



**PERSEKUTUAN MAJIKAN-MAJIKAN MALAYSIA
MALAYSIAN EMPLOYERS FEDERATION**

THE FUTURE OF WORK IN THE NEW NORMAL

Session 2: The Company Perspective

by

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Global Impact of COVID-19

- COVID-19 sent shockwaves through all layers of industries' operations, putting livelihoods and businesses at stake across the value chain
- Beyond managing the immediate crisis, companies have to look ahead to the “**next normal**”—and **reshape its business practices to remain resilient and sustainable**

OECD Economic Outlook, Interim Report Coronavirus (COVID-19): Living with uncertainty - September 2020

- Outlook is subject to considerable **uncertainty and projections are dependent on assumptions** about the spread of the COVID-19 virus and policy developments.
 - projections assume that
 - sporadic local outbreaks will continue, addressed by targeted local interventions rather than national lockdowns;
 - vaccination is assumed not to become widely available until late 2021.
- **Global GDP - projected to decline by 4½ % in 2020**, before picking up by 5% in 2021.

GDP Growth of Selected Economies 2Q 2020



Source: National authorities

Source: Bank Negara BNM Quarterly Bulletin 2Q 2020

Impact of COVID-19 on Global Supply Chains

- COVID-19 has **broad-based negative impact** on
 - global trade and FDI, including in global supply chains, with considerable declines in global exports and imports
- COVID-19:
 - exposes the **vulnerability and fragility of business value chains**
 - **but** it gives opportunity **to review, revive and reinvent.**
- industries have to be **flexible, adaptable and agile** in order to be resilient

Impact of COVID-19 on Global Supply Chains

- Malaysian businesses focused on **weathering the crisis** and ensuring minimal job losses and business and industry survival
- Malaysia's export performance in 2Q 2020 was affected by COVID-19 lockdowns globally, which resulted in **disruptions to the global supply chains**, lower demand from key trade partners and weaker commodity prices.

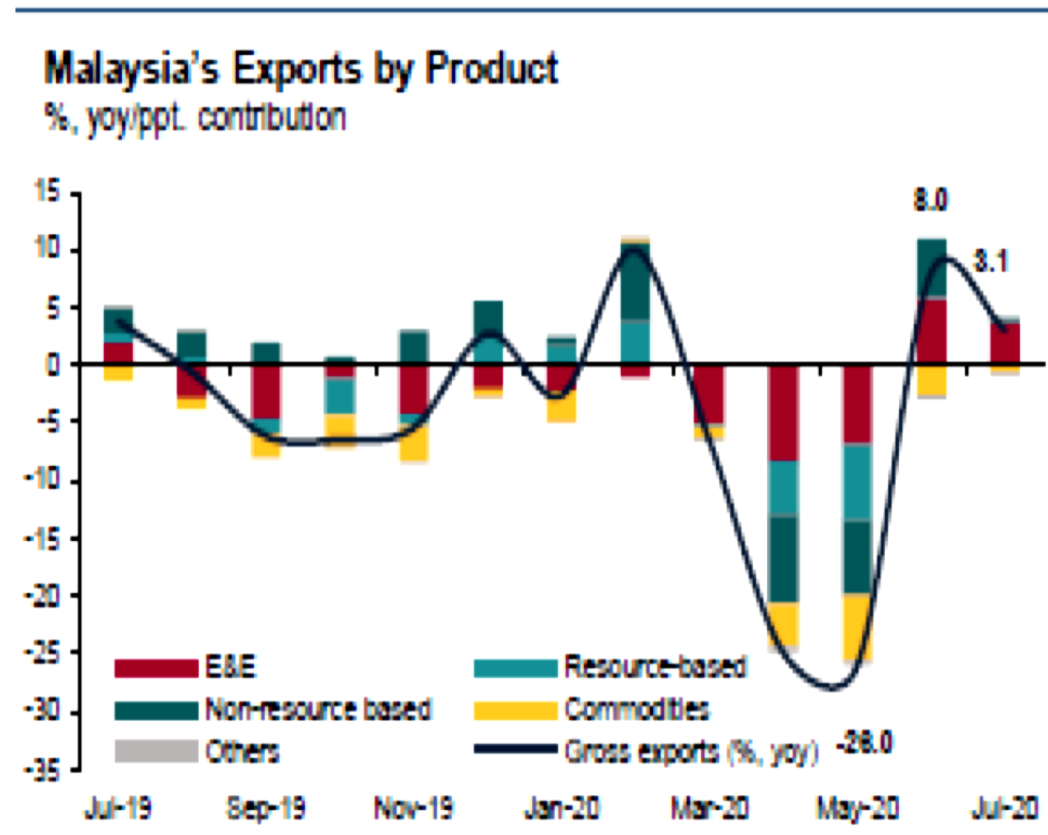
Malaysia's Economy Regaining its Momentum with Total Approved Investments of RM64.8 Billion in January - June 2020

