



**CIRCULAR NO. 18**  
**SURVEY**  
**NO.4**

**A SURVEY OF THE IMPACT OF COVID -19 PANDEMIC ON IEM MEMBERS**

**D**ear IEM Members,

In view of the COVID-19 pandemic and the enforcement of another MCO by the government, The Institution of Engineers Malaysia (IEM) initiated a Survey for IEM Members. This Survey is designed to meet the following objectives:



Understand the financial impact of Post 1<sup>st</sup> MCO/ Covid-19 Pandemic to IEM Members in terms of business/employer and personal,



Understand the Post 1<sup>st</sup> MCO/COVID-19 Pandemic impact on the employment status of IEM Members



Obtain feedback/ suggestions from IEM Members on possible initiatives which the government could take to revive the economy and the industry.

**OVERVIEW**

With the move from MCO to CMCO and thereafter RMCO as well as the various incentives, stimulus packages etc implemented by the government, this Survey 4 was conducted in view of the:

- expiry of the 6-month moratorium
- announcement of additional incentive package from the government via the KITAPRIHATIN initiative

The survey was divided into two categories employers and employees and was sent to 15,905 members. An analysis on the feedback is provided below

## IMPACT OF THE PANDEMIC ON IEM MEMBERS

	Employee	Employer
Had to move to a "work from home" model	55.26%	62.35%
Unable to provide services in the usual manner	45.81%	57.65%
Cash flow interruptions or shortages	39.39%	11.76%
Moved to online services	26.92%	40.00%
Managing staff mental health and well being	24.60%	12.94%
Difficulty in meeting increased demand for products/services	22.99%	1.18%
Staff shortages due to COVID-19 related illness, quarantine etc	15.86%	69.41%
Difficulty in obtaining necessary supplies or protective equipment	7.84%	23.53%
No impact	7.66%	16.47%
Business has closed	3.39%	10.59%

Based on the feedback, responses from employees and employers were consistent in terms of having to adjust to Work from Home model with 55.26% of the employees and 62.35% of the employers responding affirmative to this. This data is quite consistent with a report published by Jobstreet which indicated that 58% of Malaysian companies have required their staffs to work from home. It was reported that as a result, 50% of Malaysian employees are now working longer hours at home, with 42% of them also taking on more household responsibilities. With this trend, some issues would need to be looked into such as:

- What are the needs for the engineers to perform their work at home?
- What are the challenges which they face when working from home
- Improvement or enhancement of internet connectivity/ infrastructure

The second consistent impact between the employers and employees is the inability to provide services in the usual manner. This is apparent in view of the necessity to adhere to SOPs issued by the government. Engineers might have difficulty arranging site meetings due to the need for physical distancing and other issues. A more in-depth study would need to be carried out to look at the cause and effect of this issue.

## PAY CUTS/RETRENCHMENT

45% of the employees who responded indicated that the pandemic had a significant impact on their personal income with 35% indicating that they were affected by pay cuts. The pay cuts as reported by the employees are indicated in Fig. 1 classified according to the various industry sectors.

