



# ACCCIM M-BECS 2H 2020 and 1H 2021F

*15 March 2021*



# Key agenda



M-BECS

**ACCCIM M-BECS: Survey Coverage**



**Sentiment Tracker for 2H 2020, 2021E and 2022F**



**Business Pulse Diagnosis**



**Current Issues**




**Conclusion**

# Survey coverage

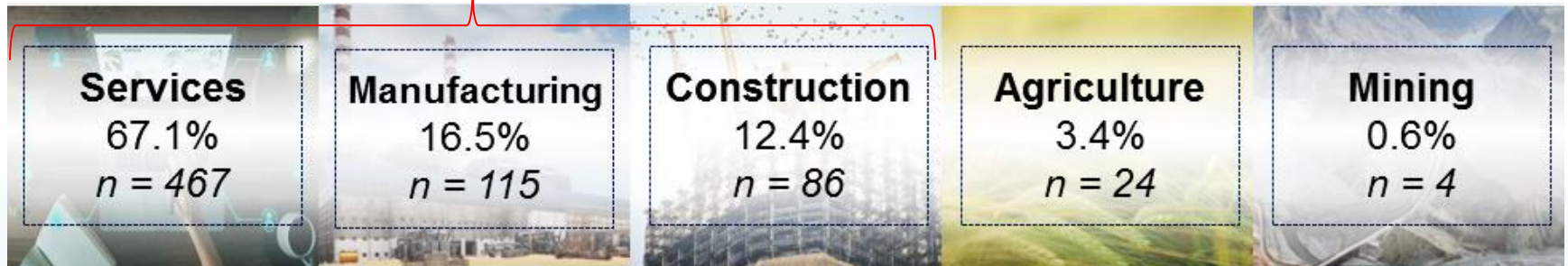
- **ACCCIM Malaysia's Business and Economic Conditions Survey (M-BECS)** is a key market barometer measuring **business sentiments and expectations** of their **business prospects and economic outlook**.
- The survey, which was conducted between **16 Nov 2020 and 15 February 2021** covers the **second half-year of 2020 (Jul-Dec or 2H 2020)** and **expectations for the first half-year (Jan-Jun or 1H 2021) of 2021** as well as **outlook for 2022**.
- M-BECS aims to gauge:
  - Economic and Business Performance and Outlook;**
  - Factors Affecting Business Performance;** and
  - Current Issues Confronting Businesses.**



# Profile of respondents

 **696 companies** covering a broad-based of sectors and industries

## By sector: **96.0%**



## Top FIVE industries (75.9%):

-  Wholesale and retail trade (21.0%)
-  Manufacturing (16.5%)
-  Professional and business services (15.7%)
-  Construction (12.4%)
-  Tourism, shopping, hotels, restaurants, recreation and entertainment (10.3%)


## By size


**Large enterprises (8.0%)**

**SMEs (92.0%)**

- Micro: 29.0%
- Small: 48.9%
- Medium: 14.1%

## By sales orientation

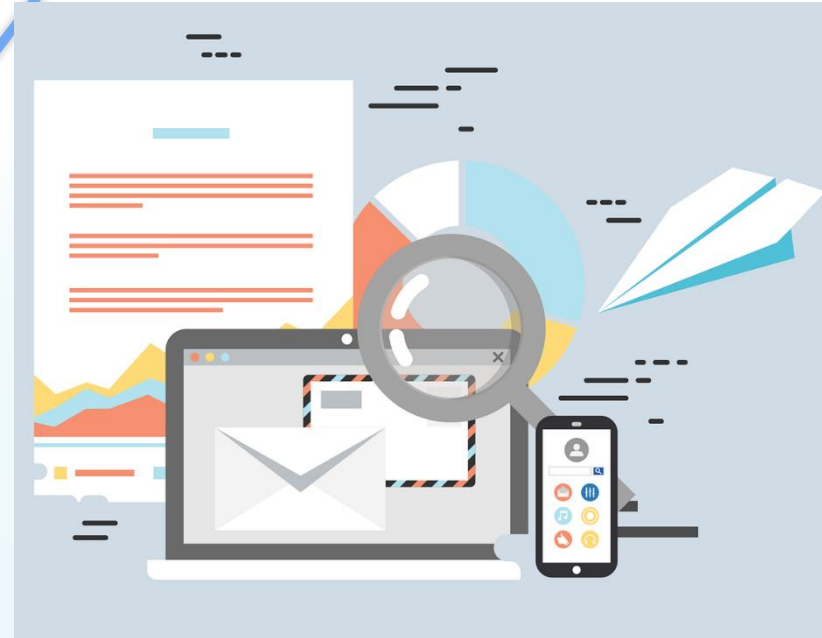
 **Domestic market (78.6%)**

 **Overseas market (14.8%)**

 **Neutral (6.7%)**

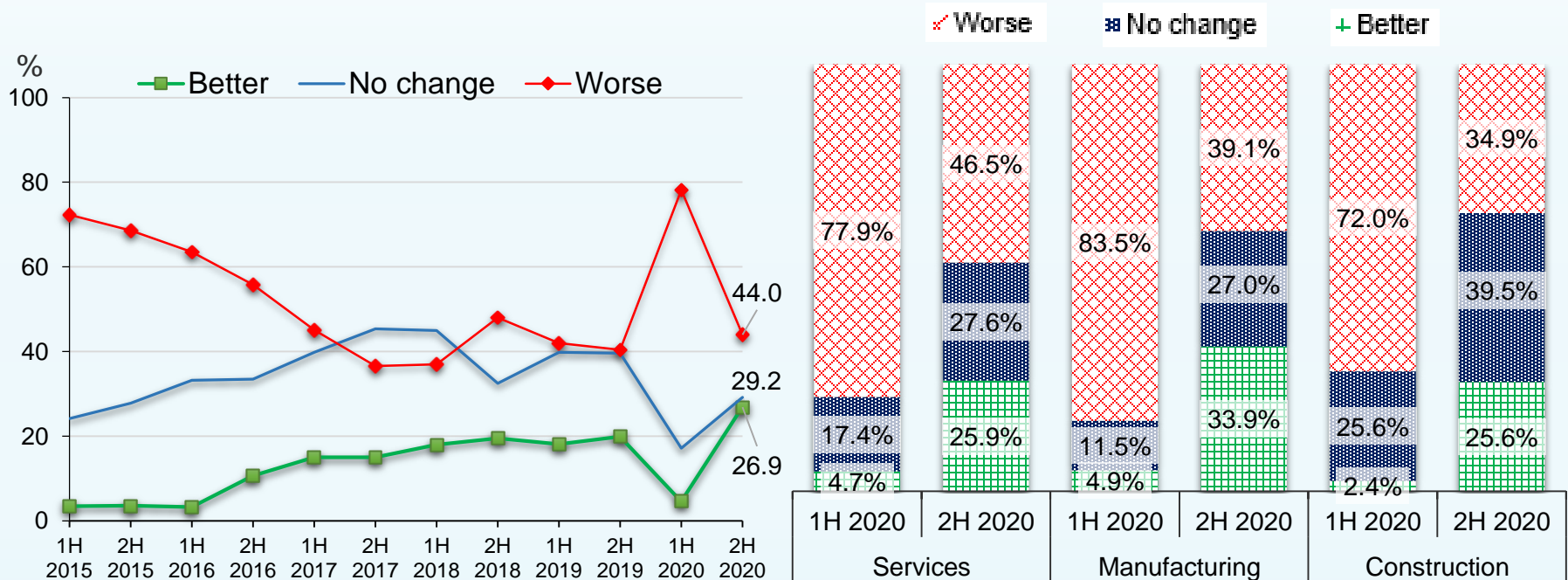
*Note: Numbers may not add up to 100.0% due to rounding, which are also applied for the rest of the report.*

# **M-BECS 2H 2020 and 1H 2021F Sentiment Tracker**



# Continued sluggish business conditions in 2H 2020

- In tandem with the prolonged impact of the pandemic, business conditions remained **challenging in 2H 2020**, albeit disproportional impact between sectors and size of business operations. **44.0% of respondents experienced worse business conditions in 2H 2020** though the percentage share reduced by 34.2 percentage points from 78.2% in 1H 2020.
- The sectors having more than 50% of respondents indicated **“Worse” business conditions** were **tourism, shopping, hotels, restaurants, recreation and entertainment (“tourism-related sector”) (75.0%)** and **real estate (52.9%).\***

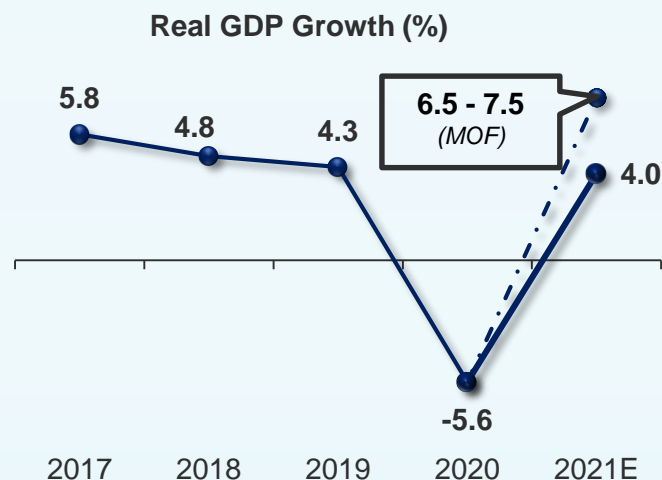


\* Only accounted for sectors with a sample size above 30, which is also applied for the rest of the report.

