

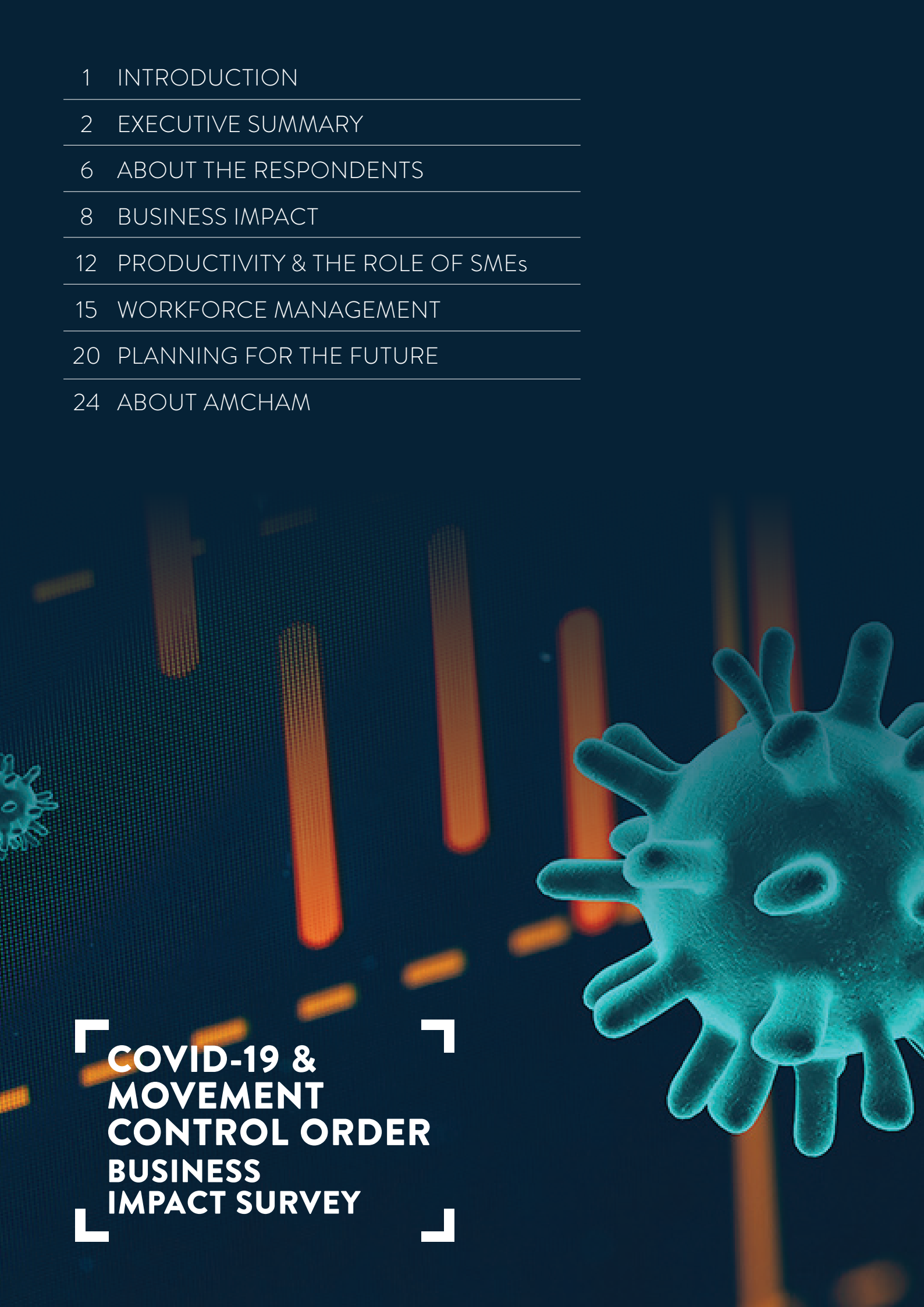
**COVID-19 &  
MOVEMENT  
CONTROL ORDER  
BUSINESS  
IMPACT SURVEY**

A M C H A M



M A L A Y S I A

1	INTRODUCTION
2	EXECUTIVE SUMMARY
6	ABOUT THE RESPONDENTS
8	BUSINESS IMPACT
12	PRODUCTIVITY & THE ROLE OF SMEs
15	WORKFORCE MANAGEMENT
20	PLANNING FOR THE FUTURE
24	ABOUT AMCHAM



**COVID-19 &  
MOVEMENT  
CONTROL ORDER  
BUSINESS  
IMPACT SURVEY**

# INTRODUCTION



The Malaysian government first implemented a Movement Control Order (MCO) on March 18th in an effort to manage and limit the impact of the COVID-19 global pandemic. The MCO initially shut down a wide range of economic activities except for a small number of industries and services considered 'essential'. Permission for some business activities to restart was granted first on a case-by-case basis, and subsequently via cautious policy decisions as the country has moved from MCO 1 through to 4 and now the Conditional MCO. Throughout these unprecedented times, AMCHAM has been working closely with member companies and with the Malaysian government, especially the Ministry of International Trade and Industry (MITI), to find solutions to challenges being faced by industry and to ensure that Malaysia's economy can be in the best position possible when the crisis finally subsides.

AMCHAM conducted this survey between April 17th and 24th during MCO 3 in an attempt to better understand how both the pandemic and the policy responses of the Malaysian government have impacted our members' business activity as well as their short- and long-term investment plans. AMCHAM's membership consists primarily of large US multinational companies that are heavily invested in Malaysia, working closely with Malaysian SMEs and supporting thousands of well-paid jobs for the local workforce. The survey had a total of 114 participants, the majority of whom are CEOs or director-level. 42 respondents come from the E&E (Electrical & Electronics) sector which has a large presence in our membership.

We will continue to capture the perspectives of our members and hope that we can continue sharing this with you as we all progress into our new way of life and living, charting the journey of our members at AmCham Malaysia.

**Siobhan Das**  
Chief Executive Officer

---

## Sequence of Movement Control Orders

MCO 1: March 18 - March 24

MCO 2: March 25 - April 14

MCO 3: April 15 - April 28

MCO 4: April 23 - May 12

Conditional MCO: Started May 04 (supersedes MCO4)

CMCO extension until June 09

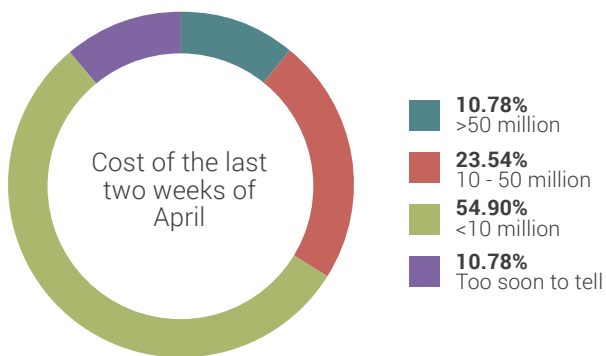
Enhanced MCO from March 23 for selected/designated areas

# EXECUTIVE SUMMARY

The COVID-19 pandemic and the efforts by national governments to control its impact on public health have had a major impact on business activity around the globe, and it is therefore no surprise that U.S. companies in Malaysia have taken heavy financial hits over the past few months. While 82% of companies have reported significant losses [Q5], around one-third of respondents have been incurring losses of more than RM10 million for every 2 weeks that restrictions on business activity have been in place [Q6]. A considerable number of respondents (16%) are heavily invested MNCs that have reported losses in excess of RM500 million since the MCO was put in place [Q5].

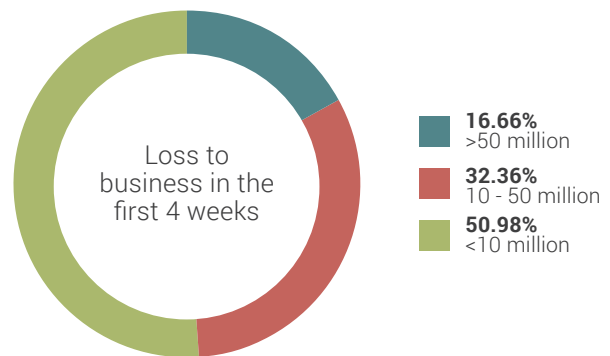
## [ Q6 ]

What is the estimated cost of delay or losses if business remains the same (current conditions) for the next 14 days?



## [ Q5 ]

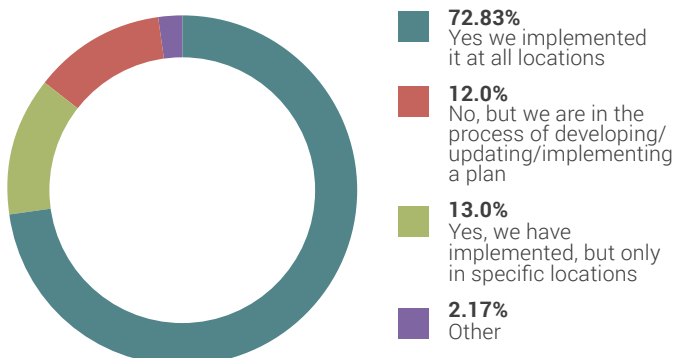
What has been the loss to your business since the MCO started on March 18?



Despite a majority of companies having business continuity plans that they have been able to at least somewhat put in place [Q20], still around half of the respondents are struggling to meet their contractual commitments to customers, with a further 40% considering themselves to be at risk of being unable to meet their commitments should the restrictions continue [Q17]. During the early stages of the MCO, many businesses struggled to secure the necessary approvals to continue operations. At the time of answering the survey 70% had been able to resume some form of on-site operations while a further 15% were able to continue business activities with staff operating remotely [Q22]. For those business activities that required an on-site presence, the majority were able to achieve staffing levels between 40%-50% adhering to social distancing procedures. [Q24].

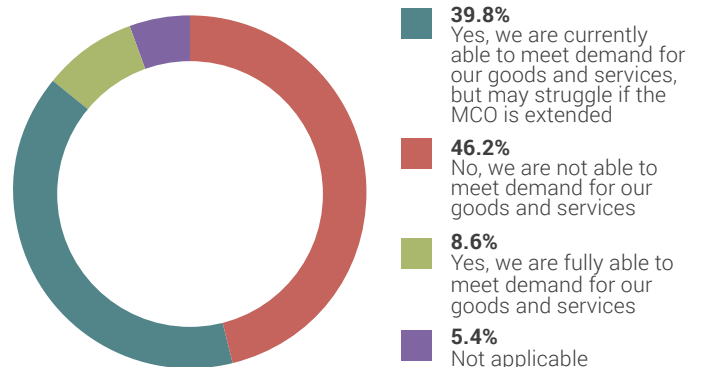
## [ Q20 ]

Did your company have a business continuity plan (BCP) or epidemic/ pandemic/ natural disaster preparedness plan in place to handle the current crisis?



## [ Q17 ]

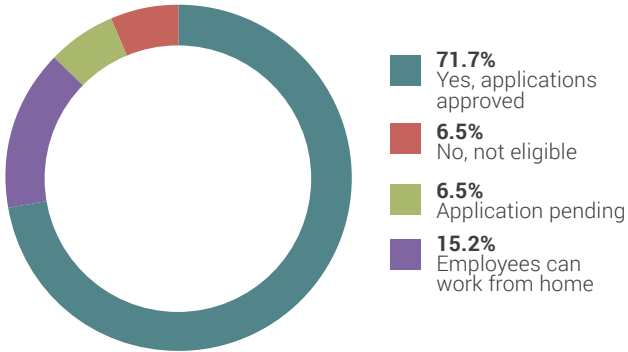
Given the operational disruption caused by COVID-19 and the MCO, does your company feel capable of meeting demand for goods/services / fulfilling contractual obligations?





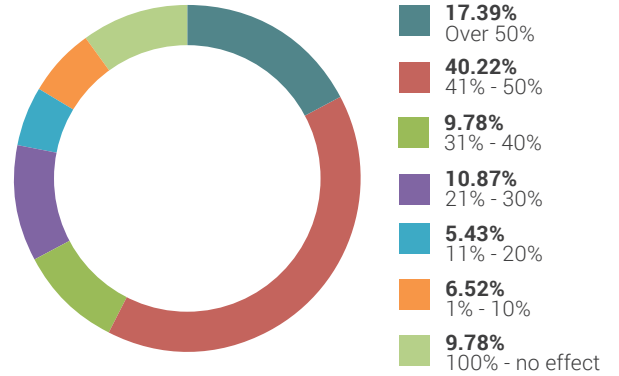
**[ Q22 ]**

If your business activity requires an on-site presence, has your company been able to continue operations after the announcement of the MCO on 18 March 2020?



