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COVID-19 PANDEMIC POWER PLAY IN BURSA MALAYSIA: HOW GLOVE-RELATED ANNOUNCEMENTS SHAPED STOCK MARKET INVESTORS' REACTION

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ABSTRACT

This study investigates how the Malaysian stock market reacted to glove-related corporate announcements during the COVID-19 pandemic. Focusing on the period between March and September 2020, we employ the event study methodology to analyze 69 announcements from both established glove manufacturers and new entrants listed on Bursa Malaysia. Our findings reveal significant abnormal returns following initial announcements, particularly those signaling diversification into glove manufacturing by nontraditional firms. These early disclosures were perceived as material by investors, while subsequent updates drew diminishing reactions. By examining this sector-specific response during a global crisis, the study contributes original insights into investor behavior, market efficiency, and the informational value of corporate disclosures in emerging markets. Future research could further explore trading volatility and firm-specific determinants influencing stock market responses.

Keywords: Company announcements, COVID-19 pandemic, glove business, stock market reactions.

INTRODUCTION

The COVID-19 pandemic, while posing significant global challenges, paradoxically led to a remarkable surge in stock market activity in Bursa Malaysia during 2020. Despite the prevailing crisis, stock trading experienced a dramatic rise, with the average daily value (ADV) of securities trades escalating from RM1.9 billion in 2019 to RM4.2 billion in 2020, marking a staggering 118.1% year-on-year increase (Bursa Malaysia, 2021). This surge in trading can be attributed, in no small part, to the substantial rise in participation from retail investors, accounting for more than a third (37.7%) of the total ADV in 2020.

Governments worldwide faced the unprecedented challenge of balancing health concerns with economic stability during the pandemic (Securities Commission Malaysia, 2021). Malaysia, like many nations, implemented stringent measures, including multiple Movement Control Orders (MCOs) starting from March 18, 2020, which significantly restricted economic activities, confining individuals to their homes. Consequently, the shift to remote work and the digitization of the capital market, coupled with increased leisure time, propelled a surge in retail individuals engaging in stock trading, particularly those aged between 26 and 45 years (Securities Commission Malaysia, 2021).

Notably, Malaysia emerged as a leading producer of gloves, contributing over 60% of global rubber glove production in 2020, driven by its strong natural rubber industry (Hutchinson & Bhattacharya, 2021). The COVID-19 pandemic significantly escalated global demand for medical gloves—critical for healthcare workers—resulting in a surge to an estimated 360 billion pieces, well above the projected 300 billion for that year. This unprecedented demand spike led to a sharp rise in the stock performance of glove manufacturing companies listed on Bursa Malaysia. Healthcare stocks experienced substantial growth, with Top Glove, Hartalega, Supermax, and IHH Healthcare among the most prominent contributors to the increase in market capitalization. The stellar performance of these companies, buoyed by record-breaking profits, drove aggressive expansion plans and attracted heightened investor attention (Lee, 2021).

Intriguingly, companies not originally involved in glove production sought to capitalize on this trend, announcing diversification into glove manufacturing (Hutchinson & Bhattacharya, 2021). These firms came from a variety of unrelated sectors, including industrial automation (e.g., AT Systematization Berhad), hospitality and tourism (e.g., Iconic Worldwide Berhad), IT services (e.g., MQ Technology Berhad and Zen Tech International Berhad), and even condom manufacturing (e.g., Karex Berhad). Their entry into the glove industry typically involved acquisitions, joint ventures, or the repurposing of existing facilities for glove production. Despite lacking prior expertise in the healthcare or rubber industries, these announcements often triggered sharp spikes in share prices and trading volumes, particularly among penny stocks, reflecting speculative investor sentiment and the perception of high-growth potential during the pandemic period.

Given these unprecedented market dynamics, this study aims to dissect the stock market's response to glove-related announcements. Specifically, it seeks to explore the relationship between Bursa Malaysia-released announcements by existing and new glove manufacturers and the subsequent impact on stock returns. Furthermore, it aims to assess the market reaction to diverse types of glove-related announcements, investigating whether the timing and nature of these announcements significantly influenced market behavior. This exploration is essential, considering Bursa Malaysia's emphasis on companies disclosing all material information to facilitate informed investment decisions (Bursa

Malaysia, 2023). This study aims to address this gap by delving into the impact of specific company disclosures related to glove business expansions in Malaysia. By focusing on this niche, the study offers novel insights into investor behavior and market dynamics in the face of an unprecedented global crisis. To achieve this, the paper is structured as follows: a literature review to contextualize the study within existing research, a methodology section detailing the event study approach adopted, a results and discussion section presenting key findings and their implications, and a conclusion that summarizes insights and outlines directions for future research.

LITERATURE REVIEW

Crises, by their very nature, manifest in diverse forms and scales, ranging from localized conflicts to global pandemics. The onset of the COVID-19 pandemic is a stark reminder of how swiftly a crisis can escalate and permeate every facet of life. Initially detected as a localized health issue in Wuhan, China, it rapidly escalated into a global health emergency, disrupting the very foundations of modern society. The World Health Organization's declaration of COVID-19 as a pandemic on March 11, 2020 (World Health Organization, 2020), marked a significant turning point, leading to worldwide travel restrictions, economic disturbances, and significant shifts in social behavior.

In Malaysia, the government's response to the rising tide of COVID-19 cases was swift and decisive. The implementation of the MCO on March 18, 2020 was a critical step in curtailing the spread of the virus. This move, while essential for public health, had far-reaching implications for the economy. Businesses, especially in the nonessential sector, faced closures or had to rapidly adapt to remote working models. This economic disruption led to an intriguing development in the financial behavior of the populace, with a notable increase in individual trading accounts, indicating a growing interest in the stock market as a potential source of income during uncertain times (Securities Commission Malaysia, 2021).

The Malaysian capital market, traditionally a playground dominated by institutional investors, experienced a significant shift during the pandemic. Data from Bursa Malaysia reveals that in 2020, while institutional investors still accounted for most of the equity trading, there was a marked increase in retail investor participation. This trend not only represents a change in market dynamics but also highlights the resilience of the Malaysian market in the face of global economic uncertainty (Bursa Malaysia, 2021).

The surge in retail investor activity, particularly in healthcare-related stocks, is a phenomenon worth noting. Companies in the sectors of glove manufacturing, pharmaceuticals, and healthcare services became the focal points of investor attention. This interest was driven by various factors, including the companies' pivotal role in the pandemic response and the continuous updates on vaccine development and case counts. The influence of media, analysts' recommendations, and the burgeoning role of social media in shaping investor perceptions cannot be understated in this context (Patti Domm, 2020).

What Factors Affect Investment Decisions?

Investment decisions, particularly in times of crisis, are influenced by a confluence of factors. For retail investors, these factors range from fundamental analysis of a company's performance to more

subjective elements such as media influence and social discourse. The role of socioeconomic factors, such as age and financial literacy, in shaping investment behavior has been widely documented, with recent studies underscoring their significance in investment confidence and decision-making processes (Cupák et al., 2022; Suresh, 2024).

Behavioral finance offers a unique lens to understand the irrationalities and biases that often underpin investment decisions. The pandemic era has been particularly fertile ground for observing phenomena like the bandwagon effect, where investors follow market trends without thorough analysis, and hyperbolic discounting, where immediate rewards are valued over long-term gains. These biases, coupled with cognitive distortions like the Dunning–Kruger effect, where investors overestimate their market knowledge, have significant implications for market dynamics (Han & Dunning, 2024; Kruger & Dunning, 1999).

Materiality of Information

In the investment world, information is king. The dichotomy of direct and indirect information plays a crucial role in how investors perceive and react to market conditions. Direct information includes specific details about a company's financial health and strategic decisions, whereas indirect information encompasses broader economic indicators and policy changes. The concept of materiality, which focuses on information that can significantly influence stock prices, is central to understanding investor reactions and market movements (Beyer et al., 2010; Blankespoor et al., 2020).

Market Efficiency and Stock Price Reaction during the COVID-19 Pandemic

The Efficient Market Hypothesis (EMH) posits that market prices reflect all available information. However, the unique circumstances of the COVID-19 pandemic provide a testing ground for this theory. Utilizing event study methodologies, this study aims to scrutinize stock returns in the wake of specific company announcements, particularly those related to the glove manufacturing sector. This approach is crucial in assessing the extent to which market prices during the pandemic have been efficient in reflecting available information (Fama, 1970).

Despite a wealth of research on COVID-19's impact on global financial markets (e.g., see Bahaludin et al., 2022; Chow & Tan, 2023; Keh & Tan, 2021; Zuhud et al., 2022), there remains a notable gap in studies focusing on specific sectors and events within the context of emerging markets like Malaysia. The existing literature often gravitates toward broader events or concentrates on developed economies.

METHODOLOGY

This study is carried out to understand the relationship between a unique event that is the glove-related announcements with the stock market. The methodology adopted in this study follows Martins and Cró (2022) and Zhong et al. (2024), which uses the event study methodology.

Scope of Study

While there are many glove companies globally, Malaysia glove companies contributed to about two-thirds of the global glove production (Chester Tay, 2022). Hence, it is relevant to focus on Malaysia glove companies. This study is to understand how the stock market reacted to the company announcements. As such, the sample data will be on the glove companies listed on Bursa Malaysia stock exchange.

Sources of Data

The research uses secondary data. The stock return for the identified glove stocks is downloaded from the Bloomberg® terminal. In addition, the company announcements were extracted from the Bursa Malaysia's website. The stocks were initially identified through news reports such as The Star and The Edge Markets Malaysia. From these news reports, a total of 22 Bursa Malaysia listed companies were identified.

Sampling

There were 15 companies that had no prior business in glove manufacturing that announced plans to venture into the glove industry (herein referred as "non-glove companies") while the remaining 7 companies that were already in the glove industry (herein referred as "glove companies") were observed to have announced expansion plans to increase production of gloves or start producing medical-grade gloves. This information is sourced from several news articles (The Edge Market, 2020; The Star, 2020).

Subsequently, company announcements related to the information on venturing and expansion of glove business for the years 2020 and 2021 released by these companies were extracted from Bursa Malaysia website. Announcements that were released on the same day as financial results were not included in the sample as the stock return of the companies may also be attributed to the financial results than solely to the announcements of glove business. Originally, the sample was only to include the initial glove-related announcements. However, such inclusion criteria may understate the importance of other announcements such as status updates on the development of the glove business expansion and diversification exercises. This is because investors may find this information as material for their decision-making. Hence, a total of 367 glove-related announcements were identified by using the content analysis method (Bengtsson, 2016), where the content of the announcements was manually analyzed.

Data Analysis

The event study methodology is used as one of the most commonly used methods to study stock market reaction following an identified event developed by Eugena Fama (1970). The calculations for this study are aligned with the methodology used by Martins and Cró (2022) in their examination of the stock market reaction to COVID-19-related events within the airline industry. Specifically, they calculated the cumulative average abnormal return (CAAR) within the defined event window period. The primary reason for adopting this method is that similar to Martins and Cró's study, the dates of company announcements vary, necessitating an approach that accommodates different event dates across companies.

An initial run on the statistical significance of the cumulative abnormal return (CAR) surrounding all the announcements identified in the years 2020 and 2021 were carried out using Microsoft® Excel. The computation of *t*-statistics (*t*-test) and *p* value used the Microsoft® Excel formula. The statistical significance test is at 95% confidence level. The test run discovered that the relationship of most of the announcements in late 2020 and 2021 was not significant to the stock return movement. This could possibly be because investors were already informed of these companies' plans, and the prices have already reflected all the available information. Another possible reason is because, during this period, the medical glove industry was in an oversupply state. This oversupply state can be attributed to factors such as increased production rate by the existing glove manufacturers, higher competition from new entrants, and the wide-availability of COVID-19 vaccine. Therefore, investors, especially toward the later part of the pandemic, were expecting that the COVID-19 outbreak would be at a more manageable condition than during the beginning of the pandemic.

