



The Resilience Revolution is Here

PwC's Global Crisis and Resilience Survey
2023 – Malaysia Report

June 2023



Rise up with resilience



55%

of Malaysian respondents indicated resilience is one of the most important strategic organisational priorities

Only

16%

said their resilience programme is fully integrated into their business

We're pleased to share the Malaysia findings from PwC's Global Crisis and Resilience Survey 2023

In a world where disruptions are increasing in intensity, being resilient by design is essential for both survival and gaining a strategic advantage. Whether it's the lingering COVID-19 pandemic, geopolitical uncertainties, the rising cost of living, supply chain disruptions or cyberattacks, the threats we encounter are becoming more complex, frequent and multifold.

Today's global business climate is hallmarked with the never-ending cycle of change and disruptions. This shows no signs of slowing down.

Like other countries, Malaysian organisations have faced their share of challenges. 93% of organisations in our survey reported facing some form of disruption in the past two years. Organisations see themselves contending with a permacrisis environment with constant change and continuous disruptions, as they try to launch broader business transformations to adapt and address each challenge.

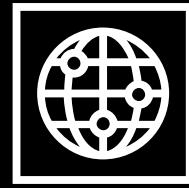
Organisations need to be able to emerge stronger from unplanned events and thrive in the face of adversity.

As risks and the ecosystems they impact are becoming more interconnected in today's polycrisis world, adapting and responding to disruptions is crucial for maintaining shareholder trust. It is in organisations' best interests to start thinking about enterprise resilience to manage disruptions.

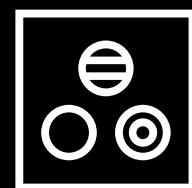
Enterprise resilience is essentially the immune system of an organisation. The most resilient organisations are able to adapt to changes quickly, identify and unlock new opportunities and emerge stronger than before, whatever the nature of the disruption. The dynamic relationship between resilience and agility is a fine balancing act which requires a structured approach and framework that takes into account all factors affecting an organisation.

Our report examines how the Malaysian business community has demonstrated enterprise resilience, and how past events and future threats impact resilience programmes. Find out how organisations focus their resources, efforts and investments to become more resilient.

Respondents at a glance



1,812
global
respondents



58
from
Malaysia



Our Malaysian respondents:



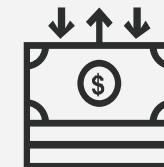
45%

are C-suite level executives



36%

are from the financial
services industry



17%

of respondent companies
have annual revenues
above USD100 million



22%

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

Disruptive trends are increasing

Almost all Malaysian respondents said that they have experienced at least one disruption over the past two years and 98% of respondents are anticipating disruptions to continue for at least the next two years.

Only 20% of respondents are confident in their organisation's ability to successfully navigate a future disruption.

Established resilience programmes help organisations to act quickly, respond faster and emerge stronger than before. True resilience is what gives organisations a competitive edge, and is key to an effective business strategy.

93%

of organisations in Malaysia experienced a disruption in the past two years

95%

experienced at least one disruption in Malaysia *other than* the global health pandemic

3.2

is the average number of disruptions experienced by organisations in Malaysia in the last two years



The top 3 disruptions faced and their impacts

Most Malaysian respondents agreed that the top three disruptions have remained unchanged in the past two years and are likely to remain so for the next two years. These are:



Cyberattacks and technological disruptions

Cyberattacks and technological disruptions were ranked as one of the top three most serious with **48% of organisations** reporting that they face these disruptions. This is close to the global statistic of **45%**.

Surprisingly, only 16% of respondents reported that cyberattacks and technological disruptions had the greatest monetary impact on their organisation.

Case study:

The ransomware attack on the public healthcare system of an EU country in 2021 resulted in the total loss of IT. This led to healthcare services being severely disrupted, as well as personal data of staff and patients being stolen. The recovery, which took several months, has reportedly cost EUR80 million to date.



Employee retention and recruitment

Nearly 59% of Malaysian organisations have faced employee retention and recruitment issues in the last two years. Globally, **only 30%** of organisations reported this as the most serious disruption.

However, only 9% of Malaysian respondents reported that employee retention and recruitment issues had the greatest monetary impact. This is on par with global findings.



Supply chain-related

More than 8 out of 10 Malaysian organisations told us that the most serious disruption was supply chain-related. Globally, **only 1 in 10** organisations reported supply chain as an area experiencing the most serious disruption.

