

# Take5

for business

Volume 10 Issue 2 - 23 March 2022

## Insights: Business pulse survey

Living with COVID-19 and  
winning together

The EY logo is positioned in the bottom right corner of the page. It features a yellow chevron pointing upwards and to the right, followed by the letters 'EY' in a bold, white, sans-serif font.

Building a better  
working world

# Living with COVID-19 and winning together

COVID-19 catalyzed new challenges and amplified longstanding gaps for companies, both micro, small & medium enterprises (MSMEs) and large companies.

With Malaysia's anticipated transition to an endemic phase, we rolled out the Business pulse survey aimed at assessing the preparedness of Malaysian businesses in adapting to the new normal of living with COVID-19.

At a time of unprecedented change, to survive and thrive, it is heartening to note that Malaysian businesses are generally prepared to re-chart their transformation actions as they navigate the challenging landscape.

“

Despite two years of challenging conditions, businesses have remained focused on building their resilience, but they must continuously evolve to capture the opportunities ahead.

**Dato' Abdul Rauf Rashid**  
Malaysia Managing Partner  
Ernst & Young PLT

## Transition to the endemic phase

- ▶ 'Normalization with New Normal' - most activities allowed, border reopens
- ▶ Behavioral change - community/ *rakyat* empowerment
- ▶ Automated FTTIS (Find, Test, Trace, Isolate and Support)
- ▶ Heightened Alert System (HAS) to detect early signs of a COVID-19 surge
- ▶ Data-driven decision and approach

## Business pulse survey explored:

- ▶ **How** has COVID-19 impacted business?
- ▶ **What are the business plans** to survive and thrive once COVID-19 becomes endemic?
- ▶ **What are the limitations** preventing business recovery?

### Notes:

- ▶ FTTIS: find, test, trace, isolate and support
- ▶ GP: Garis Panduan/ Guidelines
- ▶ HAS: Heightened Alert System
- ▶ NTS: National Tracking System
- ▶ TRIIS: Test, Report, Isolate, Inform dan Seek



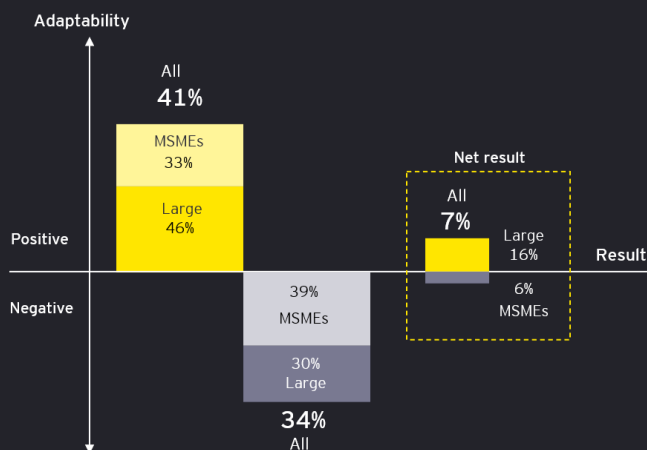
# Survey highlights

# How are Malaysian businesses coping with COVID-19?

## 1 Business adaptability

Two out of five businesses (41%) have adapted positively to COVID-19. About one-third are adversely impacted.

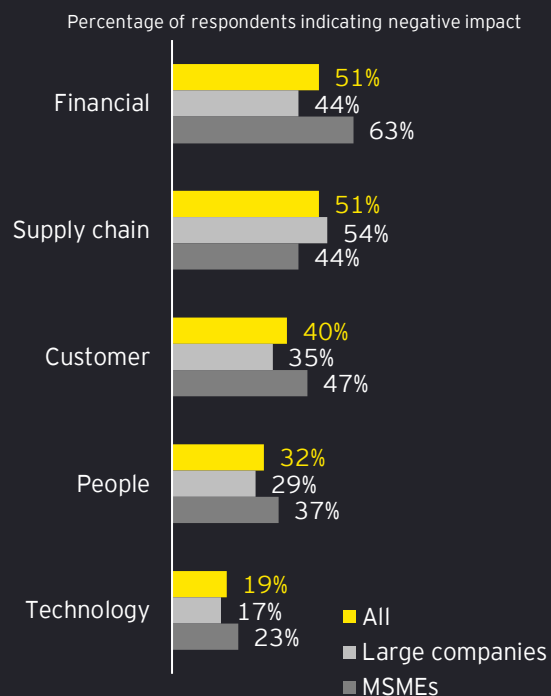
Business adaptability to the COVID-19 situation



Note: With the evolving COVID-19 challenges, 25% of the respondents provided neutral, "neither positive nor negative" feedback on their adaptability to COVID-19.