The study then opted to narrow the period to during the height of stock market trading and the beginning of the pandemic when the demand for medical gloves surged due to the intensive effort of managing the high cases of COVID-19. The period chosen is now shorter, beginning from the start of the first MCO until 6 months after, which is March 18, 2020 to September 17, 2020. The MCO was chosen because the business of the companies on Bursa Malaysia stock exchange is usually directly affected by domestic factors. On top of that, with the beginning of the MCO, Malaysians started to adopt "new norms," that is, a new set of rules and lifestyle that includes rules for businesses to operate. The research sample size has now been reduced to 69 announcements from 11 non-glove companies and 6 glove companies. The list of the companies for this study is in Tables 1 and 2.

Table 1

Principal Activities (Prior to Venture into Glove Business) and Number of Announcements

Company	Glove/Non-glove	Principal Activities	Number of Announcement(s)
AT Systematization Berhad	Non-glove	Designs and manufactures industrial automation systems and machinery and fabricates industrial and engineering parts	12
Green Ocean Corporation Berhad	Non-glove	Develops computer software, offers information management and data storage services, produces cooking oil, and researches and develops palm oil enzymes, conjugated linoleic acid, and direct fed microbials	3
Hong Seng Consolidated Berhad	Non-glove	Becomes supply chain management specialist and a financial services provider of moneylending facilities	3
Iconic Worldwide Berhad	Non-glove	Provides hospitality services, inbound and outbound tours, ticketing services as well as tourism-related retail outlets	1
Joe Holdings Berhad	Non-glove	Manufactures automotive batteries	2
Karex Berhad	Non-glove	Manufactures condoms	1
MQ Technology Berhad	Non-glove	Manufactures molds, tools/ tooling, dies, jigs and fixtures and car spare parts segment	4
One Glove Berhad	Non-glove	Operates commercial bus	2
Permaju Industries Berhad	Non-glove	Performs sales and distribution of automobile vehicles	2
Vizione Holdings Berhad	Non-glove	Offers property development, construction, and investment services	2
Zen Tech International Berhad	Non-glove	Provides software development, system integration, and information technology management consultancy and other related professional services	2

(continued)

Company	Glove/Non-glove	Principal Activities	Number of Announcement(s)
Careplus Group Berhad	Glove	Manufactures latex, nitrile, and surgical gloves	16
Hartalega Holdings Berhad	Glove	Manufactures synthetic rubber medical gloves	5
Hextar Healthcare Berhad	Glove	Manufactures industrial and household rubber gloves	6
HLT Global Berhad	Glove	Engages in the design, fabrication, installation, testing, and commissioning of glove-dipping lines	3
Kossan Rubber Industries Berhad	Glove	Manufactures latex and nitrile gloves	1
Supermax Corporation Berhad	Glove	Manufactures latex gloves	4

Moreover, what was noticeable from the non-glove companies are that all of them are penny stocks counters. Penny stocks is a term often used to label companies with share prices that are trading below RM1.00. These counters are known to have volatile movements, and one of the reasons is because the price to trade these stocks are cheaper than others. Interestingly, 75% of the trades by retail investors in August 2020 was concentrated in companies under the ACE Market and Fledgling Index (Securities Commission Malaysia, 2021) that are companies with relatively lower price. From the list mentioned earlier, three of the glove companies are a part of KLCI components. It can be suggested that being listed on the KLCI index would entail the companies' higher visibility among investors.

The announcements are also categorized according to their type (glove and non-glove companies). The details are available in Tables 2 and 3.

Table 2

Time and Type of Announcements by Non-Glove Companies

Company	Date of Announcement	Type of Announcement
AT Systematization Berhad	June 10, 2020	Acquisition of new subsidiary
	June 15, 2020	Acquisition of new subsidiary
	June 25, 2020	Acquisition of new subsidiary
	July 1, 2020	Acquisition of new subsidiary
	July 30, 2020	Acquisition of new subsidiary
	August 10, 2020	Diversification and fund raising
	August 11, 2020	Diversification and fund raising
	August 25, 2020	Diversification and fund raising
	August 27, 2020	Acquisition of land
	August 28, 2020	Diversification and fund raising
	September 2, 2020	Acquisition of land
	September 7, 2020	Diversification and fund raising
Green Ocean Corporation Berhad	July 30, 2020	Acquisition of new subsidiary
	September 1, 2020	Diversification and fund raising
	September 3, 2020	Diversification and fund raising
Hong Seng Consolidated Berhad	August 10, 2020	Acquisition of new subsidiary
	August 26, 2020	Manufacturing plant
	August 28, 2020	Manufacturing plant
Iconic Worldwide Berhad	September 2, 2020	Diversification
Joe Holdings Berhad	September 1, 2020	Diversification and fund raising
	September 8, 2020	Diversification and fund raising
Karex Berhad	August 24, 2020	Diversification

(continued)

Company	Date of Announcement	Type of Announcement
MQ Technology Berhad	July 15, 2020	Joint Venture
	August 14, 2020	Joint Venture
	September 15, 2020	Joint Venture
	September 17, 2020	Joint Venture
One Glove Berhad	September 8, 2020	Diversification and fund raising
	September 10, 2020	Diversification and fund raising
Permaju Industries Berhad	June 5, 2020	Acquisition of new subsidiary
	July 16, 2020	Clarification of news
Vizione Holdings Berhad	September 2, 2020	Acquisition of new subsidiary
	September 8, 2020	Acquisition of new subsidiary
Zen Tech International Berhad	August 11, 2020	August 11, 2020
	August 14, 2020	August 14, 2020

Table 3

Time and Type of Announcements by Glove Companies

Company	Date of announcement	Type of announcement
Careplus Group Berhad	March 18, 2020	Joint venture
	March 19, 2020	Joint venture
	April 1, 2020	Joint venture
	April 16, 2020	Joint venture
	April 20, 2020	Joint venture
	April 24, 2020	Joint venture
	May 6, 2020	Joint venture
	May 14, 2020	Joint venture
	June 12, 2020	Fund raising
	June 15, 2020	Fund raising
	June 22, 2020	Fund raising
	June 23, 2020	Fund raising
	August 7, 2020	Acquisition of land
	August 10, 2020	Acquisition of land
	August 11, 2020	Acquisition of land
	August 21, 2020	Acquisition of land
Hartalega Holdings Berhad	March 25, 2020	Acquisition of land
	March 27, 2020	Acquisition of land
	August 10, 2020	Acquisition of land
	August 28, 2020	Acquisition of land
	September 2, 2020	Acquisition of land
Hextar Healthcare Berhad	May 4, 2020	Fund raising
	Mau 5, 2020	Fund raising
	May 12, 2020	Fund raising
	May 18, 2020	Fund raising
	August 12, 2020	Joint venture
	August 14, 2020	Joint venture
HLT Global Berhad	August 10, 2020	Fund raising
	August 17, 2020	Fund raising
	August 19, 2020	Fund raising
Kossan Rubber Industries Berhad	July 6, 2020	Acquisition of land
Supermax Corporation Berhad	March 19, 2020	Acquisition of land
	May 27, 2020	Acquisition of land
	June 9, 2020	Acquisition of land
	July 7, 2020	Acquisition of land

THEORETICAL FRAMEWORK

For this study, the CAR surrounding each announcement is calculated. CAR is used because the study is looking at each unique announcement to each unique company rather than CAAR. Then a statistical

significance test on the CAR was carried out. The event window used is a total of seven trading days, three trading days before and after the day of announcement. The days prior to the events are also included as there might be the potential of information overflow before the event dates or investors' underreaction in the post-event period. So, *T*−3 means three trading days before the day of announcement, *T*0 means the trading day of the announcement, while *T*+3 means three trading days after the day of announcement. This is similar Martins and Cró (2022) as the study wants to look at the immediate short-term reaction. The estimation period to calculate the normal return of the stock is 200 trading days prior to the event window, and this is to ensure that the data is more reliable, again, similar to Martins and Cró (2022). The following research method is used:

a) To obtain the actual return of each stock, we used the Bloomberg® terminal.
b) We then calculated the market model of each stock by regressing with the model mentioned in Equation 1. The actual return period used to obtain the market model is 200 to 4 active exchange days before the announcement event in each company:

$$R_{i,t} = \alpha_i + \beta_i R_{m,t}, \quad (1)$$

where $R_{m,t}$ is the market return on period *t*.
c) Next, we calculated the expected return of each stock with the model contained in Equation 2:

$$E(R_i) = R_f + \beta_i (R_m - R_f), \quad (2)$$

where is R_f risk free rate.
d) We calculated the abnormal returns using the following formula:

$$\mathrm{AR}_{i,t} = R_{i,t} - E(R)_{i,t}. \quad (3)$$

e) We then calculated the CAR. To reduce the confounding effects from other events, the period used to calculate the CAR is limited from three active trading days before the event to three active trading days after the event:

$$\mathrm{CAR}_{(t_1,t_2)} = \sum_{t=t_1}^{t_2} \mathrm{AR}_t. \quad (4)$$

f) Finally, we performed a statistical significance test on the CAR using a *t*-test:

$$t = \sqrt{N}\, \frac{\mathrm{CAR}_{(t_1,t_2)}}{s(\mathrm{CAR}_{(t_1,t_2)})}, \quad (5)$$

where *N* is the number of samples.

HYPOTHESES

H1 There is a significant relationship between the stock market reaction and the announcements related to glove business during the COVID-19 pandemic.
H2 There is a significant response from the stock market that can be observed in the earlier announcements as it will change the total mix of information available to an investor in making investment decisions.
H3 The information on the announcement of glove business during COVID-19 pandemic is material information for investors to make investment decisions.
H4 The stock market reacted positively to the announcement of glove-related business as there is a positive expectation of the future earnings of these companies.

RESULTS AND DISCUSSION

Non-Glove Companies

AT Systematization Berhad

Non-glove companies: From March 18, 2020 to September 17, 2020, AT Systematization made 12 glove-related announcements. The initial announcement on June 10, 2020, regarding the acquisition of a new glove subsidiary, generated a significant positive market response. Subsequent announcements showed minor fluctuations or negative CAR, suggesting market inefficiencies and indicating that investors mainly reacted to the first announcement (Law et al., 2020; Yunus et al., 2022).

Table 4

CAR and t-Test in the Sample Period for AT Systematization

Day	June 10, 2020		June 15, 2020		June 26, 2020		July 1, 2020		July 30, 2020		August 10, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	29.0880%	1.1175	18.2294%	0.6869	−12.6622%	−0.4699	21.4774%	0.7874	−0.8116%	−0.0286	−4.9624%	−0.1716
T−2	28.7057%	1.1028	46.6863%	1.7591	−31.4903%	−1.1686	47.4508%	1.7396	23.8454%	0.8405	−2.1652%	−0.0749
T−1	26.8344%	1.0309	37.2998%	1.4055	−31.4810%	−1.1682	21.1347%	0.7748	17.8003%	0.6275	−6.9484%	−0.2403
*T*0	45.1569%	1.7348	32.9744%	1.2425	−10.1464%	−0.3765	14.5411%	0.5331	12.1155%	0.4271	12.7566%	0.4411
T+1	73.5284%	2.8247*	38.1758%	1.4385	15.7001%	0.5826	17.0963%	0.6268	31.3183%	1.1040	20.8279%	0.7203
T+2	64.1220%	2.4633*	26.3920%	0.9945	−10.7424%	−0.3986	5.5513%	0.2035	35.3986%	1.2478	1.4212%	0.0491
T+3	59.4152%	2.2825*	23.2894%	0.8775	−17.4474%	−0.6475	2.9728%	0.1090	30.5300%	1.0762	−0.7451%	−0.0258

Notes. Denote statistical significance at 5% level.