- Total approved investments of RM64.8 billion involved 1,725 projects and will create 37,110 employment opportunities in Malaysia
 - Domestic direct investments (DDI) accounted for 69.8 %, or RM45.3 billion
 - Foreign direct investments (FDI) - RM19.5 billion
- Total approved investment by sector:
 - Manufacturing sector - 55.1 % or RM35.7 billion
 - Services sector - 44.2 % or RM28.6 billion
 - Primary sector - 0.7 % or RM0.5 billion

Source: <https://www.mida.gov.my/home/11039/news/malaysia%E2%80%99s-economy-is-regaining-its-momentum-with-total-approved-investments-of-rm64.8-billion-in-january-june-2020/>

Malaysia's Export Growth Outlook

- Export growth moderated in July
 - Exports grew by 3.1% in July (June: 8.0%). moderate growth due to lower non-E&E exports, particularly machinery, equipment & parts, and optical & scientific equipment.
 - Exports expected to be supported by improvements in external demand amid easing of containment measures in most economies.



Source: Department of Statistics, Malaysia (DOSM), MATRADE

Source: Bank Negara Monthly Highlights Aug 2020

No. of Companies closed since April 2020

- Deputy Domestic, Trade and Consumer Affairs Minister reported in Dewan Rakyat:
- 4,542 closures recorded from April 1 to July 19, 2020
 - 1,592 closures largest in June 2020
- 82,555 new companies registered with Companies Commission of Malaysia
 - majority were e-commerce companies

Source: FMT 29 July 2020

<https://www.freemalaysiatoday.com/category/nation/2020/07/29/over-4000-companies-shut-down-since-april/>

Industries that Benefited from COVID-19

- Food delivery platforms
 - Grabfood,
 - Foodpanda
 - Dahmakan
- Online shopping platforms
 - Lazada
 - Shopee
- Hypermarkets and grocery chains
 - Giant,
 - Tesco
 - Jaya Grocers
- Work communication apps
 - Zoom
 - Gotomeeting
 - Microsoft Teams
- Entertainment and news media
 - Astro,
 - Netflix,
 - UnifiTV
- Manufacturers of 'Virus protection' products
 - face masks,
 - gloves
 - sanitizers

SMEs Still Struggling with Cash-flow Issues

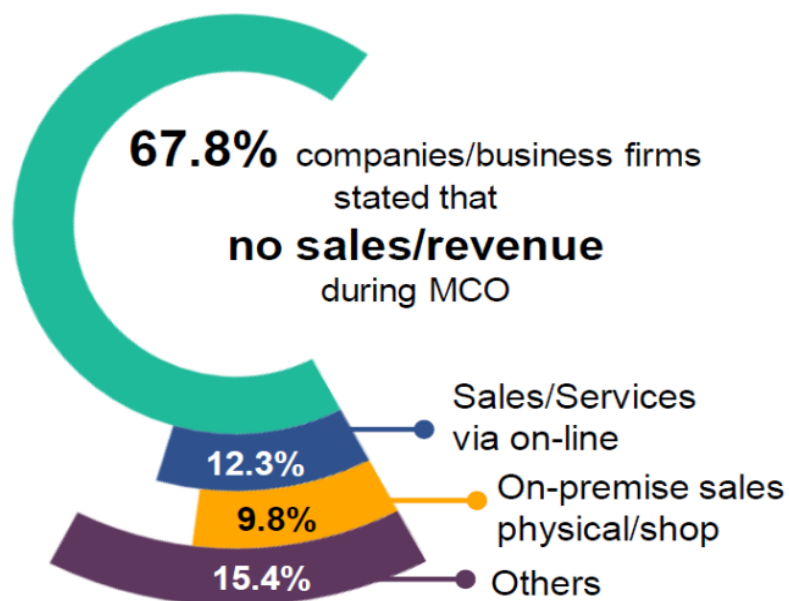
- Survey by SME Association of Malaysia in August reveals:
 - 20% or one in five respondents, are considering permanently closing their business in the next six months
 - 22% of the respondents have sufficient cash flow to last them for a month, while 27% can sustain till November and 31%, until December
- (Source: The Edge Malaysia Weekly, on September 28, 2020 - October 04, 2020)

