ACCCIM

ACCCIM Malaysia's Business and Economic Conditions Survey (M-BECS) Report (2H 2022 and 1H 2023F)
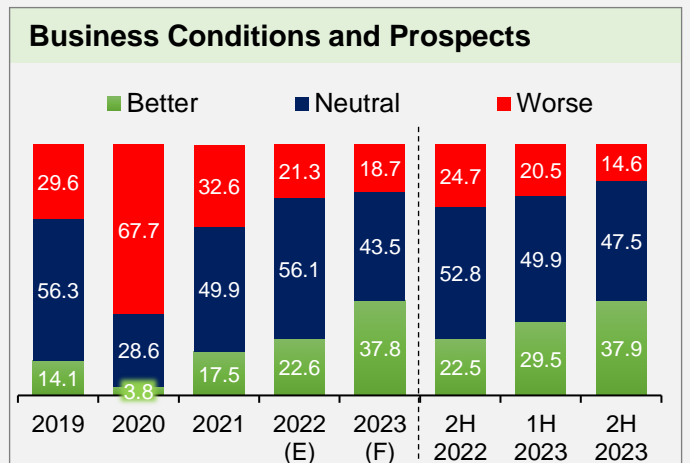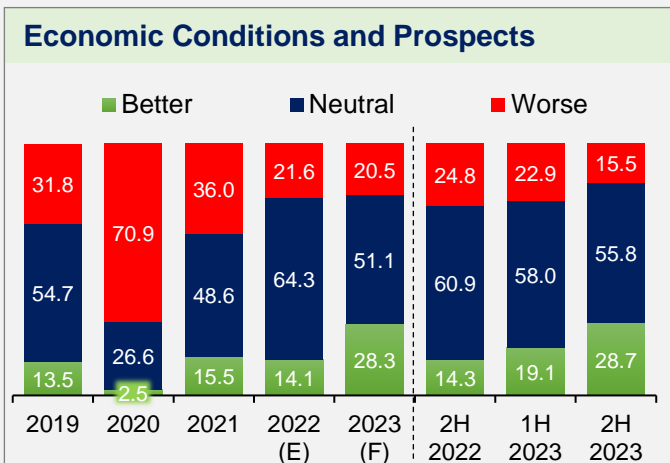
中总2022下半年及
2023上半年预测

马来西亚商业和经济状况
调查报告

20 February 2023

- **The Associated Chinese Chambers of Commerce and Industry of Malaysia's (ACCCIM) Malaysia's Business and Economic Conditions Survey (M-BECS)** covers **Jul-Dec 2022 (2H 2022) and expectations for Jan-Jun 2023 (1H 2023).** It was conducted during the period between **15 November 2022 and 31 January 2023** and has received a total of **761 responses**.

M-BECS: Overview and Summary of Key Findings

1. **The Malaysian economy recovery continues in 2H 2022, albeit slower in 4Q.** While 60.9% of total respondents having a **"Neutral"** view about economic conditions in 2H 2022, there was **a surge in the percentage of total respondents (24.8%) expecting "Worse" economic conditions, reflecting the impact of slowing exports.**

2. **Expectations of better 2H 2023 vs. 1H 2023.** Amid concerns about weaker global and domestic economic prospects in 2023, **a higher percentage of respondents (28.7%) expect gradual economic improvement in 2H 2023** compared to 19.1% in 1H 2023. For the whole year of 2023, **about half of the total respondents (51.1%) expect** a **"Neutral"** economic outlook (vs. 64.3% for 2022).

3. **24.7% and 20.5% of respondents expect "Worse" business conditions in 2H 2022 and 1H 2023**, respectively, weighed down by inflation and rising cost of living pressures, increased business costs, including high prices of raw materials, a gradual hike in interest rate as well as concerns about external uncertainties.

4. Overall, **businesses are cautiously optimistic about the business outlook in 2023**. **43.5% and 37.8% of respondents have rated "Neutral" and "Better" prospects**, respectively, albeit lower percentages compared to previous survey.

5. **The manufacturing (58.2%) and wholesale and retail trade (41.6%) sectors are holding "Neutral" expectations in 2H 2023**. Most respondents in the construction sector see "Better" (44.0%) and "Neutral" (40.0%) business conditions in 2H 2023, respectively, due to positive expectations for property demand and the implementation of mega projects. **Tourism (48.1%), transportation and warehousing (50.0%) and professional and business services (52.7%) expect "Positive" business conditions.**

6. **Most businesses viewed their cash flows and debtors' conditions as "Neutral" in 2H 2022** and will likely remain unchanged in 1H 2023.

% of respondents

Economic Conditions and Prospects

■ Better ■ Neutral ■ Worse

	2019	2020	2021	2022 (E)	2023 (F)	2H 2022	1H 2023	2H 2023
Worse	31.8	70.9	36.0	21.6	20.5	24.8	22.9	15.5
Neutral	54.7		48.6	64.3	51.1	60.9	58.0	55.8
Better	13.5	26.6 / 2.5	15.5	14.1	28.3	14.3	19.1	28.7

Business Conditions and Prospects

■ Better ■ Neutral ■ Worse

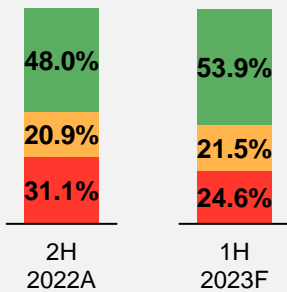|	2019	2020	2021	2022 (E)	2023 (F)	2H 2022	1H 2023	2H 2023
Worse	29.6	67.7	32.6	21.3	18.7	24.7	20.5	14.6
Neutral	56.3		49.9	56.1	43.5	52.8	49.9	47.5
Better	14.1	28.6 / 3.8	17.5	22.6	37.8	22.5	29.5	37.9

E=Estimates; F=Forecast

M-BECS: Overview and Summary of Key Findings (cont.)

7. "**Increase in prices of raw materials**" (51.1%) remained as the **top factor that impacted business performance in 2H 2022**, followed by "**The Ringgit's fluctuation**" (49.7%); **"High operating cost and cash flow problem"** (45.1%); "**Shortage of workers**" (43.0%); and "**Political climate**" (32.9%).

8. **Business assessment in 2H 2022 and 1H 2023F**:

   a) **Sales performance**: **48.0% of respondents across most sectors have experienced an increase in sales in 2H 2022.** 53.9% are optimistic about their sales prospects in 1H 2023.

   b) **Business operations**: **Strong demand has improved production in 2H 2022.** Nearly half of total respondents are likely to increase their production in 1H 2023.

   c) **Cost of raw materials**: More than 70% of total respondents revealed that both prices of local and imported raw materials have increased in 2H 2022. **Most of them expect cost increases to persist in 1H 2023.**

   d) **Manpower**: **41.9% of total respondents have increased their manpower in 2H 2022.** More than half of respondents increased their employees' wages in 2H 2022 to comply with the new minimum wage. **Nearly 70% of total respondents will likely increase their employees' wages in 1H 2023**.

   e) **Capital expenditure**: Most respondents have increased their capital expenditure in 2H 2022 and **will continue to invest further in 1H 2023 despite cautiousness about the economic prospects.**
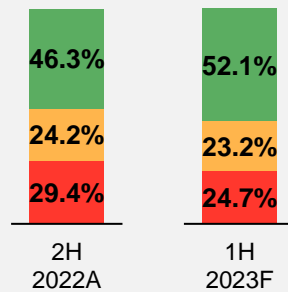

Business operations diagnosis   *% of respondents*
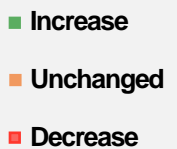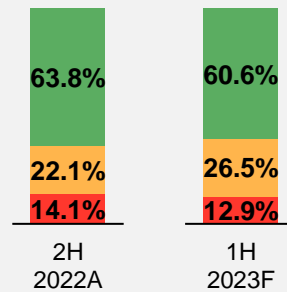

	Increase
	Unchanged
	Decrease

Overall sales revenue
- 2H 2022A: 48.0% Increase, 20.9% Unchanged, 31.1% Decrease
- 1H 2023F: 53.9% Increase, 21.5% Unchanged, 24.6% Decrease

Domestic sales revenue
- 2H 2022A: 46.3% Increase, 24.2% Unchanged, 29.4% Decrease
- 1H 2023F: 52.1% Increase, 23.2% Unchanged, 24.7% Decrease

Domestic price level
- 2H 2022A: 63.8% Increase, 22.1% Unchanged, 14.1% Decrease
- 1H 2023F: 60.6% Increase, 26.5% Unchanged, 12.9% Decrease

Production
- 2H 2022A: 31.5% Decrease, 25.6% Unchanged, 42.8% Increase
- 1H 2023F: 26.9% Decrease, 24.6% Unchanged, 48.5% Increase
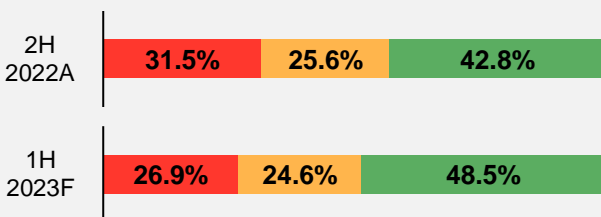
Capital expenditure
- 2H 2022A: 7.0% Decrease, 29.9% Unchanged, 63.1% Increase
- 1H 2023F: 7.0% Decrease, 28.4% Unchanged, 64.5% Increase
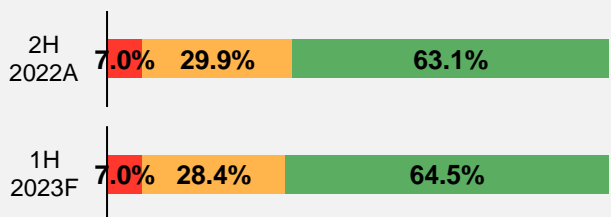
A=Actual; F=Forecast

Topical Issue 1: Implications of The Employment (Amendment) Act 2022

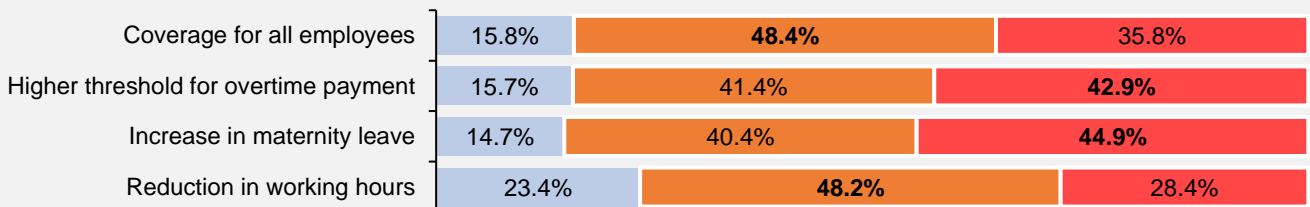a) **Over 40% of total respondents indicated a "moderate to high" impact on their operating costs associated with the amendments**, including a reduction in working hours, an increase in maternity leave, a higher threshold for overtime payment, and widened coverage for all employees.

b) **Most respondents are expecting a higher overtime payment and cost (61.6%)** and **disruption of business operation (39.7%)**, while **22.1% indicated "No impact"**.

c) **Around 80% of respondents indicated higher employment costs due to**: (i) **Reduction in working hours (79.3% claimed higher employment cost)**; (ii) **Higher threshold for overtime payment (80.7%)**.

d) We observe that respondents have indicated **a shift to a higher male-to-female ratio in their employment (41.3%)** to mitigate against the impact of higher maternity leave. This does not bode well for encouraging women's participation in the labour force and promoting gender equality.

e) Respondents have proposed the following initiatives to ease their business costs: (i) **Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS)** (64.6% of respondents); (ii) **Co-share an additional 38 days of maternity benefits by the government (56.1%)**; and (iii) **Double tax deduction for an additional 38 days of maternity benefits (52.3%)**.

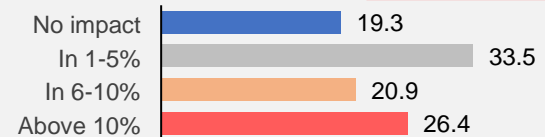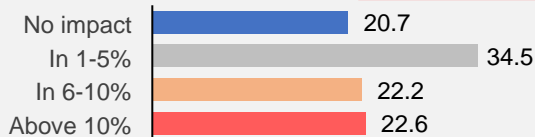**Degree of impact from the Employment (Amendment) Act**

% of respondents

Legend: ■ No   ■ Moderate   ■ High

	No	Moderate	High
Coverage for all employees	15.8%	48.4%	35.8%
Higher threshold for overtime payment	15.7%	41.4%	42.9%
Increase in maternity leave	14.7%	40.4%	44.9%
Reduction in working hours	23.4%	48.2%	28.4%

Employment cost impact

Reduction in working hours — **79.3% has an impact!**

No impact	20.7
In 1-5%	34.5
In 6-10%	22.2
Above 10%	22.6

Higher threshold for overtime — **80.7% has an impact!**

No impact	19.3
In 1-5%	33.5
In 6-10%	20.9
Above 10%	26.4

Impact of additional maternity leave on female employability

41.3% of respondents indicated **having a higher male-to-female ratio**, as an alternative for higher maternity leave.

Expected support from the Government
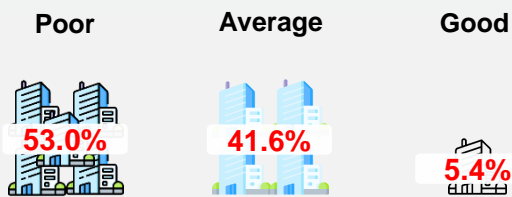
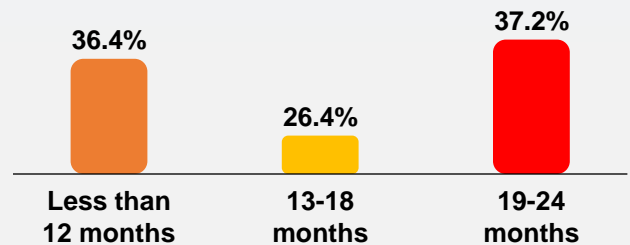|	
① Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS)	**64.6%**
② Government to co-share an additional 38 days of maternity benefits	**56.1%**
③ Double tax deduction for an additional 38 days of maternity benefits	**52.3%**

Topical Issue 2: Carbon Tax

a) Most businesses or organisations in Malaysia have a **poor understanding of carbon tax (53.0% of respondents)**.

b) **Top two approaches when preparing for the carbon tax implementation**: (i) **Participate in Greenhouse Gas (GHG) Emissions-related program/training** (24.1%); and (ii) **Engage expertise in carbon footprint management** (22.0%). However, **65.2% of total respondents voted** for "**Not ready yet / Do not know how to prepare**".

c) "**Lack of expertise and information about how to implement low carbon emission**" (60.2%); "**Lack of capital and increase in business costs**" (46.8%); and "**Lack of qualified staff to monitor carbon emissions**" (45.1%) were cited as the **key challenges** faced by companies in reducing GHG Emissions.

d) The Government can help businesses to reduce GHG Emissions via: (i) **Clear guidelines and timeline for a progressive introduction of carbon tax** (48.6%); (ii) **Government-funded GHG Emissions-related training and courses** (46.8%); and (iii) **Introduce a low carbon tax rate to promote awareness** (46.4%).

% of respondents

Degree of company understanding of carbon tax

Poor	Average	Good
53.0%	41.6%	5.4%

What is the lead time required for the implementation of a carbon tax?

Less than 12 months	13-18 months	19-24 months
36.4%	26.4%	37.2%

A high of **65.2%** of total respondents voted for "**Not ready yet / Do not know how to prepare**".

What challenges is your company facing for reducing GHG Emissions?

1. Lack of expertise and information about how to implement low carbon emission **(60.2%)**

2. Lack of capital and increase in business costs **(46.8%)**

3. Lack of qualified staff to monitor carbon emissions **(45.1%)**

Expected support from the Government

1. Clear guidelines and timeline for a progressive introduction of carbon tax **(48.6%)**

2. Government-funded GHG Emissions-related training and courses **(46.8%)**

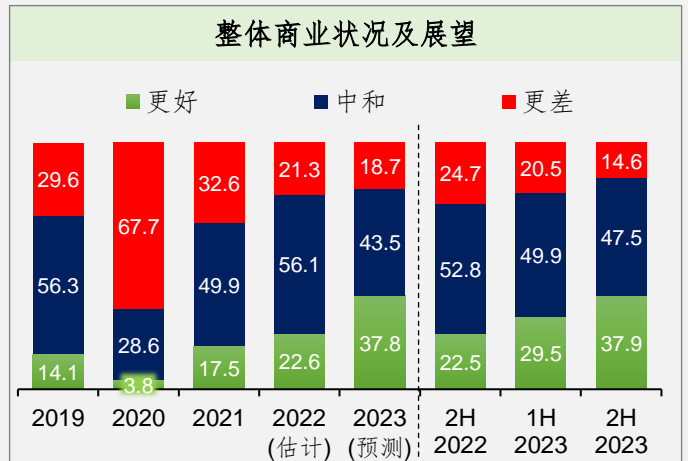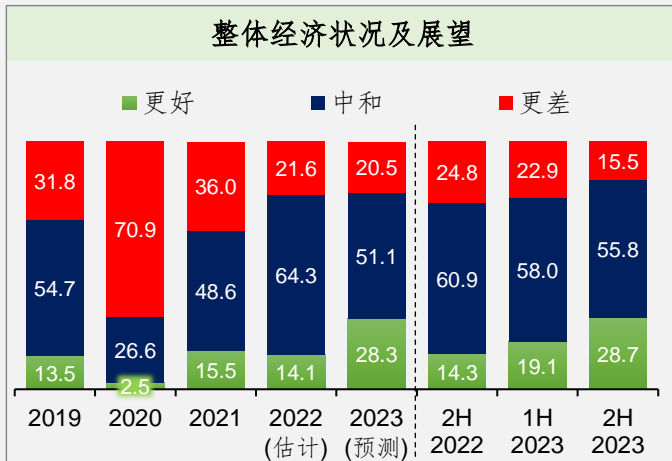3. Introduce a low carbon tax rate to promote awareness **(46.4%)**

- 马来西亚中华总商会（中总）于2022年11月15日至2023年1月31日进行的马来西亚商业和经济状况调查问卷，涵盖 2022 年 7 月至 12 月（2022 年下半年）和 2023 年 1 月至 6 月（2023 年上半年）的前景预测。本次调查共收到 761 份的回复。

M-BECS：调查结果的主要概述与总结

1. 尽管**2022年第四季度的经济放缓，但整体而言马来西亚2022年下半年的经济持续复苏。**虽然60.9%的回复者对2022年下半年的经济状况持 "中和" 看法，但预计经济状况 "更差" 的回复者比例激增，占总数24.8%，反映了出口放缓的影响。

2. **2023年下半年比2023年上半年取得更好的预期。**出于对2023年全球及国内经济前景疲软的担忧，预估2023年下半年经济渐长的回复者达28.7%，比2023年上半年19.1%的回复者比例更高，约有51.1%的回复者对2023年全年经济前景持 "中和" 看法（比2022年的64.3%回复者来得低）。

3. 在通膨、生活成本高涨压力、商业成本升高（包括原材料价格高企）、逐步加息，以及各种不明朗外围因素的影响之下，**分别有24.7%及20.5%的回复者预计2022年下半年及2023年上半年的经济状态"更差"。**

4. 整体而言，尽管今次的比例低于上次的调查结果，但**企业对2023年的业务前景仍感谨慎乐观，分别有43.5%及37.8%的回复者持"中和"及"更好"的展望。**

5. 来自制造业（**58.2%**）与批发及零售贸易业（**41.6%**）的回复者对2023年下半年持"中和"的预期。由于国内对房地产及大型工程的积极需求，大部分建筑领域的回复者则预计2023年下半年的业务状况为"更好"（**44.0%**）及"中和"（**40.0%**）。旅游业（**48.1%**）、运输业（**50.0%**）与专业及商业服务业（**52.7%**）的回复者预测2023年下半年的商业前景走势正面。

6. 大多数企业将**2022年下半年的公司现金流动和债务人状况视为"中和"**，并认为2023年上半年将保持不变。

回复者的比率(%)

整体经济状况及展望

	更好	中和	更差

	2019	2020	2021	2022 (估计)	2023 (预测)	2H 2022	1H 2023	2H 2023
更差	31.8	70.9	36.0	21.6	20.5	24.8	22.9	15.5
中和	54.7	26.6	48.6	64.3	51.1	60.9	58.0	55.8
更好	13.5	2.5	15.5	14.1	28.3	14.3	19.1	28.7

整体商业状况及展望

	更好	中和	更差

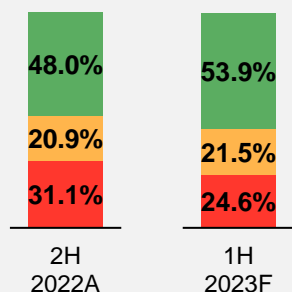|	2019	2020	2021	2022 (估计)	2023 (预测)	2H 2022	1H 2023	2H 2023
更差	29.6	67.7	32.6	21.3	18.7	24.7	20.5	14.6
中和	56.3	28.6	49.9	56.1	43.5	52.8	49.9	47.5
更好	14.1	3.8	17.5	22.6	37.8	22.5	29.5	37.9

M-BECS：调查结果的主要概述与总结

7. 51.1%的回复者认为**原材料价格上涨**仍然是影响2022年下半年业务表现的主因；其次是"令吉波动"（49.7%）；"高运营成本和现金流问题"（45.1%）；"员工短缺"（43.0%）；"政治氛围"（32.9%）。

8. **2022年下半年和2023年上半年前景的业务评估：**

    a) **销售业绩：48.0%**的回复者于**2022**年下半年的销售收入取得增长，**53.9%**的回复者对2023年上半年的销售前景预测持乐观态度。

    b) **商业营运：2022**年下半年产量因需求强劲而上升，预估将近半数的回复者会在2023年上半年提高产量。

    c) **原料成本：**逾70%的回复者表示本地和进口原料价格在2022年下半年皆上涨，当中大多数人预测成本上涨将持续到**2023**年上半年。

    d) **人力：41.9%**的回复者在**2022**年下半年增加人力，逾半数的回复者于2022年下半年提高雇员薪酬以遵守最低薪资标准。**近70%**的回复者将于**2023**年上半年提高雇员薪资。

    e) **资本支出：**尽管对经济前景持谨慎态度，但大部分回复者在2022年下半年增加资本支出，并将在**2023**年上半年继续投放资源。

业务评估

回复者的比率(%)

总销售额

	2H 2022A	1H 2023F
增加	48.0%	53.9%
没有变化	20.9%	21.5%
减少	31.1%	24.6%

国内销售额

	2H 2022A	1H 2023F
增加	46.3%	52.1%
没有变化	24.2%	23.2%
减少	29.4%	24.7%

国内价格水平

	2H 2022A	1H 2023F
增加	63.8%	60.6%
没有变化	22.1%	26.5%
减少	14.1%	12.9%

图例：■ 增加　■ 没有变化　■ 减少

生产量

	减少	没有变化	增加
2H 2022A	31.5%	25.6%	42.8%
1H 2023F	26.9%	24.6%	48.5%

资本支出

	减少	没有变化	增加
2H 2022A	7.0%	29.9%	63.1%
1H 2023F	7.0%	28.4%	64.5%
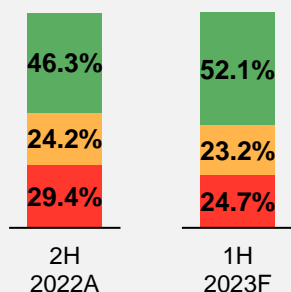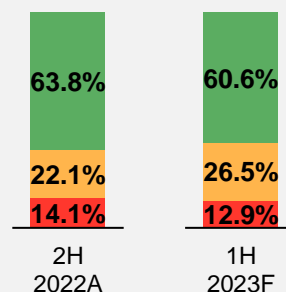
A=实际; F=预测

当前课题一：《2022年雇佣（修正）法令》的影响

a) 逾**40%**的回复者表示修正法令对他们的营运成本带来"中度到高度"的影响，包括减少工作时数、增加带薪产假天数、调高加班费门槛规限，及法令涵盖所有雇员等条例。

b) 大多数回复者（**61.1%**）预计加班费和营运成本将升高，以及**39.7%**的回复者认为会干扰业务营运，**22.1%**的回复者则表示"不受影响"。

c) 约 **80%** 的回复者指出就业成本较高，原因是：

   (i) 工作时间的减少（**79.3%**表示就业成本上涨）；

   (ii) 加班费门槛提高（**80.7%**）。

d) 我们观察到，**41.3%**的回复者表明他们将调整雇员的性别比例，以减轻产假天数增加的影响。这对于提高女性的入职率和性平权益来说并非好兆头。

e) 回复者提出了下列举措来降低他们的业务成本：

   (i) 可通过社险机构（**PERKESO**）或就业保险计划（**EIS**）支付产假津贴（**64.6%**回复者提议）；

   (ii) 由政府承担额外的**38**天产假津贴（**56.1%**）；

   (iii) 为额外**38**天产假津贴提供双重减税（**52.3%**）。

回复者的比率(%)