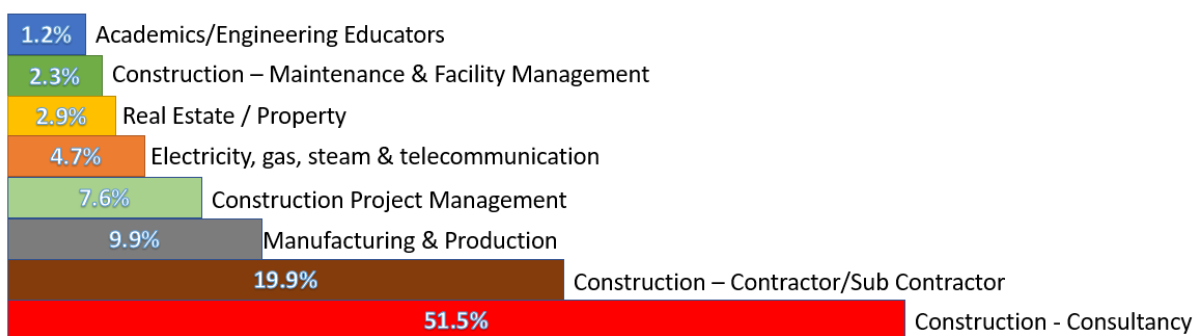


Fig. 1 Impact of Pay Cuts According to Industry

About 51.5% of the respondents who were affected by pay cuts were from the Consultancy sector and based on the breakdown, about 81% of those affected come from the Construction industry.

Besides direct pay cuts, employees' income had also been affected with implementation of other policies by employers as depicted in Fig. 2.



Fig. 2 Other Impact on the Income of Employees

48.88% of the respondents indicated that they were forced to take unpaid leave during the MCO which lasted from 18 March 2020 to 12 May 2020 which would mean practically nearly two months without salary. 29.5% had been placed on part-time work basis which again translates into reduction in income. 26.62% of the respondents would be the worst hit due to retrenchment.

Percentage of Pay cut – Response from Employees

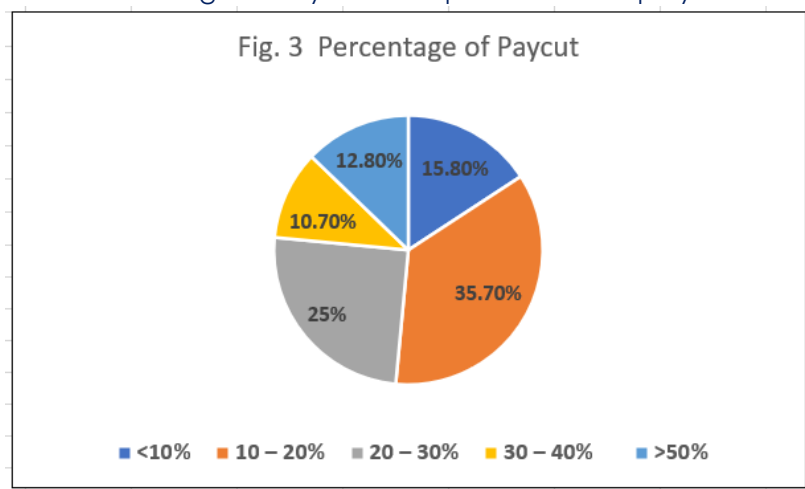
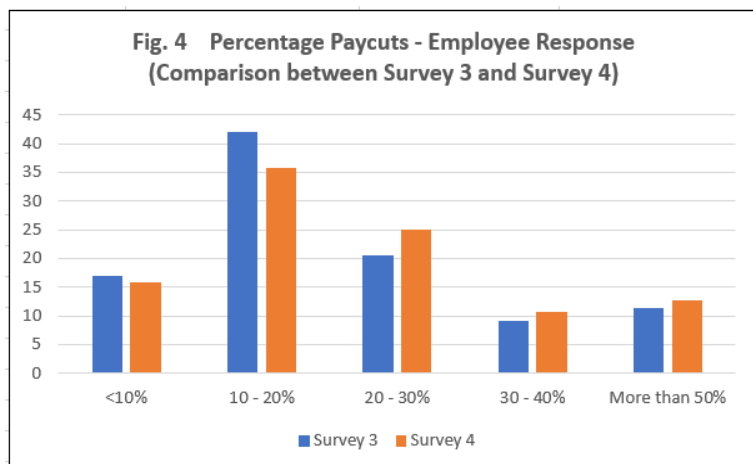


Fig. 3 refers to the percentage of pay cut actually experienced by the employees. Based on the feedback received, 35.7% of the employees who responded experienced a pay cut of 30-40% while another 25% experienced pay cut of 20-30%.

Further analysis was made on the group of employees who had experienced pay cuts and it was noted that 51% anticipates that there will be further pay cuts of up to 20% and they are generally from those in the Construction related industries.

