

The Effect of Covid-19 Pandemic on the Global Business Services Industry in Malaysia: Surviving the Business Onslaught

Soliha Sanusi¹, Aziatul Waznah Ghazali², Nur Fatin Najihah Azahar³, Aini Aman⁴, Dahlia Fernandez⁵, Syaima' Adznan⁶

^{1,2,4,5,6}Faculty of Economics and Management, Universiti Kebangsaan Malaysia, Malaysia,

³School of Management, Universiti Sains Malaysia, Malaysia

Email: solihasanusi@ukm.edu.my

Abstract

Global Business Services (GBS) has been proven as a service provider that provides high-end solutions and consultation for many activities internally to their other departments or externally to other clients worldwide. Their businesses were very important for many strategic partners who planned to reduce operating costs and utilise high-end technologies available in the market. During Covid 19, the GBS industry is not excluded from the blow, where talent management, business operation, business strategy, and financial management are disrupted. Semi-structured interviews were done with top management of four GBS companies in Malaysia from October 2020 until January 2021 to explore the effect of COVID-19 on their business and how they managed to sustain during the pandemic. The interviews revealed that GBS companies must promptly adapt and adjust to a new working environment, such as working from home and changing their business operations entirely. Although GBS generally operates on a digital platform that could work remotely globally as a separate unit, the pandemic has shifted the separation to individual employees, each working remotely from home. GBS managed to slowly recover from the financial constraint during the earlier stage of the pandemic; some GBS even performed better with rewards to their staff. This research also implied that GBS needs to have a backup plan during the pandemic and always get ready with the latest technology to survive in the long run. It also raised a concern to practitioners and researchers regarding the importance of good planning and motivation in every single activity so that everyone is in an excellent position to maintain their performance even during unpredictable occasions. Future research suggested exploring the GBS's new working environment-working at home arrangement, transforming processes end to end, and the new technologies adopted by this industry in their businesses.

Keywords: Business Strategy, Business Operation, Covid 19, Financial Management, Global Business Services, Talent Management.

Introduction

Global Business Services (GBS), one of the industries that use digital platforms to drive their business, has attracted many investments from foreign investors to Malaysia. Currently, GBS

in Malaysia focuses on Klang Valley, Cyberjaya, Bayan Lepas, Pulau Pinang and Iskandar, Johor along with the latest one to be developed in Ipoh, Perak. For Malaysia, GBS is a significant business that they cannot let the investment slip through their fingers as it has a lot of contributions to the economy and society of Malaysian citizens. There are more than 600 GBS firms in Malaysia with more than 250,000 staff employed. Malaysia has been ranked number three in terms of GBS position worldwide with total revenue over USD8.1 billion per annum (Businessstoday, 2022). Malaysia is essential for GBS business as this is a multilingual contact centre hub for the world. According to Digital Global Business Services Council Malaysia (GBS Malaysia), the Malaysian global business services industry is expected to grow at a five-year compound annual growth rate of 6.2% to US\$6.7 billion by 2025. Therefore, the GBS industry continues to be an enormous opportunity for the market of Malaysian service providers.

Although the Malaysian GBS industry has recorded gradual growth for the past 15 years, GBS must be prepared to invest and position itself as a high-value digital GBS in order to remain relevant and sustainable. Constant changes of information technology, volatility of business environments and diverse customer expectations are among the challenges of the industry. Due advance evolution of disruptive technology has faced some leakages in talent management, business structure, business opportunity, and others. It has become more crucial during these two years of the COVID-19 pandemic. All businesses around the globe need to change and adapt to the digital economy to sustain themselves in the long run.

COVID-19 has effected many countries worldwide in regards of people’s lives, education, business operations, and economic activities. During global lockdowns, GBS are able to resonate with the need to adapt to the new norm of doing business, propelling future technologies in today’s working environment and changing its business operationalisation. Nevertheless, the GBS industry are able to revamp their business continuity, workforce and workplace as well as their technology stack. In a recent report by the Global Business Services – Malaysia Strategy Report 2022-2027, GBS has significantly created more than 250,000 trained talents, whilst also successfully supporting the wider business in establishing work-from-home (WFH) infrastructure. Figure 1 indicates the impact of COVID-19 on the GBS business model, which shows that more than 50% of the respondents agreed that GBS models would become increasingly digitalised. In addition, twenty-four percent of the respondents agreed that the GBS service model would be a lot more critical in the future.

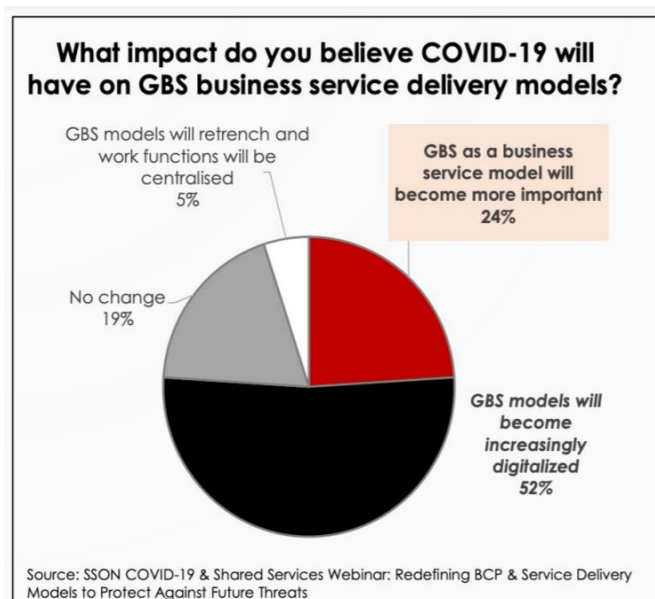


Figure 1: Survey on the effect of Covid-19 on the GBS business service delivery model.

Source: COVID-19 & Shared Services Webinar: Redefining BCP & Service Delivery Models to Protect Against Future Threats at <https://www.ssonetwork.com/global-business-services/webinars/top-takeaways-from-ssons-covid-19-and-bcp-survey>.

