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## Message from YAB Prime Minister

The time has come for us to revisit the strategies for the development of the small and medium enterprises (SMEs) in line with our aspiration to turn Malaysia into a high income nation by 2020. SMEs play a pivotal role in the domestic economy and their contribution needs to be enhanced to be comparable to their counterparts in other developing and high income nations. Going forward, we need a 'game changer' to transform SMEs to achieve a quantum leap in their contribution to the economy. The next growth trajectory will undoubtedly be challenged by a difficult external environment as major economies address their ongoing structural issues. Malaysia needs a new growth formula – focusing on internal sources of growth driven

by SMEs, and reinforced by domestic demand to achieve our long-term objectives.

Against this backdrop, the transformation has to be facilitated by a well-crafted plan to reach the final destination. This year's annual report themed 'Redefining the Future' focuses on the SME Masterplan (2012-2020), which was unveiled in July this year. The Masterplan which charts the strategic direction forward is inclusive, covering all economic sectors and strategic areas with an aim towards increasing the contribution of SMEs to the economy and to bring them to the next level.

The SME Masterplan serves as a 'game changer' to facilitate this change process. SME development will no longer

be the sole responsibility of the Government but will be undertaken through public-private partnership, which is the cornerstone of the Plan. The SME Masterplan is also evidence-based, where programmes and initiatives will be monitored and evaluated to gauge the progress. A new 'live plan' concept is introduced as initiatives will be fine-tuned as we implement to ensure relevancy with changing times.

It is encouraging to note that the SME Masterplan has been well-received by SMEs and policy makers alike due to its comprehensive approach in addressing the needs of SMEs. Efforts are currently being put in place to ensure successful implementation of the six High Impact Programmes (HIPs)

that make a difference in achieving the goals of the Masterplan, which is part of the 32 measures underlined in the Plan.

For this purpose, I recently announced in the 2013 Budget an initial fund of RM30 million to roll out the HIPs. To further support growth of SMEs over the short to long-term horizon, I have announced other measures to enhance access to financing, encourage innovation and promote entrepreneurship among Bumiputera, women, rural community and microenterprises. In order to reduce business risks, the latest Budget has also proposed a number of social safety net measures particularly for microenterprises and those in the bottom 40% of the income group. These measures are not only a testimony of the Government's continuous commitment in paving the way for SMEs to grow and prosper, but also in safeguarding their interest and well-being during the difficult times.

This year's Annual Report also includes a special highlight on the latest profile of SMEs in Malaysia from the newly released Economic Census 2011. The findings show that there are 645,000 SMEs operating in Malaysia, which represent 97.3% of total business community. The report also revealed that SMEs remained resilient in 2011, with the SME GDP continuing to expand at a faster pace (6.8%) than the overall economy (5.1%). The positive development over the years have resulted in SME contribution to GDP increasing gradually from 29.4% in 2005 to 32.5% in 2011, but still a long way towards achieving the Masterplan target of 41% by 2020.

As in any initiative, there are two parts to an equation. While the SME Masterplan underlines the long-term strategy and specific programmes for SMEs, this only forms half of the equation to ensure the success. Equally important is the other half of the equation which is the SMEs themselves, whether they are ready for the change and will rise to the challenge to make this dream a reality or will this forever remain a dream. The Government

will play a facilitative and catalytic role, while the SMEs will be the driving force in achieving the growth agenda. In this endeavour, I encourage all stakeholders to join us in this journey and give the utmost cooperation in realising the goals of the SME Masterplan. I am positive that when there is a will, they will be a way and this will redefine our future.



**Dato' Sri Mohd Najib Tun Haji Abdul Razak**  
Prime Minister of Malaysia /  
Chairman of National SME Development Council  
November 2012



## Section I : Economic Assessment



# **Chapter 1**

## The Malaysian Economy





## The Malaysian Economy

The Malaysian economy registered real GDP growth of 5.1% in 2011 (2010: 7.2%) despite the challenging global economic environment. Growth was moderate in the first half of the year before improving in the second half year supported mainly by domestic demand as the global economic environment became increasingly uncertain. The economic recovery continued into 2012 with a sustained growth of 5.1% in the first half of the year. The challenges on the external environment remained amidst the crisis in the Euro area and knock-on effects on Malaysia's major trading partners. For 2012 as a whole, the Malaysian economy is projected to continue on a sustained growth trajectory of 4.5 - 5.0% with domestic demand particularly investment being the key anchor to growth.



## Developments in 2011

Despite the challenging external environment, the Malaysian economy remained resilient to record a growth of 5.1% in 2011 (2010: 7.2%). The growth was moderate in the first half of the year, particularly in the second quarter, as the economy was affected by the overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain arising from the disaster in Japan. Amidst this environment, the Malaysian economy picked up to grow steadily underpinned by the expansion in domestic activity and firm regional demand.

**Aggregate domestic demand** registered a higher growth in 2011, driven by both household and business spending, and higher public sector consumption. Private consumption strengthened in 2011, supported by broad-based income growth, following the improvement in the overall labour market conditions. Private investment remained firm, although growth moderated slightly in the second half year, as the external environment became more uncertain. Exports of commodities and non electrical and electronic (E&E) products remained strong throughout the year, providing additional support to growth.

On the **sectoral performance**, the strong expansion in domestic demand was a key factor in driving the overall growth of the

domestic-oriented sectors, while firm regional demand provided support to the commodity-related manufacturing industries and the agriculture sector. The services sector grew strongly in 2011 and remained the largest contributor to growth. The robust expansion in private consumption had provided support to the wholesale and retail trade, and the accommodation and restaurant sub-sectors. The manufacturing sector expanded at a much slower pace amidst the weaker performance in both the export and domestic-oriented industries. The former was mainly on account of softer external demand and disruptions in the global E&E supply chain, while the latter was weighed down by the contraction in the transport equipment industry following the supply-chain disruptions.

Higher production of palm oil had contributed to the stronger growth in the agriculture sector, while the construction sector moderated following the completion of several major projects. The mining sector contracted in 2011, as the output of crude oil and condensates was affected by the shutdown of several production facilities.



**Table 1.1: Real GDP by Expenditure (at 2005 prices)**

	2010	2011	1H 2012
	Annual Change (%)		
<b>Domestic Demand<sup>1</sup></b>	7.0	8.2	11.8
<b>Private Sector Expenditure</b>	8.3	8.2	11.4
Consumption	6.6	7.1	8.1
Investment	15.5	12.2	22.4
<b>Public Sector Expenditure</b>	3.8	8.4	13.1
Consumption	2.9	16.1	8.4
Investment	5.0	-0.3	19.5
<b>Net exports of goods and services</b>	-8.3	-7.4	-28.4
Exports	11.3	4.2	2.5
Imports	15.6	6.2	7.5
<b>Real GDP</b>	<b>7.2</b>	<b>5.1</b>	<b>5.1</b>

<sup>1</sup> Excluding stocks

Source: Department of Statistics, Malaysia

**Inflation** averaged at 3.2% in 2011 (2010: 1.7%). The increase in inflation, particularly during the first half of the year, was due mainly to supply side factors arising from higher food prices and upward adjustments to administered prices. Inflation peaked in June at 3.5% and trended lower in the second half of 2011, following the diminishing impact from the upward adjustments on the prices of petroleum products and sugar in July and December 2010. Core inflation, an indicator of demand-driven pressures on prices, rose to 2.6% in 2011 (2010: 1.5%).

Overall **labour market** conditions improved in 2011, as reflected by the gains in employment and higher number of vacancies. The unemployment rate declined to 3.1% of the labour force in 2011 from 3.3% in the previous year, the lowest annual rate recorded since year 2000. Labour productivity, as measured by real value-added per worker, recorded a positive but slower growth of 2.1% in 2011, compared to 4.9% in 2010, reflecting a moderation in productivity gains in the services sector, and a decline in productivity in the mining, manufacturing and construction sectors, attributable mostly to the lower value-added growth of these sectors during the year.

**Table 1.2: Real GDP by Key Economic Activity (at 2005 prices)**

	2010	2011	1H 2012
	Annual Change (%)		
Agriculture	2.4	5.9	-1.5
Mining & Quarrying	-0.4	-5.7	1.3
Manufacturing	11.9	4.7	5.0
Construction	6.0	4.6	18.9
Services	7.2	7.0	5.8
<b>Real GDP</b>	<b>7.2</b>	<b>5.1</b>	<b>5.1</b>

Source: Department of Statistics, Malaysia



**Table 1.3: Inflation and Unemployment**

	2010	2011
	Annual Change (%)	
<b>Inflation</b>		
Consumer Price Index (2010 = 100)	1.7	3.2
Producer Price Index (2005 = 100)	5.6	9.0
<b>Unemployment</b>	<b>3.3</b>	<b>3.1</b>

Source: Department of Statistics, Malaysia

Table 1.4: Balance of Payments

	2010	2011
	RM Billion	
Balance on current account	88.1	97.1
% of GNI	11.5	11.3
Good of balance	134.7	148.1
Export of goods	638.8	694.5
Gross export (% annual change)	15.6	8.7
Import of goods	528.8	574.2
Gross import (% annual change)	21.7	8.6
Services balance	1.7	-8.0
Income account	-26.5	-22.0
Current transfer	-21.8	-21.0
<b>Balance on capital and financial account</b>	<b>-20.0</b>	<b>22.1</b>
Direct Investment	-13.6	-10.1
Abroad	-42.9	-46.7
In Malaysia	29.3	36.6
Portfolio Investment	47.8	25.7
Other Investment	-54.0	6.6
Errors and Omission	-70.7	-24.5
<b>Overall balance (surplus +/- deficit -)</b>	<b>-2.8</b>	<b>94.7</b>
Net international reserves BNM	328.6	423.3
Net international reserves of BNM (USD billion)	106.5	133.6
Reserves as months of retained imports	8.6	9.6



Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Malaysia's **external position** improved in 2011. The overall balance of payments turned around to record a strong surplus as the current account surplus widened and the financial account turned positive. The larger surplus in the trade account, arising mainly from the strong commodity exports which largely benefited from the higher prices, and a lower deficit in the income account, had contributed to the wider surplus in the current account. The positive balance in the financial account was largely

attributable to the continued inflows of portfolio funds and foreign direct investment (FDI). Direct investment abroad registered a higher net outflow as the Malaysian companies continued to expand their businesses abroad. Other investments turned around to record a net inflow of RM6.6 billion in 2011 as inflows in the banking sector more than offset significantly the smaller outflows of trade credits. After adjusting for errors and omissions, the overall balance of payments recorded a large surplus of

RM94.7 billion. Consequently, the net international reserves of Bank Negara Malaysia amounted to RM423.3 billion, equivalent to 9.6 months of retained imports as at 31 December 2011.

## Outlook for 2012

The Malaysian economy is projected to continue on a steady growth pace of 4.5 - 5.0% in 2012. Domestic demand will remain the anchor for growth as the external sector continues to remain uncertain amidst the sovereign debt crisis in the Euro area, fiscal issues in the United States and the combined knock-on effects on other regions in the global economy.



The GDP growth projection of 4.5 - 5.0% in 2012 is premised on the expectation of a moderation in global growth as well as timely and comprehensive implementation of measures announced in the 2012 Budget

- Domestic demand to remain resilient supported by both growth in private consumption and investment, although it is projected to moderate slightly from 2011.
  - **Private consumption** is expected to be supported by stable employment conditions, income growth as well as effects of measures from the 2012 Budget including the one-off financial assistance to low- and middle income groups and the increment in public sector salaries.
  - **Private investment** will be supported by the continuing investment by domestic-oriented industries and the oil and gas sector; the steady progress in the construction of infrastructure projects; as well as the ongoing implementation of projects under the Economic Transformation Programme (ETP).
- **Public sector** will remain supportive of growth, with higher capital expenditure by both the Federal Government and the non-financial public enterprises. The implementation of the Special Stimulus Package through the RM6 billion Private Financing Initiative that was announced in the 2012 Budget is also expected to provide further impetus to economic activity during the year.
- **On the supply side**, most sectors are expected to continue to expand in 2012 but at a more moderate pace. While the lower growth in global demand may affect export-oriented manufacturing industries and trade-related services sub-sectors, domestic-oriented industries are expected to remain firm. The construction sector would also likely to be supported by the implementation of major infrastructure projects and the on-going ETP.
  - The **services sector** is likely to be supported by consumer-related sub-sectors, partly compensating for the slower growth in trade-related services sub-sectors. Growth is expected to be led by retail, finance and insurance sub-sectors following the continued lending activities, while the communication sub-sector is sustained by the on-going Government initiatives to promote broadband services nationwide.

- o The **manufacturing sector** is expected to continue growing, but at a moderate pace, supported mainly by domestic-oriented industries.
- o Growth in the **agriculture sector** is expected to be more moderate, arising from lower growth in output of both palm oil and natural rubber following the strong performance seen in 2011 and the moderation in commodity prices.
- o The **mining sector** to record a positive growth due to higher production of natural gas, driven largely by strong demand from Japan for electricity generation.
- o The **construction sector** is anticipated to record a stronger growth, driven by civil engineering activities following the launch of key infrastructure projects, such as the mass rail transit and from the Government's Special Stimulus Package.

The GDP growth projection of 4.5 - 5.0% in 2012 is premised on the expectation of a moderation in global growth as well as timely and comprehensive implementation

of measures announced in the 2012 Budget. Several risks, however, remain. These include a deterioration in the Euro zone sovereign debt crisis, and much slower growth in Malaysia's major trading partners, namely the United States and the People's Republic of China.



## Balance of Payments in 2012

The current account surplus is expected to remain large supported by sustained large surplus in the trade account and smaller deficits in the services and income accounts. On the financial account, long-term capital flows are likely to moderate, but short-term capital flows could be higher and more volatile amidst the volatility in the financial markets due to the heightened global economic uncertainty.