The most significant impact were on the financial and supply chain areas

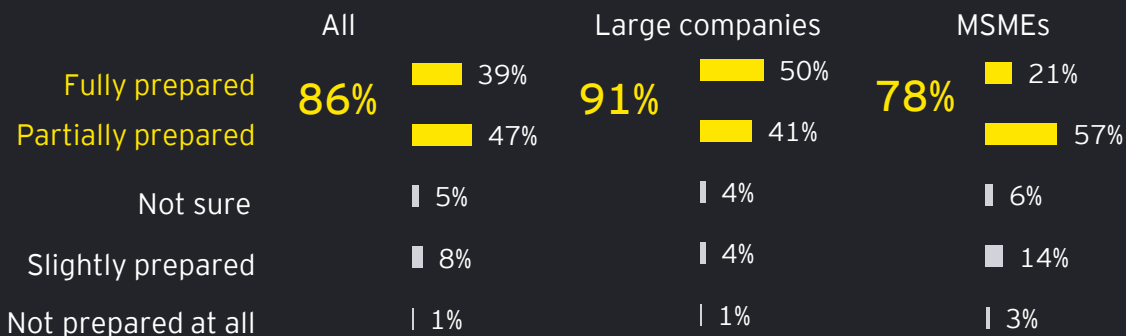
COVID-19 business impact areas



## 2 Business preparedness

The majority (86%) of businesses are prepared to live with COVID-19.

Business preparedness to the COVID-19 situation



Dec 2019

COVID-19 outbreak

2020

Movement Control Orders/ Lockdowns, Standard Operating Procedures (SOPs)

2021

Vaccinations, Adapting to COVID-19

Now 2022

Living with COVID-19

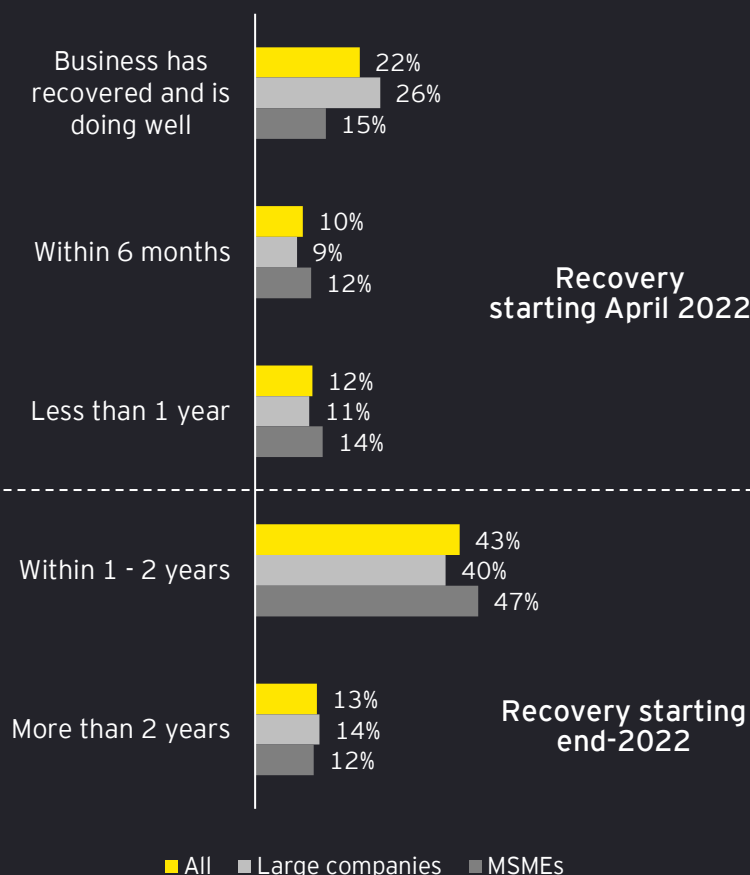
Malaysian businesses are generally prepared to live with COVID-19 and have moderately adapted their operations to the new normal. Over half of the businesses were optimistic on business recovery from 2022 to 2023. In the short term, the majority of businesses will focus on people safety, reskilling employees and adopting digitalization.

### 3

## Business recovery

Over half (56%) are optimistic on business recovery to pre-pandemic levels from late 2022.

### Anticipated business recovery timeframe



### Beyond 2022

Anticipated business recovery

### Survey highlights

**86%**

are prepared to live with COVID-19 endemicity

**41%**

have adapted positively to the COVID-19 situation

**56%**

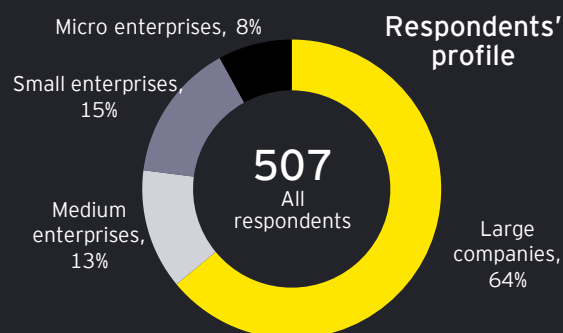
are expecting business recovery from late 2022

**85%**

place a high priority in improving employee safety and implementing SOPs in the short term

**74%**

indicate reskilling employees and adopting digitalization as their future business direction



Notes:  
 ▶ Total respondents for large companies = 322  
 ▶ Total respondents for MSMEs = 185



# Survey findings

**1**

How has COVID-19 impacted Malaysian businesses?