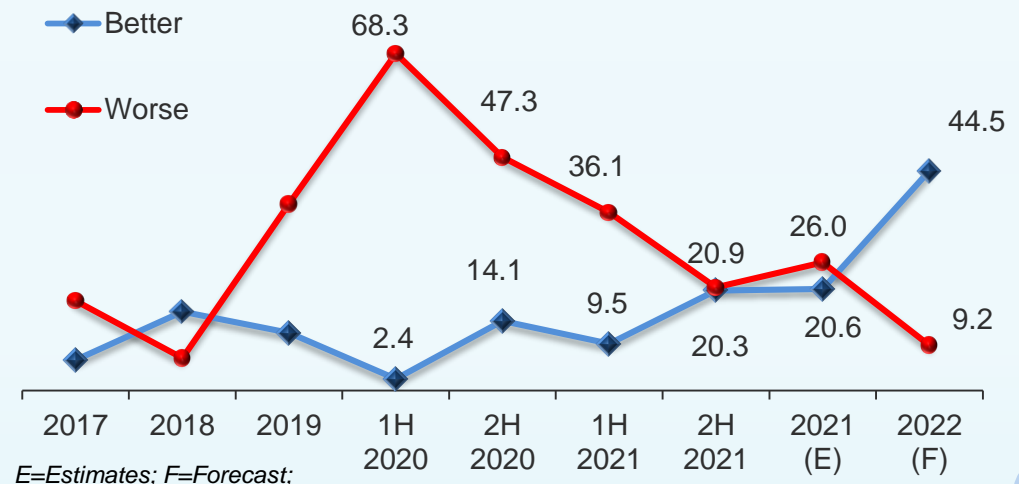


# Treading cautiously about economic prospects

- A higher percentage of respondents (47.3%) indicated that economic conditions were worse-off in 2H 2020; only 14.1% of respondents reporting “Better”; and 38.6% were “Neutral”.
- Pinning hopes on the accelerated national immunisation program, the respondents anticipate better economic prospects in 2H 2021 (“Better”: 20.3%; “Worse”: 20.9%) compared to 1H 2021 (“Better”: 9.5%; “Worse”: 36.1%).
- Better economic optimism in 2022. 44.5% of respondents are expecting better economic prospects for 2022; only 9.2% forecasting “Worse” economic outlook while 46.3% voted for “Neutral”.

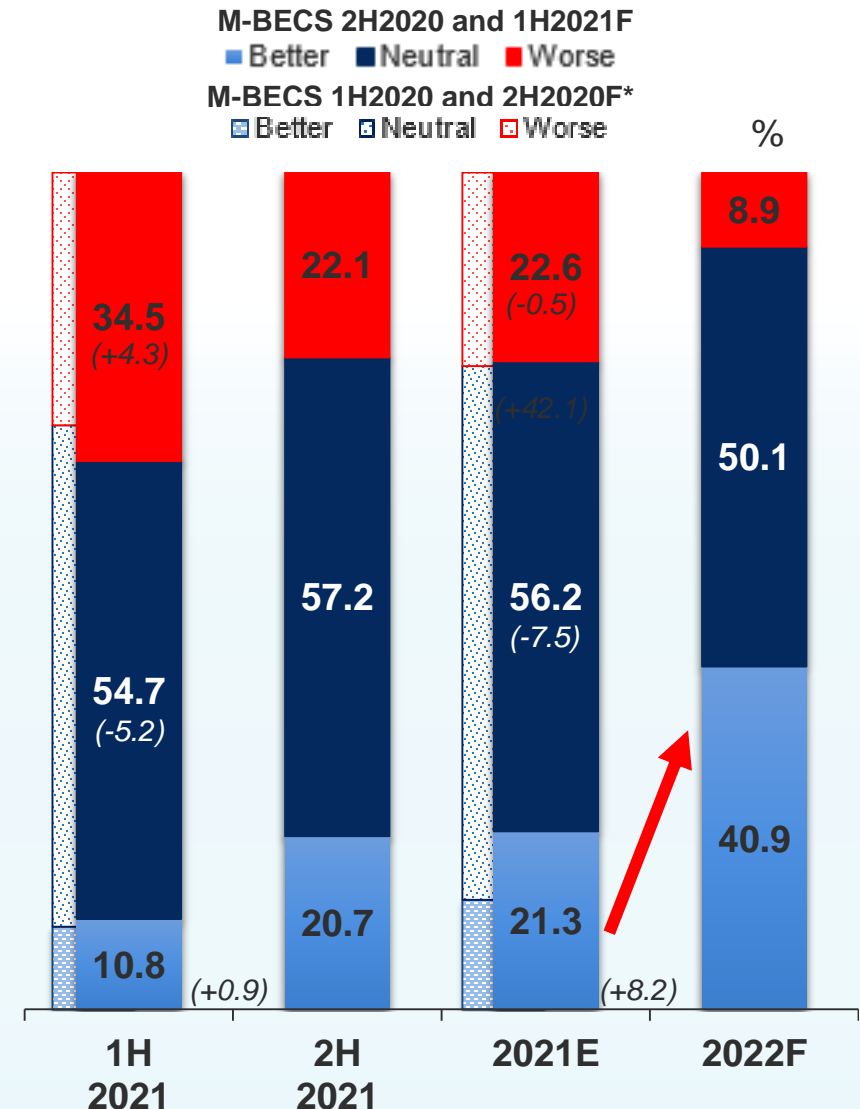


Source: DOSM; MOF; SERC estimates



# Business conditions and prospects

- A mixed view about business conditions in 2H 2020. 44.1% of respondents experienced worse business conditions in 2H 2020 while 40.4% cited “Neutral”.
- The acceleration of vaccination program holds the key to sustain strong consumer and business sentiment ahead, and paving the way for the normalcy of activities.
- Most respondents maintained a “Neutral” view on business conditions in 1H 2021 (54.7%) and 2H 2021 (57.2%).
- A higher number of respondents (40.9%) is expecting better business prospects in 2022.



Note: E=Estimates; F=Forecast; \* denotes data obtained from previous survey.  
 Figure in ( ) denotes changes in % respondents from previous survey



# Comparison between “M-BECS 1H 2020 and 2H 2020F” and “M-BECS 2H 2020 and 1H 2021F”

## Economic prospects

	Overall								
	2H2020			1H 2021			2021		
	<i>Est.</i>	<i>Act.</i>	<i>Changes</i>	<i>Est.</i>	<i>Est.(R)</i>	<i>Changes</i>	<i>For.</i>	<i>Est.</i>	<i>Changes</i>
	%	%		%	%		%	%	
<b>Better</b>	2.4	14.1	▲	10.1	9.5	▼	13.7	20.6	▲
<b>Neutral</b>	28.7	38.6	▲	59.8	54.4	▼	61.7	53.4	▼
<b>Worse</b>	68.9	47.3	▼	30.2	36.1	▲	24.5	26.0	▲

## Business prospects

	Overall								
	2H 2020			1H 2021			2021		
	<i>Est.</i>	<i>Act.</i>	<i>Changes</i>	<i>Est.</i>	<i>Est.(R)</i>	<i>Changes</i>	<i>For.</i>	<i>Est.</i>	<i>Changes</i>
	%	%		%	%		%	%	
<b>Better</b>	2.8	15.5	▲	9.9	10.8	▲	13.1	21.3	▲
<b>Neutral</b>	32.9	40.4	▲	59.9	54.7	▼	63.7	56.2	▼
<b>Worse</b>	64.3	44.1	▼	30.2	34.5	▲	23.1	22.6	▼

