THE EFFECT OF FINANCIAL RATIO AND GDP TOWARDS COMPANY PERFORMANCE IN HEALTHCARE SECTOR

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ABSTRACT

Malaysia's healthcare system is advanced. It develops a system of universal healthcare that coexists alongside the private healthcare system. Malaysia has been recognized by the United Nations Development Programme as a shining example for other developing countries in terms of healthcare. The purpose of this study is to examine the relationship between financial ratios and Gross Domestic Product, which is an economic indicator (GDP) in the healthcare industry. Data for five publicly traded firms on the Main Board of the Bursa Malaysia were gathered on a quarterly basis from 2016 to 2020. Among the financial ratios are the Liquidity Ratio, the Leverage Ratio, and GDP, which are macroeconomic indicators, while the net profit margin is a measure of the company's success. This study uses Least Square Methods-Multiple Regression Analysis to determine the degree of a link between corporate performance and a variety of other factors.

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TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Almost all of Malaysia's population has access to the country's globally acclaimed healthcare system, which is well praised. The success of the country's healthcare industry may be credited to investments in world-class facilities, which have resulted in both commercial and public hospitals offering specialized services, as well as teaching medical practitioners in other countries, as well as training medical students. Malaysia's healthcare industry is thriving, due in large part to the low-cost, alternative brand of medical tourism that the country offers. According to the Malaysian government, the national budget for 2022 allocate RM 32.4 billion on healthcare sector (Ministry of Finance Malaysia, 2021). The healthcare sector is predicted to rise to RM127 billion which equivalent to US$30 billion by 2027, spurred by increasing demand for healthcare services from an ageing population, greater prosperity, and longer life expectancy in a country with a growing middle class (Briefing, 2021). In addition to having some of the world's lowest medical care rates, Malaysia has a government that covers up to 98 percent of healthcare expenditures.

Due to an increase in COVID-19 cases, Health Minister Khairy Jamaluddin says that Malaysia saw a drop in travel health revenue in 2020, which led to a drop in revenue from RM1.7 billion to RM800 million (Khalid, 2021). A drop in the demand for non-emergency care has resulted in a major fall in the revenue of private hospitals. Several private hospitals, clinics, and pharmacies in Malaysia experienced revenue losses of up to 50% as a result of the decreased number of patients during the COVID-19 pandemic. The number of patients seeking inpatient treatment in private hospitals has fallen by around 70 percent to 80 percent in recent years, and outpatient services are restricted at such facilities as well. Aside from local patients, the virus, as well as the MCO, has made it difficult for overseas patients to attend private hospitals in Malaysia, as the country implemented a tourist ban as part of the MCO. The healthcare services industry in Malaysia is expected to