- o On the **current account**, growth in gross exports is expected to be slower due mainly to the weaker performance in commodities, while manufactured exports would be supported by continued regional demand for resource-based products. Meanwhile, demand for E&E products is likely to be subdued amidst the weakness in the advanced economies. Growth in gross imports is expected to be sustained by strong growth

in capital and consumption imports given the firm domestic demand conditions despite a more moderate increase in the intermediate imports.

- o On the **financial account**, gross inflows of FDI are anticipated to moderate reflecting weak external demand and greater uncertainty in the global economic environment.

## Inflation and Labour Market Outlook

Headline **inflation** is expected to moderate in 2012, averaging between 2.5 - 3.0% following the moderation in global commodity prices and a more modest growth in domestic demand. Nevertheless, upside risks remain due to higher-than-expected global commodity prices, domestic supply disruptions and possible adjustments to administered prices.

Labour market conditions are likely to soften in 2012 amidst the slower economic activity, with the unemployment rate projected to increase to 3.2% of the labour force in 2012 (2011: 3.1%). Job creation is expected to be concentrated in the domestic-oriented sectors, particularly in the services and construction sectors. Employment in the export-oriented sectors may be affected by the weakening external demand.

## Macroeconomic Policies

The Malaysian economy entered 2012 with increased downside risk to growth due to the ongoing uncertainties and weaknesses in the advanced economies and moderation in the Asian region, especially the People's Republic of China. Amidst the softening inflationary pressures, Bank Negara Malaysia (BNM) has indicated that **monetary policy** will focus on ensuring the sustainability of economic growth

in an environment of price stability. Nevertheless, adverse geo-political developments, irregular weather patterns and the ample global liquidity could result in large swings in global food and energy prices and keep prices elevated.

BNM has indicated that at the current level of the Overnight Policy Rate (OPR), monetary conditions remain supportive of economic activity. This is evident in the retail lending rates to businesses and households which are still below pre-crisis levels, and the sustained overall financing growth of 12.5% in 2011. However, should the global economy enter a new phase of even weaker growth during the course of 2012 and adversely affect the outlook for the Malaysian economy, the Monetary Policy Committee (MPC) at Bank Negara Malaysia has the flexibility to respond to adjust the degree of monetary accommodation. Consideration for further monetary stimulus will depend on potential upside risks to inflation and build-up of financial imbalances that could affect macroeconomic and financial stability in the medium to long term.

**Fiscal policy** in 2012 is geared towards stimulating domestic economic activity and providing support to the economic transformation plan. A key challenge for the Government in 2012 is to continue providing support to domestic demand amidst the weakening external sector, while ensuring that

the fiscal position remains sustainable. In this regard, greater emphasis was placed in the 2012 Budget on generating growth through private sector investment and consumption. Timely implementation of the Government's reform initiatives under the National Key Result Areas (NKRAs), National Key Economic Areas (NKEAs) and Strategic Reform Initiatives (SRIs) are also a major focus of the Government. As part of the Government's efforts to accelerate investment, several major initiatives were outlined in the 2012 Budget.

- Enhancement of the existing public-private partnership (PPP) initiative to undertake development projects through private sector funding;
- The introduction of various tax incentives to facilitate the development of high-impact projects in targeted areas such as in the Tun Razak Exchange, Iskandar Development Region (IDR) and other regional corridors which are expected to have a large multiplier effect on economic activity; and
- Attracting foreign investment and participation in the economy through further liberalisation of selected services sub-sectors that will allow up to 100% foreign ownership.

## Section I : Economic Assessment



### **Chapter 2**

#### SME Developments and Outlook



## SME Developments and Outlook

Malaysian SMEs remained resilient and continued to expand at a relatively strong pace of 6.8% despite the challenging external environment in 2011. The growth was mainly supported by domestic demand. Favourable labour market conditions, continued access to credit, rising incomes and high commodity prices, all of which were key factors in supporting the continuing robust domestic demand and expansion in SME growth. In line with the official GDP projection of 4.5 – 5.0% in 2012, SMEs are expected to record a steady growth pace of 6.5 – 7.0%. The growth will be driven mainly by SMEs in the services sector amidst the continued domestic demand.



## SMEs in the Advanced and Emerging Economies in 2011

In 2011, the growth pace in the global economy moderated after a strong recovery in the previous year. Structural weaknesses in the advanced economies were further complicated by a series of shocks including natural disaster in Japan disrupting the global manufacturing production, as well as geopolitical concerns in the Middle East and Africa. These coupled with the on-going international financial reforms and structural adjustments heightened volatility in the financial markets.

In the APEC region, SMEs, accounting for 90% of all businesses and as much as 60% of the workforce are integral to the region's development. SMEs have also been recognised as a source for innovation and contributor to forward-thinking ideas that can enhance the economic growth of the region.

In May 2011, the APEC Ministers Responsible for SMEs pledged to continue to work towards SMEs' participation in high-growth sectors and SMEs' access to the global market. The Ministers also acknowledged the importance of championing Green SMEs towards sustainable development in the region and encouraged APEC policy makers, businesses, and innovators to make progress on developing action plans to resolve barriers impeding green growth. Furthermore, the Ministers recognised that green international trade has become the new driver of economic growth and will benefit SMEs

immensely but cautioned that there will be underlying risks such as varying regulations and standards. The Ministers affirmed the need to share best practices that will help SMEs prepare and recover from natural disasters, where SMEs are particularly vulnerable, as shown during the 2011 catastrophe in Australia, Japan, New Zealand and the United States (US).

In Europe, the European Progress Microfinance Facility which was launched in 2010 in collaboration with the European Investment Bank Group to help entrepreneurs who would otherwise have had difficulty in obtaining loans to start or develop their own business, had proven to be a huge success. The Facility emerged to be a fruitful tool to create jobs, by helping start-ups among micro-entrepreneurs, whereby a total of 20 microfinance providers throughout the European Union (EU) had received guarantees or funding (debt or equity) to facilitate their lending to would-be micro-entrepreneurs worth €170 million over the next two to three years. The €203 million funding for the initiative is for the period 2010–2013, providing loans of up to €25,000 and is aimed at generating a total loan volume of €500 million for 46,000 micro-borrowers across Europe until 2019. The European Commission in 2011 also presented a package of measures to boost research, innovation and competitiveness of SMEs in Europe with a budget of €2.5 billion for programmes to run from 2014 to 2020.

Meanwhile, findings from the Small Business Outlook Survey of the US Chamber of Commerce revealed that 84% of small business owners were of the view that the US economy was on the wrong track. These small business owners were challenged by a number of issues such as the national debt position (47% of respondents), the new health care law (39%) and the impact of regulations (36%). Economic uncertainty was also cited as the greatest obstacle to hiring more employees (55%). The online survey polled 1,409 small business owners.

Small businesses account for nearly 98% of all US exporters with the value of exports by US small businesses in 2010 accounting for over US\$380 billion. The Obama Administration has since secured 18 tax cuts for small businesses and announced additional initiatives to reduce paperwork and streamline processes to help more small businesses with access to credit for the purpose of investing, hiring, and growing their business. The US has also put in place a National Export Initiative (NEI) which gives special emphasis on finding new ways to enhance SME participation in trade.

## SME Performance in 2005 – 2011

Based on the Economic Census 2011: Profile of Small and Medium Enterprises (feature article on page 87), SMEs in Malaysia constitute 97.3% of the total business establishments. In recent years, SMEs have performed favourably due to pro-growth policies with the establishment of the National SME Development Council.

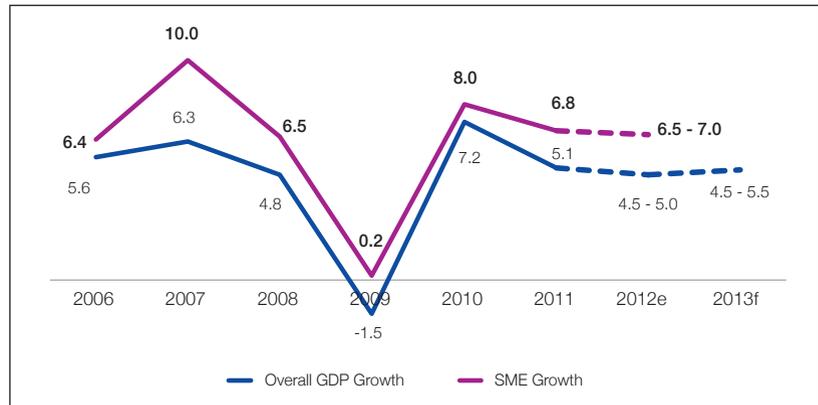
The revised time series data from the Department of Statistics Malaysia (DOSM) based on GDP at 2005 prices showed that the SME GDP grew at an average annual growth rate of 6.3% in the period of 2005-2011, higher than the average growth rate of the overall economy of 4.5%. This analysis is consistent with the earlier time series based on GDP at 2000 prices that shows the same trend where the GDP growth of SMEs has consistently outperformed the overall economic growth since 2004. Hence, the contribution of SMEs to the economy increased from 29.4% in 2005 to 32.5% in 2011.

## Performance of SMEs in Malaysia in 2011

### Overview

In 2011, SMEs remained resilient to record a relatively strong GDP growth of 6.8%, underpinned by domestic demand and supportive policies by the Government. This was against a background of a more moderate

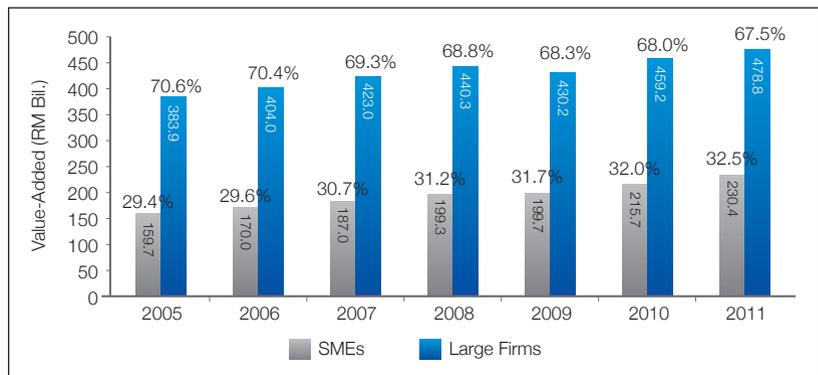
Chart 2.1: SME Value-added and Overall GDP Growth (Annual change in %)



f : forecast

Source: Department of Statistics, Malaysia and SME Corporation Malaysia

Chart 2.2: Value-added of SMEs and Large Firms Percentage Share to GDP at Constant 2005 Prices



Source: Department of Statistics, Malaysia and SME Corporation Malaysia

growth in the overall economy of 5.1% in 2011. Employment and labour productivity growth of SMEs was also higher than the total employment and productivity growth. SME employment grew by 3.9%, (total employment growth: 3.7%) while SME productivity expanded by 2.8% (total productivity growth: 2.1%).

### Sectoral Review in 2011

The SME GDP growth in 2011 was contributed by all sectors, with

SME growth in each of these sectors outpacing the overall sectoral growth (refer to Table 2.1). The highest growth was in the manufacturing sector (7.6%), followed by both agriculture and services sectors (each 6.4%). The strong performance of SMEs in the manufacturing sector was underpinned by robust growth of consumer and primary-related cluster industries, namely food products, clothing and textiles and construction-related products such as non-metallic

minerals and fabricated metal products. This was following the early implementation of the Government Transformation Programme (GTP) on civil engineering activities in the rural areas as well as the various programmes under the Economic Transformation Programme (ETP) that resulted in strong construction activity in the later part of the year. These Government infrastructure projects had a spillover effect on suppliers benefiting SMEs in the manufacturing sector.

**Table 2.1: SME GDP and Overall GDP Growth by Key Economic Activity in 2011 (at 2005 prices)**

	Year 2011 (% annual change)	
	SME GDP growth	Overall GDP growth
Mining & Quarrying	3.4	-5.7
Construction	2.9	4.6
Agriculture	6.4	5.9
Manufacturing	7.6	4.7
Services	6.4	7.0
<b>TOTAL</b>	<b>6.8</b>	<b>5.1</b>

Source: Department of Statistics, Malaysia

Meanwhile, the higher growth of SMEs in the services sector was driven by the wholesale and retail trade activity, including trading of motor vehicle, which formed the main component of the SME value-added of the sector (52% of total share). This is followed by other consumer-oriented services, such as finance, insurance, real estate and business services, which was supported by the strong consumer spending in 2011. Food and beverages services,

including restaurants, transport and storage and private services also provided support to growth of the services sector during the year.

In the case of the agriculture sector, farmers in the food-related activities and smallholders in the rubber and oil palm sub-sectors benefited from the strong global demand, high commodity prices and favourable weather conditions. In addition, farmers and fishermen



reaped from higher output of livestock, fish and agricultural cash crops, such as paddy, vegetables, fruits and flowers.

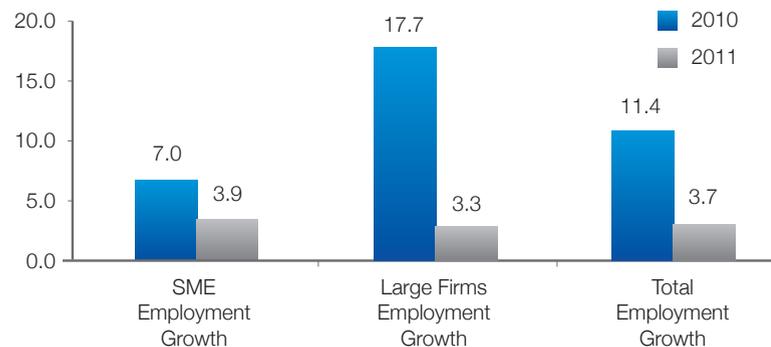
## Employment Conditions of SMEs in 2011

Employment by SMEs continued to expand, albeit at a more moderate pace of 3.9% in 2011 (2010: 7%) in line with the moderation in real GDP growth of SMEs. SMEs continue to employ both full-time and part-time workers. As a result of the strong growth in employment by large firms in 2010, the share of SME employment to total employment declined from over 59% in 2009 to 57.3% in 2011.