《2022年雇佣（修正）法令》的影响程度

图例：没影响 / 中幅度 / 高幅度

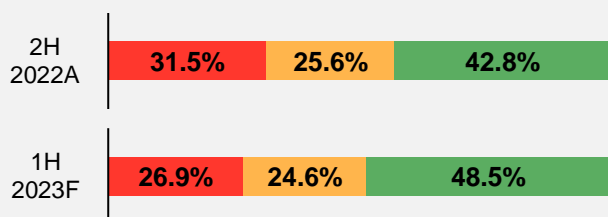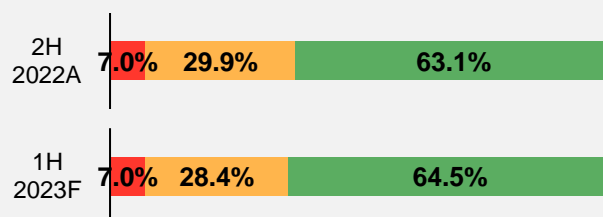| 项目	没影响	中幅度	高幅度
雇佣法令涵盖所有雇员	15.8%	48.4%	35.8%
加班费门槛提高	15.7%	41.4%	42.9%
产假的增加	14.7%	40.4%	44.9%
工作时间的减少	23.4%	48.2%	28.4%
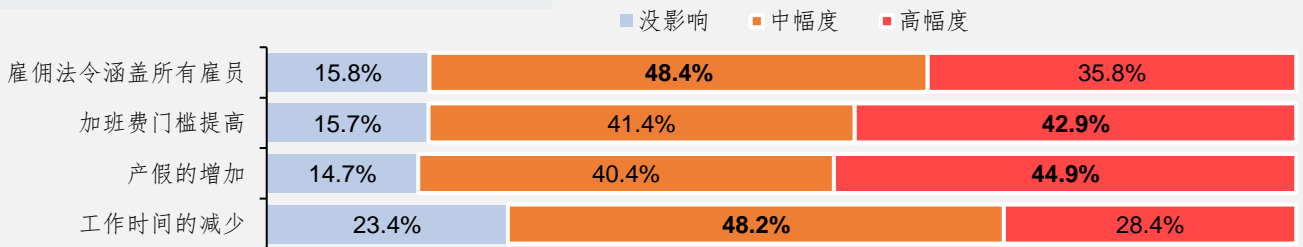
雇佣成本的影响

工作时间的减少

79.3%表示有影响！

没有影响	20.7
增加 1-5%	34.5
增加 6-10%	22.2
超过 10%	22.6

加班费门槛提高

80.7%表示有影响！

没有影响	19.3
增加 1-5%	33.5
增加 6-10%	20.9
超过 10%	26.4
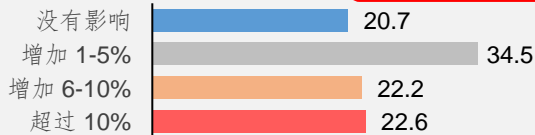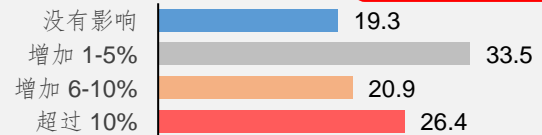
产假的增加对女性就业能力的影响

41.3% 的回复者表示，男员工比女员工的比例会更高。

对政府的期许

① 通过大马社会保险机构（PERKESO）或就业保险系统为产假提供资金	**64.6%**
② 政府承担额外的38天产假津贴	**56.1%**
③ 为额外38天的产假提供双重减税	**52.3%**

当前课题二：碳税

a) 大多数（**53.0%**的回复者）的大马企业或组织对碳税缺乏了解。

b) 回复者提议准备实施碳税的两种途径：

   (i) 参与温室气体（**GHG**）排放的相关计划/培训（**24.1%**）；

   (ii) 聘请有碳排管理相关知识的专业人士（**22.0%**）。

   但亦有多达**65.2%**的回复者表示"还没有准备好/不知道如何准备"。

c) 企业在减少温室气体排放方面面临的主要挑战，包括："缺乏有关如何实现低碳排放相关的专业知识和信息"（**60.2%**）；"资金匮乏和业务成本增加"（**46.8%**）；和"缺乏专业的人员监控碳排放"（**45.1%**）。

d) 政府可通过以下方式协助企业减少温室气体排放：

   (i) 实行碳税的明确准则和逐步实施的时间表 (**48.6%**)；

   (ii) 政府资助与温室气体（**GHG**）排放相关培训和课程 (**46.8%**);

   (iii) 引用低碳税率以提高认知 (**46.4%**)。

回复者的比率(%)

企业对碳税的了解程度

低	中	高
53.0%	**41.6%**	**5.4%**

实施碳税需要多长时间的准备？

少于 12 个月	13 - 18 个月	19 - 24 个月
36.4%	**26.4%**	**37.2%**
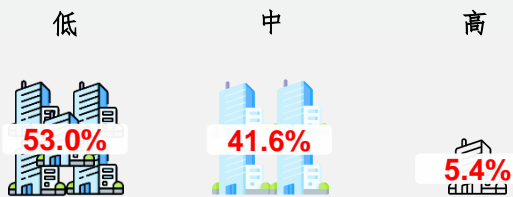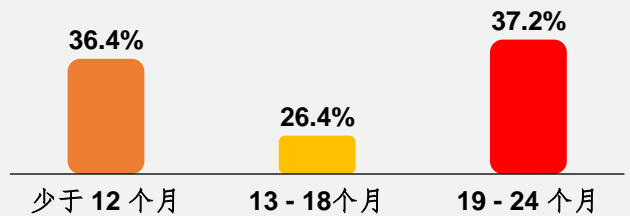
高达 **65.2%** 的回复者表示"还没有准备好/不知道如何准备"。

贵公司在减少温室气体(GHG)排放方面，面临哪些挑战？

① 缺乏有关于如何实现低碳排放的专业知识和信息 **(60.2%)**

② 资金匮乏，业务成本增 **(46.8%)**

③ 缺乏专业员工监控碳排放 **(45.1%)**

对政府的期许

① 实行碳税的明确准则和逐步实施的时间表 **(48.6%)**

② 政府资助与温室气体（GHG）排放相关培训和课程 **(46.8%)**

③ 引用低碳税率以提高认知 **(46.4%)**

Table of Contents

Introduction

Background

- The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)'s Bi-Annual Survey on Malaysia's Economic Situation, which was launched since 1992, is being recognised as **an important barometer to gauge Malaysian business community's assessment and expectations about domestic business and economic conditions**.

- Starting 1 January 2019, this survey was renamed as **Malaysia's Business and Economic Conditions Survey (M-BECS)**.

- This survey, covering **Jul-Dec 2022 (2H 2022) and expectations for Jan-Jun 2023 (1H 2023),** contains three sections:

    i. **Economic and Business Performance and Outlook**;

    ii. **Factors Affecting Business Performance**; and

    iii. **Current Issue Confronting Businesses**

Significance of M-BECS

- **A complementary role to other surveys.** M-BECS serves to complement as well as fill the gaps of existing market and industry surveys conducted by various private organisations, namely the Malaysian Institute of Economic Research (MIER), the Federation of Malaysian Manufacturers (FMM), RAM Holdings Berhad, etc. It can be used to supplement Department of Statistics, Malaysia (DOSM) to gauge Malaysia's overall economic and business conditions.

- **An important input for the national development process.** ACCCIM is a major national organisation representing Malaysian Chinese business community, and has been playing an effective contributory role in providing our perspectives of current economic and business conditions as well as their expectations.

- **Gathering of feedback, inputs and suggestions.** The respondents' feedback and suggestions concerning pertinent business and economic issues as well as problems faced will provide a basis for the preparation of memoranda and policy papers/notes for onward submission to the Government and relevant Ministries and agencies for their consideration.

- **Reference sources for public and private.** M-BECS also serves as a source of reference for the Government, researchers, business community and investors in the formulation of public policy, business expansion and investment planning.

    In particular, it helps the Government to gauge the effectiveness of public policies implemented and hence, would consider making the necessary adjustments for future policy formulation.

Survey Scope and Methodology

- The survey period covering **Jul-Dec 2022 (2H 2022) and expectations for Jan-Jun 2023 (1H 2022)** has gathered respondents' assessment of their business performance and economic outlook, including views about current issue and challenges faced by the Malaysian business community. The survey questionnaire is divided into three sections as follows:

Section A "Business Background"	Section B "Overall Assessment"	Section C "Current Issues"
• Profile of businesses – type of principal business activity and its size of business operations; • Share of total sales in domestic vs. overseas market; and • Number of employees and the proportion of local vs. foreign workers to total employment.	• Identify what the major factors are affecting the business performance; and • Track the performance and outlook of economic and business conditions.	• Implications of The Employment (Amendment) Act 2022 • Carbon Tax

- **Survey coverage** – The questionnaires were distributed to nationwide direct and indirect memberships of 17 Constituent Chambers as well as 25 Associate Members, which comprise Malaysian Chinese companies, individuals and trade associations. As most of the prominent Chinese businessmen are committee/council members of ACCCIM either at the national or state levels; hence, their participation would enhance the representation of Chinese business community. The questionnaires were outreached to Chinese businesses nationwide via SurveyMonkey as main distribution channel and hard copies as alternative channel.

17 Constituent Members

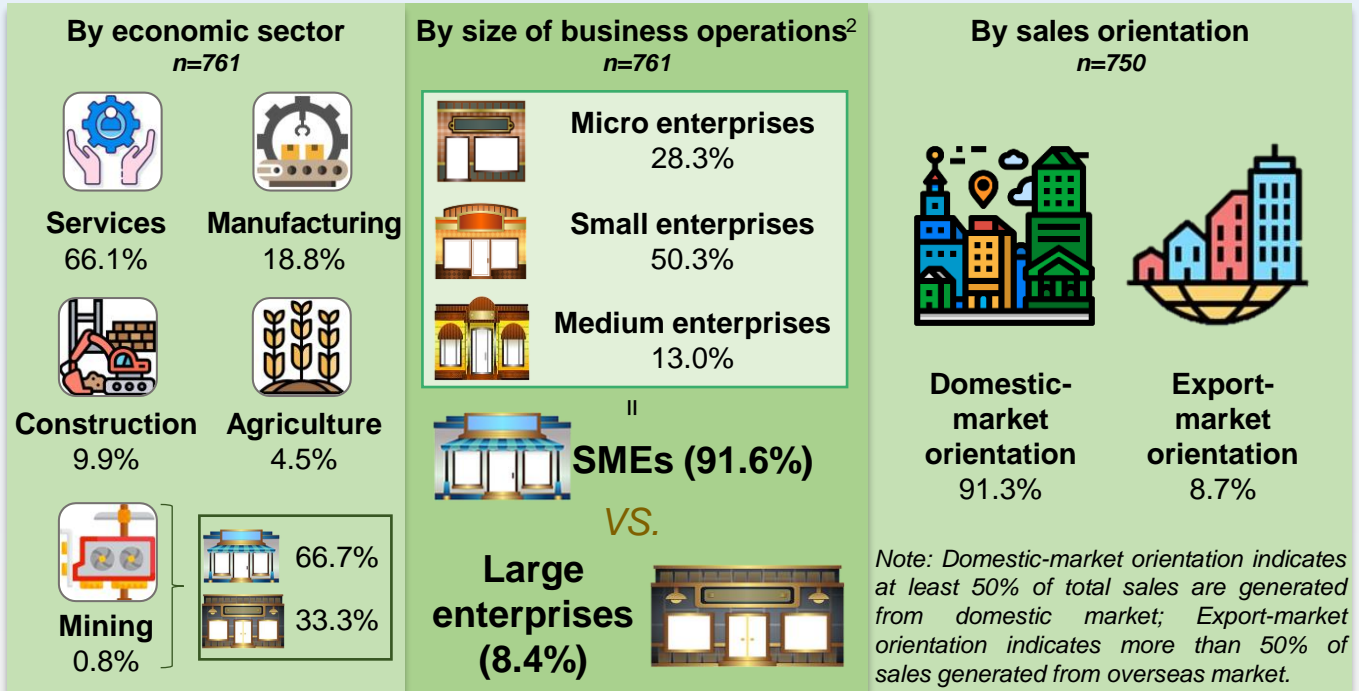Terengganu CCCI — KLSCCCI — Negeri Sembilan CCCI — Sabah UCCC — Penang CCC

ACCCI Sarawak — Perak CCCI — Johor ACCCI — Klang CCCI

Kelantan CCC — ACCCI Pahang — CCC Batu Pahat — Kedah CCCI

Kluang CCCI — North Perak CCCI — Malacca CCCI — Perlis CCCI

- A total of **761 responses** were received throughout the survey period (**15 November 2022 to 31 January 2023**), covering a broad representation of the economy. The profile of respondents is as follows[1]:

By economic sector
n=761

Services 66.1%
Manufacturing 18.8%

Construction 9.9%
Agriculture 4.5%

Mining 0.8%
66.7%
33.3%

By size of business operations[2]
n=761

Micro enterprises 28.3%

Small enterprises 50.3%

Medium enterprises 13.0%

=

SMEs (91.6%)

VS.

Large enterprises (8.4%)

By sales orientation
n=750

Domestic-market orientation 91.3%

Export-market orientation 8.7%

Note: Domestic-market orientation indicates at least 50% of total sales are generated from domestic market; Export-market orientation indicates more than 50% of sales generated from overseas market.

By industry and size of business operations

= SMEs   = Large

Broad services *(66.1% share of total)*		**Wholesale and retail trade** *(20.2%)*		**Professional and business services** *(14.6%)*		**Tourism, shopping, hotels, restaurants, recreation and entertainment (tourism-related)** *(6.8%)*	
94.0%	6.0%	94.2%	5.8%	98.2%	1.8%	94.2%	5.8%
Finance and insurance *(6.3%)*		**Real estate** *(6.3%)*		**Trading (import and export)** *(5.0%)*		**Information and Communications Technology (ICT)** *(4.2%)*	
93.8%	6.2%	93.8%	6.2%	89.5%	10.5%	93.8%	6.3%
Transportation, forwarding and warehousing *(2.6%)*		**Manufacturing** *(18.8%)*		**Construction** *(9.9%)*		**Agriculture, forestry and fishery** *(4.5%)*	
80.0%	20.0%	86.7%	13.3%	89.3%	10.7%	85.3%	14.7%

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[1]*Numbers may not add up to 100.0% due to rounding, which is also applied for the rest of the report.*
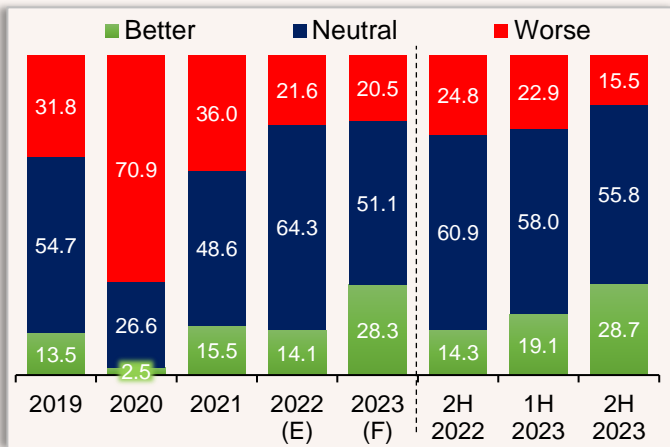[2]*A business will be deemed as an SME if it meets either one of the two specified qualifying criteria, namely sales turnover or full-time employees, whichever is lower basis, as endorsed by the National SME Development Council (NSDC) and published by SME Corporation Malaysia in 2013. For a detailed definition, please refer to Appendix 1.*

Sentiment Tracker

Sentiment Tracker

Economic Conditions and Prospects

Chart: Economic Conditions and Prospects (Better / Neutral / Worse)

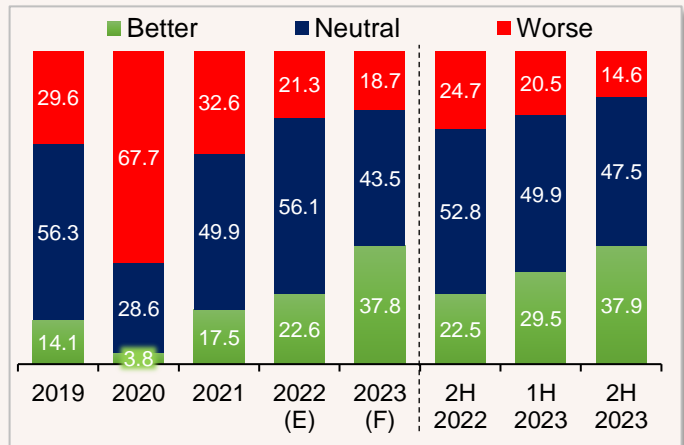|	2019	2020	2021	2022 (E)	2023 (F)	2H 2022	1H 2023	2H 2023
Worse	31.8	70.9	36.0	21.6	20.5	24.8	22.9	15.5
Neutral	54.7	26.6	48.6	64.3	51.1	60.9	58.0	55.8
Better	13.5	2.5	15.5	14.1	28.3	14.3	19.1	28.7

- The reopening of the domestic economy in 2022 was challenged by a confluence of negative forces: **Prolonged military invasion in Ukraine, strong inflation, China's zero-covid approach, higher global interest rates and unstoppable climate change**.

- While the economic recovery remained on track in 2022, lingering external uncertainties have caused businesses' cautiousness ahead. The survey indicated a surge in the **percentage of total respondents (24.8%) expecting "Worse" economic conditions in 2H 2022.**
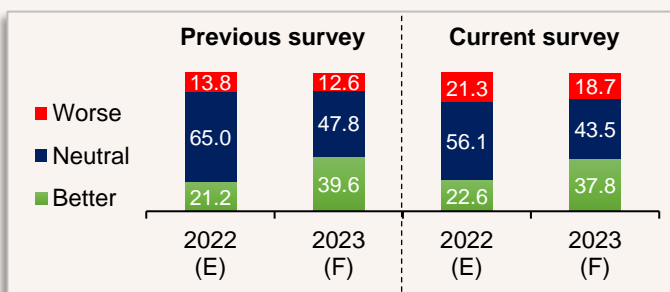
- **For 2023, the respondents maintain their cautious optimism about domestic economic prospects** in the face of a deceleration in global growth amid fears of a global recession. While China's reopening has eased the global recession risk, high inflation and the lagged impact of continued increases in interest rates in advanced economies will weigh on consumer spending and business activities.

- **More than 50% of respondents have a "Neutral" view about domestic economic conditions in 2H 2023** (58% in 1H 2023), while **a higher percentage (28.7%) of total respondents expect "Better" prospects in 2H 2023**.

Business Conditions and Prospects

- **24.7% and 20.5% of respondents expect "Worse" business conditions in 2H 2022 and 1H 2023,** respectively, weighed down by inflation and rising cost of living pressures, high prices of raw materials, a gradual hike in interest rate as well as external uncertainties.

- **The manufacturing (58.2%) and wholesale and retail trade (41.6%) sectors are holding "Neutral" expectations in 2H 2023.**

Chart: Business Conditions and Prospects (Better / Neutral / Worse)

	2019	2020	2021	2022 (E)	2023 (F)	2H 2022	1H 2023	2H 2023
Worse	29.6	67.7	32.6	21.3	18.7	24.7	20.5	14.6
Neutral	56.3	28.6	49.9	56.1	43.5	52.8	49.9	47.5
Better	14.1	3.8	17.5	22.6	37.8	22.5	29.5	37.9

- **Most respondents in the construction sector see "Better" (44.0%) and "Neutral" (40.0%) business conditions in 2H 2023**, respectively, due to positive expectations for property demand and the implementation of mega projects. **Tourism (48.1%), transportation and warehousing (50.0%) and professional and business services (52.7%) expect "Positive" business conditions.**

Chart: Previous survey vs Current survey (Worse / Neutral / Better)

	Previous survey 2022 (E)	Previous survey 2023 (F)	Current survey 2022 (E)	Current survey 2023 (F)
Worse	13.8	12.6	21.3	18.7
Neutral	65.0	47.8	56.1	43.5
Better	21.2	39.6	22.6	37.8

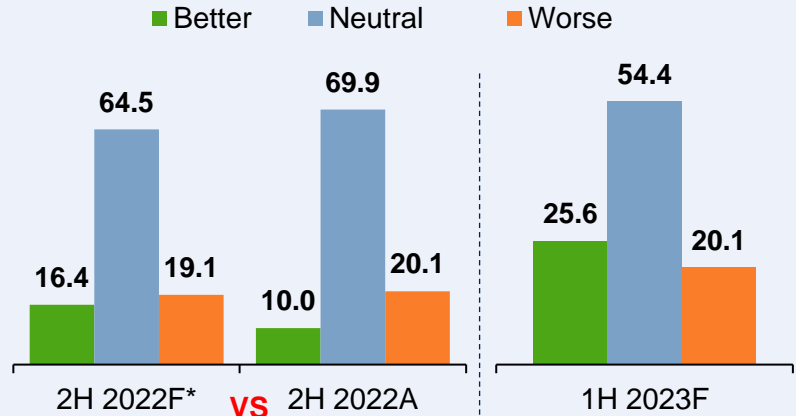- In comparing between current and previous survey about the year 2023, **it is observed that the percentage of respondents expecting "Worse" business conditions has increased for 2023 while those expecting "Better" has decreased.** This reflects that businesses generally are cautiously optimistic about their business prospects.
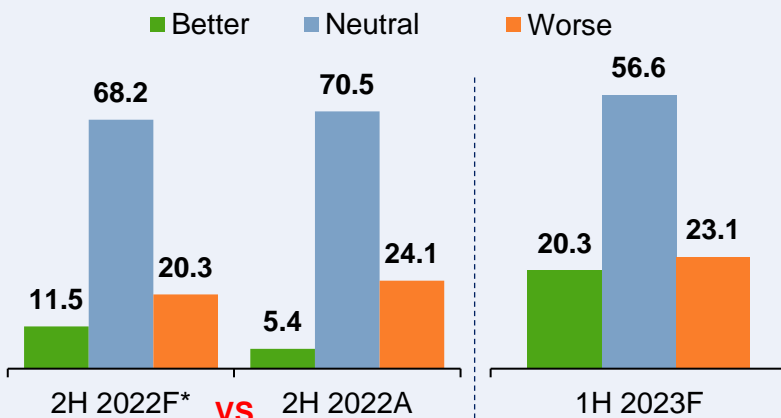
Note: Previous survey covered 1H and 2H 2022 during the period 26 April to 30 June 2022.

Overall Assessment in 2H 2022 and 1H 2023F

- **Cash flows conditions were viewed as "Neutral" in 2H 2022**, and will likely remain unchanged in 1H 2023.

- **Lower percentage of respondents expect "Better"** compared to the previous survey for 2H 2022.

- **For 1H 2023, 25.6% of total respondents** expect **"Better"** cash flows conditions

- **Nearly half of total respondents in the tourism-related sector** (46.0%) **expect "Better" cash flows conditions in 1H 2023,** given the anticipated revival of China's tourists to Malaysia. The Government sets a 5 million Chinese tourists to target in 2023.

Cash flows conditions

■ Better ■ Neutral ■ Worse

	2H 2022F*	2H 2022A	1H 2023F
Better	16.4	10.0	25.6
Neutral	64.5	69.9	54.4
Worse	19.1	20.1	20.1

VS

Debtors' conditions

■ Better ■ Neutral ■ Worse

	2H 2022F*	2H 2022A	1H 2023F
Better	11.5	5.4	20.3
Neutral	68.2	70.5	56.6
Worse	20.3	24.1	23.1

VS

- **Most businesses (70.5%) view their debtors' conditions as "Neutral" in 2H 2022** and will likely remain unchanged in 1H 2023.

- Nevertheless, one-third of respondents (35.1%) in the trading sector recorded poor debtors' conditions in 2H 2022.

- Businesses' cautiousness could be due to lingering worries about the risks of global recession and its impact on domestic economy and business environment.

Note: Previous survey covered 1H 2022 and 2H 2022F during the period 26 April to 30 June 2022.

15

Business
Pulse Diagnosis

Business Pulse Diagnosis
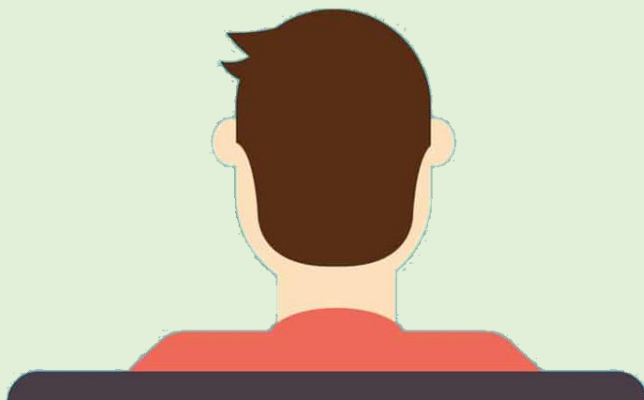
Factors Affecting Business Performance in 2H 2022

#1 Increase in prices of raw materials

- Despite global commodities' prices have eased from the peak in 2H 2022, overall price level remained elevated compared to pre-pandemic level. Added with the price stickiness effect, **"increase in prices of raw materials" remained as the top factor (voted by 51.1% of respondents) that has constrained business performance in 2H 2022**, albeit lower than 61.6% in 1H 2022.

- Sectors that suffered the most were **construction (74.7%), agriculture, forestry and fishery (70.6%) and manufacturing (60.8%).**

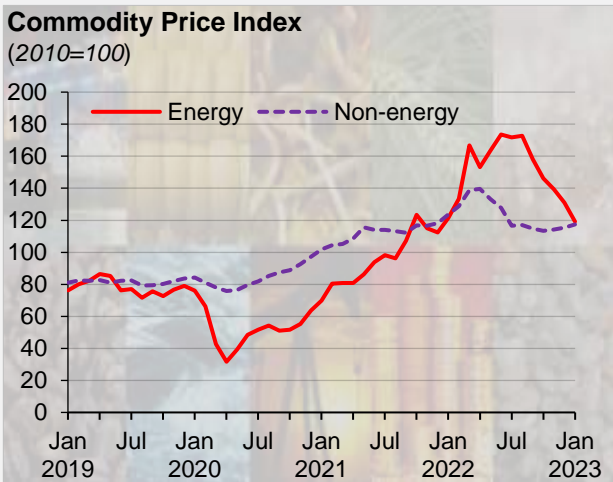- **77.7% and 79.8% of respondents** indicated that the **cost of local and imported raw materials was higher, respectively,** in 2H 2022.

Commodity Price Index
(*2010=100*)

Source: World Bank

- While energy prices have significantly come down from the peak, non-energy prices are somewhat stable at high level. Hence, the prices of overall raw materials are expected to remain high and will not be lowered as much. In fact, some prices have seen some rebound trends in the recent months, especially base metals and iron ore as well as timber and other raw materials.