**2**

How are Malaysian businesses coping with the pandemic?

**3**

What are the key business actions and priority plans in the short term?

**4**

Which areas can better prepare business to live with COVID-19?



# 1

## How has COVID-19 impacted Malaysian businesses?

Technology has brought about the most positive impact for large companies and MSMEs.

Both large companies and MSMEs cited financial (44% and 63% respectively) and supply chain (54% and 44% respectively) as the key common areas which have experienced significant negative impact.

MSMEs are more negatively affected than the large companies, particularly with regard to financial (63%), customers (47%) and people (37%) aspects.

Chart 1a: Impact of COVID-19 on large companies

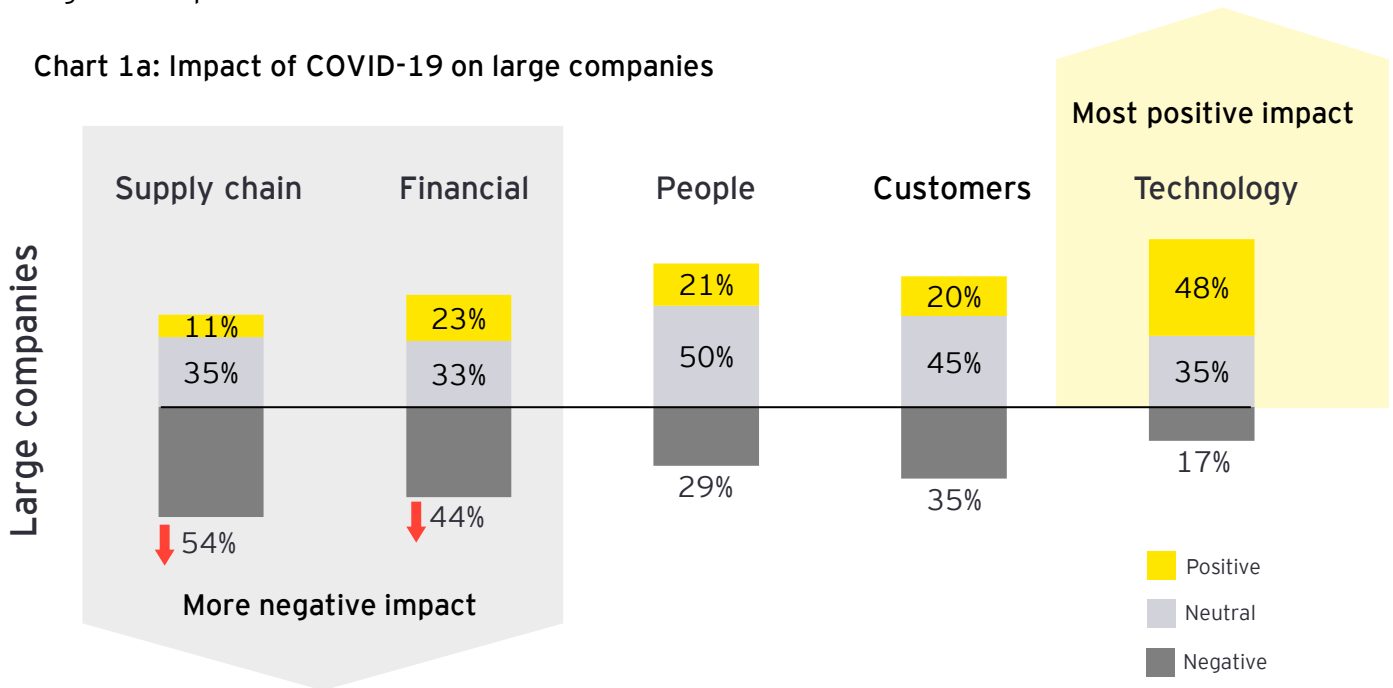
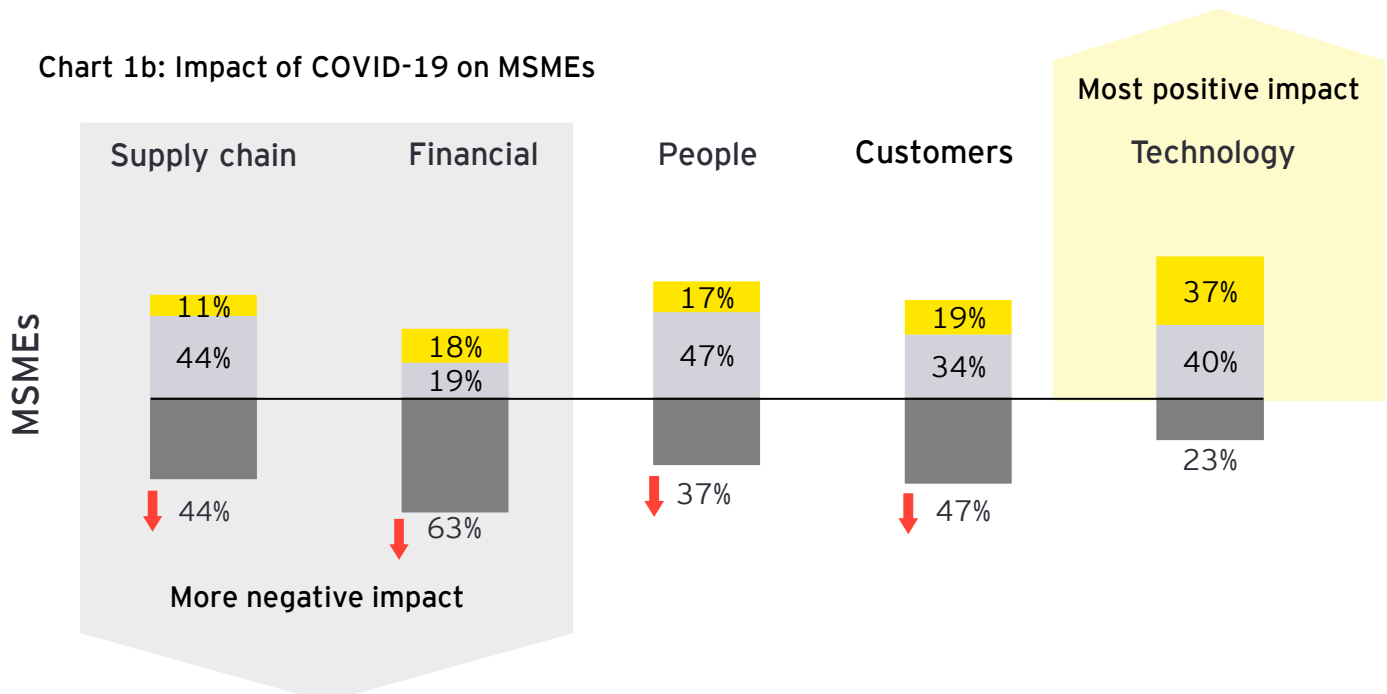