43% of Malaysian respondents reported that supply chain disruptions had the greatest monetary impact on their organisation.

Case study:

The Suez Canal blockage in 2021 by one of the world's largest container ships resulted in the temporary closure of the canal. This impacted around 400 vessels and global trade worth USD9.6 billion. It disrupted global supply chains for several months, caused delays and worldwide shortages from silicon chips used in car manufacturing to household furniture.

How are some organisations more resilient than others?

What differentiates them?



Here, we examine how leading market players navigate through challenges and disruptions compared to their competitors

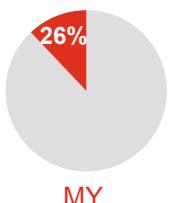
Evolving in the face of disruptions

It is clear that disruptions are here to stay. In fact, disruption has turned into a constant, multifold, complex challenge that is present in an organisation's day-to-day life. With these insights in mind, you are encouraged to future-proof your businesses, rethink resilience and evolve to embrace disruption.

1

Fortify your strategy

No one is invulnerable to a crisis. Crisis can take various forms and strike unexpectedly. However, a robust integrated resilience programme can assist in anticipating, detecting, managing and overcoming disruptions and challenges before they even materialise. In terms of having a resilience programme in place, Malaysian organisations lag significantly compared to the rest of the world.

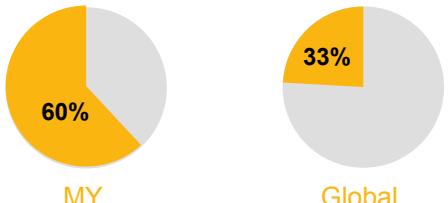


say they have had an integrated resilience programme in place for at least 5 years. Refer to page 8 for further details.

2

Prime your immune system

Who 'owns' the resilience programme? If everybody is responsible, then it is probably nobody. While C-suites are often the default go-to functions, response efforts can get messy and uncoordinated when there isn't a clear, structured and formal designated team to respond to disruptions.

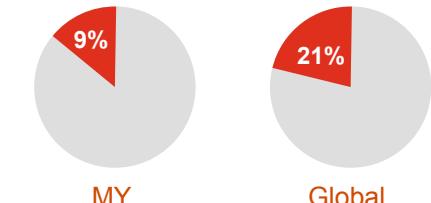


say their enterprise resilience programmes are sponsored by the organisation's CEO

3

Look beyond the surface

Organisations often seek a definitive, step-by-step blueprint for building resilience and adapting to changes. However, even the most exceptional blueprint cannot provide all the answers - the devil lies in the details. To stay ahead of the curve, you should think beyond your risk horizon by leveraging data, technology, and analytics to detect early warning signs and identify actions based on your priorities.

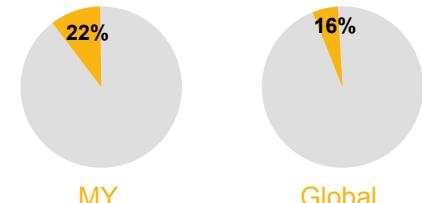


rank technology enablement (i.e. leveraging resilience tools and software) as a top priority for a future of resilience