	Rank
51.1% Increase in prices of raw materials	1
49.7% The Ringgit's fluctuation	2
45.1% High operating cost & cash flow problem	3
43.0% Shortage of workers	4
32.9% Political climate	5
28.6% Changing consumer behaviour	6
28.4% Declining business & consumer sentiment	7
26.5% Availability of skilled labour	8
26.5% Lower domestic demand	8
24.8% Increase in bad debt & delayed payments	10

#2 The Ringgit's fluctuation

- **Nearly half of total respondents (49.7%) cited that the fluctuation of ringgit has affected their business performance in 2H 2022.**

- During 2H 2022, the ringgit has reversed its depreciation trend to close at RM4.4130/USD1 at end-Dec 2022, strengthening from a cumulative depreciation of 12.0% to RM4.7465/USD1 at end-June 2022 from end-Dec 2021's RM4.1760/USD1.

- The ringgit's appreciation is riding on the US dollar's descending trend due to the near-ending of the Fed's rate tightening cycle. China's reopening, which is positive for Chinese renminbi, also helped to firm up regional currencies, including the ringgit.

- **The sustainability of the ringgit's value** against the US dollar **depends on domestic economic prospects, budget deficit, inflation and interest rate outlook as well as the movement of capital flows**.

#3 High operating cost and cash flow problem

- **A slightly higher (45.1% vs. 43.5% in previous survey) of total respondents ranked "high operating cost and cash flow problem" as the third business restraining factor in 2H 2022.**

- Compared to the projection made in previous survey, there was a lower percentage of respondents who experienced "Better" cash flow conditions, and a higher percentage of respondents who experienced "Worse" cash flow conditions.

- The implementation of the Employment Act (Amendments), higher minimum wage, higher rental charges, and increase in electricity tariffs are expected to result in higher operating costs.

#4 Shortage of workers

- **Shortage of workers remained as one of the most challenging business issues, as indicated by 43.0% of respondents**, though it was not as bad as previous survey (53.8% in 1H 2022). The construction sector suffered the most as 73.3% of respondents cited this factor.

- The shortage of foreign workers (FWs) is largely experienced by the industries. In 2022, the Government has approved 676,070 FWs out of 1.6 million applications. As at end-Dec 2022, there were 1.45 million FWs registered in Malaysia with 316,446 new FWs on board.

- For 2023, 500,000 FWs are expected to arrive in Malaysia and hence, helping to ease some pressure in the shortage of workers.

#5 Political climate

- Lingering political uncertainty associated with the outcome of the 15th General Election has dampened both businesses' and investors' sentiment.

- **Close to one-third (32.9%) of the respondents indicated that the political climate uncertainty has constrained their business performance** in 2H 2022.

- The political dust has settled post the 15th General Election on 19 November 2022 with the formation of a Unity Government. The signing of the Memorandum of Understanding (MoU) among the coalition leaders is seen as a prerequisite foundation in ensuring political stability ahead, focusing on institutional and economic reforms to restore investors' confidence and drive private investment, including attracting more FDIs.
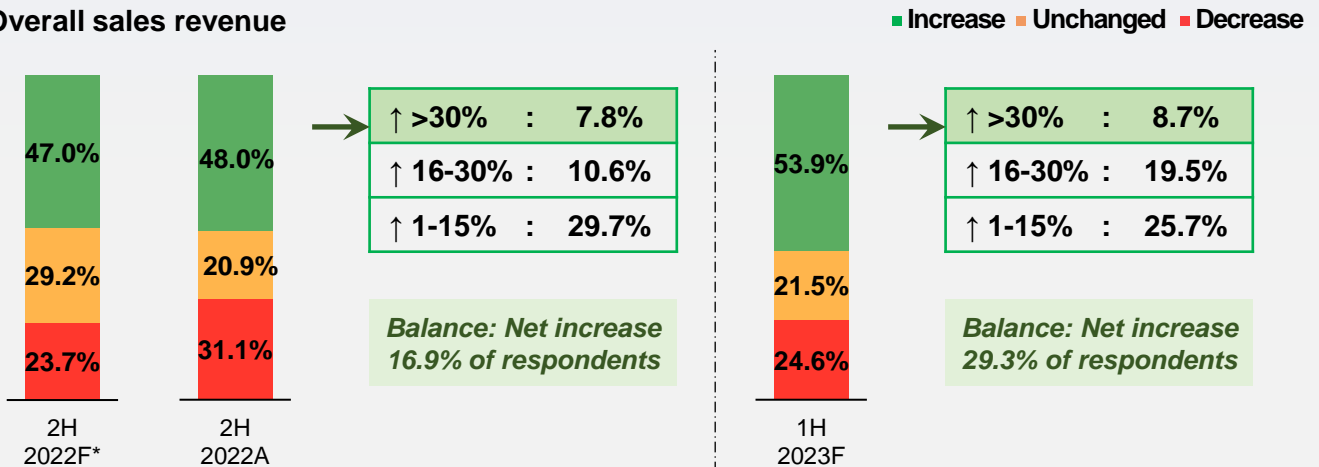
Business Assessment in 1H 2022 and 2H 2022F

Overall Sales Outlook

Positive growth in sales

- Respondents' sales performance mostly matched with their previous expectations, of which **48.0% of respondents have experienced an increase in sales in 2H 2022,** particularly among the professional and business services (61.3%) and tourism-related sectors (58.0%).

- However, **44.7% of respondents in the trading sector** have reported a **decline in sales revenue**, of which most losses were between 16% and 30%, and **42.1% of them hold a pessimistic view about the upcoming sales prospect in 1H 2023**, given the Ringgit's fluctuation and weaker global growth outlook.

- **63.8% of the respondents have increased their domestic selling prices in 2H 2022**, given the elevated prices of raw materials, and **more than half of the respondents (60.6%) expect to continually adjust their price level higher in 1H 2023**.

Overall sales revenue

■Increase ■Unchanged ■Decrease

	2H 2022F*	2H 2022A
Increase	47.0%	48.0%
Unchanged	29.2%	20.9%
Decrease	23.7%	31.1%

↑ >30%	:	7.8%
↑ 16-30%	:	10.6%
↑ 1-15%	:	29.7%

Balance: Net increase 16.9% of respondents

	1H 2023F
Increase	53.9%
Unchanged	21.5%
Decrease	24.6%

↑ >30%	:	8.7%
↑ 16-30%	:	19.5%
↑ 1-15%	:	25.7%

Balance: Net increase 29.3% of respondents

*A=Actual; F=Forecast   * Data obtained from previous survey.*
Note: Balance=% of respondents voted "Increase" minus % of respondents voted "Decrease"

Domestic level

Sales revenue

2H 2022F*	2H 2022A
47.1%	46.3%
27.2%	24.2%
25.7%	29.4%

↑ >30%	:	5.9%
↑ 16-30%	:	11.5%
↑ 1-15%	:	29.0%

Balance: Net increase 16.9% of respondents

■ Increase ■ Unchanged ■ Decrease

1H 2023F
52.1%
23.2%
24.7%

↑ >30%	:	8.5%
↑ 16-30%	:	16.4%
↑ 1-15%	:	27.3%

Balance: Net increase 27.4% of respondents

Price level

2H 2022F*	2H 2022A
63.2%	63.8%
27.5%	22.1%
9.3%	14.1%

↑ >30%	:	7.6%
↑ 16-30%	:	13.2%
↑ 1-15%	:	43.0%

Balance: Net increase 49.7% of respondents

■ Increase ■ Unchanged ■ Decrease

1H 2023F
60.6%
26.5%
12.9%

↑ >30%	:	9.2%
↑ 16-30%	:	19.4%
↑ 1-15%	:	32.0%

Balance: Net increase 47.7% of respondents

Foreign level

Sales revenue

2H 2022F*	2H 2022A
40.0%	35.0%
36.5%	34.0%
23.5%	31.0%

↑ >30%	:	3.4%
↑ 16-30%	:	8.2%
↑ 1-15%	:	23.5%

Balance: Net increase 4.0% of respondents

■ Increase ■ Unchanged ■ Decrease

1H 2023F
40.9%
33.8%
25.3%

↑ >30%	:	6.1%
↑ 16-30%	:	7.5%
↑ 1-15%	:	27.3%

Balance: Net increase 15.6% of respondents

Price level

2H 2022F*	2H 2022A
58.9%	49.5%
33.1%	30.4%
8.0%	20.1%

↑ >30%	:	3.1%
↑ 16-30%	:	10.4%
↑ 1-15%	:	36.0%

Balance: Net increase 29.4% of respondents

■ Increase ■ Unchanged ■ Decrease

1H 2023F
51.6%
32.6%
15.8%

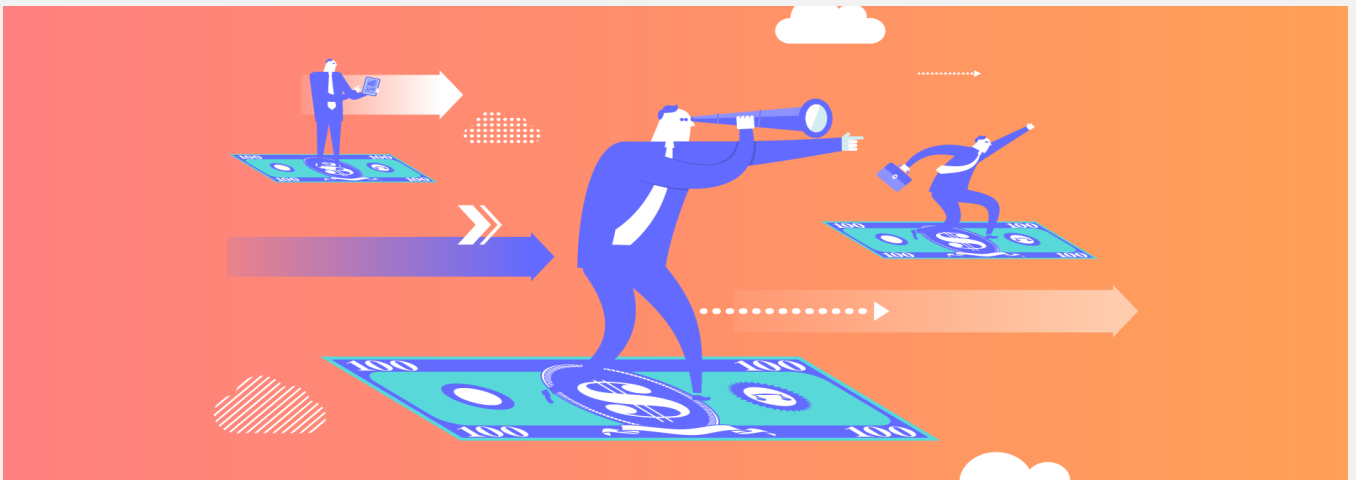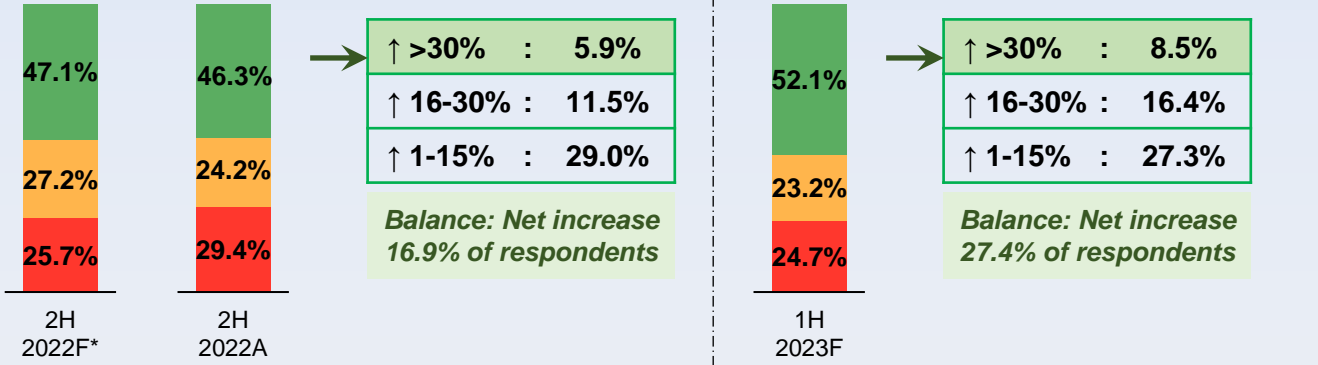| ↑ >30%	:	7.4%
↑ 16-30%	:	10.5%
↑ 1-15%	:	33.7%

Balance: Net increase 35.8% of respondents

A=Actual; F=Forecast ** Data obtained from previous survey.*
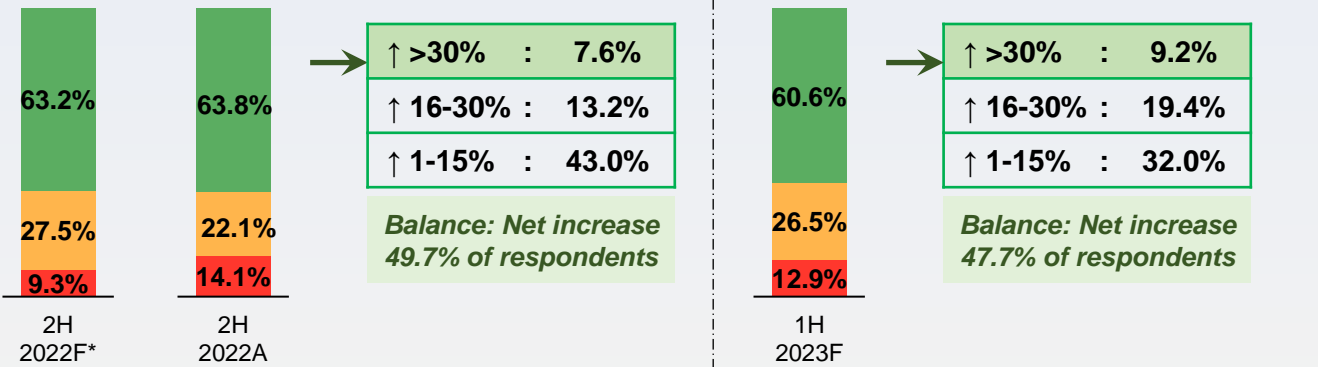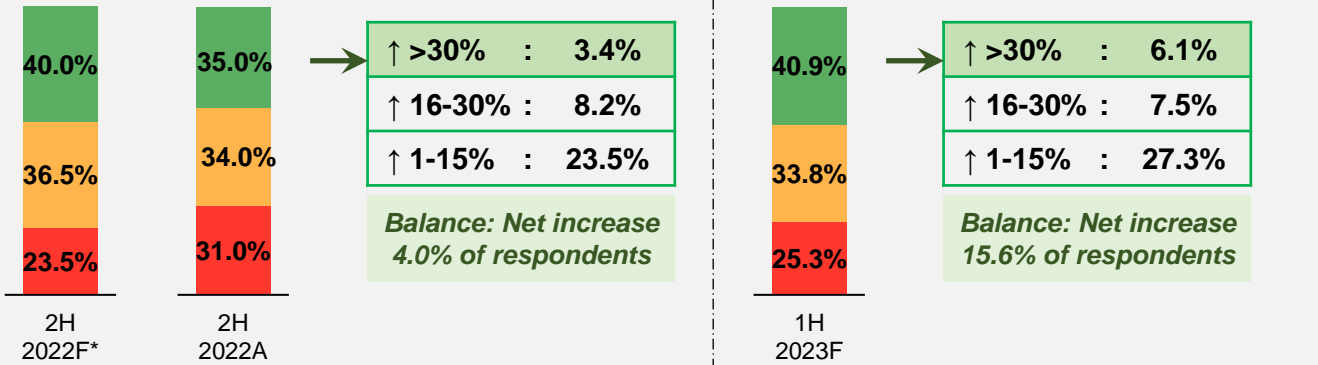*Note: Balance=% of respondents voted "Increase" minus % of respondents voted "Decrease"*
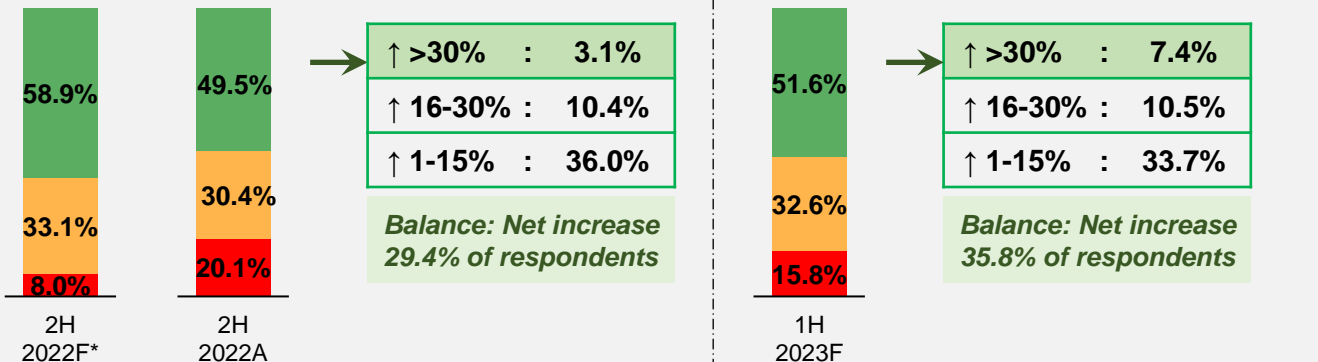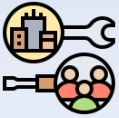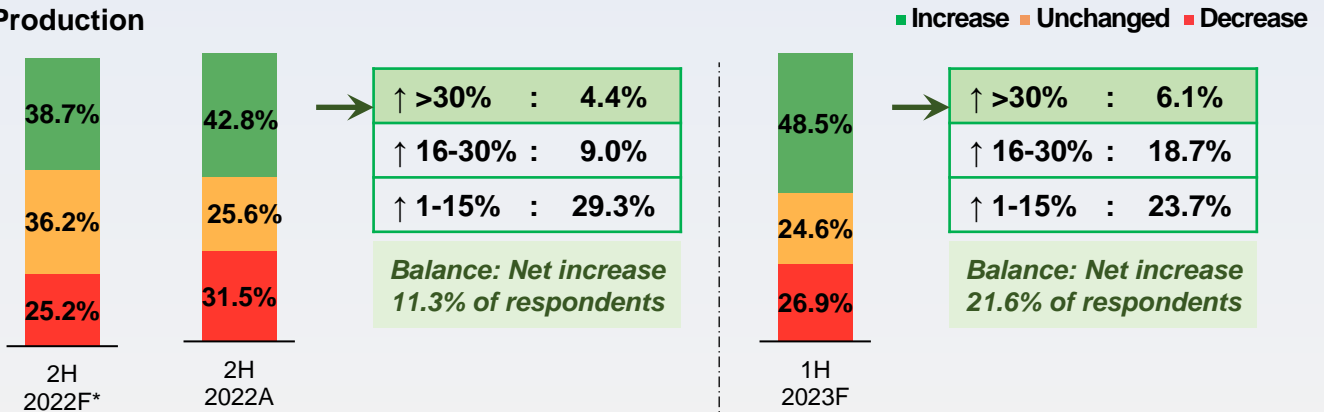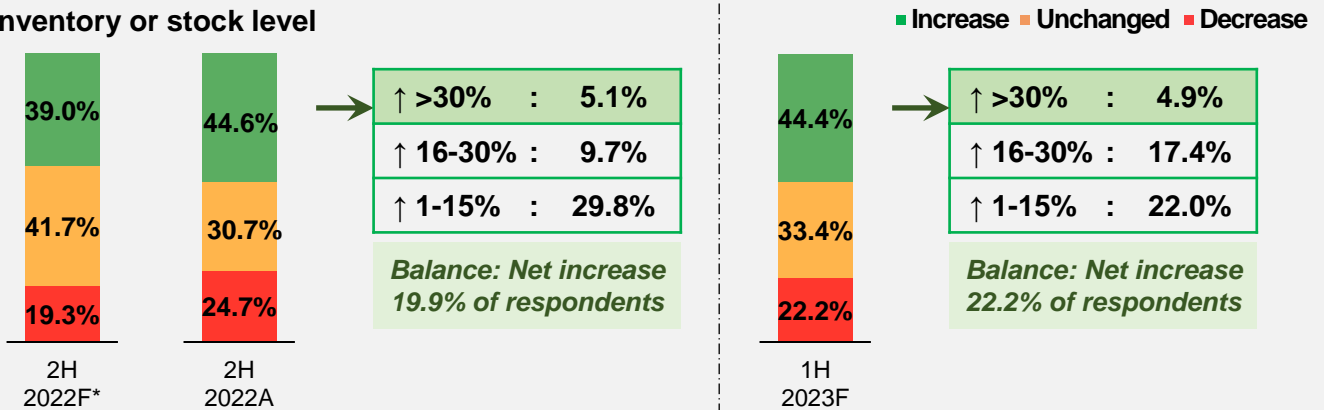
Business Operations

Production level on the mend

- With the support of strong demand, **42.8% of the respondents reported an increase in their production level in 2H 2022**, while **nearly half of the respondents are likely to increase their production in 1H 2023**. However, there are still about a quarter of respondents that expect a decrease in production output.

- Overall, **a significant level of respondents (41.3%) are operating below 50% capacity in 2H 2022**. Moving into 1H 2023, **nearly half of the respondents (48.1%) are likely to increase their capacity utilisation level to 50%-74%.**
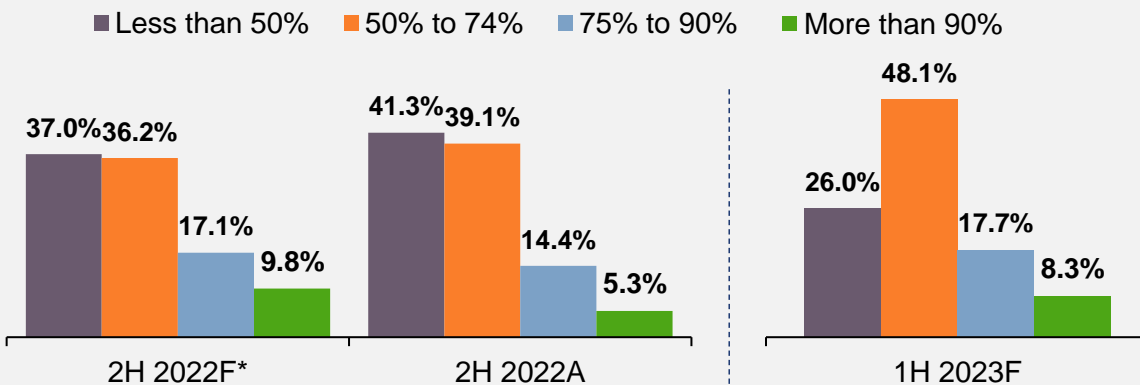
Production

■ Increase ■ Unchanged ■ Decrease

2H 2022F*	2H 2022A		1H 2023F	
38.7%	42.8%	↑ >30% : 4.4%	48.5%	↑ >30% : 6.1%
36.2%	25.6%	↑ 16-30% : 9.0%	24.6%	↑ 16-30% : 18.7%
25.2%	31.5%	↑ 1-15% : 29.3%	26.9%	↑ 1-15% : 23.7%

Balance: Net increase 11.3% of respondents (2H 2022A)

Balance: Net increase 21.6% of respondents (1H 2023F)

Inventory or stock level

■ Increase ■ Unchanged ■ Decrease

2H 2022F*	2H 2022A		1H 2023F	
39.0%	44.6%	↑ >30% : 5.1%	44.4%	↑ >30% : 4.9%
41.7%	30.7%	↑ 16-30% : 9.7%	33.4%	↑ 16-30% : 17.4%
19.3%	24.7%	↑ 1-15% : 29.8%	22.2%	↑ 1-15% : 22.0%

Balance: Net increase 19.9% of respondents (2H 2022A)

Balance: Net increase 22.2% of respondents (1H 2023F)

Capacity utilisation level

■ Less than 50% ■ 50% to 74% ■ 75% to 90% ■ More than 90%

	Less than 50%	50% to 74%	75% to 90%	More than 90%
2H 2022F*	37.0%	36.2%	17.1%	9.8%
2H 2022A	41.3%	39.1%	14.4%	5.3%
1H 2023F	26.0%	48.1%	17.7%	8.3%

A=Actual; F=Forecast   ** Data obtained from previous survey.*
Note: Balance=% of respondents voted "Increase" minus % of respondents voted "Decrease"
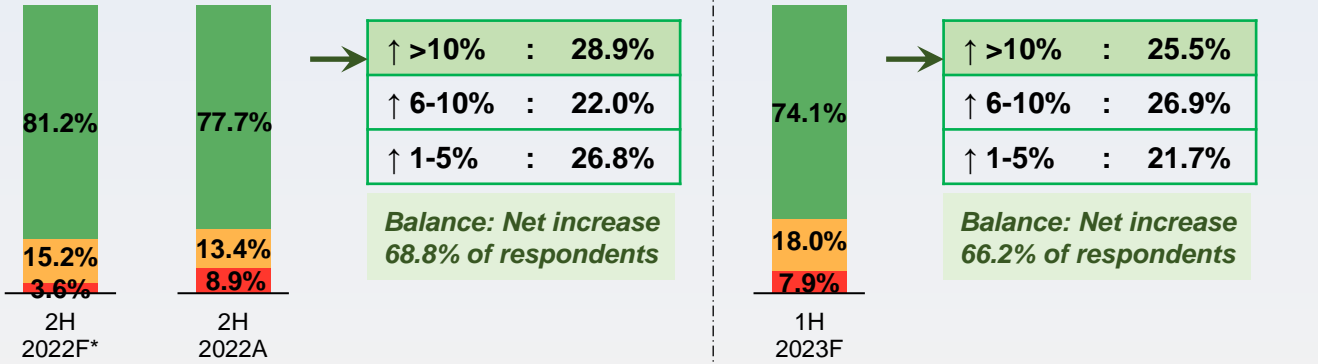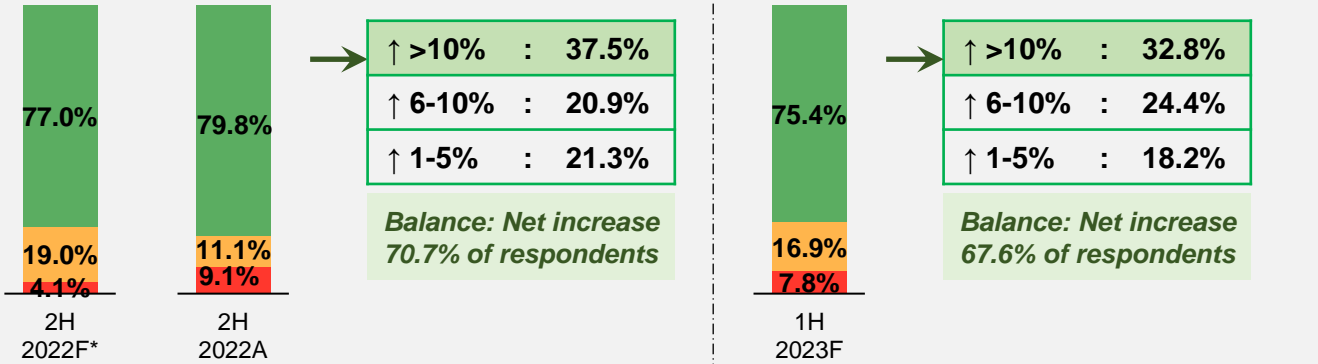
Cost of Raw Materials

Cost pressures likely to persist

- **More than 70% of respondents** in 8 (out of 12) sectors **reported an increase in the cost of local and imported raw materials,** respectively. **Most of them expect cost increases to persist in 1H 2023.**

- The Ringgit's fluctuating performance, coupled with still higher non-energy prices, will continue to weigh on businesses' costs and margins.