Chart 1b: Impact of COVID-19 on MSMEs



Q2. How has your business been impacted in the following areas? (financial, technology, people, customers, supply chain). Please rate the extent of impact for each area of your business (very positively, positively, neutral, negatively, very negatively)

- 'Financial' refers to cash flow, profit, debt and loan management
- 'Supply chain' refers to the cost of raw materials and transport, loss/gain of suppliers
- 'People' refers to staff turnaround, employee morale
- 'Customer' refers to customer complaints, loss/gain of customers
- 'Technology' refers to digital, contactless, remote work technology

## 2

# How are Malaysian businesses coping with the pandemic?

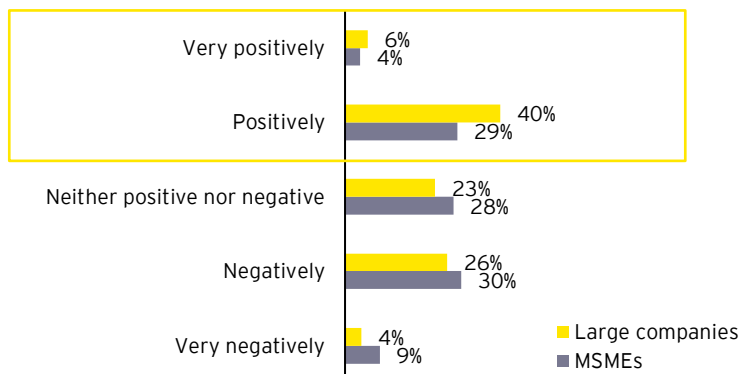
Malaysian businesses are largely positive and generally prepared to continue business in COVID-19 endemicity. In fact, over two-fifths of both large and MSMEs are expecting business recovery from 2022 to 2023.

Almost half of the large companies (46%) and one-third of MSMEs (33%) indicated that they have adapted well (positive to very positive) to the pandemic.

However, an estimated one-quarter of Malaysia companies were adversely impacted (negative to very negative).

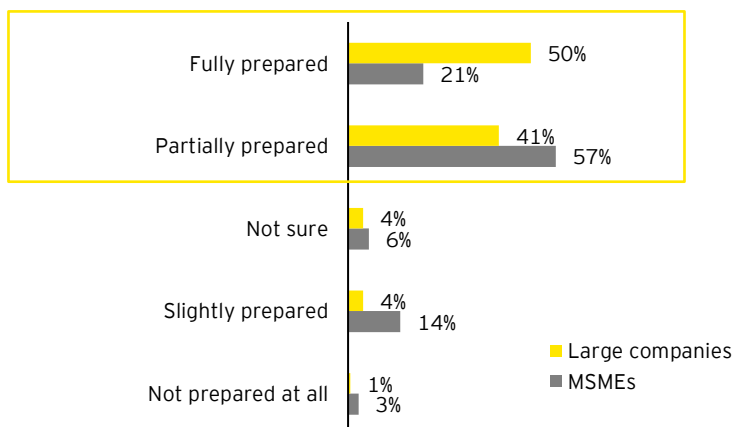
In view of the dynamic and evolving challenges, it is not surprising that nearly a quarter of the large companies (23%) and MSMEs (28%) marked neutral on their adaptation.