4

Demystify failure

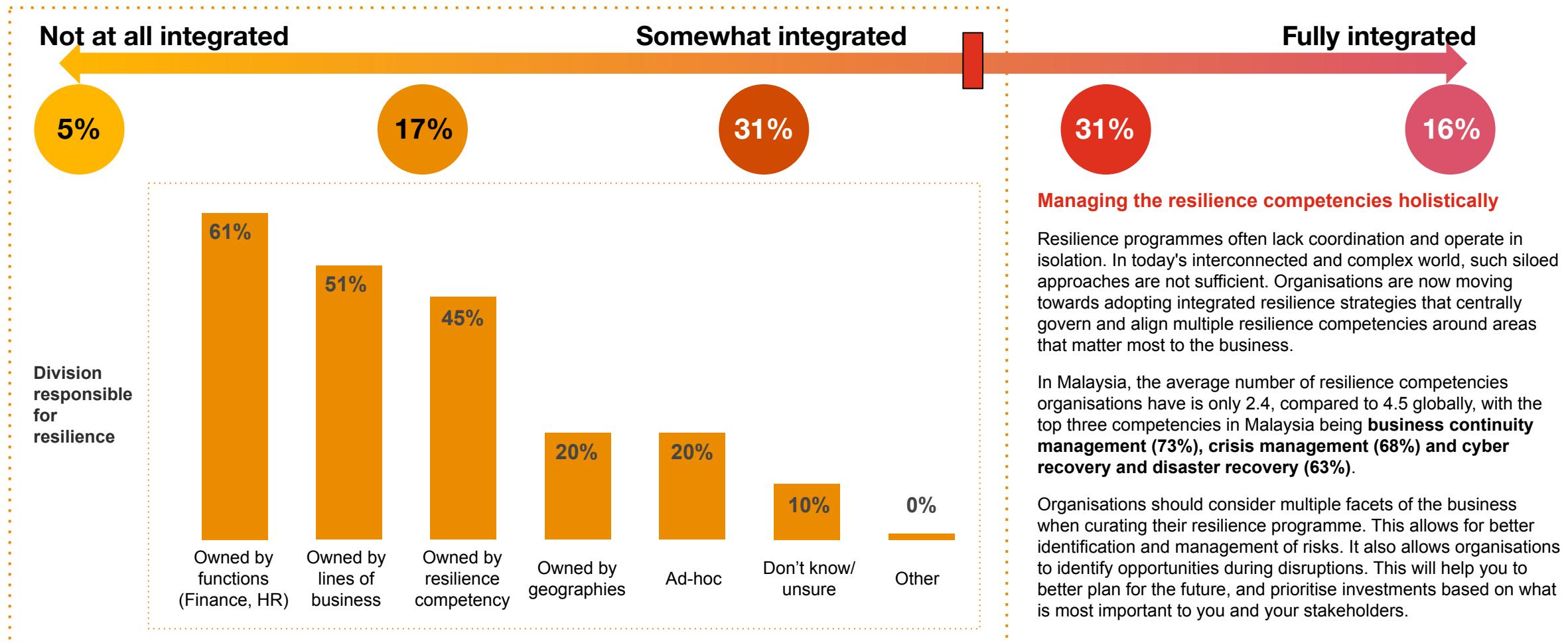
A failure does not signify defeat. Instead, foster a culture of transparency and openness around your vulnerabilities. Anticipate and acknowledge that setbacks are inevitable. Build a culture of resilience and prime your immune system to learn from, and to better counter disruption in the future. The leadership's tone and behaviour sets the precedent for this transformation.



think embedding a resilient culture is important for a future of resilience

Fortifying your strategy through an integrated resilience programme

It is common to see an organisation's resilience programme operating in silos, with little coordination between divisions. We asked organisations to what extent is their resilience programme integrated, but **only 9 out of 58 are fully integrated**.



Prime your immune system with your A-team

An effective resilience programme is only as successful as the team behind it

60% of Malaysian respondents have identified their CEO as the main executive sponsor for resilience, highlighting the crucial role of this position in the organisation's success. However, building a strong resilience programme requires a multi-layered approach that goes beyond the board and senior leadership team. It involves skilled programme leaders and staff responsible for business-as-usual operations, who are vital in keeping the organisation together when faced with challenges, crisis and disruptions.



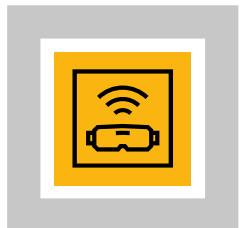
Invest in your enterprise resilience team to secure success



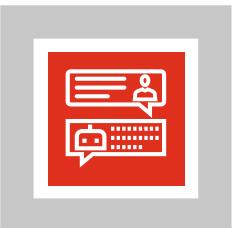
Wellbeing matters as a purposeful, inclusive, and healthy work environment promotes collective responsibility for resilience.



