

NO.2/2020

COVID-19

AND ITS IMPLICATION ON TRAINING

HRDF INDUSTRY TRAINING INTELLIGENCE REPORT



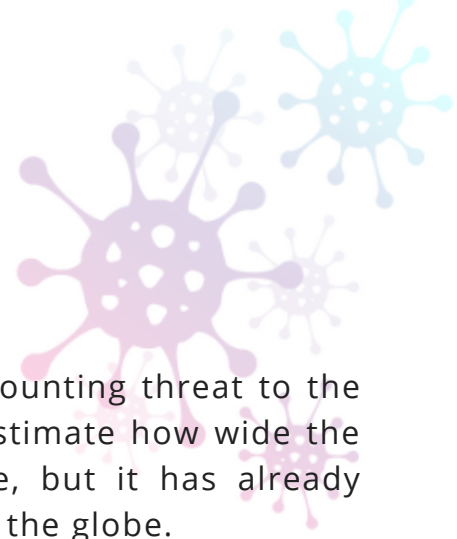
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COVID-19: THE MAGNITUDE OF ITS IMPACT IS GROWING



The Coronavirus Disease 2019 (COVID-19) is a serious mounting threat to the global population as well as its economy. It is hard to estimate how wide the virus will ultimately spread and how virulent it will be, but it has already become highly disruptive to daily lives of everyone across the globe.

COVID-19 first surfaced in the city of Wuhan and belongs to the same group of viral diseases as SARS and MERS. According to the World Health Organisation (WHO), in most cases these viruses lead to symptoms such as fever, coughing and shortness of breath.

Based on current data, the COVID-19 seems to spread faster than SARS albeit the death rate is comparably lower so far. In terms of the number of individuals getting infected in a time period, COVID-19 is proven to be far more contagious compared to SARS.

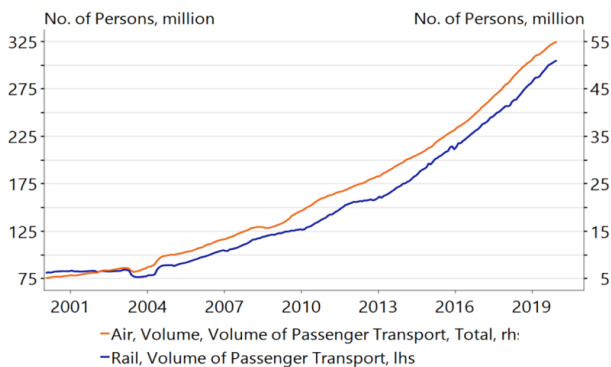
As COVID-19 is somewhat similar to SARS, we can use the 2003 SARS outbreak episode as a guide to estimate the impact of current COVID-19.

TABLE 1: A BRIEF COMPARISON OF SARS AND COVID-19

	SARS	COVID-19
ORIGIN	Southern China (Guangdong)	China (Wuhan)
FATALITY RATE	9.6% - 11.0% (mostly in China, HK, TW, CA and SG)	4.1%
TOTAL CASES	8,098 - 8,422	191,127
TOTAL FATALITIES	774 - 926	7,807
PERIOD OF OUTBREAK	16 Nov 2002 - May 2003	8 Dec 2019 - present
INCUBATION TIME	2 - 7 days	2 - 14 days

Source: WHO, Coronavirus disease 2019 Situation Report - 58 (18th March 2020)

COVID-19: HOW WILL MALAYSIA'S ECONOMY WILL BE AFFECTED?



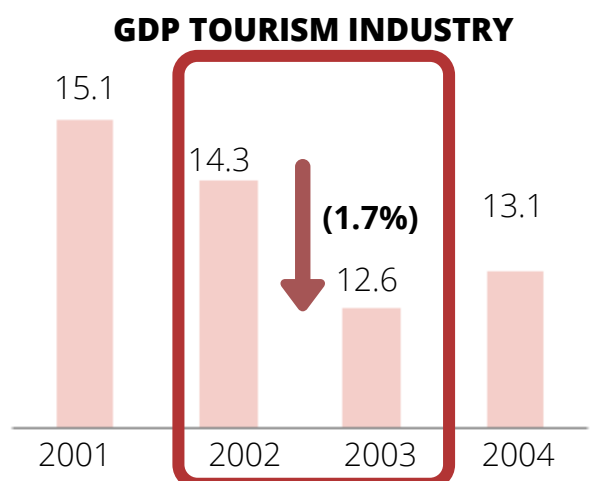
Source: Macrobond

Compared to the 2003 SARS outbreak, the global economic effects of the COVID-19 are likely to be more severe where China has been heavily impacted and soon it is expected to hit the rest of the world. As China develops rapidly, the effect on China's economy will be projected across the world compared to during SARS outbreak.