Therefore, based on the selected companies (Company A, Company B, Company C and Company D), the authors explore the effect of Covid 19 on their businesses. The study will explore the business operation, talent management, business strategy, and financial management of the GBS companies during the pandemic era. These four main areas are the focus of the GBS industry lately. The authors also delve into the strategy of the GBS companies to reduce their risk and to be able to sustain in the long run after the pandemic. A research question was developed for the study; how does Covid 19 effected GBS businesses in business operation, talent management, business strategy, and financial management? This paper significantly contributes to the literature on the global business services study and business survival, as more research needs to be done on the GBS industry. It also displays how GBS recovered and adapted faster than other industries during the pandemic as they fully utilised the digital technologies available in their companies.

The rest of the paper is organised as follows. Section 2 discusses the literature review, followed by Section 3 on the research methodology and Section 4 on the findings of this study. Then, it is followed by Section 5, which presents the discussion part and lastly conclusion in Section 6.

Literature Review

Global Business Services

GBS is the evolution of shared services and business process outsourcing that focuses on improving process efficiency and cost reduction. It is a vital digital strategy pillar that helps GBS navigate the transformative age. GBS provides integration of governance, locations, and business practices to all shared services and outsourcing activities across the enterprise (Aman et al., 2017). They may have internal clients across the globe or external clients outside their organisation. They need to work hard to get the clients, especially the external ones, to support the GBS department in the long run.

GBS is a model that focuses on managing numerous every day and administrative tasks at the end of a transaction. Thus, this general focus will bring a good management style to the company where the business unit has more time to focus on the activities of specific customers or products. GBS also brings the idea that dedicated experts can do routine work, perform transactions and process them more efficiently at lower costs. As a result, companies worldwide in various industries have begun to take the opportunity to advance their companies from a shared service model to using a global business services model that is believed to bring a huge effect on the company and the world economy. The business operation of GBS is slightly different from the traditional companies as they usually use the latest technology and innovation to cut costs and expedite the business process. Artificial Intelligence, robotic process automation, and global process owner are some of the norms for GBS firms (Fernandez & Aman, 2018).

Hence, the transaction cost economics theory is suited to the GBS industry as the theory focuses on cost reduction and optimising the organisational structure to achieve economic efficiency (Dias et al., 2021). According to the theory, there should have coordination costs associated with monitoring, controlling, and managing transactions for each type of

transaction. Ahluwalia et al (2020) stated that the theory and predictions of the cost economics model would help the organisation in their decision-making conveniently by using technologies. It is because of their ability to decentralise and reduce transaction costs, economically and socially. From there, it will create trust in their customers, suppliers, and other parties that have business deals with the company.

The Effect of Covid 19 Pandemic on GBS firms

The world is experiencing a large catastrophe, where this COVID-19 poses a health threat and has caused the economy around the world to experience a severe collapse. Several leading companies have had to stop operating because they can no longer afford the operating costs (Lee et al., 2020). Many people were laid off because of this pandemic, and small business owners also suffered losses from being unable to operate when the pandemic hit. GBS companies are also not spared from receiving collision as several GBS companies are forced to change their operation, such as cutting their spending costs and laying off employees to reduce operations and minimise losses. Covid-19 is seen to have brought significant changes to the world economy and affects almost all of GBS companies around the world including Malaysia (Aman et al., 2022).

According to Piotter et al (2020), service delivery in GBS involves physical proximity to run effective processes, especially for complex activities. However, many GBS companies have shifted to perform their services virtually due to pandemic COVID-19. This is because they cannot physically interact with their customers to avoid the spread of Coronavirus while complying with the Government Standard of Procedure (SOP). Before this pandemic, the GBS firms work with highly face-to-face intensive such as financial closing, financial planning, and analysis. This change proves that it is not necessary to have face-to-face interactions to have an effective performance. Companies in the GBS industry must face many challenges and deal with changes in their business operations. A study by Piotter et al (2020) shows that GBS companies are facing a great deal of challenges, such as moving to an at-home environment, employees' ability to be productive and achieve productivity levels remotely, ability to provide services, the risk to security and data protection, lack of in-person management oversight, and employee morale or attrition.

Business Operation

Business operation refers to all the actions necessary for running a company and generating income. It serves two purposes within an organisation: as a guide for the company and as a fail-safe that limits risk and help the operation avoid problems. Since every company has different needs, business operations vary depending on the size of an organisation and the industry in which the business operates. Mertin and Thewes (2017) said that GBS focuses on creating customer-centric, digitalised process flows across functions and geographies, including agile units steered globally and independently of traditional business units. Implementing and enhancing GBS operations can help the organization to reach lean, cost-efficient operations, establish an agile operating platform, drive a company's digitalisation, and enable a superior customer journey.

As a result of COVID-19, business has become far more dynamic and complex, requiring GBS operations to rethink the way they organise to deliver incremental value. The crisis has also shown the importance of having an imperative of a cross-organisational mindset that is intensely curious, open to learning, flexible in approach and intensely customer focused. The unique working conditions of work-from-home resulted from the global lockdowns highlighted the need for advanced and cooperative vendor management governance.

Moreover, forging a strong relationship with third parties and business customers would allow for uninterrupted delivery of services and foster a resilient environment for GBS firms. Digitalised business operations support consistency and optimisation, which are the DNA of GBS firms (Fabrice et al., 2022).

Talent Management

Vulpen (2018) defines talent management as a set of human resource processes that integrate to attract, develop, motivate, and retain high-performing employees. It aims to improve business performance through practices that increase the productivity level of the employees. Effective talent management is crucial for business success, and GBS organisation as the company evolves in maturity. A study by Geerling et al (2016) reveals that effective GBS talent management starts with an integrated approach. The critical success of a company with effective GBS talent management is that they view talent management as a high priority and an integrated process designed to meet GBS talent needs as it expands in scope and value. Having the right talent could also lead to expanding into additional areas in which GBS can be more involved and entrenched with enterprise strategy and decision-making. Further, skilled talent will provide a competitive advantage for GBS organizations, with the most success coming from those that have invested heavily in their employees' skills and competencies. Enhancing skills within the workforce will be key to augmenting strengths and competitive advantage.

According to Hungary GBS report 2020, 93 percent of GBSs have developed career paths within the company and are also strong in training their employees i.e. 91% of the team receives technical skills training, 73% develops soft skills, 61% receives foreign language courses and 45% management skills training. Despite being able to significantly improve the skills of the employees, talent retaining is still an ongoing battle across industries and sectors. A survey by SSON Analytics in 2021 found that sixty per cent of employees in the business services sector would leave the industry within three years, but those who have been in the sector for 5 years and longer are more likely to permanently work there long-term. Among the main reasons of fluctuation are salary expectations (70.5%), followed by work content (43.5%), the lack of career and training opportunities (33.5%) and opportunities in other countries (19%) (HIPA, 2021).