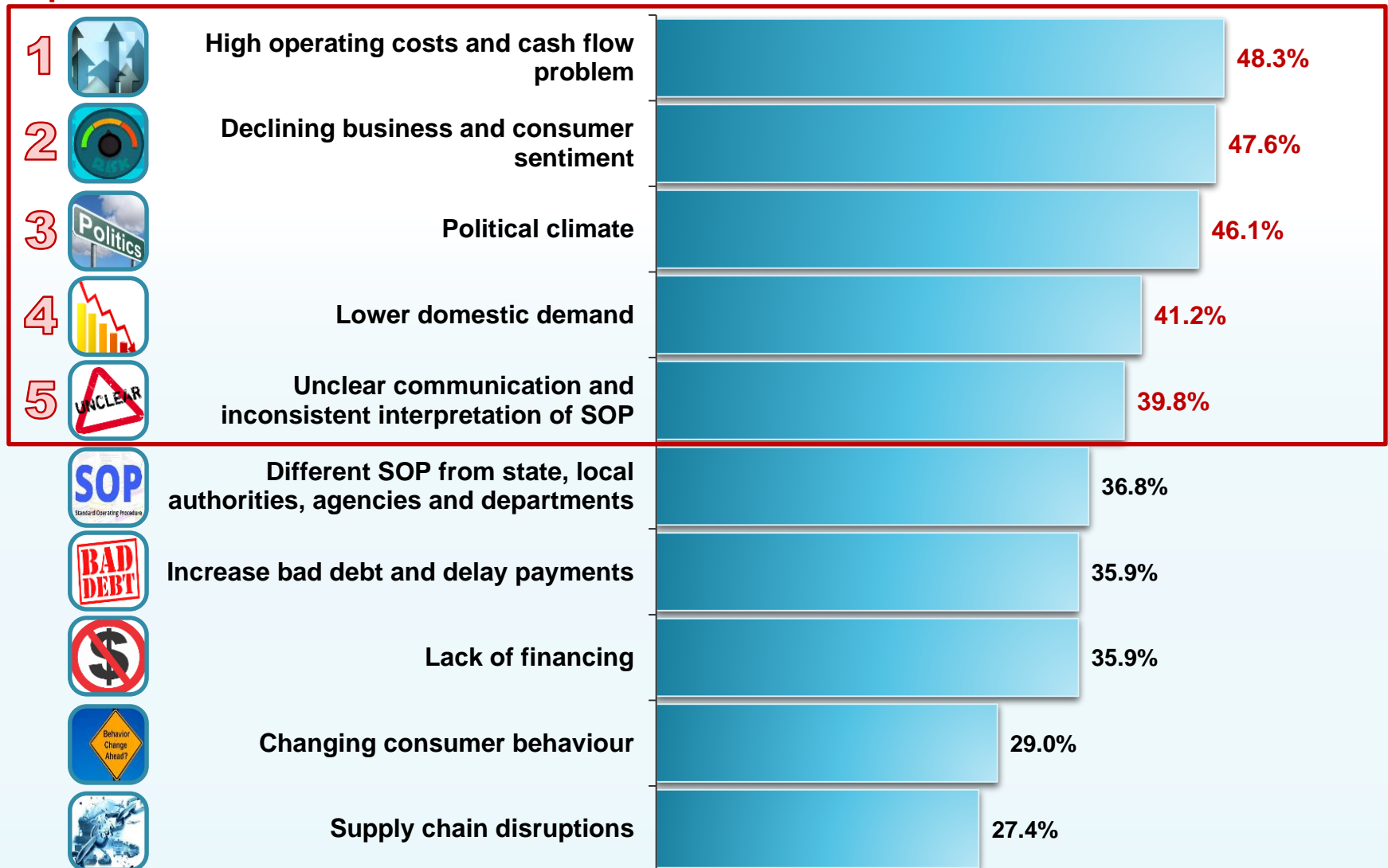
Act. = Actual; Est. = Estimates; Est.(R) = Revised estimates; For. = Forecast

# **M-BECS 2H 2020 and 1H 2021F Sentiment Tracker**



# Factors affecting the performance of business

## Top five factors ...





## High operating costs and cash flow problem (48.3%)

- **3Cs (Cost, Credit, Cash flow)** were rated by **74.4% respondents as their top concern** under the prolonged impact of the pandemic, which has caused different magnitude of demand retrenchment and supply disruptions as well as movement restrictions.
- **48.3%** indicated that **high operating costs and cash flow problem** had dampened their business performance in 2H 2020, higher than 44.1% in previous survey.
- **80.7% of respondents** indicated that their **current cash flow level is unable to cover business operations/productions, raw materials/inventory and manpower** for more than six months.



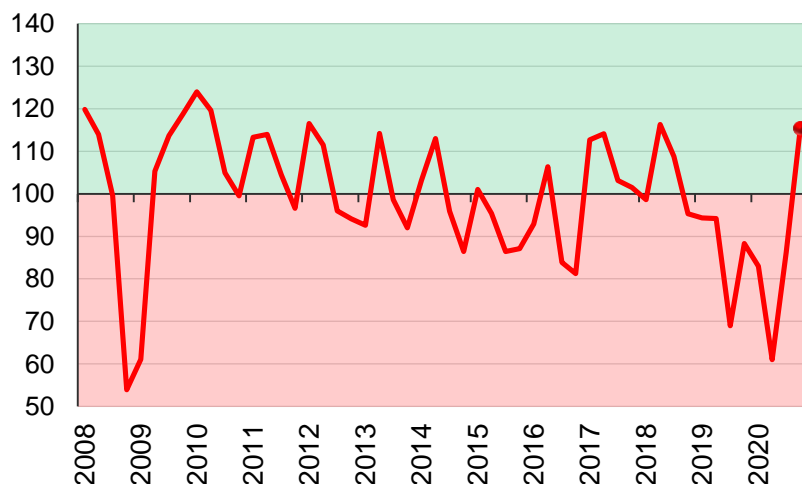


# Declining business and consumer sentiment (47.6%)

- MIER Consumer Sentiments Index (CSI) has shown persistent pessimism in consumer sentiment.
- The latest DOSM's Business Tendency Survey showed that **businesses have turned more cautious going into 1Q 2021**.
- **A sustained turnaround in both business and consumer sentiments** hinges on the accelerated containment of the virus spread and vaccination program, improved domestic economic outlook, clear policy narrative and easing investors' concerns about domestic political situation.

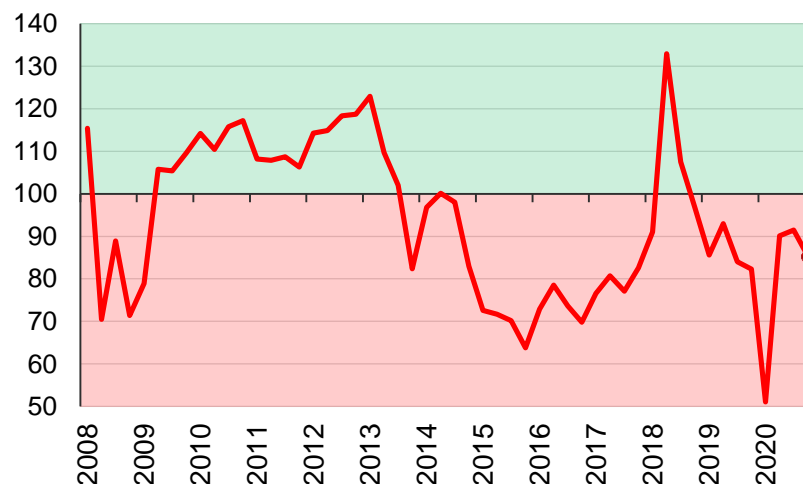
**Business Conditions Index (BCI)**

Above 100= Optimism; Below 100 = Pessimism



**Consumer Sentiments Index (CSI)**

Above 100= Optimism; Below 100 = Pessimism





## Political climate (46.1%)

- Since the 14th General Election and an abrupt change in Federal Government in 2020, Malaysia has been marred by lingering political leadership uncertainty, constant political bickering and the bouts of political tension.
- Investors are concerned that these developments would **distract the policy makers' focus on fighting the COVID-19 pandemic and reviving the economy.**
- **Political stability** is key to **macroeconomic stability and growth** amid the prolonged lingering impact of the COVID-19 pandemic.
- Uncertainties associated with an **unstable political environment may reduce investment and the pace of economic development.**







## Lower domestic demand (41.2%)

- **Weak consumer sentiment, still-high unemployment rate** (4.9% at end-January 2020) and **continued high number of loss of employment** (Employment Insurance System (EIS) reported 15,669 employees have lost employment in Jan- 3 March 2021; 107,024 employees in 2020 and 40,084 employees in 2019), **reduced income** as well as **lower or no salary increment have a knock-on impact on domestic demand**.
- In 2H 2020, **58.3% of respondents** reported a **decrease in domestic sales volume**, particularly in the **tourism-related sectors (67.3%)** as well as **wholesale and retail trade industry (63.5%)**.
- While the vaccination program helps to lift sentiment and release pent-up demand, **stable income growth and job security would underpin a sustained turnaround in consumer spending**. It must be noted that some of the cash assistance and cash flow relief measures are one-off and will eventually wear off.





# Unclear communication and inconsistent interpretation of SOP (39.8%)

- 39.8% of respondents commented that unclear communication, inconsistency of interpretation and the enforcement of SOP have caused confusion and anxiety, adding unreasonable burdens on businesses.
- Uniformity and standardization of regulations between the Federal, states and local authorities are vital to provide certainty to businesses.
- Unable to keep up with frequent changes in SOP resulting in being slapped with unnecessary penalty. Apply some leniency in the handling of unintentional violations via educational approach instead of overly strict enforcement.

The collage consists of four posters from the Malaysian government, dated 13 January 2021, regarding the SOP PKP (SOP for Movement Control Order).