SMEs Still Struggling with Cash-flow Issues

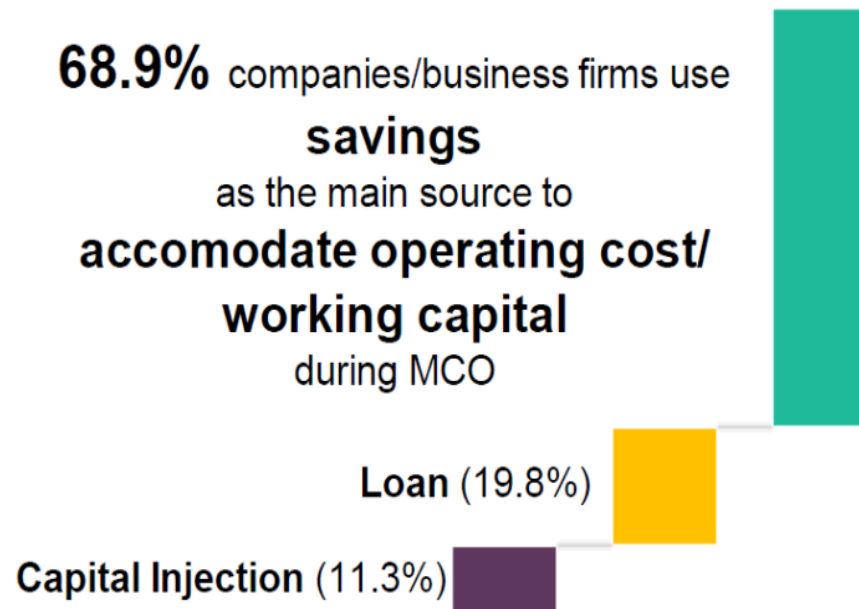
- Survey by SME Association of Malaysia in August reveals: (continued)
 - 50% respondents indicated their intention to apply for extension of loan moratorium as they still struggle with cash flow
 - 40% respondents hoping that government will provide more grants for business transformation
 - 26% need assistance to secure a loan
 - Most SMEs plan to keep their employees and retain their salaries at the present levels

DOSM Survey: Effects of COVID-19 on Economy and Companies/Business Firms

Source Of Income



Source Of Finance



Source: Summary Of Findings: Special Survey Effects Of Covid-19 On Economy And Companies/Business Firms (Round 1) Department of Statistics, May 2020

DOSM Survey: Effects of COVID-19 on Economy and Companies/Business Firms

Estimated Duration Companies/Business Firms To Recover



Source: Summary Of Findings: Special Survey Effects Of Covid-19 On Economy And Companies/Business Firms (Round 1) Department of Statistics, May 2020

Negotiations Between Employers and Employees

- Employers have entered into negotiations with employees to discuss: **terms and conditions of employment,**
 - temporary pay cuts,
 - smaller pay in exchange for company shares
 - unpaid leave.
 - employers and employees need to formulate and arrive at a win-win formula to ensure business viability and employment retention.