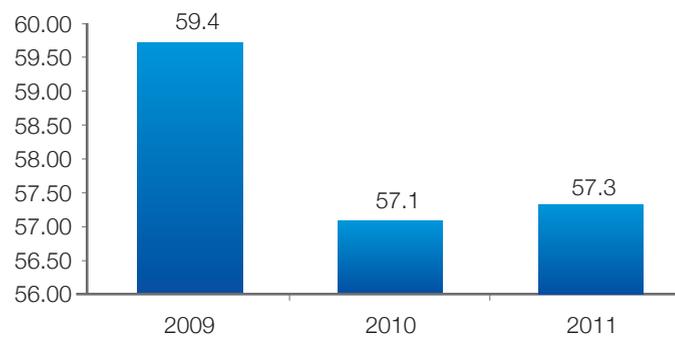
**Table 2.2: Employment by SMEs and Large Firms (2009-2011)**

	2009	2010	2011
SME Employment	4,100,953	4,389,824	4,562,815
Employment in Large Firms	2,800,098	3,294,714	3,403,549
Total Employment	6,901,052	7,684,538	7,966,364

Source: Department of Statistics, Malaysia

**Chart 2.3: SMEs', Large Firms' and Total Employment Growth, % (2010-2011)**

Source: Department of Statistics, Malaysia

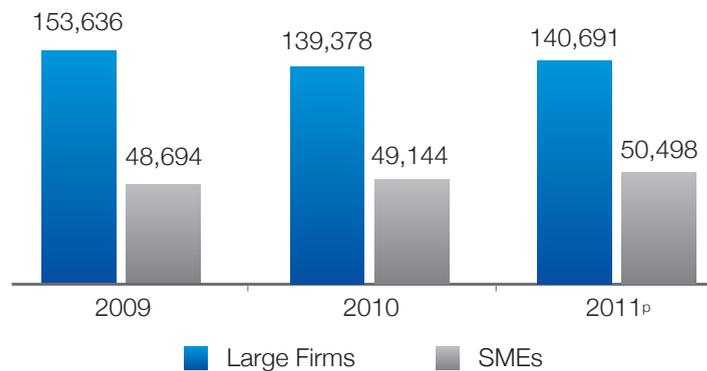
**Chart 2.4: SMEs' Employment Share to Total Employment (% share)**

Source: Department of Statistics, Malaysia

## Productivity of SMEs in 2011

Labour productivity of SMEs (as measured by real value-added per worker) in Malaysia is relatively low compared with large companies. In 2011, the average productivity of SMEs is estimated at RM50,498 per employee compared to the average productivity of large firms of RM140,691 per employee. This is due mainly to sizeable employment of unskilled workers by SMEs particularly in the labour-intensive industries across all economic sectors of the economy.

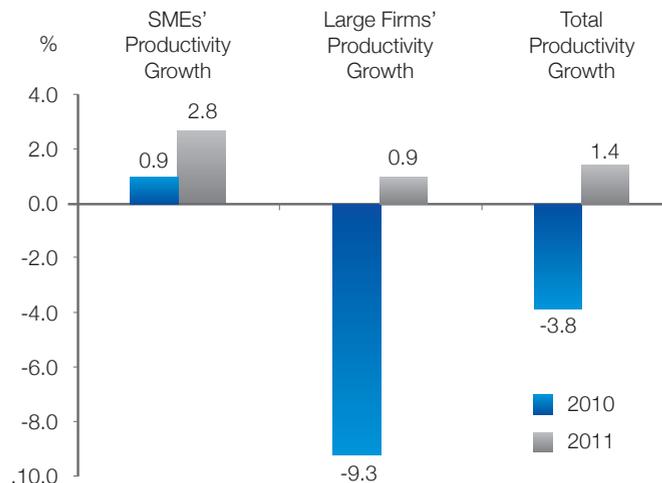
**Chart 2.5: SME and Large Firms' Productivity Levels, RM millions**



p: preliminary

Source: Department of Statistics, Malaysia and SME Corporation Malaysia

**Chart 2.6: SMEs', Large Firms' and Total Productivity Growth, % (2010-2011)**



Source: Department of Statistics, Malaysia and SME Corporation Malaysia

Nevertheless, in recent years (2009-2011), SME productivity growth performance was better than the large firms' productivity growth. SME productivity recorded two consecutive years of positive growth, while the productivity of large companies declined in 2010 before rebounding slightly in 2011 to record a slight positive growth of 0.9%. Consequently, the gap between productivity of large firms and SMEs has narrowed gradually from 3.16 times higher than SMEs in 2009 to 2.79 times in 2011. The improvement could be attributable initiatives undertaken by the Government to encourage SMEs to automate and adopt ICT through financial assistance and also in part due to providing capacity building programmes for both employees of SMEs and the entrepreneurs. In recent years, the Government through the Ministry of Human Resources has been aggressively encouraging SMEs to utilise the Human Resources Development Fund (HRDF) that they had contributed to send their employees for training. Findings by the World Bank under the SME Masterplan (2012-2020) indicated that the HRDF training programme had a positive impact on SMEs, not only on value-added and investment, but also on labour productivity and wages.



## Survey on SMEs in 2011 and 2012

Since 2008, SME Corporation (SME Corp.) Malaysia has been conducting twice a year surveys on SMEs as part of the surveillance exercise to monitor the performance of SMEs, identify issues as well as to validate information for policy purposes. The survey is comprehensive covering SMEs across all sectors in all regions including East Malaysia. In 2011 and 2012, with the assistance of Bank Negara Malaysia, three surveys were conducted in the first quarter (1Q) and fourth quarter (4Q) of 2011 and also second quarter (2Q) of 2012. The assessment was based on the current quarter performance and near-term business expectations of SMEs; trends pertaining to human capital development, access to financing, investment, R&D spending, linkages with other companies; as well as key constraints to business growth.

### First Quarter 2011

Based on the Survey on a total of 2,582 respondents, majority (73%) indicated that their business was better in 1Q 2011 compared with 4Q 2010. In particular, respondents from the agriculture sector (84%) performed better than in other sectors, mainly those involved in production of agriculture crops, livestock, fish and aquaculture activities. The Survey also highlighted that the three most important issues facing SMEs were increase in raw material prices, rising overhead cost and cash flow problem. In responding to these issues, the top three measures undertaken by the respondents were to increase efficiency and productivity as well as to move to higher value-added products and services via improving products/services and processes (56%), increasing training of existing staff (41%) and reducing wastage (41%). The Survey also revealed that the respondents remained upbeat on the outlook for the rest of 2011, with a strong sales projection of 13% in the 2Q and upbeat investment forecast in the second half year. Detailed findings also showed that the majority of respondents continued to face cost pressures. However, the Government has already started to tackle the rising cost of living as one of the National Key Results Areas under the Government Transformation Programme.

### Fourth Quarter 2011

The Survey covering 2,426 respondents showed that about 55% of the respondents particularly from the manufacturing and the services sectors reported an improvement in their business in 4Q 2011 compared with 3Q 2011. The better performing areas were mainly those involved in the resource-based manufacturing activities and the knowledge-intensive service activities. In line with the higher quarterly sales growth projection for 1Q 2012, about two-thirds (63%) of the total respondents were positive on the outlook for the coming six months, particularly microenterprises in the manufacturing sector. On the issue of investment, half of the respondents did not face any problems, while another 19% of the respondents did not have plans to expand and invest. For those who faced issues (31%), high cost of raw materials and other inputs were cited as the major hindrances to investment. The survey highlighted that out of 2,426 respondents, majority (58%) did not seek financing in the previous six months as it was not required (59%) and they did not like to be in debt (28%). In term of exports, only 13% of the respondents were exporting, whereby more than one-third actually utilised export financing products from financial institutions.

### Second Quarter 2012

The Survey covering 2,424 respondents showed that they were optimistic with the quarterly sales growth with higher overall sales expected in 3Q 2012. In comparison with 1Q 2012, 59% of the respondents highlighted that their business performance was better in 2Q 2012, particularly those from the manufacturing sector. Majority of the respondents indicated increase in sales and profit margins during the quarter. Of the 57% of the respondents who experienced increased sales in 2Q 2012, majority enjoyed up to 5% increase. At the same time, almost half of the respondents (48%) recorded higher profit margins during the quarter compared to the previous quarter.

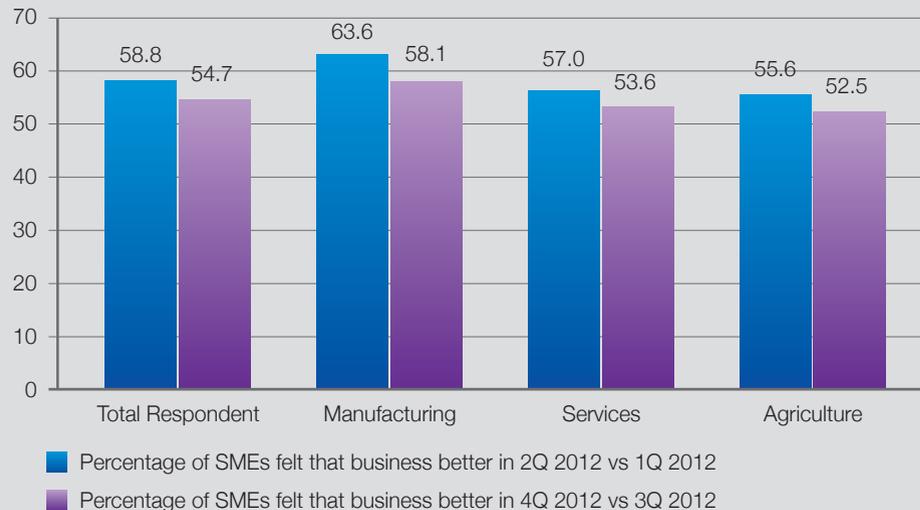
**Chart 1: SME Sales Performance versus Real GDP (Annual change in %)**



e : estimate

Source: Department of Statistics, Malaysia and SME Corporation Malaysia (Second Quarter 2012 SME Survey)

**Chart 2: Business Performance in 2Q 2012 versus 1Q 2012**



Source: Second Quarter 2012 SME Survey, SME Corporation Malaysia

In terms of selling prices, slightly more than half of respondents (52%) cited that they did not increase their selling prices in 2Q 2012. However, another 40% of respondents have increased their selling prices of their products and services. In terms of production, majority of the respondents in both manufacturing (56%) and agriculture (64%) sectors did not increase production during the 2Q. Meanwhile, 12% of the total respondents exported their products and services, whereby majority had indicated that their export sales performance remain as in the previous quarter. In terms of new orders or bookings, majority of the respondents (60%) cited the same performance with that of the previous quarter, while another one-third received higher orders or bookings.

**Table 1: SME Performance in Key Business Areas during 2Q 2012 (% share of respondents)**

	Decreased	Same Performance	Increased	Total Share
Sales Turnover	14.4	28.8	56.8	100
Profit Margin	12.0	40.3	47.7	100
Average Selling Price	8.0	52.0	39.9	100
Exports	9.0	56.8	34.2	100
Production <i>(Manu. and Agri only)</i>	5.8	56.5	37.7	100

	Lower orders/ bookings	Same order/ bookings	Higher orders/ bookings	Total Share
New Orders/ Booking	7.8	59.7	32.6	100

Source: Second Quarter 2012 SME Survey, SME Corporation Malaysia

A total of 62% of the respondents were confident that they would remain in operation over the next six months. The respondents also highlighted the critical factors affecting their business prospects and among the top factors cited, particularly in the manufacturing and construction sectors, include:

- High cost of doing business (43%);
- Positive business sentiment (41%);
- Positive consumer confidence (40%);
- Strong consumer spending (39%); and
- Support from the Economic Transformation Programme projects (23%).

SMEs participating in the Survey reported that increase in raw material prices, rising overhead cost and cash flow problems remain the major issues confronting SMEs. The higher costs of raw materials and overhead cut across all sectors of the economy, with the respondents in the construction sector affected the most.

Chart 3: Key Issues Faced by SMEs during 2Q 2012



Source: Second Quarter 2012 SME Survey, SME Corporation Malaysia

Table 2: Percentage of Respondents that Cited the Three Most Important Issues (%)

	Manufacturing*	Construction	Services**	Agriculture
	Percentage share of total respondents, %			
Rising raw materials costs	58.2	70.9	51.6	57.8
Rising overhead costs	55.8	62.3	51.6	51.1
Cash flow constraints	39.7	45.0	37.2	48.9

Note : \* including manufacturing-related services  
\*\* excluding construction

Source: Second Quarter 2012 SME Survey, SME Corporation Malaysia

During the second quarter of 2012, 40% of SMEs continued to have access to external financing with the approval rate of 89%. Out of which, 37% have applied for micro-financing under the *Skim Pembiayaan Mikro*. More than half of the respondents (60%) did not request for new or additional external financing as majority of them did not require it (52%). The survey also showed that 58% of the respondents were aware of the various types of financing provided by development financial institutions (DFIs). However, only 26% of them had benefited from the financial assistance.

## Outlook for SMEs in 2012

The 2012 year began on a softer note as the global growth momentum had moderated since the second half of 2011, where economic activity in most of the advanced economies was visibly slower amidst the greater policy uncertainty. This together with the continuous volatility in the international financial markets was affecting the growth prospects of the rest of the world. While Asia remained the engine of growth, there was indication of moderation in economic activity in most countries including the People's Republic of China as domestic demand slowed down.

Amidst the uncertainty and more subdued external environment, SMEs had to brace themselves against high commodity prices; exchange rate fluctuations; slowing global trade due to weaker external demand; as well as escalating cost of doing business. Particularly, SMEs that were exposed to the global market were faced with further downside risks. These SMEs may have to consider taking risk mitigation measures such as hedging and trade insurance as well as diversify into new markets or introduce new products and services in existing markets in order to remain resilient.