Local raw materials

■ Increase ■ Unchanged ■ Decrease

2H 2022F*
- 81.2%
- 15.2%
- 3.6%

2H 2022A
- 77.7%
- 13.4%
- 8.9%

↑ >10%	:	28.9%
↑ 6-10%	:	22.0%
↑ 1-5%	:	26.8%

Balance: Net increase 68.8% of respondents

1H 2023F
- 74.1%
- 18.0%
- 7.9%

↑ >10%	:	25.5%
↑ 6-10%	:	26.9%
↑ 1-5%	:	21.7%

Balance: Net increase 66.2% of respondents

Imported raw materials

■ Increase ■ Unchanged ■ Decrease

2H 2022F*
- 77.0%
- 19.0%
- 4.1%

2H 2022A
- 79.8%
- 11.1%
- 9.1%

↑ >10%	:	37.5%
↑ 6-10%	:	20.9%
↑ 1-5%	:	21.3%

Balance: Net increase 70.7% of respondents

1H 2023F
- 75.4%
- 16.9%
- 7.8%

↑ >10%	:	32.8%
↑ 6-10%	:	24.4%
↑ 1-5%	:	18.2%

Balance: Net increase 67.6% of respondents

A=Actual; F=Forecast   * Data obtained from previous survey.
Note: Balance=% of respondents voted "Increase" minus % of respondents voted "Decrease"

Manpower

Robust labour demand amid higher wage growth

- **41.9% of the respondents have increased their manpower in 2H 2022, while 41.6% have maintained their staff pool.** The hiring trend will largely remain intact in 1H 2023.

- **More than half of the respondents (65.6%) increased their employees' wages in 2H 2022**, of which 29.6% of respondents reported a 1-5% increment in wages. **Nearly 70% of respondents will likely increase their employees' wages in 1H 2023**, to comply with the minimum wage order.

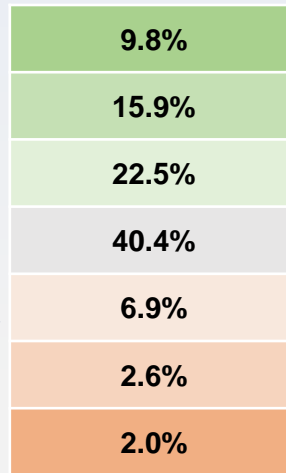### Number of employees

■ Increase ■ Unchanged ■ Decrease

2H 2022F*	2H 2022A
35.1%	41.9%
46.0%	41.6%
18.9%	16.5%

Balance: Net increase 25.4% of respondents

1H 2023F
48.2%
40.4%
11.4%

Balance: Net increase 36.8% of respondents

%	Category
9.8%	Increase >10
15.9%	Increase 6 - 10
22.5%	Increase 1 - 5
40.4%	Unchanged
6.9%	Decrease 1 - 5
2.6%	Decrease 6 - 10
2.0%	Decrease >10

Wage growth

■ Increase ■ Unchanged ■ Decrease

2H 2022F*	2H 2022A
59.7%	65.6%
35.6%	29.9%
4.7%	4.5%

Balance: Net increase 61.1% of respondents

1H 2023F
68.9%
28.3%
2.8%

Balance: Net increase 66.1% of respondents

%	Category
18.0%	Increase >10%
23.7%	Increase 6% - 10%
27.2%	Increase 1% - 5%
28.3%	Unchanged
2.2%	Decrease 1% - 5%
0.5%	Decrease 6% - 10%
0.1%	Decrease >10%

*A=Actual; F=Forecast   * Data obtained from previous survey.*
Note: Balance=% of respondents voted "Increase" minus % of respondents voted "Decrease"
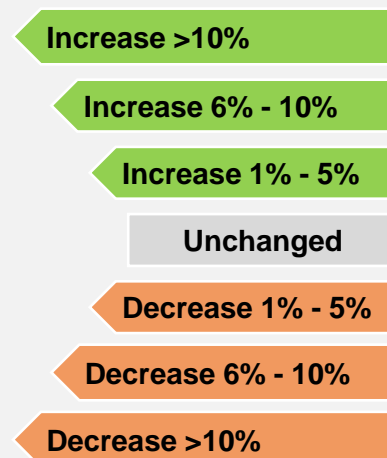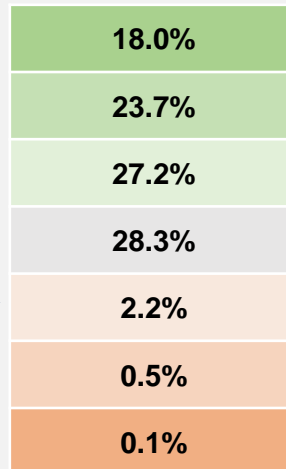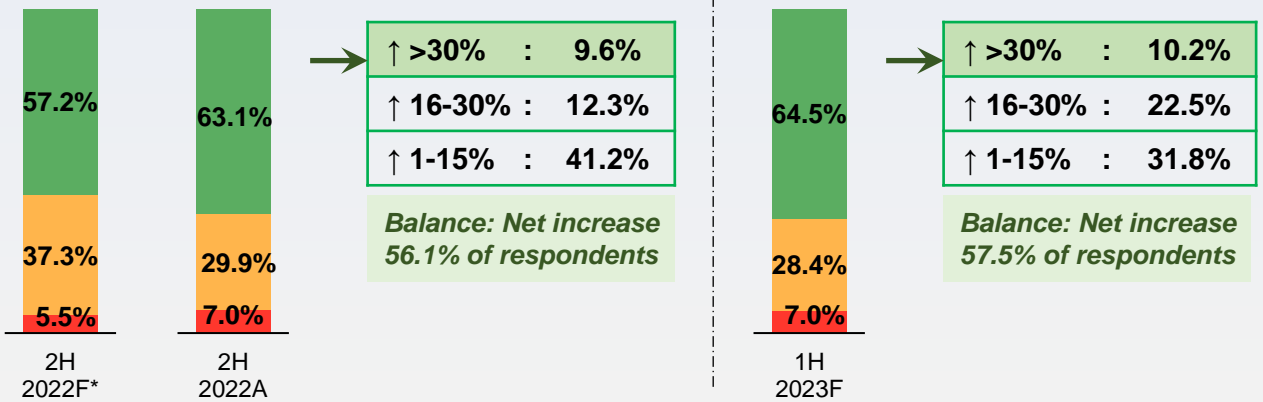
Capital Expenditure

Investment prospects improve broadly

- **Nearly two-thirds of total respondents (63.1%) have increased their capital expenditure in 2H 2022**, in tandem with the improvement in business activities and firmer domestic demand.

- **64.5% of respondents plan to invest further in 1H 2023,** while 28.4% of respondents will likely maintain their capital investment.

- By sector, **more than 70% of respondents in the tourism-related, real estate, and trading sectors have indicated their intentions to invest further in 1H 2023**.

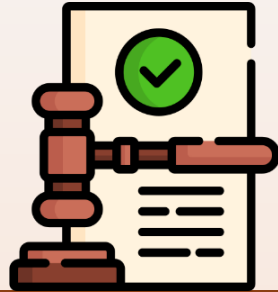■ Increase ■ Unchanged ■ Decrease

2H 2022F*
- 57.2%
- 37.3%
- 5.5%

2H 2022A
- 63.1%
- 29.9%
- 7.0%

↑ >30%	:	9.6%
↑ 16-30%	:	12.3%
↑ 1-15%	:	41.2%

Balance: Net increase 56.1% of respondents

1H 2023F
- 64.5%
- 28.4%
- 7.0%

↑ >30%	:	10.2%
↑ 16-30%	:	22.5%
↑ 1-15%	:	31.8%

Balance: Net increase 57.5% of respondents

A=Actual; F=Forecast   ** Data obtained from previous survey.*
Note: Balance=% of respondents voted "increase" minus % of respondents voted "decrease"

IMPLICATIONS OF THE EMPLOYMENT (AMENDMENT) ACT 2022

The Employment (Amendment) Act 2022

Introduction

- The Employment Act of 1955 is the fundamental employment legislation in Malaysia, **prescribing the statutory minimum standards of terms and conditions of employment**. It helps protect both employers and employees by bringing clarity about working relationships to every stakeholder involved.

- As the concept of worker welfare and rights is gradually valued, every Government has started to review respective employment laws to satisfy current needs for employee well-being. **Malaysia followed the trajectory as others did to propose amendments to the Employment Act in 2018-2019.**

The Employment (Amendment) Act 2022 was enforced on 1 January 2023, with a few key features:

Coverage *Note: Amended under Employment (Amendment of First Schedule) Order 2022 [P.U. (A) 262/2022]*	Increase coverage of employees with monthly salaries of RM2,000 and below to **all employees with some exemptions for those earning above RM4,000 per month**.
Hours of Work	Reduce the maximum of 48 hours to **45 hours per week**.
Maternity	Increase from 60 days to **98 days of paid leave**.
Paternity Leave	**7 consecutive days** of paid leave.
Flexible Working Arrangement	**Able to apply for flexible work arrangements**, subject to employer's decision within 60 days, and a reason must be given in case of rejection.
Notice on Sexual Harassment	Exhibit conspicuously a notice to **raise awareness of sexual harassment**.
Forced Labour	**Inclusion of forced labour clauses** under Part XVII Offences and Penalties.
Presumption of Employment	**Covers gig workers.**

Note: The list is not exhaustive.

Why do we need to review the Employment Act?

- The relationship between wages and productivity mainly reflects the dynamics of the interrelationship between employees and their respective employers. Employees contribute to the production process by providing labour inputs (e.g. skills, ideas and manual labour) to produce goods and services, in turn, compensated with wages. **Theoretically, the wage that employees earn should fairly reflect their productivity improvement.**

- Nevertheless, an assessment of productivity and equity by Bank of Negara Malaysia (BNM) in 2018 revealed that **Malaysian workers are still being paid less than workers in benchmark economies, even after accounting for the different productivity levels across countries**.

- Likewise, **many studies have shown that long working hours do not lead to higher productivity and efficiency**. Instead, long working hours can lead to exhaustion and health deterioration with a higher potential for error during work.

- **This translates into less time available for participation in non-working activities and opportunity loss for socially productive leisure with family and friends**.

- Decent work, as one of the agendas in the 2030 Sustainable Development Goals (SDGs), captures the aspiration of people in their working life - to be employed productively, remunerated fairly, guaranteed security at their workplace, have social protection, and enjoy equal opportunity and treatment regardless of sex, among others.

- **Khazanah Research Institute (KRI) study has shown a considerable deficit in decent work among workers in Malaysia**, with insufficient decent pay, an incidence of over-qualification or a sluggish demand for high-skilled workers, excessive working hours (more than 48 hours per week), and safety issues in some sectors.

- As Malaysia moves towards a sustainable nation, **labour welfare is gaining more attention to ascertain positive social progress with decent work and pay**. It is critical for the Government to balance economic activities with environmental and social factors to promote sustainability.

At a glance: Comparison between Malaysia and her peers

Region		Number of working hours (per week)	ILO C001	ILO C030	ILO C047	Maternity leaves (days)	ILO C183	Paternity leaves (days)
Southeast Asia	**Malaysia**	**48 ➜ 45 (2023)**	No	No	No	**60 ➜ 98 (2023)**	No	**0 ➜ 7 (2023)**
	Indonesia	40	No	No	No	90	No	2
	Philippines	48	No	No	No	60 ➜105 (2019)*	No	7
	Singapore	44	No	No	No	112	No	14
	Thailand	48	No	No	No	90	No	0
	Vietnam	48	No	No	No	120 ➜180 (2013)	No	5
Asia Pacific	Australia	40 ➜ 38 (1983)	No	No	**Yes**	364**	No	364**
	China	44	No	No	No	98	No	Vary
	Japan	40	No	No	No	98	No	0
	South Korea	48 ➜ 40 (2004)	No	No	**Yes**	60 ➜90 (2001)	No	5 ➜10 (2019)
	Taiwan	42 ➜ 40 (2016)				56		5 ➜7 (2018)

Note: Year in parenthesis ( ) refers to the year of the last change.   * Optional for additional 30 days (unpaid);
   Assumptions made: 1 week=7 days; 1 month=30 days   ** Parental leave includes maternity, paternity and partner, adoption, and special maternity leave, with a total of 52 weeks (or 364 days).

Details of selected ILO Conventions: *Yes=Ratified; No=Not ratified*
(a) **ILO C001** refers to **Hours of Work (Industry) Convention 1919**, where working hours of specific industries (incl. mining, manufacturing, construction, transportation, etc.) shall not exceed 8 hours in a day and 48 hours in a week, etc.
(b) **ILO C030** refers to **Hours of Work (Commerce and Offices) Convention 1930**, where working hours of specific industries (incl. commercial or trading establishment, administrative services, etc.) shall not exceed 8 hours in a day and 48 hours in a week, etc.
(c) **ILO C047** refers to the **Forty-Hour Week Convention 1935**, where each member of the International Labour Organisation declares its approval of a forty-hour week, etc.
(d) **ILO C183** refers to the **Maternity Protection Convention 2000**, where each member of the International Labour Organisation shall apply for a period of maternity leave of not less than 14 weeks, including cash benefits, breaks of breastfeeding, etc.

Law of diminishing marginal productivity: More is more, but less efficiency

Law of diminishing marginal productivity shows that **despite having the resources to afford maximum machinery or labour, it will not result in greater productivity after a certain point in the long term.**
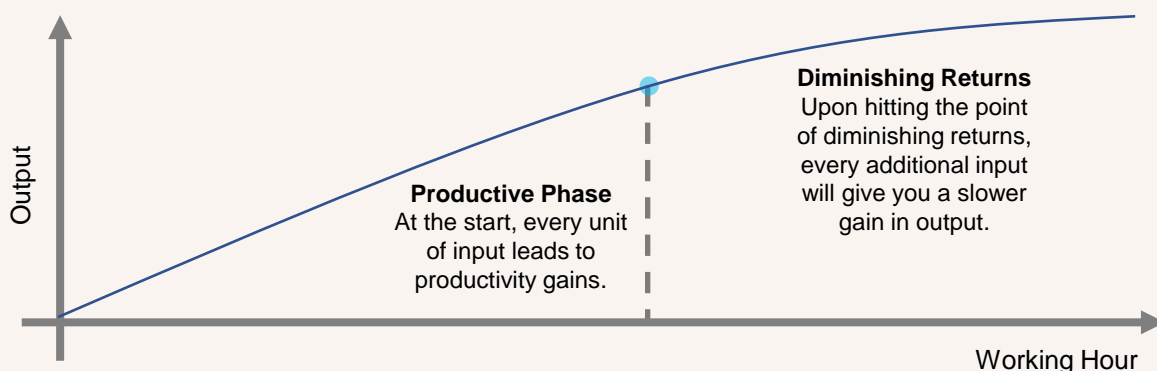
Everything has limits – so do humans. A worker will gradually perform less efficiently and with less quality work due to decreasing productivity in long working hours. **Some studies supported the ideas with evidence of fatigue and long working hours playing an essential role in diminishing productivity.**

One study revealed that **health-related productivity loss is associated with long working hours, especially in lower household income groups**. Exercises can enhance health if an exercise program with evidenced efficacy is implemented by experts with the support of employers, such as intelligent physical exercise training (IPET).

It is noteworthy that labour productivity can be improved over time mainly by **investment in capital, technological progress and human development**. Businesses and the Government should directly invest in labour productivity or create incentives for the investment in technology and human or physical capital instead of longer working hours and fewer workers' welfare.

Fewer working hours do not necessarily reflect low outputs and production. With more casual time, **employees can enhance personal skills and health, which offers better productivity in the long run**, as well as promote a positive social image to the company if engaging in social activities.

Other factors are also associated with productivity, such as working engagement, which attenuated the relationship between working hours and productivity. In other words, **longer working hours with high engagement will also maintain productivity, according to the research.**

There is an urgent need to generate higher demand for quality labour through the creation of high-skilled jobs. In this regard, it is vital to attract new quality investment from both foreign and domestic firms, pivoting away from the low-cost business model. **Among existing firms, this can be generated through automation and moving up the value chain, with higher reliance on knowledge and technology.** Doing so requires coherent investment policies, which likely involve reviewing and enhancing existing investment incentives.

--- Bank of Negara Malaysia

Other sides of the story: Business disruptions and higher employment costs

- Nevertheless, the amended employment law impacted **businesses' operation and employment costs** whilst protecting workers' welfare.

- **Operation disruptions, gender discrimination and cost-push inflation could be the side effects causing economic and social sustainability**. For instance, businesses hire workers willing for longer working hours, with or without proper overtime payment, or have a family background check on the pregnancy status to avoid "high-risk" females. Increases in operating costs force businesses to partially pass through additional costs onto consumers in the form of higher prices of goods and services.

- While the businesses were given some time to comply with the amended employment law, it comes at a time of facing increasing business cost pressures amid uneven business recovery. Hence, some form of cost-mitigating measures can be considered to ease their financial burden.

- We also have to consider that some industries would require time to adjust to shorter working hours due to their nature of business operations. They are a lack of technological adaptation and automation capability; they need time and financial resources to improve their operational efficiency through automation to save man-hours. Some business operations require longer working hours for manning the machines.

IMPORTANT

### Take away from survey results:

- **Over 40% of respondents indicated a "moderate to high" impact on their operating costs** associated with the amendments to the Employment Act.

- **Most respondents are expecting a higher overtime payment and cost** (61.6%) and **disruption of business operation** (39.7%), while 22.1% indicated "No impact".

- **Around 80% of respondents indicated higher employment costs due to**: (i) **Reduction in working hours** (79.3% claimed higher employment cost); (ii) **Higher threshold for overtime payment** (80.7%).

- The respondents have proposed the following initiatives to ease their business costs: **Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS); Co-share an additional 38 days of maternity benefits by the government; and Double tax deduction for an additional 38 days of maternity benefits.**
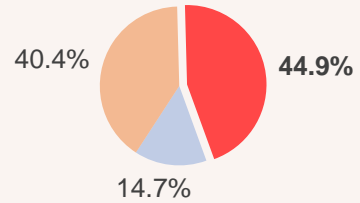
The survey results revealed that:

Degree of impact from the Employment (Amendment) Act
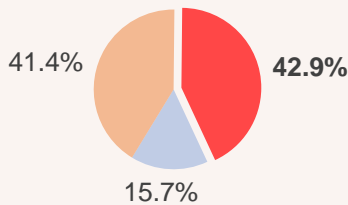
% of respondents
■ No ■ Moderate ■ High

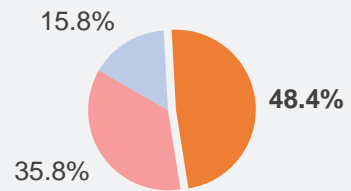**Reduction of working hours from 48 to 45 hours per week**

23.4%
48.2%
28.4%
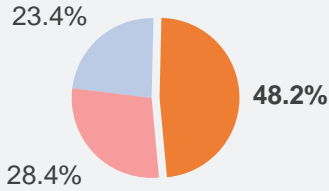
Increase in maternity leave from 60 to 98 days

40.4%
44.9%
14.7%

Higher threshold for overtime payment (from RM2,000 to RM4,000)

41.4%
42.9%
15.7%

Coverage for all employees (from RM2,000 previously)

15.8%
48.4%
35.8%

How does a reduction in working hours affect businesses?

% of respondents

① Higher overtime payment and wage cost — **61.6%**

② Disrupt business operation — **39.7%**

③ No impact as already working at or below 45 hours per week — **22.1%**

Accelerate automation and digitalisation — **21.7%**

Hire more full-time employees — **20.6%**
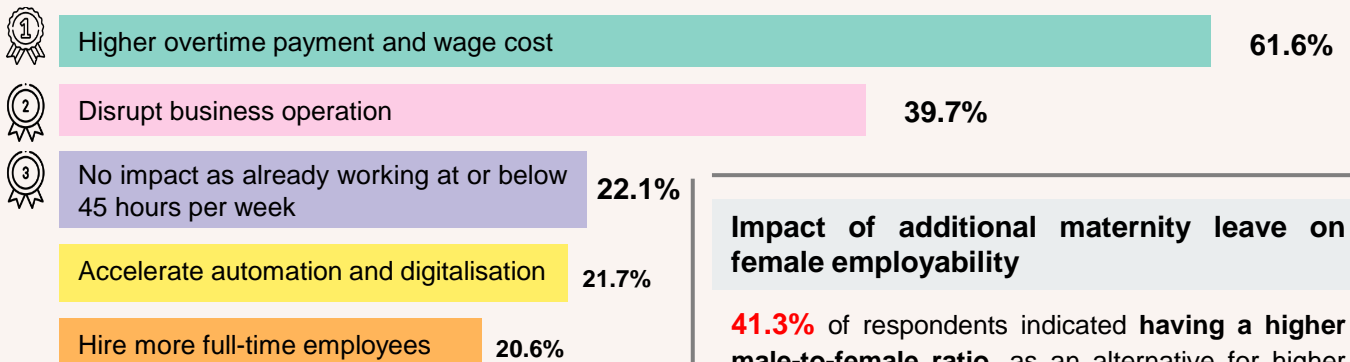
Employment cost impact

% of respondents

Reduction in working hours — **79.3% has an impact!**
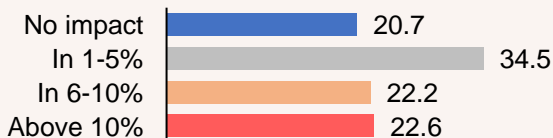
No impact	20.7
In 1-5%	34.5
In 6-10%	22.2
Above 10%	22.6

Higher threshold for overtime — **80.7% has an impact!**

No impact	19.3
In 1-5%	33.5
In 6-10%	20.9
Above 10%	26.4
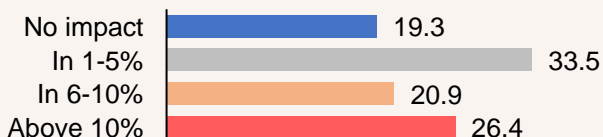
Impact of additional maternity leave on female employability

41.3% of respondents indicated **having a higher male-to-female ratio**, as an alternative for higher maternity leave.

% respondents

⊘ No impact — **19.1%**

Higher part-time to full-time for female — **13.8%**
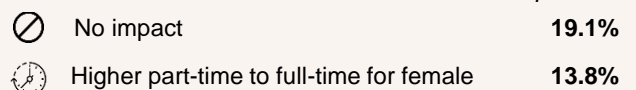
Expected support from the Government

% of respondents

① Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS) — **64.6%**

② Government to co-share an additional 38 days of maternity benefits — **56.1%**

③ Double tax deduction for an additional 38 days of maternity benefits — **52.3%**

Phased implementation starting from large enterprises to SMEs — **37.0%**
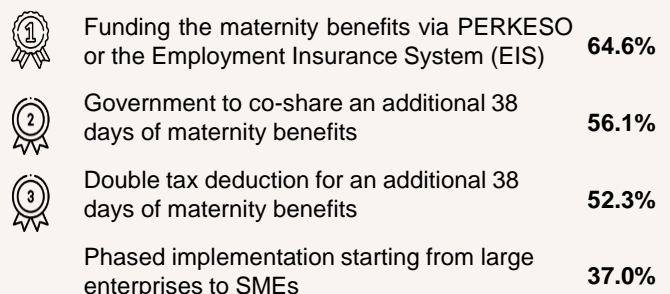
Over 40% of the respondents surveyed indicated a moderate to high impact on their businesses associated with the respective amendments, including a reduction in working hours, an increase in maternity leave, a higher threshold for overtime payment, and better coverage for all employees.

Most respondents incurred a higher overtime payment and cost (61.6%) and disruption of business operation (39.7%). **22.1% of total respondents indicated that there was "no impact" on their operating costs** as they were already working at or below 45 hours per week. Notably, **nearly one-third (32.2%) of total respondents in the manufacturing sector** indicated that **reduced working hours would accelerate automation and digitalisation.**

Reduction in working hours

- **Around 80% showed a higher overall employment cost impact on businesses**. Both reduced working hours and a higher threshold for overtime payment would incur a **1-5% increase** (34.5% and 33.5% of respondents, respectively) in total employment costs.

- **The manufacturing sector (32.9% of respondents) has suffered additional costs between 6-10%** due to a reduction in working hours.