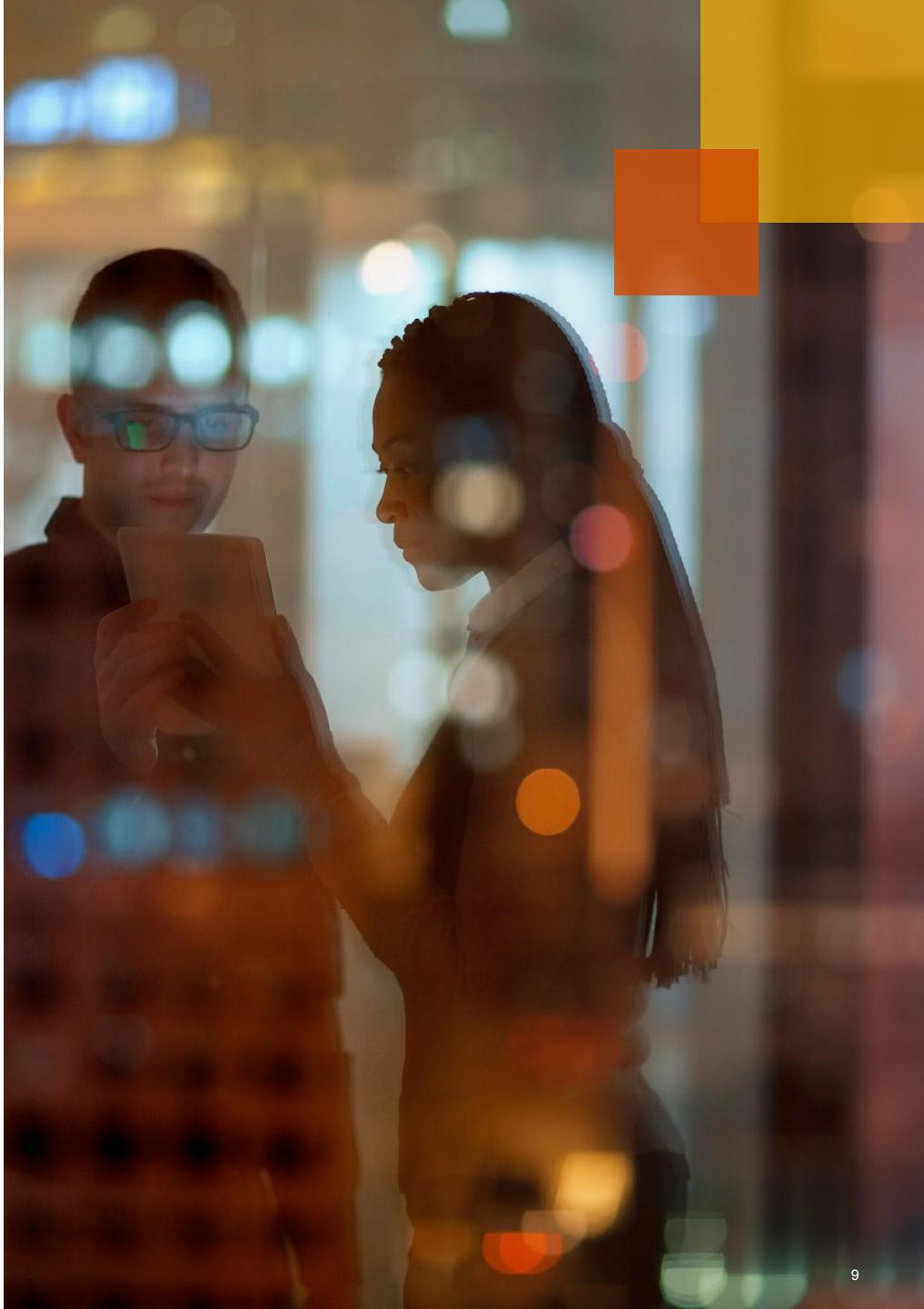
Emphasise upskilling to boost the team's confidence in managing and responding to disruptions



Use resilience tools and technologies to simulate, anticipate and prepare for risks and disruption



Rehearse **high impact scenarios** so people are prepared and the organisation is clear who it can draw upon during a disruptive event



Look beyond the surface

Only 10%

of Malaysian organisations said their applications and systems' criticality tiering is optimised, integrated or industry-leading (vs 59% globally)

Only 9%

agreed that technology enablement of their programme is a top priority for building a future of resilience (vs 21% globally)



Let's normalise resilience tools and capabilities to deliver actionable insights

Technology can aid in providing organisations with a 360 degree view that goes beyond risk registers and traditional risk management. Historical trends and data are no longer used as sole indicators to predict future challenges and disruptions. Understanding the scope and gravity of threats and the impact on organisations' resilience will help you to act swiftly, adapt to changes, and transform disruption into opportunity.