While the Malaysian economy is affected by these global developments, domestic demand has continued to support economic growth. This trend is expected to continue moving forward. In addition, the Government continued to

provide support to the economy by boosting private domestic investment activity, encouraging innovation and raising productivity among SMEs as well as assisting the bottom 40% of the income pyramid. These measures will have a direct positive impact on consumer spending. SMEs, being the major suppliers of goods and services, will also benefit directly and indirectly from these measures.

Amidst the numerous challenges and what remains an uncertain and subdued global economic environment, the majority of Malaysian SMEs held firmly to a positive business outlook moving forward. In the second quarter 2012 SME survey conducted by SME Corp. Malaysia, 62% of the respondents in the Survey had a positive outlook on business growth with SMEs in the manufacturing sector registering the highest confidence (67% of respondents in the sector) on their business outlook, followed by the SMEs in the agriculture sector (62%).

The challenging operating environment endured over the last two years has significantly strengthened the resilience of Malaysian SMEs. While local SMEs continue to tread cautiously due to the global uncertainties, at the same time they are adjusting to changes. On another front, with the launching of the SME Masterplan 2012-2020, a new approach would be taken to accelerate the growth of SMEs focusing on productivity and

innovation. SME development programmes will be more coordinated and realigned to the overarching objectives (four strategic goals) of the Plan of (1) increasing business formation; (2) expanding number of high growth and innovative firms; (3) raising productivity; and lastly (4) intensifying formalisation. The six High Impact Programmes particularly from the 32 initiatives to be implemented under the Plan, are expected to support the growth of SMEs.

In line with the expected steady growth pace of the Malaysian economy ranging between 4.5 – 5.0 % in 2012 (2011: 5.1%), SME GDP growth is expected to record a higher growth of 6.5 – 7.0%. The expected higher SME growth would be supported by firm domestic demand and continuous strong activity in the services sector. In particular, the wholesale and retail trade as well as financial, business and private services sub-sectors and domestic-oriented industries in the manufacturing sector are likely to lend support to growth in SME GDP during the year.

Section II : SME Development Policies  
and Programmes



## **Chapter 3**

### Policies on SME Development - SME Masterplan (2012-2020)



## Policies on SME Development - SME Masterplan (2012 - 2020)

Over the last few years, the SME development agenda has been driven mainly by the Government through the National SME Development Council (NSDC). The Council was responsible for a more holistic approach in SME development in the country, which brings together more than 15 Ministries and 60 Agencies towards a common goal. Going forward, the SME Masterplan which was released in July 2012, charts the policy direction for SMEs until year 2020. The aim is to bring SMEs to the next level by accelerating growth through productivity gains and innovation. The Masterplan marks a new beginning in SME development with a new approach which is outcome-based, a 'live plan' concept that will remain relevant with changing times, and initiatives which strongly advocate public-private partnership.





## NSDC - A Comprehensive Framework for SME Development

Prior to 2004, the Government's agenda for SME development was embedded in the Industrial Masterplan and the five-year Malaysia Plans.

The National SME Development Council (NSDC) was established in 2004 mainly to serve as the highest policy making body responsible to define the strategies and policy direction for a comprehensive and coordinated development of SMEs in Malaysia. The Council which is chaired by YAB Prime Minister and members

comprising Ministers and Heads of key Government agencies, set clear objectives with long-term targets that helped to elevate the contribution of SMEs to the economy. SME development was also accorded a national agenda with focus being given to small businesses in all sectors of the economy. In 2009, SMIDEC was transformed to become the Central Coordinating Agency and the Secretariat to NSDC, taking over the role from Bank Negara Malaysia, with the new entity renamed as SME Corporation Malaysia.

National SME Development Council (NSDC) was established in 2004 mainly to serve as the highest policy making body responsible to define the strategies and policy direction for a comprehensive and coordinated development of SMEs in Malaysia

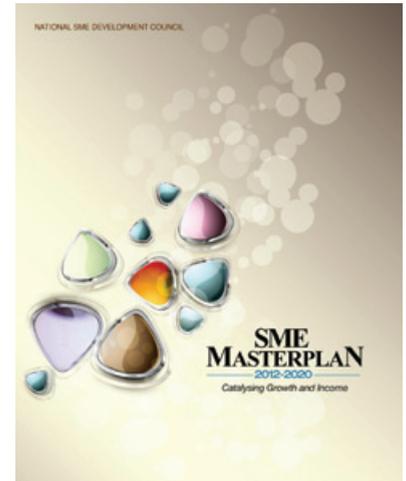
## SME Masterplan as the 'Game Changer'

Realising the need to have a long-term policy to chart the development of SMEs in Malaysia, the Council had endorsed for the formulation of an SME Masterplan in 2010. The Masterplan is to chart the policy direction for SMEs through the year 2020, in line with the national aspiration to become a high income economy.

Given the uncertain global environment and growing competition, the journey to become a high income economy would be more challenging than ever and this would necessitate the adoption of a new approach for Malaysia. SMEs are critical to this process

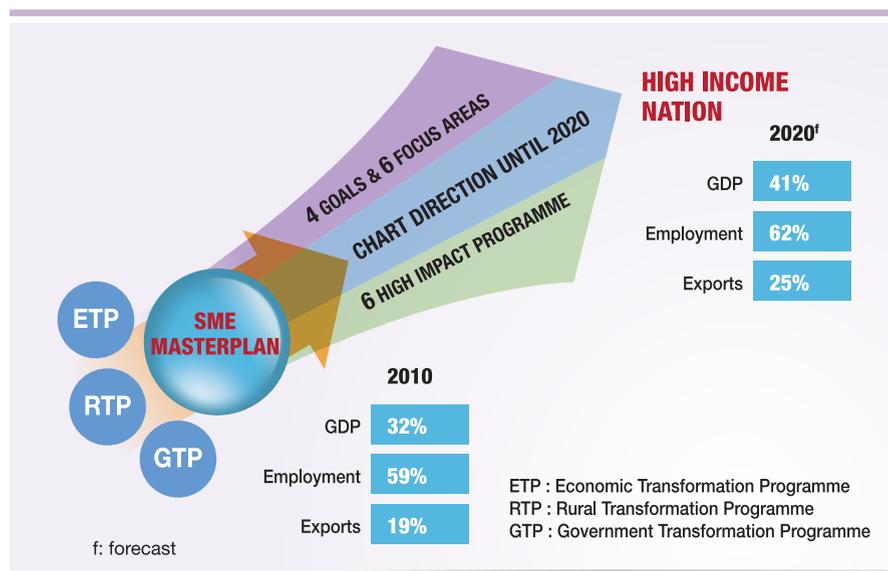
as they represent the source of domestic growth and bedrock of private sector activity. SMEs also assume an important role in promoting innovation and act as 'growth stabilisers' during an economic slowdown.

The SME Masterplan will therefore be the 'game changer' to accelerate the growth of SMEs to achieve the high income nation status by 2020. The Masterplan will cater for all SMEs in Malaysia irrespective of sector, gender, geographical region and ethnic background. Successful implementation of the Masterplan will result in raising the contribution of SMEs to the economy as shown in Chart 3.1.



The SME Masterplan will therefore be the 'game changer' to accelerate the growth of SMEs to achieve the high income nation status by 2020. The Masterplan will cater for all SMEs in Malaysia irrespective of sector, gender, geographical region and ethnic background

Chart 3.1: Targets Set in SME Masterplan for 2020



Source: SME Corporation Malaysia

## A New Approach to SME Development

The Masterplan takes a new perspective to SME development through an outcome-based approach. As part of the Masterplan implementation, a comprehensive monitoring and evaluation system will be established to assess the effectiveness of programmes. The Masterplan also introduces a 'live plan' concept, whereby programmes may need to be fine-tuned over time so that the Plan will remain relevant despite environmental and structural changes that may take place. However the vision, goals and overall strategy will remain. The Plan will address specific business needs of SMEs and will be carried out in collaboration with the private sector through public-private partnerships. This calls for enhancement in the role of industry associations, chambers and non-governmental organisations to assist in extending the programmes to a broader spectrum of SMEs throughout the country. In addition, capacity building will be further enhanced at the district, state and national levels.



The Masterplan also introduces a 'live plan' concept, whereby programmes may need to be fine-tuned over time so that the Plan will remain relevant despite environmental and structural changes that may take place

## Enhancing the Performance Levers

Understanding the forces that drive the performance of SMEs is critical towards accelerating the growth of SMEs. Based on a technical analysis on Malaysian data, the Masterplan has highlighted six factors or performance levers that influence the growth of SMEs, which are:

- Innovation and technology adoption;
- Human capital development;
- Access to financing;
- Market access;
- Legal and regulatory environment; and
- Infrastructure.

Another important point to note here is that all the performance levers need to be enhanced simultaneously as any shortcomings will hinder SMEs from realising their full potential. At present, SMEs are not achieving high performance due to challenges faced in each of these areas. Therefore, the aim of the Masterplan is to address these challenges to unleash the growth potential of SMEs towards achieving Vision 2020.

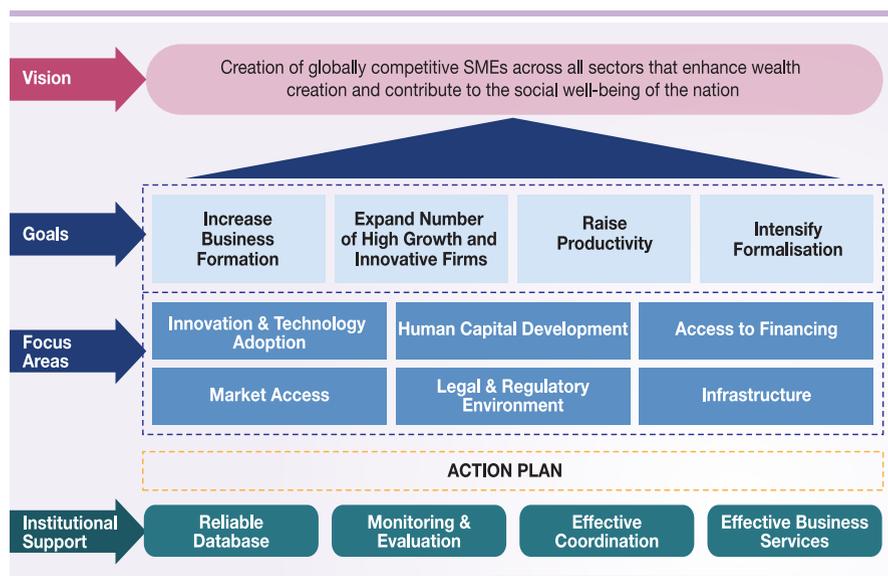
To address these challenges, the Masterplan embraces a two-pronged approach, whereby a differentiated strategy will be adopted to cater to the business needs of all SMEs ranging from microenterprises to the more established firms. The Masterplan has proposed generic measures to develop a comprehensive range of assistance for microenterprises to bring them into the economic mainstream and to contribute to growth.

Towards promoting innovative and high growth companies to harness their full potential and to integrate them into the global market, the Plan has also proposed a targeted approach to address specific needs of such companies.

## New SME Development Framework

To align SME development to the broader national aspirations of achieving a high income economy by 2020, the Masterplan has proposed a new framework via innovation-led and productivity-driven growth. The new framework comprises five elements namely vision, goals, focus areas, action plan and the institutional support (refer to Chart 3.2).

Chart 3.2: New SME Development Framework

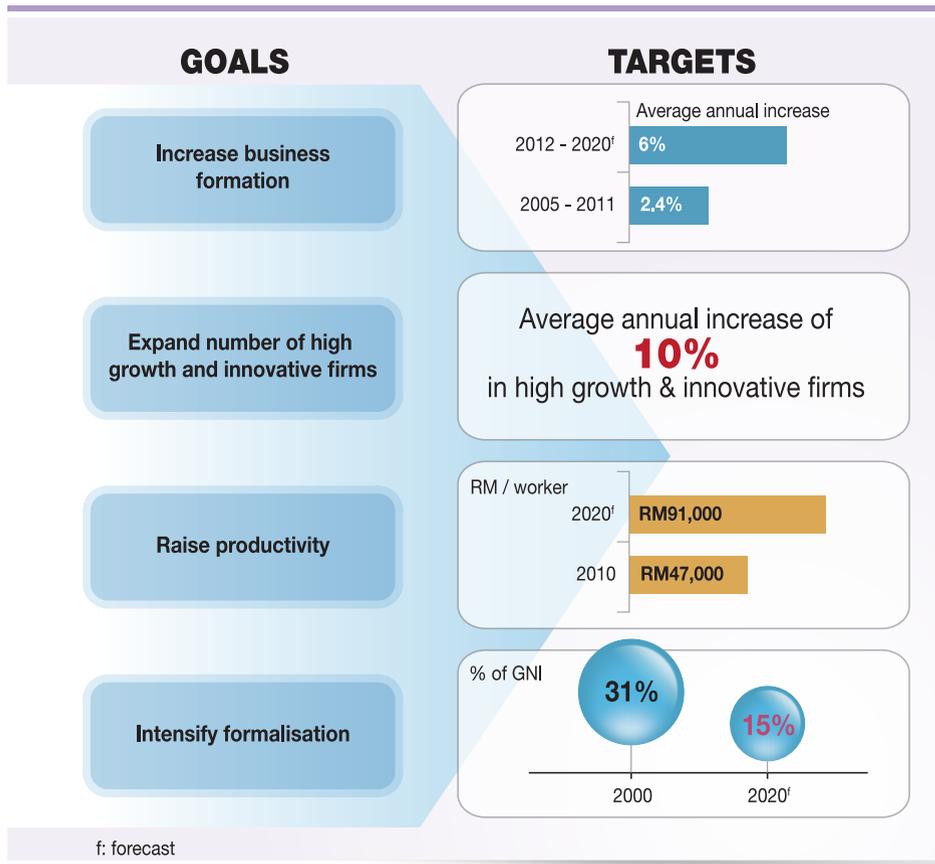


Source: SME Corporation Malaysia



Under each of the goals, there are specific targets that must be obtained to achieve the macro targets in terms of SME contribution to GDP, employment and exports by 2020 (refer to Chart 3.3).

