



**UNIVERSITI TEKNOLOGI MARA**

**THE EFFECT OF COVID-19 TOWARDS  
CONSTRUCTION SECTOR IN MALAYSIA**

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## **ABSTRACT**

In this research was investigate the volatility of Malaysia construction industry during the Covid-19 pandemic cases. In this research, the dependent variable is the construction sector in Malaysia where only 20 companies listed in Bursa Malaysia had been chosen and the independent variables are the number of Covid-19 daily cases, the number of deaths due to the Covid-19, the CBOE Volatility Index and the Brent Crude Oil Price. The data that were used was daily data which is from 2<sup>nd</sup> March 2020 until 30<sup>th</sup> November 2020. On the other hand, in this study there were several analyses that will conducted by using specified methods for each analysis after the process of collection data. The analysis that were used were correlation analysis (ordinary least square (OLS) regression analysis and ordinary least square regression analysis) and descriptive analysis (coefficient of variation). Besides that, this study can help projects stakeholder to realize the sequence of the sudden pandemic of Covid-19 and been prepare for the worst case scenario during the planning stage of the constructions project in Malaysia. Furthermore, the investors also can grab the opportunity from this study due they can get a very useful information and can decide which construction companies is more beneficial to put their investment. Last but not least, in this research found that Brent Crude Oil Price and CBOE Volatility Index has significant relationship with construction sectors in Malaysia where if the Brent Crude Oil Price and CBOE Volatility Index had changed, the market capital of the construction sector also changed. Meanwhile, the number of Covid-19 cases and the number of deaths due to Covid-19 had no significant relationship with the construction sector. This means that construction sector had no affected by the number of Covid-19 cases and the number of deaths due to the Covid-19.

Key words: Covid-19, Construction sector, CBOE Volatility Index, Brent Crude Oil Price Index, Covid-19 daily cases, Covid-19 daily deaths cases

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## TABLE OF CONTENTS

	page
ABSTRACT .....	I
ACKNOWLEDGEMENT .....	II
TABLE OF CONTENTS .....	III-V
LIST OF TABLES .....	VI
LIST OF FIGURES .....	VII
LIST OF ABBREVIATIONS/NOMENCLATURE .....	VIII
CHAPTER ONE: INTRODUCTION .....	1
1.1 Introduction .....	1-2
1.2 Overview/ Background Study .....	2
1.3 Problem Statement .....	2-3
1.4 Research Objective .....	3
1.5 Research Questions .....	3
1.6 Significance of Study .....	4
1.7 Limitation of Study.....	4
1.8 Scope of Study .....	4
1.9 Definition of Key Terms .....	5
1.9.1 Construction Sector.....	5
1.9.2 Coronavirus disease 2019 (Covid-19) .....	5
1.9.3 Chicago Board Options Exchange (CBOE) Volatility Index.....	5



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 INTRODUCTION**

In the late December 2019, the pandemic of Covid-19 has been started in the city of Wuhan, Hubei region of China as the first case have been reported. The first investigation has been conducted as soon as the first case were reported to find the sources where the virus came from. On the 21 January 2020, the World Health Organization (WHO) has been reported the first monitoring report due to the virus has been spread to the other cities around the Hubei in the less one month after the first case were reported. China were imposed the lockdown immediately in Wuhan city after two days WHO released the report as the first step to stopped the spread of the virus in other cities in China. Due to the pandemic of Covid-19, the stock market worldwide has been affected where the stock prices of some firms seeing fall sharply.

Therefore, there are a few governments in the world imposed the lockdown immediately in their country to slow down the spread of Covid-19 virus and they also try to implement the social distancing practices to their people. The economic activities became slower and caused some firm with weak profit fall into bankruptcy due to the lockdown announcement and social distancing practices said Idris (2020).

The first cases of Covid-19 in Malaysia has been recorded on the 25 January 2020 and then the cases have been increased in one month to 25 cases. But then the number of the cases increased sharply from 25 to 2,626 cases on 1 March 2020 to 31 March 2020 respectively. Malaysia government then announced the movement control order (MCO) that has been effective from 18 March 2020 to 31 March 2020 but then it extended until 12 May 2020 due to the number of cases increased sharply. The supply and demand curve has been affected all around the world due to the lockdown announcement in China and this also give an impact toward the economic system of Malaysia.

Generally, the construction activities were facing the project that has been postponed and also the cancellation due to the lack of equipment, materials and parts due to the lockdown in Malaysia. Due to that, the supplier need to close their business because they cannot deliver the requested materials during the lockdown. The Malaysia