Resilient organisations worldwide are therefore stepping up their game in risk analytics capabilities. They look to mine actionable intelligence from data across the business and translate business issues and needs into appropriate risk analytics.

In Malaysia, unfortunately, this trend has yet to pick up as only a small number of businesses see technology enablers as the most important driver for an effective enterprise resilience programme.



Demystify failure

Failure does not necessarily mean all has failed

Resilience is ultimately rooted in trust, respect and inclusion, and needs to be nurtured. This can be achieved through open, honest, and transparent communication about potential threats and vulnerabilities. All voices, whether optimistic or pessimistic, should be heard and valued to create a culture that anticipates and acknowledges the possibility of negative events, even while striving for the best outcome. Tone and behaviour from the top is a critical success factor in achieving this change. By nurturing such a culture, organisations can build resilience and be better prepared to face future challenges.

Acknowledging failure is still a new concept for many organisations, and many may not be prepared to confront shortcomings. This also holds true for our Malaysian respondents who tend to describe a resilient organisation as "strong," "tough organisation," and "confident," while words like "responsible", "thinking of employees" and "cooperative workforce" nestle at the bottom of the chart. This indicates a need for a mindset shift towards embracing vulnerabilities and openness.

responsible management sustainable planning reactive organised adaptable innovative management leadership evolves secure reactive leading recover proactive prepared strong persevere withstands-challenges bounceback forward-looking anticipate prosper safe agile effective efficient reliable progressive workforce



So, what can you do?



Start by understanding the risks - and opportunities, of disruption.

The survey has identified gaps in respondents' foundational elements that could impede resilience.

Aligning risks to resilience strategy

Having a solid grasp of the risks and vulnerabilities of an organisation and implementing effective mitigation plans are fundamental to the risk management lifecycle. However, to enhance resilience, you should consider integrating risk management practices with your overall resilience strategies to bridge the confidence gap.

Having a resilience programme does not guarantee that organisations are fully prepared to withstand future disruptions. The key to achieving lasting change lies in the people and culture, especially one that encourages people to speak up, incentivising employees to identify systemic issues.

Focus on empowerment

Empowered employees demonstrate improved job satisfaction, increased productivity, higher levels of creativity, and a greater willingness to exceed expectations. They are also more likely to be able to adapt quickly during challenging times, contributing to organisations' survival and success.

Invest in preparing people

Leaders develop effective crisis management skills through exposure to the stressors that arise during disruption. This approach helps develop the muscle memory needed to establish strategies, make decisions, and manage stakeholders in today's world of uncertainty.

Organisations must invest appropriately today to overcome the challenges of tomorrow. Business leaders should demonstrate a firm commitment to acquiring the appropriate technology and expertise to enhance resilience in the face of an unpredictable future.

Invest in adequate technology and resources

To ensure the sustainability of your crisis and disruption response plans, it is essential to have adequate resources and support. This includes utilising advanced data and analytics to support your enterprise resilience efforts, as well as establishing a network of experienced professionals who can offer you guidance and assistance during times of need.

How we can support you

To stay operational during the most challenging of circumstances, focus on what matters most.

Disruptions can strike a company from all angles, and it can come in all shapes and sizes. While the word “disruption” often comes with a negative connotation, our research confirms that, handled appropriately, disruption can bring opportunities.

Our Global Crisis Centre is a global team dedicated to enabling the PwC network to support our clients during their most stressful times. We can efficiently convene the right people across the globe in times of crisis.