Table 5

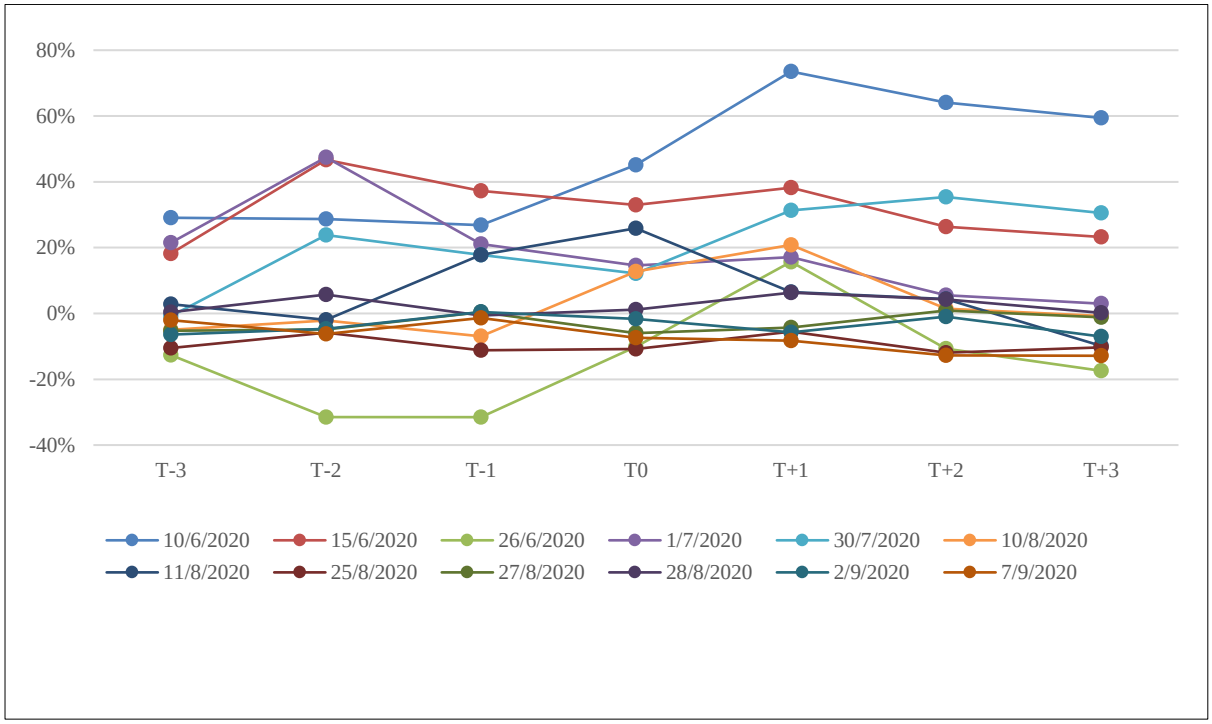
CAR and t-Test in the Sample Period for AT Systematization

Day	August 11, 2020		August 25, 2020		August 27, 2020		August 28, 2020		September 2, 2020		September 7. 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	2.8078%	0.0970	−10.5272%	−0.3571	−5.2801%	−0.1790	0.4305%	0.0146	−6.4107%	−0.2171	−2.0265%	−0.0686
T−2	−1.9483%	−0.0673	−5.8275%	−0.1977	−4.8824%	−0.1655	5.7492%	0.1948	−4.7067%	−0.1594	−6.1865%	−0.2094
T−1	17.7817%	0.6146	−11.1440%	−0.3781	0.4082%	0.0138	−0.6218%	−0.0211	0.4449%	0.0151	−1.3692%	−0.0463
*T*0	25.8784%	0.8944	−10.7949%	−0.3662	−5.9843%	−0.2029	1.1295%	0.0383	−1.6245%	−0.0550	−7.3757%	−0.2496
T+1	6.4977%	0.2246	−5.5333%	−0.1877	−4.2757%	−0.1450	6.3227%	0.2143	−5.7724%	−0.1955	−8.3188%	−0.2816
T+2	4.3422%	0.1501	−11.9295%	−0.4047	0.8905%	0.0302	4.2906%	0.1454	−0.9754%	−0.0330	−12.7116%	−0.4302
T+3	−9.8324%	−0.3398	−10.3079%	−0.3497	−1.1563%	−0.0392	0.1885%	0.0064	−7.0021%	−0.2372	−12.8597%	−0.4352

Notes. Denote statistical significance at 5% level.

Figure 1

AT Systematization's Cumulative Abnormal Returns (CAR) during the Event



Green Ocean Corporation Berhad (Green Ocean)

Between March 18 and September 17, 2020, Green Ocean's stock price ranged from RM0.064 to RM0.326, with daily returns from −17.4% to +50.0%. The company issued three glove-related announcements, mirroring AT Systematization's strategy. Initially, Green Ocean acquired a glove-involved subsidiary, later announcing diversification into gloves and capital raising. Analysis revealed that only Green Ocean's first announcement significantly impacted the market, whereas subsequent announcements did not. The initial announcement notably uplifted the market, shown by increased post-announcement CAR, displaying market efficiency with similar CAR values on days two and three post-announcement. Conversely, the second announcement lacked significant impact, displaying a mostly positive but statistically insignificant CAR. The third announcement negatively affected the market, with insignificant negative CAR values. Investors viewed the first announcement as crucial for trading decisions, while subsequent announcements lacked material significance, akin to AT Systematization's pattern, highlighting varying market efficiency levels amid glove industry business diversification.

Table 6

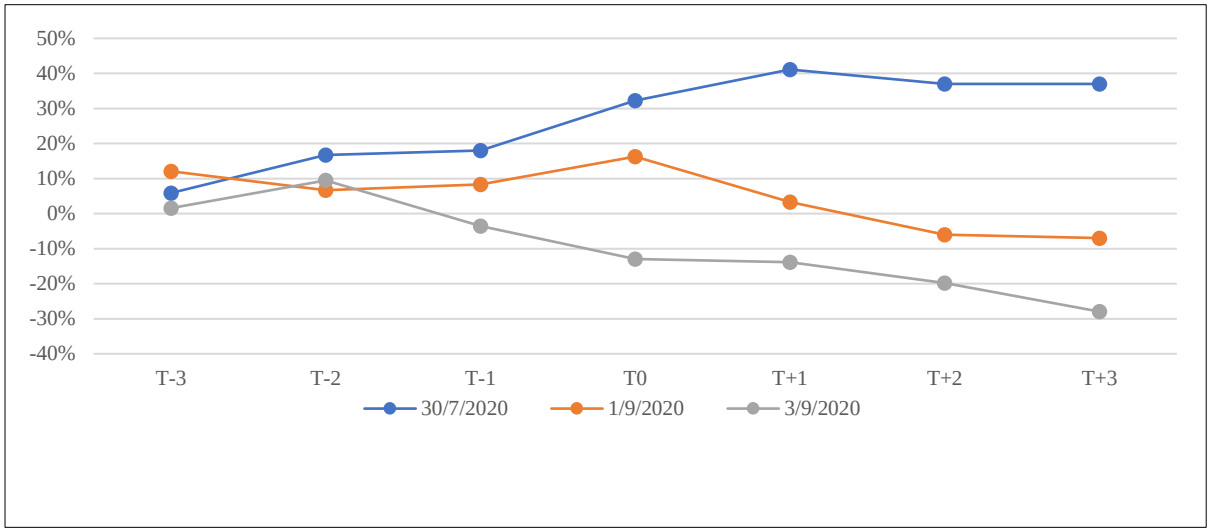
CAR and t-Test in the Sample Period for Green Ocean

Day	July 30, 2020		September 1, 2020		September 3, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	5.8692%	0.3396	12.0723%	0.5902	1.5803%	0.0767
T−2	16.7635%	0.9699	6.6560%	0.3254	9.4695%	0.4596
T−1	18.0100%	1.0420	8.3161%	0.4066	−3.5380%	−0.1717
*T*0	32.2821%	1.8677	16.2510%	0.7945	−12.9266%	−0.6274
T+1	41.1005%	2.3779*	3.2621%	0.1595	−13.8991%	−0.6746
T+2	36.9529%	2.1379*	−6.0562%	−0.2961	−19.7658%	−0.9593
T+3	36.9651%	2.1386*	−6.9889%	−0.3417	−27.9637%	−1.3572

Notes. Denote statistical significance at 5% level.

Figure 2

Green Ocean's Cumulative Abnormal Returns (CAR) during the Event Window



Hong Seng Consolidated Berhad (Hong Seng)

During March 18 to September 17, 2020, Hong Seng's stock price fluctuated between RM0.011 and RM0.44, with daily returns ranging from −26.7% to +45.7%. Three glove-related announcements were made. Compared to AT Systematization and Green Ocean, Hong Seng didn't raise new capital for glove plant construction. Table 7 and Figure 3 display CAR and *t*-test results. Notably, none of Hong Seng's announcements elicited a significant market reaction; the *t*-test confirmed this lack of significance. Despite two announcements with positive CAR, none were significant, implying market inefficiency. The third announcement showed fluctuating CAR (−13.4% to +16.8%), none deemed significant, reaffirming market inefficiency.

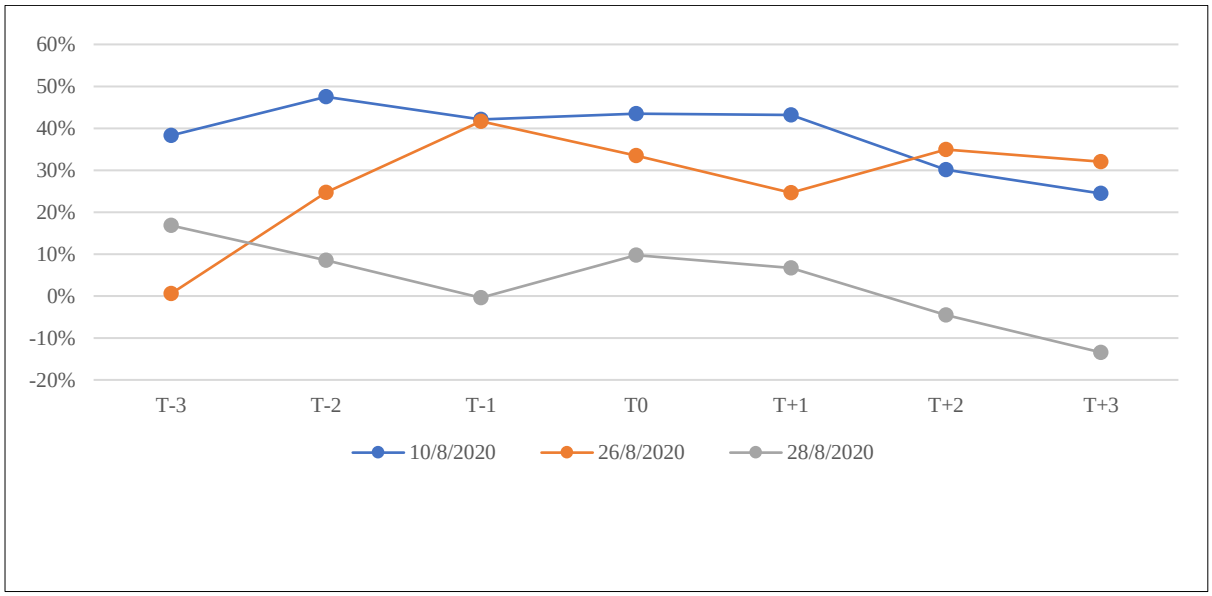
Table 7

CAR and t-Test in the Sample Period for Hong Seng

Day	August 10, 2020		August 26, 2020		August 28, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	38.2931%	1.5448	0.5589%	0.0209	16.8237%	0.6209
T−2	47.4979%	1.9161	24.7257%	0.9246	8.5401%	0.3152
T−1	42.0769%	1.6974	41.6676%	1.5581	−0.4440%	−0.0164
*T*0	43.4750%	1.7538	33.5009%	1.2527	9.7641%	0.3604
T+1	43.1962%	1.7426	24.6366%	0.9213	6.6920%	0.2470
T+2	30.1025%	1.2144	34.9603%	1.3073	−4.5593%	−0.1683
T+3	24.4490%	0.9863	32.0068%	1.1969	−13.4393%	−0.4960

Figure 3

Hong Seng's Cumulative Abnormal Returns (CAR) during the Event Window



Iconic Worldwide Berhad (Iconic)

During March 18, 2020 to September 17, 2020, Iconic's stock price fluctuated between RM0.18 and RM0.905, with daily returns ranging from −22.05% to +81.08%. Amid this, the company issued a single announcement on September 2, 2020 regarding its diversification into glove manufacturing. Despite a positive uptrend in the CAR, reaching a peak of +26.6% on *T*−1, the CAR declined notably by *T*+2. Notably, all days surrounding the announcement showed positive CAR, except for *T*−3. However, statistical analysis via *t*-tests revealed nonsignificant CAR values, indicating an inefficient market response to the announcement, as the stock market did not significantly react.