- To fill the production gap of 8-hour work due to some industries' specifications, businesses require an additional three working hours a week (or 12 hours a month). Therefore, **total employment costs will be higher due to shorter working hours and higher overtime payments.**

It potentially impacts the standard hourly rate!
- **Overtime payment is 1.5 times of standard hourly rate** as provided in the Act 265, and will **cover employees' earnings not exceeding RM4,000 per month** (increased from RM2,000 now).
- Currently, the standard hourly rate is calculated by Monthly salary/26 days/8 hours.
- With the amended Act, the **standard hourly rate could be calculated by** Monthly salary / 26 days/**7.5 hours**.
- **Hence, the standard hourly rate could increase, and overtime payment will be amplified.**

At a glance: hours worked per week by occupation

Occupation	Mean		Median		
	2019	2021	2019	2021	
Managers	46.7	44.3	48.0	48.0	Skilled worker
Professionals	42.1	41.2	40.0	40.0	
Technicians and associate professionals	45.8	44.2	48.0	48.0	
Clerical support workers	45.0	43.4	48.0	45.0	
Service and sales workers	45.8	44.1	48.0	48.0	Semi-skilled worker
Skilled agricultural, forestry, livestock and fishery workers	37.2	36.7	36.0	36.0	
Craft and related trades workers	44.6	42.3	48.0	45.0	
Plant and machine-operators, and assemblers	48.6	46.2	48.0	48.0	
Elementary occupations	46.4	45.6	48.0	48.0	Low-skilled worker

Source: Department of Statistics Malaysia (DOSM)

- It must be noted that as **industries have different business structures and requirements for production, a universal reduction in working hours can disrupt their business operations.**

- Some jobs require employees to work overtime, up to a maximum of allowable hours. For instance, **a retail outlet in a mall operates from 10 am to 10 pm, as well as 2-shift factory operators – 12 hours each to cover the machine running 24 hours.**

- With a reduction in working hours to 45 hours a week, employees are required to take additional 27 hours to catch up on a 12-hour shift, resulting in a total of 108-hour overtime per month. However, **it will exceed the maximum allowable overtime hours of 104 hours a month and hence, would disrupt the business operation.**

Extra operating cost attributable to higher maternity benefits

- **We observe that 41.3% of respondents indicated a shift to a higher male-to-female ratio in employment to mitigate against the impact of higher maternity leave.** This does not bode well for increasing women's participation in the labour force and promoting gender equality.

- Following the amendment, a female employee entitles to an additional 38 days of benefits (or an increase of 63.3%), taking total maternity leave to 98 days. In addition to a monthly payment of maternity benefits, **other statutory contributions, such as the Employees Provident Fund (EPF), Social Security Organisation (SOCSO) and others, are also pegged to the salary level.**

- Higher costs of maternity benefits will encourage employers to **favour male workers or part-time workers as they are exempted from the statute.**

- Several fiscal supports can be considered to mitigate the cost impact: (i) **Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS)** (as ranked by 64.6% of total respondents); (ii) **Co-share an additional 38 days of maternity benefits by the government** (56.1%); (iii) **Double tax deduction for an additional 38 days of maternity benefits** (52.3%); and (iv) **Phased implementation starting from large to small enterprises** (37.0%).

Age group	No. of female employed (2021)	Age-specific fertility rate (per 1,000) (2020)	Est. no. of beneficiaries (2021)	Median monthly salary, female (RM) (2021)	Est. maternity benefits (60 days) (RM million)	Est. maternity benefits (98 days) (RM million)	Increase of maternity benefits (RM million)
15-19	361,200	8	2,890	1,192	6.9	11.3	4.4
20-24	735,300	40	29,412	1,242	73.1	119.3	46.3
25-29	1,126,300	97	109,251	1,780	388.9	635.3	246.3
30-34	894,100	107	95,669	2,392	457.7	747.5	289.9
35-39	851,300	69	58,740	2,929	344.1	562.0	217.9
40-44	671,800	21	14,108	3,394	95.8	156.4	60.7
45-49	517,100	2	1,034	3,232	6.7	10.9	4.2
Total	**5,157,100**	-	**311,103**	-	**1,373.1**	**2,242.7**	**869.6**

Note: Employment data and fertility rate sourced from DOSM

ACCCIM's proposals to moderate the costs impact on businesses

A. Reduction in working hours from 48 hours to 45 hours a week

- While reducing working hours aimed at attaining a work-life balance, businesses have to bear additional wage costs, **estimated at an increase between 37.6% and 97.0% for different job categories based on simulation.**

- The increase in monthly salary level eligible for overtime payment from RM2,000 to RM4,000 for most employees also added more employment costs. **The overall cascading effects on total wage cost would be higher due to statutory contributions (EPF, SOSCO and EIS, HR Corporation).** This is in addition to the higher minimum wage between 25.0% and 36.4% implemented in May 2022.

- In South Korea, a reduction in standard working hours is implemented gradually, starting from initial enforcement on large enterprises, and moving on to small enterprises. **The Government also provided a tailored consulting service to assist businesses with working hours adjustments.**

- Given the still-challenging economics and business condition in 2023, **the Government should continue assisting SMEs companies by setting up tailored consulting services with working hours adjustment in specific sectors or providing financial assistance in the upcoming Budget 2023.**

B. Increment in maternity leave

- An increase in 38-day to 98 days from 60 days paid salaries for maternity benefits would also increase the wage cost of business, **estimated at RM2,242.70 million per year, an increase of 63.3% from RM1,373.1 million based on 60 days of maternity benefits.**

- Our research indicated that the payment of maternity benefits approaches in many countries are **generally either fully or partially funded by the Social Security Insurance system**, which is contributed by both employer and employee. There is no limit on the number of births as long as it meets the requirements.

- **The Government also reimburses the maternity benefits partly**, as in the case of Singapore, whereby the Government co-shares the payment for the first and second child. In contrast, for the third and subsequent child, it is fully reimbursed by the Government.

- **It is proposed that the Government can consider a workable co-sharing payment of maternity benefits to lessen the cost burden on businesses**. At the same time, continue supporting the participation of women in the labour force. Singapore's mode of maternity benefits payment is a viable option. We can also explore the option of using SOSCO to fund the maternity benefits partially.

Country comparison: funding approach for maternity leave

By Employer

Malaysia	98 days of paid leave for each child for up to 5 surviving children.
Indonesia	90 days of paid leave.
Taiwan	56 days of paid leave.

By Government

			First 8 weeks	Last 8 weeks
Singapore	**112 days**	**First and second child**	Paid by **employer**	Reimbursed by **Government**
		Third and subsequent	Reimbursed by **Government**	
Australia	**364 days***	• Paid by **Government** for 18 weeks of National Minimum Wage. • No limit on the number of births as long as it fulfils the requirements.		

By Social Security Insurance

Philippines	**105 days**	• Reimbursed by **the Social Security System**, which is contributed by both employees and employers.
Thailand	**90 days**	• **Employer** (45 days) **+ Social Security System (SSO)** at 50% salary for 45 days, which is contributed by both employees and employers. • No limit on the number of births as long as it fulfils the requirements.
Vietnam	**180 days**	• **Social Security System**, which is contributed by both employees and employers. • No limit on the number of births as long as it fulfils the requirements.
China	**98 days**	• **Maternity Insurance**, contributed by employer only (some cases require additional contribution from employer to make up the difference between payment received and salary) • No more than 2 births.
Japan	**98 days**	• **Social Security System**, which is contributed by both employees and employers. • No limit on the number of births as long as it fulfils the requirements.
South Korea	**90 days**	• **Employer** (60 days) **+ Employment Insurance** (30 days), which is contributed by both employers and employees)

CARBON TAX

Carbon Tax

What is Carbon Tax?

- According to the Organisation for Economic Co-operation and Development (OECD), a **carbon tax is "an instrument of environmental cost internalisation. It is an excise tax on the producers of raw fossil fuels based on the relative carbon content of those fuels."**

- **Carbon taxes have a central role and an effective way of reducing GHG emissions and pollution levels across the globe**. By placing higher taxes on carbon-based fuels, households and industries can reduce the level of pollution and look to alternatives like solar power and hydrogen engines, which have lower impacts on the environment. By implementing a carbon tax, businesses and industries will be encouraged to develop more environmentally friendly processes.

- The implementation of a carbon tax policy can raise significant revenue for countries, which can then be used to address the harmful economic and social effects caused by the burning of fossil fuels. **Governments could use revenue derived from carbon taxes to invest in clean energy and climate adaptation.**

Carbon tax is underway

- According to the WWF-BCG Net Zero study, **over 50% of Malaysia's current trade partners have a Net Zero 2050 goal.** These countries include the United States, European Union, Japan, Thailand, Taiwan, Vietnam, and South Korea. Aligned with their Net Zero ambitions, many trading partner countries have adopted domestic carbon prices.

- Many Malaysian companies would have been warned about the impending impact of carbon taxes on their operations, especially if they are exporting to the European Union (EU). **The EU's Carbon Border Adjustment Mechanism (CBAM), which is expected to kick in gradually from 2023, will impose a carbon price on non-EU producers.** This will send a strong message to Malaysian businesses and also **urges the Government to take action to mitigate climate change and raise ESG awareness.**

- In fact, carbon taxes have been tabled in the proposal of the 12th Malaysia Plan, and the Cabinet has agreed to develop a domestic emissions trading scheme (ETS) in phases. On 7 Oct 2022, the government **intends to introduce a carbon tax** which was announced in the previous Budget 2023. Although no specific implementation date has been announced, the government is evaluating the carbon pricing mechanism. The carbon tax will serve as a **new source of government revenue and is certainly a step in the right direction to assist our nation in achieving carbon neutrality by 2050.**

- The government has set a series of credible commitments towards attaining environmental, social and governance (ESG) goals.

  a) **By 2030, the government has pledged various initiatives to be implemented on the three pillars of ESG**, reflecting its major commitment to achieve the national aspiration goals.

  b) Malaysia has vowed to **reduce 45% of its economy-wide carbon intensity against its Gross Domestic Product (GDP) by 2030**.

  c) Another key target is to **eliminate forced labour practices** not limited to the operations of local companies but also across the global supply chains.

Malaysia aspires to achieve net zero emissions target through the following measures

Implement a **carbon pricing policy**

31% of renewable energy generation capacity by 2025 and 40% by 2035

All government vehicles to be non-ICE (international combustion engine) by 2030

Increase **resilience to climate change** through the National Adaptation Plan

100 million trees to be planted as part of natural-based solutions to lower GHG

40% recycling rate by 2025 by adopting Zero Waste through the waste to Energy programme

Transform cities towards a low carbon pathway as outlined in the National Law Carbon Cities Masterplan

Maintaining 50% of total forests at the minimum
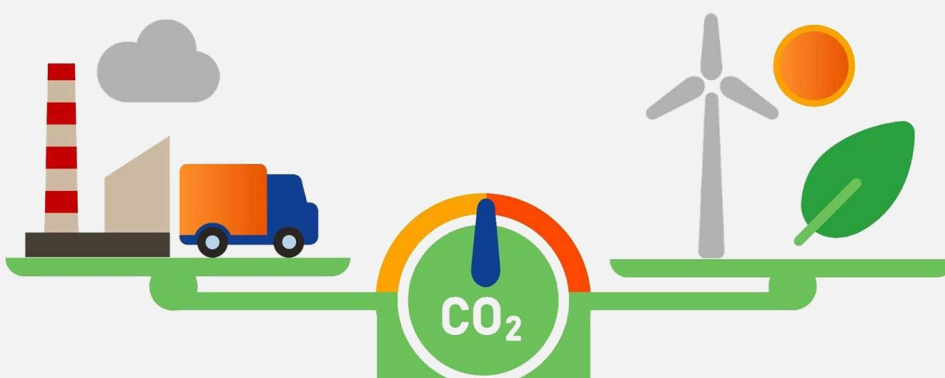
Issues to consider when implementing a carbon tax

Importance of access to open and timely data

- The democratisation of access to critical data on a timely basis should be promoted, where open data approaches enable one to make informed decisions. Furthermore, government agency platforms adopt different data formats, which added complexity for data users to find and download the required climate data for analysis. The government must establish a more comparable methodology and definition **to avoid data gaps in terms of data availability, accessibility, transparency and differences in methodology**.

Improve awareness and understanding of importance of climate change issues

- Understanding climate change among the public is low, and **introducing a carbon price can be challenging** due to a **lack of public awareness** and **understanding of carbon pricing**. Increasing the awareness among the public on climate change issues would help the government implement a carbon tax and **its goal, benefits, challenges and how regressive impacts can be addressed**.

Implement common definitions and standardised climate disclosure requirements/frameworks

- Carbon accounting can be **monitored, reported, and verified more efficiently with a common disclosure framework**, as **different reporting frameworks could create comparability issues for investors**. A **lack of clarity in boundaries and definitions** also **discourages businesses from collecting and disclosing data**. Therefore, clear policies and guidelines are needed to assist businesses in transitioning towards a low-carbon and sustainable economy.

- In response to this, Bursa Malaysia through its enhanced Sustainability Reporting Framework issued in September 2022, requires disclosures of a common set of prescribed sustainability matters and indicators that are deemed material for all listed issuers. This includes Scope 1, Scope 2 and limited Scope 3 GHG emissions disclosures.

Degree of company understanding of carbon tax

- The survey results showed that most businesses or organisations in Malaysia **(53.0% of respondents) have poor understanding of carbon tax,** particularly in the construction (62.7%), wholesale and retail trade (62.3%), tourism-related (54.9%) and real estate (52.1%) sectors.

- They need some form of advisory and guidance support from the Government on how to implement the Greenhouse Gas (GHG) Emissions-related program. A high of 65.2% of total respondents voted for "Not ready yet / Do not know how to prepare".
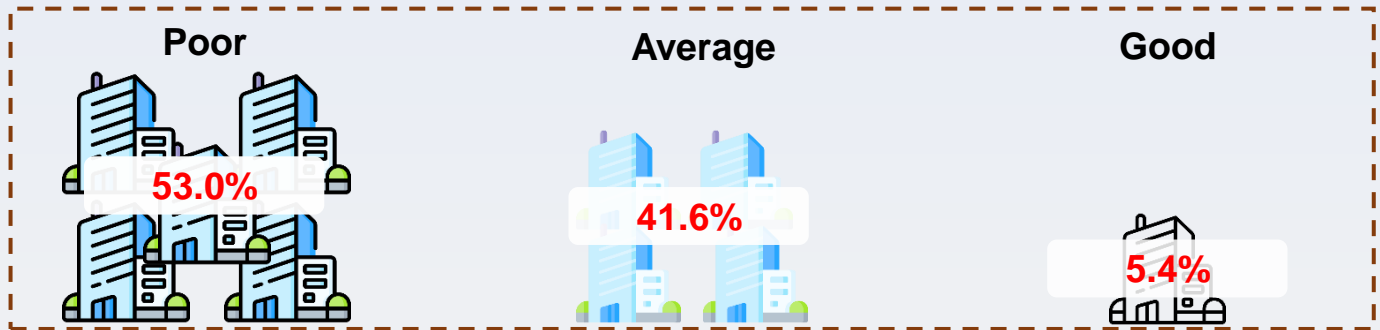
Poor	Average	Good
53.0%	**41.6%**	**5.4%**

What is the lead time required for the implementation of a carbon tax?

36.4%	26.4%	37.2%
Less than 12 months	**13-18 months**	**19-24 months**

How would your company prepare for carbon tax implementation?

65.2%

Not ready yet / Do not know how to prepare

24.1% Participate in Greenhouse Gas (GHG) Emissions-related program/training

22.0% Engage expertise in carbon footprint management

20.1% Explore to reduce carbon footprint from supply chains to distribution networks

18.2% Adopt low carbon emission technologies

What **CHALLENGES** is your company facing for reducing Greenhouse Gas (GHG) Emissions?

Top 3

60.2%

Lack of expertise and information about how to implement low carbon emission

46.8%
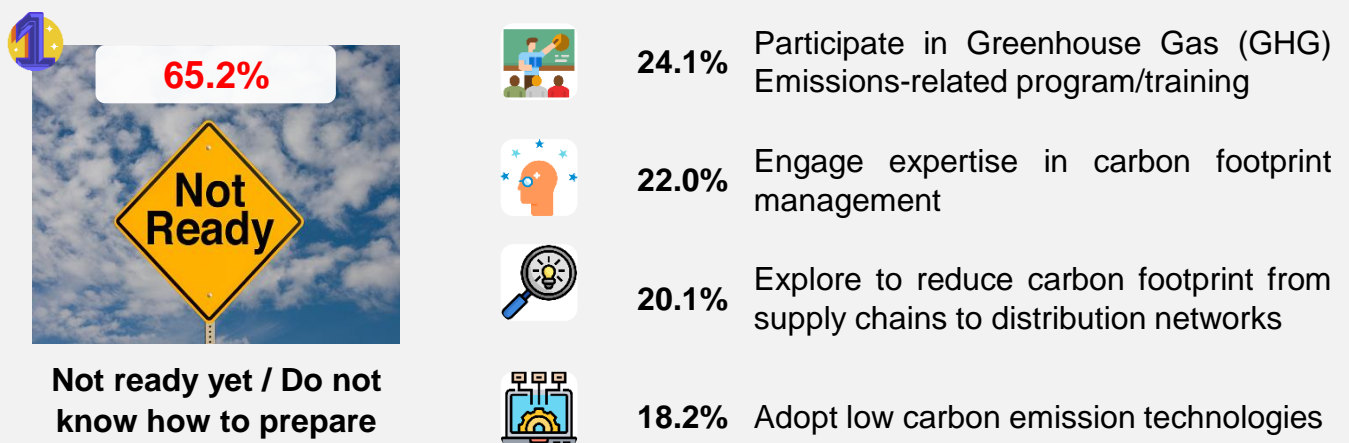
Lack of capital and increase in business costs

45.1% **Lack of qualified staff to monitor carbon emissions**

40.3% Concerns about cumbersome procedures and documentation

27.1% Complex data management (e.g. data availability, quality of data, etc.)

What can the Government do to **help** businesses reduce Greenhouse Gas (GHG) Emissions?
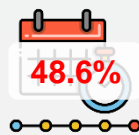
Top 3

48.6%

Clear guidelines and timeline for the progressive introduction of a carbon tax

46.8%

Government-funded GHG Emissions-related training and courses

46.4%
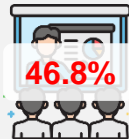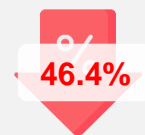
Introduce a low carbon tax rate to promote awareness

42.6% Phased implementation – from GLCs to large private enterprises; and to SMEs

41.7% A six-month grace period from penalty during the transition period

41.6% Set up a carbon tax portal network to provide information and guidance to businesses

41.6% Tax rebates for households and businesses for adopting GHG Emissions

41.1% Grants/Incentives for low-carbon projects (e.g. renewable energy, energy-efficient technology and equipment)

What **CHALLENGES** is your company facing for reducing Greenhouse Gas (GHG) Emissions?

60.2% Lack of expertise and information about how to implement low carbon emission

46.8% Lack of capital and increase in business costs

45.1% Lack of qualified staff to monitor carbon emissions

- **Companies will need to hire sustainability specialists** to supervise and monitor their performance in reducing their carbon footprint.
- However, **more than half of total respondents across almost all sectors** indicated that **a lack of expertise and information** is the main challenge for reducing their GHG emissions.
- One of the most important concerns cited is **whether there is enough ESG expertise or qualified staff in the markets.** According to the Capital Group ESG Global Study 2021, 23% of Asia-Pacific respondents indicate that **a lack of internal resources/expertise presents the barrier to ESG adoption**.
- Companies might experience a transition in their operation aspects when adopting to reduce GHG emissions. These include **recruitment, audit and changes in internal processes and systems**.
- As the transitions take place at all levels, from entry-level positions to higher-order positions, this means that **every single transition incurs costs, depending on how large is the transitions model**.
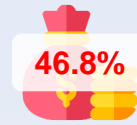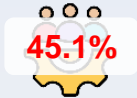
What can the Government do to **help** businesses reduce Greenhouse Gas (GHG) Emissions?

48.6%	**46.8%**
Clear guidelines and timeline for a progressive introduction of carbon tax	**Government-funded GHG Emissions-related training and courses**
• For ensuring a smooth implementation, a **clear guidelines and transparency is needed to avoid any misunderstandings or inefficiencies**. • This would increase the acceptability of carbon taxes among businesses and reduce the risk of policy "failures".	• Most respondents indicated that the implementation process of reducing GHG emissions **will increase their business costs**. • As companies are lacking of know-how to implement GHG emission program, **the Government should assist them by providing relevant training and technical support to increase their awareness and understanding**.

46.4%

Introduce a low carbon tax rate to promote awareness

- Implement carbon tax at low rate mainly is to increase the awareness among businesses and the tax revenue must be used for sustainable spending to show the Government's commitment towards SDG/ESG.
- For example, the introductory carbon tax level in Singapore is set at S$5/tCO2e in the first instance from 2019 to 2023 to provide a transitional period to give emitters time for adjustment. Singapore will raise the carbon tax to $25/tCO2e in 2024 and 2025, $45/tCO2e in 2026 and 2027, and will reach $50-80/tCO2e by 2030. This will provide a strong price signal and impetus for businesses and individuals to reduce their carbon footprint.

Appendix 1: Summary of Guidelines for SMEs Definition

Size of enterprise		Criteria	Manufacturing sector	Services and other sectors
Large enterprise		Sales turnover	Above RM50 million OR	Above RM20 million OR
		Number of full-time employees	Above 200	Above 75
SME	Medium enterprise	Sales turnover	RM15 million to RM50 million OR	RM3 million to RM20 million OR
		Number of full-time employees	75 to 200	30 to 75
	Small enterprise	Sales turnover	RM300,000 to less than RM15 million OR	RM300,000 to less than RM3 million OR
		Number of full-time employees	5 to less than 75	5 to less than 30
	Micro enterprise	Sales turnover	Below RM300,000 OR	Below RM300,000 OR
		Number of full-time employees	Less than 5	Less than 5

Respondents' profile: Annual turnover and number of employees by major sectors:

	Primary	Manufacturing	Construction	Services	Total
Annual turnover:					
Less than RM300k	30.0%	4.2%	8.0%	22.3%	17.9%
RM300k to < RM3mil	35.0%	28.7%	44.0%	39.2%	37.5%
RM3mil to < RM15mil	12.5%	28.7%	24.0%	21.1%	22.3%
RM15mil to < RM20mil	0%	9.1%	8.0%	5.4%	6.0%
RM20mil to ≤ RM50mil	12.5%	12.6%	6.7%	6.4%	7.9%
More than RM50mil	10.0%	16.8%	9.3%	5.8%	8.4%
Number of full-time employees:					
Less than 5	42.5%	7.0%	12.0%	30.2%	24.7%
5 to < 30	27.5%	34.3%	64.0%	46.9%	45.2%
30 to < 75	10.0%	25.9%	12.0%	12.6%	14.9%
75 to ≤ 200	12.5%	18.2%	8.0%	5.8%	8.7%
More than 200	7.5%	14.7%	4.0%	4.6%	6.6%

Malaysia's Business and Economic Conditions Survey (M-BECS)

This survey is jointly conducted by The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Socio-Economic Research Centre (SERC) on **Malaysia's business and economic conditions in the second half-year of 2022** (2H 2022: Jul-Dec 2022) and **prospects for the first half-year of 2023** (1H 2022: Jan-Jul 2023) and beyond.

The survey results will be used as an input **to prepare memoranda concerning economic and industry issues, including public policies impacting the business community for submission to the Government and relevant Ministries for their consideration. ALL INFORMATION WILL BE TREATED IN THE STRICTEST CONFIDENCE**.

We seek your kind cooperation to return the duly completed questionnaire to ACCCIM Secretariat by **31 December 2022** (Email: socio-economic@acccim.org.my / Fax: 03-4260 3080). Thank you for your support and cooperation.