However, due to the COVID-19 pandemic, an alternative workforce method has surfaced as shown in Figure 2 below. The alternative workforce allows GBS firms to protect themselves from unpredictable demand triggered by external factors by proactively integrating the adaptable and available alternative workforce into their operating model. It enables these firms to quickly shore up resource capacity where it is most needed. Integrating alternative workforce also offers optionality for future business continuity planning. By leveraging on this new alternative workforce, GBS may achieve new economies of scale while reinventing their operating models to account for an adaptable workforce that continues to grow rapidly.

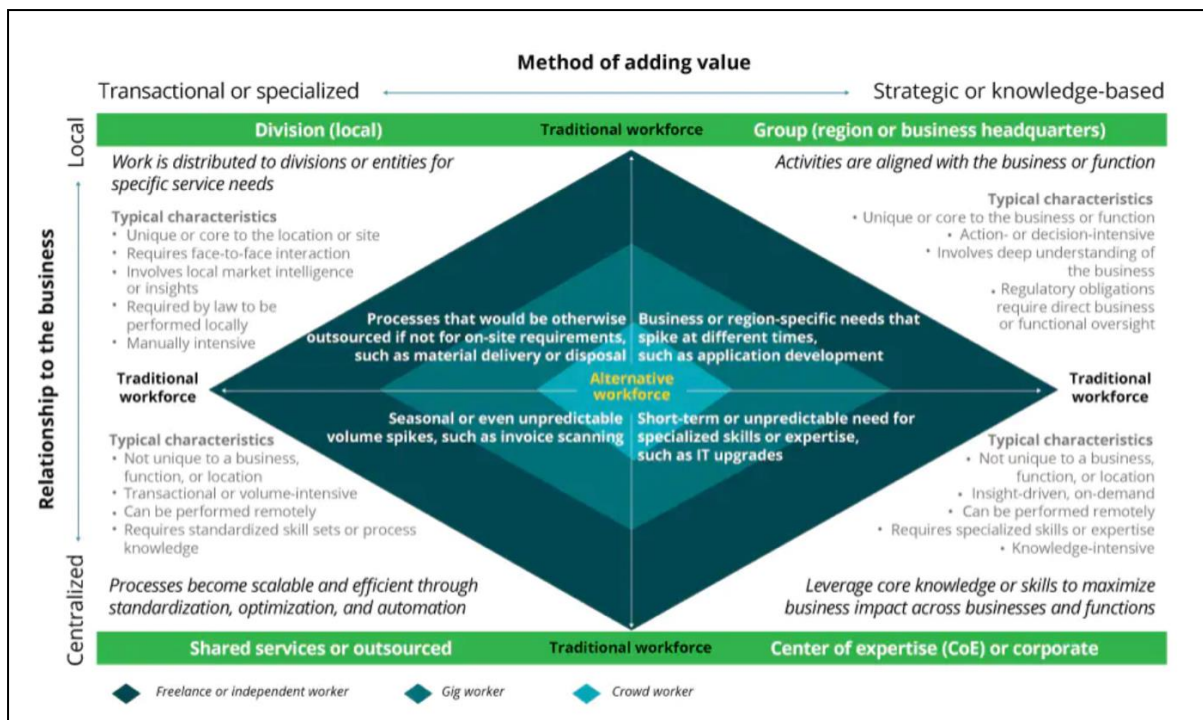


Figure 2: How the alternative workforce can disrupt traditional global business services (GBS) and shared services delivery models by Deloitte
 Source: <https://www2.deloitte.com/us/en/pages/operations/articles/future-of-gig-economy-shared-services-delivery-model.html>

Financial Management

Financial management is one of the most crucial functions in an organisation or business. It deals with planning, organizing, and controlling financial activities to ensure the sufficient availability of funds (Toppr, 2018). It is generally concerned with procurement, allocation, and control of financial resources (Juneja, 2019). The scopes of financial management cover financing, investment, and dividend. Managers should make decisions to minimize the cost of procuring finance and use it most profitably. In the GBS model, finance activities are not aligned vertically within the finance function but are delivered horizontally and linked end-to-end with essential tasks within other functions (Kops & Lyon, 2013). The authors also said this has opened up many possibilities and potential value creation beyond one role.

Given the scale and scope of the GBS model, the financial data management would harness the power of analytics that would benefit the organisation immeasurably. GBS opens up a range of possibilities and potential value creation that goes beyond one function. In effect, GBS provides more options for finance, such as new organisational structures, location, relationships with other functions, governance, and opportunities to increase value through better business planning and creation of insights. Indirectly, GBS further stratifies career paths for financial professionals as they could spend more time working with the business instead of working for the business, while having further advantages for career advancement, with more focus on building the commercial skills and capabilities increasingly prized for finance leadership roles.

Business Strategy and Structure

The main objective of GBS model is to deliver efficient business-intelligent process execution. Therefore, essentially, GBS organisations must be able to deliver services to a global customer

base, report to one person with responsibility for an overall budget, share infrastructure, including locations and technology platforms, incorporate end-to-end processes, and incorporate higher-value activities. The scope and sophistication of GBS can be categorised into three primary components which are end-to-end process execution, customer care, and operations support. According to Deloitte LLP (2016), an effective GBS organisation typically has a high level of standardisation and formal processes around the feedback, reporting, and operations it uses to perform its work. Dement et al (2017) emphasises that most GBS organisations are structured to reflect tiered-service management. Improving customer satisfaction and creating innovative services that meet customers' emerging needs should be prioritise on the agenda to shift the GBS as a source of value creation from simply a cost centre.

Generally, the framework of GBS divides work into four categories:(1) transactional/administrative, (2) functional/programmatic, (3) specialist/consultative, and (4) strategic. Given that GBS handles much of the core data, they are in a naturally privileged position in terms of both expertise and access, while serving as a hub of innovation. GBS serves as a platform for critical growth, change initiatives, incubating new offerings and facilitating the spread of best practices and new capabilities across functions. COVID-19 pandemic seems like the perfect storm to demonstrate the agility and adaptability of the GBS model as the GBS has industry performed well, making a relatively smooth and fast transition to remote working without significant disruption to its service delivery.