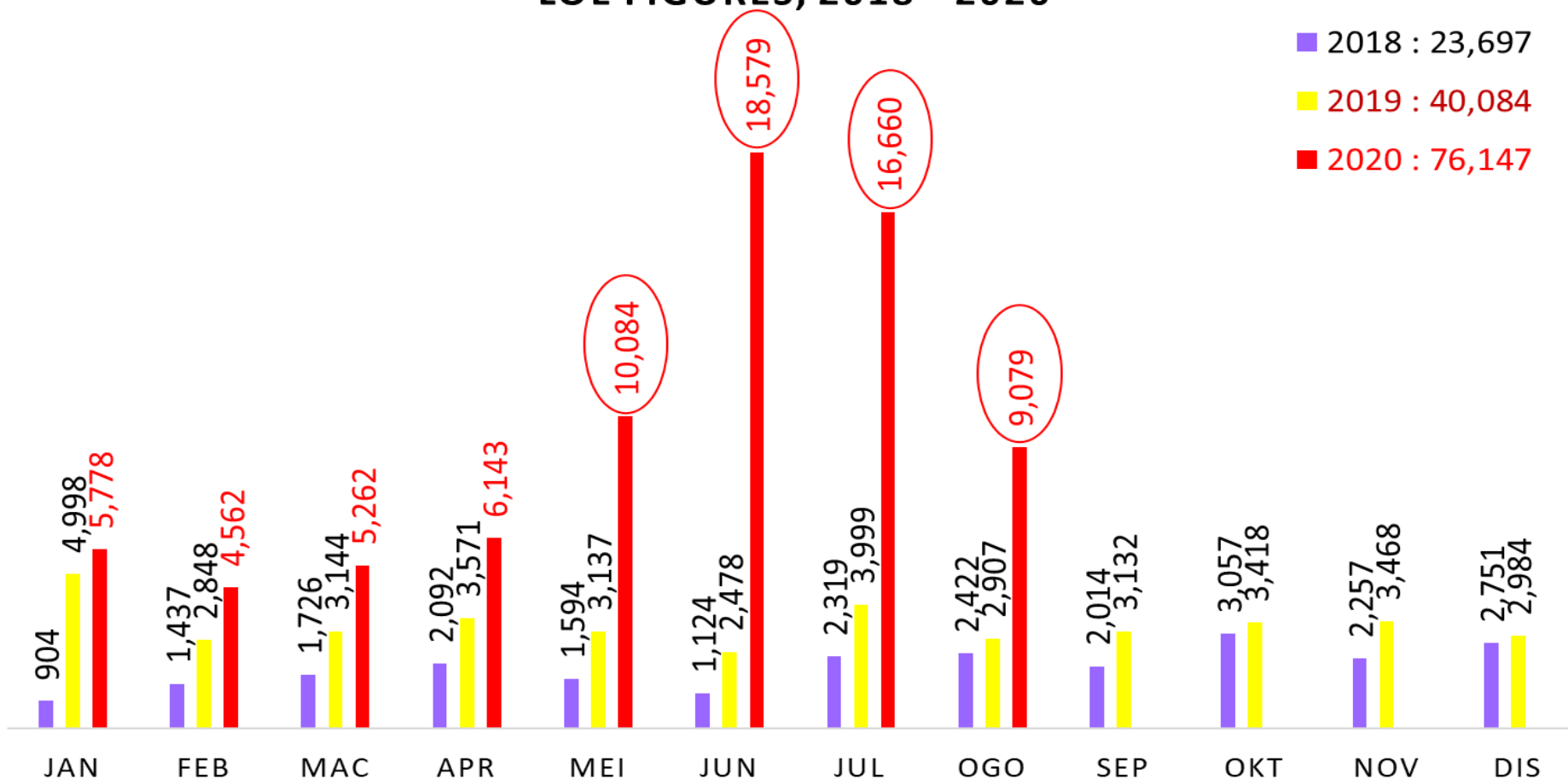
Pay Cuts

- Recent survey by JobStreet revealed that 48% of the respondents (48%) faced a negative impact on their salaries and remuneration.
 - Of these, one in three had even reported a salary reduction of more than 30%
- From newspapers reports:
 - MAS – 10% pay cut for its senior management
 - Malindo Air - 50% salary cut
 - Air Asia - pay cut up to 75%
 - Genting Malaysia Bhd - pay cut up to 20%