Chart 3.3: Summary on the Goals and Targets of the SME Masterplan



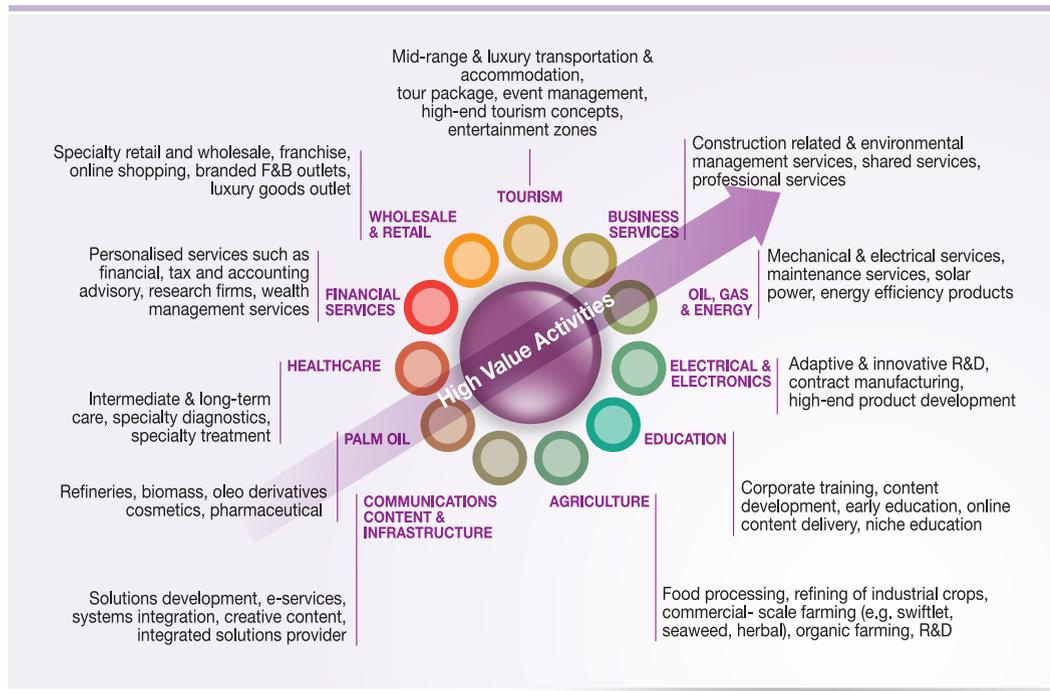
Source: SME Corporation Malaysia



## Future Growth Opportunities

Going forward, the services sector will emerge as the future growth driver accounting for 65% share of GDP by 2020. Therefore, SMEs must strive to build up their capacity and capability to face the challenges arising from liberalisation while at the same time to leverage on emerging opportunities. SMEs are also expected to benefit from the various Entry Point Projects (EPPs) announced by the Government under the National Key Economic Areas (NKEAs). Out of 131 initiatives announced thus far, it is estimated that about 54% of the projects will benefit SMEs in all sectors either directly or indirectly. The challenge now is for SMEs to move up from the current lower end of the value chain in the NKEAs, to higher end of the value chain. In this context, the SME Masterplan is expected to trigger recalibration of activities by SMEs towards higher value-added activities as reflected by the new growth opportunities for SMEs as shown in Chart 3.4.

Chart 3.4: New Growth Opportunities for SMEs



Source: SME Corporation Malaysia

## Action Plan with Six High Impact Programmes

Altogether, the Masterplan has proposed 32 initiatives which include six High Impact Programmes (HIPs) and four thematic measures. The HIPs are very important as these are the programmes which will yield significant outcomes towards achieving the goals set under the Masterplan. The Masterplan has also proposed specific measures for SMEs in East Malaysia to cater to their unique business environment. In the spirit of public-private

partnership, some of the HIPs would be managed and implemented by the private sector, but will be owned by a Ministry or an Agency. The lead Ministry or Agency will then report the progress and outcomes of the HIPs for instance increase in sales, profits, investments, productivity and other key indicators through the Central Coordinating Agency which is SME Corp. Malaysia to NSDC.



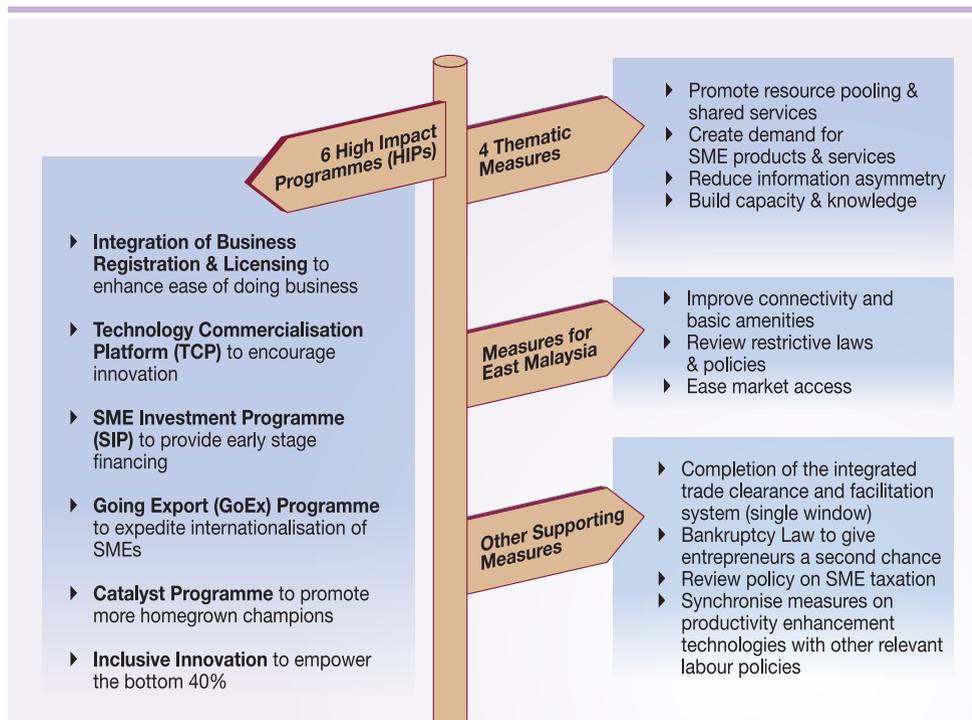
The HIPs are very important as these are the programmes which will yield significant outcomes towards achieving the goals set under the Masterplan

Chart 3.5: Six High Impact Programmes under the SME Masterplan

HIP 1: Integration of Business Registration and Licensing	HIP 2: Technology Commercialisation Platform (TCP)	HIP 3: SME Investment Programme (SIP)
Create a single registration point through interfacing of the current National Business Registration System i.e. MyCoID and the National Business Licensing System i.e. BLESS.	Establish a national network of privately-managed platform to promote innovative ideas from proof of concept to commercialisation stage.	Provide early stage financing through the establishment of investment companies to invest in potential SMEs in the form of debt, equity or a hybrid of both.
HIP 4: Going Export (GoEx) Programme	HIP 5: Catalyst Programme	HIP 6: Inclusive Innovation
Offer customised assistance to new exporters and SMEs venturing into new markets. Export-ready SMEs can avail to comprehensive support assistance.	Create homegrown champions through a targeted approach with support in the area of financing, market access and human capital development.	Empower the bottom 40% of the income group to leverage on innovation for transformation of rural community through handholding approach.

Source: SME Corporation Malaysia

Chart 3.6: Summary of Initiatives under the SME Masterplan



Source: SME Corporation Malaysia

## A New Beginning

The SME Masterplan sets a new beginning to bring SME development to the next level. This warrants a differentiated approach in creating a new breed of SMEs that are globally competitive. The six HIPs are vital to the success of the Masterplan, to be supported by other complementary measures to address current growth constraints faced by SMEs. The private sector will drive the Action Plan, while the Government will assume the supportive role as a facilitator and catalyst in creating the enabling and conducive environment required for SMEs. In order to optimise outcomes, programmes will be closely monitored, evaluated and fine-tuned over time. This will also serve as the basis for effective policy formulation. With such a comprehensive framework in place, the key challenge now lies in the implementation of the Plan which will require a shift in the mindset of all stakeholders involved to make the Masterplan a reality.



The private sector will drive the Action Plan, while the Government will assume the supportive role as a facilitator and catalyst in creating the enabling and conducive environment required for SMEs

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Section II : SME Development Policies  
and Programmes



**Chapter 4**  
SME Development Programmes in 2011



## SME Development Programmes in 2011

In recent years, SME development programmes have evolved towards result-based approach. Ministries and agencies are not only ensuring that the budget allocated has been spent with the programmes running smoothly, but also looking into tracking these programmes to assess the outcomes by collating essential statistics on recipients. In preparation for the SME Masterplan (2012-2020), the SME development programmes in 2011 were reclassified from the previous approach based on the three strategic thrusts namely strengthening enabling infrastructure; building capacity and capability; and enhancing access to financing, to the six focus areas under the new SME Development Framework of the Masterplan.



Chart 4.1: Six Focus Areas under the SME Masterplan



In 2011, a total of 183 programmes amounting to RM4.7 billion were implemented across the various Ministries and agencies. These programmes had benefited a total of 681,263 SMEs. In terms of number of programmes, majority (33%) were for human capital development, followed by programmes for access to financing (25%), innovation and technology adoption (19%); and market access (17%). In terms of financial commitment, bulk of the expenditure (91%) amounting to RM4.3 billion was allocated for the purpose of providing access to financing for SMEs. Breakdown of the programmes is shown in Table 4.1.

This Chapter will cover programmes implemented under all of the focus areas except access to financing which will be discussed in detail in Chapter 6. Meanwhile, no programmes were implemented under the focus area on legal & regulatory environment as this will be more likely in the form of initiatives rather than programmes.

Table 4.1: SME Development Programmes in 2011 by Focus Areas

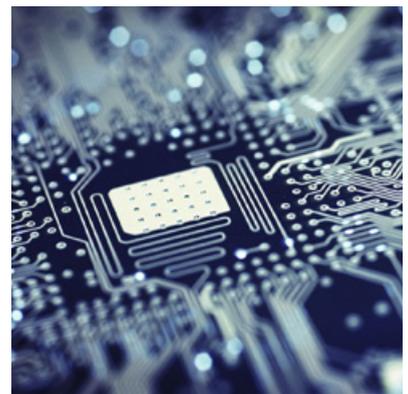
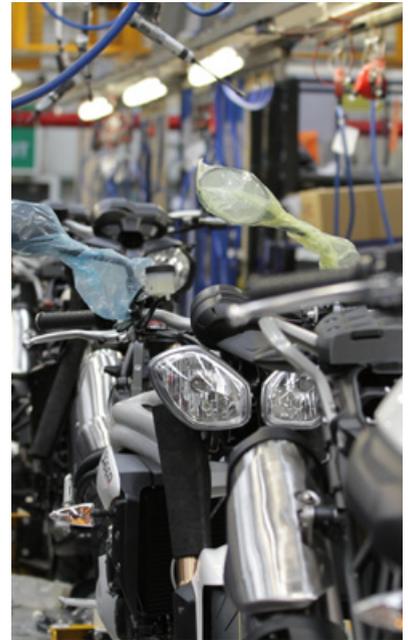
Focus Area	Programmes	Financial Commitment RM (million)	SMEs benefited
Innovation & Technology Adoption	34	112.3	3,036
Human Capital Development	61	162.8	127,594
Access to Financing	45	4,254.6	325,183
Market Access	31	36.6	225,192
Infrastructure	12	110.8	258
<b>TOTAL</b>	<b>183</b>	<b>4,677.1</b>	<b>681,263</b>



## Innovation and Technology Adoption

The role of innovation and technology adoption in SME development has gained greater recognition in recent years. In fact, it has been noted as the most critical factor influencing the performance of SMEs in Malaysia, particularly towards driving productivity. In 2011, the Government implemented a total of 34 programmes on innovation and technology adoption at the cost of RM112.3 million benefiting more than 3,000 SMEs. Among the programmes implemented include:

- The **Commercialisation of R&D Fund (CRDF)** programme under the Ministry of Science, Technology and Innovation (MOSTI) through the Malaysian Technology Development Corporation (MTDC) which approved grants amounting to RM56.8 million to 30 SMEs. As a result, a total of 29 intellectual properties were successfully commercialised with sales revenue amounting to RM111.3 million. The programme is aimed at enabling SMEs to leverage on Science, Technology and Innovation (STI) for national development and wealth creation via commercialisation of products and processes. Meanwhile, a total of 27 projects were successfully completed under the **e-Content Fund** programme, leading to the commercialisation of three intellectual properties which generated a combined sales revenue of RM23.7 million;
- The **Cradle Investment Programme** by the Ministry of Finance (MOF) and Cradle Fund Sdn. Bhd. (Cradle) which aims at providing financial assistance for budding entrepreneurs to turn their ideas into prototype or proof of concept with the ultimate goal to build a stronger innovation ecosystem. A total of 20 applications for pre-seed fund and 39 applications for seed commercialisation fund were approved with total grants valued at RM30 million. The programme recorded a commercialisation rate of 55%; and
- The **Research and Development** programme under the Ministry of Information, Communication and Culture (KPKK) through the Malaysian Handicraft Development Corporation (MHDC) to develop and produce market-oriented products that are competitive for the domestic and international markets; and to introduce the latest technology and usage of new materials in production, in compliance with the standard and quality control system. A total of 5,927 designs were produced under this programme, of which 825 were commercialised.