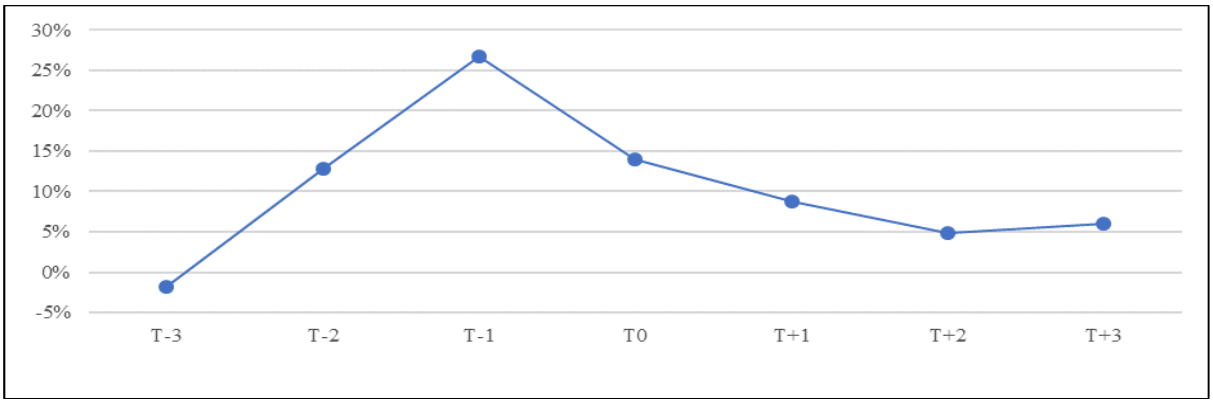
Table 8

CAR and t-Test in the Sample Period for Iconic

Day	September 2, 2020	
	CAR	*t*-test
T−3	−1.7987%	−0.0816
T−2	12.8819%	0.5844
T−1	26.6298%	1.2081
*T*0	13.9969%	0.6350
T+1	8.7687%	0.3978
T+2	4.8861%	0.2217
T+3	5.9729%	0.2710

Figure 4

Iconic's Cumulative Abnormal Returns (CAR) during the Event Window



Joe Holdings Berhad (Joe)

During March 18, 2020 to September 17, 2020, Joe's stock price ranged from RM0.064 to RM0.238, with daily returns between −21.01% and +57.62%. Despite lacking glove industry experience, Joe announced plans to diversify into glove production and raise capital, issuing two announcements. Table 9 and Figure 2 depict the CAR and *t*-test results. The first announcement elicited a significant positive market reaction, reflected in CARs ranging from +35.8% to +62.0%. Subsequent announcements showed insignificant and negative CARs (−11.3% to −3.2%), suggesting they were immaterial for investors. This contrasts with AT Systematization and Green Ocean, emphasizing investors' perception of the first announcement's significance for investment decisions in Joe shares.

Table 9

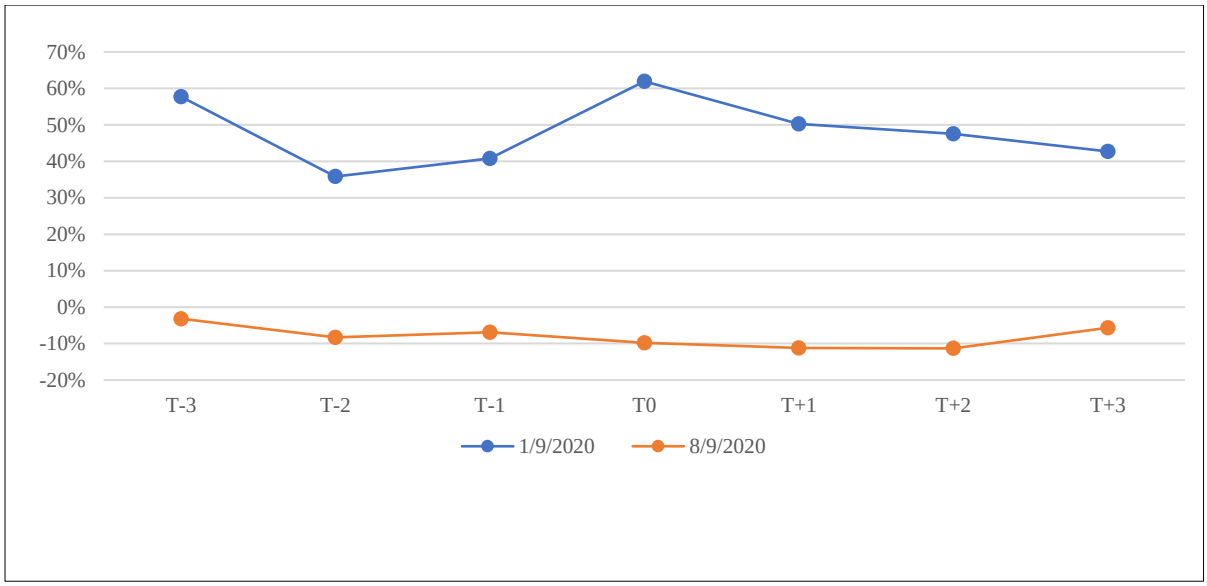
CAR and t-Test in the Sample Period for Joe

Day	September 1, 2020		September 8, 2020	
	CAR	*t*-test	CAR	*t*-test
T−3	57.6997%	3.5408*	−3.1639%	−0.1553
T−2	35.8253%	2.1984*	−8.2864%	−0.4067
T−1	40.7369%	2.4998*	−6.8858%	−0.3380
*T*0	61.9274%	3.8002*	−9.7801%	−0.4801
T+1	50.2243%	3.0820*	−11.2120%	−0.5503
T+2	47.5673%	2.9190*	−11.3122%	−0.5553
T+3	42.6711%	2.6185*	−5.6851%	−0.2791

Notes. Denote statistical significance at 5% level.

Figure 5

Joe's Cumulative Abnormal Returns (CAR) during the Event Window



Karex Berhad (Karex)

During March 18, 2020 to September 17, 2020, Karex stock traded between RM0.278 and RM1.153, showcasing daily returns from −15.68% to +44.74%. A singular glove-related announcement, diversifying into glove manufacturing, was made on August 24, 2020. Analysis revealed positive CARs ranging from +11% to +38% on the announcement day and the day before, suggesting potential information leakage. Investors perceived this news as impactful for decision-making, yet subsequent fluctuations indicated market inefficiency post-announcement, highlighting ongoing uncertainty despite positive initial reactions.

Table 10

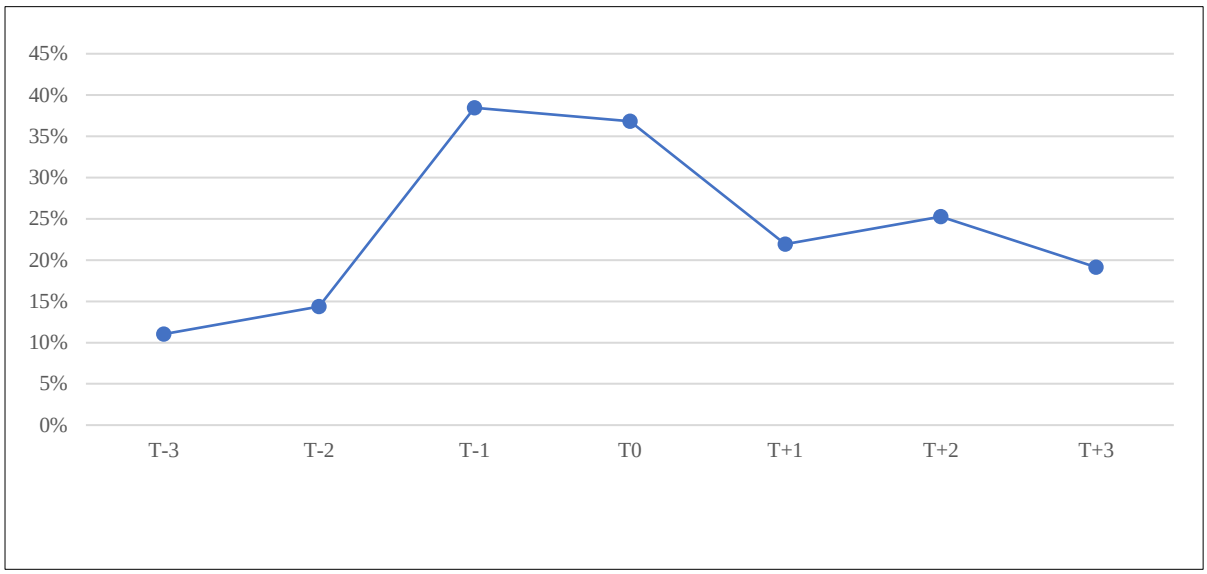
CAR and t-Test in the Sample Period for Karex

Day	August 24, 2020	
	CAR	*t*-test
T−3	11.0242%	0.7995
T−2	14.3716%	1.0422
T−1	38.4572%	2.7889*
*T*0	36.8037%	2.6690*
T+1	21.9345%	1.5907
T+2	25.2484%	1.8310
T+3	19.1168%	1.3864

Notes. Denote statistical significance at 5% level.

Figure 6

Karex's Cumulative Abnormal Returns (CAR) during the Event Window



MQ Technology Berhad (MQ Tech)

During March 18, 2020 to September 17, 2020, MQ Tech's stock price ranged from RM0.01 to RM0.265, exhibiting daily returns between −33.33% and +83.33%. Despite releasing four glove-related announcements on joint ventures, Table 11 and Figure 7 depict the CAR and *t*-test results surrounding these announcements. Notably, none of MQ Tech's glove-related announcements significantly influenced investors' decision-making. The initial announcement showed a relatively higher CAR until *T*+3, while subsequent announcements yielded negative CARs (−78.0% to −3.6%), lacking significant market impact. Overall, these announcements were deemed immaterial for investors' trading decisions in MQ Technology shares.