Chart 2: How has your business adapted to the COVID-19 situation?



Of importance is the finding that the majority of the large companies (91%) and most of MSMEs (78%), replied that they are prepared to continue business operations when COVID-19 becomes endemic.

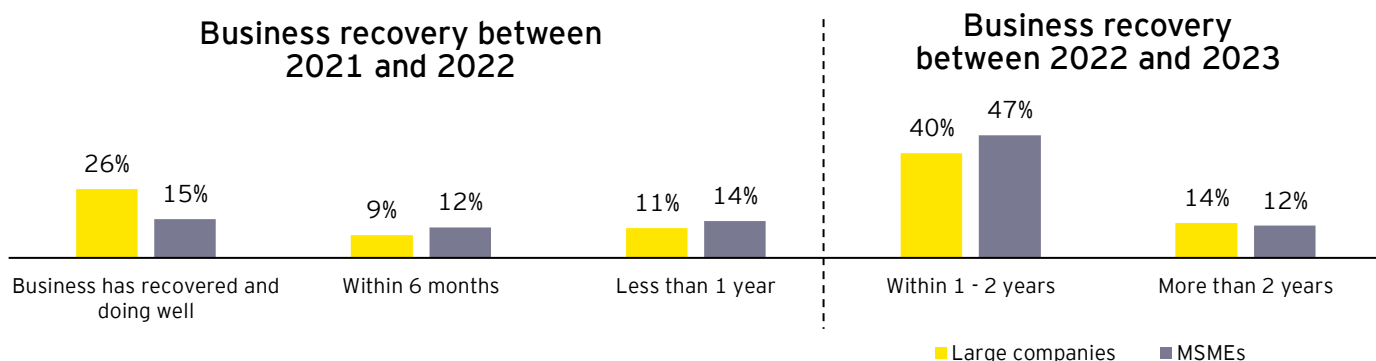
Chart 3: How prepared is your business to continue operating when COVID-19 becomes endemic?



In addition, over a quarter (26%) of the large companies indicated their business recovery and were doing well in comparison to just 15% of the MSMEs.

A significant proportion (40%) of the large companies and MSMEs (47%) are expecting business recovery between 2022 to 2023.

Chart 4: How much longer do you think it will be for your business to recover to the same level of performance as before the COVID-19 pandemic?



# 3

## What are the key business actions and priority plans in the short term?

### Now

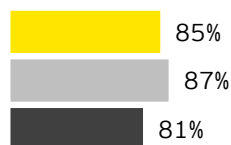
#### Immediate priority plans

- ▶ Improving people safety and well being
- ▶ Implementing new processes to comply with SOPs and
- ▶ Enhancing digitalization to facilitate contactless IT infrastructure

Percentage of respondents indicated as high priority

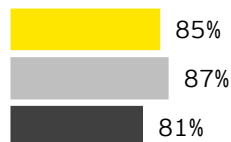
#### People

Improve employee safety and well being



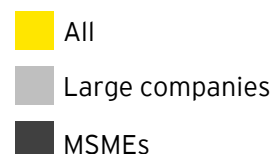
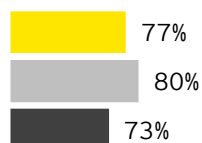
#### Process

Implement new processes to comply with SOPs and allow flexible work arrangements



#### Technology\*

Enhance digitalization (contactless and IT infrastructure to work from home (WFH))



### Next

#### Key business directions

Major business directions:

- ▶ Reskilling people
- ▶ Adopting digitalization

A higher proportion of MSMEs place greater focus on readapting business size, changing the business model or new business ventures (58%) and improving their financial standings (48%).

Percentage of respondents indicated as high priority

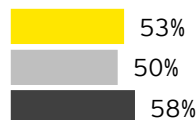
#### Reskill employees and focus on well being



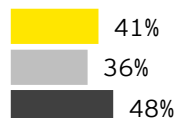
#### Adopt digitalization



#### Readapt the business size, change the business model or enter new business ventures



#### Improve financial standings



Note: EY COVID-19: Business impact survey, 2020 highlighted that over 1/3 (35%) of companies intended to expand or upgrade their technology capabilities. The 77% "enhance digitalization" result in the EY Living with COVID-19, 2021 survey reflects the fact that over the last two years, most companies have already commenced the upgrade of their IT infrastructure.

