

Building resilience for the next normal

PwC's Global Crisis Survey –
Malaysia Report
April 2021



Building resilience for a better tomorrow

83% of respondents indicated their organisations have been negatively impacted by COVID-19

Only **47%** said they were well prepared for the crisis



We're pleased to introduce the Malaysia country report of PwC's 2021 Global Crisis Survey.

Since 2019, PwC has been building a comprehensive repository of corporate crisis data and assessing the global business community's response to unprecedented social, economic and geopolitical disruptions. This year, the crisis spotlight is on COVID-19.

Between 20 August 2020 and 25 January 2021, we heard from over 2,800 business leaders globally. From this list, 92 Malaysian respondents comprising business decision makers shared key data and their personal insights on the impact of the crisis.

Undeniably, the COVID-19 pandemic has been one of the biggest global crisis of our lifetime. From disrupted supply chains, travel and workplace restrictions to muted global demand and changing consumer behaviours, the crisis has been the ultimate stress test for companies all across the world.

Malaysia was no exception, with over 83% of our respondents indicating that

their organisations have been negatively impacted by the crisis. However, some shared that they have emerged stronger from the crisis. How were they able to weather the storm more easily than others?

Unfortunately, there is no crystal ball to predict crises; black swan events like COVID-19 are proof of that. Today's crisis management is no longer just about trying to anticipate and measure for every specific incident that could impact your business. Instead, what works best is building organisational resilience. This means having the ability to bounce back. Resilient companies don't just simply react to a crisis; they prepare, respond and emerge stronger.

Ultimately, the imperative for building resilience now is stronger than ever. Future success and survival will be the results of decisions and actions taken today. Those that prioritise and invest in building a foundation of resilience now will be better positioned to weather what comes next.

Our report examines how the Malaysian business community has responded to the COVID-19 pandemic. Find out how companies reacted, what they've learned and how they're preparing for what's next.

Respondents at a glance



2,814 global respondents



92 from Malaysia

Our Malaysian respondents:

55%



are C-suite level executives

40%



are from the industrial manufacturing and automotive industry

54%



of respondent companies have annual revenues above USD 100 million

55%



of respondent companies have more than 1,000 employees in Malaysia and around the world

The COVID-19 aftermath

Assessing the business impact of COVID-19

As the dust begins to settle one year on, many organisations are still riding out the aftershocks of COVID-19. The pandemic created major disruptions across multiple business areas and functions. These areas were where Malaysian business leaders felt the pandemic hit hardest within their organisations.



Supply Chain & Operations

93%

said their operations were negatively impacted



Workforce

95%

said their workforce were negatively impacted

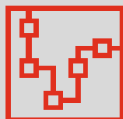


Finance & Liquidity

87%

said their financial positions were negatively impacted

The COVID-19 aftermath



Operational breakdowns from supply chain disruptions

Global trade activities were disrupted by lockdown measures implemented by countries across the world.

The **interconnected nature of global supply chains** meant that halted production lines, movement restrictions, border closures and the slowdown of demand and trade across the world inevitably **affected downstream activities** in Malaysia.

Bottlenecks from supply delays and shortages saw businesses struggling to fulfil orders, putting a strain on customer-supplier relationships.

18% experienced significant operational disruptions during this period



Paradigm shifts in workforce dynamics

Remote working became the default for many businesses after the Movement Control Order (MCO) was imposed by the government in March 2020.

Labour-intensive industries **unable to work remotely** were greatly affected by **mandated workplace closures and restrictions of staff allowed** on-premise. Job security became a prominent issue as many businesses were forced to retrench unutilised employees.

Employee morale and wellbeing were also top concerns impacting organisational productivity as many employees suffered anxiety, burnout and mental health issues during this period.

16% said workforce morale deteriorated since the pandemic began



Cash flow constraints forced cost-cutting measures

Managing liquidity became a major challenge as **cash flow was diminished** by disruptions in supply chains, lingering economic uncertainties, restricted travel and increased workplace regulations.