Loss of Employment 2018 - 2020

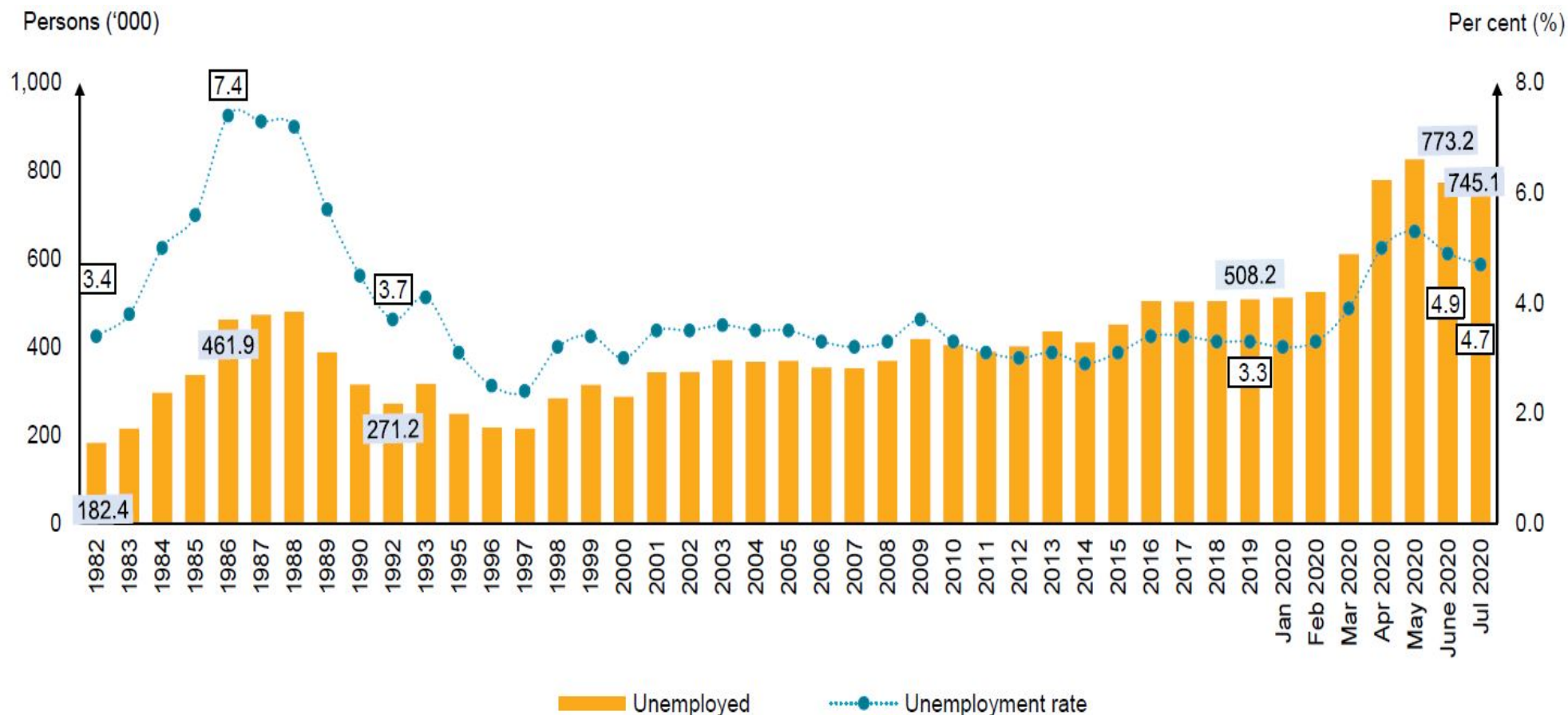
LOE FIGURES, 2018 - 2020

■ 2018 : 23,697
 ■ 2019 : 40,084
 ■ 2020 : 76,147



Source: Weekly Report (Week 35,2020) Employment Insurance System As of 28 August 2020, EIAS, Employment Insurance System Office

Unemployed Persons and Unemployment Rate, 1982 - 2019 and January - July 2020



Source: Department of Statistics, Malaysia

SOURCE: MALAYSIAN ECONOMIC STATISTICS REVIEW - VOL. 5/2020 DEPT OF STATISTICS

Impact on Gig Economy

- The Gig economy before COVID-19 catering for 500K people but now targeted to grow to 2.8 million people
- Mobile and digital platforms have strengthened the gig economy by:
 - expanding access to work opportunities
 - allowed independent workers to showcase their skills, and
 - hiring companies to seek out individuals for specific tasks.

Impact on Gig Economy

- PENJANAGig programme - government assistance initiative announced by the Prime Minister on 5 June 2020, to ensure social security coverage and welfare of self-employed
 - At RM232.80 annually,
 - -Government subsidises 70% (RM163) while
 - 30% (RM69.80) provided by platform provider

Can a Recession Wave of SMEs be Prevented?

- SMEs **not able to restart operations spontaneously** and not able to return to previous levels without:
 - adequate support, both financial as well as through creating an enabling business environment.
- In the absence of governments creating such an environment which is essential for creating a stable, predictable, and incentivizing environment for investment and innovation, growth cannot take place, and productive jobs cannot be created
- MEF is **supportive of policy interventions** being made on a scale which corresponds to the magnitude of labour market disruptions.

Jumpstarting the Engines for Growth Government Support Needed

- Ensuring SMEs' survival during the crisis and equipping them to thrive during the recovery phase is imperative for future growth and long term resilience. This includes :
 - simplification of regulatory environments
 - creating conditions conducive to hiring and training staff
 - eased access to finance
 - relevant digital infrastructure
 - enabling simpler international expansion and operations of SMEs to accelerate global growth and opportunity.
- A healthy and innovative SME sector demands education and training systems equipped to prepare future entrepreneurs :
 - skills,
 - culture
 - widespread acceptance of entrepreneurship as a viable work option.