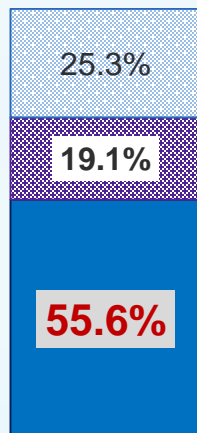
- Top Left Poster:** Titled "SOP PKP AKTIVITI TIDAK DIBENARKAN" (SOP PKP Activities Not Allowed). It lists prohibited activities: "Pergerakan rentas daerah dan rentas negeri dalam kawasan PKP tanpa kebenaran PDMM" (Cross-state movement in PKP area without PDMM approval), "Pergerakan keluar dan masuk kawasan PKP tanpa kebenaran PDMM" (Entering/exiting PKP area without PDMM approval), and "Dobi layan" (Laundromat). It also mentions "Pergerakan pegawai kerajaan dan pekerja dari Muhi Basmali & Tidak" (Movement of government officials and workers from Muhi Basmali & Tidak).
- Top Right Poster:** Titled "SOP PKP KAWALAN PERGERAKAN" (SOP PKP Movement Control). It states the radius is "TIDAK LEBIH 10KM" (Not more than 10KM) and lists allowed activities: "Hanya 2 orang wakil isi rumah keluar untuk mendapatkan bekalan keperluan asas harian" (Only 2 household representatives leave for daily necessities) and "haja termasuk luar untuk n atau perubahan" (must include outside for n or change).
- Bottom Left Poster:** Titled "SOP PKP AKTIVITI DALAM KAWASAN PKP" (SOP PKP Activities in PKP Area). It lists permitted activities: "Pengilangan" (Manufacturing), "Pembinaan" (Construction), "Perkhidmatan" (Services), "Perdagangan pengedaran" (Trade distribution), and "Perladangan dan Komoditi" (Agriculture and commodities). It also mentions "Semua sektor dalam senarai perkhidmatan perlu yang berdaftar dengan Kementerian / Agensi yang berkaitan boleh beroperasi dalam tempoh PKP" (All sectors in the service list need to be registered with the relevant ministry/agency to operate during PKP) and "Pergerakan pekerja adalah tertakluk kepada pendaftaran / surat kelulusan beroperasi dan pas pekerja/surat pengesahan majikan" (Worker movement is subject to registration / operating license and worker pass/employer confirmation letter).
- Bottom Right Poster:** Titled "SOP PKP PROTOKOL KESIHATAN" (SOP PKP Health Protocol). It lists health protocols: "Pastikan pelanggan daftar masuk di premis menggunakan MySejahtera atau menulis secara manual nama & nombor telefon serta mengimbas suhu badan" (Ensure customers register at the premise using MySejahtera or write name and phone number manually and scan body temperature), "Pekerja, pembekal & pelanggan diwajibkan memakai pelitup muka dengan betul mengikut saranan KKM ketika berada di premis" (Employees, suppliers, and customers are required to wear face masks correctly according to KKM advice when at the premise), "Diwajibkan memakai pelitup muka terutama apabila berada di tempat awam yang sesak" (Mandatory face mask wearing especially in crowded public places), and "Kawalan keluar masuk pelanggan ke premis dengan penjarakan fizikal 1 meter" (Control customer entry/exit to the premise with 1 meter physical distancing).

# Exclusive Business Assessment

More than half of the respondents reported that their business sales have yet to recover from the pre-pandemic level.

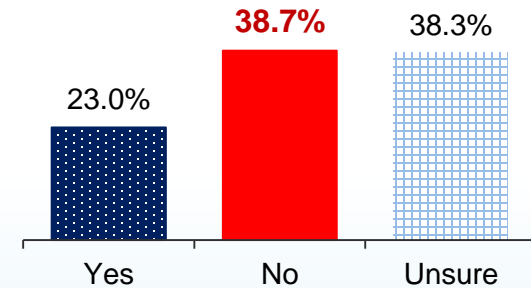
## Business sales against pre-pandemic level

- Higher than pre-pandemic level
- Same as pre-pandemic level
- Below pre-pandemic level



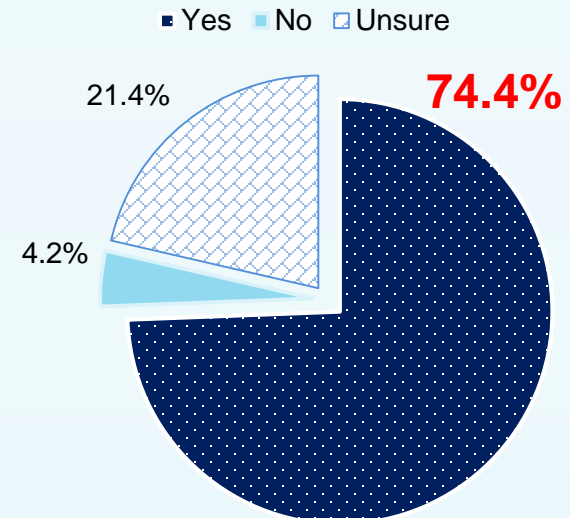
## Businesses' level of confidence on an economic recovery in 2021

Are you confident of economic recovery in 2021?



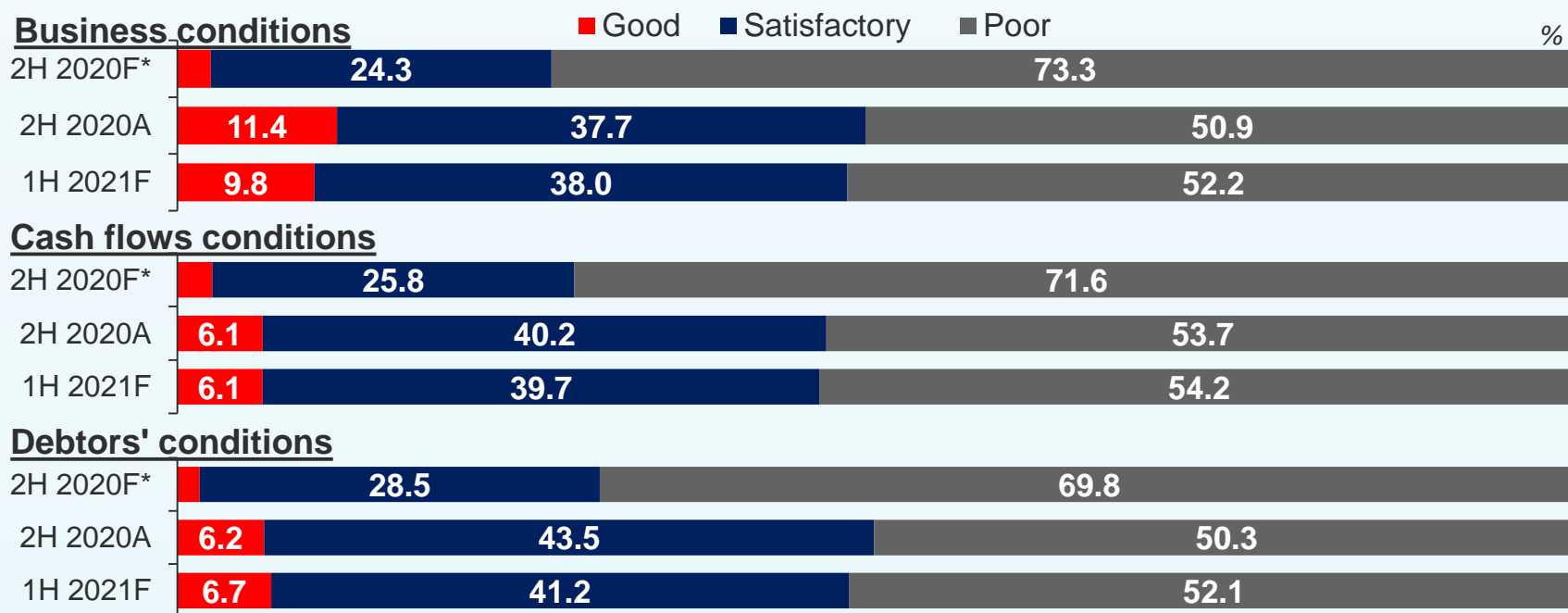
## 74.4% of businesses still concerned about 3Cs (Cash flow, Cost and Credit)

Are you still concerned about 3Cs (Cash flow, Cost and Credit)?



# Business assessment in 2H 2020 and 1H 2021F

- **50.9% of respondents rated “poor business conditions” in 2H 2020** as the re-implementation of MCO 2.0 and CMCO would result in some scarring effects on output and revenue for businesses, albeit not as severe as MCO 1.0.
- **53.7% suffered “poor cash flow conditions” in 2H 2020** (vs. 71.9% in 1H 2020). Critical cash flow conditions were felt by **tourism-related sectors (69.6% of respondents)**.
- **50.3% indicated poor debtors’ conditions in 2H 2020**, particularly among **tourism-related sectors (63.8%)** and **construction sector (54.8%)**.



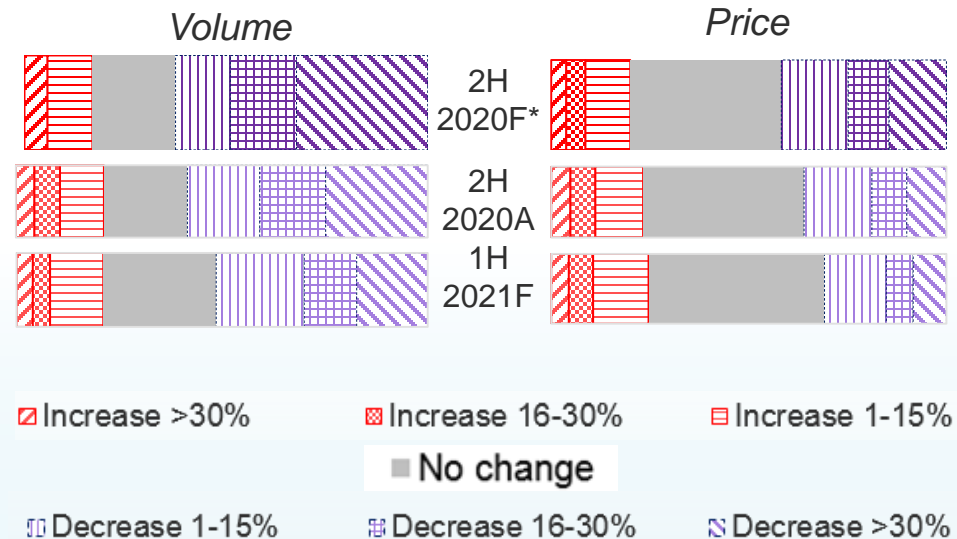
Note: A=Actual; F=Forecast;

\* The results of 2H 2020F were from previous survey (M-BECS 1H 2020 and 2H 2020F).