Organisations were compelled to **re-examine their liquidity positions** to avoid a severe cash crunch. This led to an uptick in cost-cutting measures.

Our respondents employed various cutbacks to relieve financial pressures:

43%

deferred investments

37%

conducted headcount reductions

12%

halted shareholder dividends

Taking a closer look at crisis preparedness

While nobody could have accurately predicted the extent of COVID-19, the benefit of hindsight allows us to understand why some organisations experienced a greater hit.

1

Planning ahead

Let's face it, nobody is immune to a crisis. They come in all shapes, forms and sizes, and hit you when you least expect it. A solid **crisis response plan** may have made a difference in helping many navigate through the COVID-19 crisis.

25%

did not have any crisis response plans in place before COVID-19

2

Getting the A-team together

Who 'owns' crisis management? If everybody is responsible, then nobody is. While C-suites are often the default go-to functions, response efforts can get messy and uncoordinated when there isn't a **formal designated team** to respond to a crisis.

15%

did not have designated response teams to deal with COVID-19

3

Now's the time to be heard

In times of crisis, communication often breaks down as companies are blindsided by issues that arise and spend their time putting out fires. However, perception matters. A lack of **stakeholder engagement** can cause further problems and sour key relationships with external and internal parties including vendors, customers and employees.

31%

felt their communication with external parties was not effective

4

Breaking down the walls

Coordination is key for effective crisis management. Coming together is only the first step. **Effective collaboration** and a breakdown of silos is the bigger hurdle to overcome in ensuring everybody is working towards the same crisis management goals.

19%

felt they did not operate as one team in their COVID-19 response efforts

5

Slow and steady (doesn't) win the race

While it's wise to look before you leap, dragging your feet on key decisions can set you far back especially when there is a pandemic knocking on the door. **Proactive and quick decision-making** is vital to contain the shockwaves and secure business continuity.

45%

only took action once the government declared COVID-19 a national crisis

6

The devil's in the details

Data drives decisions. Effective crisis management requires business-critical data in order to **drive fact-driven responses** with speed, clarity and confidence. Unreliable data may lead to incorrect insights, increase your exposure and amplify the crisis.

39%

did not feel confident in obtaining accurate and reliable data for key decision-making

Despite the crisis, some respondents were able to find success and emerge stronger now than before the crisis began

What differentiates them?

Resilience

We examined the key practices which made these companies resilient and helped turn their COVID-19 experience into a positive outcome



Responding through an effective crisis response plan

How did some organisations weather these storms more easily than others?

It comes down to planning ahead

71%

feel that they have effectively managed the impact of COVID-19

While most organisations may not have specifically anticipated the impact of the pandemic, **a number of them had various response plans in place** which enabled them to respond quickly and support safe and continuous business operations.

Response plans most used by organisations



**Respondents had the option to select more than one response plan*

So...what's the difference?

Business continuity plan	Crisis response plan	Pandemic plan
To resume critical operational functions	To respond to and manage crisis strategically	To prevent transmission of infectious diseases
Departmental level carried out by business recovery teams	Organisational level carried out by crisis management teams	Organisational level carried out by crisis management teams

Think holistically about how to respond

Whilst pandemic and business continuity plans are essential for managing specific risks, **a crisis response plan breaks down silos and helps to build resilience holistically** across an organisation. A clearly laid out plan, shared with your entire organisation, helps your people better coordinate tactics and decision-making, allocate resources and implement technologies needed for an effective organisation-wide response.

Designating a formal crisis response team

An effective crisis response plan is only as successful as its execution

The majority of Malaysian respondents believe that moving quickly to **establish a dedicated response team** was critical in driving their crisis response plan. Having a cross-functional team to lead response efforts allows the organisation to mobilise and adapt quickly to the plan whilst keeping critical operations moving.