The Future of GBS Beyond COVID-19

Principally, the GBS model was developed on the principles of performance excellence and economies of scale. Focusing on these two principles, GBS organisations embarked on a journey of centralisation, standardisation and specialisation of processes and operations which requires constant agility and adaptability in responding to changes. Hence, pivoting on the integration of processes, Malaysian GBS firms have been able to shorten the working capital cycle, optimize global vendor spend, and increase employee engagement while managing efficient costs savings which resulted in increased productivity. The recent COVID-19 crisis has shown that having the combination of digital innovation, agility, adaptability, flexibility, empathy and great leadership have boosted the visibility of GBS model and its advantages.

Covid-19 also has effected the Malaysian GBS firms in some unfavourable ways. For example, the shift to increased remote working has made office facilities being redundant, and increased the investment in new facilities to enable home working. This situation could lead to a potential reduction in the GBS cost advantage. Moreover, the shortages and volatility of talent pool and skills are also impacting the GBS cost advantage negatively. Nevertheless, some of these unfavourable effect have turn out as blessings in disguise. For instance, talent shortages have opened up the opportunity for GBS firms to explore alternative workforce method, and outsource some of their operations as needed. The operations of some functions could be created both inside and outside the existing GBS locations, be it a physical or virtual site. Furthermore, the sites can be spread around the world, rather than having a whole team of GBS located in one or two sites. Ultimately, COVID-19 is not the underlying reason for these operational shifts, but it is a powerful accelerator driver for GBS to redesign processes to support that digital-first model, to reconsider long-term location strategies to optimize cost,

resiliency, access to the right talent, as well as the need to integrate a globally distributed workforce (Wirtz et al., 2015).

Methodology

This study aims to explore the effect of COVID-19 on GBS businesses in Malaysia. Findings from this study also anticipate providing a better understanding of scenarios revolving around GBS operation during COVID-19. Therefore, a qualitative approach is more suitable for this study than testing existing models or hypotheses (Kostere & Kostere, 2021). Personal in-depth interviews were used to gather information from GBS establishments in Malaysia. An in-depth interview helps the researcher obtain detailed and thorough information on the investigated topic (Ishtiaq, 2019). Data were gathered from eight respondents from four GBS companies who were active participants at the end of 2020 and early 2021 (from September 2020 until January 2021). The questions were provided to all the respondents before the interview sessions started. All of them were engaged with the researcher's network by using a purposive sampling technique. The interviews were conducted until theoretical saturation is reached (Sekaran & Bougie, 2019). Theoretical saturation is achieved when there is no new emergence of additional information on the effect of COVID 19 to their business processes. By the eighth interview, the researcher could not find a new emergent theme, better known as data saturation. Therefore, the interview process was halted as it can be inferred that the data has become "saturated". For this study, an interview of approximately 60 minutes was conducted with each of these respondents in English. In the early phase of the conversation, respondents were asked to describe the business process in their company. After that, specific questions were asked to answer the research questions in this study, such as "How do you solve COVID-19 issues raised in a company?". Additional information was gathered through verbal communication after the session if it required.

A general approach for data analysis with guidance was followed by (Miles et al., 2018). All interviews were recorded while having an online interview session through Webex. Recorded interviews would provide an objective basis for assessing data adequacy and this method would also offer a rich source of verbatim materials. Recorded data is essential to increase validity in the qualitative research paradigm (McMillan & Schumacher, 2010). Responses from participants were categorised according to the theme selected, and findings are then summarised in the Findings section of this paper.

The data was analysed by using ATLAS.ti. to proceed with thematic analysis. This software can provide a helpful technique to link themes to detailed text in the transcripts. Each respondent was indicated to use the identification alphabet of Participant A until Participant G to protect their identities. Most of the respondents are in the midst of their careers, with only one executive just joining the company for a year. Hence, many of them were forty years and above. All of them were based in Penang Island, the northern part of Malaysia as the researchers have industrial collaboration with that GBS firms respectively. Table 1 below states each of the respondents' detail.

Table 1

Background of the GBS respondents

GBS firms	Interviewee	Position	Age range
Company A	PA	CFO, Vice President of Finance	Late 40s
	PB	Senior Manager	Late 30s

Company B	PC PD	Head of Asia Pacific, Finance Centre South Asia Financial Controller	Early 40s Early 40s
Company C	PE PF	Controller Senior Manager, Corporate Accounting	Late 40s Late 40s
Company D	PG PH	Senior Manager, Human Resource Senior Executive, Human Resource	Late 40s Early 30s

GBS Companies Background

Company A, a manufacturing company, has expanded its business in Malaysia in 1995. Company A has been operating in Malaysia for over 20 years, and it started its operations from rented office buildings and gradually expanding its footprint, capabilities, and service offerings. In early 2020, Company A Global Business Centre (GBC) moved from Bayan Lepas Industrial Park to GBS @Mayang, Penang. The relocation of the centre marks Company A's rapid growth where they had continued to expand operations in Penang since 1995, when they only started with 200 employees. Company A now owns one of the largest joint service centres in the world located in Penang, which manages the company's global information technology, supply chain management, centralised procurement, and finance global business solution functions. The centre integrates more than 180,000 employees worldwide (Company A, 2018).

Company B has been one of the finance shared service centres for about five years. They are supporting Asia Pacific (APAC) businesses as a whole. As a Finance Shared Service, they kept edge-to-edge business activities in accounting and payroll, receivables, financial planning and analysis, business intelligence, and commercial finance. Company B is transforming from its previous shared service; transactional execution, to a more expanded focus; knowledge-based ownership. They are working toward this transformation as part of the GBS portfolio. Their priority is transforming themselves into knowledge-based ownership and evolving into a value-added chain. Company B in Penang started in 2008 and has been transitioned from transactional to analytical over a 10-year journey. Company B split its GBS structure into two categories: business operations and accounting operations. In making sure that they are aligned with what is required as part of compliance and regulatory requirement, and as part of business operation, they want to be partnered with their stakeholder instead of just being a support team as they move to a value-added chain. Ergo, they need to work on many things as they grow up to the maturity chain and are able to provide more in business partnership. Company C Global Shared Services (GSS) Asia-Pacific (APAC) Centre opened on February 1, 2015, in Penang, Malaysia. It was led by her chief, the Centre Head of Malaysia. From the initial five workforces, Company C Global Shared Services (GSS) has now grown, housing 140 members and supporting 21 countries around the globe, such as Asia-Pacific (APAC), Association of Southeast Asian Nations (ASEAN), Greater CHINA, and The North American Free Trade Agreement (NAFTA). They provide end-to-end services in accounting, procurement as well as human resources.