### Comparison with Survey No. 3

A comparison was made with Survey No. 3 on the percentage of employees who had experienced pay cuts and the results are illustrated in Fig. 4.



From the comparison of the survey data between the period of June 2020 (Survey 3) and December 2020 (Survey 4), it is noted that there has been increase in the percentage of employees getting pay cuts between 20% to 50% or more. This would mean that the pay cuts had increased towards the later half of the year as the impact of the pandemic on the economy became more apparent.

### IMPACT OF THE PANDEMIC ON EMPLOYERS

	Employer
Had to move to a "work from home" model	62.35%
Reduction in customer demand	4.71%
Unable to provide services in the usual manner	57.65%
Cash flow interruptions or shortages	11.76%
Moved to online services	40.00%
Managing staff mental health and well being	12.94%
Difficulty in meeting increased demand for products/services	1.18%
Staff shortages due to COVID-19 related illness, quarantine etc	69.41%
Difficulty in obtaining necessary supplies or protective equipment	23.53%
No impact	16.47%
Business has closed	10.59%

Table 2 – Impact of the Pandemic on Employers

Three main challenges faced by the employers due to the COVID-19 pandemic can be seen in Table 2 above as:

• the need to move to "Work From Home"	62.35%
• staff shortages due to COVID-19 related illness, quarantine etc.	69.41%
• unable to provide services in the usual manner	57.65%

The employers who responded also cited the following difficulties/ challenges faced as a result of the pandemic:

- slow collection of payments
- projects deferred or progress affected by the movement restrictions and thereby causing delay in collecting payments
- difficulty in obtaining SME working capital financing from local financial institutions
- have to downsize the company in order to keep afloat

#### Implementation of Pay Cuts

36.25% of the employers who responded indicated that they had implemented pay cuts on their employees and 50.63% projected that there will be additional pay cuts as per Table 3.

% Existing Pay cut	Respondents	% Additional Pay cut	Respondents
<10%	6.9%	<10%	17.5%
10 – 20%	44.8%	10 – 20%	57.5%
20 – 30%	13.8%	20 – 30%	15%
30 – 40%	24%	30 – 40%	10%
>50%	10.3%	-	

Table 3 – Implementation of Pay cuts by Employers

Further analysis of the employers' responses in terms of pay cut implementation showed that the consultancy sector is the hardest hit with 58.6% indicating that they had implemented pay cuts and 65.2% indicated that there will be further pay cuts. The analysis by industry is presented in Table 4 below.

Table 4 – Analysis of Pay cuts by Industry Sector

Industry	Percentage from total affected by pay cut
Training Providers	3.4%
Construction - Consultancy	58.6%
Construction – Contractor/Sub Contractor	10.4%
Construction Project Management	3.4%
Construction – Maintenance & Facility Management	10.4%
Manufacturing & Production	6.9%
Real Estate / Property	6.9%




Table 5 – Analysis of Pay cuts by Industry Sector

Industry	Percentage from total respondents of the same industry
Training Providers	4.3%
Construction - Consultancy	65.2%
Construction – Contractor/Sub Contractor	8.8%
Construction Project Management	4.3%
Construction – Maintenance & Facility Management	4.3%
Manufacturing & Production	8.8%
Real Estate / Property	4.3%

Based on the statistics in Table 4 and Table 5 above, it is noted that the industry sector which had implemented the most drastic pay cuts is the Consultancy sector with 65.2% of the employers in that sector implementing pay cuts on their employees.

#### Impact of the Government's Stimulus Packages for the Employers

In the survey, employers were also requested to indicate whether they had benefited from the initiatives or stimulus packages introduced by the government. The objective is to get feedback from IEM members on the effectiveness of the government initiatives in order for IEM to provide feedback to the government.