**[ Q24 ]**

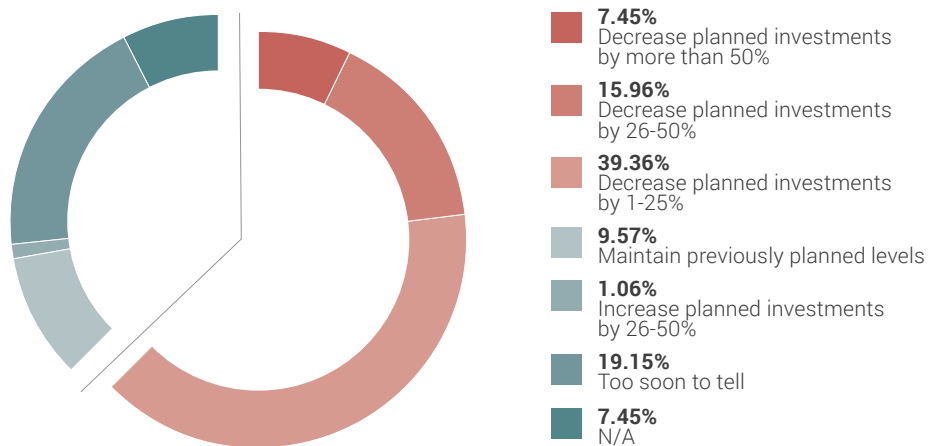
What capacity (%) of your workforce is currently operating under MCO?



In terms of investment outlook, half of companies are now expecting to reduce their investment in Malaysia during 2020, with a further 20% feeling that it is too early to comment [Q10]. In the short term, a majority of companies have been forced to cut costs and consider making adjustments to their business strategies [Q11]. Despite these challenges, and reflecting the long-term nature of American investment in Malaysia, the vast majority of employers have been able to avoid laying off staff [Q30] or implementing mandatory unpaid leave [Q29]. In the longer term, many companies may consider relocating some sourcing activities outside of Malaysia as they reconsider their supply chain continuity plans, while 41% of companies are delaying or cancelling investment decisions during this period of great uncertainty [Q12].

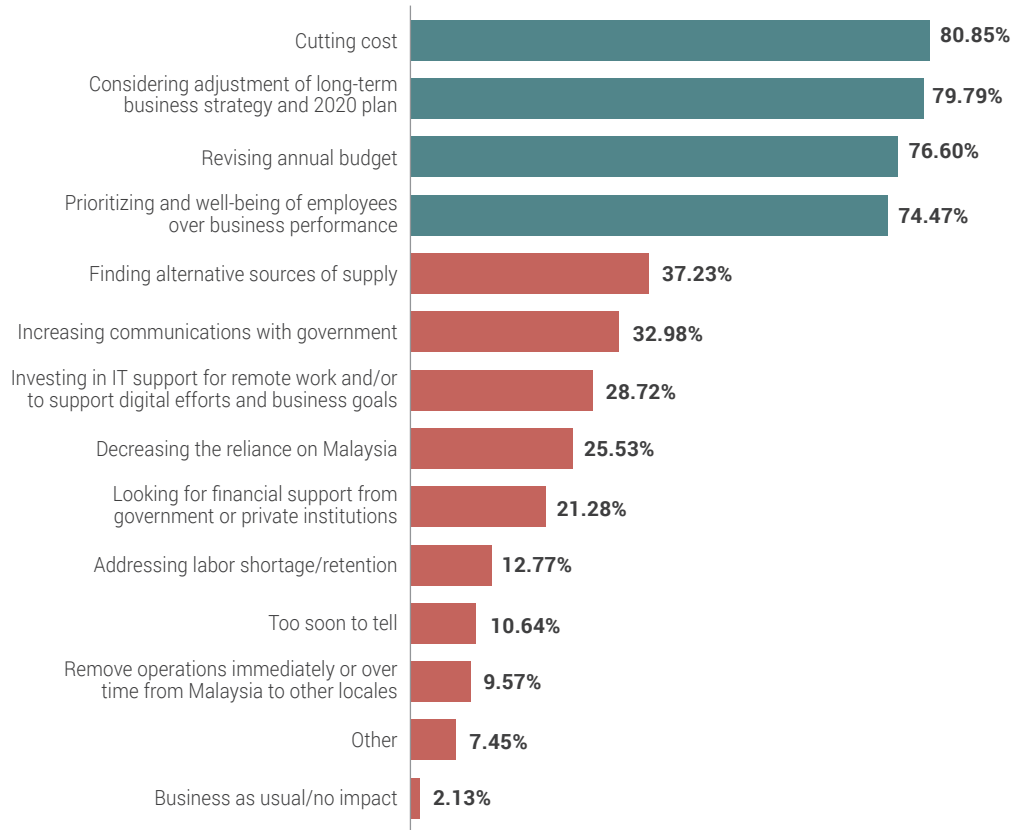
**[ Q10 ]**

To what extent do you expect the COVID-19 pandemic to impact your planned investments in Malaysia operations for 2020?



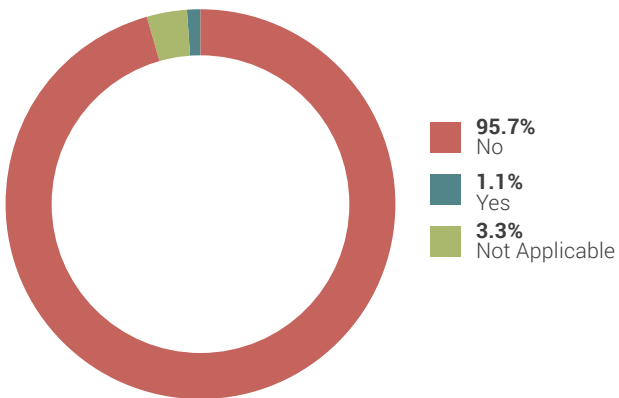
**[ Q11 ]**

How is the COVID-19 pandemic impacting your short-term (2020) business strategy?



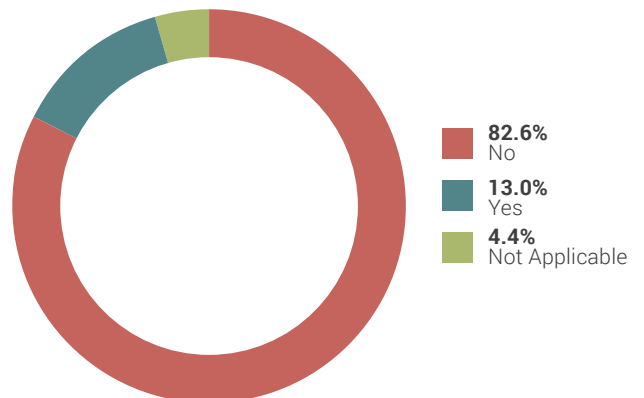
**[ Q30 ]**

Have you had to lay off staff since the start of the MCO?



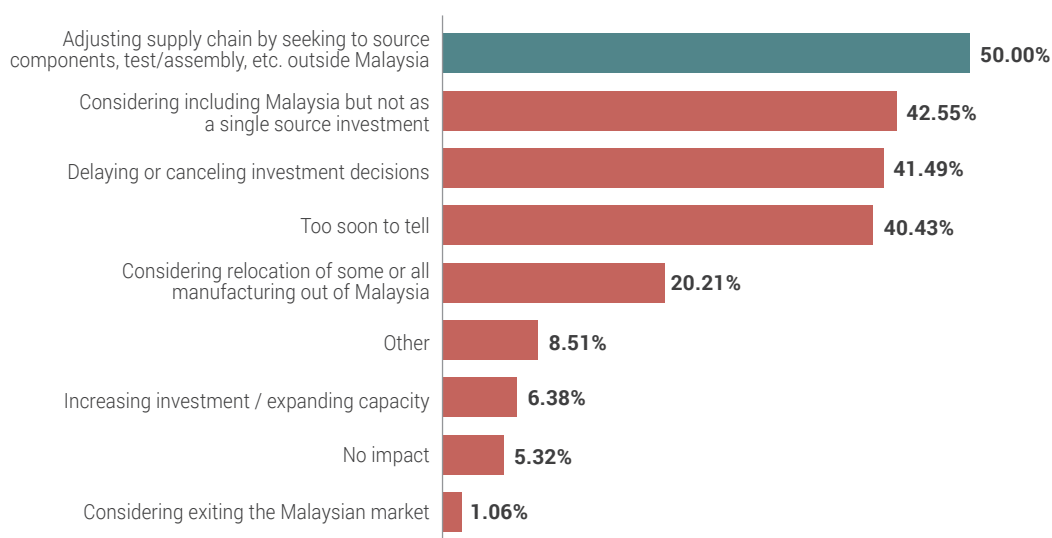
**[ Q29 ]**

Have you had to place staff on temporary unpaid leave since the start of the MCO?



### [ Q12 ]

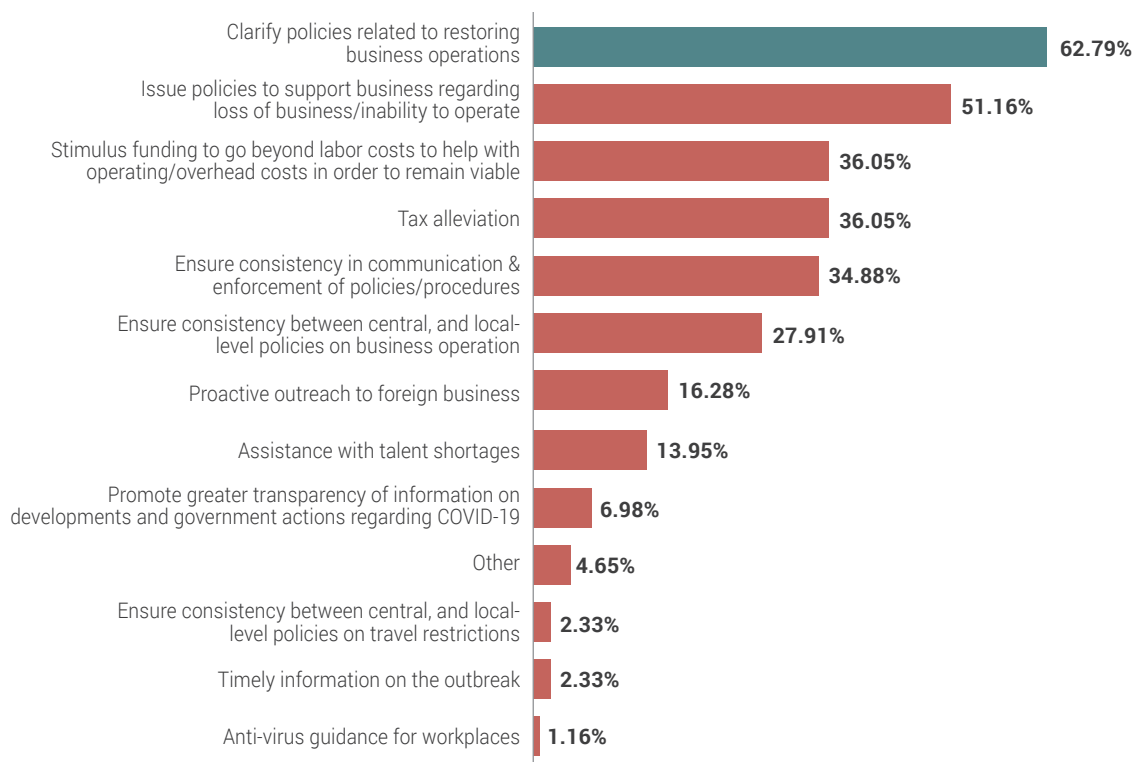
How is the COVID-19 pandemic impacting your long-term (3-5 year) business strategy for Malaysia?



Asked to comment on how the government can best support businesses while simultaneously mitigating the public health risks caused by the pandemic, a majority of companies emphasized the need for greater clarity of current policies relating to the MCOs, and asked that the government work alongside the business community to identify ways in which business activities can be restarted as expediently as possible without compromising on safety [Q38].

### [ Q38 ]

What actions can the Malaysian government take to help Multi-National Companies (MNCs) in Malaysia?

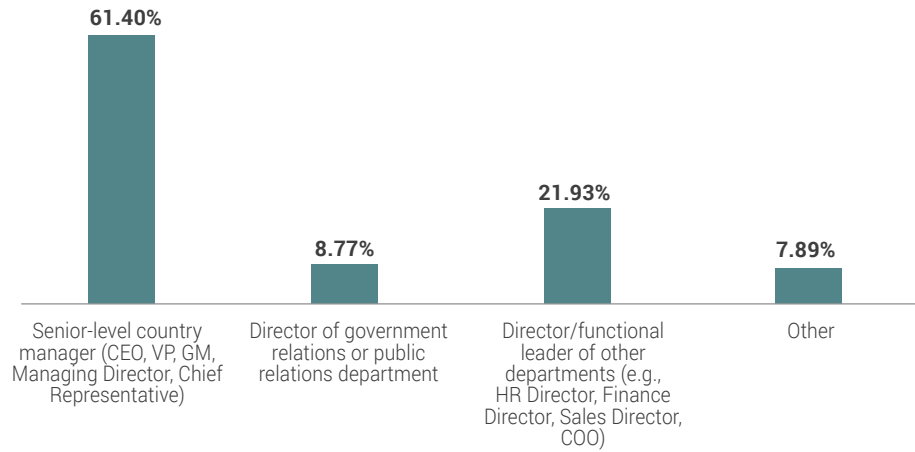


AMCHAM looks forward to continuing our active engagement with the government to find pragmatic solutions for the different business sectors within our membership, while helping to communicate government policies to our membership and supporting them in returning to work in a safe and compliant manner. Through strong partnership between Malaysia's public and private sector, we can ensure that Malaysia's dynamic economy proves resilient during these challenging times and is in a strong position to ultimately return to prosperity.