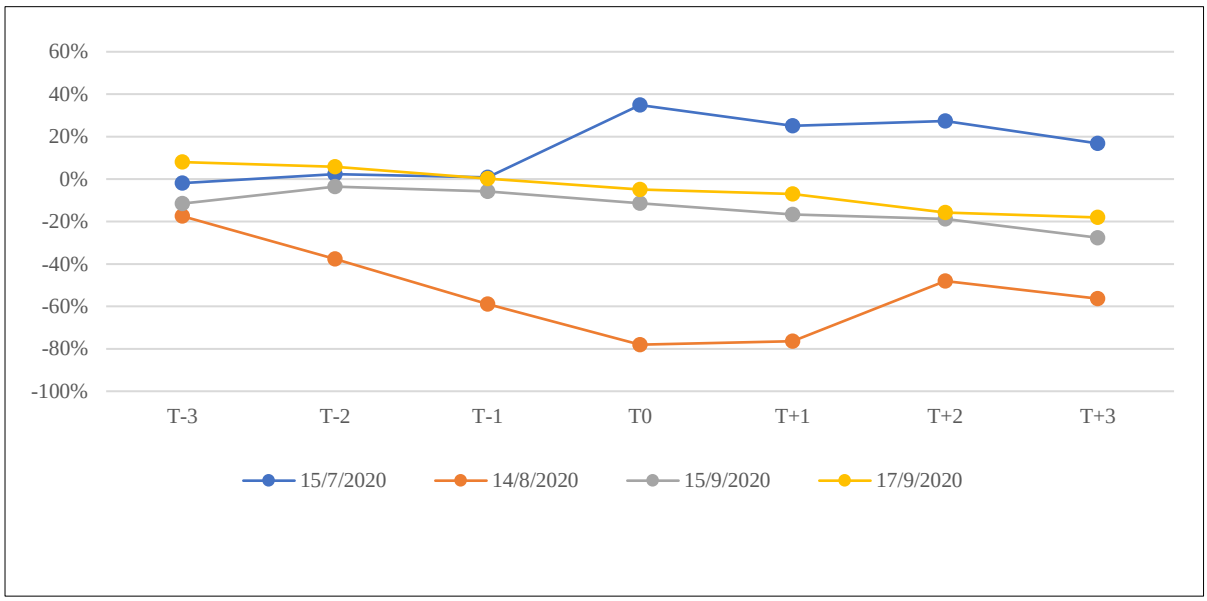
Table 11

CAR and t-Test in the Sample Period for MQ Tech

Day	July 15, 2020		August 14, 2020		September 15, 2020		September 17, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	−1.8986%	−0.0475	−17.4830%	−0.4025	−11.5294%	−0.2575	8.0009%	0.1785
T−2	2.2796%	0.0571	−37.6479%	−0.8668	−3.5587%	−0.0795	5.7514%	0.1283
T−1	0.8537%	0.0214	−58.9917%	−1.3582	−5.8474%	−0.1306	0.2265%	0.0051
*T*0	34.8827%	0.8731	−78.0405%	−1.7968	−11.3972%	−0.2545	−4.9732%	−0.1109
T+1	25.1404%	0.6293	−76.4333%	−1.7597	−16.6625%	−0.3721	−7.0769%	−0.1579
T+2	27.3277%	0.6840	−48.0852%	−1.1071	−18.8193%	−0.4202	−15.8383%	−0.3533
T+3	16.7891%	0.4202	−56.3623%	−1.2976	−27.6347%	−0.6171	−18.0862%	−0.4034

Figure 7

MQ Tech's Cumulative Abnormal Returns (CAR) during the Event Window



One Glove Berhad (One Glove)

Between March 18 and September 17, 2020, One Glove's stock price varied from RM0.04 to RM0.93, with daily returns spanning from −27.27% to +127.66%. Two glove-related announcements were made regarding their foray into glove manufacturing and capital raising. However, Table 12 and Figure 8 depicting CAR and *t*-test results revealed insignificance in the announcements' impact on investor decisions. The CAR trend showed negativity pre-announcement (*T*−3 to *T*0), turning positive post-announcement (*T*+1 to *T*+3). Notably, insignificant CARs (−5.9% to +35.5% and −4.7% to +36.6%) suggest market inefficiency and possible information leakage, indicating an overall lack of significant market reaction to the announcements.

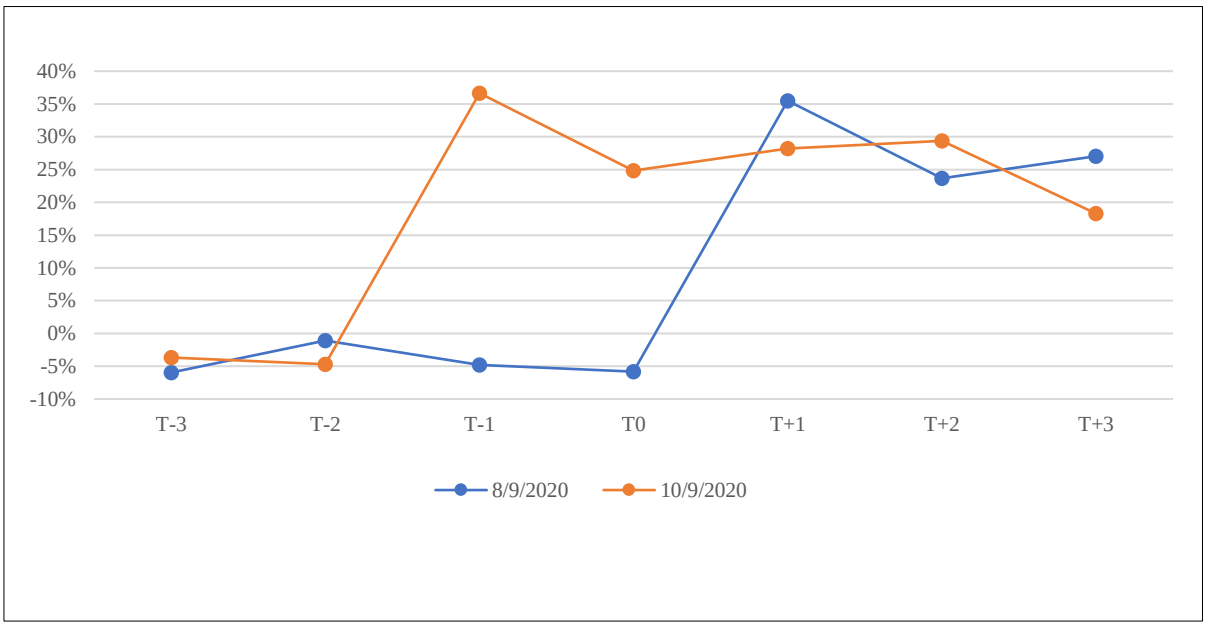
Table 12

CAR and t-Test in the Sample Period for One Glove

Day	September 8, 2020		September 10, 2020	
	CAR	*t*-test	CAR	*t*-test
T−3	−5.9492%	−0.1710	−3.6801%	−0.1057
T−2	−1.1054%	−0.0318	−4.6893%	−0.1346
T−1	−4.7906%	−0.1377	36.6490%	1.0523
*T*0	−5.8004%	−0.1667	24.8211%	0.7127
T+1	35.4900%	1.0198	28.1824%	0.8092
T+2	23.6435%	0.6794	29.3624%	0.8431
T+3	27.0266%	0.7766	18.2763%	0.5248

Figure 8

One Glove's Cumulative Abnormal Returns (CAR) during the Event Window



Permaju Industries Berhad (Permaju)

During March 18 to September 17, 2020, Permaju's stock price fluctuated between RM0.25 and RM0.995 with daily returns spanning −90% to +31.37%. Two glove-related announcements were made. One, about acquiring a new glove-manufacturing subsidiary, elicited a significant positive market reaction, reflected in a CAR between +0.6% and +24.1% on *T*+2. Although significant from *T*+1 to *T*+3, the market inefficiency persisted until *T*+3. The second announcement regarding a joint venture lacked significant impact, showcasing an insignificant CAR range of −9.9% to +9.5%. Investors deemed the first announcement material but considered subsequent updates immaterial for their decision-making process due to market inefficiencies.

Table 13

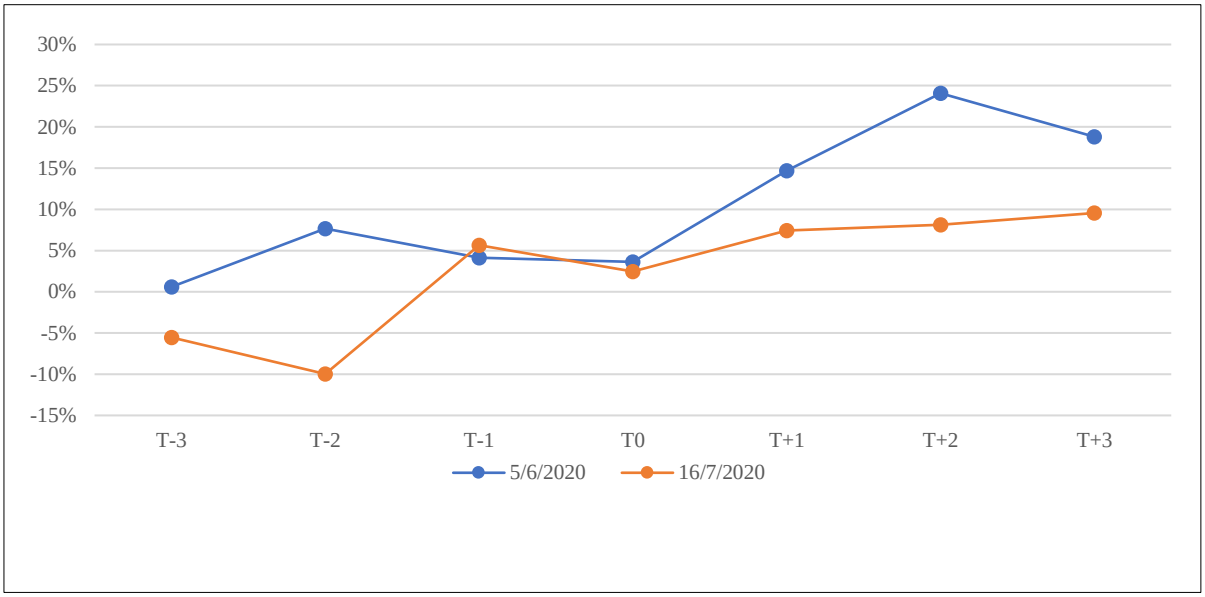
CAR and t-Test in the Sample Period for Permaju

Day	June 5, 2020		July 16, 2020	
	CAR	*t*-test	CAR	*t*-test
T−3	0.5959%	0.0951	−5.5449%	−0.4649
T−2	7.6466%	1.2198	−9.9727%	−0.8361
T−1	4.1311%	0.6590	5.6585%	0.4744
*T*0	3.6177%	0.5771	2.4463%	0.2051
T+1	14.6822%	2.3422*	7.4187%	0.6219
T+2	24.0819%	3.8417*	8.1170%	0.6805
T+3	18.8033%	2.9996*	9.5530%	0.8009

Notes. Denote statistical significance at 5% level.

Figure 9

Permaju's Cumulative Abnormal Returns (CAR) during the Event Window



Vizione Holdings Berhad (Vizione)

During March 18, 2020 to September 17, 2020, Vizione's stock price fluctuated between RM0.24 and RM0.54, with daily returns spanning from −12.63% to +23.68%. Two glove-related announcements outlined the company's intent to acquire a new subsidiary in the glove business. The resulting CAR and *t*-test (Table 14, Figure 10) revealed insignificance in market reaction to these announcements. The first announcement yielded positive but nonsignificant CAR (+7.6% to +21.8%), suggesting market inefficiency. Conversely, the second announcement generated mostly negative CARs, emphasizing market inefficiency. Overall, the findings suggest the market did not significantly react to either announcement, indicating market inefficiency in processing this information.