Company D as a semiconductor company was acquired by an IT company in June 2019. The deal was settled in April 2020 and made IT company among the top ten in the semiconductor industry.

Result and Discussion

The findings' part will be divided using the subsection discussed in the literature review. It will be divided into business operation, talent management, business strategy and structure, and

lastly on financial management. Based on the analysis, a few sub-categories were generated from the main sections. All these subcategories are driven by the codes created in the analysis. For example, the respondents' PA, PC and PF mentioned the keyword of financial performance many times. Hence, financial performance was parked as sub-category for financial management.

Business Operation

A few subcategories emerged from the data analysis for business operation namely working from home (WFH) and adaptability on the new norm.

Working from home

Company A's production operations have the most significant effect due to the workforce shortage at the beginning of the movement control order (MCO). It is because they had to get permission to come to work from the authorities by showing the letter of instruction to go to work issued by Company A. Working from home is less problematic for other departments such as Human Resources and Finance because most of their work is managed via computer or laptop. Hence, the effects of COVID-19 on them is more on how they work, where they are no longer required to be physically in the office.

For Company B's business operation, COVID-19 has directly collided its finance department. Their businesses have slowed down, and the revenue dropped compared to the previous year. Pandemic COVID-19 forces the company to think out of the box to find an alternative way to make more profit and attract more business to the current environment. Their primary customer is the government agencies, where Company B provides security equipment, such as walkie-talkies. Thus, Company B depends highly on the government budget, whereas if the government reduces the budget on the security equipment, Company B's income from the government is likely to decrease. However, Company B's income is not affected tremendously. They still receive some orders as the government needs to prioritise their defence section for the sake of the public. Hence, no budget cutting for the defence department. To ensure the operation runs, the employees must work from home and do meetings using an online meeting platform. As mentioned by PC below:

"We work from home and do things virtually through zoom. We do have some coffee break together so that we can get closer while discussing about office matters" -PC

(Code 1:33)

Company B did not see a lot of effects for the finance function when working from home since they started it in March 2020. This is because the productivity level of the 12 employees can be measured through monthly closing, where they can trace any significant late entries that need to be observed after the closing period. These are probably the key matrices that Company B looks at to measure employee's productivity. As a finance and accounting organisation, Company B measures the employee's productivity by looking at the task that has been completed within the given deadline. Employees who deliver their jobs and close the book before the due date indicates that they are productive employees. Furthermore, Company B is dealing with collection from customers, so if the employee does not meet the target of the group, it means that they are not being productive when working from home.

Company C's most significant effect on the business operation is that they need to adapt to the work-from-home situation because there is a limited number of staff allowed to be in the office. Because there was a sudden Movement Restriction Order (MRO) from the government, the company had a problem with readiness and alignment needed on the supplies deliveries interstate because the staff was not allowed to go to the office at the

beginning of March 2020. The operation site is also affected because the company is a global company that needs to meet customer demand. This can be related to the previous study that stated that the effect of covid-19 is not within the country but all over the world, and all of this global recession will come out because people have to stay at home (Financial Times, 2020).

Since Company D is a semiconductor business unit logistic transaction, it was managed by remote process. The staff will handle their part and be assigned to a third party for shipments or delivery of goods. Yet, it is not much affected as the working hours are flexible, and meetings are conducted virtually. The employee can choose to 100% work from home (WFH) or come to the office as usual, provided they comply with SOP during the CMCO. However, Company D management has encouraged the employees to work from home to reduce the spread of the virus.

Adaptability to a new norm

The order of MCO and work from home has caused a harmful effect due to the significant decline in productivity of Company A where around 10-15% decrease in productivity occurs significantly. Employees are still adapting to different working methods according to the new norms. Many employees who typically complete work tasks at the office desk begin to provide workspace at home to complete their activities. The top management of Company A still needs to make sure that everyone always remains in touch virtually. Company A's management was also beginning to adapt to the new norms when it started to reduce its meeting time and set flexibility in working hours for its employees where their previous regular hours of nine hours were reduced to fewer.

According to PC, the experience attending meetings virtually shows that this method is not working for employees who are reluctant to speak out. There is less interaction between the manager and the employees than face-to-face work in the office. Moreover, it is harder for shy employees to express their feelings or problems through an online meeting. They felt a bit difficult to adapt to a new norm. Hence, it will reduce their productivity.

The following is some of the respondent's sharing on work from home environment.

"I felt a bit difficult to work from home but get used to it after quite sometimes" – PB
(Code 2: 15)

"Working from home provide us more flexi hours to complete our job. However, we miss our workstation as it provides better place to work efficiently" – PD
(Code 4:21)

Talent Management

A few subcategories developed for talent management namely talent retention and hiring and employees' productivity.

Talent retention and hiring

Despite the economic downturn, Company A are still positively managing their talent. Most companies must lay off employees to reduce operating costs and stop incurring losses. However, this did not happen to Company A. In this very challenging situation, Company A could still pay salaries and retain existing employees to continue to be the backbone of the company's operations.

“We are happy to have our staff around despite of this challenging situation. Many companies need to reduce their staff or close their business as they cannot absorb the losses” – PA (Code 1:54)

The most commendable thing is that in these difficult times, Company A proves they are a reliable global company that can still recruit more than 15 new employees to serve their company during the pandemic. However, COVID-19 brought reinforcements, where the recruitment process became more difficult because Company A would usually hold face-to-face interviews where candidates had to come to their office to conduct an interview session. This situation became difficult due to the limited movement of candidates and the need to get permission from the authorities to come to the interview session. In addition, challenges also occur in providing training to new employees. It is because new employees also need to practice working from home. This complicates the training process known as Jllisation Program, which is usually carried out physically in the Company A office or plant. The human resources department has a problem delivering proper training due to the issue of meeting the new employees physically.