SECTION A: BUSINESS BACKGROUND

**If you have multiple businesses, please refer to the principal business/sector when answering the questions.

A1. Constituent Members:

- 1 Terengganu CCCI
- 2 KLSCCCI
- 3 Negeri Sembilan CCCI
- 4 Sabah UCCC
- 5 Penang CCC
- 6 ACCCI Sarawak
- 7 Perak CCCI
- 8 Johor ACCCI
- 9 Klang CCCI
- 10 Kelantan CCC
- 11 ACCCI Pahang
- 12 Batu Pahat CCC
- 13 Kedah CCCI
- 14 Kluang CCCI
- 15 North Perak CCCI
- 16 Malacca CCCI
- 17 Perlis CCCI
- 43 Others:
  _____
  _____
  _____
  _____

Associate Members:

- 18 Federation of Chinese Physicians and Medicine Dealers Associations of Malaysia
- 19 Malaysian Wood Industries Association
- 20 Malaysian Textile Manufacturers Association
- 21 Malaysia Mobile Content Provider Association
- 22 Malaysian Furniture Council
- 23 Federation of Goldsmith and Jewellers Association of Malaysia
- 24 The Federation of Malaysia Hardware, Machinery & Building Materials Dealers' Association
- 25 Malaysia Fujian Chamber of Commerce and Industry
- 26 Pawnbroker's Association of Malaysia
- 27 Malaysia Retailers Association
- 28 Malaysian Association of Convention & Exhibition Organisers & Suppliers
- 29 Malaysia Teochew Chamber of Commerce
- 30 Malaysian Photovoltaic Industry Association

- 31 Malaysian Nail Technicians & Make Up Association
- 32 Malaysian Hairdressing Association
- 33 Automotive Accessories Traders Association of Malaysia
- 34 Malaysia Guangxi Chamber of Commerce
- 35 Persatuan Anggun Menawan Malaysia
- 36 Malaysian Wood Moulding & Joinery Council
- 37 Malaysia Stationery Importers and Exporters Association
- 38 Malaysia Printers Association
- 39 Federation of Sundry Goods Merchants Associations of Malaysia
- 40 Branding Association of Malaysia
- 41 Persatuan Pemborong Malaysia
- 42 Persatuan Ubat Tradisional dan Makanan Kesihatan China- Malaysia

A2. **Type of principal industry or sub-sector: [Please select only ONE (1)]**

☐ 1 Agriculture, forestry and fishery

☐ 2 Mining and quarrying

☐ 3 Manufacturing

☐ 4 Construction

☐ 5 Wholesale and retail trade

☐ 6 Trading (*imports and exports*)

☐ 7 Tourism, shopping, hotels, restaurants, recreation and entertainment

☐ 8 Transportation, forwarding and warehousing

☐ 9 Professional and business services

☐ 10 Finance and insurance

☐ 11 Real estate

☐ 12 Information and Communications Technology (ICT)

A3. **Annual turnover:**

☐ 1 Less than RM300k

☐ 2 RM300k to < RM3mil

☐ 3 RM3mil to < RM15mil

☐ 4 RM15mil to < RM20mil

☐ 5 RM20mil to ≤ RM50mil

☐ 6 More than RM50mil

A4. **Number of full-time employees:**

☐ 1 Less than 5

☐ 2 5 to 29

☐ 3 30 to 74

☐ 4 75 to 200

☐ 5 More than 200

A5. **Please indicate the share of total sales generated from overseas market:**

☐ 1 0%

☐ 2 1% to 25%

☐ 3 26% to 50%

☐ 4 51% to 75%

☐ 5 76% to 99%

☐ 6 100%

A6. **Please indicate the share of foreign employees to total employees:**

☐ 1 0%

☐ 2 1% to 25%

☐ 3 26% to 50%

☐ 4 51% to 75%

☐ 5 76% to 99%

☐ 6 100%

SECTION B: OVERALL ASSESSMENT

B1. Overall economic conditions and outlook:				B2. Overall business conditions and outlook:			
(Tick✓ per row)	*Better*	*Neutral*	*Worse*	*(Tick✓ per row)*	*Better*	*Neutral*	*Worse*
2H 2022	□₁	□₂	□₃	2H 2022	□₁	□₂	□₃
1H 2023	□₁	□₂	□₃	1H 2023	□₁	□₂	□₃
2H 2023	□₁	□₂	□₃	2H 2023	□₁	□₂	□₃
Estimation for 2022	□₁	□₂	□₃	Estimation for 2022	□₁	□₂	□₃
Forecast for 2023	□₁	□₂	□₃	Forecast for 2023	□₁	□₂	□₃

B3. Which of the following factors may adversely affect your business performance in 2H 2022? [Please select at least THREE (3)]

□₁	Changing consumer behaviour	□₁₁	Declining business and consumer sentiment
□₂	High operating cost and cash flow problem	□₁₂	Political climate
□₃	Supply chain disruptions	□₁₃	Lower external demand
□₄	Shortage of raw materials	□₁₄	Lower domestic demand
□₅	Increase in prices of raw materials	□₁₅	Increase in bad debt and delayed payments
□₆	Shortage of workers	□₁₆	ESG compliance
□₇	Digital disruption		
□₈	Difficult to secure financing		
□₉	Availability of skilled labour		
□₁₀	The Ringgit's fluctuation		

B4. Performance and Forecast

Note: N/A=Not Applicable
N/R= Not Relevant

	Current Performance Actual for 2H 2022 (Jul-Dec) compared to 1H 2022 (Jan-Jun)			**Forecast** Expectations for 1H 2023 (Jan-Jun) compared to 2H 2022 (Jul-Dec)		
B4.1 Overall	**Better**	**Neutral**	**Worse**	**Better**	**Neutral**	**Worse**
i. Cash flows conditions	□	□	□	□	□	□
ii. Debtors' conditions	□	□	□	□	□	□
iii. Capacity utilisation level ◇ N/A or N/R	□ Less than 50% □ 50% to 74% □ 75% to 90% □ More than 90%			□ Less than 50% □ 50% to 74% □ 75% to 90% □ More than 90%		

iv. Overall sales revenue	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
	□ 1-15%	○	□ 1-15%	□ 1-15%	○	□ 1-15%
	□ 16-30%		□ 16-30%	□ 16-30%		□ 16-30%
	□ > 30%		□ > 30%	□ > 30%		□ > 30%

B4.2 Domestic sales	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
i. Sales revenue ◇ N/A or N/R	□ 1-15% □ 16-30% □ > 30%	○	□ 1-15% □ 16-30% □ > 30%	□ 1-15% □ 16-30% □ > 30%	○	□ 1-15% □ 16-30% □ > 30%
ii. Price level ◇ N/A or N/R	□ 1-15% □ 16-30% □ > 30%	○	□ 1-15% □ 16-30% □ > 30%	□ 1-15% □ 16-30% □ > 30%	○	□ 1-15% □ 16-30% □ > 30%

(B4 cont.) Note: N/A=Not Applicable N/R= Not Relevant	*Current Performance* **Actual for 2H 2022 (Jul-Dec) compared to 1H 2022 (Jan-Jun)**			*Forecast* **Expectations for 1H 2023 (Jan-Jun) compared to 2H 2022 (Jul-Dec)**		
B4.3 Foreign sales	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
i. Sales revenue	☐ 1-15%	○	☐ 1-15%	☐ 1-15%	○	☐ 1-15%
◇ N/A or N/R	☐ 16-30%		☐ 16-30%	☐ 16-30%		☐ 16-30%
	☐ > 30%		☐ > 30%	☐ > 30%		☐ > 30%
ii. Price level	☐ 1-15%	○	☐ 1-15%	☐ 1-15%	○	☐ 1-15%
◇ N/A or N/R	☐ 16-30%		☐ 16-30%	☐ 16-30%		☐ 16-30%
	☐ > 30%		☐ > 30%	☐ > 30%		☐ > 30%
B4.4 Business operations	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
i. Production volume	☐ 1-15%	○	☐ 1-15%	☐ 1-15%	○	☐ 1-15%
◇ N/A or N/R	☐ 16-30%		☐ 16-30%	☐ 16-30%		☐ 16-30%
	☐ > 30%		☐ > 30%	☐ > 30%		☐ > 30%
ii. Inventory or stock level	☐ 1-15%	○	☐ 1-15%	☐ 1-15%	○	☐ 1-15%
◇ N/A or N/R	☐ 16-30%		☐ 16-30%	☐ 16-30%		☐ 16-30%
	☐ > 30%		☐ > 30%	☐ > 30%		☐ > 30%
B4.5 Cost of raw materials	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
i. Local	☐ 1-5%	○	☐ 1-5%	☐ 1-5%	○	☐ 1-5%
◇ N/A or N/R	☐ 6-10%		☐ 6-10%	☐ 6-10%		☐ 6-10%
	☐ > 10%		☐ > 10%	☐ > 10%		☐ > 10%
ii. Imported	☐ 1-5%	○	☐ 1-5%	☐ 1-5%	○	☐ 1-5%
◇ N/A or N/R	☐ 6-10%		☐ 6-10%	☐ 6-10%		☐ 6-10%
	☐ > 10%		☐ > 10%	☐ > 10%		☐ > 10%
B4.6 Manpower	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
i. Number of employees	☐ 1-5	○	☐ 1-5	☐ 1-5	○	☐ 1-5
	☐ 6-10		☐ 6-10	☐ 6-10		☐ 6-10
	☐ > 10		☐ > 10	☐ > 10		☐ > 10
ii. Wage growth	☐ 1-5%	○	☐ 1-5%	☐ 1-5%	○	☐ 1-5%
	☐ 6-10%		☐ 6-10%	☐ 6-10%		☐ 6-10%
	☐ > 10%		☐ > 10%	☐ > 10%		☐ > 10%
B4.7 Others	**Increase**	*Unchanged*	**Decrease**	**Increase**	*Unchanged*	**Decrease**
i. Capital expenditure	☐ 1-15%	○	☐ 1-15%	☐ 1-15%	○	☐ 1-15%
◇ N/A or N/R	☐ 16-30%		☐ 16-30%	☐ 16-30%		☐ 16-30%
	☐ > 30%		☐ > 30%	☐ > 30%		☐ > 30%

SECTION C: CURRENT ISSUES

IMPLICATIONS OF THE EMPLOYMENT ACT

C1a. **Please indicate the degree of impact of the following amendments on your business:**

   i. **Reduction in working hours from 48 hours to 45 hours per week**

No   *Moderate*   *High*

☐₁ ---------------------------------- ☐₂ ---------------------------------- ☐₃

   ii. **Increase in maternity leave from 60 days to 98 days**

No   *Moderate*   *High*

☐₁ ---------------------------------- ☐₂ ---------------------------------- ☐₃

   iii. **Higher threshold for overtime payment** (from RM2,000 to RM4,000)

No   *Moderate*   *High*

☐₁ ---------------------------------- ☐₂ ---------------------------------- ☐₃

   iv. **The Employment Act's coverage for all employees** (from RM2,000 previously)

No   *Moderate*   *High*

☐₁ ---------------------------------- ☐₂ ---------------------------------- ☐₃

C1b. **How would a reduction in working hours affect your business?** *(Multiple-answer allowed)*

☐₁ No impact as already working at or below 45 hours per week

☐₂ Higher overtime payment and wage cost

☐₃ Disrupt business operation

☐₄ Hire more full-time employees

☐₅ Hire part-timers

☐₆ Adopt new ruling; and reduce 3 working hours per week

☐₇ Accelerate automation and digitalisation

☐₈ Others, please specify: _____

C1c. **Please indicate the estimated employment cost impact on your company.**

Note: An answer per row	No impact	+1%-5%	+6%-10%	Above 10%
i. Reduction in working hours	☐₁	☐₂	☐₃	☐₄
ii. Higher threshold for overtime payment (from RM2,000 to RM4,000)	☐₁	☐₂	☐₃	☐₄

C1d. **Will the increase in maternity leave reduce the employability of female employees?** *(Multiple-answer allowed)*

☐₁ Yes, will have higher male to female ratio

☐₂ Yes, will have higher part-time to full-time ratio for female employees

☐₃ No

☐₄ Unsure

C1e. **What forms of support are you expecting from the Government to ease the financial impact?** *(Multiple-answer allowed)*

☐₁ Government to co-share an additional 38 days of maternity benefits

☐₂ Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS)

☐₃ Double tax deduction for an additional 38 days of maternity benefits

☐₄ Phased implementation starting from large enterprises to SMEs

☐₅ Others, please specify: _____

CARBON TAX

C2a. **Please indicate your company's level of understanding of a carbon tax.**

Poor   *Average*   *Good*

☐₁ -- ☐₂ -- ☐₃

C2b. **What is the lead time required for the implementation of a carbon tax?**

☐₁ Less than 12 months

☐₂ 13-18 months

☐₃ 19-24 months

C2c. **How would your company prepare for carbon tax implementation?** *(Multiple-answer allowed)*

☐₁ Not ready yet / Do not know how to prepare

☐₂ Participate in Greenhouse Gas (GHG) Emissions-related program/training

☐₃ Engage expertise in carbon footprint management

☐₄ Explore to reduce carbon footprint from supply chains to distribution networks

☐₅ Adopt low carbon emission technologies

☐₆ Others, please specify: _____

C2d. **What challenges is your company facing for reducing Greenhouse Gas (GHG) Emissions?**
(Multiple-answer allowed)

☐₁ Lack of expertise and information about how to implement low carbon emission

☐₂ Lack of capital and increase in business costs

☐₃ Lack of qualified staff to monitor carbon emissions

☐₄ Concerns about cumbersome procedures and documentation

☐₅ Complex data management *(e.g. data availability, quality of data, etc.)*

☐₆ Others, please specify: _____

C2e. **What can the Government do to help businesses reduce Greenhouse Gas (GHG) Emissions?**
(Multiple-answer allowed)

☐₁ Clear guidelines and timeline for the progressive introduction of a carbon tax

☐₂ Phased implementation – from GLCs to large private enterprises; and to SMEs

☐₃ Introduce a low carbon tax rate to promote awareness

☐₄ Government-funded GHG Emissions-related training and courses

☐₅ A six-month grace period from penalty during the transition period

☐₆ Set up a carbon tax portal network to provide information and guidance to businesses

☐₇ Tax rebates for households and businesses for adopting GHG Emissions

☐₈ Grants/Incentives for low-carbon projects *(e.g. renewable energy, energy-efficient technology and equipment)*

☐₉ Others, please specify: _____

Closing Date: 31 December 2022

Company name	: _____	Respondent's name	: _____
Email address	: _____	Contact number	: _____

Disclaimer: The information provided in this survey will be treated in the strictest confidence.

~ Thank you very much for your cooperation ~

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS
FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)

	Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
Section A: Business Background													
A Size of business operations													
SME	85.3%	66.7%	86.7%	89.3%	94.2%	89.5%	94.2%	80.0%	98.2%	93.8%	93.8%	93.8%	91.6%
Large enterprise	14.7%	33.3%	13.3%	10.7%	5.8%	10.5%	5.8%	20.0%	1.8%	6.3%	6.3%	6.3%	8.4%
Sample size (n)	34	6	143	75	154	38	52	20	111	48	48	32	761
A5 Market orientation													
100% sales from domestic market	54.5%	50.0%	22.4%	81.1%	72.7%	15.8%	58.0%	45.0%	67.6%	77.3%	63.8%	53.3%	56.5%
75%-99% sales from domestic market	21.2%	16.7%	43.4%	17.6%	17.5%	47.4%	26.0%	20.0%	22.5%	15.9%	25.5%	33.3%	26.5%
50%-74% sales from domestic market	12.1%	0.0%	9.1%	1.4%	7.1%	7.9%	16.0%	25.0%	8.1%	2.3%	10.6%	6.7%	8.3%
25%-49% sales from domestic market	9.1%	16.7%	11.2%	0.0%	0.6%	10.5%	0.0%	10.0%	1.8%	0.0%	0.0%	6.7%	4.1%
1%-24% sales from domestic market	3.0%	16.7%	10.5%	0.0%	1.3%	13.2%	0.0%	0.0%	0.0%	4.5%	0.0%	0.0%	3.5%
100% sales from overseas market	0.0%	0.0%	3.5%	0.0%	0.6%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Sample size (n)	33	6	143	74	154	38	50	20	111	44	47	30	750
A6 Share of total employees													
100% local employees	27.3%	50.0%	25.2%	50.0%	72.7%	55.3%	46.0%	55.0%	83.8%	84.1%	68.1%	73.3%	58.1%
76%-99% local employees	18.2%	16.7%	28.7%	27.0%	20.1%	34.2%	30.0%	25.0%	14.4%	4.5%	21.3%	23.3%	22.3%
51%-75% local employees	15.2%	16.7%	24.5%	8.1%	6.5%	5.3%	16.0%	20.0%	0.9%	2.3%	4.3%	3.3%	10.1%
25%-50% local employees	27.3%	16.7%	18.2%	10.8%	0.0%	5.3%	6.0%	0.0%	0.9%	4.5%	2.1%	0.0%	7.1%
1%-25% local employees	9.1%	0.0%	3.5%	4.1%	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	2.1%	0.0%	1.7%
100% foreign employees	3.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	4.5%	2.1%	0.0%	0.7%
Sample size (n)	33	6	143	74	154	38	50	20	111	44	47	30	750
Section B: Overall Assessment													
B1 Economic conditions and prospects													
2H 2022													
Better	8.8%	0.0%	15.4%	6.7%	9.2%	24.3%	26.9%	20.0%	13.6%	17.0%	18.8%	15.6%	14.3%
Neutral	73.5%	100.0%	49.7%	73.3%	57.5%	40.5%	55.8%	75.0%	71.8%	55.3%	60.4%	71.9%	60.9%
Worse	17.6%	0.0%	35.0%	20.0%	33.3%	35.1%	17.3%	5.0%	14.5%	27.7%	20.8%	12.5%	24.8%
Sample size (n)	34	6	143	75	153	37	52	20	110	47	48	32	757
1H 2023													
Better	8.8%	16.7%	17.0%	18.7%	17.0%	15.8%	23.1%	20.0%	26.4%	19.1%	14.9%	28.1%	19.1%
Neutral	76.5%	66.7%	49.6%	58.7%	54.9%	57.9%	63.5%	75.0%	50.9%	68.1%	72.3%	56.3%	58.0%
Worse	14.7%	16.7%	33.3%	22.7%	28.1%	26.3%	13.5%	5.0%	22.7%	12.8%	12.8%	15.6%	22.9%
Sample size (n)	34	6	141	75	153	38	52	20	110	47	47	32	755
2H 2023													
Better	23.5%	16.7%	24.1%	29.3%	23.4%	23.7%	36.5%	30.0%	36.4%	36.2%	27.7%	37.5%	28.7%
Neutral	64.7%	66.7%	60.3%	53.3%	53.9%	55.3%	57.7%	70.0%	46.4%	53.2%	61.7%	56.3%	55.8%
Worse	11.8%	16.7%	15.6%	17.3%	22.7%	21.1%	5.8%	0.0%	17.3%	10.6%	10.6%	6.3%	15.5%
Sample size (n)	34	6	141	75	154	38	52	20	110	47	47	32	756
Estimation for 2022													
Better	11.8%	0.0%	11.3%	8.1%	12.4%	18.9%	23.1%	25.0%	13.6%	12.8%	21.3%	18.8%	14.1%
Neutral	67.6%	83.3%	61.7%	71.6%	62.1%	56.8%	55.8%	65.0%	72.7%	61.7%	55.3%	71.9%	64.3%
Worse	20.6%	16.7%	27.0%	20.3%	25.5%	24.3%	21.2%	10.0%	13.6%	25.5%	23.4%	9.4%	21.6%
Sample size (n)	34	6	141	74	153	37	52	20	110	47	47	32	753
Forecast for 2023													
Better	26.5%	16.7%	22.0%	32.0%	21.4%	27.0%	38.5%	30.0%	38.2%	38.3%	25.5%	25.0%	28.3%
Neutral	55.9%	66.7%	48.2%	50.7%	50.6%	48.6%	53.8%	65.0%	42.7%	46.8%	68.1%	59.4%	51.1%
Worse	17.6%	16.7%	29.8%	17.3%	27.9%	24.3%	7.7%	5.0%	19.1%	14.9%	6.4%	15.6%	20.5%
Sample size (n)	34	6	141	75	154	37	52	20	110	47	47	32	755
B2 Business conditions and prospects													
2H 2022													
Better	11.8%	0.0%	15.4%	20.0%	18.3%	24.3%	46.2%	35.0%	30.0%	19.6%	29.2%	15.6%	22.5%
Neutral	70.6%	83.3%	48.3%	61.3%	49.7%	40.5%	32.7%	55.0%	60.9%	52.2%	50.0%	65.6%	52.8%
Worse	17.6%	16.7%	36.4%	18.7%	32.0%	35.1%	21.2%	10.0%	9.1%	28.3%	20.8%	18.8%	24.7%
Sample size (n)	34	6	143	75	153	37	52	20	110	46	48	32	756
1H 2023													
Better	11.8%	0.0%	19.7%	34.7%	28.1%	23.7%	36.5%	40.0%	48.2%	21.7%	29.8%	28.1%	29.5%
Neutral	79.4%	83.3%	52.1%	45.3%	43.1%	52.6%	48.1%	50.0%	38.2%	67.4%	55.3%	53.1%	49.9%
Worse	8.8%	16.7%	28.2%	20.0%	28.8%	23.7%	15.4%	10.0%	13.6%	10.9%	14.9%	18.8%	20.5%
Sample size (n)	34	6	142	75	153	38	52	20	110	46	47	32	755
2H 2023													
Better	32.4%	16.7%	27.0%	44.0%	36.4%	26.3%	48.1%	50.0%	52.7%	34.8%	38.3%	31.3%	37.9%
Neutral	58.8%	66.7%	58.2%	40.0%	41.6%	52.6%	46.2%	45.0%	34.5%	52.2%	51.1%	62.5%	47.5%
Worse	8.8%	16.7%	14.9%	16.0%	22.1%	21.1%	5.8%	5.0%	12.7%	13.0%	10.6%	6.3%	14.6%
Sample size (n)	34	6	141	75	154	38	52	20	110	46	47	32	755
Estimation for 2022													
Better	11.8%	0.0%	12.8%	23.0%	19.6%	24.3%	40.4%	50.0%	30.9%	13.0%	31.9%	18.8%	22.6%
Neutral	64.7%	100.0%	60.3%	58.1%	52.3%	54.1%	42.3%	40.0%	60.9%	60.9%	40.4%	68.8%	56.1%
Worse	23.5%	0.0%	27.0%	18.9%	28.1%	21.6%	17.3%	10.0%	8.2%	26.1%	27.7%	12.5%	21.3%
Sample size (n)	34	6	141	74	153	37	52	20	110	46	47	32	752
Forecast for 2023													
Better	29.4%	16.7%	24.1%	49.3%	31.8%	32.4%	53.8%	45.0%	55.5%	37.0%	42.6%	21.9%	37.8%
Neutral	52.9%	66.7%	49.6%	34.7%	41.6%	43.2%	40.4%	50.0%	30.9%	47.8%	51.1%	59.4%	43.5%
Worse	17.6%	16.7%	26.2%	16.0%	26.6%	24.3%	5.8%	5.0%	13.6%	15.2%	6.4%	18.8%	18.7%
Sample size (n)	34	6	141	75	154	37	52	20	110	46	47	32	754

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS
FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)

		Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
B3	**Which of the following factor(s) may adversely affect your business performance in 2H 2022?** *(Multiple-answer)*													
	Changing consumer behaviour	23.5%	16.7%	18.9%	17.3%	37.0%	21.1%	42.3%	35.0%	39.6%	31.3%	20.8%	18.8%	28.6%
	High operating cost and cash flow problem	32.4%	33.3%	49.0%	50.7%	48.1%	39.5%	40.4%	50.0%	47.7%	35.4%	39.6%	40.6%	45.1%
	Supply chain disruption	29.4%	16.7%	22.4%	17.3%	21.4%	23.7%	15.4%	35.0%	12.6%	10.4%	22.9%	18.8%	19.6%
	Shortage of raw materials	35.3%	33.3%	24.5%	40.0%	19.5%	21.1%	15.4%	5.0%	13.5%	14.6%	25.0%	18.8%	21.8%
	Increase in prices of raw materials	70.6%	50.0%	60.8%	74.7%	53.9%	52.6%	48.1%	20.0%	35.1%	35.4%	47.9%	25.0%	51.1%
	Shortage of workers	67.6%	83.3%	46.2%	73.3%	35.1%	21.1%	44.2%	35.0%	36.9%	18.8%	56.3%	28.1%	43.0%
	Digital disruption	2.9%	0.0%	2.1%	4.0%	9.7%	7.9%	7.7%	5.0%	10.8%	20.8%	8.3%	15.6%	8.0%
	Difficult to secure financing	2.9%	33.3%	8.4%	21.3%	23.4%	18.4%	11.5%	5.0%	9.9%	29.2%	33.3%	15.6%	16.7%
	Availability of skilled labour	29.4%	33.3%	40.6%	48.0%	12.3%	13.2%	15.4%	15.0%	28.8%	10.4%	31.3%	28.1%	26.5%
	The Ringgit's fluctuation	44.1%	33.3%	42.0%	56.0%	51.9%	55.3%	50.0%	45.0%	45.9%	58.3%	54.2%	56.3%	49.7%
	Declining business and consumer sentiment	17.6%	16.7%	29.4%	18.7%	35.1%	31.6%	21.2%	20.0%	38.7%	22.9%	27.1%	15.6%	28.4%
	Political climate	20.6%	66.7%	35.7%	29.3%	34.4%	23.7%	23.1%	10.0%	36.0%	35.4%	41.7%	40.6%	32.9%
	Lower external demand	20.6%	0.0%	32.9%	6.7%	6.5%	36.8%	7.7%	5.0%	11.7%	12.5%	6.3%	0.0%	14.5%
	Lower domestic demand	20.6%	33.3%	32.2%	16.0%	40.3%	34.2%	13.5%	20.0%	21.6%	16.7%	20.8%	21.9%	26.5%
	Increase in bad debt and delay payments	14.7%	0.0%	21.7%	30.7%	39.0%	23.7%	19.2%	15.0%	19.8%	22.9%	22.9%	12.5%	24.8%
	ESG compliance	5.9%	16.7%	9.1%	8.0%	5.8%	5.3%	0.0%	10.0%	7.2%	2.1%	8.3%	9.4%	6.7%
	Sample size (n)	**34**	**6**	**143**	**75**	**154**	**38**	**52**	**20**	**111**	**48**	**48**	**32**	**761**
B4	**Performance and forecast**													
	Performance: 2H 2022 (Jul-Dec 2022) compared to 1H 2022 (Jan-Jun 2022)													
I	**Overall**													
i	**Cash flows conditions**													
	Better	6.1%	0.0%	8.4%	8.0%	7.8%	10.5%	22.0%	21.1%	10.8%	11.9%	12.8%	3.3%	10.0%
	Neutral	69.7%	100.0%	71.3%	72.0%	70.8%	47.4%	56.0%	73.7%	80.2%	64.3%	63.8%	76.7%	69.9%
	Worse	24.2%	0.0%	20.3%	20.0%	21.4%	42.1%	22.0%	5.3%	9.0%	23.8%	23.4%	20.0%	20.1%
	Sample size (n)	**33**	**6**	**143**	**75**	**154**	**38**	**50**	**19**	**111**	**42**	**47**	**30**	**748**
ii	**Debtors' conditions**													
	Better	3.0%	0.0%	2.1%	6.7%	5.9%	2.7%	8.2%	0.0%	9.0%	4.9%	8.7%	3.3%	5.4%
	Neutral	69.7%	83.3%	69.9%	64.0%	63.8%	62.2%	79.6%	90.0%	77.5%	70.7%	71.7%	76.7%	70.5%
	Worse	27.3%	16.7%	28.0%	29.3%	30.3%	35.1%	12.2%	10.0%	13.5%	24.4%	19.6%	20.0%	24.1%
	Sample size (n)	**33**	**6**	**143**	**75**	**152**	**37**	**49**	**20**	**111**	**41**	**46**	**30**	**743**
iii	**Capacity utilization level**													
	Less than 50%	32.0%	0.0%	28.8%	45.3%	44.5%	45.5%	67.7%	31.3%	44.7%	50.0%	41.7%	47.1%	41.3%
	50% to 74%	36.0%	33.3%	47.0%	47.2%	35.5%	42.4%	19.4%	25.0%	35.3%	30.0%	47.2%	41.2%	39.1%
	75% to 90%	24.0%	33.3%	18.9%	5.7%	17.3%	9.1%	12.9%	31.3%	5.9%	20.0%	8.3%	11.8%	14.4%
	More than 90%	8.0%	33.3%	5.3%	1.9%	2.7%	3.0%	0.0%	12.5%	14.1%	0.0%	2.8%	0.0%	5.3%
	Sample size (n)	**25**	**3**	**132**	**53**	**110**	**33**	**31**	**16**	**85**	**30**	**36**	**17**	**571**
iv	**Overall sales revenue**													
	Increased 1%-15%	24.2%	0.0%	21.1%	37.3%	24.7%	21.1%	32.0%	40.0%	41.4%	33.3%	38.3%	26.7%	29.7%
	Increased 16%-30%	12.1%	16.7%	11.3%	5.3%	8.4%	21.1%	20.0%	15.0%	11.7%	9.5%	0.0%	10.0%	10.6%
	Increased >30%	9.1%	0.0%	8.5%	6.7%	5.2%	5.3%	6.0%	10.0%	8.1%	14.3%	10.6%	10.0%	7.8%
	Unchanged	18.2%	83.3%	15.5%	22.7%	18.2%	7.9%	22.0%	25.0%	22.5%	26.2%	27.7%	33.3%	20.9%
	Decreased 1%-15%	15.2%	0.0%	19.0%	14.7%	22.7%	13.2%	16.0%	5.0%	13.5%	7.1%	10.6%	10.0%	15.8%
	Decreased 16%-30%	6.1%	0.0%	14.8%	9.3%	13.0%	23.7%	2.0%	5.0%	1.8%	9.5%	8.5%	3.3%	9.6%
	Decreased >30%	15.2%	0.0%	9.9%	4.0%	7.8%	7.9%	2.0%	0.0%	0.9%	0.0%	4.3%	6.7%	5.7%
	Sample size (n)	**33**	**6**	**142**	**75**	**154**	**38**	**50**	**20**	**111**	**42**	**47**	**30**	**748**
II	**Domestic**													
i	**Sales revenue**													
	Increased 1%-15%	19.4%	0.0%	24.1%	31.9%	21.3%	18.2%	35.4%	36.8%	40.0%	44.1%	45.7%	13.8%	29.0%
	Increased 16%-30%	22.6%	20.0%	10.5%	13.0%	6.0%	18.2%	18.8%	21.1%	13.0%	5.9%	6.5%	10.3%	11.5%
	Increased >30%	9.7%	0.0%	5.3%	4.3%	3.3%	6.1%	6.3%	5.3%	7.0%	17.6%	4.3%	6.9%	5.9%
	Unchanged	29.0%	80.0%	18.8%	29.0%	21.3%	15.2%	18.8%	26.3%	26.0%	20.6%	26.1%	51.7%	24.2%
	Decreased 1%-15%	3.2%	0.0%	21.1%	15.9%	28.0%	21.2%	18.8%	10.5%	12.0%	5.9%	10.9%	3.4%	17.2%
	Decreased 16%-30%	6.5%	0.0%	17.3%	4.3%	12.7%	18.2%	2.1%	0.0%	1.0%	2.9%	2.2%	6.9%	8.5%
	Decreased >30%	9.7%	0.0%	3.0%	1.4%	7.3%	3.0%	0.0%	0.0%	1.0%	2.9%	4.3%	6.9%	3.7%
	Sample size (n)	**31**	**5**	**133**	**69**	**150**	**33**	**48**	**19**	**100**	**34**	**46**	**29**	**697**
ii	**Price level**													
	Increased 1%-15%	28.1%	20.0%	38.0%	55.9%	44.3%	31.3%	54.3%	38.9%	47.0%	29.0%	50.0%	35.7%	43.0%
	Increased 16%-30%	12.5%	0.0%	17.8%	10.3%	10.7%	31.3%	19.6%	22.2%	9.0%	3.2%	11.4%	7.1%	13.2%
	Increased >30%	9.4%	0.0%	3.9%	10.3%	9.4%	12.5%	8.7%	11.1%	6.0%	16.1%	2.3%	3.6%	7.6%
	Unchanged	34.4%	80.0%	20.9%	14.7%	16.1%	9.4%	15.2%	27.8%	26.0%	32.3%	25.0%	46.4%	22.1%
	Decreased 1%-15%	9.4%	0.0%	15.5%	5.9%	10.7%	9.4%	2.2%	0.0%	12.0%	12.9%	6.8%	3.6%	9.8%
	Decreased 16%-30%	3.1%	0.0%	2.3%	1.5%	6.7%	6.3%	0.0%	0.0%	0.0%	6.5%	2.3%	3.6%	3.1%
	Decreased >30%	3.1%	0.0%	1.6%	1.5%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	0.0%	1.2%
	Sample size (n)	**32**	**5**	**129**	**68**	**149**	**32**	**46**	**18**	**100**	**31**	**44**	**28**	**682**