# ABOUT THE RESPONDENTS

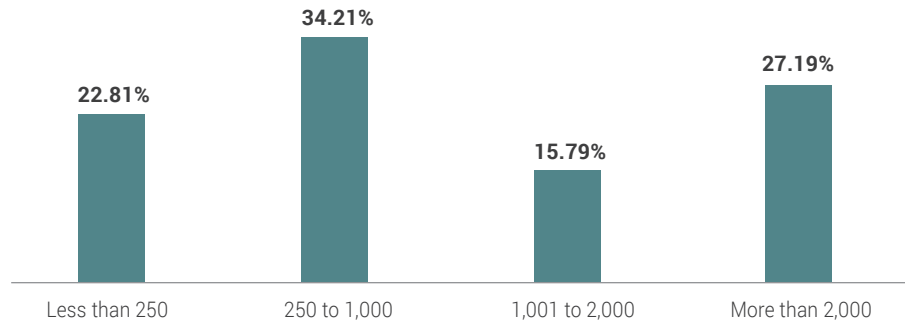
**[Q1]** As a survey respondent, please tell us about your position in your company.

[114 Respondents]



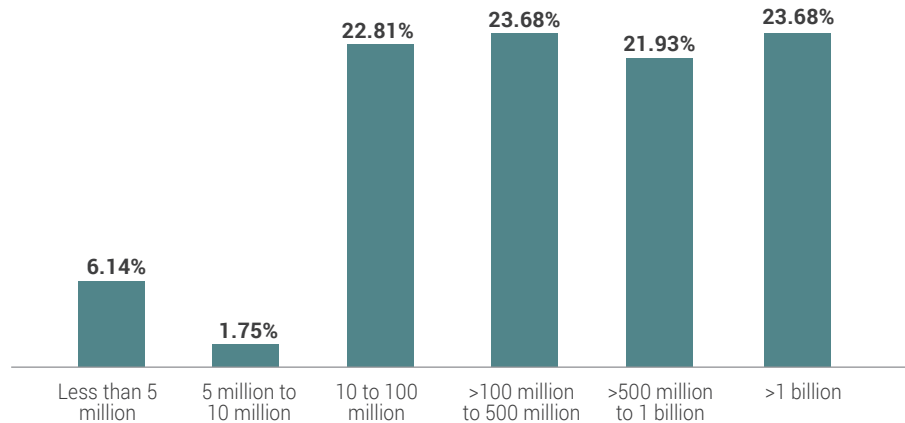
**[Q2]** How many employees does your company (including subsidiaries and joint ventures) have in Malaysia?

[114 Respondents]



**[Q3]** What was your company's total annual Malaysia revenue for 2019?

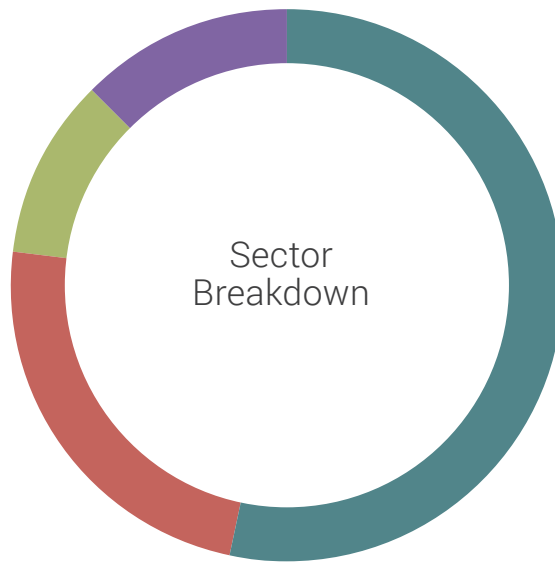
[114 Respondents]





**[Q4]** Which of the following categories best describes your main line of business in Malaysia?

[ 114 Respondents ]



- **53.51%**  
Technology & other R&D-intensive industries
- **23.68%**  
Consumer
- **10.53%**  
Resources & Industrial
- **12.28%**  
Services



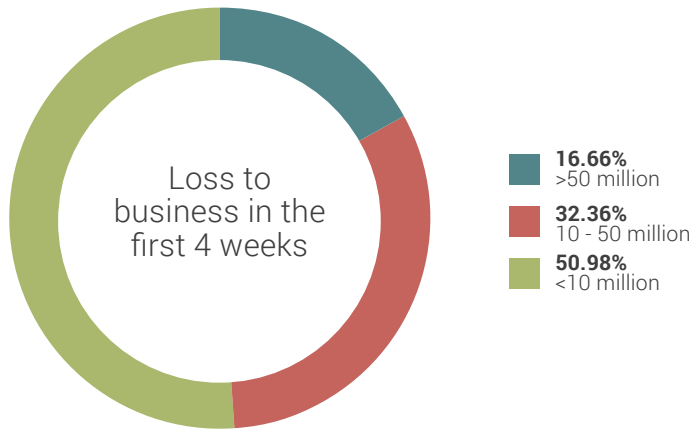
Technology & other R&D-intensive industries	Consumer	Resources & Industrial	Services
<ul style="list-style-type: none"> <li>▪ Aerospace</li> <li>▪ Healthcare Product (e.g., Pharmaceuticals, Medical Technology)</li> <li>▪ Technology/ telecommunications - Hardware</li> <li>▪ Technology/ telecommunications - Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Consumer Products</li> <li>▪ Retail and Distribution</li> <li>▪ Healthcare Services</li> <li>▪ Education</li> <li>▪ Media and Entertainment</li> <li>▪ Hospitality and Travel &amp; Leisure</li> </ul>	<ul style="list-style-type: none"> <li>▪ Agribusiness</li> <li>▪ Automotive &amp; Transportation Vehicles</li> <li>▪ Machinery, Equipment, Systems &amp; Controls</li> <li>▪ Oil &amp; Gas/Energy</li> <li>▪ Other Industrial (e.g., Chemicals, Mining, Paper &amp; Packaging)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial Services (e.g., Banking, Insurance)</li> <li>▪ Real Estate and Development</li> <li>▪ Transportation and Logistic</li> <li>▪ Investing (e.g., Private Equity, Venture Capital)</li> <li>▪ Other Services (e.g., Law, Human Resources, Accounting, Marketing, Advertising and PR, Research, Consulting)</li> </ul>

# BUSINESS IMPACT

**While just over 50% report losses of less than RM10 million, a significant portion of members report they have recorded losses exceeding RM500 million for the 4+ weeks of the MCO enforcement.**

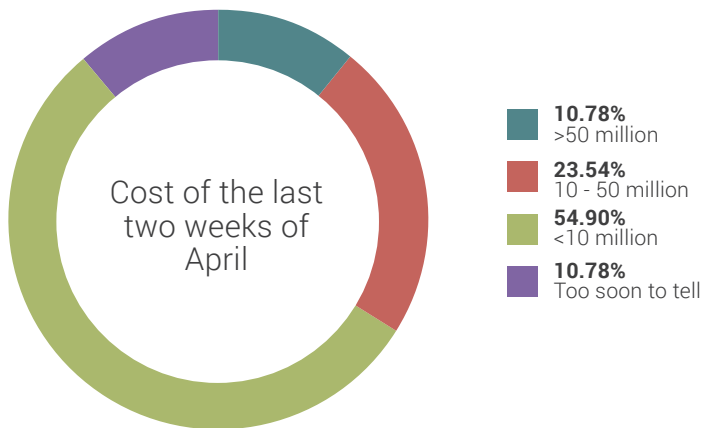
**[Q5]** What has been the loss to your business since the MCO started on March 18?

[ 102 Respondents ]



**[Q6]** What is the estimated cost of delay or losses if business remains the same (current conditions) for the next 14 days?

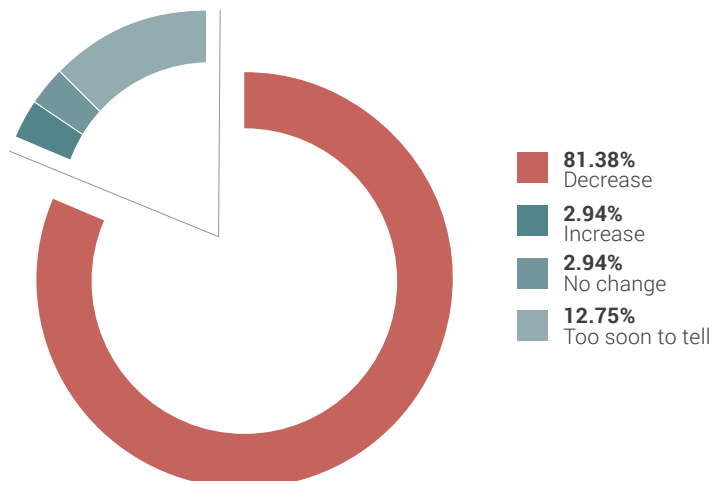
[ 102 Respondents ]



**Almost half of the respondents will see decreased revenues for 2020 of 25% or more if current conditions of the MCO don't change.**

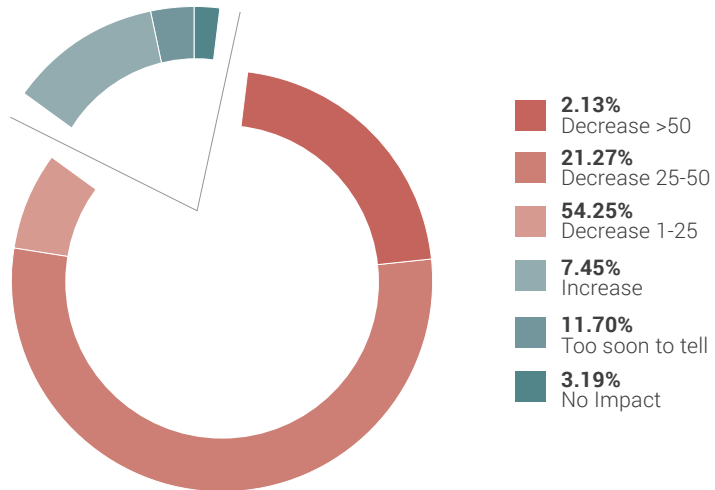
**[Q7]** If the current conditions of the MCO don't change for the next 14 days, what impact do you expect it to have on your company's estimated Malaysia 2020 revenues?

[ 102 Respondents ]



**[Q8]** If the COVID-19 pandemic impact within Malaysia is resolved and business activity returns to normal by 1 May 2020, what impact do you expect it to have on your company's estimated Malaysia 2020 revenues?

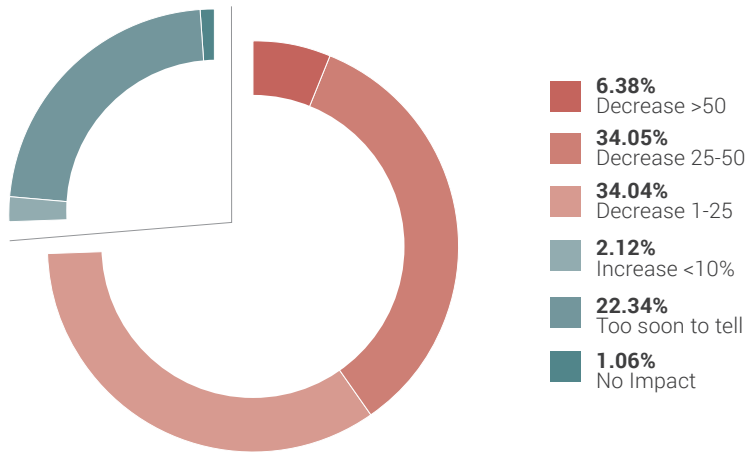
[ 94 Respondents ]



**74.5% of respondents expect to see a decrease in estimated 2020 revenues.**

**[Q9]** What overall impact do you expect the global COVID-19 pandemic to have on your company's estimated 2020 revenues?