PROTECTING THE RAKYAT

1 BANTUAN PRIHATIN NASIONAL (BPN)

Recipients
Disbursed

10.19 million
RM10.88 billion



2 EPF I-LESTARI FACILITY

Approved applications
Withdrawals (per month)

4.3 million
RM2 billion



3 ADDITIONAL ELECTRICITY BILL AID (BPET)

Value
Domestic users

RM942 million
7.66 million



STIMULATING THE ECONOMY

1 LOAN REPAYMENT MORATORIUM

Total value
Rakyat
Business sector

RM43.7 billion
RM28.4 billion
RM15.3 billion



2 SMALL-SCALE PROJECTS (PRIHATIN)

Allocated
Distributed

RM4 billion
RM3.76 billion

3 STARTED/PRELIMINARY-STAGE INITIATIVES (PENJANA)

Improved wage subsidy programme
Free 1GB Internet
MY30 unlimited travel pass
Agriculture & food sector support

Allocated:
RM5.3 billion
RM3 billion
RM200 million
RM400 million



SUPPORTING BUSINESSES

1 MICRO-SME SPECIAL GRANT (GKP)

Disbursed
Recipients

RM1.57 billion
524,446



2 WAGE SUBSIDY

Approved
Employers
Employees

RM4.89 billion
303,596
2.4 million



3 EPF EMPLOYER COVID-19 ASSISTANCE PROGRAMME (E-CAP)

Applications
Approved
Value

34,246
8,489
RM56.8 million



4 BNM SME SOFT LOAN FUND

Total
Recipients

RM8.2 billion
19,253



5 MICRO CREDIT SCHEME

Via BSN
Approved
Recipients

RM236.4 million
6,742



Via TEKUN NASIONAL
Approved
Recipients

RM174.63 million
22,843



Employment Retention Programme (ERP)

ERP came into force on 1st March 2020.

- financial aid of RM600 is paid to an employee through his employer on monthly basis for a period of one (1) to six (6)mths
- Payment to employer to be channeled to employee
- Conditions:
 - (a) Employer has issued notice to employees to take unpaid leave for a minimum period of 30 days;
 - (b) Employees have agreed to take unpaid leave;
 - (c) Employers and the employees concerned registered and contributing to Employment Insurance System (EIS)
 - wages of eligible employee not exceeding RM4,000 /month

Wages Subsidy Programme(WSP) -

- (i) Any company that suffered decline of revenue 50% or more as compared to revenue in January 2020 ;
- (ii) Employee registered and contributing to EIS and wages not exceeding RM4,000 / month;
- (iii) Government will subsidise employer RM600 / month / employee for three (3) months;
- Payment to be kept by employer



Additional Economic Stimulus Package (PRIHATIN TAMBAHAN) On 6th April 2020

- WSP effective for 3 months from 1st April 2020 or from the month of application made by employer
- closing date - 15th September 2020.
- RM600 to RM1,200 per month will be paid to an employer in respect of eligible employee

Categories of companies based on size of industry	75 employees & below	76 to 200 employees	Above 200 employees
Amount of wages subsidy	RM1,200 per month per employee	RM800 per month per employee	RM600 per month per employee
Maximum limit of employees	75	200	200
Period of wages subsidy	3 months	3 months	3 months

Status of ERP, WSP and Loan Moratorium

- Up to 5 June, RM121 million has been approved for 202,000 employees under **Employment Retention Program (ERP)**
- As at 24 July, a total of RM8.97 billion had been approved under **Wage Subsidy Program (WSP)** benefitting more than 2.58 million employees
- On **loan repayment moratorium** that took effect on April 1, the total value of the moratorium was estimated at RM62.8 billion as of July 24.
 - RM21.9 billion benefitted the business sector
 - RM40.8 billion benefitted the people.

Hiring Incentive Programme (PenjanaKerjaya)

hireMalaysia

4 Select categories available under Hiring Incentive

- **#MYApprentice**

Hiring incentive of RM600 per month up to 6 months applicable for employers who hire jobseekers seeking apprenticeships or traineeships.

- **#hireMalaysia**

#hireMalaysia40 Incentive of RM800 per month up to 6 months and training, applicable for employers who employ local jobseekers aged **40 years and below**.

#hireMalaysia40+ Incentive of RM 1000 per month up to 6 months and training, applicable for employers who employ local jobseekers aged **40 years and above**.

#hireMalaysiaOKU Incentive of RM1000 per month up to 6 months and training, applicable for employers who employ local jobseekers including **Persons with Disabilities and SOCSO's Return to Work Program participants**.