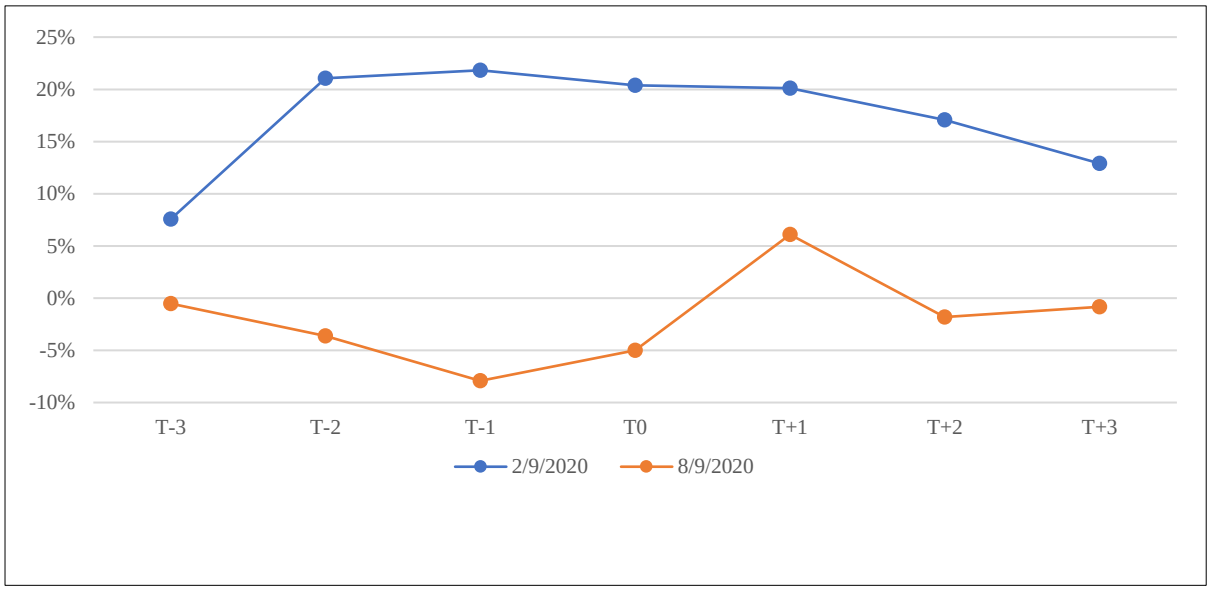
Table 14

CAR and t-Test in the Sample Period for Vizione

Day	September 2, 2020		September 8, 2020	
	CAR	*t*-test	CAR	*t*-test
T−3	7.5673%	0.6083	−0.5095%	−0.0399
T−2	21.0661%	1.6934	−3.6291%	−0.2844
T−1	21.8247%	1.7543	−7.9206%	−0.6206
*T*0	20.3880%	1.6389	−5.0008%	−0.3919
T+1	20.1013%	1.6158	6.0894%	0.4772
T+2	17.0868%	1.3735	−1.8226%	−0.1428
T+3	12.9002%	1.0370	−0.8190%	−0.0642

Figure 10

Vizione's Cumulative Abnormal Returns (CAR) during the Event Window



Zen Tech International Berhad (Zen Tech)

During March 18 to September 17, 2020, Zen Tech's stock price ranged from RM0.01 to RM0.408, with daily returns between −39.29% and 145%. Two glove-related announcements regarding a joint venture were made. Table 15 and Figure 11 display CAR and *t*-test results around these announcements. Both announcements significantly impacted the market, especially upon release, guiding investors' decision-making. The first announcement elicited a positive CAR ranging from +34% to +243%, remaining significant until *T*+3, reflecting market inefficiency. Conversely, the second announcement generated a predominantly negative CAR except at *T*−3, fluctuating between −88% and +1.7%, with significant values at *T*0, *T*+1, and *T*+3, also showing market inefficiency until *T*+3.

Glove Companies

Careplus Group Berhad (Careplus)

Careplus experienced varied stock market reactions to their 16 announcements regarding glove business expansion from March to September 2020. Only six announcements elicited significant stock market responses, with varying degrees of positive and negative CARs. Notably, initial announcements showed mixed reactions, with the first two having negative CARs, the seventh and eighth being positive before turning negative again for the fourteenth and fifteenth announcements. The remaining announcements, while not significant, also had mixed reactions.

Table 15

CAR and t-Test in the Sample Period for Careplus

Day	March 18, 2020		March 19, 2020		April 1, 2020		April 16, 2020		April 20, 2020		April 24, 2020		May 6, 2020		May 14, 2020	
	CAR	*t*-test	CR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	−4.0312%	−0.2311	−18.0638%	−1.0348	−0.1169%	−0.0065	6.4339%	0.3528	−2.7056%	−0.1480	−0.0495%	−0.0027	1.6660%	0.0892	9.8013%	0.5148
T−2	−22.9706%	−1.3166	−23.6523%	−1.3550	19.1695%	1.0709	7.2139%	0.3956	6.2891%	0.3441	11.4780%	0.6260	21.9047%	1.1731	60.0356%	3.1532*
T−1	−28.9114%	−1.6571	−25.6115%	−1.4672	19.2971%	1.0780	4.5529%	0.2497	1.5278%	0.0836	12.1916%	0.6649	20.4570%	1.0956	60.0391%	3.1534*
*T*0	−31.1359%	−1.7846	−32.5646%	−1.8656	19.0022%	1.0615	13.5874%	0.7451	0.1275%	0.0070	27.5429%	1.5021	19.1181%	1.0239	60.1770%	3.1607*
T+1	−38.3831%	−2.2000*	−27.3082%	−1.5644	19.3573%	1.0814	8.8718%	0.4865	0.1680%	0.0092	33.7757%	1.8420	28.9441%	1.5501	55.7526%	2.9283*
T+2	−31.8983%	−1.8283	−37.1806%	−2.1300*	15.0396%	0.8402	7.5132%	0.4120	11.7127%	0.6409	27.4040%	1.4945	79.2985%	4.2469*	49.1219%	2.5800*
T+3	−42.3858%	−2.4295*	−26.1736%	−1.4994	17.0676%	0.9535	7.5858%	0.4160	12.4444%	0.6810	24.5086%	1.3366	79.1815%	4.2407*	36.1735%	1.8999

Notes. Denote statistical significance at 5% level.

Table 16

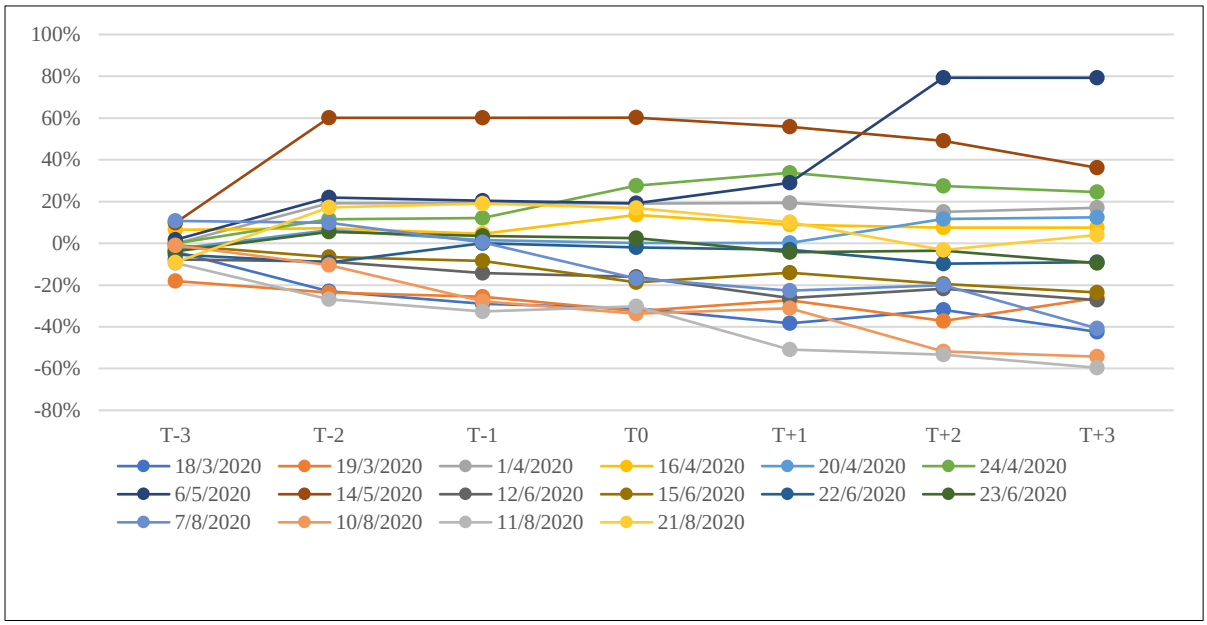
CAR and t-Test in the Sample Period for Careplus

Day	June 12, 2020		June 15, 2020		June 22, 2020		June 23, 2020		August 7, 2020		August 10, 2020		August 11, 2020		August 21, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	−7.7329%	−0.3189	−0.9205%	−0.0379	−5.4022%	−0.2217	−3.7932%	−0.1555	10.7188%	0.4091	−1.0074%	−0.0383	−9.4384%	−0.3592	−9.1160%	−0.3404
T−2	−8.6750%	−0.3578	−6.5803%	−0.2710	−9.2003%	−0.3775	5.4546%	0.2237	9.7728%	0.3730	−10.4374%	−0.3972	−26.7700%	−1.0189	17.1095%	0.6388
T−1	−14.2985%	−0.5897	−8.4407%	−0.3476	0.0306%	0.0013	3.5089%	0.1439	0.4185%	0.0160	−27.7637%	−1.0566	−32.6714%	−1.2435	19.0319%	0.7106
*T*0	−16.1438%	−0.6658	−18.6516%	−0.7682	−1.9328%	−0.0793	2.4324%	0.0997	−16.8477%	−0.6430	−33.6594%	−1.2810	−30.1873%	−1.1490	16.8175%	0.6279
T+1	−26.2224%	−1.0815	−14.1333%	−0.5821	−3.0228%	−0.1240	−4.2822%	−0.1756	−22.6813%	−0.8656	−31.1696%	−1.1862	−50.8441%	−1.9352*	10.1413%	0.3787
T+2	−21.7886%	−0.8986	−19.4802%	−0.8023	−9.7509%	−0.4001	−3.5916%	−0.1473	−20.1298%	−0.7682	−51.8208%	−1.9722*	−53.3222%	−2.0295*	−3.1911%	−0.1192
T+3	−27.1853%	−1.1212	−23.5431%	−0.9696	−9.0691%	−0.3721	−9.4853%	−0.3889	−40.7198%	−1.5540	−54.2906%	−2.0662*	−59.6053%	−2.2687*	3.9948%	0.1492

Notes. Denote statistical significance at 5% level.

Figure 11

Careplus' Cumulative Abnormal Returns (CAR) during the Event Window



Hartalega Holdings Berhad (Hartalega)

During March 18 to September 17, 2020, Hartalega's stock traded between RM5.104 and RM17.041, showing daily returns from −11.93% to +17.67%. Five expansion-related announcements were made. The CAR and *t*-test (Table 17, Figure 13) revealed insignificance in the market's reaction to the first two announcements. However, the third, fourth, and fifth announcements triggered negative and significant CAR, notably at *T*+2 and *T*+3, suggesting delayed market assimilation. Investors perceived these expansions as crucial but reacted negatively. This lag implies market inefficiency in processing subsequent announcements, unlike Careplus, highlighting the importance of investors understanding market response to new information.

Table 17

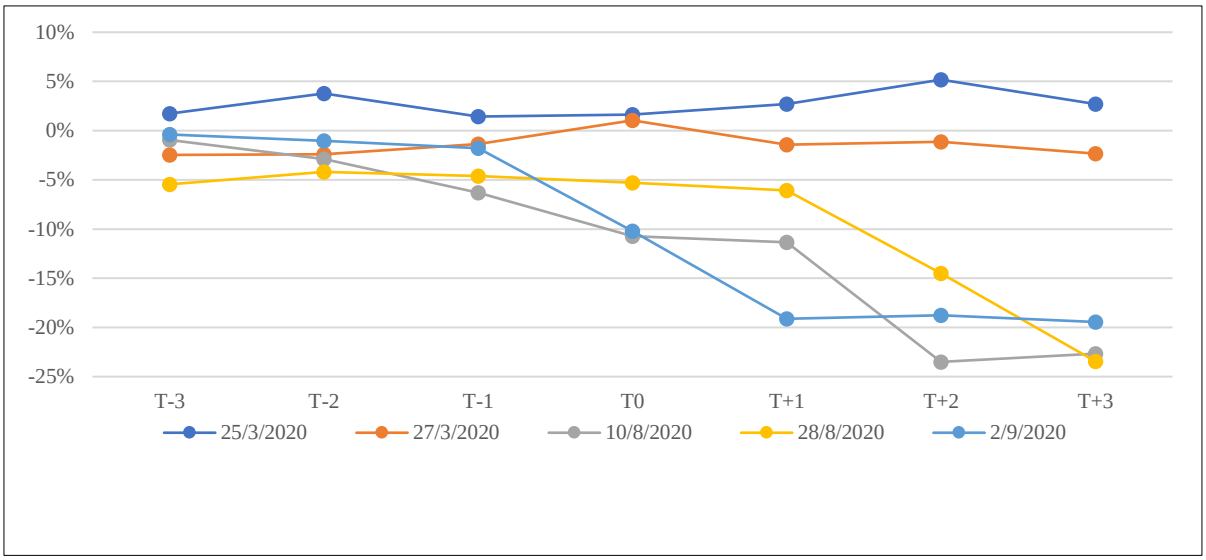
CAR and t-Test in the Sample Period for Hartalega

Day	March 25, 2020		March 27, 2020		August 10, 2020		August 28, 2020		September 2, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	1.7332%	0.4767	−2.4686%	−0.6738	−0.9528%	−0.1203	−5.4709%	−0.6352	−0.3919%	−0.0452
T−2	3.7815%	1.0401	−2.4033%	−0.6560	−2.8819%	−0.3640	−4.1946%	−0.4870	−1.0515%	−0.1214
T−1	1.4320%	0.3939	−1.3668%	−0.3731	−6.3204%	−0.7982	−4.6020%	−0.5343	−1.7930%	−0.2070
*T*0	1.6202%	0.4456	1.0438%	0.2849	−10.7255%	−1.3546	−5.3038%	−0.6158	−10.2244%	−1.1804
T+1	2.6969%	0.7418	−1.4254%	−0.3891	−11.3576%	−1.4344	−6.0678%	−0.7045	−19.1215%	−2.2077*
T+2	5.1783%	1.4243	−1.1452%	−0.3126	−23.5016%	−2.9681*	−14.5060%	−1.6841	−18.7744%	−2.1676*
T+3	2.7018%	0.7431	−2.3407%	−0.6389	−22.6688%	−2.8629*	−23.4399%	−2.7213*	−19.4470%	−2.2452*

Notes. Denote statistical significance at 5% level.