54%

31%

15%

Mobilised a designated core response team

Had informal teams responding to the crisis

Had no response team in place

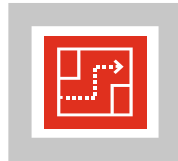
Empowering your crisis response team with the right fundamentals to ensure success



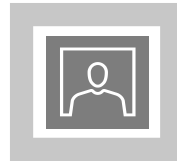
Crisis command centres with defined governance, responsibilities and logistics to formulate an effective response



Crisis tools and technologies made available to better manage response efforts and execution



Response reporting and dashboards to view key metrics, derive insights and make informed decisions from critical data



Crisis responders are **trained and rehearse** the crisis response plan regularly to launch a coordinated response



Setting up a crisis response team was essential in allowing our organisation to closely monitor and communicate the progress of our response efforts

Manufacturing chief financial officer

Leveraging tools and technology



42%

of respondents agree that their organisations have invested in either new or more technologies as a result of COVID-19



We accelerated investments in technology and digital platforms to make remote working more effective

Banking and capital markets chief financial officer

Technology paving the way for crisis response

Technology was seen as a key enabler to ensure seamless coordination effort and that critical data was available to allow for informed decision-making during crisis response.

58%

had the right technology in place to help facilitate the coordination of their crisis response team

67%

agreed that technology has promoted their organisation's ability to gather and use the right information for decision-making

Accelerating digital transformation

Remote working, when supported with the right tools and approach such as virtual private network (VPN), collaboration platforms and alternating team arrangements, provide employees with a seamless working experience for better collaboration. The responses suggest that businesses may be more open to introducing or continuing flexible work arrangements in the future.

59%

believe that remote working should be a permanent option

Fuelling automation with technology

The MCO served as a catalyst for organisations, particularly in the manufacturing sector, to focus on the deployment of automation technologies such as collaborative robotics, autonomous materials movement and automating repetitive tasks to reduce employee density during operations. This means that employees can be redeployed to support higher value work and actioning on insights from critical data generated.

67%

believe that such investments make way for automation and new ways of working

Strengthening cybersecurity measures

The pandemic has been an impetus for accelerated digital transformation, but with this comes the risk of cyber threats. Organisations are, naturally, concerned about the dangers lurking online as they become increasingly reliant on technology and remote access.

Enhancing cybersecurity

Phishing and ransomware attacks are amongst the top threats affecting Malaysian organisations. Consequently, business leaders are prioritising investments in cybersecurity to minimise the impact of attacks - 63% of respondents said opportunities have already been identified or made. In fact, investments in this space is expected to continue - in PwC's 24th Annual Global CEO Survey, 38% of CEOs are planning to increase investments in cyber security and data privacy by 10% or more over the next three years.

Safeguarding against future threats

In accelerating digital initiatives to accommodate remote working, businesses may have bypassed standard protocols that would otherwise be necessary in mitigating risk exposures.

To avoid this, businesses should consider the following:

1

Conduct a retrospective **risk assessment** to re-examine technological risks associated with investments made

2

Maintain an up-to-date **risk register** to effectively track and monitor these risks

3

When the business stabilises, consider investing in **security maturity assessments**

63%

said that cybersecurity and privacy initiatives have been prioritised

Prioritising stakeholder engagement

69%

respondents believe that they have communicated to their **external stakeholders** effectively

85%

respondents believe that they have communicated to their **internal stakeholders** effectively

A clearly defined engagement strategy helps an organisation stay on top of quickly evolving situations like COVID-19

Our survey shows that organisations believe that **clear and targeted communication** with internal and external stakeholders helps **manage ever-shifting stakeholder needs** and expectations during the pandemic

Companies who fared better overall did more than their routine communication methods. These organisations were more likely to:



Identify relevant information in a timely manner



Tailor stakeholder initiatives based on their response strategy and priorities



Engage frequently to understand the impact stakeholders were experiencing

When asked about what the most important action was in response to COVID-19:



Keeping all our stakeholders in the loop through frequent and consistent communication

Technology manager

Maintaining customer service levels and delivery excellence by managing our stakeholder expectations ahead of time

Telecommunications head of business



Through a social media sentiment analysis conducted in 2020, we found that **transparency is an important component** that could affect the state of trust in companies.