# 4

## Which areas can better prepare business to live with COVID-19?

### Beyond

### Improving the business, exploring the new

Areas in which businesses need further support include:

- ▶ Upgrading digital technology (51%)
- ▶ Adapting the business to be more resilient (47%)
- ▶ Accessing resources for business recovery (42%)
- ▶ Redesigning physical premises (40%)

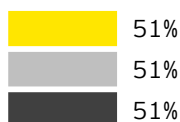
Areas where businesses seek guidance:

- ▶ Finding new markets (58%)
- ▶ Forging new partnerships (54%)
- ▶ Accessing digital skillsets and talent (53%)
- ▶ Developing new business models, products and services (53%)

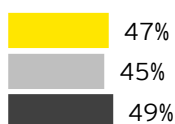
Percentage of respondents who indicate no capacity, need detailed plan, need someone to drive this effort

#### Improving business

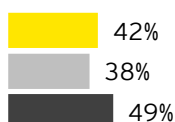
##### Upgrade digital technology



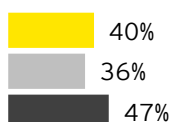
##### Adapt business to be more resilient



##### Access to resources for business recovery

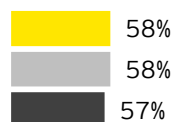


##### Redesign physical premises

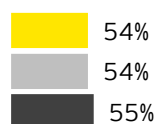


#### Exploring the new

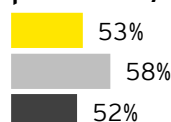
##### New markets



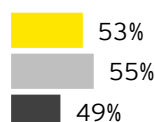
##### New partnerships



##### New business models / products / services

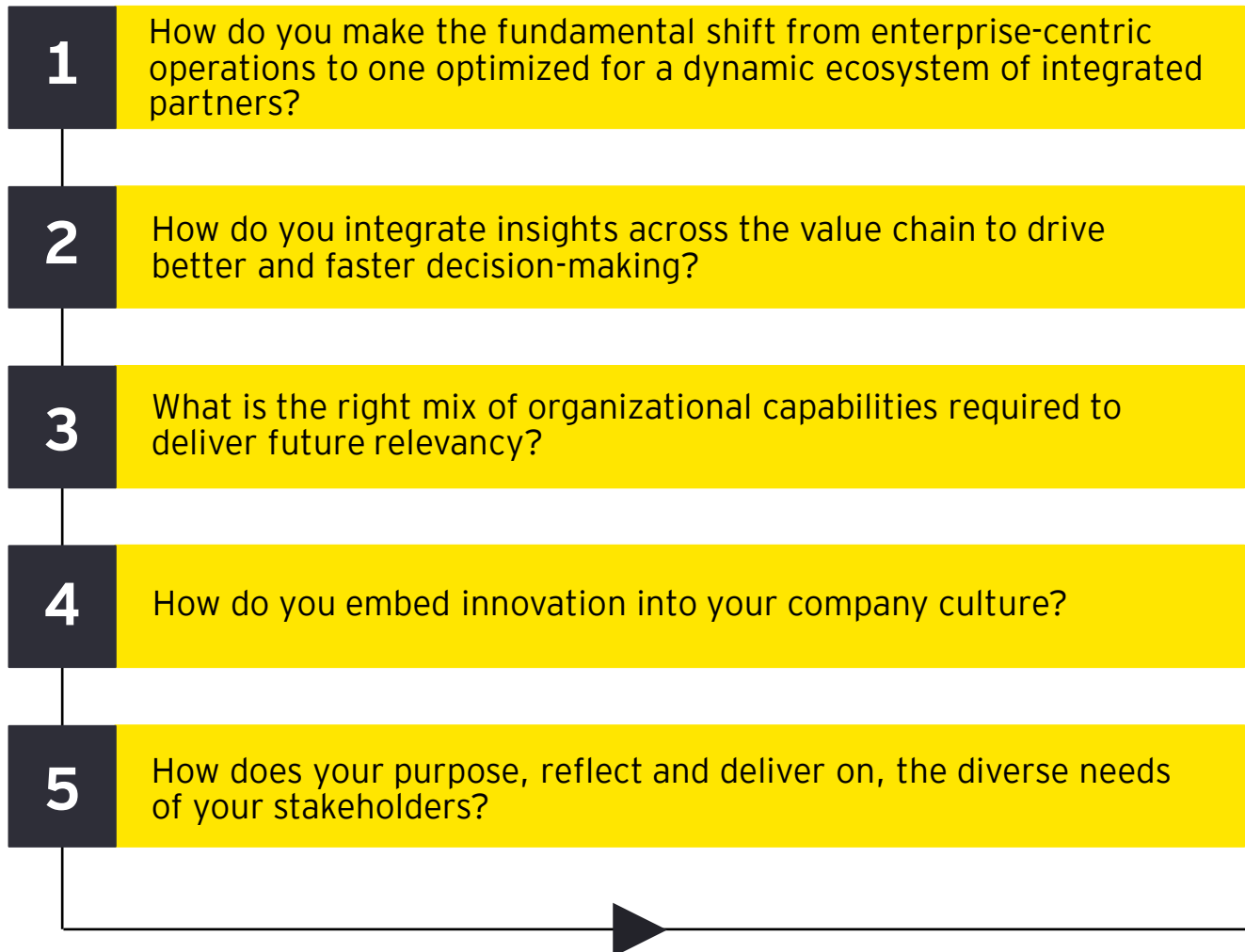


##### New digital skillsets and talent



# Managing disruptions and evolving dynamics

To manage market disruptions caused by COVID-19 and changing consumer preferences, EY has introduced the Operating Model Transformation, aimed at assisting companies to reshape its operating models. The model has five interconnected design elements to sustain immediate and long-term value.

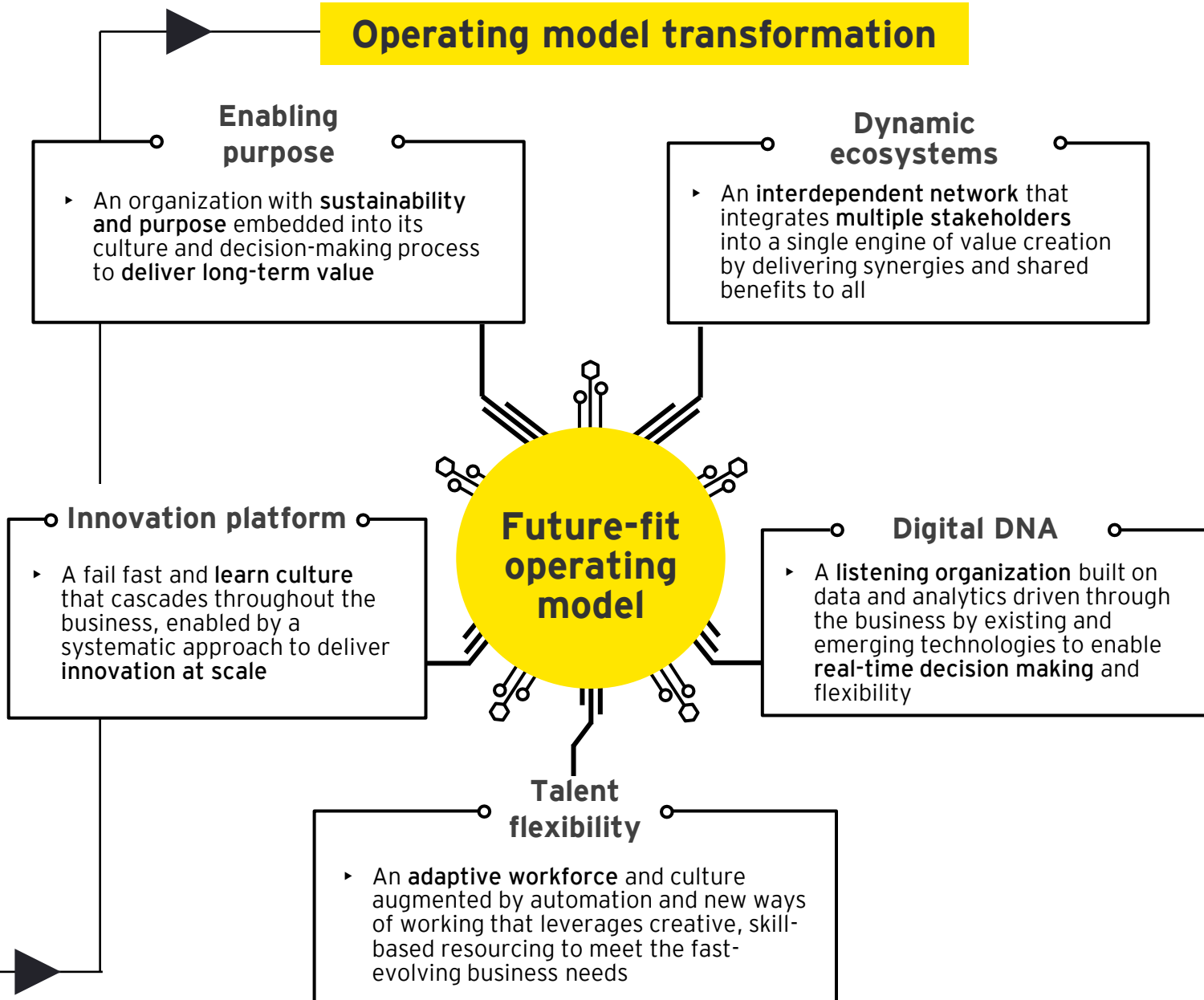


“

Hopefully, the worst of the pandemic is behind us. We must now move forward with speed and agility.