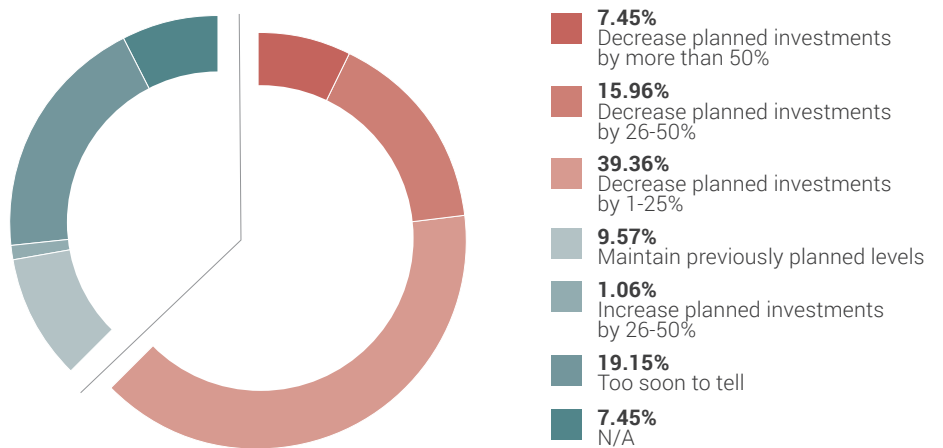
[ 94 Respondents ]



**As a result, 62% will see a decrease in planned operational investments in Malaysia for 2020.**

**[Q10]** To what extent do you expect the COVID-19 pandemic to impact your planned investments in Malaysia operations for 2020?

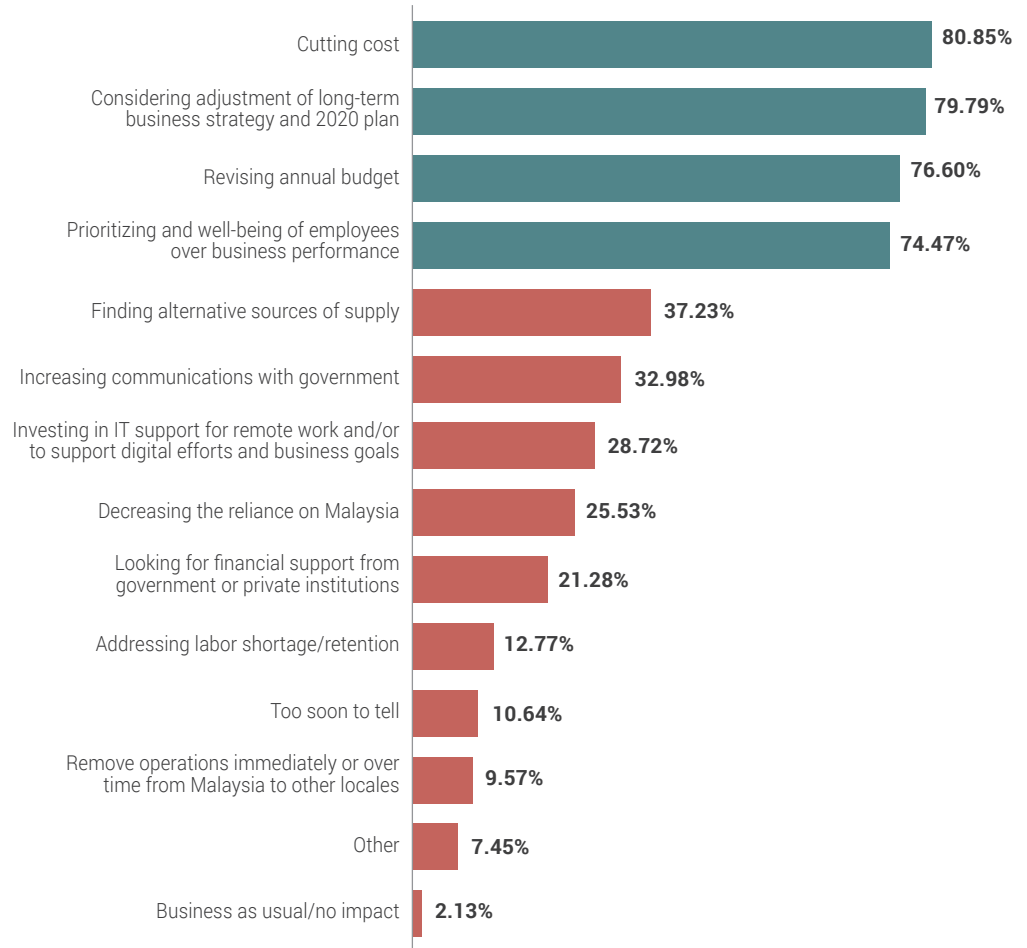
[ 94 Respondents ]



**Cost-cutting measures, adjusting business strategy and budget along with prioritizing safety and wellbeing of employees are the big short-term drivers.**

**[Q11]** How is the COVID-19 pandemic impacting your short-term (2020) business strategy?

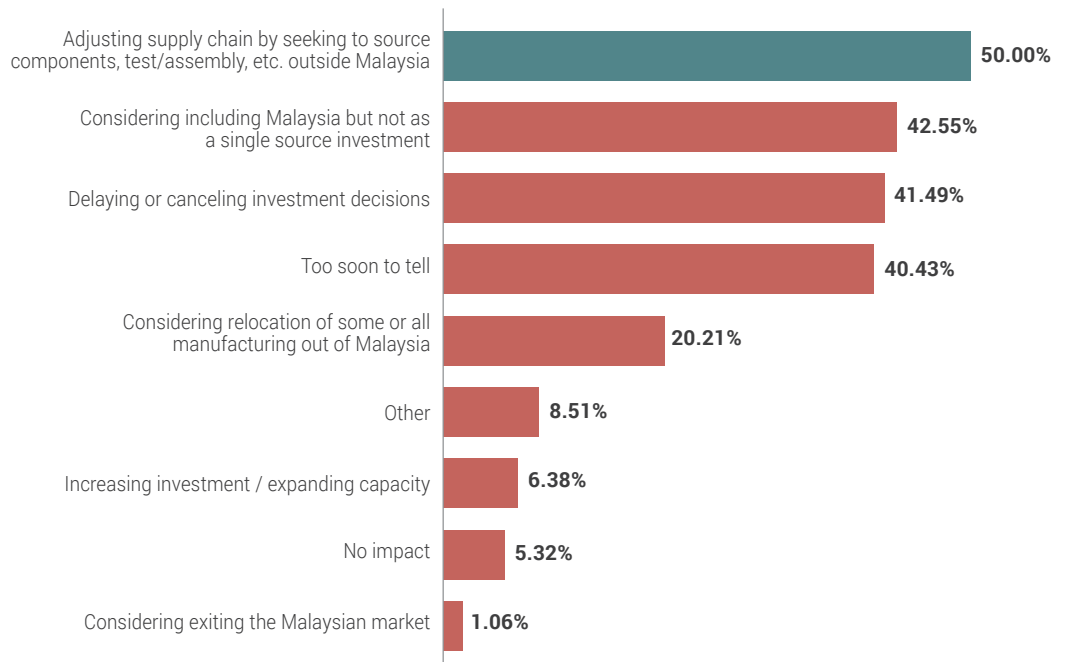
[ 94 Respondents ]



**In the long-term, half the respondents indicate that a readjustment of the supply chain will have to take place as a consequence of the pandemic.**

**[Q12]** How is the COVID-19 pandemic impacting your long-term (3-5 year) business strategy for Malaysia?

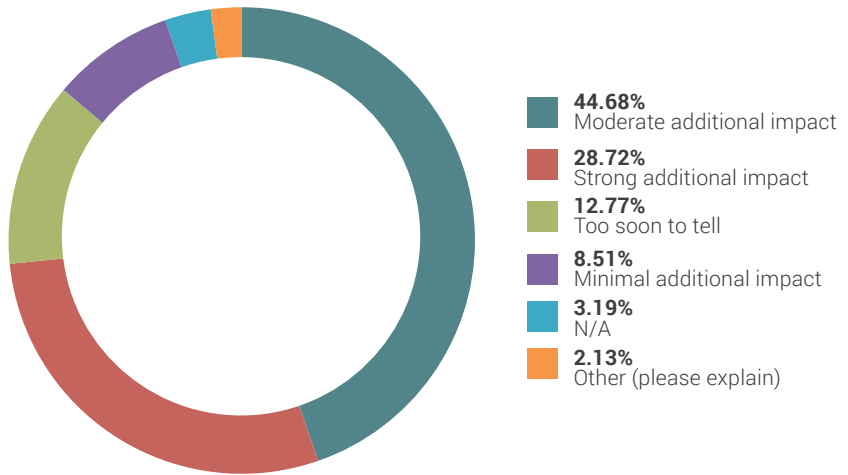
[ 94 Respondents ]



**While 12% said it was too soon to tell how the global impact of COVID 19 will affect their Malaysian operations almost 70% expect a moderate to strong impact.**

**[Q13]** To what degree will the global spread of COVID-19 further impact your Malaysian operations (e.g., regarding further disruption to your Malaysian manufacturing and supply chain operations, revenues, costs, decision-making, Malaysian investment levels)?

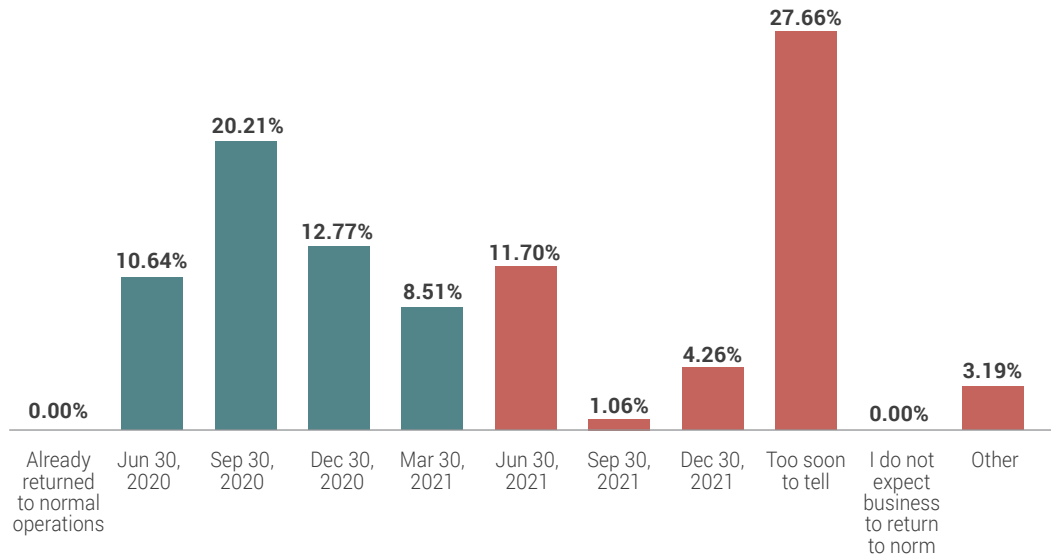
[ 94 Respondents ]



**Almost 1/3 say it is too soon to tell when business will return to normal in terms of revenue, just over 43% expect to see a return by the end of the year (2020 Q4).**

**[Q14]** When do you expect your business to return to normal? (From a revenue standpoint)

[ 94 Respondents ]



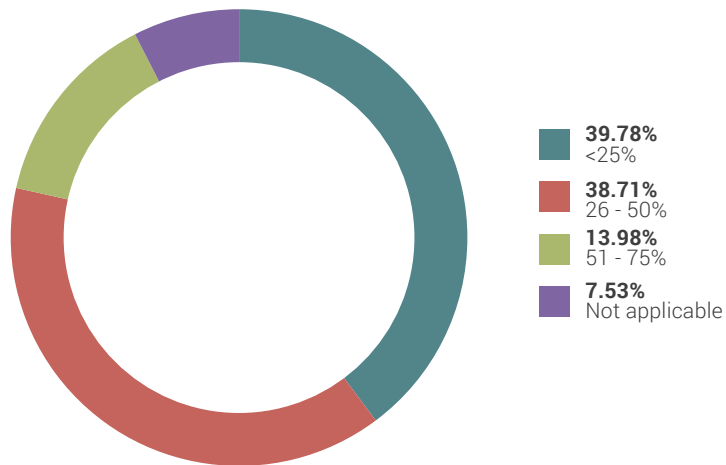
Note: the majority of the respondents are associated with the E&E sector which is seeing a surge in global demand.

# PRODUCTIVITY & THE ROLE OF SMEs

**AMCHAM member companies rely on SMEs to contribute toward their final product: over 50% cite that dependency can range between 25% to as much as 75%.**

**[Q15]** How much do small and medium-sized enterprises (SMEs) contribute to your final product/service?

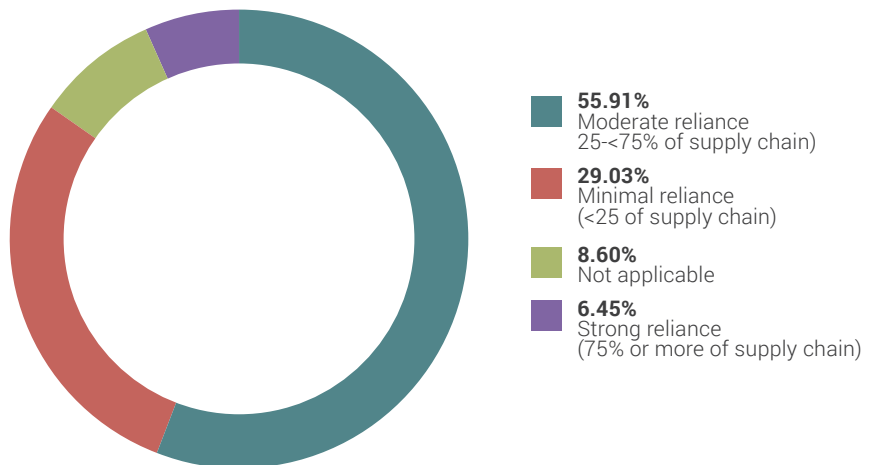
[ 93 Respondents ]



**85% rely on a Malaysian SME supply chain.**

**[Q16]** To what extent does your company's supply chain (e.g., sourcing of materials/components, manufacturing, logistics, transportation, storage, distribution, services) rely on SMEs in Malaysia?