- **Hiring Incentive Programme (PenjanaKerjaya)**
- Economic recovery initiative under Ministry of Human Resource
- Administered by SOCSO's National Employment Services
 - To promote job creation among employers
 - Increase employment prospects

Source:

<https://www.perkeso.gov.my/index.php/en/hiring-incentive-and-training-programme>

Status Report of MYFutureJobs

- **PENJANAKerja** - hiring incentive and training assistance programme, with a Government allocation of RM1.5 billion.
- As at 6 July 2020, through the MYFutureJobs initiative:
 - 106,308 job vacancies were advertised,
 - 123,919 job seekers were registered

(SOURCE: SPEECH OF YB TENGKU DATO' SRI ZAFRUL TENGKU ABDUL AZIZ, MINISTER OF FINANCE, 12th LAKSANA REPORT IMPLEMENTATION OF THE PRIHATIN RAKYAT ECONOMIC STIMULUS PACKAGE (PRIHATIN) AND NATIONAL ECONOMIC RECOVERY PLAN (PENJANA) 8 JULY 2020)

PROGRAM INSENTIF PENGAMBILAN PEKERJA & BANTUAN LATIHAN



Jumlah mendapat pekerjaan

7,543 pekerja

MERANGKUMI:

Bawah umur 40 tahun

5,302

Umur 40-60 tahun

1,212

OKU

66

Perantis

963

(SOURCE: SPEECH OF YB TENGKU DATO' SRI ZAFRUL TENGKU ABDUL AZIZ, MINISTER OF FINANCE, 15th LAKSANA REPORT IMPLEMENTATION OF THE PRIHATIN RAKYAT ECONOMIC STIMULUS PACKAGE (PRIHATIN) AND NATIONAL ECONOMIC RECOVERY PLAN (PENJANA) 4 AUGUST 2020)

Kita Prihatin Wage Subsidy 2.0

KitaPrihatin WAGE SUBSIDY 2.0 PROGRAMME



Allocation of
**RM2.4
BILLION**

Expected to benefit
**1.3 MILLION
WORKERS**

Application open from
**OCT 1 -
DEC 31, 2020**



Given to employers still affected by RMCO* and companies experiencing revenue decrease of at least 30%



Applicants who have never been recipients of the Wage Subsidy Programme are eligible for a maximum of 6 months of wage subsidy



Up to 3 months of wage subsidy at RM600 per month/employee, with a maximum eligibility of 200 employees



Companies registered with SOCSO** are eligible to apply until Aug 31, 2020

*RMCO - Recovery Movement Control Order
**SOCSO - Social Security Organisation

Source: Prime Minister Tan Sri Muhyiddin Yassin

Published: Sept 23, 2020
Bernama Infographics



Applicable for affected industries

Key conditions:

- At least **30% drops** in sales
- Registered with SOCSO before **01/09/2020**
- **RM600/mth for 3 months**
- **New applicants entitled for 6 months subsidy**

More updates follow FB:
[Business Advisory Services](https://www.facebook.com/BusinessAdvisoryServices)
www.bas.com.my

<https://www.facebook.com/BusinessAdvisoryServices/photos/pcb.3419736768084411/3419719024752852/?type=3&theater>



Redeployment and Reskilling

- As companies decide on strategies that will shore up the future of business, they need to map out which skill pools will be needed to drive it forward.
 - Rapidly **identify skills** for business recovery :
 - E.g., if you are moving from in-store sales to predominately home deliveries, the tech team and logistics coordinators will have a greater impact on the new strategy
- At Industry /National levels
 - Redeployment**: shift workforce to other businesses of more demand, and reskill or upskill them.
 - E.g. from restaurant business to fresh produce delivery
 - Air Asia staff deployed to food delivery business

Move Towards Digitisation

- Digital technology lies at the core of the transition
 - enabling organizations to better meet needs of their customers
 - improving the agility and responsiveness of operations
- Companies need to seriously consider:
 - automating processes
 - developing self-service systems for customers
 - digitization

Challenges of SMEs in Adoption of new Technology

- Challenges faced by SMEs in adoption of new technology:
 - costs
 - limited technical skills
 - incomplete physical and digital infrastructure
 - competition from more established firms
 - poor social-security nets