# Business operations diagnosis

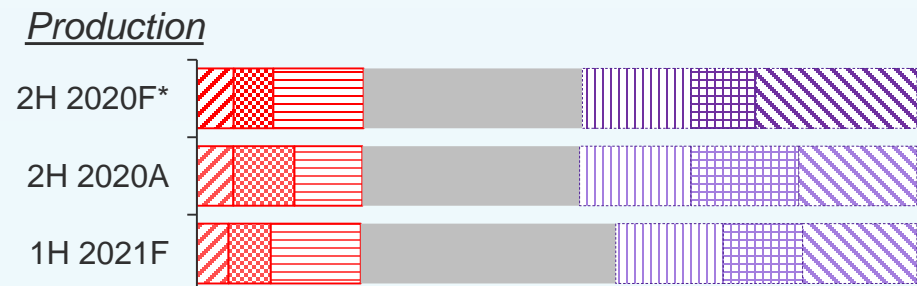
## Domestic sales - Hit by the COVID-19 & re-implementation of MCO and CMCO

- **58.3% of respondents** reported a **decrease in domestic sales volume in 2H 2020**, of which **24.8%** have experienced a **decrease of more than 30%.**
- **Domestic sales prospects are expected to remain weak in 1H 2021** given the sharp escalation of daily new COVID-19 cases during the survey period as well as the re-implementation of MCO and CMCO starting in January 2021.



## Production – weak market sentiment and lower demand

- **46.9% of respondents** reported a **decline of production level in 2H 2020.**
- **In the construction sector, more than 50% of respondents suffered a drop in production**, of which 26.4% registering a drop of 1%-15%.

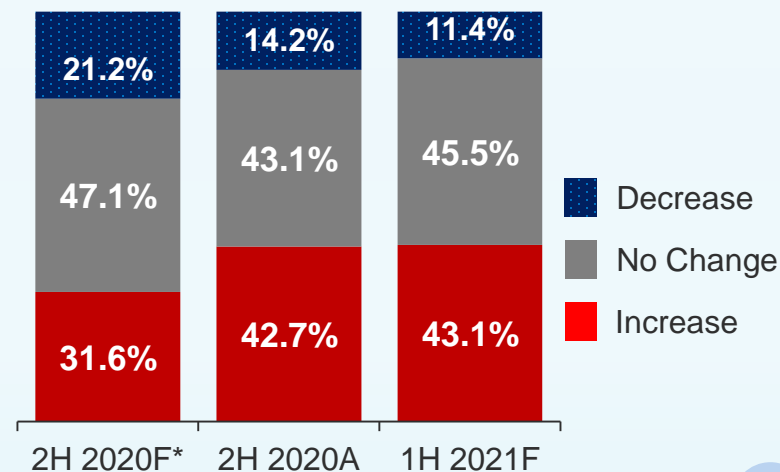
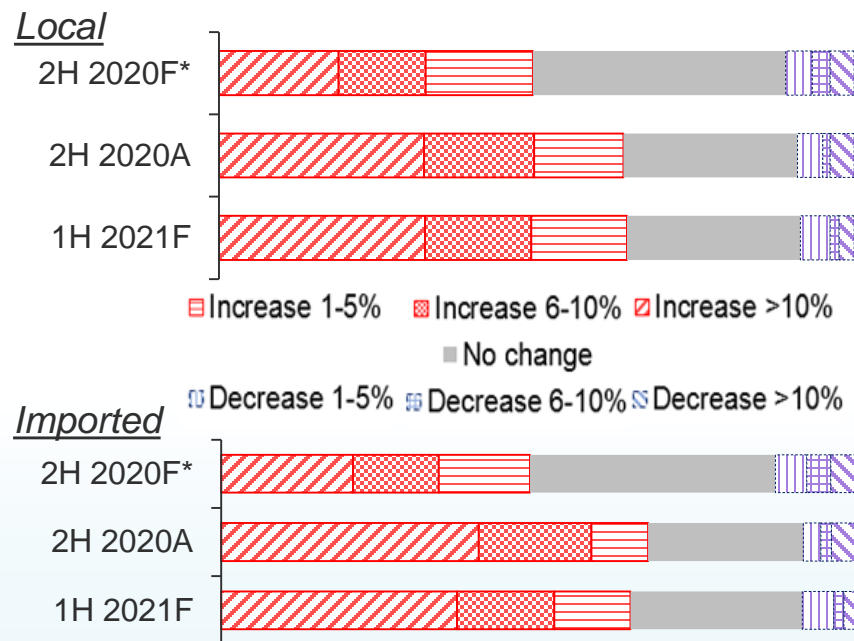


## Rising cost of raw materials fuel increased cost of production

- Overall, more than 60% of respondents reported that both prices of local and imported raw materials have increased significantly in 2H 2020.
- Both prices of local and raw materials are expected to remain elevated in 1H 2021.











































## Capital spending recovering gradually

- In 1H 2021, overall capital investment prospects remain unchanged, as investors continued to adopt a wait-and-see approach, pending more certainty in business and economic recovery prospects in 1H 2021 amid the on-going vaccination program.
- While nearly half of the respondents (45.5% vs. 43.1% in 2H 2020) will maintain their capital expenditure, about the same percentage of respondents (43.1% vs. 42.7% in 2H 2020) will increase their capital spending.





# By sector scorecard - 1H 2021F vs 2H 2020

	Business conditions	Production	Sales (Volume)		Cost of raw materials		Capital expenditure
			Local	Overseas	Local	Imported	
Overall							 
 Wholesale & retail trade							
 Manufacturing							
 Professional & business services				 			
 Construction				 			

 Good
  Satisfactory
  Poor
  Increase
  No change
  Decrease

# **M-BECS 2H 2020 and 1H 2021F**

## **Current Issues**

### **1. Reskilling and Upskilling of Manpower**



# The growing importance of soft skills in the workplace

- **56.2% of respondents** are more inclined to hire people with **hard skills over soft skills for entry level**. For **mid-level (non-managerial)**, respondents are keen to place equal emphasis on both **hard skills (48.3%)** and **soft skills (51.7%)**.
- However, most employers have **placed lesser emphasis on hard skills** but **significantly emphasised on soft skills** when making a hiring decision on **senior positions**. (**77.3% for senior-level (managerial)** and **74.3% for executive level**).

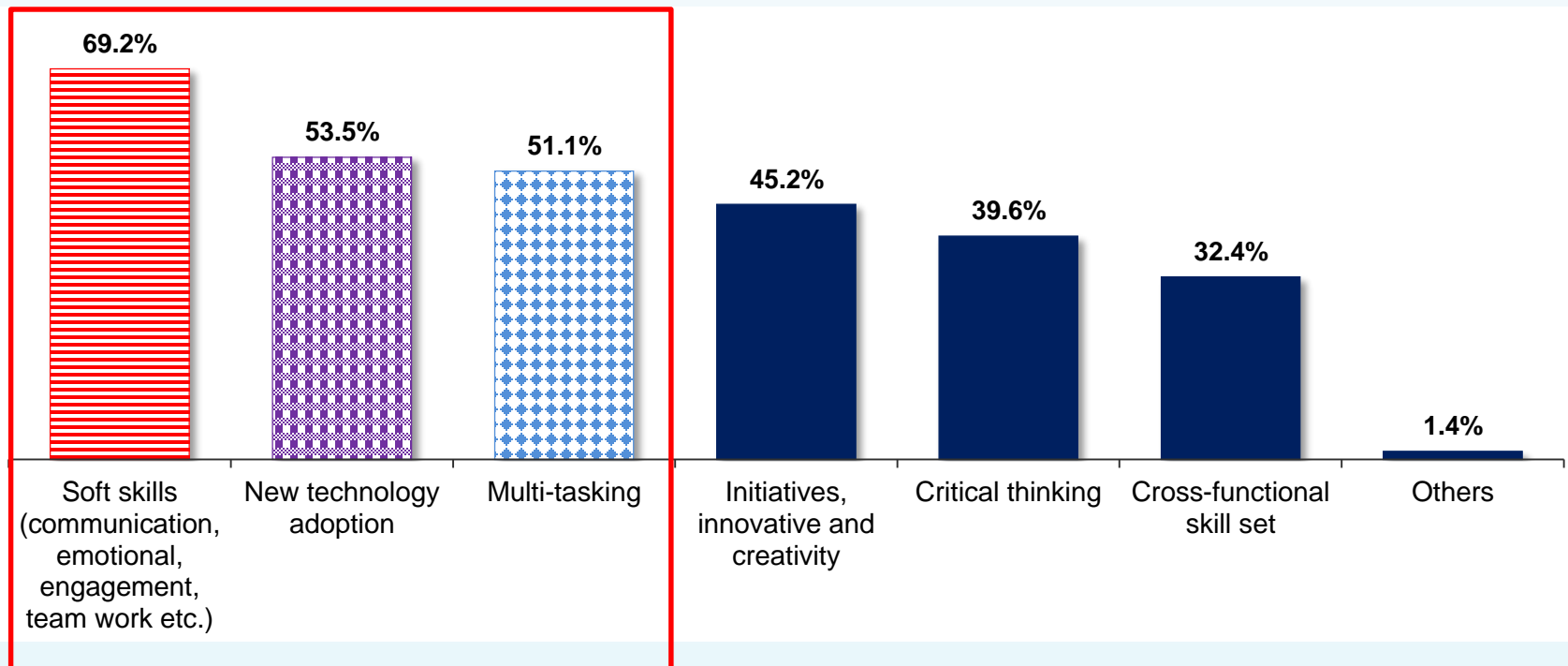
Rating for “When making hiring decision, which skills are the most important for a person to have”