[ 93 Respondents ]

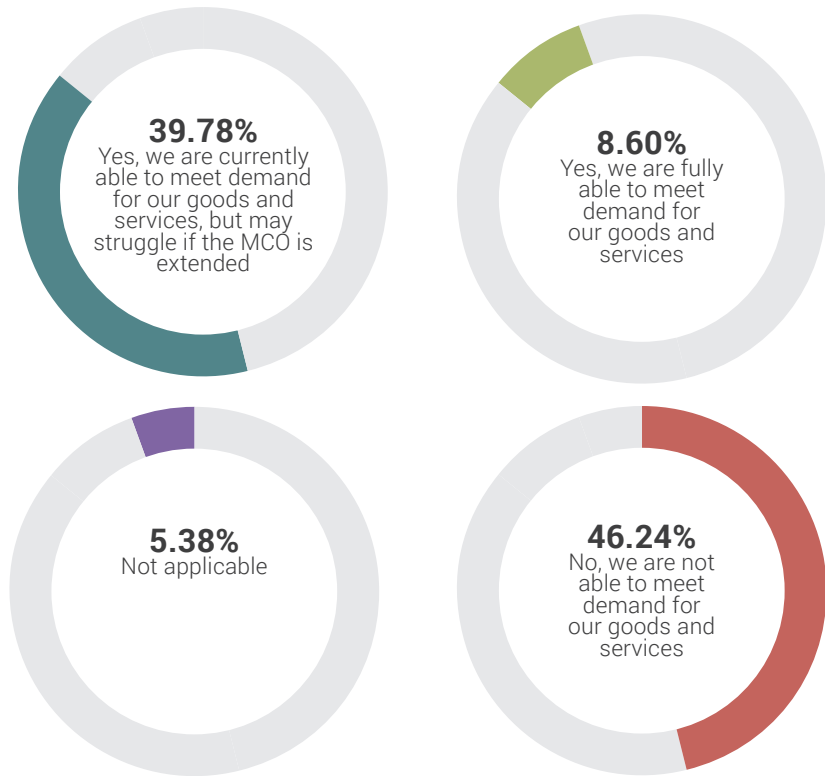




**43% stated that there were not able to meet contractual obligations with another large portion, 40%, did not face immediate issues but warned that this could change if the MCO were extended.**

**[Q17]** Given the operational disruption caused by COVID-19 and the MCO, does your company feel capable of meeting demand for goods/services / fulfilling contractual obligations?

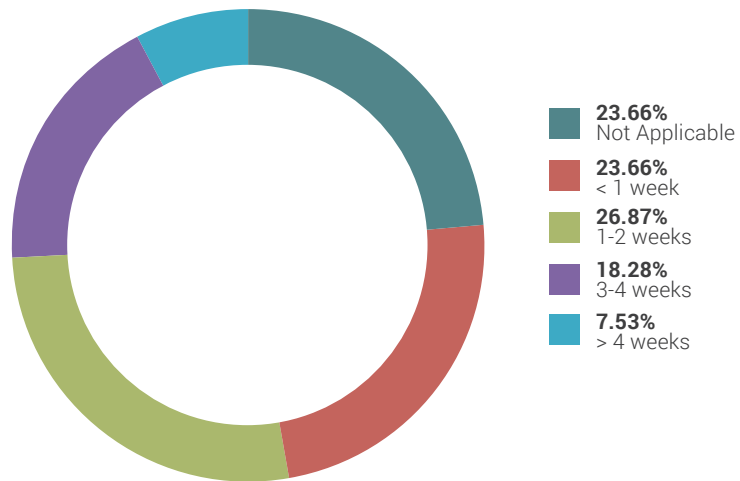
[ 93 Respondents ]



**In the event that the MCO tightens, almost a quarter of the companies reported that their current stock would last them a week or less with 45% declaring up to 4 weeks of stock being available.**

**[Q18]** For how long would your current stock of finished goods/ inventory be able to supply to your clients/customers if no more production were possible and Malaysia tightens MCO/ lockdown?

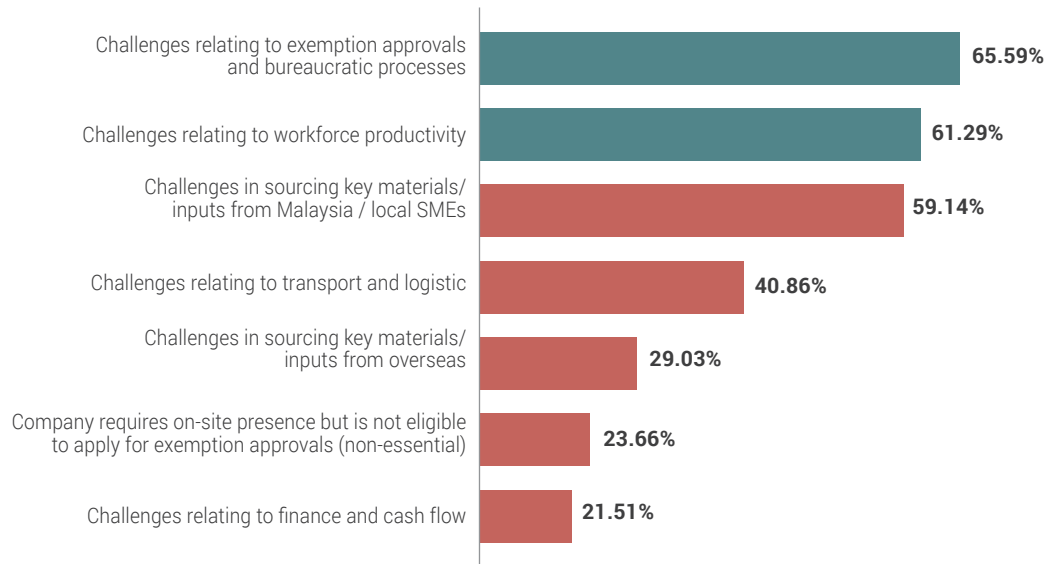
[ 93 Respondents ]



**Challenges in getting the exemption orders or approvals and bureaucratic processes associated was the leading barrier to meeting the demand for their products/services.**

**[Q19]** If you are encountering challenges in meeting demand, what are the main reasons?

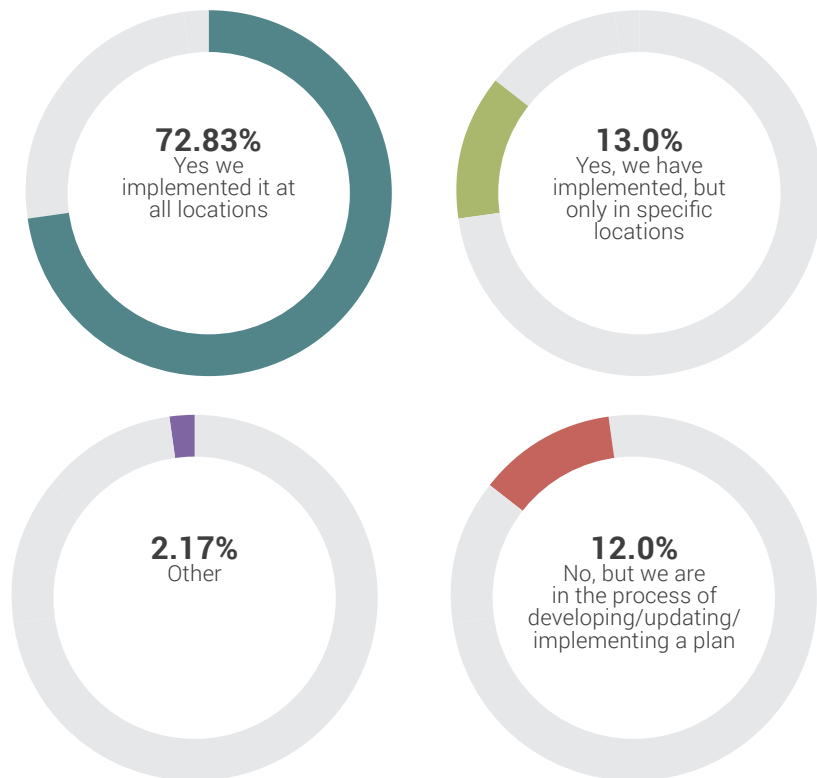
[ 93 Respondents ]



**72.83% of companies already had and implemented BCPs in place.**

**[Q20]** Did your company have a business continuity plan (BCP) or epidemic/ pandemic/ natural disaster preparedness plan in place to handle the current crisis?

[ 92 Respondents ]

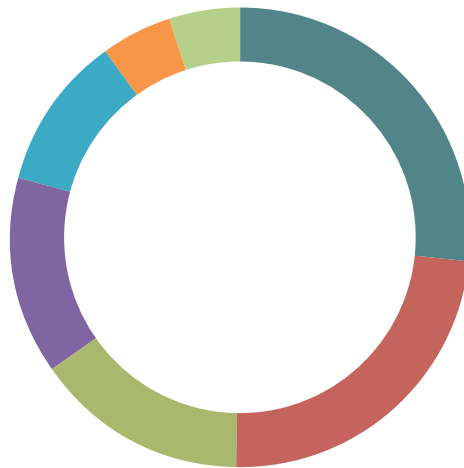


# WORKFORCE MANAGEMENT

**Working from home becomes a new business normal - only 14% of respondents will get employees completely back to work after the MCO.**

**[Q21]** To what degree will your employees return to working from the office at any given time after MCO is lifted? (excluding manufacturing facilities)

[ 92 Respondents ]

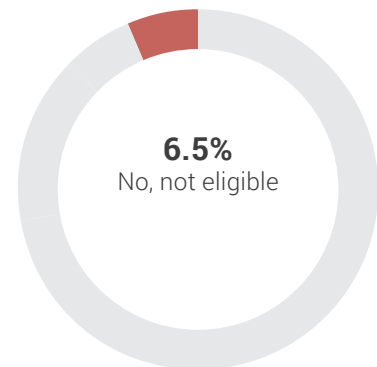
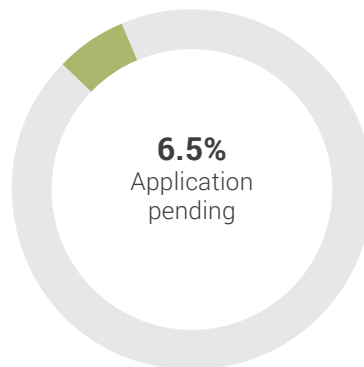
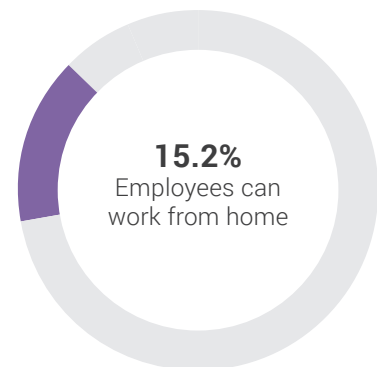
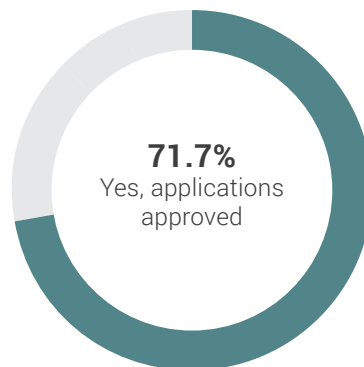


- 27.2%**  
25-<50% of staff back to office
- 23.9%**  
50-<75% of staff back to office
- 15.2%**  
75-<100% of staff back to office
- 14.1%**  
100% of staff back to office
- 10.9%**  
<25% of staff back to office
- 4.4%**  
All staff continue to work from home
- 4.4%**  
Not applicable

**By the time of this survey AMCHAM members that required an on-site presence over 70% had received the required approvals with 15% able to continue with the work-from-home policies.**

**[Q22]** If your business activity requires an on-site presence, has your company been able to continue operations after the announcement of the MCO on 18 March 2020?

