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ACCCIM Survey: Companies Worried About Global Economic Growth Will Be Cautious In The Next 3 Years



ACCCIM announced the results of its corporate surveys online. From the left in the upper row are Chen Zhenming, Lu Chengquan and Wu Yiping; in the lower row, from the left, Li Yunliang, Fan Meiling, Ye Shaoxiong and Chung Binghong.

KUALA LUMPUR (Jan 1): The 2021 China-based Enterprise Survey Report shows that the surveyed companies remain cautious about their business prospects in the next three years, and more than one-third are taking a wait-and-see attitude towards their short-term and long-term business growth.

Respondents' short-term confidence in their business aligns with their long-term growth vision, with 59% expecting business growth, with only 10% expecting positive business growth.

Far from Asia Pacific Benchmarks

The report pointed out that the outbreak of the coronavirus has left most companies in the world at a loss, and small and medium-sized enterprises are struggling to survive in the storm.

Once they pass the test, they will emerge from the transformation. Respondents are generally concerned about global economic growth, with only 42% believing that conditions will improve over the next 12 months, while the rest think current conditions remain the same or worse.

This survey result is far from the benchmark for the Asia-Pacific region, where 77% of CEOs believe that the global economy will improve in the next year. Malaysian CEOs are among the countries in the region with a positive attitude, 92 % have confidence in global economic growth.

Since the survey was held before the border reopening on April 1 this year, it is believed that more local market companies will benefit from the increased market demand. However, based on the fact that the Russian-Ukrainian war has not ended, there may be greater volatility and turmoil in the future.

In December last year, CCSCC conducted a corporate survey with the theme of "Leading the Future: Entrepreneurship in the Post-epidemic Era" to 724 entrepreneurs. The survey is the second time that the Youth Business Group of China Federation of Trade Unions has cooperated with PricewaterhouseCoopers Malaysia.

Driving Business Growth 3 Considerations

Sharing the findings of the survey, PwC Malaysia's PwC Entrepreneurship and Private Enterprise Partner Fan Meiling said that the three priorities for driving business growth include:

- Companies will increase liquidity by consolidating corporate structures, rapidly reducing operating costs and deferring major investment projects
- The company's development focus includes market expansion, digital transformation and maintaining core business
- Digital transformation, talent management and accelerated automation equipment are the focus of future investment

Companies must develop long-term strategic plans and develop comprehensive roadmaps to achieve their strategic priorities. This includes having the right and adequate resources, with the right skills and budgets to drive innovation, and companies must take action to catch up with global economic recovery.

Digital devices have become a "must-have" element for businesses. While companies make it one of their top priorities, they are still lagging behind.

To achieve this, a clear and documented roadmap is critical, otherwise digital transformation can become complex and expensive.

Most have not benefited from digitization

Respondents are cautious about business prospects, most likely because most local businesses, especially SMEs, are very dependent on the local market and have yet to benefit from globalization and digitization.

With 56% of respondents facing the challenge of reduced profits, and the supply chain impacted by the global lockdown (47%), this situation is further exacerbated, so stabilizing cash flow and allowing companies to weather the storm has become one of the main priorities for companies.

Businesses are taking a variety of measures, including quick cost-cutting (28%) and pay cuts (25%) to manage working capital; for many, holding cash is king.

Although the government has introduced various measures to help companies tide over the difficulties, especially SMEs, only 31% of the respondents applied for government assistance.

In response to the impact of a range of potential challenges on companies, the survey results show that the top seven challenges are ranked equally, reflecting that companies are facing a variety of challenges at the same time, they need to prepare for domestic fluctuations at any time, and to cope with global changes. This is not only a change in the business environment, but also economic and social changes, each of which affects the business of enterprises.

Seven potential challenges facing businesses include policy instability and over-regulation, geopolitical and economic instability, disruption to supply chains, attracting and retaining talent, changing consumer behavior, corporate specialization, and tax policy uncertainty.

The survey pointed out that with the increasing pace of globalization, competition and change, companies must respond quickly to survive, and companies must act now to build momentum to rise when the global economy restarts.

59% expect business growth within 3 years

For business growth in the next 3 years, 59% of respondents predict that there will be growth in the next 3 years.

My country's economic performance in the fourth quarter of last year shows that with the increase in export demand, the manufacturing and service industries have grown significantly; the government has reopened the border on April 1, and these positive developments have brought dawn to enterprises and led them to recovery. The road. Companies that can adjust their pace early will have an advantage when potential demand explodes.

Radical changes in consumer behavior and supply chain disruptions are forcing companies to transform and adapt to the new normal, and most importantly, 71% of respondents agree that expanding into new markets is a top priority, according to the survey.

Companies still need to strengthen their digital and technological equipment to meet financial and operational challenges, and companies that are not ready to embrace technology will face greater challenges on the road to recovery.

Encouragingly, some respondents are starting to focus on digitization and adopting new technologies (48% and 46%, respectively), while more than half of respondents still disagree.

Only 16% have powerful digital devices

All industries are being digitally disrupted to some extent, and businesses that thought they were unaffected quickly discovered that they were not.

The survey found that only 16% of respondents have powerful digital devices, well below the Asia Pacific benchmark of 33%.

While 50% of respondents rely on technology to obtain relevant data to improve decision-making, only 25% have access to reliable and timely information.

More than 50% have no plans to improve employees' digital skills.

It is encouraging that 55% of the respondents have a strategic plan, especially those who have been in the industry for more than 20 years, which also means that more than 70% of the respondents are focusing their business on developing new markets and planning to focus on Invest in digital transformation, talent management and automation equipment.

A strategic plan is not just a business plan, it involves setting mid- to long-term business goals and determining the future direction of the company. Businesses can no longer rely on short-term measures to plan for long-term growth, regardless of their size.

55% of businesses are still run by the first generation

The survey shows that 55% of the companies surveyed are still in the hands of the first generation, so it is critical to involve the next generation early on.

62% of respondents already have next-generation family members joining the business, and only 6% of the next-generation are shareholders in the company.

One of the reasons many family businesses fail to pass on to the third or fourth generation is the lack of a well-developed succession plan. In addition to ensuring that the management has a proper handover plan, companies must also cultivate family successors as soon as possible to avoid threatening the future of the company.

The inheritance plan needs to be completed together under the leadership of the elders to ensure the harmonious progress of the entire inheritance process.