<u>Soft skills</u>		<u>Hard skills</u>
<b>74.3%</b>	Executive level	25.7%
<b>77.3%</b>	Senior-level (managerial)	22.7%
<b>51.7%</b>	Mid-level (non-managerial)	<b>48.3%</b>
43.8%	Entry level	<b>56.2%</b>

# Soft skills is the most needed training aspect for employees

- **Soft skills** were rated by 69.2% of respondents as **the top aspect of reskilling and upskilling needed for employees**.
- **More than half of respondents** also indicated that employees should reskill and upskill on the **adoption of new technology** (53.5%) and **multi-tasking** (51.1%). The construction sector even ranked the adoption of new technology as its top training aspect in order to keep pace with market and industry changes.

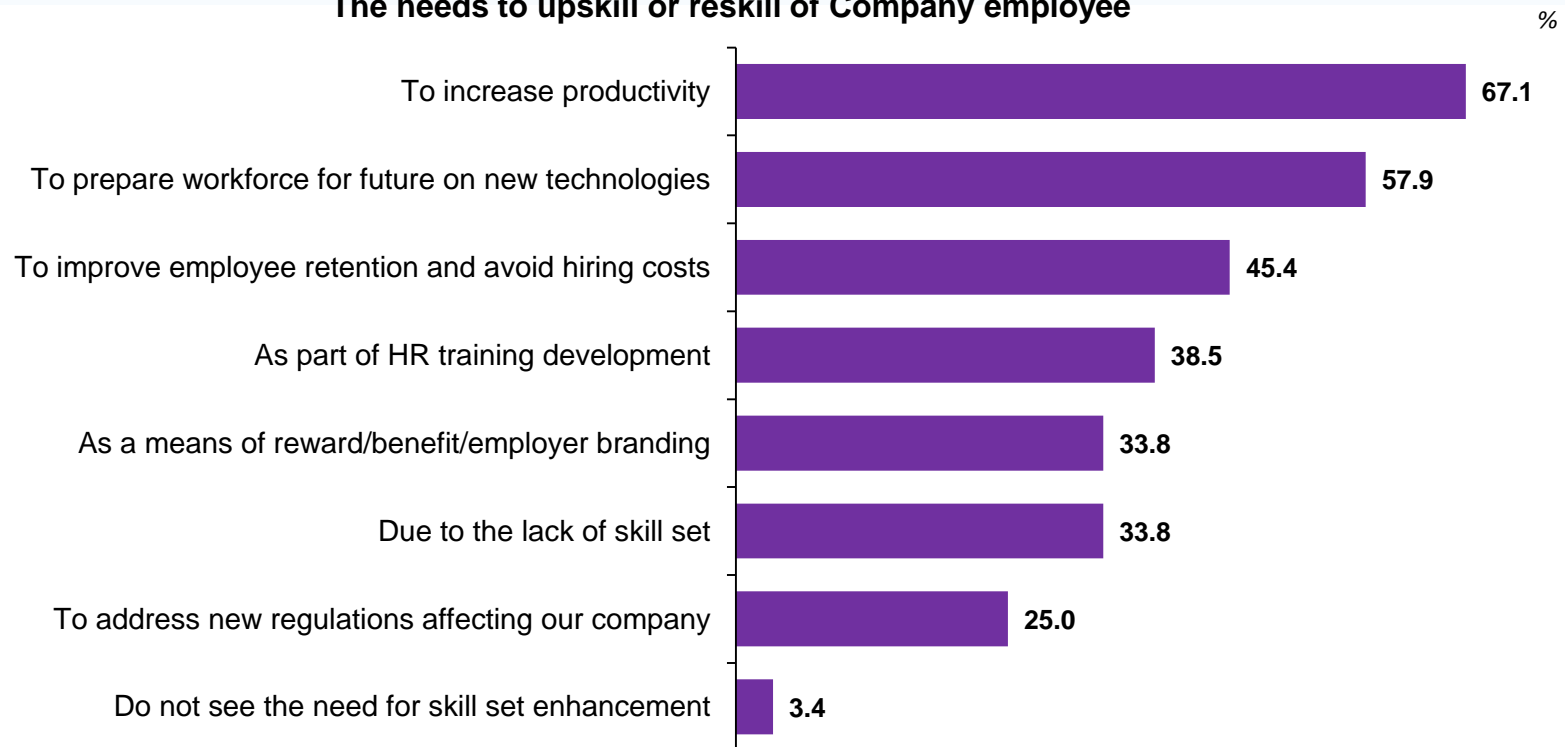
Top three aspects of reskilling and upskilling that needed for employees



# The importance of upskilling or reskilling employees

- **More than half of the employers** have indicated the need to upskill or reskill their employees are **(i) To increase productivity** (voted by 67.1% of respondents); and **(ii) To prepare workforce for the future to handle new technologies** (57.9%).
- Overall, **only 3.4% of respondents do not see the need for skill set enhancement.**

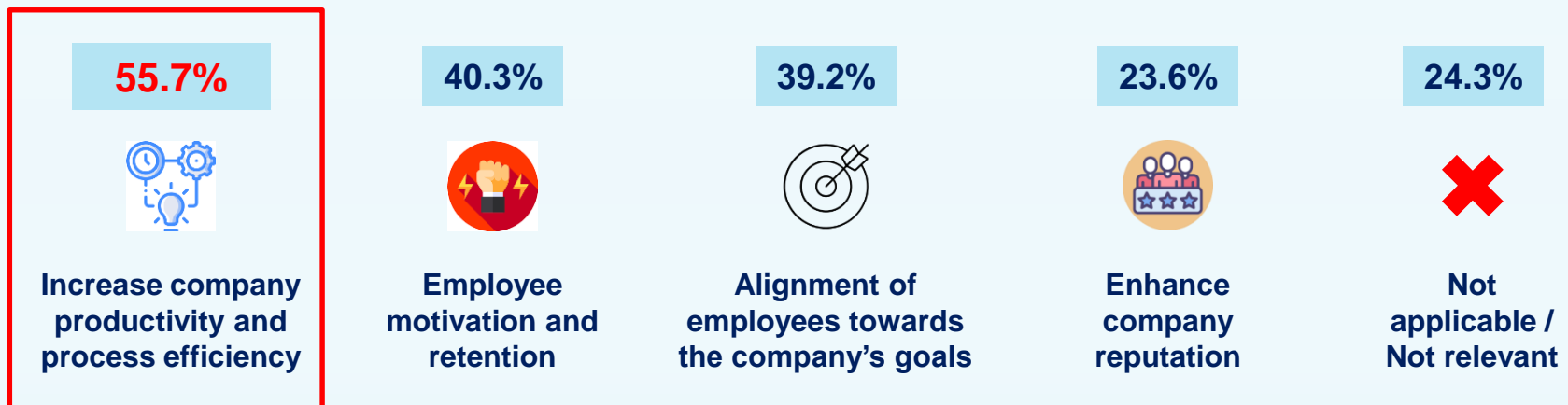
The needs to upskill or reskill of Company employee



# Reskilling/upskilling enhances productivity and process efficiency

- **55.7% of respondents** have acknowledged that the **upskilling/reskilling training** has helped to **increase company's productivity and process efficiency**.
- **More than 60% of respondents in the manufacturing, finance and insurance, real estate and ICT sectors** indicated that the upskilling/reskilling of employees would help to enhance the company's competitiveness.