Company A also continued to be strong by recruiting new talents, where they recently recruited more than 15 new permanent staff to serve their office. However, problems arose when the interview process was conducted physically, where the candidate had to come to Company A's office to undergo an interview session. Candidates need permission from the authorities to travel for the interview session. In addition, difficulties appear again after the candidate is selected when the training process cannot be carried out because those recruited have to work from home due to MCO. Company A only practiced the training in their office for a long time and was done physically for several days. This situation makes it challenging to do the training process where every new employee must go through the training at the Company A office to ensure that they are skilled in their work's ins and outs. The process called as Jllisation Program gives the new employees some exposure to the scope of their work, company background, and soft skills.

However, Company A solves this problem by taking advantage of technology's increasingly sophisticated and unlimited circulation. Jllisation programs can be improved by applying modern technology elements in the training delivery. For example, the training program can be done online through applications, such as Google Meet, Webex, Zoom, or Discord.

“This app allows us to connect online in real-time with everyone without time and place boundaries. The application is available for free and can be used on mobile phones as well as computers. Hence, the training program for new employees at JL can be done online, where the trainer can talk and communicate with the trainees concurrently. In addition, we also provide a variety of online reading media to be shared and read by its new employees to get the best training before officially starting the job.” – PB

(Code 2: 32)

For Company C, the company has not been prepared for new hires on board in that period because they are not being prepared well for this pandemic. A few solutions practiced by them to cater the needs required.

“We delivered the laptop through a courier like FedEx or DHL to the new employees. We also helped the new trainee by calling and virtually train them so they would know the organisation's staff. They are provided with the company's laptop to deliver their work and have an online training or seminar during the particular period. The prominent consultant covers by the external panel for training, and internal training is handled by the human resource department”- PE

(Code 4: 57)

Besides that, the finance department is planning for quarterly team building. During MCO, the team never misses the daily checkpoint or 1:1 meeting and ensures that everyone never misses the things that happen in the company. The company also provides some forums in which everyone needs to participate. For example, the Account Payable (AP) team managed to do the AP forum, which helped build self-confidence in communications and presentations. Furthermore, the team also ask each other for 2 minutes in part of training and self-development to pass the facilitation skill.

Regarding hiring for new vacancies in Company D, the applicants who applied were from different backgrounds and locations across Malaysia. Company D is still accepting new applicants to apply for vacancies. Some challenges faced by the company, such as current employees in any other company, are reluctant to apply for jobs due to it becoming an insecure job if they change their employment during the pandemic. This statement was addressed by a talent agency that has conducted research that involved 6,000 respondents consisting of Malaysian employees. There is a reduction in the percentage of participants' likeliness to change their job as they are worried that the new job will not last as compared to their current employment. Those who apply for the vacancy in Company D are the one who got terminated or retrenched by the previous company. Therefore, Company D faces the problem of losing excellent and skilled employees in the relevant industry. As a countermeasure, Company D seeks help from talent agencies to find ideal and qualified candidates. Still, it is required for the company to pay a considerable amount of money for the service.

Employees' productivity

Among other strategies the Company A took to increase their productivity level is that employees have given a small additional allowance of RM300 - RM500 as one-off support to build a home office. They can use the money to buy equipment, such as desks and office chairs, headphones and install WIFI facilities at home. This is because most of the workers who usually work in the building do not have good or complete facilities at home to work efficiently. Therefore, when PA helps his employees build a complete home office, this will allow employees to work comfortably and increase the productivity of Company A. This solution directly makes employees feel that their welfare is always taken care of and more motivated to provide the best service to the company and improve their productivity.

For Company B, they managed to monitor their employees' productivity even though they all needed to work from home. Yet, office hours are no longer from morning till afternoon as flexibility is allowed since their family members are also at home. They may have activities with their family members, but at the same time, the employees need to ensure that they can complete their tasks on time. Company B also acts beyond the routine evaluation by asking their customers and stakeholders whether their people are efficient and productive in delivering their services.

"Since employees' engagement is critical to keep productivity high, we need to think of a new way to stay connected with our staff and colleagues while working from home. Pandemics have changed traditional engagement by using more creative ways to ensure the team is well connected" – PC

(Code 3:51)

Due to that, PC and PD attended leadership training courses to learn various new techniques on employee engagement. They believed that employees' happiness and trust are the

essential factors to heighten employee productivity. In the meantime, Company B has many daily and weekly activities online, such as having their tea break together.

For Company D, they set the employees' key performance indicator (KPI) from the beginning of the fiscal year. The employee's performance will be updated quarterly a year to measure progress on the employee's job performance. There are no current changes in KPI measures in the company despite the ongoing pandemic situation. However, to boost their employees' creativity and critical-thinking skill, Company D has a program called "Ideaworks" that has become an avenue for the employee to channel any ideas they may come up with that can be improved in their routine work, management improvement, project, or anything that can create some sort of value-added to the company, such as improvement on the communication skill among employees and with top management, boost productivity and sustain excellent service with clients.

Business Strategy and Structure

A few themes arose from the data analysis for business strategy and structure: digital transformation and business disruption.

Digital transformation

COVID-19 brings a positive effect to business strategy and structure for Company A. Company A is actively doing digital transformation in its operations, especially in manufacturing. The limitations in the workforce due to COVID-19 force them to be constantly innovative in solving problems that arise to ensure they can continue to operate through effective digital transformation. COVID-19 further accelerates the digitalisation process as they strive to use various intelligent technologies to replace the human workforce and lead to more efficient results in terms of time, energy, and cost.

"Some of the things that we focus for digitalisation in the manufacturing section are factory automation, back office, supply chain applications, and data analysis. We will work hard for these processes" – PA

(Code 1:48)

Business Disruption

The business strategy and structure of Company B were not affected by the pandemic COVID-19, where there were not many changes made internally. However, it merely affects the company's strategy to outsiders, such as their customers. How they deliver their business has changed since they can no longer cross the border due to CMCO and comply with government-issued SOPs. Despite all the circumstances, Company B managed to find many better business disruption options in delivering their business virtually.