	41.27% of the employers responded that they were aware and able to take advantage of the government's incentives/packages
	46% of the employers responded that they were aware but not able to take advantage of the government's incentives/packages
	12.7% of the employers responded that they were not aware of the government's incentives/packages

Based on the data illustrated in the diagram above, it was rather disappointing that 12.7% of the employers were not aware of the government incentives/ packages as IEM had been sending out circulars to members to inform of the initiatives. Nevertheless, IEM will continue to provide more information and ensure dissemination of the information.

#### BANTUAN PRIHATIN 1.0

BPN of RM800 for those earning below RM2000	1.80%
BPN of RM250 to those earning between RM2001 to RM4000	3.60%
BPN of RM1,000 for household income between RM4,001 to RM8,000	5.40%
BPN of RM1,600 for household income below RM4,000	7.10%
Free internet for the period of MCO	12.50%
Moratorium of 6 months on all loan repayments	35.70%
TNB bill discounts	42.90%
Wage subsidy (April to September) for employees earning RM4,000 and below to ensure no retrenchment	44.60%

Table 6 – Percentage of Employers who benefitted from BPN 1.0

As can be seen from Table 6, the employers generally benefitted from the wage subsidy, TNB discounts and the moratoriums.

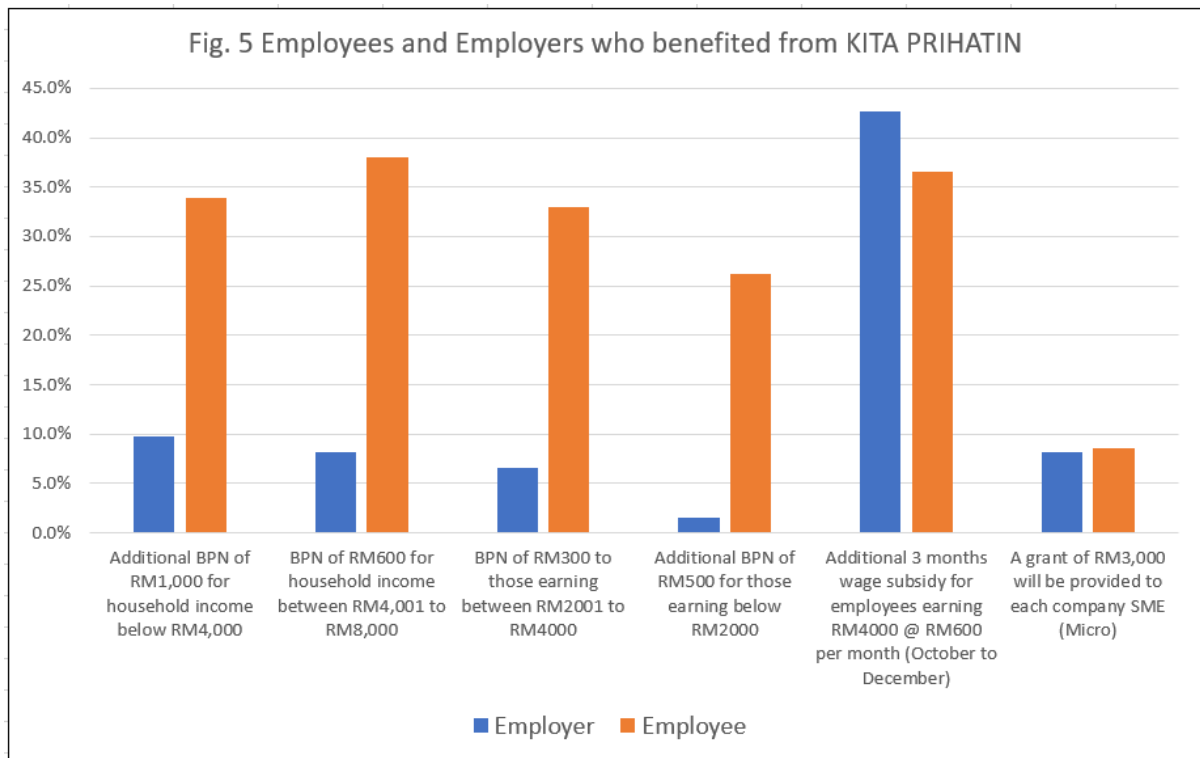
#### PENJANA

Table 7 – Percentage of Employers and Employees who benefitted from PENJANA	Employer	Employee
National Employment Services Job Portal Upgrade	7.4%	5.0%
Hiring and Training Assistance for Businesses	5.6%	6.3%
Reskilling and Upskilling Programmes	3.7%	10.0%
Flexible Work Arrangement Incentives	1.8%	19.3%
Child Care Subsidy	0.0%	3.0%
RM30 Public Transport subsidy	1.8%	7.7%
Micros and SME's E-Commerce	0.0%	1.7%
Technical & Digital Adoption for SME's and MTC's	1.8%	1.7%
MyAssist SME One Stop Shop	0.0%	0.7%
PENJANA SME Financing	5.6%	6.0%
PENJANA Microfinancing	0.0%	1.3%
SME Go-Scheme for Liquidity Support	0.0%	3.3%
Accelerated Payment Terms for GLC and Large Corporates Supply Chain	1.8%	3.3%
Tax Relief for COVID-19 Related Expenses	14.8%	44.3%
Financial Stress Support for Businesses	0.0%	5.0%
Digitalisation of Government Service Delivery	0.0%	7.3%
National "Buy Malaysia" Campaign	0.0%	5.7%
ePENJANA Credits in e-wallet	7.4%	22.3%
Incentives for Property Sector	0.0%	3.7%
Agriculture & Food Sector Support	0.0%	1.7%
Proposed COVID-19 Temporary Measures Act	0.0%	9.0%
Sukuk Prihatin	1.8%	2.7%

Based on the responses received for PENJANA, it is noticeable that the following packages are perceived to be more beneficial by the employers and employees:

- Tax Relief for COVID-19 related expenses
- e-PENJANA credits in e-wallet
- PENJANA SME financing
- National Employment Services Job Portal
- Hiring and Training Assistance for Businesses

## KITA PRIHATIN



From the data collected as illustrated in Fig. 5, the KITA PRIHATIN package is more beneficial to employees rather than employers with the exception of the additional 3 months wage subsidy and also the grant provided to Micro SMEs.

### OTHER DATA EXTRACTED FROM RESPONDENTS WHO ARE EMPLOYERS:

- 72.31% of the employers responded that the need to make monthly pre-payment of Income Tax does affect their business cash flow. It is noted that although there could be reduction in tax payable due to the drop in business revenue, however the need to compute the tax payable in advance according to certain criteria might result in some form of burden to employers who need to pay the projected tax in advance.
- 70.77% of the employers felt that there was a need to extend the period of moratorium. The period of moratorium was extended up to September 2020 and the respondents felt that it should be further extended probably up to middle of 2021.
- Only 13.85% indicated that they were facing contractual disputes. This indicated that the initiatives by the government had adequately covered the issue of inability to fulfil contractual obligations.
- 91.8% agree that Malaysia should focus more on the use of technology in the engineering industry to reduce dependency on foreign labour.
- Only 31% had participated in activities/webinars on "emotional preparedness" in facing crisis.
- 84% of the respondents supported the idea that IEM should organise "business turnaround courses" for members to share thoughts and solutions to overcome the current poor business condition with 75% indicating that they would attend such course.

IEM will continue to keep our members updated on latest announcements from the government, ministries or government agencies related or affecting the engineering industry. Do keep a look out for our email blast or visit the IEM website at [www.myiem.org.my](http://www.myiem.org.my) under the tab 'RELATED TO ENGINEERING' or join our Telegram Channel to receive faster updates.

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We hope that all our members would remain safe and healthy during this challenging time.  
We will keep you updated on any further information promptly.

Thank you.

#myIEMstaysafe

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**Special Committee on COVID-19**  
**The Institution of Engineers, Malaysia**  
**22<sup>nd</sup> March 2021**

**##END#**