## Benefits that company gained from upskilling/reskilling training

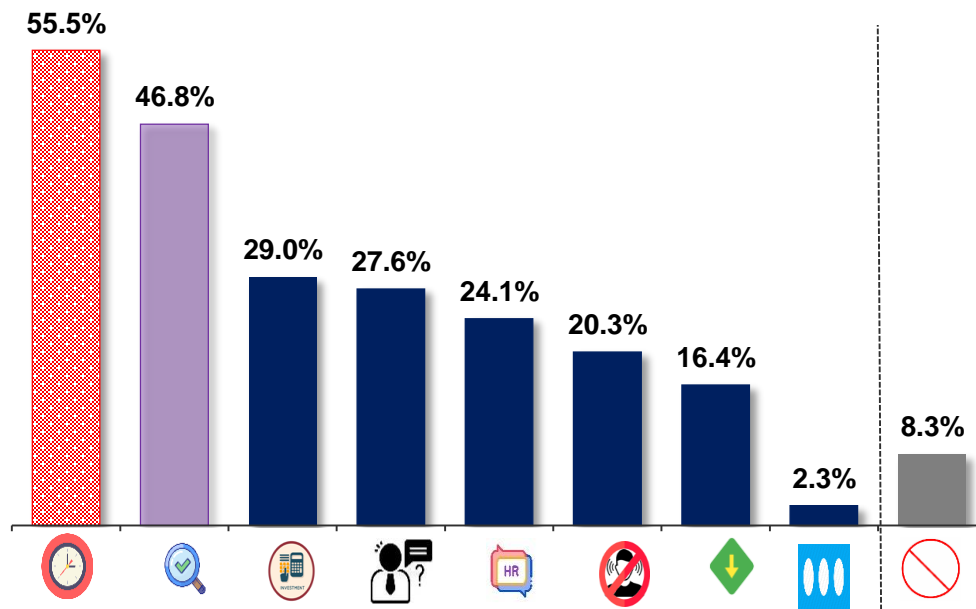




# Barriers to reskilling and upskilling of employees

- **55.5% of respondents** indicated that the **main barriers** are the **lack of time and resources**. These barriers are prevalent among SMEs (55.6%) and large corporations (53.6%).
- **The finding and devise of appropriate training resources/programs** is not an easy task for employers and human resources department.

Barriers to reskilling and upskilling of employees



Lack of time and resources to develop it



Finding the right training resources/programs



Skeptical of the return on retraining investments



Unable to have a good understanding of how automation and digitalization will affect future skill needs



HR infrastructure cannot execute a new strategy for addressing skill gaps



Unaware of any internal and external solutions for skills gap



Addressing skill gaps is not a high priority



Others

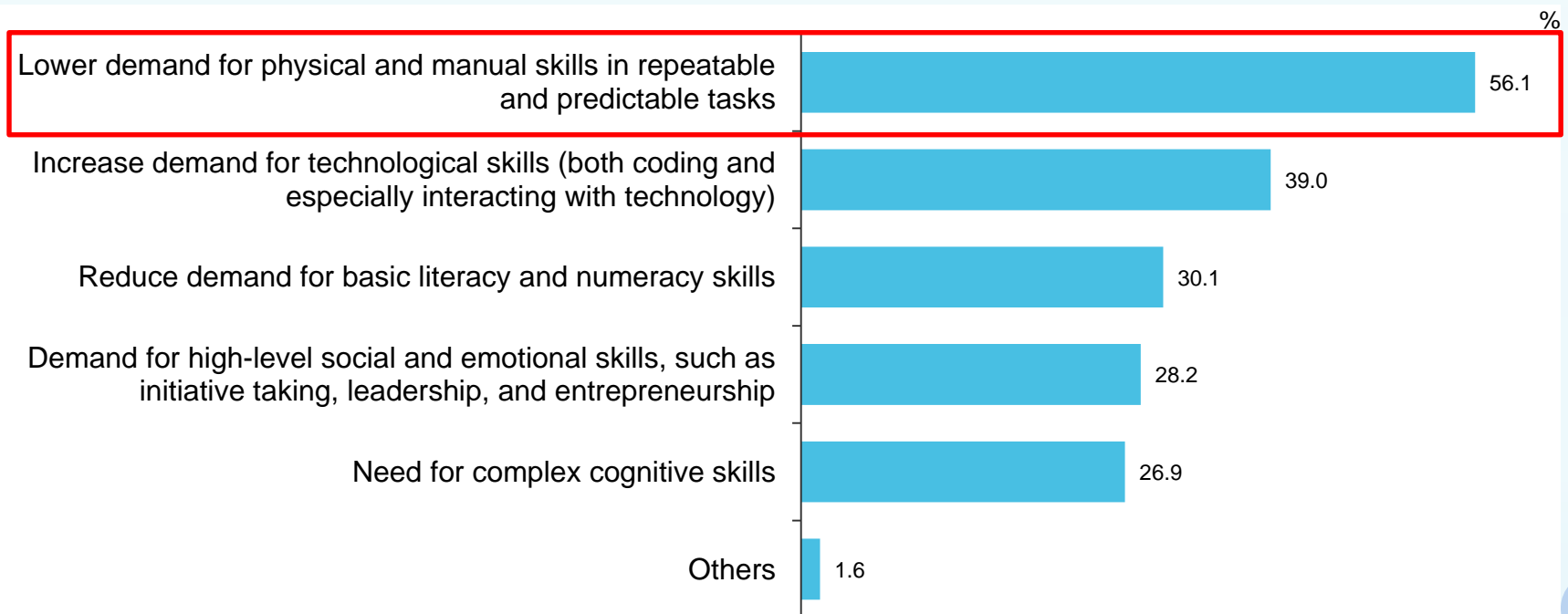


No issue at all

# Automation and digitalization will lower demand for most repetitive and physical tasks

- **Automation and digitalization** will automate most repetitive and physical tasks, boost labour productivity and enhance process efficiency.
- **56.1% of respondents** indicated that **automation and digitalization will lower demand for physical and manual skills in repeatable and predictable tasks**, mainly voted by the respondents in **real estate sectors (61.8%)**, **professional and business services sector (60.6%)** and **manufacturing sector (60.0%)**.

Impact from automation and digitalization on company's skill requirements



# M-BECS 2H 2020 and 1H 2021F

## Current Issues

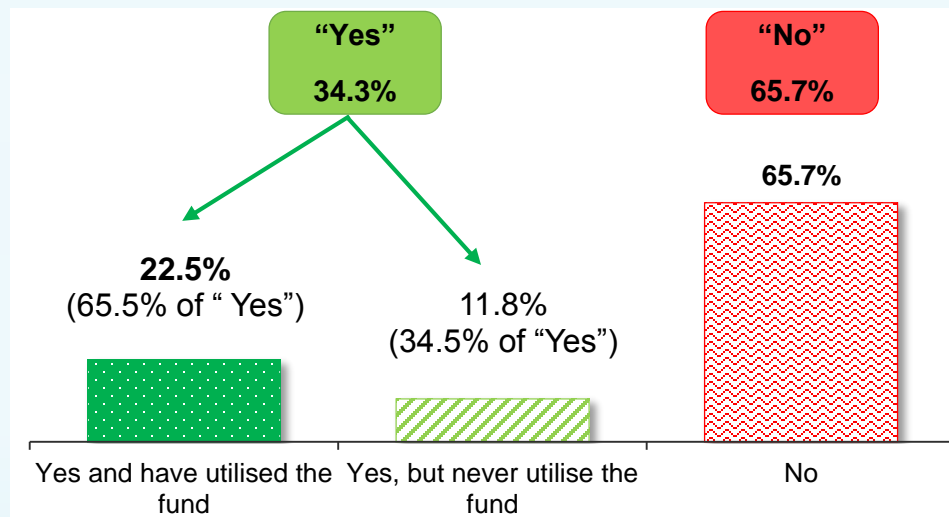
### 2. Human Resources Development Fund (HRDF)



## 34.5% of those registered with PSMB never utilized the fund

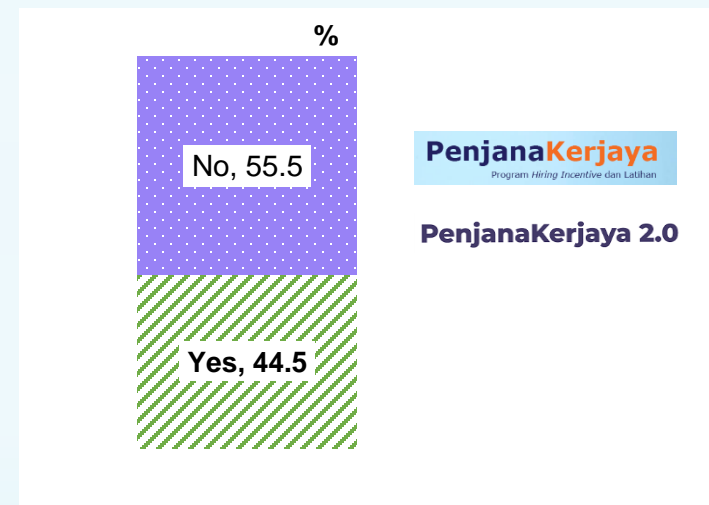
- 34.3% of respondents (238 out of total 693 respondents) have registered with Pembangunan Sumber Manusia Berhad (PSMB).
- For those registered with PSMB, **34.5% of them have never utilized the fund** despite contributing monthly to it.
- Most of them have **very low awareness of the schemes offered by HRDF**.

Does your company register with the Human Resources Development Fund (HRDF)?



- About 44.5% of respondents said that they will take up the measures under hiring incentive programme (**PenjanaKerjaya**), of which the ICT industry and manufacturing sector recorded the highest number of respondents.

