



UNIVERSITI TEKNOLOGI MARA

**THE INFLUENCE OF LIQUIDITY ON PERFORMANCE
AND FINANCIAL EQUILIBRIUM DURING THE COVID-
19 PANDEMIC: THE PERSPECTIVE OF TECHNOLOGY
SECTOR IN MALAYSIA**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Hons.) Investment Management**

Faculty of Business and Management

February 2022

ABSTRACT

The Malaysian government implemented the Movement Control Order (MCO) on March 18, 2020, as a plan to flatten the COVID-19 case curve in the country in response to the COVID-19 outbreak. This epidemic is being taken into account because the MCO has a huge impact on all areas of Malaysian industry, including technology. The purpose of this study is to look into the impact of liquidity on the financial performance of the companies in the technology sector during the pandemic of Covid-19. The dependent variable is Return on Asset, whereas the independent variables are Current Ratio, Quick Ratio, and Debt-to-Equity Ratio. All of the data was gathered from 35 technology related companies listed on Bursa Malaysia and MalaysiaStock.Biz. With an annual timescale, the consent years are 2010 through 2020 (11 years). The specific time frame was chosen in order to know the link between liquidity and financial performance during the 2007 global financial crisis and the current pandemic crisis. Descriptive analysis, correlation analysis, and panel data analysis will be used to conduct the study. From this research that has been done can be concluded that the current ratio and quick ratio insignificant while debt-to-equity significant using OLS test panel data models.

Key words: liquidity, financial equilibrium, Return on assets, Kuala Lumpur Stock Exchange

TABLE OF CONTENTS

AUTHOR'S DECLARATION	I
LIST OF TABLES	V
LIST OF FIGURES	VI
CHAPTER ONE	1
INTRODUCTION	1
1.0 Introduction	1
2.0 Background of the Study	2
3.0 Problem Statement	3
4.0 Research Questions	4
5.0 Research Objectives	4
6.0 Significance of the Study	4
7.0 Scope of the Study	6
8.0 Limitations of the Study	6
9.0 Definition of Key Terms	7
10.0 Summary	9
CHAPTER TWO	10
LITERATURE REVIEW	10
2.0 Introduction	10
2.1 The Influence of Liquidity on Performance and Financial Equilibrium during The Covid-19 Pandemic: The Perspective of Technology Sector in Malaysia	10
2.2 Return on Asset (ROA)	12
2.3 Current Ratio (CR)	12
2.4 Quick Ratio (QR)	14
2.5 Debt-To-Equity (DER)	14
2.6 Theoretical/ Research Framework	16
2.7 Summary	17

CHAPTER THREE	18
RESEARCH METHODOLOGY	18
3.1 Introduction	18
3.2 Sampling	18
3.3 Data Collection	18
3.4 Variables	19
3.5 Research Design	21
3.6 Hypothesis Statement	23
3.7 Research Methodology	24
3.8 Summary	31
CHAPTER FOUR	32
RESEARCH ANALYSIS	32
4.1 Introduction	32
4.2 Descriptive Analysis	33
4.3 Correlation Analysis	35
4.4 Assumptions Test	36
4.5 Pooled Ordinary Least Square (OLS)	39
CHAPTER FIVE	43
CONCLUSION AND RECOMMENDATION	43
5.1 Conclusion	43
5.2 Recommendation	44
REFERENCES	45

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The Coronavirus (COVID-19) epidemic began in December 2019 in the Chinese city of Wuhan, in the Hubei province. In little than a month, the virus had spread to neighbouring cities and nations. On January 21, 2020, the World Health Organization (WHO) issued the first coronavirus monitoring report. China enforced a curfew on Wuhan, Hubei, two days later. The COVID-19 epidemic in China had a significant impact on the country's tourist industry and other related businesses, resulting in a loss of 5,000 Chinese yuan in income (Hamid, 2020).

Many regions have closed their borders to stop travelers due to the COVID-19 outbreak (The Economist, 2020). In addition, worldwide passenger revenue is expected to drop by 55% (or \$314 billion) in 2020. The epidemic first prompted the closure of businesses and corporate activity, then had an impact on the financial markets. Second, investor concern regarding the COVID-19 cases affected their investment decisions, resulting in increased stock market volatility.

COVID-19's impacts are having a substantial influence on the technology industry, influencing raw material supply, altering the electronics value chain, and causing any harm of product inflation. Positively, the disruption has encouraged remote working and resulted in a quick focus on reviewing and de-risking the whole value chain. Furthermore, significant reductions in carbon emissions might lead to a renewed focus on environmental measures.