UNIVERSITI TEKNOLOGI MARA

PANDEMIC EFFECTS ON COMPANIES FINANCIAL PERFORMANCE: EVIDENCE FROM MALAYSIA LISTED COMPANY

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ABSTRACT

This study aims to investigate the effects of pandemic on the companies financial performance in Malaysia and the data cover period from 2019 – 2020 which is 2 years. There have numerous elements that can have an impact on a company's financial performance as a result of a pandemic. The leverage ratio (DR), revenue, and growth (EPS) are the three key topics will become address in this study. The link between each independent variable and the dependent variable, profitability, which may be assess using return on assets, is examine using a multiple regression model in this study. The sample for this study was collected from the annual report throughout a four-year period, from 2019 to 2020. This study also aid analysts by allowing them to collect data in a more methodical manner. It also assists in predicting future performance between these companies, as this illness currently lacks a cure, and comparing which one performs better in the future. According to the findings of this study, liquidity, as measure by the leverage ratio, is the sole variable that will have a substantial impact on the return on asset and, as a result, on the financial performance of Malaysian enterprises.

KEYWORD: Financial Performance, Return On Asset, Leverage, Growth and Revenue

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TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION

1.1 Introduction

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenue. The outbreak of the novel coronavirus (COVID-19) brought seriously affected health care, economy, transportation, and other fields in different industries and regions. Population mobility sharply dropped, as a result of the quarantine policy, which led to weakened spending power and a stagnant economy. At the macro level, the COVID-19 outbreak caused the worst global recession since 1930, when the economy got absolutely creamed (Rababah et al., 2020).

COVID-19 is a worldwide public health emergency. Since January 2020, more than seven million people have been diagnosed worldwide, and the epidemic has afflicted various countries and areas. Because to COVID-19's high infectiousness, countries are required to implement quarantine measures. These policies have a significant negative influence on overall demand, particularly consumption and exports. On the one hand, individuals were advised to spend less time outside, and crowded venues like shopping malls were closed (Ngwakwe, 2020).

Financial crises share a number of characteristics during their genesis and spread across traditional financial assets (Corbet et al., 2021), most notably the occurrence of large and severe volatility spillovers. Diebold and Yilmaz (2012) wondered if identifying such spillovers could serve as evidence of a "early warning system" for emerging crises.

According from Ngwakwe, 2020, the worldwide lockdown imposed by governments to combat the spread of COVID-19 has hampered economic activity at all levels, as people are unable to access services such as cabs and haircuts. Manufacturing industries such as electronics and autos were suddenly shut down at first, causing significant disruption to production processes, even though they reopened 60 days later. The discussion over the sudden shutdown is never-ending.