UNIVERSITI TEKNOLOGI MARA

ANALYZING THE EFFECTS OF COVID-19 PANDEMIC ON THE FINANCIAL PERFORMANCE: A CASE STUDY OF THE TRANSPORTATION AND LOGISTICS COMPANIES IN MALAYSIA.

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ABSTRACT

Financial performance is very important to measure the company's financial condition. As the Covid-19 has spread around the world and makes many businesses need to stop their operation because of the restriction made by the government. Many businesses had been affected by this pandemic Covid-19. The transportation and logistics companies are also one of the industries in Malaysia that had been affected by this pandemic. Shen et al., (2020) stated that Covid-19 outbreak may have an impact on the performance of logistics firm. It is because the logistics firm offers services which involve the movement, storage and flows of goods to the consumer. Meanwhile the transportation company offer the transportation services for the people to go to the place that they want. So, the restriction of travelling and movement control order from the government of Malaysia given an impact on the performance of those companies. The purpose of this study is to focus on analyzing the effect of pandemic Covid-19 on the financial performance of the transportation and logistics industries in Malaysia. The duration to collect the data is about 4 years which are from 2018 until 2021. That data will be collected in quarterly basis as a secondary and quantitative data. It will be collected from various sources and which include in the previous research. The dependent variable for this study is Return on assets (ROA) that represent the finance performance of those companies from logistics and transportation industries. The independent variables are Revenue (REV), Firm Size (SIZ) and Leverage (LEV). The population that had been chosen is from the transportation and logistics industry that had been listed in Bursa Malaysia. There are about 35 transportation and logistics companies that have been listed in Bursa Malaysia. The sample size for this study is about 8 transportation and logistics companies out of 35 companies that had been listed.

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CHAPTER 1 INTRODUCTION

1.0 Introduction

This chapter will explain about the current situation that the transportation and logistics companies need to face. It also will go over the study that has been conducted before by other researchers. The findings for this study will answer all the research questions and objectives for this study. The data that are retrieved from previous research will give more understanding about what is the main effect of this Covid-19 pandemic on the financial performance of those industries. Although the previous study focuses on the effect of pandemic Covid-19 on world industries, but it still can be a guideline for this study to be conducted. Other detailed information about this study also will be covered in this chapter.

1.1 Background of Study

Financial performance is important to measure the performance of a company and one of the indicators that have been used by investors to make a decision to invest in a company. It can show whether the companies are in good or bad condition. Ozili (2020) had stated that the pandemic Covid-19 also affected the financial market. The companies that have good financial performance usually know how to handle their company cash flows. So, it was a good decision by choosing to analyze their financial performance to detect the Covid-19 effect on the industries.

The Covid-19 virus has spread around the world. It caused many businesses to stop their operation because of the restriction movement control order that had been made by the government of Malaysia. The restriction of Covid-19 outbreak has affected many industries and slowed the businesses. The transportation and logistics companies are also one of the industries in Malaysia that had been affected by this pandemic Covid-19. Shen et al., (2020) also stated in their study that Covid-19 outbreak may have an impact on the logistics firm performance.