[ 92 Respondents ]



**43% of companies required work to be performed on-site and as a result the impact to their operations was significant.**

**[Q23]** What is the impact on current operational responses to COVID-19 and the MCO?

[ 92 Respondents ]



- 43.5%** Significant impact, most employees need to work on-site
- 41.3%** Moderate impact, some employees need to work on-site
- 13.0%** Minimum impact, most employees can work from home
- 2.2%** Total impact, complete shut down

**4 weeks into the MCO, 57% cited that they were able to engage over 40% of their workforce.**

**[Q24]** What capacity (%) of your workforce is currently operating under MCO?

[ 92 Respondents ]

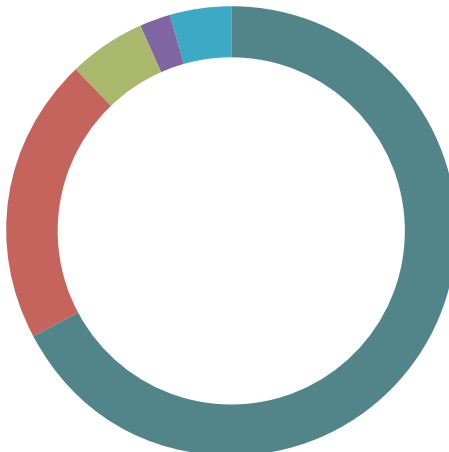


- 17.39%** Over 50%
- 40.22%** 41% - 50%
- 9.78%** 31% - 40%
- 10.87%** 21% - 30%
- 5.43%** 11% - 20%
- 6.52%** 1% - 10%
- 9.78%** 100% - no effect

**Prior to the MCO, only 6.52% had a substantial part of their workforce that working remotely on a regular basis.**

**[Q25]** Prior to the COVID-19 outbreak and the MCO, what percentage of the workforce worked remotely on a regular basis?

[ 92 Respondents ]



- 67.39%** None
- 20.65%** Less than 25%
- 5.43%** 25% - 50%
- 2.17%** 51% - 80%
- 4.35%** More than 80%

**Working from home was seen as a challenging option for many on the member companies, some restricted by the nature of the work and others expressed that the cost to implement was a significant barrier. Just over a third, however, take proactive measures to enable the work-from-home option.**

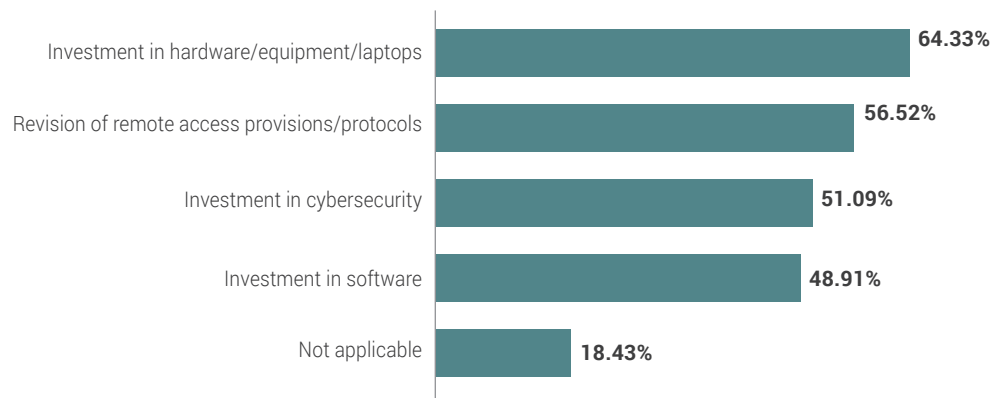


- 35.87%**  
No, all activities that can be completed remotely are already being completed remotely
- 34.78%**  
Yes, and we are making this happen
- 29.35%**  
Yes, in theory, but not currently feasible/economical

**[Q26]** Are there additional business activities that could be completed from home if additional technological tools and/or processes were put in place?

[ 92 Respondents ]

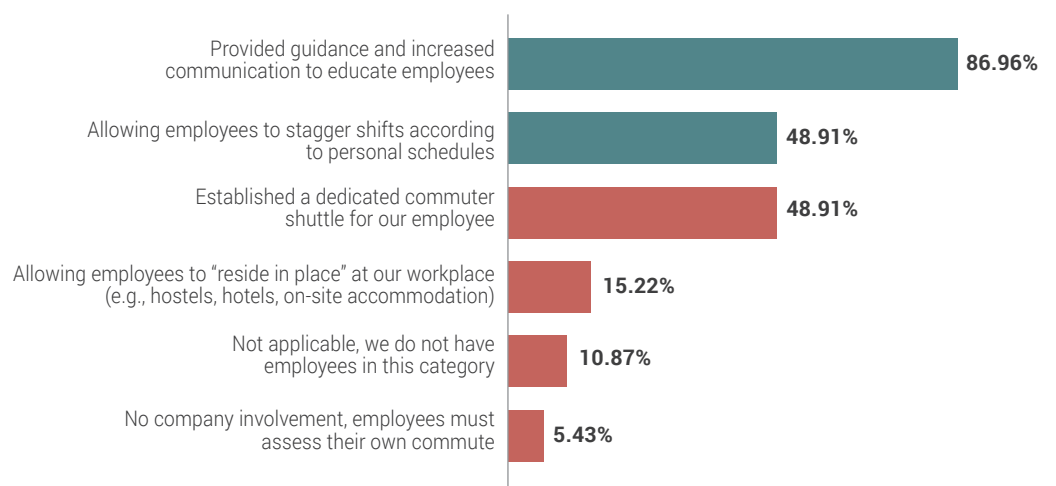
**To enable the work from home option respondents would need to invest in hardware (laptops etc.) and software while revising remote access protocols and provisions.**



**[Q27]** What steps, if any, are being taken to enable more employers to work from home?

[ 92 Respondents ]

**Companies were actively increasing communications with employees to educate and provide guidance on measures being adopted for their safety and allowing staggered shifts to ameliorate exposure to COVID-19.**



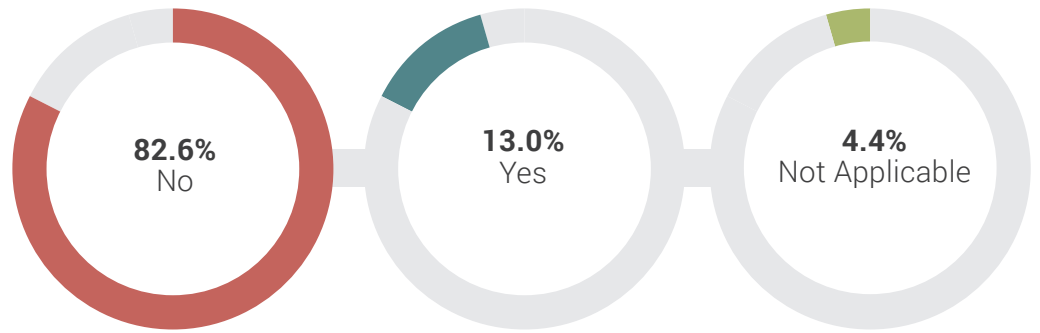
**[Q28]** For employees who must be present at the worksite, what steps are companies taking to ensure the safety of their work & commutes?

[ 92 Respondents ]

**Even though a large majority of respondents have not reduced their employees or placed them on temporary unpaid leave since the start of the MCO, more than half of the respondents may have to lay off their employees if the MCO is extended or a full lockdown is implemented.**

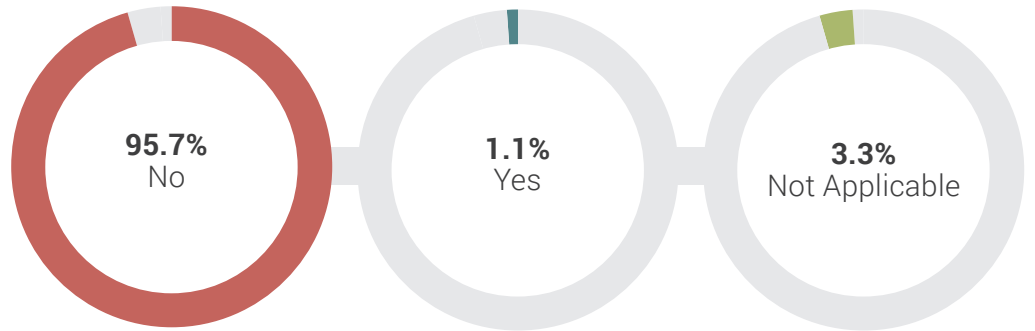
**[Q29]** Have you had to place staff on temporary unpaid leave since the start of the MCO?

[ 92 Respondents ]



**[Q30]** Have you had to lay off staff since the start of the MCO?

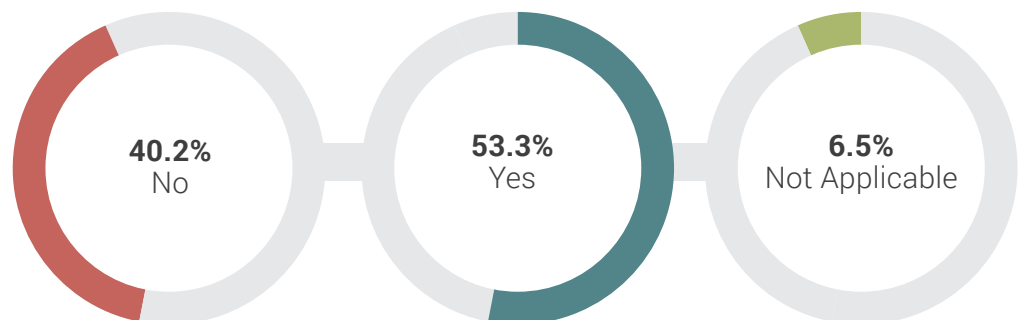
[ 92 Respondents ]



**With 53% citing that they may have to consider the move if the MCO is extended to a full lockdown is reinstated.**

**[Q31]** Do you foresee having to lay off staff if the MCO is extended or there is a full lockdown implemented by the government?

[ 92 Respondents ]

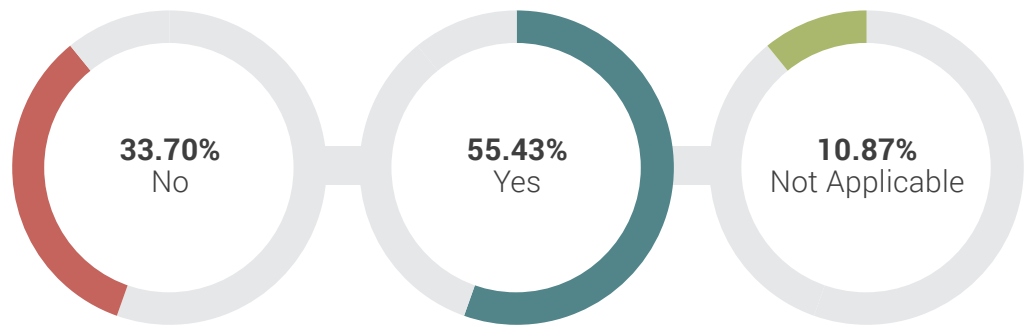




**Over half of the respondent reported that incentives were needed to encourage workers to return to work even after receiving approvals to operate from the Government.**

**[Q32]** Have you had to incentivize staff to return to on-site work since the start of the MCO?

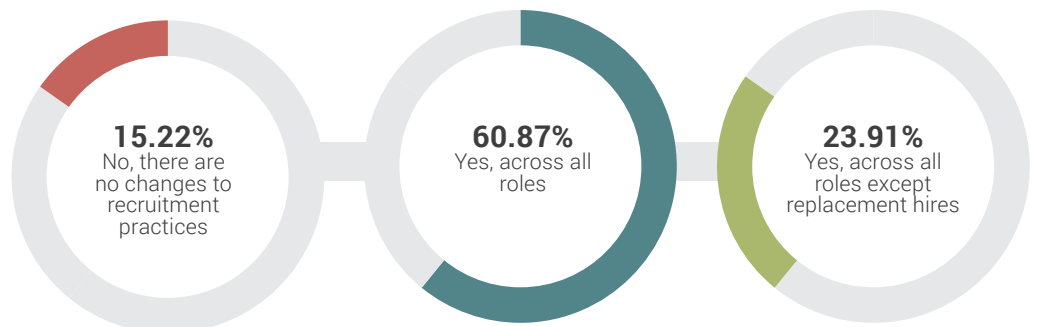
[ 92 Respondents ]



**Hiring freezes are in place for most companies (61%) while 24% were allowing replacement hires to be made.**

**[Q33]** Has your company implemented a hiring freeze for the rest of the year as a result of COVID-19 and the MCO?

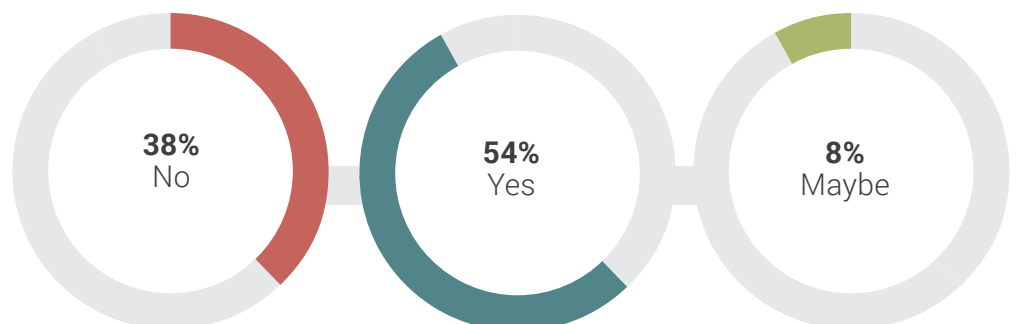
[ 92 Respondents ]



**Most companies did feel that they understood the conditions of business activity a hefty 38% felt there are a distinct lack of clarity.**

**[Q34]** Do you feel that you have clarity from the government on the conditions of business activity for your company during the MCO?