Open communication showcased the company's awareness and commitment to dealing with crisis. These actions helped in regaining consumers' and stakeholders' confidence, thereby **regaining trust from the society** in which the company operates.

Putting people first



The ability to manage fundamental shifts in the way we live and work is at the heart of resilience

The uncertainties caused by the pandemic has disrupted work environments and taken a toll on employees' mental health and morale. This is why keeping employees safe, engaged and productive was a top priority for many Malaysian organisations. These businesses took necessary steps to support their people during these turbulent times.

These include:



Ensuring health and safety through measures such as social distancing work arrangements, use of personal protective equipment and travel and quarantine protocols that comply with regulations



Elevating workforce morale through measures that support emotional and mental wellbeing of the workforce such as counselling, care programmes and alternative work arrangements



Building a culture of resilience through training and support to assist people in adapting to new ways of working and build the required muscle memory to respond to future disruptions



7 out of 10

believe that workforce morale is being prioritised as a result of COVID-19

What you can do to prepare, respond and emerge stronger



Ensure you have the right building blocks in place

To address the challenges of tomorrow, organisations need to **make the right investments today**. Business leaders are clearly committed to getting the right technology in place to improve resilience in the face of an uncertain future.

Upskilling for resilience

Your tools are only as good as the people tasked to carry it out, so it's important to equip them with the skills they need to do their job.

Identify your talent pipeline, and ensure that **upskilling programmes are aligned with your business needs**, from the digital transformation strategies you need to thrive in the digital economy, to ever-evolving cybersecurity risks, and to supporting the wellbeing of your people.



Build trust in resilience

Organisations that fared better over the past year built trust with stakeholders, from vendors, to customers and employees by **engaging them regularly, and being clear, open and communicative**.

When your stakeholders feel confident that you know what you're doing, they show support for your business which helps get back on your feet faster.

Having a strategic plan in place

Designate a **crisis response team to lead** and coordinate your response efforts so you're covering all bases. **Break down communication silos** so everyone can see their role in working towards a common goal. And be attentive to the needs of your people as you would with your customers. So when the next crisis strikes, they **trust you to respond and emerge stronger**.



Becoming 'crisis-agnostic'

In the past year, businesses that did not have a crisis response plan in place had to develop one in a hurry to address the impact of COVID-19. But will this plan **hold up to future crises that take a different form**? Making sure that crisis response plans are 'crisis-agnostic' is the hallmark of a resilient organisation.

Making your plan work for you

Your crisis response plans need to be sustainable, and for that to happen, crisis management needs to be a priority.

It's important to conduct post-action reviews, as soon after a crisis as possible, to **act on lessons learned and address gaps**. Regular reviews of your crisis response and annual simulations will also help you **actively build muscle memory** to prepare and strengthen your response capabilities for what's next.

How PwC can assist you

We know crises are not going anywhere. A crisis can strike a company from all angles, and it can come in all shapes and sizes. While the word crisis often comes with a negative connotation, our research confirms that it could indeed bring positive outcomes if handled appropriately.

Our Global Crisis Centre (GCC) is a global team dedicated to enabling the PwC network to support our clients during their most stressful times by efficiently convening the right people across the globe at times of crisis in a matter of hours.

We have helped hundreds of companies before, during, and after crisis in the following ways:



Our other service offerings

Business Resilience & Regulations

- Business Continuity Management (BCM) framework
- BCM implementation
- Pandemic plan
- IT disaster recovery

Risk and Regulatory Transformation

- Governance advisory
- Regulatory compliance and remediation
- Data governance and quality

Cyber and Forensics

- Investigations and litigation support
- Global Intelligence Operations Centre (GIOC)
- Forensic data analytics
- Digital forensics and e-discovery
- Cyber resiliency framework
- Enterprise security architecture
- Cybersecurity strategy consulting

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