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS
FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)

		Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
III	**Foreign**													
i	**Sales revenue**													
	Increased 1%-15%	14.3%	0.0%	24.5%	7.7%	16.7%	22.6%	33.3%	22.2%	44.4%	37.5%	13.3%	15.4%	23.5%
	Increased 16%-30%	21.4%	0.0%	7.8%	7.7%	2.4%	12.9%	22.2%	11.1%	7.4%	0.0%	0.0%	0.0%	8.2%
	Increased >30%	7.1%	0.0%	0.0%	0.0%	0.0%	6.5%	0.0%	22.2%	3.7%	12.5%	13.3%	7.7%	3.4%
	Unchanged	50.0%	100.0%	25.5%	61.5%	33.3%	16.1%	44.4%	33.3%	29.6%	37.5%	46.7%	69.2%	34.0%
	Decreased 1%-15%	7.1%	0.0%	20.6%	23.1%	28.6%	16.1%	0.0%	11.1%	7.4%	12.5%	13.3%	7.7%	16.7%
	Decreased 16%-30%	0.0%	0.0%	11.8%	0.0%	16.7%	12.9%	0.0%	0.0%	7.4%	0.0%	6.7%	0.0%	8.8%
	Decreased >30%	0.0%	0.0%	9.8%	0.0%	2.4%	12.9%	0.0%	0.0%	0.0%	0.0%	6.7%	0.0%	5.4%
	Sample size (n)	**14**	**2**	**102**	**13**	**42**	**31**	**18**	**9**	**27**	**8**	**15**	**13**	**294**
ii	**Price level**													
	Increased 1%-15%	35.7%	0.0%	41.2%	30.8%	24.4%	34.4%	37.5%	33.3%	44.4%	50.0%	21.4%	36.4%	36.0%
	Increased 16%-30%	14.3%	0.0%	3.9%	7.7%	4.9%	15.6%	31.3%	22.2%	18.5%	12.5%	14.3%	9.1%	10.4%
	Increased >30%	7.1%	0.0%	0.0%	15.4%	2.4%	6.3%	6.3%	0.0%	0.0%	12.5%	7.1%	0.0%	3.1%
	Unchanged	35.7%	100.0%	32.4%	38.5%	29.3%	21.9%	25.0%	22.2%	22.2%	12.5%	35.7%	54.5%	30.4%
	Decreased 1%-15%	7.1%	0.0%	16.7%	7.7%	26.8%	9.4%	0.0%	0.0%	7.4%	12.5%	14.3%	0.0%	13.1%
	Decreased 16%-30%	0.0%	0.0%	4.9%	0.0%	9.8%	12.5%	0.0%	22.2%	7.4%	0.0%	7.1%	0.0%	6.2%
	Decreased >30%	0.0%	0.0%	1.0%	0.0%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%
	Sample size (n)	**14**	**2**	**102**	**13**	**41**	**32**	**16**	**9**	**27**	**8**	**14**	**11**	**289**
IV	**Business operations**													
i	**Production volume**													
	Increased 1%-15%	22.6%	20.0%	18.8%	25.9%	30.2%	25.0%	37.1%	33.3%	42.1%	30.4%	45.7%	31.3%	29.3%
	Increased 16%-30%	6.5%	0.0%	8.7%	13.0%	5.8%	10.7%	14.3%	20.0%	9.2%	8.7%	2.9%	12.5%	9.0%
	Increased >30%	0.0%	0.0%	5.1%	1.9%	5.8%	3.6%	8.6%	6.7%	2.6%	4.3%	5.7%	6.3%	4.4%
	Unchanged	38.7%	80.0%	20.3%	33.3%	22.1%	25.0%	17.1%	26.7%	26.3%	30.4%	22.9%	37.5%	25.6%
	Decreased 1%-15%	19.4%	0.0%	26.1%	14.8%	17.4%	14.3%	14.3%	13.3%	14.5%	13.0%	8.6%	12.5%	17.5%
	Decreased 16%-30%	3.2%	0.0%	11.6%	7.4%	15.1%	17.9%	5.7%	0.0%	5.3%	13.0%	8.6%	0.0%	9.4%
	Decreased >30%	9.7%	0.0%	9.4%	3.7%	3.5%	3.6%	2.9%	0.0%	0.0%	0.0%	5.7%	0.0%	4.6%
	Sample size (n)	**31**	**5**	**138**	**54**	**86**	**28**	**35**	**15**	**76**	**23**	**35**	**16**	**542**
ii	**Inventory or stock level**													
	Increased 1%-15%	20.7%	0.0%	19.5%	38.2%	29.2%	22.9%	29.7%	35.3%	50.0%	20.0%	44.1%	26.3%	29.8%
	Increased 16%-30%	0.0%	0.0%	15.8%	7.3%	10.9%	14.3%	8.1%	11.8%	4.5%	15.0%	2.9%	0.0%	9.7%
	Increased >30%	0.0%	0.0%	4.5%	5.5%	10.9%	5.7%	2.7%	5.9%	0.0%	5.0%	2.9%	0.0%	5.1%
	Unchanged	37.9%	80.0%	33.1%	32.7%	19.7%	25.7%	37.8%	35.3%	27.3%	35.0%	32.4%	57.9%	30.7%
	Decreased 1%-15%	24.1%	20.0%	20.3%	9.1%	16.1%	22.9%	18.9%	0.0%	12.1%	5.0%	11.8%	10.5%	15.7%
	Decreased 16%-30%	6.9%	0.0%	5.3%	5.5%	12.4%	8.6%	2.7%	5.9%	4.5%	20.0%	5.9%	5.3%	7.5%
	Decreased >30%	10.3%	0.0%	1.5%	1.8%	0.7%	0.0%	0.0%	5.9%	1.5%	0.0%	0.0%	0.0%	1.5%
	Sample size (n)	**29**	**5**	**133**	**55**	**137**	**35**	**37**	**17**	**66**	**20**	**34**	**19**	**587**
V	**Cost of raw materials**													
i	**Local**													
	Increased 1%-5%	6.5%	16.7%	16.5%	23.6%	29.2%	23.3%	42.9%	46.7%	36.1%	27.3%	33.3%	40.0%	26.8%
	Increased 6%-10%	12.9%	0.0%	28.8%	20.8%	23.3%	26.7%	16.7%	20.0%	26.4%	9.1%	11.1%	15.0%	22.0%
	Increased >10%	54.8%	33.3%	30.2%	33.3%	21.7%	36.7%	33.3%	13.3%	18.1%	27.3%	38.9%	20.0%	28.9%
	Unchanged	22.6%	50.0%	14.4%	12.5%	10.0%	3.3%	7.1%	13.3%	15.3%	18.2%	13.9%	20.0%	13.4%
	Decreased 1%-5%	0.0%	0.0%	4.3%	6.9%	7.5%	6.7%	0.0%	0.0%	4.2%	9.1%	0.0%	5.0%	4.6%
	Decreased 6%-10%	0.0%	0.0%	4.3%	2.8%	6.7%	3.3%	0.0%	6.7%	0.0%	4.5%	0.0%	0.0%	3.1%
	Decreased >10%	3.2%	0.0%	1.4%	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%	4.5%	2.8%	0.0%	1.2%
	Sample size (n)	**31**	**6**	**139**	**72**	**120**	**30**	**42**	**15**	**72**	**22**	**36**	**20**	**605**
ii	**Imported**													
	Increased 1%-5%	6.7%	0.0%	15.0%	17.2%	27.0%	13.3%	33.3%	41.7%	35.9%	11.1%	20.6%	12.5%	21.3%
	Increased 6%-10%	10.0%	20.0%	22.0%	22.4%	21.0%	20.0%	19.4%	16.7%	21.9%	27.8%	20.6%	25.0%	20.9%
	Increased >10%	53.3%	40.0%	44.9%	43.1%	31.0%	43.3%	27.8%	33.3%	28.1%	11.1%	44.1%	37.5%	37.5%
	Unchanged	20.0%	40.0%	7.9%	13.8%	6.0%	10.0%	19.4%	8.3%	9.4%	11.1%	11.8%	25.0%	11.1%
	Decreased 1%-5%	3.3%	0.0%	5.5%	3.4%	10.0%	10.0%	0.0%	0.0%	3.1%	22.2%	0.0%	0.0%	5.5%
	Decreased 6%-10%	3.3%	0.0%	1.6%	0.0%	3.0%	3.3%	0.0%	0.0%	1.6%	11.1%	0.0%	0.0%	1.9%
	Decreased >10%	3.3%	0.0%	3.1%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	5.6%	2.9%	0.0%	1.7%
	Sample size (n)	**30**	**5**	**127**	**58**	**100**	**30**	**36**	**12**	**64**	**18**	**34**	**16**	**530**
VI	**Manpower**													
i	**Number of employees**													
	Increased 1-5	24.2%	33.3%	23.1%	24.0%	20.8%	23.7%	36.0%	35.0%	32.7%	26.2%	26.7%	10.0%	25.3%
	Increased 6-10	0.0%	0.0%	8.4%	9.3%	7.1%	7.9%	10.0%	25.0%	5.5%	16.7%	15.6%	10.0%	8.8%
	Increased >10	9.1%	0.0%	10.5%	2.7%	4.5%	5.3%	12.0%	5.0%	10.0%	11.9%	8.9%	6.7%	7.8%
	Unchanged	51.5%	50.0%	33.6%	34.7%	51.3%	44.7%	26.0%	35.0%	42.7%	38.1%	44.4%	56.7%	41.6%
	Decreased 1-5	15.2%	0.0%	13.3%	20.0%	7.8%	15.8%	12.0%	0.0%	8.2%	4.8%	0.0%	16.7%	10.6%
	Decreased 6-10	0.0%	0.0%	5.6%	6.7%	8.4%	0.0%	2.0%	0.0%	0.9%	2.4%	0.0%	0.0%	3.9%
	Decreased >10	0.0%	16.7%	5.6%	2.7%	0.0%	2.6%	2.0%	0.0%	0.0%	0.0%	4.4%	0.0%	2.0%
	Sample size (n)	**33**	**6**	**143**	**75**	**154**	**38**	**50**	**20**	**110**	**42**	**45**	**30**	**746**
ii	**Wage growth**													
	Increased 1%-5%	15.2%	16.7%	30.0%	23.0%	34.4%	33.3%	36.0%	35.0%	31.5%	35.0%	22.2%	14.8%	29.6%
	Increased 6%-10%	21.2%	0.0%	19.3%	17.6%	16.6%	22.2%	22.0%	25.0%	21.3%	2.5%	24.4%	18.5%	18.6%
	Increased >10%	24.2%	0.0%	27.9%	18.9%	12.6%	11.1%	18.0%	15.0%	14.8%	15.0%	11.1%	14.8%	17.4%
	Unchanged	33.3%	66.7%	20.7%	31.1%	29.8%	30.6%	22.0%	15.0%	29.6%	40.0%	42.2%	51.9%	29.9%
	Decreased 1%-5%	3.0%	0.0%	1.4%	8.1%	6.0%	0.0%	2.0%	5.0%	2.8%	2.5%	0.0%	0.0%	3.3%
	Decreased 6%-10%	0.0%	0.0%	0.0%	1.4%	0.0%	2.8%	0.0%	5.0%	0.0%	5.0%	0.0%	0.0%	0.7%
	Decreased >10%	3.0%	16.7%	0.7%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
	Sample size (n)	**33**	**6**	**140**	**74**	**151**	**36**	**50**	**20**	**108**	**40**	**45**	**27**	**730**

	MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS												
	FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)												
		Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
VII	**Others**													
i	**Capital expenditure**													
	Increased 1%-15%	36.0%	33.3%	44.7%	38.7%	43.3%	38.2%	56.4%	29.4%	42.0%	29.4%	37.5%	30.8%	41.2%
	Increased 16%-30%	8.0%	0.0%	13.6%	14.5%	9.9%	11.8%	17.9%	23.5%	13.0%	8.8%	10.0%	7.7%	12.3%
	Increased >30%	20.0%	0.0%	6.8%	11.3%	9.2%	8.8%	2.6%	23.5%	7.0%	8.8%	25.0%	3.8%	9.6%
	Unchanged	28.0%	66.7%	26.5%	29.0%	26.2%	32.4%	17.9%	23.5%	34.0%	44.1%	27.5%	53.8%	29.9%
	Decreased 1%-15%	0.0%	0.0%	6.1%	6.5%	7.8%	5.9%	5.1%	0.0%	4.0%	5.9%	0.0%	3.8%	5.2%
	Decreased 16%-30%	4.0%	0.0%	0.8%	0.0%	3.5%	2.9%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%	1.4%
	Decreased >30%	4.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
	Sample size (n)	**25**	**3**	**132**	**62**	**141**	**34**	**39**	**17**	**100**	**34**	**40**	**26**	**653**
	Forecast: 1H 2023 (Jan-Jun 2023) compared to 2H 2022 (Jul-Dec 2022)													
I	**Overall**													
i	**Cash flows conditions**													
	Better	12.1%	16.7%	16.8%	30.7%	21.9%	15.8%	46.0%	40.0%	36.4%	17.5%	36.2%	13.3%	25.6%
	Neutral	72.7%	66.7%	62.2%	41.3%	53.0%	50.0%	42.0%	50.0%	53.6%	62.5%	42.6%	73.3%	54.4%
	Worse	15.2%	16.7%	21.0%	28.0%	25.2%	34.2%	12.0%	10.0%	10.0%	20.0%	21.3%	13.3%	20.1%
	Sample size (n)	**33**	**6**	**143**	**75**	**151**	**38**	**50**	**20**	**110**	**40**	**47**	**30**	**743**
ii	**Debtors' conditions**													
	Better	12.1%	0.0%	11.9%	26.7%	17.0%	23.7%	28.0%	25.0%	31.8%	9.8%	32.6%	6.7%	20.3%
	Neutral	72.7%	83.3%	63.6%	42.7%	51.6%	36.8%	64.0%	70.0%	53.6%	68.3%	43.5%	80.0%	56.6%
	Worse	15.2%	16.7%	24.5%	30.7%	31.4%	39.5%	8.0%	5.0%	14.5%	22.0%	23.9%	13.3%	23.1%
	Sample size (n)	**33**	**6**	**143**	**75**	**153**	**38**	**50**	**20**	**110**	**41**	**46**	**30**	**745**
iii	**Capacity utilization level**													
	Less than 50%	17.4%	0.0%	21.4%	20.8%	27.5%	37.5%	35.5%	11.1%	25.0%	40.0%	31.4%	29.4%	26.0%
	50% to 74%	47.8%	33.3%	44.3%	66.0%	50.5%	53.1%	51.6%	50.0%	42.9%	40.0%	40.0%	47.1%	48.1%
	75% to 90%	13.0%	66.7%	28.2%	3.8%	14.7%	3.1%	9.7%	33.3%	15.5%	13.3%	25.7%	23.5%	17.7%
	More than 90%	21.7%	0.0%	6.1%	9.4%	7.3%	6.3%	3.2%	5.6%	16.7%	6.7%	2.9%	0.0%	8.3%
	Sample size (n)	**23**	**3**	**131**	**53**	**109**	**32**	**31**	**18**	**84**	**30**	**35**	**17**	**566**
iv	**Overall sales revenue**													
	Increase 1%-15%	30.3%	0.0%	26.1%	20.0%	24.0%	28.9%	28.0%	35.0%	28.8%	23.8%	23.4%	26.7%	25.7%
	Increase 16%-30%	15.2%	33.3%	15.5%	26.7%	18.2%	15.8%	30.0%	20.0%	21.6%	11.9%	21.3%	16.7%	19.5%
	Increase >30%	6.1%	0.0%	6.3%	12.0%	5.8%	2.6%	8.0%	15.0%	10.8%	19.0%	14.9%	3.3%	8.7%
	Unchanged	27.3%	66.7%	19.7%	18.7%	22.7%	10.5%	24.0%	20.0%	18.9%	19.0%	21.3%	40.0%	21.5%
	Decrease 1%-15%	15.2%	0.0%	16.9%	14.7%	14.3%	18.4%	6.0%	5.0%	14.4%	7.1%	10.6%	6.7%	13.2%
	Decrease 16%-30%	3.0%	0.0%	6.3%	6.7%	13.6%	13.2%	2.0%	5.0%	4.5%	14.3%	4.3%	3.3%	7.6%
	Decrease >30%	3.0%	0.0%	9.2%	1.3%	1.3%	10.5%	2.0%	0.0%	0.9%	4.8%	4.3%	3.3%	3.7%
	Sample size (n)	**33**	**6**	**142**	**75**	**154**	**38**	**50**	**20**	**111**	**42**	**47**	**30**	**748**
II	**Domestic**													
i	**Sales revenue**													
	Increase 1%-15%	32.3%	0.0%	29.9%	20.3%	27.5%	21.9%	31.9%	40.0%	22.0%	26.5%	32.6%	30.0%	27.3%
	Increase 16%-30%	9.7%	0.0%	7.5%	24.6%	14.1%	15.6%	21.3%	25.0%	27.0%	11.8%	19.6%	10.0%	16.4%
	Increase >30%	9.7%	20.0%	5.2%	11.6%	6.0%	3.1%	12.8%	5.0%	10.0%	23.5%	8.7%	3.3%	8.5%
	Unchanged	32.3%	60.0%	20.1%	24.6%	21.5%	25.0%	23.4%	20.0%	21.0%	20.6%	21.7%	40.0%	23.2%
	Decrease 1%-15%	12.9%	20.0%	22.4%	13.0%	16.1%	18.8%	8.5%	10.0%	16.0%	8.8%	8.7%	6.7%	15.1%
	Decrease 16%-30%	3.2%	0.0%	11.9%	5.8%	12.1%	6.3%	2.1%	0.0%	2.0%	8.8%	4.3%	6.7%	7.3%
	Decrease >30%	0.0%	0.0%	3.0%	0.0%	2.7%	9.4%	0.0%	0.0%	2.0%	0.0%	4.3%	3.3%	2.3%
	Sample size (n)	**31**	**5**	**134**	**69**	**149**	**32**	**47**	**20**	**100**	**34**	**46**	**30**	**697**
ii	**Price level**													
	Increase 1%-15%	21.9%	20.0%	39.2%	31.3%	35.8%	31.3%	36.4%	31.6%	25.0%	24.2%	25.0%	32.1%	32.0%
	Increase 16%-30%	9.4%	0.0%	13.1%	26.9%	16.9%	21.9%	20.5%	31.6%	26.0%	12.1%	34.1%	7.1%	19.4%
	Increase >30%	12.5%	0.0%	3.8%	13.4%	8.1%	12.5%	20.5%	5.3%	9.0%	15.2%	11.4%	0.0%	9.2%
	Unchanged	37.5%	80.0%	26.2%	23.9%	24.3%	18.8%	22.7%	21.1%	26.0%	33.3%	22.7%	42.9%	26.5%
	Decrease 1%-15%	12.5%	0.0%	13.8%	3.0%	6.1%	12.5%	0.0%	10.5%	11.0%	9.1%	2.3%	10.7%	8.4%
	Decrease 16%-30%	6.3%	0.0%	3.1%	1.5%	7.4%	0.0%	0.0%	0.0%	3.0%	6.1%	2.3%	7.1%	3.8%
	Decrease >30%	0.0%	0.0%	0.8%	0.0%	1.4%	3.1%	0.0%	0.0%	0.0%	0.0%	2.3%	0.0%	0.7%
	Sample size (n)	**32**	**5**	**130**	**67**	**148**	**32**	**44**	**19**	**100**	**33**	**44**	**28**	**682**
III	**Foreign**													
i	**Sales revenue**													
	Increase 1%-15%	28.6%	0.0%	29.7%	15.4%	19.0%	26.7%	27.8%	22.2%	33.3%	33.3%	26.7%	38.5%	27.3%
	Increase 16%-30%	7.1%	0.0%	5.0%	7.7%	2.4%	13.3%	22.2%	0.0%	14.8%	0.0%	13.3%	0.0%	7.5%
	Increase >30%	7.1%	0.0%	2.0%	15.4%	7.1%	6.7%	11.1%	0.0%	7.4%	11.1%	20.0%	0.0%	6.1%
	Unchanged	42.9%	100.0%	33.7%	38.5%	31.0%	10.0%	33.3%	55.6%	37.0%	44.4%	26.7%	53.8%	33.8%
	Decrease 1%-15%	14.3%	0.0%	10.9%	23.1%	14.3%	20.0%	5.6%	22.2%	0.0%	0.0%	0.0%	7.7%	10.9%
	Decrease 16%-30%	0.0%	0.0%	12.9%	0.0%	26.2%	3.3%	0.0%	0.0%	7.4%	11.1%	13.3%	0.0%	10.2%
	Decrease >30%	0.0%	0.0%	5.9%	0.0%	0.0%	20.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.1%
	Sample size (n)	**14**	**2**	**101**	**13**	**42**	**30**	**18**	**9**	**27**	**9**	**15**	**13**	**293**
ii	**Price level**													
	Increase 1%-15%	14.3%	0.0%	39.0%	23.1%	25.0%	43.3%	31.3%	44.4%	33.3%	44.4%	28.6%	27.3%	33.7%
	Increase 16%-30%	14.3%	0.0%	5.0%	7.7%	12.5%	10.0%	6.3%	0.0%	29.6%	11.1%	14.3%	18.2%	10.5%
	Increase >30%	7.1%	0.0%	1.0%	30.8%	0.0%	6.7%	37.5%	11.1%	3.7%	11.1%	28.6%	0.0%	7.4%
	Unchanged	50.0%	100.0%	38.0%	30.8%	30.0%	20.0%	25.0%	33.3%	22.2%	22.2%	21.4%	54.5%	32.6%
	Decrease 1%-15%	14.3%	0.0%	12.0%	7.7%	17.5%	6.7%	0.0%	11.1%	7.4%	0.0%	0.0%	0.0%	9.5%
	Decrease 16%-30%	0.0%	0.0%	5.0%	0.0%	15.0%	10.0%	0.0%	0.0%	3.7%	11.1%	7.1%	0.0%	6.0%
	Decrease >30%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
	Sample size (n)	**14**	**2**	**100**	**13**	**40**	**30**	**16**	**9**	**27**	**9**	**14**	**11**	**285**