[ 86 Respondents ]

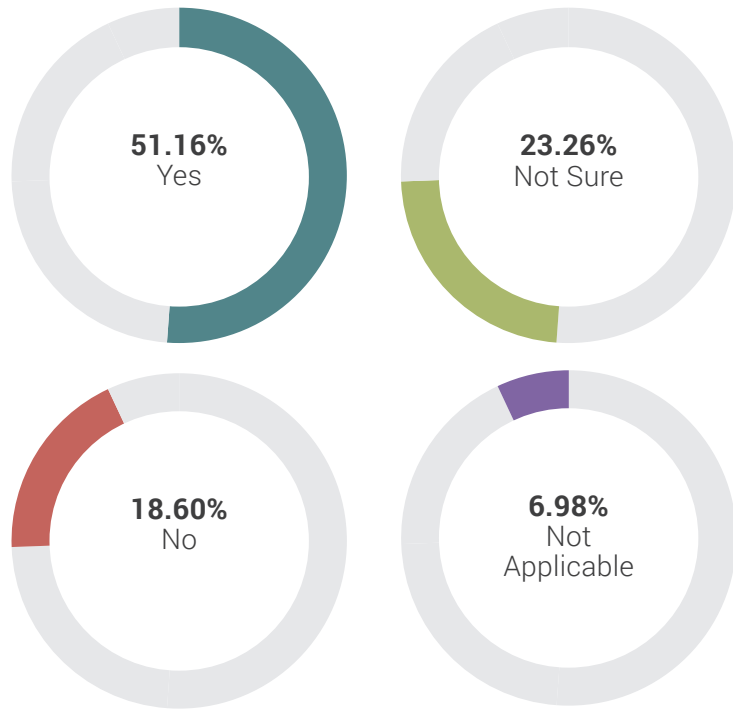


# PLANNING FOR THE FUTURE

Over half of our respondents (51%) expressed that they were relooking at their supply chains.

**[Q35]** As a result of COVID-19, is your company considering changing the breadth & scope of your supply chain (e.g., vendors, facilities, markets)?

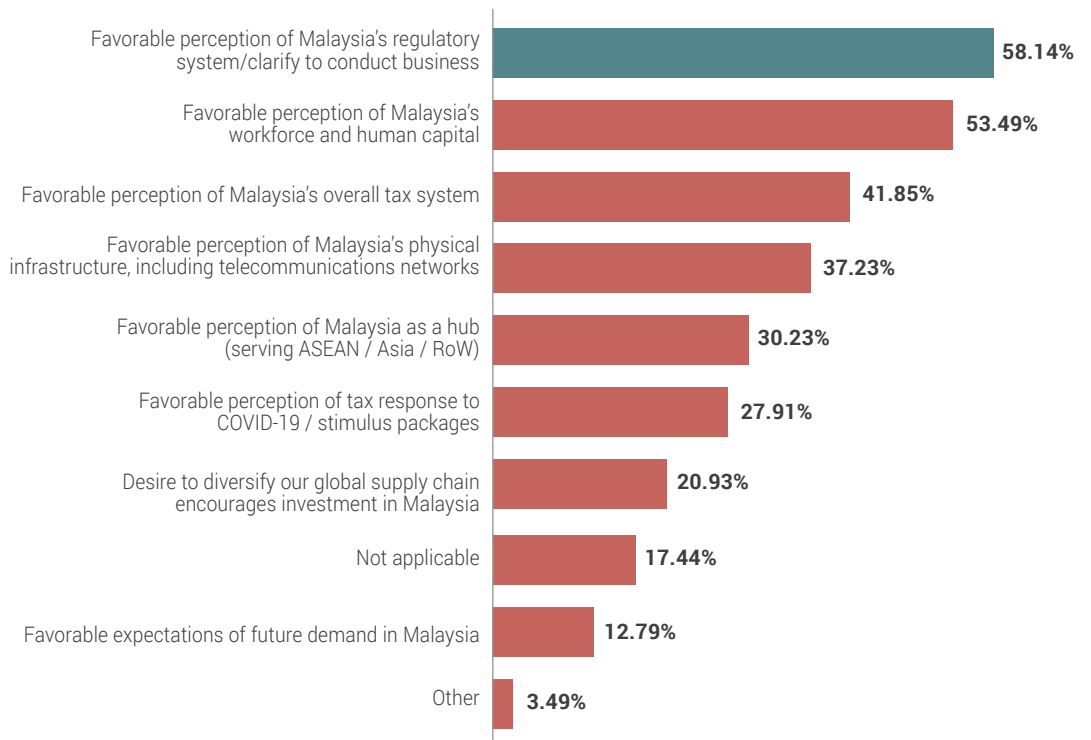
[ 86 Respondents ]



**Favorable perception of Malaysia regulatory system and clarity to conduct business is the main reason investments would increase in Malaysia.**

**[Q36]** If investment in Malaysia is expected to increase, what are the most important factors behind this decision?

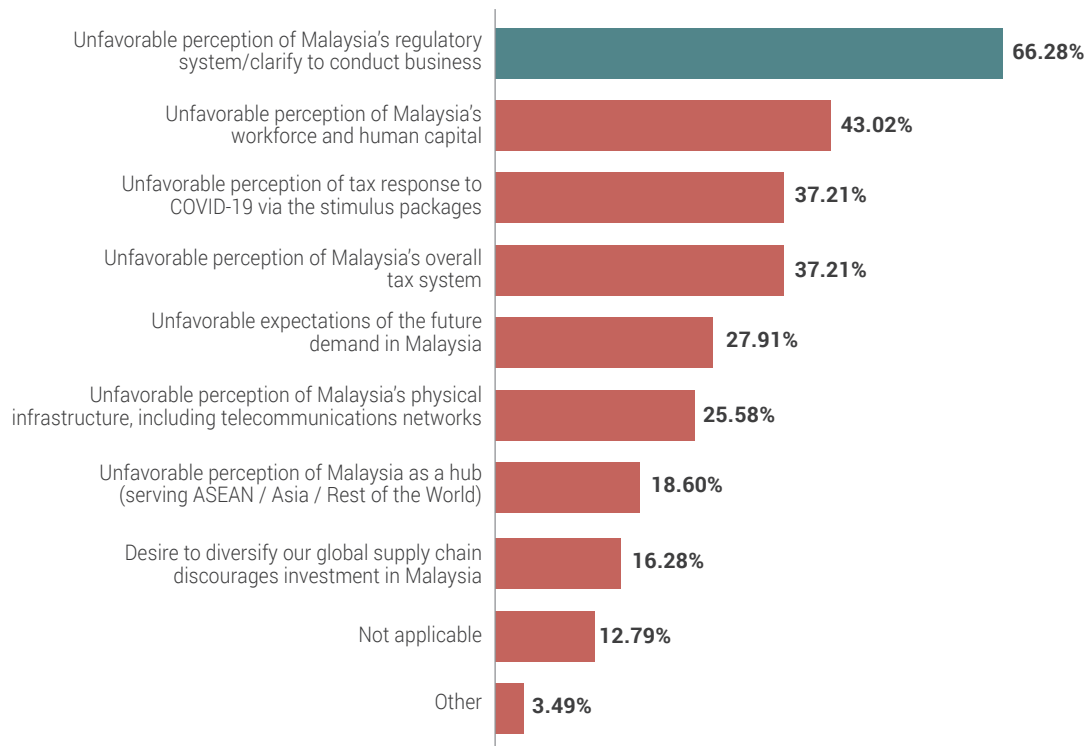
[ 86 Respondents ]



**Conversely, unfavorable perception of Malaysia regulatory system and lack of clarity to conduct business is the main reason investments would decrease in Malaysia.**

**[Q37]** If investment in Malaysia is expected to decrease, what are the most important factors behind this decision? (Select top 4)

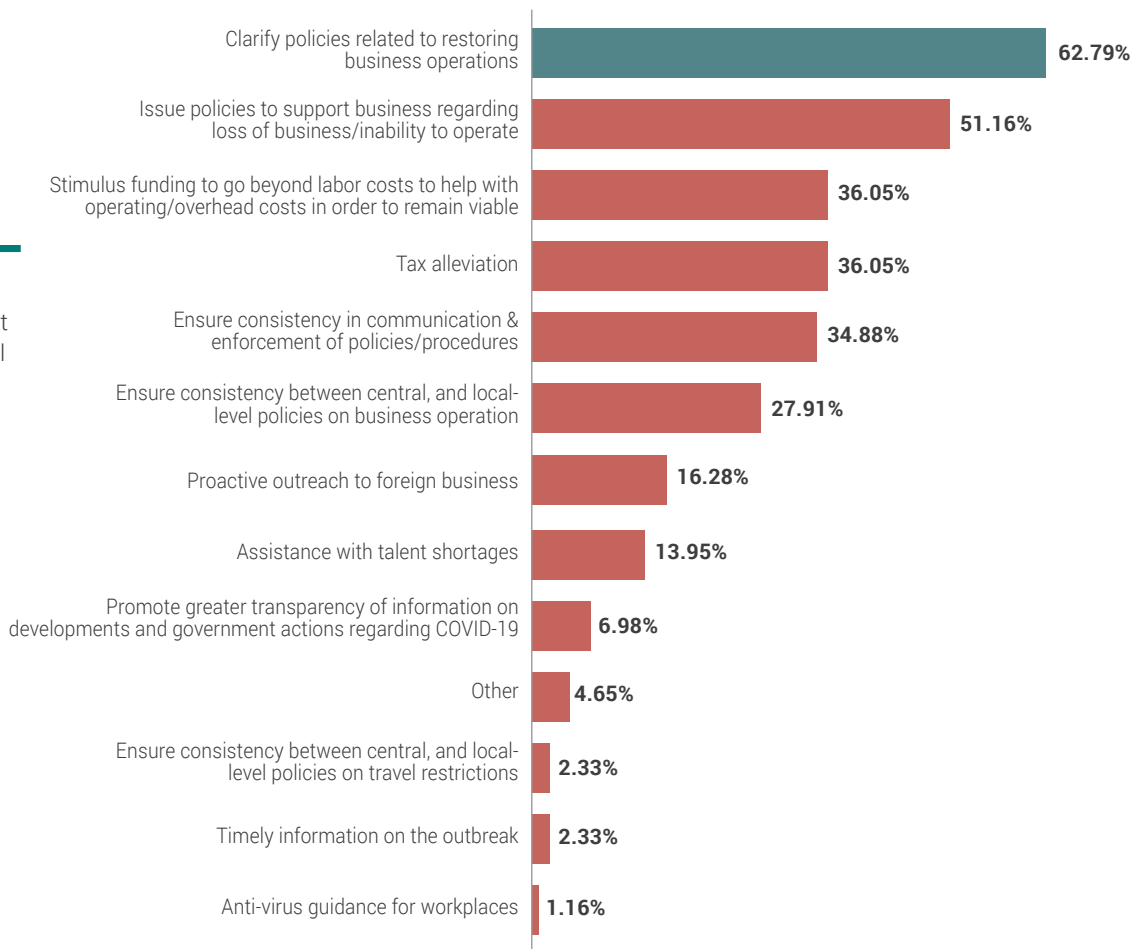
[ 86 Respondents ]



**The government can best assist MNCs in Malaysia by improving communications and providing clarity on policies to restore business operations.**

**[Q38]** What actions can the Malaysian government take to help Multi-National Companies (MNCs) in Malaysia?

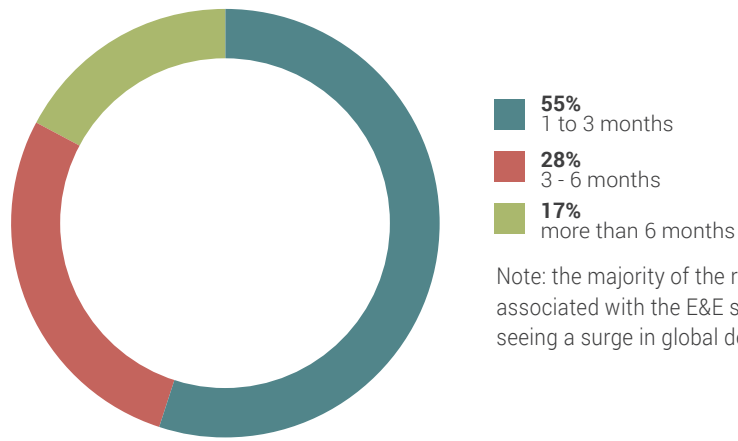
[ 86 Respondents ]



**Over fifty percent estimate that they could return to business as normal in the 'new normal' within 3 months of the full lifting of the MCO.**

**[Q39]** If COVID-19 were to end today, how long would you estimate it would take for your company to get back to 'business as usual' (operational) in the new normal?