## Human Capital Development

The development of sufficient high skilled workforce is a pre-requisite to support the move towards greater productivity and higher value-added activities by SMEs. Human capital development for SMEs also entails inculcation of entrepreneurship culture as well as development of strong entrepreneurial skills to sustain in the challenging business environment. Realising this, the Government continued to invest in human capital development initiatives in 2011 through 61 programmes valued at RM162.8 million which had benefited 127,594 SMEs. These among others include programmes implemented by the Ministry of Human Resources (MOHR) through Pembangunan Sumber Manusia Berhad (PSMB) such as:

- **Retraining and Skills Upgrading** programme, which have successfully trained 114,523 employees of SMEs, equipping them with new skills, capabilities, technical know-how and best practices in order to remain competitive and resilient;
- **Evaluation-on-Effectiveness of Training** programme whereby a total of 157 trainers and human resource officers were trained and equipped with the knowledge on how to conduct evaluation on training programmes;
- **Master Trainer** programme which has successfully produced 50 training experts for SMEs in the various fields. To further enhance the quality of training for SME employees, PSMB had worked closely with 24 SMEs to assist them in developing customised training plans under the **SME Training Needs Analysis Consultancy Scheme**; and
- **SMEs Outreach Programme** with the aim to inculcate training culture among SMEs and establish close linkages with private organisations and academic institution. A total of 33 forums, training fairs, CEO talk series and a series of evening talks and dialogue sessions were organised throughout the year leading to the increase in the utilisation of the Human Resources Development Fund (HRDF) from 76% in 2010 to 78% in 2011.

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Apart from managing its own schemes, PSMB has also been entrusted by the National SME Development Council (NSDC) to coordinate and oversee training and human resource development for SMEs. Under this initiative, PSMB has embarked on the **Train-The-Trainer (TTT)** programme to enhance the quality of trainers available to SMEs which had benefited a total of 376 SMEs.

In addition, MOHR has also implemented programmes through its other agencies. For instance, a total of 4,893 apprentices were trained under the **National Dual Training System** implemented by the Department of Skills Development (DSD). The programme which is in line with the goal to produce more knowledge workers for the industry seeks to secure jobs for at least 70% of the apprentices within the period of 3 to 6 months after completion of training. Meanwhile, the Manpower Department has trained a total of 48,500 industrial workers towards upgrading and enhancing their multitasking capabilities under its **Short-term and Part-time courses**.

Other Ministries and agencies have also undertaken various



initiatives in promoting human capital development for SMEs. These include:

- MITI has intensified its efforts to promote entrepreneurship through a wide range of programmes implemented through its agencies. For instance, SME Corp. Malaysia continued to undertake the **Skills Upgrading Programme** to enhance the capacities and capabilities of SMEs' employees at the technical and managerial levels. A total of 4,428 employees were trained under the programme in 2011, whereby 82% trainees agreed that the programme has significantly enhanced their skills and capabilities;
- The Ministry of Agriculture and Agro-based Industry (MOA) through the Malaysian Agriculture Research and Development Institute (MARDI) implemented the **Entrepreneur Development Programme**. Under this programme, 47 companies were assisted using commercialised technology, while another 16 SMEs were assisted for quality certification. Meanwhile, the Ministry of Tourism (MOTOUR)



in collaboration with state offices and the Institute for Rural Advancement (INFRA) conducted 23 **Homestay Entrepreneur Training** programmes which benefited 996 homestay operators and SMEs which had contributed to the increase in the number of homestay visitors to 254,981 visitors in 2011;

- **FELDA Entrepreneur Development Programme** which successfully helped entrepreneurs and co-operatives to generate RM1.7 billion in sales value in 2011. Meanwhile, a total of 86 SMEs recorded an increase in sales amounting to RM3.3 million under the **Industri Asas Tani & Makanan** programme implemented by the Department of Agriculture (DOA) Sarawak in collaboration with the Ministry of Industrial Development Sarawak (MID Sarawak). Meanwhile, Unit Pembangunan Usahawan Bumiputera (UPUB) Sarawak in collaboration with MID Sarawak has also conducted 38 technical training programmes which benefited 2,261 SMEs in 2011;



- The Ministry of Plantation Industries and Commodities (MPIC) through the Malaysian Palm Oil Board (MPOB) conducted the **Tunjuk Nasihat Sawit (TUNAS)** programme to a total of 68,314 smallholders. The programme aims to assist smallholders in implementing good agricultural practices. A total of 1,189 technical lectures have been organised and 16,898 field visits have been undertaken during the year; and
- Ministry of Women, Family and Community Development (MWFC) through the Women Development Department (JPW) implemented the **Inkubator Kemahiran Ibu Tunggal (I-KIT)** programme which is aimed at providing single mothers with intensive skills training and entrepreneurship assistance to allow them to generate revenue. Training in the area of sewing, beauty therapy, commercial cooking, crafts, childcare, tourism and food processing has benefited 1,341 participants. At least 30% of the participants trained reported that they were able to generate income of more than RM1,000 per month.

## Human Resources Development Fund to Catalyse Productivity Enhancement to Achieve High Income Nation

Training, retraining and skills upgrading are vital not only for increasing knowledge and skill intensity of the workforce, but also to equip them with specialised and up-to-date skills to promote versatility in the changing working environment. To achieve these objectives, the Government established the Human Resources Development Act (1992) came into force in January 1993, and was followed up by the establishment of the Human Resources Development Fund (HRDF) which was then administered by the Human Resources Development Council (HRDC). In line with the corporatisation exercise via the

*Pembangunan Sumber Manusia Berhad* Act 2001, the HRDC is today known as *Pembangunan Sumber Manusia Berhad* (PSMB).

HRDF provides financial assistance via cost sharing effort to defray all or a major proportion of the 'allowable costs' of all retraining and skills upgrading programmes undertaken by employers for their workers. All employers registered or incorporated in Malaysia that have registered with PSMB and pay what is defined as human resources

development levy are eligible to apply for training grants for the purpose of training employees under approved training schemes. The levy is mandatory and is imposed on specified group of employers stated by the law, at the rate of 1% of the monthly wages of each employee. When HRDF was first implemented, only employers with 50 employees and above in the manufacturing sector were required to register and became eligible for the employee training assistance.



Table 1: Services Sub-sectors Covered under HRDF

Hotel	Air Transport	Tour Operating Business (Inbound)	Telecommunication	Freight Forwarding
Shipping	Postal or Courier	Advertising	Computer Services	Energy
Training	Higher Education	Direct Selling	Port Services	Security Services
Research & Development	Warehousing Services	Engineering Support & Maintenance Services	Private Hospital Services	Commercial land transport & railway transport services

In 1995 it was tightened further whereby registration became mandatory for employers who had 10 to 49 employees with a paid-up capital of RM2.5 million and above. The following year, employers with 10 to 49 employees and a paid-up capital of less than RM2.5 million were given the option to register with PSMB. In 1995, the HRDF was also extended to the services sector in selected sub-sector as in Table 1 where it is mandatory for employers that have more than 50 employees to register. Employers with 50 or more employees in the hypermarket, supermarket and department store services are also covered by the HRDF. The total industries covered by HRDF are 44 industries with 23 industries covered in the manufacturing sector and 21 industries covered in the service sector.

Types of training under HRDF include technical skills; craft skills; quality and productivity related skills; computer-related skills; all other training and skills upgrading; overseas training; and apprentices scheme; all of which are provided up to 100% financial assistance subject to the maximum allowable costs. Financial assistance provided by HRDF also includes among

others the SME Training Partners (SMETAP) Scheme; SBL Scheme; Annual Training Plan Scheme; PROLUS Scheme; PERLA Scheme; Joint Training Scheme; Apprenticeship Scheme; Information Technology and Computer-Aided Training Scheme; Purchase of Training Equipment and Setting Up of Training Room Scheme; and SME On-The-Job Training.

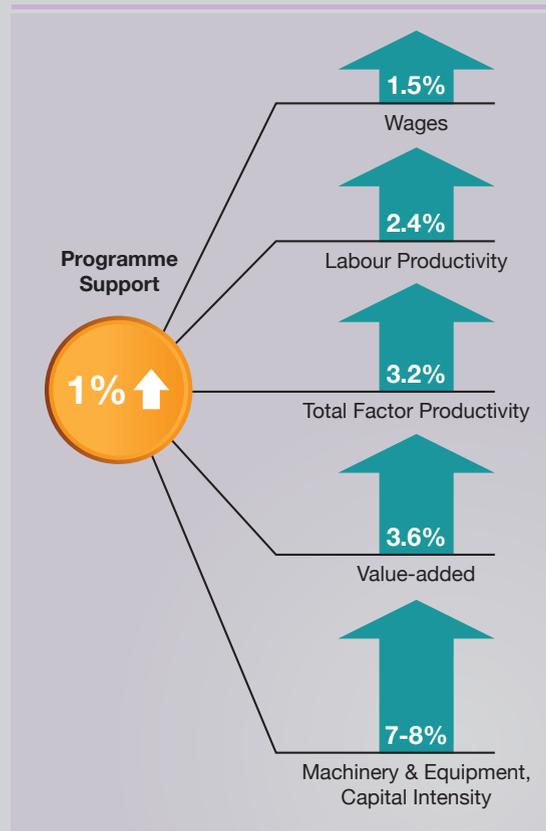




The overall effectiveness of HRDF on SMEs can be seen through the increased utilisation rate of the fund. In 2011, the utilisation rate was about 78% compared to 34% in 1999 when HRDF was first initiated (2010:75.94%).

This indicated that over the years SMEs are becoming more aware on the effects of training on productivity enhancement and have taken efforts to utilising their contribution. An impact study undertaken as part of the SME Masterplan (2012 - 2020) by the World Bank in collaboration with SME Corp. Malaysia highlighted that training programmes by HRDF had a strong positive impact on firms. The effects were mainly reflected on higher investment on machinery and equipment, and increased value-added as well as gains in productivity and incomes.

Given the strong and positive impact of HRDF, SMEs should take the opportunity to utilise the HRDF to develop a more competent, skilful and knowledgeable workforce towards increasing their productivity to be at par with SMEs in the advanced economies. By doing this, SMEs could be well on track to realise the nation's aspiration of becoming a high income economy by end-2020.

**Chart 1: Net Impact of HRDF**


Source: World Bank based on census and surveys from Department of Statistics, Malaysia



## Market Access

Enhancing market access to both the domestic and international markets continued to be one of the main priorities towards developing globally competitive and resilient SMEs. Amidst the liberalisation of markets, SMEs will face greater challenges due to more intense competition even in the domestic market. To facilitate market access for SMEs, the Government had implemented a total of 31 programmes on Market Access at the cost of RM36.6 million in 2011, benefiting 225,192 SMEs.

Most of the programmes for market access were undertaken by MITI and agencies such as the **Pusat Pengumpulan dan Pemasaran Produk (4PU)/ Trading House** programme with the objective to collect and market products and services by Bumiputera entrepreneurs. A total of 199 SMEs benefited from the five trading houses in Bukit Bintang, Federal Territory of Kuala Lumpur; Seremban, Negeri Sembilan; Kuala Terengganu, Terengganu; as well as in Phnom Penh, Cambodia and Hanoi, Vietnam, generating sales amounting to RM0.9 million. MITI also organised 19 trade fairs under its **Domestic Trade Fairs** programme which benefited 836 SMEs and generating contract sales value amounting to RM14 million during the year. Under the **One District One Industry (SDSI)** programme, MITI organised the one national showcase during the year involving 524 SMEs, which generated cash and contract sales value amounting to RM21 million.

In addition, SME Corp. Malaysia continued to step-up the **Industrial Linkage Programme** to develop linkages between SMEs and MNCs, GLCs as well as Large Companies. In total, 702 SMEs benefited from the programme with potential



sales generated amounting to RM207.2 million. The **SME Innovation Showcase** held during SMIDEX 2011 meanwhile, served as a platform for 183 SMEs to display products and services available for outsourcing activities with the value of potential sales from business matching sessions reaching RM194.7 million. The **SME Brand Development Programme** was also implemented with the aim of creating awareness on branding among SMEs in the following initiatives: Brand Innovation Centre (BIC); Branding Seminar & Award Presentation (Brand Conference (BEC)); Brand Manual Workshop; Branding and Packaging Mobile (Gallery); and the National Mark of Malaysian Brand. These initiatives had benefited a total of 2,550 SMEs.

### Other key programmes include:

- **Bumiputera Market Expansion and Exploration Programme** by MPIC and the Malaysian Timber Industries Board (MTIB) to create opportunities for Bumiputera SMEs to compete in the domestic and international markets. A total of 63 companies took part in eight local exhibitions and generated sales amounting to RM5.6 million, while another 20 SMEs participated in two international exhibitions and obtained sales of RM4.1 million; and
- **Taste of Malaysia (TOM)** by the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) to promote and market SME products to hypermarkets abroad, has led to the listing of 259 local products in foreign hypermarkets.

## Infrastructure

Physical infrastructure to ensure connectivity, and well-developed business premises or industrial estates, are important in ensuring the competitiveness of SMEs. In certain industry such as in food production, having an appropriate premise serves as the pre-requisite for certain quality and safety certifications. Therefore, the Government in 2011 implemented 12 programmes at the cost of RM110.8 million to enhance physical infrastructure in creating a more vibrant and conducive business environment for SMEs. These among others include:

- The **Incubation & Technopreneur Development** programme implemented by MOSTI, whereby a total of 82 incubatee companies and 174 knowledge-workers were successfully developed. The programme was aimed at providing business premises and support services which included both technical and business skills to SMEs;
- The **PROSPER Property** scheme implemented by Perbadanan Usahawan Nasional Berhad (PUNB) has enabled the purchase of 11 business premises worth RM14.4 million at strategic locations to house Bumiputera Entrepreneurs in the retail sector. This is also an effort to increase Bumiputera ownership of commercial property; and
- **Industrial Estate Development Programme (Furniture Industry)** by MID Sarawak which has provided a total of 38 industrial premises for vendors in the furniture industry at the cost of RM41.8 million.