"We make virtual exhibitions to showcase our products to a larger audience. The virtual show was done by having people in a virtual room to explore our products and for Question-and-Answer sessions. Since our previous strategy of setting up booths to showcase products is no longer applicable during this pandemic, we need to think out of the box and come up with an alternative. We had to be more creative in dealing with internal and external parties" – PD

(Code 4:75)

For Company D, they did not change its business structure throughout this pandemic period and still work as usual. The company has flexible time management as most employees work from home. Therefore, they did not have to do face-to-face communication with their clients. Although Company D faced some business disruptions, there was no major setback in its

performance and operations. Even working from home, the employees' productivity remains high, and they manage to deliver good services to their clients.

While on the subject, Company D was acquired by overseas company recently. The acquirer is an Austrian electronics company that designs and manufactures sensors for the small form factor, low power, highest sensitivity, and multi-sensor applications. Hence, a new business is just around the corner. The acquirer will adopt the Company D business processes as the acquirer does not have many structures or technology processes compared to Company D.

Financial Management

A few subcategories developed from the data analysis for financial management, namely operating costs and financial performance.

Operating cost

The financial effect of the Covid-19 pandemic on Company A has increased operating costs where they had to add new expenses while maintaining current expenses. Among the new costs involved is that Company A had to provide COVID-19 virus prevention tools by offering items such as personal protection equipment (PPE), hand sanitiser, face masks, and gloves to ensure their employees are always following the new SOP as one of the measures to prevent or reduce the possible infection of COVID-19.

On the other hand, Company B is doing well financially even in times of crisis because of its business nature as a technology company that is already in the virtual platform, where Company B monitors its customers' network remotely. Company B will continue running its business based on forecasting paper even though many things need to be done in various manner nowadays. Company B also will focus on its business continuity plan so that they do not have to worry about the effect during the disaster as they are focusing more on equity.

Financial performance

Based on its financial statement for the 2nd quarter of the year 2020, Company D's revenue was initially showing a good performance. Still, COVID-19 started to affect their financial performance later. One of the reasons is that car production in the global automotive market is disrupted. Thus, it results in low demand for light vehicle production for Company D. After a solid start to the fiscal year, the second-quarter results continued to show year-on-year improvements in operating profitability and free cash flow. COVID-19-related supply chain and demand disruptions affected sales performance, especially towards the end of March 2020. Company D has reacted to the unfolding crisis with speed and determination. While the company is confronted with low macroeconomic visibility and demanding day-to-day operations, the organisation is pulling together to mitigate the financial effect.

Surprisingly, Company C is unaffected by the loss in revenue because they had generated EUR8.5 billion and EUR2.5 billion in September 2020. This contrasts with the previous study that stated that almost all the industry is affected by COVID-19. Company C ensures that the liquidity target and the financing of Company C are secured and have a multi-year of maturity.

"We do not have a problem with our sales as noted that we managed to generate a lot of income worldwide despite Covid 19 pandemic" – PF

(Code 6:43)

Discussion

Company B, a Global Business Services (GBS) firm, has been negatively and positively affected by COVID-19 pandemic. Company B must cope with many changes in its business operations and how they work. They must try different methods to adapt to the new norm in business.

The most significant change is that nearly all of Company B's employees are working from home to comply with the social distancing order from the government. Working from home has improved the employees' relationships across functions and entities. It also gives more flexibility to the employees and makes them more efficient in their work. They promote and launch their products virtually, as MCO also limits their live events and exhibitions.

Many GBS companies have their own global virtual teams to assist their sub-coordinates worldwide (Wei et al. 2018). Due to the sociocultural diversity of their virtual teams, GBS enterprises have an advantage over locally focused businesses in that they are more likely to gain from mixed information and knowledge. Building trust in virtual environments is difficult for GBS because there isn't much face-to-face interaction (Castellano et al., 2016). However, Company B managed to secure some projects in a virtual environment. Delivering services, almost seemingly impossible before pandemic COVID-19 emerged, has changed their perception of how they should provide their business. Surprisingly, Company B is doing better now in delivering their business to the customers differently. Company B has become more creative in running its business operations and providing its products and services.

Company C also received a positive influence during the COVID-19 pandemic. They get annual increments and quarterly bonuses based on the company's performance. Company C has been managing well in the current pandemic to meet its finance, business operation, governance, and talent management requirements. The company is still hiring new staff, working remotely from home, creating a pandemic team, and staying motivated to reduce the pandemic's effect on their employees. One of the reasons that the revenue is still in the positive figure for Company C is because of the influence of the automotive sector that demands semiconductor chips. According to Marwala and Hurwitz (2017), artificial intelligence buying platforms like flexible manufacturing could offer opportunities for the demand and supply curves generated. Company C positively generates revenue due to the semiconductor chips necessary for car production. This situation contradicted the previous study that mentioned a pandemic would lead to a significant cost of equity (Lee & McKibbin, 2014).

Delivering services virtually that seemed impossible before pandemic COVID-19 emerged has changed their perception of how they should provide their business. They need to be more creative in running their business operations and delivering their products and services. The findings also aligned with the transaction cost economics theory, whereby GBS firms strategies their technology to reduce transaction costs to meet their economic objectives (Dias et al., 2021). According to Ahluwalia et al. (2020), the organisation would be able to make decisions more readily by utilising technology with the aid of the theory and forecasts of the cost economics model. They are able to decentralise and lower transaction costs on an economic and social level. Hence, it will build confidence with the company's clients, vendors, and other partners in commercial transactions.

The Chairman of Operation Management (OM), a chapter of the National Tech Association of Malaysia (PIKOM) that focuses on GBS, confirms that despite the COVID-19 pandemic, Malaysia is still considered an ideal and strategic location for investments. It is a strong choice for companies looking at business continuity and resilient plans, ease of doing business, talent development, and high availability for fibre bandwidth connectivity. According to Brenner (2018), operation management members who support functional capabilities are weathering through this current Movement Control Order (MCO) period, working from home, and serving their clients seamlessly with the availability of efficient technology infrastructure and uninterrupted bandwidth connectivity.

Conclusions and Recommendations

The aim of this study is to identify the effect of COVID-19 on GBS firms in terms of business operations, talent management, business strategy and structure, and financial management. Based on the findings section, pandemic COVID-19 has negative and positive effect on all GBS firms. They need to cope with many changes in their business operations and how they work. They must have a different approach to adapt to the new norm in business. The most significant effect is that most employees work from home to comply with the social distancing order from the government. Working from home has improved the employees' relationships across functions and entities. It also gives employees more flexibility and makes them more efficient in doing their job. Some limitations of the study as it focuses on the GBS industry in the northern part of Malaysia only whereby the government develops a few other areas to cater to the industry's needs, such as Iskandar Johor and Cyberjaya. However, the study contributes to the GBS study area since not many published papers focus on this type of industry.