[ 86 Respondents ]

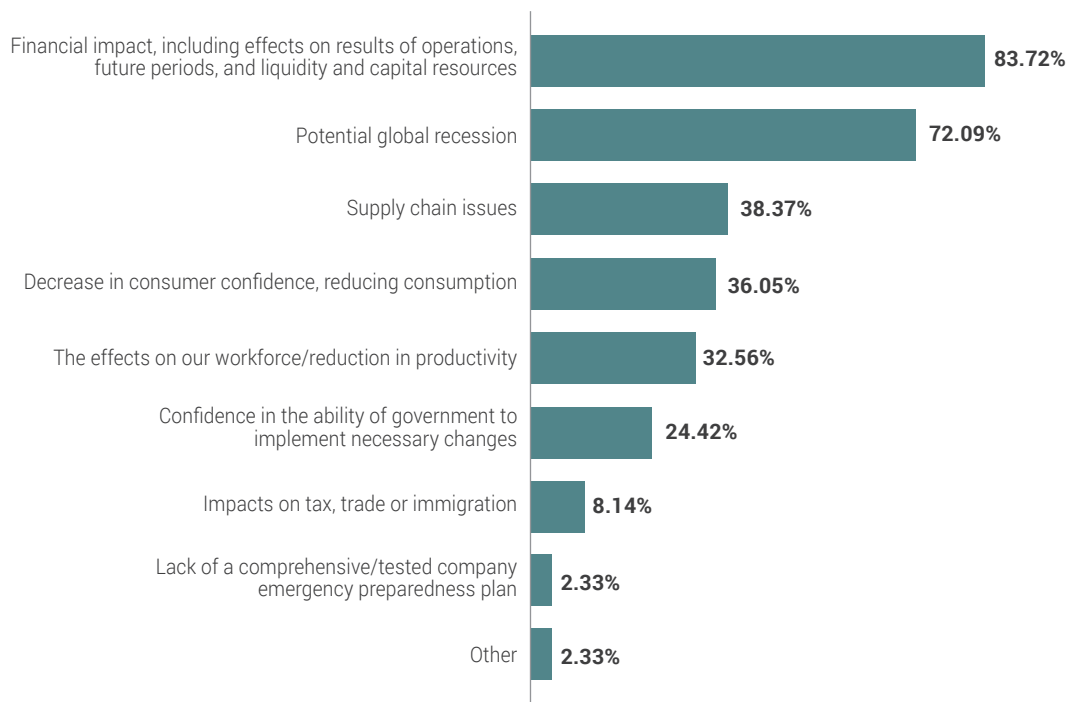


Note: the majority of the respondents are associated with the E&E sector which is seeing a surge in global demand.

**Financial setbacks predominated the responses followed by concerns of a global recession and supply chain issues.**

**[Q40]** What are your top three concerns with respect to the COVID-19 pandemic overall?

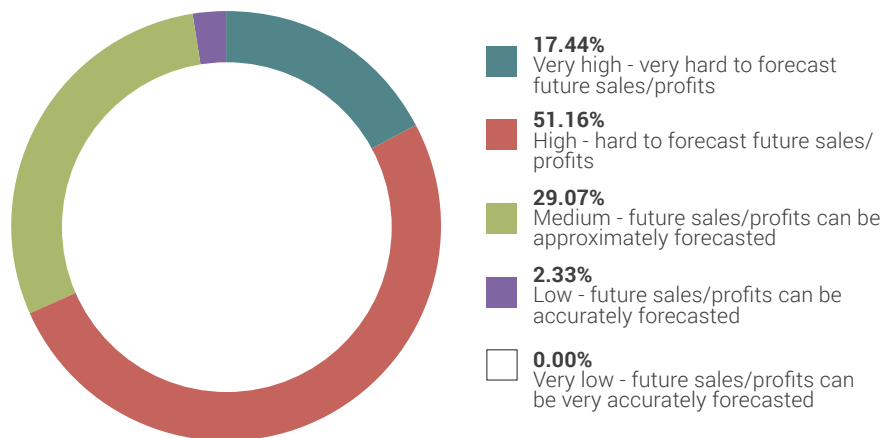
[ 86 Respondents ]



**Almost 70% cited that it was hard to forecast future sales and profits from the vantage point of being in the midst of Q2 2020, with only 29% saying they were able to make a good approximation.**

**[Q41]** How would you rate the overall uncertainty faced by your business at the moment (as of Q2/2020)?

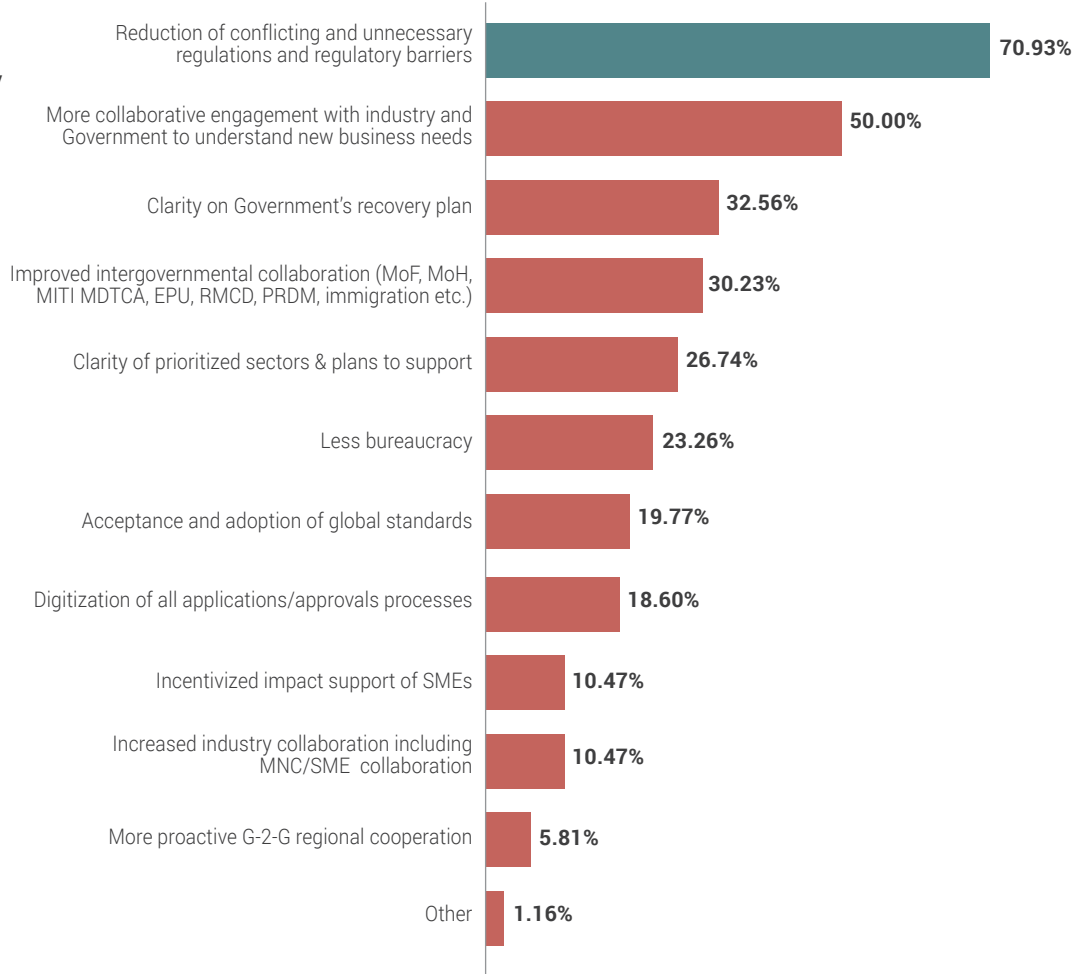
[ 86 Respondents ]



**A reduction of conflicting and unnecessary regulations and regulatory barriers can speed up the recovery process.**

**[Q42]** What could support / speed up your recovery and return to the new business normal?

[ 86 Respondents ]



# ABOUT AMCHAM MALAYSIA

---

AMCHAM has been the “Voice of U.S. Business in Malaysia” since 1978. We are a membership-based, wholly independent and not-for-profit business organization.

We represent around 270 companies (mostly American MNCs) that are active in Malaysia

Members are from a diverse range of industries, key sectors include E&E, Healthcare, FMCG, Logistics, Oil & Gas, Financial Services, Digital Technology, and Consultancy.

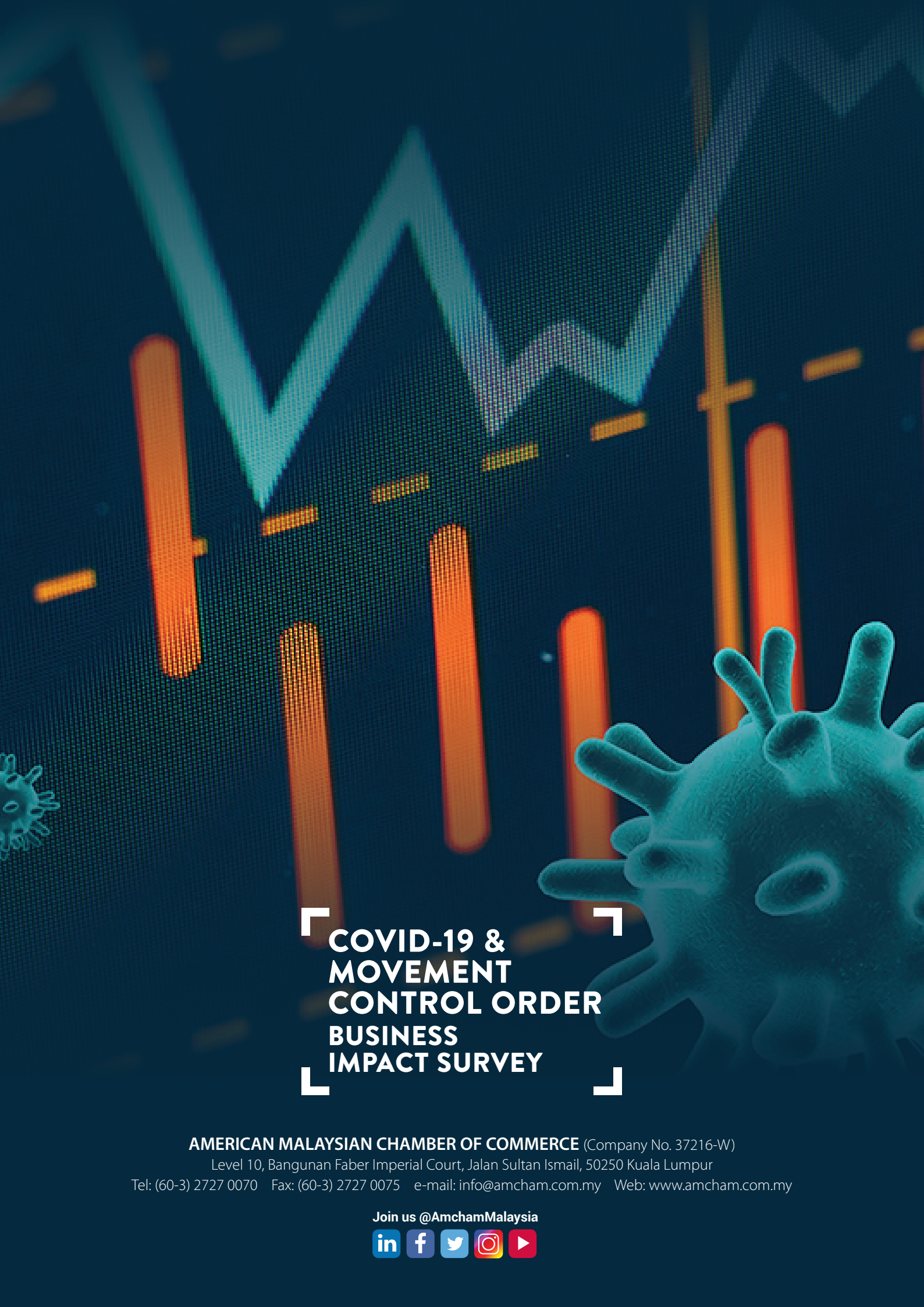
AMCHAM helps our members to provide collective inputs to the Government of Malaysia on a range of policy matters.

We also serve as a platform for members to share knowledge and best practices within our community.

[amcham.com.my](http://amcham.com.my)







**COVID-19 &  
MOVEMENT  
CONTROL ORDER  
BUSINESS  
IMPACT SURVEY**

**AMERICAN MALAYSIAN CHAMBER OF COMMERCE** (Company No. 37216-W)

Level 10, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel: (60-3) 2727 0070 Fax: (60-3) 2727 0075 e-mail: [info@amcham.com.my](mailto:info@amcham.com.my) Web: [www.amcham.com.my](http://www.amcham.com.my)

Join us @AmchamMalaysia