The Government in 2011 implemented 12 programmes at the cost of RM110.8 million to enhance physical infrastructure in creating a more vibrant and conducive business environment for SMEs



Section II : SME Development Policies  
and Programmes



**Chapter 5**  
SME Development Programmes in 2012



## SME Development Programmes in 2012

SME Development Programmes for 2012 are being implemented by the various Ministries and agencies based on the six focus areas under the SME Masterplan. The emphasis on outcomes remained a priority to measure achievements. The programmes were mainly a continuation from previous years as well as new programmes that are being implemented especially from those measures announced under the 2012 Budget. Meanwhile, steps are also being undertaken to initiate work with the lead Ministries and agencies in designing the High Impact Programmes under the SME Masterplan.



In 2012, a total of 144 programmes are being implemented with financial commitment of RM14.8 billion targeted to benefit 487,871 SMEs. This chapter will focus on details of programmes in all the focus areas under the SME Masterplan namely, innovation and technology adoption, human capital development, market access, and infrastructure except access to financing which is discussed under Chapter 6 of this report as well as legal and regulatory environment.

Unlike the previous years, the highest number of programmes for 2012 is devoted to access to finance, with 42 programmes altogether (29.2% of total programmes) with financial commitment of RM11.9 billion (80.7% of total, including those from the private sector). The programmes are expected to benefit some 346,011 SMEs. This is followed by 32 programmes for human capital development (22.2%), 31 programmes for market access (21.5%), 28 programmes for innovation & technology adoption (19.4%) and the balance 11 programmes (7.6%) for development of physical infrastructure for SMEs. Summary of the programmes by focus areas is shown in Table 5.1.

**Table 5.1: SME Development Programmes in 2012 by Focus Areas**

Focus Area	Programmes	Financial Commitment RM (million)	SMEs benefited
Innovation & Technology Adoption	28	2,333.1	1,167
Human Capital Development	32	236.4	18,435
Access to Financing	42	11,912.7	346,011
Market Access	31	169.6	121,317
Infrastructure	11	108.1	941
<b>TOTAL</b>	<b>144</b>	<b>14,759.9</b>	<b>487,871</b>

Source: SME Corporation Malaysia

## Innovation & Technology Adoption

In a move towards achieving a high-income nation driven by productivity and innovation, the World Bank analysis in the SME Masterplan study had highlighted that innovation and technology adoption was the most important performance lever among the six focus areas in achieving the goals set under the Masterplan. In 2012, the Government allocated a total of RM2.3 billion for the implementation of 28 key programmes to promote innovation and technology adoption which are expected to benefit 1,167 SMEs. Among the programmes expected to produce significant results in 2012 under this area are as follows:

- The Ministry of Science, Technology and Innovation (MOSTI) will implement the **e-Content Fund** with the aim to create quality content products for the local and global markets by local SMEs. The aim of the Fund is to build a resilient and competitive content industry as well as to promote the use of local content for community development. A total RM3.3 million fund will be allocated for this programme with the expectation to generate RM20 million in sales and create five intellectual properties (IPs) or copyright through 10 projects.

The Government allocated a total of RM2.3 billion for the implementation of 28 key programmes to promote innovation and technology adoption which are expected to benefit 1,167 SMEs

- Meanwhile, the Ministry through TPM Biotech will implement the **AgroBio Business Chain Programme** which is aimed at coordinating the agriculture and manufacturing industries by way of spearheading growth of the agriculture biotech industry. The Programme will also focus on development of Bumiputera SMEs in this industry and aim to assist 20 SMEs by helping to enhance their supply of raw materials by one tonne per month;
- The Ministry of International Trade and Industry (MITI) through the Halal Industry Development Corporation (HDC) will implement the **Halal Business Transformation** programme aimed at increasing the sales of 500 Halal companies by 15%. A total of RM8 million has been made available for this programme; and
- The Ministry of Industrial Development Sabah (MID Sabah) meanwhile will implement the **Product Development and Packaging Programme** with the aim to assist SMEs to increase the quality in productivity and gain Halal certification for food and beverages and cosmetic products. The programme is expected to assist a total of 24 SMEs in the area of product quality, while another six SMEs will be assisted to obtain the Halal certification. The participating SMEs are expected to increase their sales by 30%.



## Human Capital Development

The development of human capital is critical to the success of any business, from micro to large enterprises. Towards increasing the entrepreneurial ability and the skills of SME owners and employees, the Government continues to embark on initiatives to support the human capital development. In 2012, a total of 32 programmes are being implemented with a financial commitment of RM236.4 million to benefit 18,435 SMEs. Among the key programmes to develop human capital in 2012 include:

- The Ministry of Human Resources (MOHR) will work with the Manpower Department (JTM) to implement the **Training cum Production (TCP) / Teaching Factory** programme which is aimed at creating a smart collaboration between training institutes and SMEs by venturing into small-scale production. The programme will also help to maximise the usage of machines at training institutes. A total of 27 companies and 135

apprentices will collaborate in an industrial partnership initiative in 2012. The Ministry and PSMB meanwhile, will continue to provide training programmes to SMEs registered under HRDF through its **SMETAP programme**. A total of 5,850 participants are expected to benefit from this programme with a target levy utilisation up to 70% among SMEs;



- The Ministry of Rural and Regional Development (MRRD) and Jabatan Kemajuan Orang Asli (JAKOA) are expected to attract at least 40 participants to undergo its **Entrepreneurship Development for the Orang Asli Community** programme which will increase the participation of *Orang Asli* in entrepreneurship via the provision of training and skills upgrading in various fields in the services sector. It is expected that at least 50% of the participants will be able to generate monthly income of more than RM1000 within one year;
- MITI through the Malaysia External Trade Development Corporation (MATRADE) will organise 40 seminars under the **Exporters Training Programme** with the objective to equip potential exporters with enhanced knowledge on export-related areas. The programme is expected to attract a total of 3,500 SME participants, whereby at least 80% of them is expected to improve their knowledge on export-related matters;
- MOSTI and the Malaysian Biotechnology Corporation will conduct 13 courses under the **Biotechnology Entrepreneur Programme (BEP)** which is expected to attract 130 SMEs, providing them with the exposure to technology and biotechnology-related technical and practical practices. Through the programme, participants are expected to increase productivity by at least 30%; and
- The Ministry of Women, Family and Community Development (MWFCD) and Jabatan Pembangunan Wanita will continue its effort in implementing **Women Entrepreneur Incubator Programme (i-KeuNITA)** to provide 280 intensive skills training and entrepreneurship assistance to low income women to enable them to increase income and start their own businesses. Among the training areas include sewing, beauty therapy, commercial cooking, crafts, childcare and travel.

## Market Access

Given the on-going liberalisation initiatives, more emphasis will be given to support and facilitate market access for SMEs either locally or abroad. The support can come in various forms including, promotion, branding, linkages and financial assistance. The Government has therefore identified a total of 31 programmes with a financial commitment of RM169.6 million to be implemented in 2012. These efforts are expected to benefit a total of 121,317 SMEs, through key programmes which include:



- **The Industrial Linkages Programme** which will be implemented by MITI through SME Corp. Malaysia aimed at developing linkages between SMEs, GLCs as well as large companies. A total of 80 SMEs from all sectors will benefit from this programme with estimated potential sales of RM130 million during the year;
- In a concerted effort to promote and market the products of Malaysian SMEs to foreign hypermarkets, the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) will work with hypermarkets, supermarkets and departmental stores under the **Taste of Malaysia** programme to list at least 100 local SME products abroad. MDTCC will also continue to organise the **Business Matching Programme** to assist SMEs in accessing and permanently listing their products into local and foreign hypermarkets and supermarkets in Malaysia for at least 80 new products. In addition, the **Produk Malaysia Citarasa Kita (PMCK)** will also be implemented by MDTCC to promote and market SME products to local and foreign hypermarkets in Malaysia with the target to list products via 10 events in 2012;
- The Ministry of Agriculture and Agro-based Industry (MOA) in collaboration with the Federal Agriculture Marketing Authority (FAMA)

will establish 30 **Kedai Rakyat** or **people's outlet store marketing and tricycle wholesale**. The objective is to establish an alternative marketing network for small farmers, enabling them to market the products they grow and harvest as well as to overcome the issue of oversupply of agriculture products in the rural areas. This is expected to enable small farmers to generate an income of RM15,500 per month from the sale of their products;

- Bumiputera SMEs meanwhile will be assisted by the Ministry of Plantation Industries and Commodities (MPIC) and Malaysian Timber Industry Board (MTIB) through the **Bumiputera Market Expansion and Exploration Programme** to increase their sales in the overseas and domestic market. A total of 10 SMEs will be assisted to export and generate total sales of at least RM2.5 million internationally, while another 45 SMEs will be assisted to expand their market locally and generate total sales of at least RM3 million; and
- MOA and Lembaga Kemajuan Ikan Malaysia (LKIM) will implement the **Branding, Promotion and Marketing** programme with the purpose to provide a platform for small and medium fishery-based companies to promote and market their products at the domestic and international level. At the

same time, the programme will expand their business networking and enhance their competitiveness. The programme is expected to benefit 50 entrepreneurs, whereby 30 entrepreneurs are expected to achieve minimum monthly income of RM3,000.

The Ministry of Domestic Trade, Co-operatives and Consumerism will work with hypermarkets, supermarkets and departmental stores under the Taste of Malaysia programme to list at least 100 local SME products abroad



## Infrastructure

Providing appropriate infrastructure for SMEs at affordable costs remains one of the areas whereby supportive role of the Government is mostly required. In 2012, the Government is implementing 11 programmes to support the development of physical infrastructure such as business premises, factories and incubators, with a financial commitment of RM108.1 million which are expected to benefit 941 SMEs. Among the programmes expected to produce significant results are as follows:



- The **Provision of Marketing Centres for Products of Agro-based Industries** which is being implemented by MOA and FAMA to provide market place for agro-food products and increase the capacity of farmers and micro enterprises into commercial level. A sum of RM31.6 million of sales value is expected to be generated by 800 entrepreneurs through a series of 10 exhibitions and carnivals under this programme;
- In support of encouraging the *Orang Asli* to venture into entrepreneurship, MRRD and JAKOA will embark on 14 projects under the **Building Business Premises** programme to build 13 business premises and factories for *Orang Asli*. This will enable at least half of the participants to earn an income of more than RM1,000 per month within the first year as well as develop 60 new entrepreneurs;
- Perbadanan Usahawan Nasional Berhad (PUNB) will continue to implement the **PROSPER Property scheme** with the objective to purchase retail premises at strategic locations and increase Bumiputera ownership in commercial property. A total of 25 business premises will be purchased during the year with a financial commitment of RM25 million whereby at least 85% of the premises is expected to be occupied; and
- The **1Malaysia Village programme** to be carried out by the Ministry of Finance (MOF) and Uda Holdings Berhad together with local authorities to provide commercial space for SMEs in the rural areas, through the acquisition of 300 shops involving a financial commitment of RM30 million. MID Sabah through Sabah Economic Development Corporation (SEDCO) meanwhile, will spearhead initiative to build shophouses which will provide business spaces for 22 SMEs.

Section II : SME Development Policies  
and Programmes



**Chapter 6**  
Access to Financing



## Access to Financing

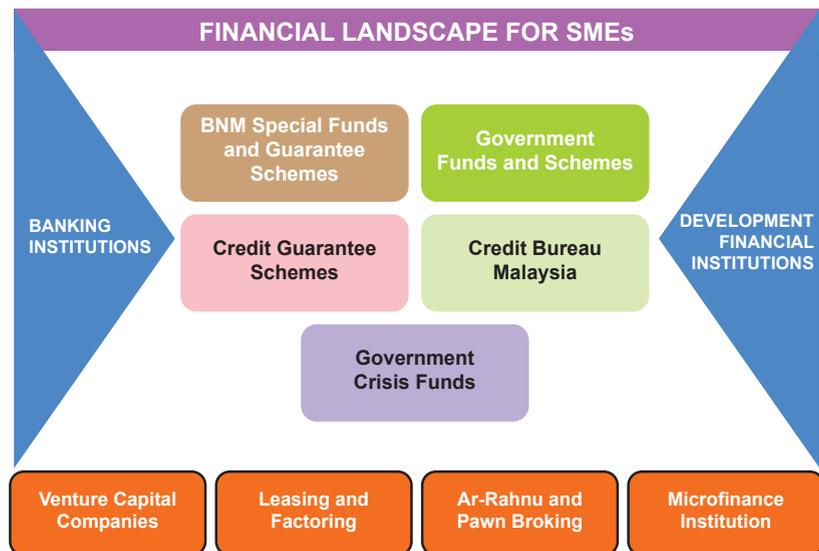
The Government's commitment in SME development is underlined by a strong resolution to provide viable SMEs with continued access to financing at a reasonable cost. In 2011, SME financing remained supportive of economic activity across all sectors. Further initiatives were taken to promote enhanced access to financing to under-served segments including microenterprises as well financing of SMEs in the new growth areas. Outreach programmes were strengthened to ensure timely dissemination of information on the various financing schemes to the respective target groups. In the last one year, two long-term plans were also unveiled, namely the Financial Sector Blueprint 2011-2020 and the SME Masterplan 2012-2020. These plans have clearly encapsulated the changing operating environment and needs of SMEs with recommendations to further strengthen and diversify the financing avenues to support innovative SMEs and new areas of growth as the country transitions into a high income nation.



## Comprehensive Financial Landscape for SMEs

The financial landscape for SMEs in Malaysia is comprehensive, supporting the various business needs of SMEs along the different stages of the business cycle. The funding is sourced from both private and public sectors. Financial institutions comprising the banking institutions and the development financial institutions (DFIs) serve as the main source of financing to SMEs. The financial landscape also include other sources of financing such as venture capital and private equity; leasing and factoring; as well as the special funds and schemes by the Government and Bank Negara Malaysia (BNM).