Figure 12

Hartalega's Cumulative Abnormal Returns (CAR) during the Event Window



Hextar Healthcare Berhad (Hextar)

During March 18 to September 17, 2020, Hextar's stock price ranged from RM0.223 to RM2.297 with daily returns from −22.89% to +29.86%. Six glove business expansion announcements were made, evident in Table 18 and Figure 14. Most announcements prompted significant stock market reactions, signaling their perceived materiality to investors' decisions. Market inefficiencies persisted post-announcement, with fluctuations observed. Initial announcements notably influenced market behavior positively, while subsequent ones varied. The first three had significant impacts, exposing initial market inefficiency. The fourth and fifth elicited negative reactions immediately, peaking on *T*+1 and *T*+3, respectively. The sixth showed a delayed negative impact post-announcement.

Table 18

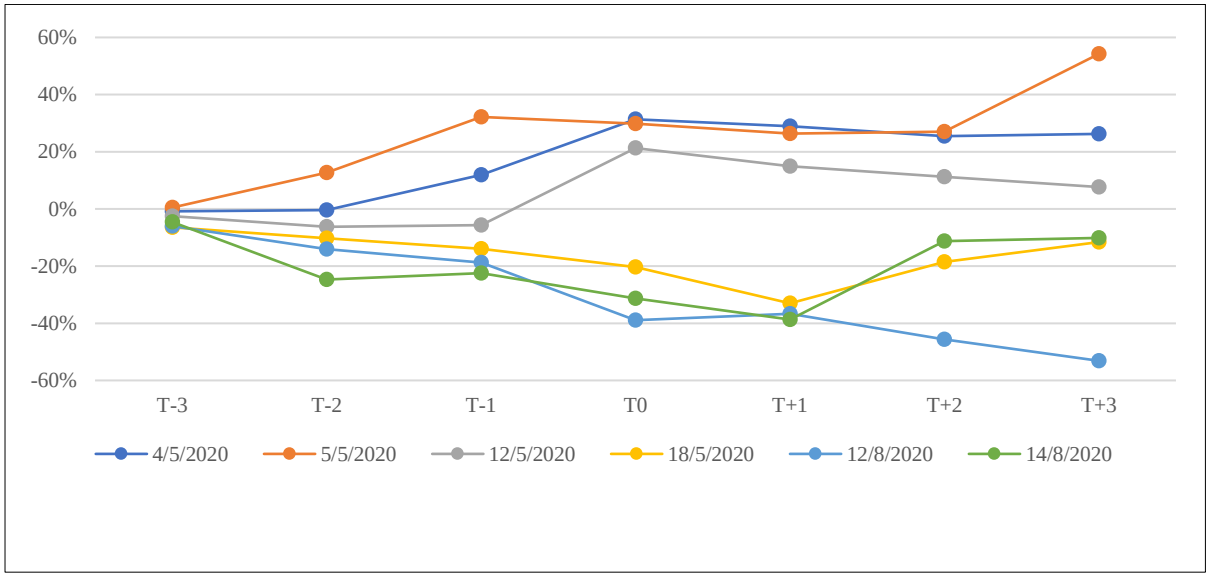
CAR and t-Test in the Sample Period for Hextar

Day	May 4, 2020		May 5, 2020		May 12, 2020		May 18, 2020		August 12, 2020		August 14, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	−0.8385%	−0.0666	0.4773%	0.0379	−2.5328%	−0.1913	−6.4268%	−0.4534	−5.9941%	−0.3045	−4.5787%	−0.2316
T−2	−0.3688%	−0.0293	12.7329%	1.0106	−6.2551%	−0.4724	−10.2766%	−0.7250	−14.1009%	−0.7163	−24.6494%	−1.2467
T−1	11.8751%	0.9426	32.2064%	2.5561*	−5.6533%	−0.4269	−13.9078%	−0.9811	−18.7549%	−0.9527	−22.4102%	−1.1334
*T*0	31.3491%	2.4882*	29.7907%	2.3644*	21.2813%	1.6071	−20.3173%	−1.4333	−38.9029%	−1.9762*	−31.3180%	−1.5839
T+1	28.9248%	2.2958*	26.3139%	2.0885*	14.9482%	1.1288	−33.0147%	−2.3290*	−36.6934%	−1.8640	−38.6868%	−1.9566*
T+2	25.4448%	2.0196*	27.0710%	2.1485*	11.1905%	0.8451	−18.5397%	−1.3079	−45.6848%	−2.3207*	−11.2796%	−0.5705
T+3	26.1948%	2.0791*	54.2000%	4.3017*	7.6518%	0.5778	−11.5833%	−0.8171	−53.1236%	−2.6986*	−10.1452%	−0.5131

Notes. Denote statistical significance at 5% level.

Figure 13

Hextar's Cumulative Abnormal Returns (CAR) during the Event Window



HLT Global Berhad (HLT)

During March 18 to September 17, 2020, HLT's stock price ranged from RM0.115 to RM3.18, with daily returns between −24.76% and +51.28%. Despite three glove-related expansion announcements, Table 19 and Figure 15 display insignificant CAR and *t*-test outcomes. None of HLT's announcements generated substantial stock market reactions, suggesting investors did not find the information material for decision-making. The first announcement exhibited varied CARs, fluctuating between −42.6% and +25.0%, but lacked significance. The second announcement resulted in consistently negative CARs, varying from −46.0% to −2.1%. Similarly, the third announcement's CAR fluctuated between −8.6% and +25.0%, with no significant impact. These findings reflect an inefficient market response to the announcements.

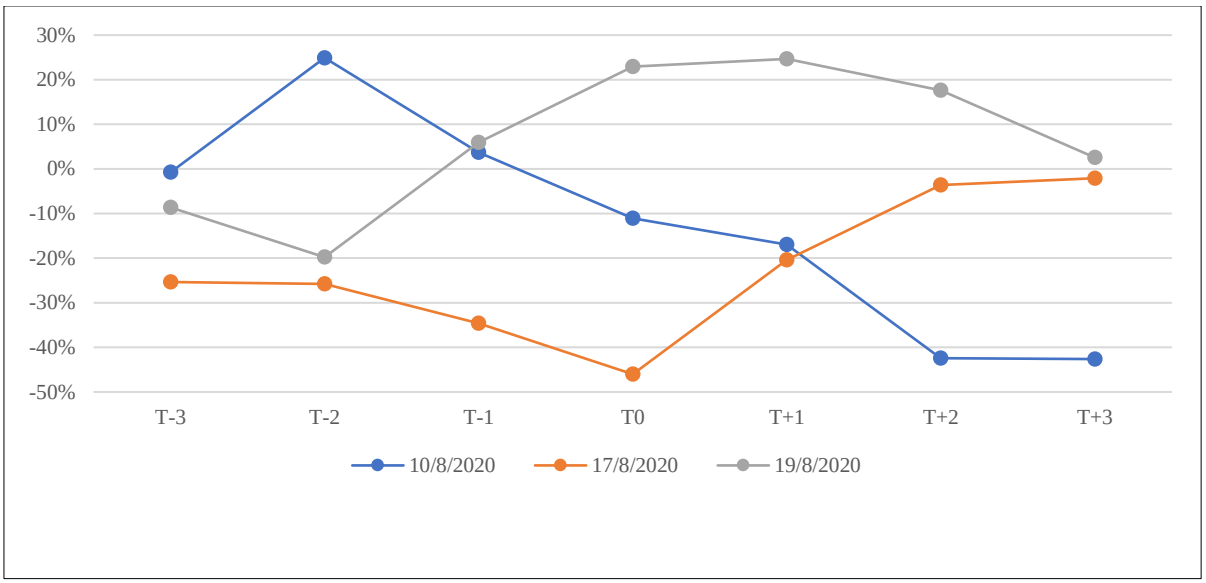
Table 19

CAR and t-Test in the Sample Period for HLT

Day	August 10, 2020		August 17, 2020		August 19, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	−0.7312%	−0.0290	−25.3756%	−0.9755	−8.6088%	−0.3262
T−2	24.9088%	0.9875	−25.8004%	−0.9918	−19.7872%	−0.7498
T−1	3.7294%	0.1479	−34.6357%	−1.3315	5.9597%	0.2258
*T*0	−11.0524%	−0.4382	−46.0165%	−1.7690	22.9257%	0.8688
T+1	−16.9579%	−0.6723	−20.4082%	−0.7845	24.6666%	0.9347
T+2	−42.4043%	−1.6811	−3.6404%	−0.1399	17.6153%	0.6675
T+3	−42.6269%	−1.6899	−2.0850%	−0.0802	2.5656%	0.0972

Figure 14

HLT's Cumulative Abnormal Returns (CAR) during the Event Window



Kossan Rubber Industries Berhad (Kossan)

Between March 18, 2020 and September 17, 2020, Kossan's stock price fluctuated from RM1.845 to RM7.768, with daily returns spanning −14.21% to +21.02%. Only one announcement regarding their glove business expansion was made within this period. The release on July 6, 2020 exhibited consistently positive CARs ranging from +4.7% to +26.6%, peaking at *T*+3. All CAR values were significant post-announcement, indicating stock market inefficiency as investor reactions persisted several days after the announcement, showcasing delayed but substantial responses to the news.