**Chow Sang Hoe**  
EY Asean Consulting Leader  
Malaysia Consulting Managing Partner,  
Ernst & Young Consulting Sdn Bhd

## Operating model transformation



### Sources:

- *The CEO Imperative: How can one operating model delight many consumers?*, EY, 8 December 2021
- *Operating transformation model*, EY official website

“

Disruptions and dynamic ecosystem changes require agile transformation to meet customer demands.

**Azreena Rastom**  
Consulting Partner,  
Ernst & Young Consulting Sdn Bhd

# Living with COVID-19: mitigating risks

## #ReopeningSafely

### Mitigation actions to reduce transmission risk

Mitigation actions to reduce risks:

- ▶ Vaccinations
  - Vaccination safety and efficacy (risk reduction)
  - Booster shots
- ▶ Follow one simplified SOP
  - 10 requirements

### Empowering the community (*rakyat*)

- ▶ Stay safe, keep healthy
  - TRIIS
  - Healthy lifestyle
- ▶ **Nine guidelines (*garis panduan*)**
  - Movement and Travel
  - Workspaces (Outdoor)
  - Workspaces (Indoor)
  - Retail, Food & Beverages
  - Education & Care Facilities
  - Sports and Recreation
  - Religion, Weddings and Funerals
  - Hotel and Guest Accommodations
  - Events, Entertainment and Tourist Attractions
- ▶ **One simplified SOP: 10 requirements**
  1. Operating hours as stipulated in the business license or operating permit
  2. Mandatory use of MySejahtera application to register admission
  3. Face masks are mandatory in public places
  4. Ensure 1-meter physical distancing
  5. Ensure good ventilation in premises
  6. Maintain good hand hygiene
  7. Ensure cleanliness of premises
  8. Conduct COVID-19 tests according to the National Testing Strategy
  9. Manage suspected or confirmed COVID-19 cases according to the Ministry of Health's guidelines
  10. Adhere to vaccination requirements for specified activities

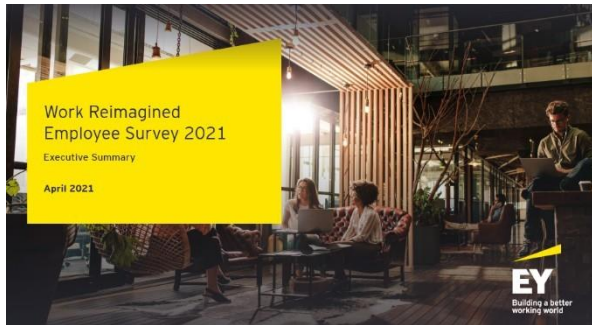
#### Notes:

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- GP: Garis Panduan/ Guidelines
- HAS: Heightened Alert System
- NTS: National Tracking System
- TRIIS: Test, Report, Isolate, Inform and Seek

#### Sources:

- Malaysian National Security Council (MKN)
- Ministry of Defence, Malaysia (MINDEF)
- Ministry of Health, Malaysia (MoH)
- EY research

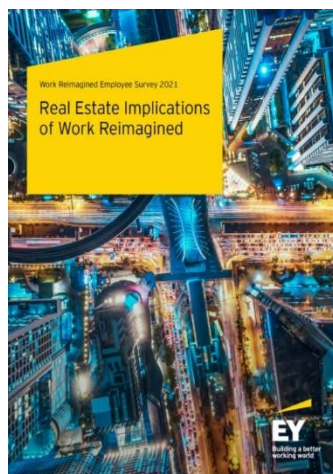
# EY thought leadership



Work Reimagined Employee Survey 2021



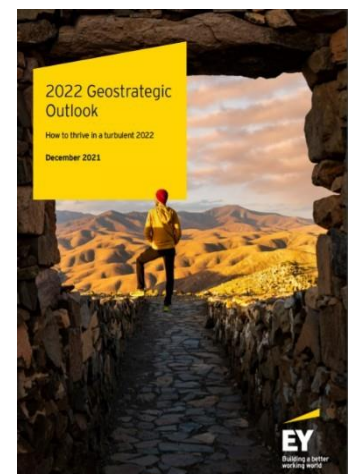
Work Reimagined Employer Survey 2021



Real Estate Implications of Work Reimagined



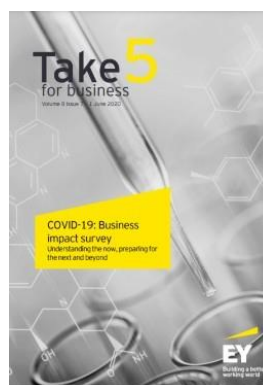
Will COVID-19 turbo-charge M&A and transformation?



2022 Geostrategic Outlook



2021 EY Global IPO Trends report: Are your growth strategies resilient enough for the future?



COVID-19: Business impact survey  
Understanding the now, preparing for the next and beyond



Insights: EY Business pulse survey  
Living with COVID-19 and winning together

# EY contacts



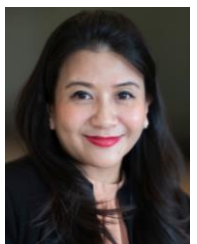
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