Organisation and governance

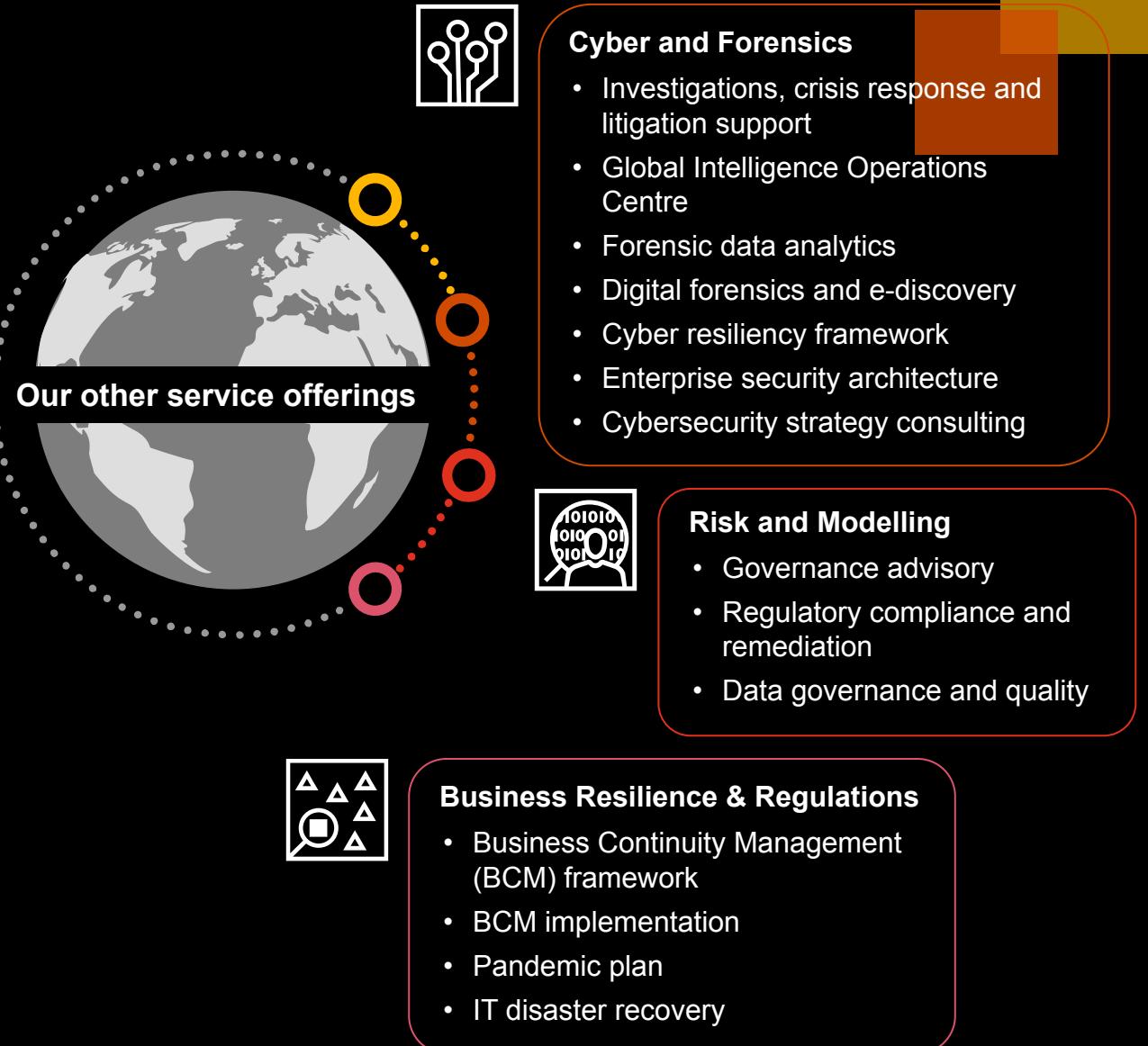
Drive resilience across the board and senior management levels and engage all relevant functions in a holistic way

Tools and processes

Determine critical operations, impact tolerance and recovery preparations

Decisions and strategies

Embed operational resilience tools and preparation into business-as-usual decisions and strategies



Contact us

**Alex Tan**

Partner
Cyber, Forensics and
Crisis Leader
PwC Malaysia

+60 (03) 2173 1338
alex.tan@pwc.com

**William Mah**

Partner
Business Continuity
Management Leader
PwC Malaysia

+60 (03) 2173 1146
william.mah@pwc.com

**Clarence Chan**

Partner
Digital Trust &
Cybersecurity Leader
PwC Malaysia

+60 (03) 2173 0344
clarence.ck.chan@pwc.com

**Tee Chuen Shiong**

Director
Cyber and Forensics
PwC Malaysia

+60 (03) 2173 1270
chuen.shiong.tee@pwc.com

**Tanvinder Singh**

Director
Cyber and Forensics
PwC Malaysia

+60 (03) 2173 0293
tan.singh@pwc.com

**Michael Sprake**

Director
Financial Crime
PwC Malaysia

+60 (03) 2173 1188
michael.sprake1@pwc.com



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