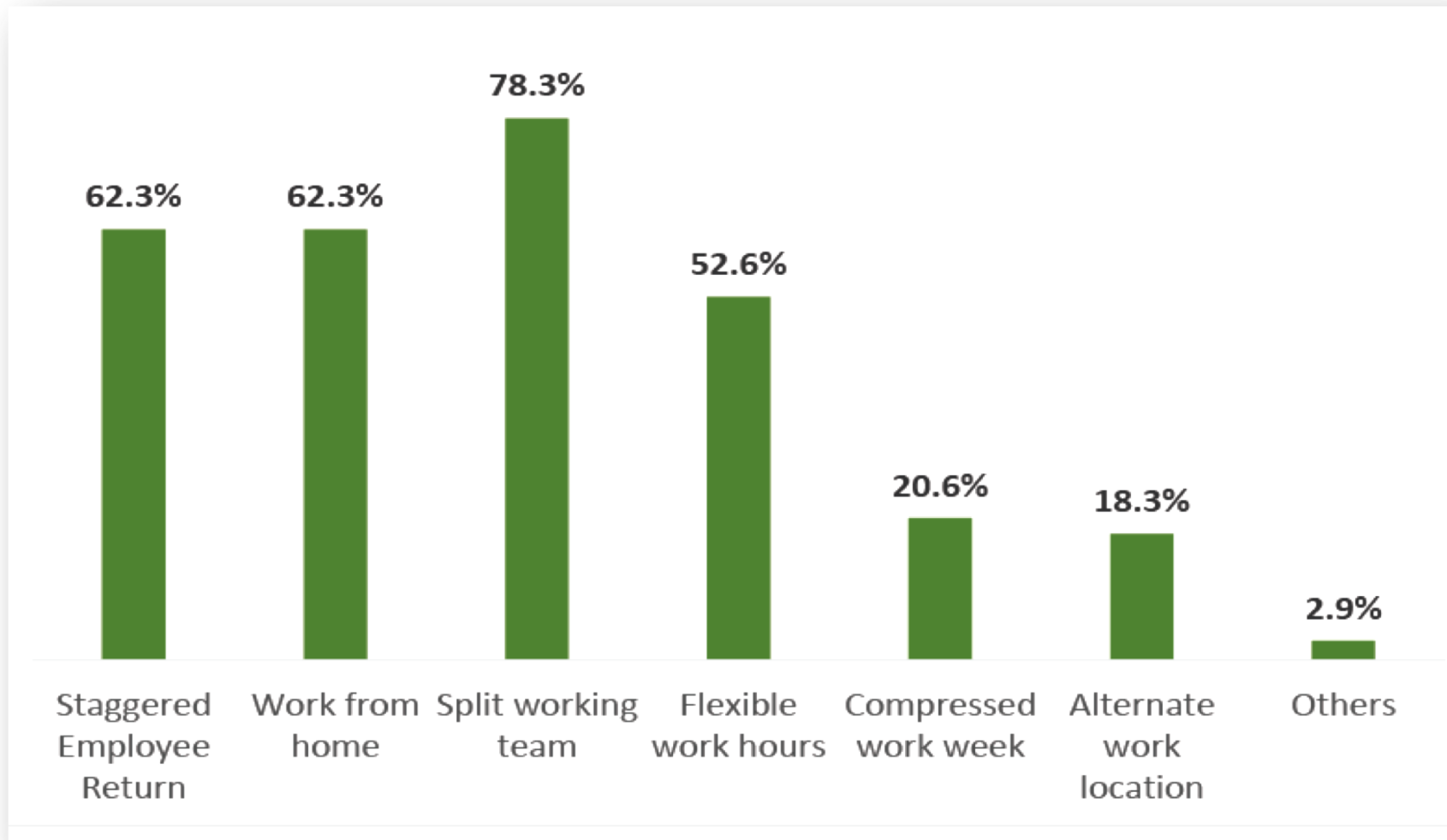


Preventive Risk Management for Companies to Develop for Future External Shocks

- For businesses combating external shocks require
- Businesses risk management strategies:
 - Business Continuity Strategy
 - identify critical functions and staff, determining activities that must continue to support the business.
 - reprioritization of product line to respond to market impacts associated with the threat, increase safety stock levels and stockpile essential supplies
 - Crisis Communications Plan
 - Employers need to develop accurate information about the threat and the company's response efforts and speedily deliver facts to employees
 - Information Technology Disaster Recovery
 - Support resource requirements of alternative work strategy and options for technology services



Flexible Work Arrangements Adopted



Source: MEF Survey on the Preparedness of Companies to Business Continuity During and After MCO , 19 April - 1 May 2020

Work From Home Arrangements

- In order to support health, safety, and well-being of employees, companies have taken the following proactive measures:
 - Allowed staff to work from home to look after children in case of school/nursery closures (37.6%)
 - Ensured staff have a dedicated help line or contact to share concerns about COVID-19 (69.7%)
 - Provided additional support to those struck by COVID-19 (51.1%)
 - Provided additional expenses to allow for changes in work environment (29.3%)

Source: MEF Survey on the Preparedness of Companies to Business Continuity During and After MCO , 19 April - 1 May 2020



Employers Responsibilities and Common Challenges Of Remote Work

■ Employer Responsibilities

- Ensure employees equipped to work from home securely .
- Provide necessary tools like lap top and software and hardware with proper secure online access.
- Have facilities for video/audio conferencing
- Have proper WFH policy in place for employees to refer to for proper guidance.

Challenges

- Lack of face-to-face supervision
- Lack of access to information
- Social isolation
- Distractions at home