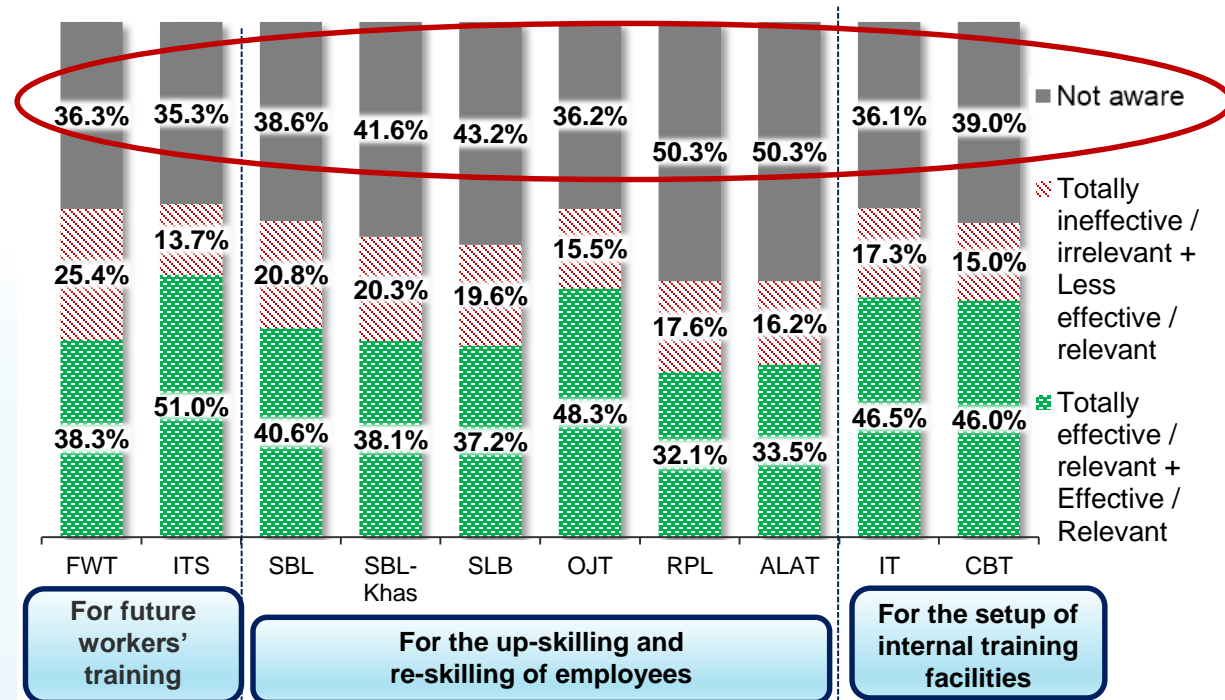
Will you take-up the measures under hiring incentive programme (PenjanaKerjaya)?



# Significantly low awareness on HRDF's training schemes

- 25.4% of respondents registered with PSMB have rated “Future Workers Training (FWT)” as totally ineffective/ irrelevant and less effective/relevant, the worst level of assessment among all other schemes.
- PSMB has to gauge the feedback from the respective employers to improve the scheme accordingly, especially this is a skill set enhancement scheme for the future workforce.

Rating for “Training schemes offered by the HRDF”



<b>FWT</b>	Future Workers Training	<b>OJT</b>	On Job Training
<b>ITS</b>	Industrial Training Scheme	<b>RPL</b>	Recognition of Prior Learning
<b>SBL</b>	Skim Bantuan Latihan	<b>ALAT</b>	Training Facilities and Renovation
<b>SBL-Khas</b>	Skim Bantuan Latihan Khas	<b>IT</b>	Information Technology
<b>SLB</b>	Skim Latihan Bersama	<b>CBT</b>	Computer Based Training

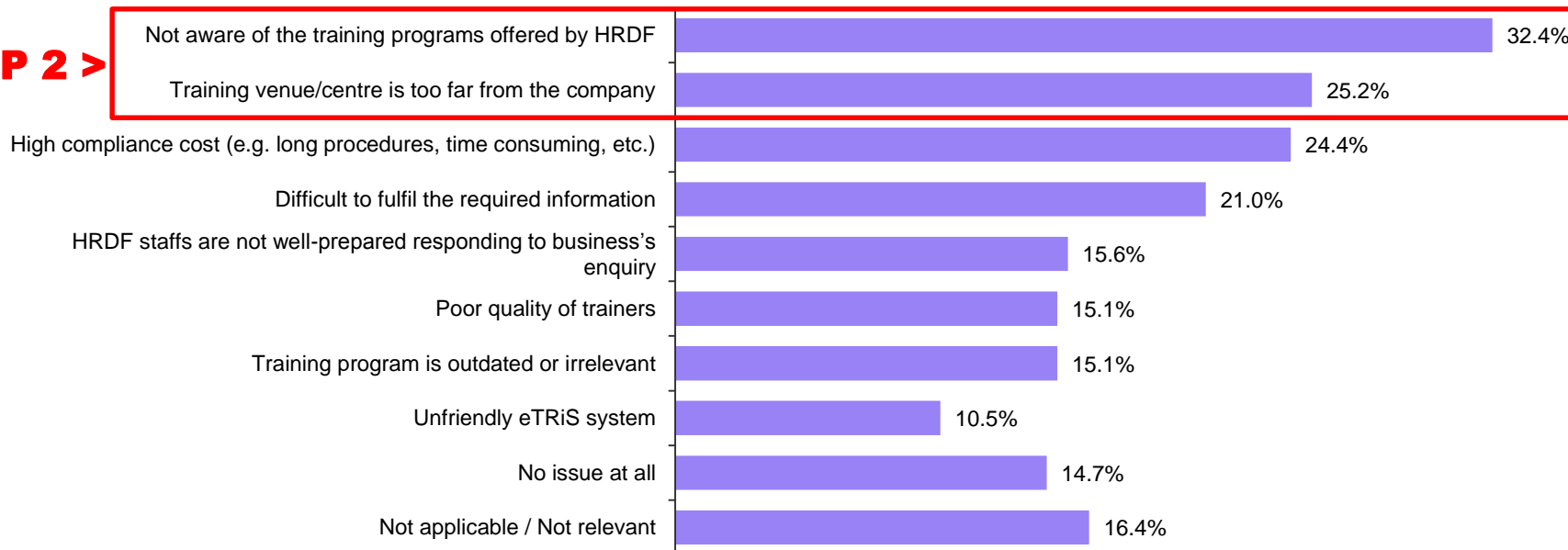
Note: Only captured for respondents registered with the Human Resources Development Fund (HRDF).

# Awareness issue and location of the training venue/centre have restrained the enrollment in HRDF's training programs

- **Awareness issue (32.4% of respondents)** was ranked as the top factor, followed by the **location of training venue/centre (25.2%)**.
- PSMB needs to **step up the promotion and awareness campaigns** to outreach businesses. Besides forging greater collaborations with business chambers and industry associations, PSMB also **needs to review the effectiveness of the training modules, training techniques** as well as the **campaign and promotional approach**.

## Factors restricting Malaysian businesses to apply/participate in the HRDF's training programs

**TOP 2 >**





# Lack of awareness in selected tax incentives for human capital development

- **62.8% of respondents are not aware** any of the listed tax incentives for human capital development offered by the Government. **None of the five listed tax incentives garnered awareness from a quarter of respondents.**
- Human capital development **requires both public-private partnership and equal commitment.**

Awareness of the selected tax incentives for human capital development

24.0%



Participation in  
approved training  
programme

14.2%



Structured Internship  
Programme (SIP)

15.7%



Skim Latihan 1Malaysia  
(SL1M) training scheme for  
unemployed graduates

12.8%



National Dual Training Scheme  
(NDTS/SLDN) for  
Industry4WRD programmes

8.3%



Talent  
ProCertification











62.8%



None of the  
above

# Main expectations of businesses on Government to facilitate companies in upskilling/reskilling employees

Businesses' expectations of Government to facilitate companies to upskill/reskill their employees for future-ready workforce

<i>Priority</i> 	57.2%		Grant to encourage people attending online certification courses
	39.9%		Government-academia-industry partnering in structuring a successful internship/experiential learning program
	39.9%		Set up a council or think tank run by industry professionals who will look into the latest training trends and skills that are needed by the market
	39.7%		Public-private partnership program in developing industry and market-driven training program
	33.3%		Allocate the required funds or loans to cater for those underprivileged students for TVET program
	32.6%		Provide subsidised enrolment fee in the TVET courses
	25.4%		Make "Coding" course a compulsory subject in the secondary education
	24.7%		Improve the remuneration of STEM teaching profession
	1.6%		Others

# Conclusion

- The M-BECS results revealed that **both economic and business conditions remained sluggish in 2H 2020** as businesses still reeling from the prolonged impact of the COVID-19 pandemic.
- Most of respondents are **cautiously hopeful about the recovery of the Malaysian economy in 2021** amid the embarking on national immunization. **Only 23.0% of respondents are confident of economic recovery in 2021**; 38.7% of respondents have no confidence; and 38.3% are unsure of economic recovery.
- Businesses generally **expect better economic and business prospects in 2022**, premised on the Government's target to achieve herd immunity by having at least 80% of population vaccinated by February 2022.
- **Only 34.3% of respondents have registered with PSMB** and the remaining **65.7% have not registered with PSMB**, of which mainly were **micro and small enterprises** that may not meet the requirement.
- **A large number of respondents who registered with PSMB are not aware of the training schemes** provided (ranging between 30.3% and 50.3%, a simple average of 40.7%).
- **62.8% of respondents** indicated that they are **not aware any of the listed tax incentives for human capital development programs offered by the Government**.





谢谢  
Thank you

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