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS
FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)

		Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
IV	**Business operations**													
i	**Production volume**													
	Increase 1%-15%	23.3%	20.0%	27.0%	13.5%	19.8%	25.0%	22.9%	31.3%	22.4%	25.0%	31.4%	31.3%	23.7%
	Increase 16%-30%	3.3%	0.0%	8.0%	32.7%	23.3%	10.7%	22.9%	31.3%	27.6%	12.5%	25.7%	18.8%	18.7%
	Increase >30%	10.0%	0.0%	4.4%	5.8%	5.8%	0.0%	20.0%	0.0%	6.6%	8.3%	5.7%	0.0%	6.1%
	Unchanged	43.3%	60.0%	21.2%	34.6%	18.6%	28.6%	14.3%	25.0%	25.0%	20.8%	17.1%	43.8%	24.6%
	Decrease 1%-15%	16.7%	20.0%	22.6%	7.7%	11.6%	17.9%	11.4%	0.0%	11.8%	4.2%	11.4%	6.3%	13.9%
	Decrease 16%-30%	3.3%	0.0%	10.9%	1.9%	16.3%	3.6%	5.7%	12.5%	3.9%	29.2%	8.6%	0.0%	9.1%
	Decrease >30%	0.0%	0.0%	5.8%	3.8%	4.7%	14.3%	2.9%	0.0%	2.6%	0.0%	0.0%	0.0%	3.9%
	Sample size (n)	**30**	**5**	**137**	**52**	**86**	**28**	**35**	**16**	**76**	**24**	**35**	**16**	**540**
ii	**Inventory or stock level**													
	Increase 1%-15%	17.9%	20.0%	24.2%	16.4%	25.5%	17.1%	10.8%	31.3%	22.4%	14.3%	25.7%	27.8%	22.0%
	Increase 16%-30%	3.6%	0.0%	10.6%	23.6%	16.8%	20.0%	21.6%	31.3%	29.9%	14.3%	20.0%	5.6%	17.4%
	Increase >30%	7.1%	0.0%	3.8%	9.1%	6.6%	5.7%	10.8%	0.0%	1.5%	4.8%	0.0%	0.0%	4.9%
	Unchanged	42.9%	60.0%	32.6%	32.7%	29.2%	28.6%	40.5%	31.3%	28.4%	38.1%	37.1%	55.6%	33.4%
	Decrease 1%-15%	25.0%	20.0%	21.2%	12.7%	10.2%	20.0%	8.1%	0.0%	11.9%	9.5%	8.6%	11.1%	14.0%
	Decrease 16%-30%	0.0%	0.0%	6.8%	3.6%	10.2%	0.0%	5.4%	6.3%	3.0%	14.3%	5.7%	0.0%	6.0%
	Decrease >30%	3.6%	0.0%	0.8%	1.8%	1.5%	8.6%	2.7%	0.0%	3.0%	4.8%	2.9%	0.0%	2.2%
	Sample size (n)	**28**	**5**	**132**	**55**	**137**	**35**	**37**	**16**	**67**	**21**	**35**	**18**	**586**
VI	**Cost of raw materials**													
i	**Local**													
	Increase 1%-5%	13.3%	0.0%	27.3%	15.3%	20.8%	16.7%	23.8%	13.3%	20.5%	27.3%	19.4%	40.0%	21.7%
	Increase 6%-10%	20.0%	16.7%	20.9%	31.9%	25.0%	36.7%	28.6%	60.0%	37.0%	18.2%	27.8%	5.0%	26.9%
	Increase >10%	26.7%	33.3%	23.0%	31.9%	22.5%	33.3%	33.3%	13.3%	20.5%	22.7%	30.6%	25.0%	25.5%
	Unchanged	33.3%	50.0%	20.9%	15.3%	16.7%	6.7%	7.1%	6.7%	19.2%	22.7%	16.7%	25.0%	18.0%
	Decrease 1%-5%	6.7%	0.0%	4.3%	2.8%	5.8%	6.7%	4.8%	6.7%	1.4%	9.1%	0.0%	5.0%	4.3%
	Decrease 6%-10%	0.0%	0.0%	2.2%	1.4%	7.5%	0.0%	2.4%	0.0%	1.4%	0.0%	2.8%	0.0%	2.6%
	Decrease >10%	0.0%	0.0%	1.4%	1.4%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%	0.0%	1.0%
	Sample size (n)	**30**	**6**	**139**	**72**	**120**	**30**	**42**	**15**	**73**	**22**	**36**	**20**	**605**
ii	**Imported**													
	Increase 1%-5%	13.8%	0.0%	26.8%	13.8%	19.2%	14.3%	11.1%	7.1%	21.9%	11.1%	8.8%	18.8%	18.2%
	Increase 6%-10%	10.3%	20.0%	15.0%	25.9%	25.3%	28.6%	27.8%	50.0%	39.1%	27.8%	29.4%	6.3%	24.4%
	Increase >10%	34.5%	40.0%	33.1%	44.8%	29.3%	39.3%	33.3%	28.6%	23.4%	16.7%	38.2%	37.5%	32.8%
	Unchanged	27.6%	40.0%	17.3%	13.8%	14.1%	10.7%	19.4%	14.3%	14.1%	16.7%	17.6%	31.3%	16.9%
	Decrease 1%-5%	10.3%	0.0%	3.1%	1.7%	7.1%	3.6%	2.8%	0.0%	0.0%	16.7%	0.0%	6.3%	4.0%
	Decrease 6%-10%	3.4%	0.0%	2.4%	0.0%	3.0%	0.0%	2.8%	0.0%	1.6%	5.6%	2.9%	0.0%	2.1%
	Decrease >10%	0.0%	0.0%	2.4%	0.0%	2.0%	3.6%	2.8%	0.0%	0.0%	5.6%	2.9%	0.0%	1.7%
	Sample size (n)	**29**	**5**	**127**	**58**	**99**	**28**	**36**	**14**	**64**	**18**	**34**	**16**	**528**
VI	**Manpower**													
i	**Number of employees**													
	Increase 1-5	15.2%	16.7%	26.6%	18.7%	22.1%	21.1%	14.3%	30.0%	26.6%	19.0%	20.5%	26.7%	22.5%
	Increase 6-10	6.1%	0.0%	9.8%	21.3%	14.3%	7.9%	18.4%	35.0%	20.2%	21.4%	25.0%	10.0%	15.9%
	Increase >10	15.2%	0.0%	7.7%	9.3%	7.8%	10.5%	16.3%	5.0%	9.2%	16.7%	13.6%	6.7%	9.8%
	Unchanged	54.5%	83.3%	39.9%	32.0%	44.8%	44.7%	40.8%	25.0%	33.9%	40.5%	36.4%	50.0%	40.4%
	Decrease 1-5	9.1%	0.0%	11.2%	10.7%	2.6%	13.2%	4.1%	5.0%	9.2%	0.0%	0.0%	6.7%	6.9%
	Decrease 6-10	0.0%	0.0%	0.7%	6.7%	7.1%	0.0%	2.0%	0.0%	0.0%	2.4%	0.0%	0.0%	2.6%
	Decrease >10	0.0%	0.0%	4.2%	1.3%	1.3%	2.6%	4.1%	0.0%	0.9%	0.0%	4.5%	0.0%	2.0%
	Sample size (n)	**33**	**6**	**143**	**75**	**154**	**38**	**49**	**20**	**109**	**42**	**44**	**30**	**743**
ii	**Wage growth**													
	Increase 1%-5%	24.2%	33.3%	32.9%	20.5%	27.8%	38.9%	22.0%	35.0%	22.2%	30.0%	22.7%	25.0%	27.2%
	Increase 6%-10%	12.1%	0.0%	18.6%	35.6%	24.5%	16.7%	30.0%	30.0%	29.6%	12.5%	22.7%	21.4%	23.7%
	Increase >10%	24.2%	0.0%	19.3%	19.2%	13.9%	13.9%	16.0%	20.0%	19.4%	20.0%	22.7%	17.9%	18.0%
	Unchanged	39.4%	66.7%	28.6%	20.5%	29.1%	27.8%	28.0%	15.0%	25.9%	35.0%	27.3%	32.1%	28.3%
	Decrease 1%-5%	0.0%	0.0%	0.7%	2.7%	4.6%	0.0%	2.0%	0.0%	1.9%	0.0%	4.5%	3.6%	2.2%
	Decrease 6%-10%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	2.0%	0.0%	0.9%	2.5%	0.0%	0.0%	0.5%
	Decrease >10%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
	Sample size (n)	**33**	**6**	**140**	**73**	**151**	**36**	**50**	**20**	**108**	**40**	**44**	**28**	**729**
VI	**Others**													
i	**Capital expenditure**													
	Increase 1%-15%	26.9%	33.3%	38.3%	23.4%	37.1%	42.4%	38.5%	11.8%	29.3%	32.4%	17.5%	15.4%	31.8%
	Increase 16%-30%	19.2%	0.0%	18.0%	28.1%	20.0%	18.2%	28.2%	47.1%	24.2%	14.7%	32.5%	19.2%	22.5%
	Increase >30%	7.7%	0.0%	4.5%	17.2%	8.6%	12.1%	15.4%	17.6%	9.1%	5.9%	25.0%	7.7%	10.2%
	Unchanged	26.9%	33.3%	33.8%	26.6%	22.9%	21.2%	12.8%	23.5%	32.3%	38.2%	22.5%	53.8%	28.4%
	Decrease 1%-15%	11.5%	33.3%	3.0%	3.1%	2.9%	6.1%	5.1%	0.0%	5.1%	8.8%	2.5%	0.0%	4.1%
	Decrease 16%-30%	3.8%	0.0%	2.3%	1.6%	7.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	2.6%
	Decrease >30%	3.8%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
	Sample size (n)	**26**	**3**	**133**	**64**	**140**	**33**	**39**	**17**	**99**	**34**	**40**	**26**	**654**

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS													
FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)													
	Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL

Section C: Current Issue

C1. Implications of the Employment Act

C1a. Please indicate the degree of impact of the following amendments on your business:

i. Reduction in working hours from 48 hours to 45 hours per week

	Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
No	26.5%	16.7%	11.2%	27.0%	21.4%	26.3%	25.0%	5.0%	25.2%	43.8%	27.1%	40.6%	23.4%
Moderate	47.1%	33.3%	42.7%	44.6%	50.6%	60.5%	44.2%	75.0%	48.6%	41.7%	56.3%	43.8%	48.2%
High	26.5%	50.0%	46.2%	28.4%	27.9%	13.2%	30.8%	20.0%	26.1%	14.6%	16.7%	15.6%	28.4%
Sample size (n)	34	6	143	74	154	38	52	20	111	48	48	32	760

ii. Increase in maternity leave from 60 days to 98 days

No	26.5%	16.7%	9.8%	14.9%	9.1%	15.8%	19.2%	5.0%	9.9%	37.5%	14.6%	31.3%	14.7%
Moderate	41.2%	50.0%	33.6%	40.5%	42.9%	44.7%	36.5%	55.0%	38.7%	29.2%	56.3%	46.9%	40.4%
High	32.4%	33.3%	56.6%	44.6%	48.1%	39.5%	44.2%	40.0%	51.4%	33.3%	29.2%	21.9%	44.9%
Sample size (n)	34	6	143	74	154	38	52	20	111	48	48	32	760

iii. Higher threshold for overtime payment (from RM2,000 to RM4,000)

No	11.8%	0.0%	7.7%	20.3%	13.6%	13.2%	17.3%	5.0%	18.0%	31.3%	12.5%	37.5%	15.7%
Moderate	58.8%	50.0%	32.9%	36.5%	42.2%	36.8%	40.4%	60.0%	42.3%	39.6%	54.2%	43.8%	41.4%
High	29.4%	50.0%	59.4%	43.2%	44.2%	50.0%	42.3%	35.0%	39.6%	29.2%	33.3%	18.8%	42.9%
Sample size (n)	34	6	143	74	154	38	52	20	111	48	48	32	760

iv. The Employment Act's coverage for all employees (from RM2,000 previously)

No	14.7%	0.0%	10.6%	20.3%	12.3%	10.5%	21.2%	10.0%	13.5%	31.3%	14.6%	37.5%	15.8%
Moderate	61.8%	50.0%	38.0%	55.4%	53.9%	52.6%	36.5%	60.0%	45.0%	43.8%	60.4%	43.8%	48.4%
High	23.5%	50.0%	51.4%	24.3%	33.8%	36.8%	42.3%	30.0%	41.4%	25.0%	25.0%	18.8%	35.8%
Sample size (n)	34	6	142	74	154	38	52	20	111	48	48	32	759

C1b. How would a reduction in working hours affect your business? *(Multiple-answer)*

No impact as already working at or below 45 hours per week	11.8%	0.0%	12.6%	22.7%	20.1%	34.2%	15.4%	20.0%	26.1%	33.3%	31.3%	40.6%	22.1%
Higher overtime payment and wage cost	70.6%	83.3%	77.6%	65.3%	63.6%	50.0%	67.3%	60.0%	59.5%	35.4%	47.9%	31.3%	61.6%
Disrupt business operation	50.0%	50.0%	43.4%	34.7%	48.7%	42.1%	42.3%	30.0%	32.4%	27.1%	33.3%	31.3%	39.7%
Hire more full-time employees	20.6%	16.7%	23.1%	21.3%	23.4%	7.9%	25.0%	20.0%	21.6%	20.8%	8.3%	18.8%	20.6%
Hire part-timers	20.6%	83.3%	16.1%	14.7%	20.8%	18.4%	34.6%	5.0%	18.9%	18.8%	14.6%	9.4%	18.9%
Adopt new ruling; and reduce 3 working hours per week	5.9%	50.0%	19.6%	5.3%	16.9%	23.7%	19.2%	25.0%	10.8%	18.8%	12.5%	18.8%	15.8%
Accelerate automation and digitalisation	20.6%	16.7%	32.2%	5.3%	23.4%	21.1%	9.6%	25.0%	21.6%	22.9%	22.9%	21.9%	21.7%
Others	2.9%	0.0%	2.1%	0.0%	1.3%	2.6%	1.9%	0.0%	0.0%	2.1%	0.0%	0.0%	1.2%
Sample size (n)	34	6	143	75	154	38	52	20	111	48	48	32	761

C1c. Please indicate the estimated employment cost impact on your company.

i. Reduction in working hours

No impact	17.6%	16.7%	11.9%	16.2%	17.1%	26.3%	23.1%	30.0%	22.5%	40.4%	22.9%	37.5%	20.7%
Increase 1%-5%	26.5%	33.3%	26.6%	39.2%	36.2%	34.2%	30.8%	35.0%	36.0%	36.2%	50.0%	34.4%	34.5%
Increase 6%-10%	26.5%	33.3%	32.9%	20.3%	29.6%	15.8%	11.5%	10.0%	20.7%	10.6%	8.3%	12.5%	22.2%
Above 10%	29.4%	16.7%	28.7%	24.3%	17.1%	23.7%	34.6%	25.0%	20.7%	12.8%	18.8%	15.6%	22.6%
Sample size (n)	34	6	143	74	152	38	52	20	111	47	48	32	757

ii. Higher threshold for overtime payment (from RM2,000 to RM4,000)

No impact	17.6%	16.7%	8.4%	24.3%	15.1%	24.3%	19.2%	30.0%	18.2%	36.2%	19.6%	43.8%	19.3%
Increase 1%-5%	38.2%	33.3%	29.4%	32.4%	30.9%	27.0%	36.5%	40.0%	35.5%	36.2%	43.5%	34.4%	33.5%
Increase 6%-10%	23.5%	16.7%	26.6%	16.2%	30.9%	18.9%	7.7%	0.0%	20.9%	10.6%	15.2%	15.6%	20.8%
Above 10%	20.6%	33.3%	35.7%	27.0%	23.0%	29.7%	36.5%	30.0%	25.5%	17.0%	21.7%	6.3%	26.4%
Sample size (n)	34	6	143	74	152	37	52	20	110	47	46	32	753

C1d. Will the increase in maternity leave reduce the employability of female employees?

Yes, will have higher male to female ratio	38.2%	33.3%	42.0%	44.6%	46.1%	39.5%	42.3%	55.0%	45.9%	27.1%	33.3%	21.9%	41.3%
Yes, will have higher part-time to full-time ratio for female employees	5.9%	0.0%	14.7%	12.2%	18.8%	15.8%	9.6%	10.0%	12.6%	12.5%	16.7%	9.4%	13.8%
No	17.6%	16.7%	15.4%	23.0%	14.3%	21.1%	19.2%	10.0%	16.2%	29.2%	29.2%	34.4%	19.1%
Unsure	35.3%	50.0%	28.7%	17.6%	20.8%	21.1%	30.8%	25.0%	24.3%	27.1%	18.8%	34.4%	25.0%
Sample size (n)	34	6	143	74	154	38	52	20	111	48	48	32	760

C1e. What forms of support are you expecting from the Government to ease the financial impact? *(Multiple-answer)*

Government to co-share an additional 38 days of maternity benefits	50.0%	50.0%	63.6%	51.4%	66.2%	47.4%	51.0%	45.0%	50.5%	52.1%	58.3%	40.6%	56.1%
Funding the maternity benefits via PERKESO or the Employment Insurance System (EIS)	50.0%	50.0%	67.8%	59.5%	76.0%	50.0%	62.7%	50.0%	71.2%	54.2%	47.9%	71.9%	64.6%
Double tax deduction for an additional 38 days of maternity benefits	50.0%	33.3%	57.3%	55.4%	44.2%	55.3%	49.0%	55.0%	58.6%	54.2%	54.2%	40.6%	52.3%
Phased implementation starting from large enterprises to SMEs	35.3%	33.3%	41.3%	32.4%	33.8%	42.1%	43.1%	35.0%	39.6%	33.3%	37.5%	28.1%	37.0%
Others	0.0%	16.7%	1.4%	0.0%	0.6%	7.9%	3.9%	0.0%	0.0%	0.0%	2.1%	3.1%	1.4%
Sample size (n)	34	6	143	74	154	38	51	20	111	48	48	32	759

MALAYSIA'S BUSINESS AND ECONOMIC CONDITIONS SURVEY (M-BECS) RESULTS
FOR THE 2ND HALF-YEAR OF 2022 (JUL-DEC 2022) AND OUTLOOK FOR THE 1ST HALF-YEAR OF 2023 (JAN-JUN 2023)

		Agriculture, forestry and fishery	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade	Trading (imports and exports)	Tourism, shopping, hotels, restaurants, recreation and entertainment	Transportation, forwarding and warehousing	Professional and business services	Finance and insurance	Real estate	ICT	OVERALL
C2. Carbon Tax														
C2a.	**Please indicate your company's level of understanding of a carbon tax.**													
	Poor	50.0%	83.3%	49.7%	62.7%	62.3%	39.5%	54.9%	30.0%	47.7%	50.0%	52.1%	50.0%	53.0%
	Average	44.1%	16.7%	43.4%	36.0%	35.1%	44.7%	37.3%	60.0%	49.5%	41.7%	41.7%	43.8%	41.6%
	Good	5.9%	0.0%	7.0%	1.3%	2.6%	15.8%	7.8%	10.0%	2.7%	8.3%	6.3%	6.3%	5.4%
	Sample size (n)	**34**	**6**	**143**	**75**	**154**	**38**	**51**	**20**	**111**	**48**	**48**	**32**	**760**
C2b.	**What is the lead time required for the implementation of a carbon tax?**													
	Less than 12 months	35.3%	50.0%	24.3%	44.0%	36.4%	26.3%	35.3%	50.0%	41.8%	55.3%	39.6%	23.3%	36.4%
	13-18 months	44.1%	16.7%	20.7%	17.3%	26.0%	36.8%	29.4%	25.0%	28.2%	27.7%	22.9%	40.0%	26.4%
	19-24 months	20.6%	33.3%	55.0%	38.7%	37.7%	36.8%	35.3%	25.0%	30.0%	17.0%	37.5%	36.7%	37.2%
	Sample size (n)	**34**	**6**	**140**	**75**	**154**	**38**	**51**	**20**	**110**	**47**	**48**	**30**	**753**
C2c.	**How would your company prepare for carbon tax implementation?** *(Multiple-answer)*													
	Not ready yet / Do not know how to prepare	61.8%	83.3%	70.9%	61.3%	71.4%	57.9%	58.8%	40.0%	67.6%	60.4%	56.3%	65.6%	65.2%
	Participate in Greenhouse Gas (GHG) Emissions-related program/training	20.6%	16.7%	27.7%	24.0%	23.4%	36.8%	27.5%	30.0%	28.8%	12.5%	18.8%	3.1%	24.1%
	Engage expertise in carbon footprint management	17.6%	16.7%	23.4%	32.0%	16.2%	15.8%	23.5%	20.0%	27.9%	18.8%	27.1%	9.4%	22.0%
	Explore to reduce carbon footprint from supply chains to distribution networks	20.6%	0.0%	22.7%	24.0%	14.9%	18.4%	21.6%	35.0%	21.6%	20.8%	18.8%	12.5%	20.1%
	Adopt low carbon emission technologies	20.6%	33.3%	22.7%	21.3%	15.6%	26.3%	9.8%	25.0%	14.4%	14.6%	12.5%	25.0%	18.2%
	Others	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	2.0%	0.0%	1.8%	4.2%	0.0%	0.0%	0.8%
	Sample size (n)	**34**	**6**	**141**	**75**	**154**	**38**	**51**	**20**	**111**	**48**	**48**	**32**	**758**
C2d.	**What challenges is your company facing for reducing Greenhouse Gas (GHG) Emissions?** *(Multiple-answer)*													
	Lack of expertise and information about how to implement low carbon emission	44.1%	50.0%	64.1%	69.3%	65.6%	55.3%	66.7%	26.3%	64.2%	37.5%	60.4%	50.0%	60.2%
	Lack of capital and increase in business costs	47.1%	50.0%	52.8%	49.3%	53.9%	39.5%	52.9%	47.4%	39.4%	33.3%	33.3%	43.8%	46.8%
	Lack of qualified staff to monitor carbon emissions	35.3%	66.7%	60.6%	42.7%	40.9%	36.8%	37.3%	26.3%	48.6%	37.5%	47.9%	37.5%	45.1%
	Concerns about cumbersome procedures and documentation	44.1%	33.3%	43.0%	42.7%	39.6%	44.7%	37.3%	31.6%	44.0%	31.3%	37.5%	34.4%	40.3%
	Complex data management (e.g. data availability, quality of data, etc.)	26.5%	66.7%	37.3%	24.0%	24.0%	26.3%	21.6%	21.1%	24.8%	25.0%	25.0%	25.0%	27.1%
	Others	0.0%	0.0%	2.8%	0.0%	0.6%	0.0%	3.9%	0.0%	2.8%	2.1%	0.0%	0.0%	1.5%
	Sample size (n)	**34**	**6**	**142**	**75**	**154**	**38**	**51**	**19**	**109**	**48**	**48**	**32**	**756**
C2e.	**What can the Government do to help businesses reduce Greenhouse Gas (GHG) Emissions?** *(Multiple-answer)*													
	Clear guidelines and timeline for the progressive introduction of a carbon tax	52.9%	50.0%	54.2%	50.7%	42.9%	62.2%	39.2%	50.0%	45.0%	45.8%	45.8%	61.3%	48.6%
	Phased implementation – from GLCs to large private enterprises; and to SMEs	35.3%	83.3%	45.8%	42.7%	44.2%	45.9%	43.1%	15.0%	50.5%	31.3%	35.4%	35.5%	42.6%
	Introduce a low carbon tax rate to promote awareness	47.1%	50.0%	48.6%	49.3%	47.4%	45.9%	41.2%	40.0%	45.0%	47.9%	47.9%	35.5%	46.4%
	Government-funded GHG Emissions-related training and courses	38.2%	83.3%	57.7%	40.0%	47.4%	51.4%	49.0%	35.0%	48.6%	31.3%	43.8%	32.3%	46.8%
	A six-month grace period from penalty during the transition period	38.2%	50.0%	45.8%	45.3%	43.5%	40.5%	37.3%	30.0%	39.4%	27.1%	58.3%	29.0%	41.7%
	Set up a carbon tax portal network to provide information and guidance to businesses	38.2%	50.0%	46.5%	48.0%	39.0%	29.7%	35.3%	20.0%	49.5%	39.6%	41.7%	32.3%	41.6%
	Tax rebates for households and businesses for adopting GHG Emissions	29.4%	50.0%	45.1%	40.0%	44.8%	37.8%	41.2%	50.0%	42.2%	39.6%	41.7%	25.8%	41.6%
	Grants/Incentives for low-carbon projects (e.g. renewable energy, energy-efficient technology and equipment)	38.2%	50.0%	54.9%	40.0%	39.6%	43.2%	31.4%	45.0%	35.8%	33.3%	39.6%	32.3%	41.1%
	Others	0.0%	0.0%	2.1%	0.0%	3.2%	2.7%	3.9%	0.0%	0.9%	4.2%	2.1%	0.0%	2.0%
	Sample size (n)	**34**	**6**	**142**	**75**	**154**	**37**	**51**	**20**	**109**	**48**	**48**	**31**	**755**

Note: Numbers may not add up to 100.0% due to rounding.

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