The data shows that China's international air traffic only recorded 5 million in 2000, whereas it was almost 55 million in 2019. Chinese tourists account for a large number of tourism in which 149.7 million Chinese travel around the world in year 2018. Chinese tourists preferred ASEAN countries as their main destination in 2018. In this respect, Thailand (10.5 million) was visited the most followed by Vietnam (4.9 million). Whereas, there were 2.9 million Chinese tourists visiting Malaysia in 2018 (Source: Sinar Harian, 12 Mac 2020).



Due to this, Malaysia tourism-related sectors have been impacted following the travel restrictions by the Malaysian government on travellers from the province of Hubei, Zhejiang and Jiangsu as well as the cancellation of travel plans by some of the travellers. The lower tourist receipts are estimated to result in the reduction of Malaysia's gross domestic product (GDP) growth. This situation follows a similar pattern during the SARS outbreak, where the tourism GDP resulted in a decrease from 14.3% in 2002 to 12.6% in 2003.



Source: World Travel and Tourism Council Data

COVID-19: WHAT ARE THE EFFECTS ON TRAINING?

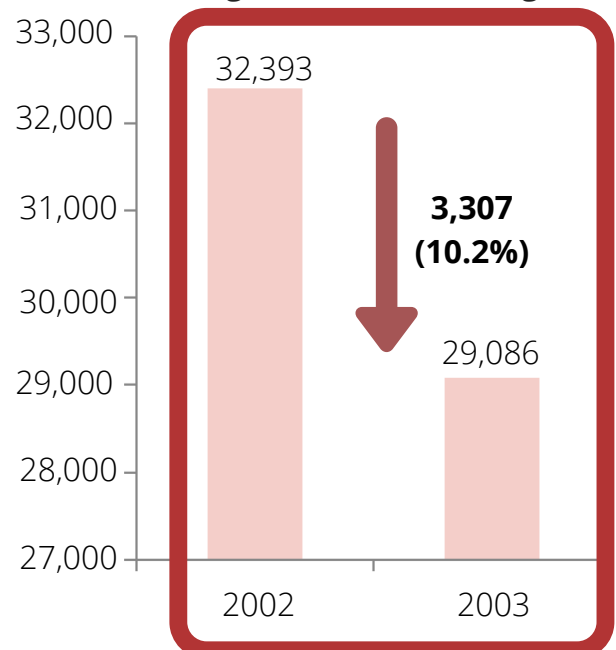
In tourism sector in Malaysia, there are eight (8) sub-sectors related to HRDF registered employers that will be directly affected by this situation, namely:



The SARS outbreak in 2003 infected thousands of people, causing serious illness, death, economic downturn and limiting social activities. Among affected activities are related to training and development. HRDF internal data shows that there was a 10.2% decline in training activities during the SARS outbreak.

HRDF had played a huge role in assisting affected companies in hotel industries and travel agencies during the SARS outbreak, with the implementation of HRD Levy Exemption from 1 June to 31 December 2003. Source: HRDF Employers' Circular No.3/2003.

Although classroom or on-the-job training are considered less viable in this challenging period, HRDF registered employers are strongly encouraged to start investing heavily on online training. Employers can learn more on HRDF's grant applications for online training.



Source: HRDF Internal Data

COVID-19: HRDF SUPPORT ON TRAINING IN TIMES OF NEED

Looking into the impact of COVID-19 towards Malaysia's economy and training related activities, HRDF is taking the relevant pro-active measures to mitigate the economic risk associated with COVID-19 outbreak, as to reinvigorate economic growth through HRDF levy exemption.

EXEMPTION FROM HUMAN RESOURCES DEVELOPMENT (HRD) LEVY

To assist the affected companies, HRDF has implemented levy exemption for a period of six (6) months effective from 15 April – 15 September 2020. The implementation of the levy exemption is to support over 30,000 of the Fund's registered employers during this difficult period.

Source: HRDF Employers' Circular No.2/2020

**FOR MORE INFORMATION ON PENJANA HRDF INITIATIVE FOR COVID-19,
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