Table 20

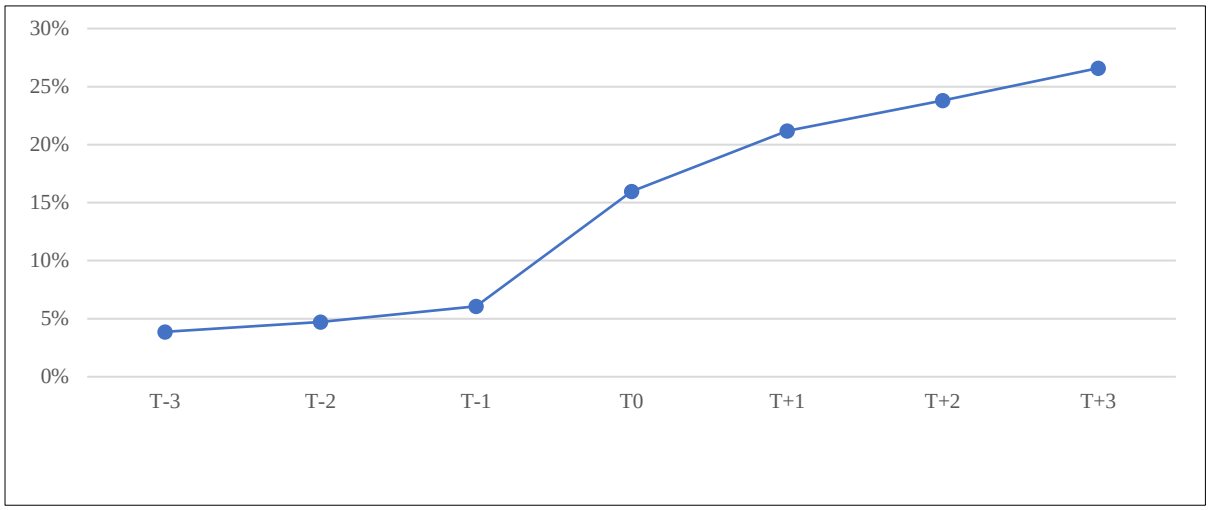
CAR and t-Test in the Sample Period for Kossan

Day	July 6, 2020	
	CAR	*t*-test
T−3	3.8690%	0.6587
T−2	4.7173%	0.8032
T−1	6.0785%	1.0349
*T*0	15.9687%	2.7188*
T+1	21.1806%	3.6062*
T+2	23.7892%	4.0503*
T+3	26.5885%	4.5269*

Notes. Denote statistical significance at 5% level.

Figure 15

Kossan's Cumulative Abnormal Returns (CAR) during the Event Window



Supermax Corporation Berhad (Supermax)

During March 18 to September 17, 2020, Supermax's stock price ranged from RM0.553 to RM9.394 with daily returns between −18.46% and +24.56%. Among four announcements, most elicited significant positive market reactions, suggesting investors considered information about glove business expansion crucial for decisions. The March 19 announcement had a notably negative market response (−9.0% to −17.6% CAR), impacting stock prices significantly. The May 27 announcement resulted in a positive CAR (+6.8% to +59.3%), indicating prior market anticipation. The June 9 announcement showed no significant market impact despite fluctuations. However, the July 7 announcement triggered a significant positive market reaction (+2.9% to +36.9% CAR), particularly on days following the release.

Table 21

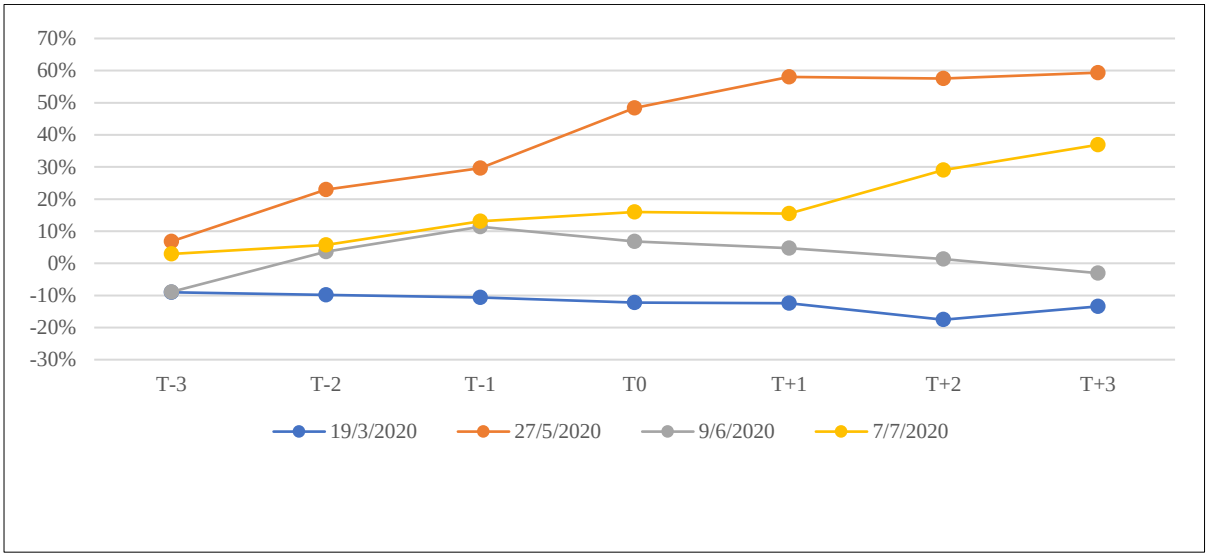
CAR and t-Test in the Sample Period for Supermax

Day	March 19, 2020		May 27, 2020		June 9, 2020		July 7, 2020	
	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test	CAR	*t*-test
T−3	−9.0286%	−1.4846	6.8128%	0.8167	−8.8953%	−0.9049	2.9051%	0.2649
T−2	−9.8140%	−1.6138	22.9955%	2.7566*	3.6581%	0.3721	5.7493%	0.5242
T−1	−10.6073%	−1.7442	29.6720%	3.5569*	11.3780%	1.1574	13.0931%	1.1937
*T*0	−12.2111%	−2.0080*	48.3457%	5.7954*	6.7942%	0.6911	15.9406%	1.4533
T+1	−12.4638%	−2.0495*	58.0305%	6.9564*	4.7151%	0.4796	15.4319%	1.4069
T+2	−17.5591%	−2.8874*	57.5691%	6.9011*	1.3469%	0.1370	29.0112%	2.6449*
T+3	−13.3907%	−2.2019*	59.3510%	7.1147*	−3.0188%	−0.3071	36.8986%	3.3640*

Notes. Denote statistical significance at 5% level.

Figure 16

Supermax's Cumulative Abnormal Returns (CAR) during the Event Window



TREND ANALYSIS

The study observed a marked distinction in the strategies and timing of these announcements between established glove manufacturers and non-glove companies. Glove companies, leveraging their existing expertise and infrastructure, initiated expansion plans earlier, primarily focusing on land acquisitions to scale up production. This proactive approach aligned with the heightened demand for medical gloves, enabling them to capitalize on market opportunities swiftly.

Non-glove companies, in contrast, ventured into the glove industry as a diversification strategy. Their announcements, centered around fundraising and joint ventures, reflected the significant capital investment and strategic partnerships required to pivot into this new domain. Despite their late entry, these companies demonstrated agility in adapting to market shifts, highlighting a broader trend of opportunistic business strategies during crises.

From June to September 2020, a notable surge in glove-related announcements corresponded with the FBM Ace Index's performance uptick. This period marked heightened investor interest and activity, underlining the market's perception of the glove sector as a lucrative investment amid the pandemic. Both glove and non-glove companies witnessed similar CARs, indicating that investors were equally responsive to both groups, regardless of their initial market positioning.

This analysis underscores the dynamic nature of stock markets in crisis situations, where swift adaptation, strategic announcements, and investor perception play pivotal roles in shaping market trends. It also highlights the glove industry's unique position during the pandemic, serving as a barometer for investor sentiment and market reactivity in unprecedented times.

This study's observation of established glove manufacturers leveraging existing infrastructure aligns with Ramelli et al. (2020), which emphasizes the advantage of existing industry footholds in crisis

adaptation. Conversely, non-glove companies' entry as a diversification strategy reflects findings in Liu et al. (2020) about investor behavior in diverse market conditions, highlighting how new entrants can spur investor interest even when pivoting late into a high-demand market.

Stock Market Reaction to Expansion and Diversification Plans

During March to September 2020, the stock market reacted distinctly to announcements by glove and non-glove companies. Despite similar levels of investor interest overall, as indicated by the CAR ranging between −50% and +50%, a deeper analysis revealed nuanced differences. Glove companies, capitalizing on their industry expertise, received a mix of reactions, with some negative responses possibly due to market saturation or investor skepticism about sustained growth. Non-glove companies, diversifying into gloves, generally garnered positive reactions, reflecting investor enthusiasm for strategic adaptability and new opportunities in a high-demand market. This variation in responses underscores the complexity of market perceptions regarding expansion and diversification strategies during the pandemic.

The mixed reactions to glove companies' expansion plans, contrasted with the positive reception of non-glove companies' diversification, highlight the complexity of investor perceptions. Altig et al. (2020) found that the COVID-19 pandemic caused significant jumps in economic uncertainty indicators, such as implied stock market volatility and forecaster disagreement about GDP growth. This heightened uncertainty can lead investors to be skeptical about expansions in already familiar territories due to concerns about market saturation or the sustainability of demand. Conversely, diversification into new areas can be seen as a strategic move, generating optimism and positive investor responses due to the potential for new opportunities and income streams in high-demand markets.

Varied Reactions to Different Announcement Types

Announcements from glove companies, primarily focused on expansion activities like land acquisitions, elicited mixed reactions, potentially due to market expectations and existing industry presence. In contrast, non-glove companies announcing diversification and fundraising efforts generally received more positive responses, indicating investor support for strategic shifts in response to pandemic-driven market opportunities. This theme highlights the market's differentiated response based on the nature of the announcement and the company's original industry positioning.

The differentiated market responses discussed here align with Mazur et al. (2021). Their work underlines how the market distinguishes between expansions by established companies and strategic shifts by new market entrants, impacting investor reactions. They observed that during crises, the stock market tends to reward companies that demonstrate adaptability and strategic innovation. This is particularly evident in industries experiencing rapid demand shifts, such as the glove industry during the COVID-19 pandemic. Established glove manufacturers, with their existing market footholds, elicited mixed reactions from investors who were cautious about over-saturation and long-term sustainability. Conversely, non-glove companies entering the glove market as a diversification strategy were generally met with positive investor sentiment, reflecting a market preference for new growth opportunities and strategic agility in uncertain times. This nuanced understanding of investor behavior emphasizes the importance of strategic communication and timely market entry, highlighting the complex interplay between company announcements and investor expectations during unprecedented events.

Materiality of Glove-Related Announcements

Regarding the materiality of announcements, glove companies' expansions were viewed as material but elicited mixed reactions, possibly due to market familiarity with these companies. In contrast, non-glove companies' diversification into glove production was seen as a significant strategic shift, often receiving positive market reactions. This suggests that the materiality of announcements was perceived differently based on the company's existing market role, with new entrants being viewed as bringing fresh dynamics to the industry.

The perceived materiality of announcements, as noted here, echoes the themes in Mazur et al. (2021)'s study. The study demonstrates how market role influences the perceived significance of corporate strategies, affecting how investors respond to these announcements.

Notwithstanding the above, the study diverges from referenced academic works by providing a real-time analysis of market reactions specifically during the COVID-19 pandemic, a unique and unprecedented event. While previous studies like those by Ramelli and Wagner (2020), Liu et al. (2020), and Mazur et al. (2021) offer insights into investor behavior and market dynamics in general or crisis scenarios, our research specifically contextualizes these behaviors within the pandemic's unique circumstances. It adds value by examining the immediate impacts of strategic business decisions in a rapidly evolving situation, providing a contemporary understanding of market dynamics under extreme external pressures. This contributes a timely perspective to the existing body of knowledge, particularly in understanding investor behavior and market reactions to crisis-driven industry shifts.

CONCLUSION

The study reveals a nuanced relationship between stock market reactions and glove-related announcements during the COVID-19 pandemic. Glove companies, often part of the KLCI and with substantial market capitalizations, saw more significant stock market reactions to their announcements, reflecting investor confidence in their expansion plans and established reputation. However, these announcements also garnered negative reactions, possibly due to concerns about the sustainability of demand and market dynamics, such as vaccine development and raw material costs.

Non-glove companies, diversifying into the glove sector, experienced less significant market reactions overall. Initial announcements typically saw a positive response, driven by optimism for new income streams and short-term trading gains. This suggests that the first announcement changes the information landscape, impacting subsequent investor reactions. The study underscores the materiality of glove-related announcements in investor decision-making, highlighting the varying degrees of impact based on the nature of the announcement and the company's existing market role.

For future research, this study opens avenues for understanding stock price movements and trading behaviors in response to company announcements. Areas such as volatility and trading volume, company-specific variables, and investor profiles offer rich grounds for further exploration. In addition, the findings can inform companies, stock exchanges, regulators, and investors, enhancing announcement content and decision-making processes.

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