In conclusion, it can be said that since GBS firms are already on the digital platform, they recovered faster than other types of industries. Unlike other businesses that still struggle to survive the pandemic condition. Their facilities have supported their businesses tremendously during the pandemic. Most importantly, they need to move concurrently with the latest technology to stay resilient in the market. Hence, digital transformation is essential for businesses to survive on any occasion. Future research suggests exploring the GBS's new working environment after the pandemic and the technologies adopted by this industry in their businesses.

References

- Ahluwalia, S., Mahto, R. V., & Guerrero, M. (2020). Blockchain technology and startup financing: A transaction cost economics perspective. *Technological Forecasting and Social Change*, 151, 119854.
- Aman, A., Said, S. M., & Dastane, O. (2022). Unraveling governance issues in global sourcing of accounting services: A Qualitative exploration. *International Journal of Asian Business and Information Management (IJABIM)*, 13(1), 1-16.
- Aman, A., Yunus, Y. M., Maelah, R., Embong, Z., Mohamed, Z. M., Adznan, S., Ahmad, A. A., Nurzafirah, Z., & Fernandez, D. (2017). Talent pool for global business services: Industry-academia collaboration. *Asian Journal of Accounting and Governance* 8: 85–91.
- Bougie, R., & Sekaran, U. (2019). *Research methods for business: A skill building approach*. John Wiley & Sons.
- Brenner, B. (2018). Transformative sustainable business models in the light of the digital imperative—A global business economics perspective. *Sustainability*, 10(12), 4428.
- Castellano, S., Davidson, P., and Khelladi, I. (2016), "Creativity techniques to enhance knowledge transfer within global virtual teams in the context of knowledge-intensive enterprises", *The Journal of Technology Transfer*, 42 (2), 253-266.
- Creswell, J. W. (2007). *Qualitative inquiry and research design*, Thousand Oaks, CA, US : Sage Publications, Inc.,.
- Dement, B., Manning, S., & Robinson, Tray. (2017). Global Business Services: The Evolving Standard for Global Service Delivery.
- Dias, M. F., Silva, A. C., & Nunes, L. J. (2021). Transaction cost theory: A case study in the biomass-to-energy sector. *Current Sustainable/Renewable Energy Reports*, 8(1), 57-69.

- Fabrice, R., Christian, M., Regine, B., Stefan, S., Sascha, K. (2022). The future of GBS is digital. https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/consulting/ey-the-future-of-gbs-is-digital-gbs-as-a-powerful-transformation-engine-v1.pdf
- Fernandez, D., & Aman, A. (2021). The influence of robotic process automation (Rpa) towards employee acceptance. *International Journal of Recent Technology and Engineering*, 9(5), 295-299.
- Fernandez, D., & Aman, A. (2018). Impacts of robotic process automation on global accounting services. *Asian Journal of Accounting and Governance*, 9(1), 127-140.
- Fernandez, D., & Aman, A. (2021). The challenges of implementing robotic process automation in global business services. *International Journal of Business and Society*, 22(3), 1269-1282.
- Geerling, M., Kracklauer, S., Spence, P., & Diromualdo, T. (2016). A programme from building new career paths: the emergence of the global business services professional. In *cimaglobal.com*.
<https://www2.deloitte.com/us/en/pages/operations/articles/future-of-gig-economy-shared-services-delivery-model.html> retrieved on 25th November 2022.
<https://www.businesstoday.com.my/2022/08/28/malaysia-ranks-worlds-third-most-competitive-gbs-location-behind-india-and-china/> retrieved on 24th September 2022.
- Ishtiaq, M. (2019). Book review Creswell, JW (2014). Research design: Qualitative, quantitative and mixed methods approaches . Thousand Oaks, CA: Sage. *English Language Teaching*, 12(5), 40.
- Juneja, P. (2019). Financial Management - Meaning, Objectives and Functions. Retrieved from Managementstudyguide.com website:
<https://www.managementstudyguide.com/financial-management.htm>
- Kops, D., & Lyon, J. (2013). Global Business Services: A game changer for the finance organization? In *www.accaglobal.com*.
- Kostere, S., & Kostere, K. (2021). *The generic qualitative approach to a dissertation in the social sciences: A step by step guide*. Routledge.
- Lee, K. Y.-M., Jais, M., & Chan, C.-W. (2020). Impact of covid-19: Evidence from Malaysian stock market. *International Journal of Business and Society*, Vol. 21(No. 2).
- Lee, J.-W., & McKibbin, W. J. (2014). Globalization and disease: The case of SARS. *Asian Economic Papers*, 3(1), 113–131.
- Marwala, T., & Hurwitz, E. (2017). Artificial intelligence and economic theories.
- McMillan, J. H., & Schumacher, S. (2010). Research in Education: Evidence-Based Inquiry, MyEducationLab Series. *Pearson*.
- Mertin, C., & Thewes, M. (n.d.). Global business services. Retrieved December 24, 2020, from *www.ey.com* website: https://www.ey.com/en_my/consulting/global-business-services
- Miles, M. B., Huberman, A. M., & Saldana, J. (2018). *Qualitative data analysis: A methods sourcebook*. Sage publications.
- Piotter, D., Leies, C., Bhagia, S., & Dani, N. (2020). Global business services and shared services organizations moving forward from pandemic to thriving
- Toppr (2018). Financial Management: Introduction, Definitions, Scope, Significance. Retrieved from Toppr-guides website: <https://www.toppr.com/guides/business-environment/business-functions/financial-management/>

- Vulpen, E. Van. (2018). What is Talent Management? 5 Tips to Do it Right | AIHR Digital. Retrieved from AIHR Digital website: <https://www.digitalhrtech.com/what-is-talent-management/>
- Wei, L. H., Thurasamy, R., & Popa, S. (2018). Managing virtual teams for open innovation in Global Business Services industry. *Management Decision*.
- Wirtz, J., Tuzovic, S., & Ehret, M. (2015). Global business services: Increasing specialization and integration of the world economy as drivers of economic growth. *Journal of Service Management*.