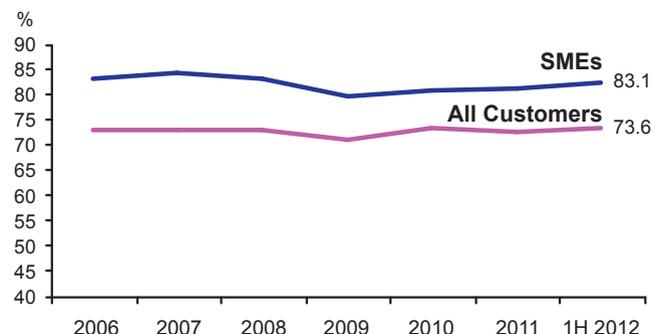
Chart 6.1: Financial Landscape for SMEs



### Banking Institutions and Development Financial Institutions

In 2011, 88% of total financing outstanding to SMEs was contributed by banking institutions (BIs). During the year, financial institutions (FIs) comprising banking institutions and development financial institutions approved RM75.2 billion loans to 142,378 SME accounts (2010: RM62.2 billion to 140,486 SME accounts), with the approval rate remaining high, at above 80%. In the first six months of 2012, FIs approved another RM46 billion to 72,819 SME accounts with an approval rate of 83.1%.

Chart 6.2: Financial Approval Rate (%)

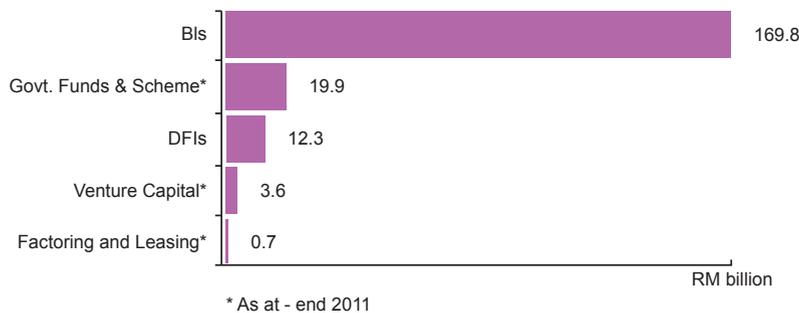


Source: Bank Negara Malaysia

The financial system has been supportive of the diverse needs of the economy as evidenced by the favourable loan performance. As at end-2011, SME financing outstanding from FIs grew 17.1% year-on-year to RM165.3 billion involving 677,499 SME accounts. SME share to total business financing remained stable at 39.2%, of which the services sector continued to be the largest beneficiary, accounting for (56%) of the total share of financing outstanding. Total SME financing outstanding had further increased to RM182.1 billion as at end-June 2012.



**Chart 6.3: Financing Outstanding as at end-June 2012 (RM billion)**



Source: SME Corporation Malaysia, Bank Negara Malaysia and Securities Commission Malaysia

The PARTNER programme, a collaborative effort between the Association of Banks in Malaysia (ABM) and its member banks to streamline and simplify processes and procedures of applications for SME loans, had increased overall efficiency and also contributed to enhancing access to financing during the year. Under Phase 2 of the PARTNER programme, efforts are being taken to further streamline the application process, particularly for the straight forward cases

and to provide feedback on cause for rejection to assist SMEs in obtaining future financing. In addition, as part of the financial inclusion agenda, further progress was made to provide SMEs in the rural and remote areas, with access to basic financial services including repayment of financing through agents appointed by selected financial institutions including POS Malaysia and non-bank retail outlets (eg. post office, petrol station and other retail chains).

As a result of the comprehensive approach taken to enhance access to financing for SMEs, Malaysia continued to be ranked number one for the fifth consecutive years by the World Bank for 'Getting Credit' in the Doing Business Report. Malaysia climbed up two notches in ranking to the 8<sup>th</sup> position in 2012 by the World Economic Forum for 'Ease of Access to Loans'.

## Credit Guarantee Schemes

In an effort to enable SMEs have better access to financing, the Government has introduced various guarantee schemes mainly through the Credit Guarantee Corporation Malaysia Berhad (CGC).

### Credit Guarantee Corporation Malaysia Berhad

Established in 1972, Credit Guarantee Corporation Malaysia Berhad (CGC) has played a significant role in developing more than 420,000 SMEs, with total guarantees of RM50 billion over the past 40 years. In 2011, CGC guaranteed a total of RM2.9 billion benefiting more than 7,500 SMEs. To further assist SMEs, CGC has taken several initiatives to expand its outreach to SMEs through product innovation as well as expediting loan processing and approvals. These initiatives are intended to improve the turnaround time and enable SMEs to have speedier access to funds. For instance, CGC has introduced simplified processing procedure and reduced the number of documents required for application of its guarantee. The Portfolio Guarantee, Enhancer Express and Enhancer Direct are some of the innovative guarantee schemes introduced through which SMEs can obtain financing with greater ease. The Enhancer Express for example, offers loans ranging from RM50,000 to RM250,000 with a guarantee cover of 70%, faster turn-around time and approval.

In partnership with RHB Bank Berhad, CGC has also launched the Enhancer Direct scheme in October 2011. With a maximum guarantee cover of 100%, this

scheme was specially designed for SMEs that are viable but 'under-served' in terms of financing. The Enhancer Direct allows SMEs to avail to this facility directly through CGC's branches nationwide. To further promote the Green Technology Financing Scheme (GTFS), a Government-funded scheme with a total allocation of RM1.5 billion, CGC participated in several nationwide roadshows organised by the Malaysian Green Technology Corporation in collaboration with BNM. The promotional drive was aimed at creating greater awareness of the facility and improving the disbursement rate of the fund. As at July 2012, CGC had approved 48 applications valued at RM568.9 million. The GTFS Fund still had a balance of RM931.1 million.

In addition, CGC continued to promote its shariah-based Bumiputera Entrepreneur Project Fund-i (*Tabung Projek Usahawan Bumiputera-i*) aggressively to Government-linked companies (GLCs) and agencies. The promotions were part of CGC's efforts to further increase Bumiputera contractors' accessibility to financing. Cumulatively, CGC has approved 487 applications valued at RM248.7 million as at July 2012. The main objective of



the fund is to provide Bumiputera contractors with working capital to enable them to complete projects awarded by the Government, GLCs and their agencies.

As part of its SME outreach initiative, CGC forged strategic alliance with OCBC Bank Malaysia Berhad to offer RM500 million of financing on a portfolio basis. The Portfolio Guarantee (PG) agreement, the biggest ever in the country, enabled businesses that qualify for financing to gain access to funds with greater ease. The PG scheme allows loans to be processed and approved on a portfolio basis using a pre-determined set of eligibility criteria agreed upon by CGC and the participating banks. This scheme was given due recognition by the Association of Development Financing Institutions of Asia and the Pacific (ADFIAP) and awarded the 'Outstanding Development Project Award 2012', under the SME Development Category for innovative scheme.



### Credit Bureau Malaysia

Credit Bureau Malaysia is a one-stop provider of credit information and ratings on SMEs. Through the Bureau's suite of credit reports, banking financiers and non-bank creditors obtain comprehensive and reliable information to accelerate the turnaround time for credit evaluation and approval, thus enhancing SMEs' access to financing.

While the Bureau's reports and ratings are primarily used for credit evaluation purposes, they may also be used by SMEs themselves to undertake a credit self-check. The Bureau provides SMEs with a customised Self Enquiry Report in order for them to have access to their own credit information and ratings. This enables SMEs to have better insights of their own credit worthiness and make more informed business decisions. The report will identify and highlight areas that need improvement and the necessary remedial actions to be taken by SMEs in order to resolve their weaknesses and improve their credit standing. For example, if an SME has poor credit worthiness, it may need to undergo a 'credit repair' programme before entering the credit market to obtain business loans. To facilitate better understanding of the report, the Bureau also provides complementary advisory services for SMEs to help identify key problem areas and potential remedial actions required.

In tandem with continued efforts to support financing access and promote a strong credit culture amongst the SME community, the Bureau has also implemented several strategic initiatives to enhance its offerings for SMEs. The Self Credit Monitoring is an automated tool that provides SMEs with real-time alerts on changes to its own credit files. This service complements the Self Enquiry Report whereby SMEs will be alerted throughout the year on any changes to their credit files which may cause negative impact to their credit standing and degrade its ratings. The Bureau can also assist SMEs by providing them with an avenue for recourse and ensure only accurate and up-to-date information is reflected in their reports and ratings. To ensure wider outreach of this initiative to SMEs, the Bureau is building strategic partnerships with SME associations and chambers of commerce.

Another key milestone for the Bureau is its strategic collaboration with Unit Peneraju Agenda Bumiputera (TERAJU). In this collaboration, the Bureau's SME rating is one of the criteria used in the selection process of High Performing Bumiputera SMEs (HPBS) for Teraju's TeraS programme. This is a recognition of the Bureau's achievement as the premier provider of credit information and ratings in the SME market segment. As of 31 March 2012, the Bureau has provided over 500,000 credit reports and ratings for over 400,000 SMEs. Currently, its membership consists of 42 bank members and over 28,800 non-bank members including SMEs and corporate credit grantors from credit and leasing companies, telecommunication companies, multi-nationals, local conglomerates and Government agencies.



### Microfinance Scheme

*Skim Pembiayaan Mikro*, established since 2006 has progressed over the years to provide financial assistance without collateral in "Easy, Fast and Convenient" manner to microenterprises. As at end-2011, there are 10 participating FIs under the scheme, providing a total outstanding financing of RM887.6 million, or an increase of 14.3% from the previous year, benefiting more than 71,000 accounts (end-2010: RM776.3 million; 66,784 accounts). The strong performance was partly contributed by the significant increase in the number of access points, including FI branches for the Scheme, from 2,229 as at end-2010 to 2,479 as at end-2011. With better geographical outreach and emphasis on timely disbursement of funds as well as distribution of *Pembiayaan Mikro* flyers through strategic partners including SME Corporation Malaysia, Bank Simpanan Nasional and local councils, have enhanced the outreach of the Scheme to microenterprises.

## Continental Carpro Service



Six years ago, Puan Fauziah Mohd Jamil and husband, Encik Hanafi Bujang, left their employment to establish Continental Carpro Service which is a small car servicing and repair workshop in Taman Kajang Impian. Like most entrepreneurs, the couple used their own savings of RM10,000 to begin their business by leasing a shop lot and buying the necessary tools and equipment to start the business. However, they were eventually forced to seek external financial assistance due to the limited initial capital compounded by overdue payments from customers.

In 2010, Continental Carpro managed to secure a RM50,000 loan under the Agro Bank's micro financing scheme, after many unsuccessful attempts to seek loan from other financial institutions. The loan had enabled Continental Carpro to upgrade its equipment and subsequently offer better

services to its clients. Later Puan Fauziah managed to secure another RM9,000 micro finance loan from UOB to improve the company's cash flow.

Today, the average billing of the company ranges between RM30,000 and RM40,000 per month. Most of its customers are vehicle owners from the surrounding Kajang and Putrajaya areas. From servicing and repairing individual vehicles, Continental Carpro has also been recently entrusted to care a fleet of 30 Pos Laju vehicles in the Bangi area. The couple is so thankful to the micro financing scheme which has helped their business grow and survive even during tough times.



## Cheng Dental Surgery



Dr. Cheng Foo Wan began operating his own clinic some 28 years ago, inheriting equipment from his father who was also a dentist. As his practice grew, he subsequently refurbished his clinic by spending his own funds of RM60,000. "The banks were not very helpful in providing assistance to start-ups. I have had a personal experience of being rejected for a RM20,000 professional loan and finally had to resort to leasing my equipment," added Dr. Cheng.

Three years ago, he managed to secure RM50,000 micro finance loan from Public Bank Berhad to purchase additional equipment such as handpieces, light curing and auto clave machines. The loan came as a relief as it did not only help him to further equip his clinic to provide better service to his clients, but also to deal with the rising cost. To put things into perspective, the 57 year old dentist said the cost of setting up a private practice was in the region of RM60,000 more than 20 years ago while today the cost of opening up a private dental practice requires at least RM300,000. Dr. Cheng therefore, commended the Government's move to provide micro financing to small businesses, saying it has helped a lot of businesses to grow.

## Venture Capital

As at 31 December 2011, the number of registered venture capital corporations (VCC) and venture capital management corporations (VCMC) stood at 56 and 52 respectively. Of the 108 VCCs and VCMCs, 98 are locally-owned, eight are joint ventures and two others foreign-owned. Compared to the previous year, the total committed funds declined by 8.37% to RM5.46 billion as at end 2011 (at end-2010: RM5.96 billion). Total venture capital investments however, increased by 5.81% to RM3.586 billion (2010: RM3.389 billion), with investments amounting to RM253 million channeled into 51 investee companies.

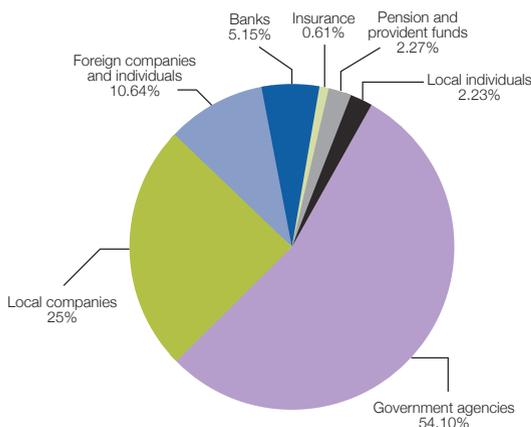
In terms of divestments, there was an increase of 64% from RM89 million in 2010 to RM146 million in 2011, where 46 investee companies were divested in 2011 compared to 28 companies in 2010. Proceeds from these

divestments in 2011 totalled RM146 million (2010: RM89 million) and were derived mainly through share redemptions and trade sales. The year also saw the listing of three venture capital-backed companies on the Main Market of Bursa Malaysia. The Government remained as the main funder to the venture capital industry in 2011, contributing to 54.1% of total committed funds or equivalent to RM2.954 billion. Local companies and foreign companies as well as foreign individuals continued to support the industry by contributing to 25% and 10.6% respectively. Other contributors such as banks, insurance companies, pension and provident funds and local individuals meanwhile, have increased their contribution collectively from 9.4% to 10.3% as at end-2011 (refer to Chart 6.4).

Bulk of the funding was received by investee companies at the early stage and expansion or growth stages. During the year,

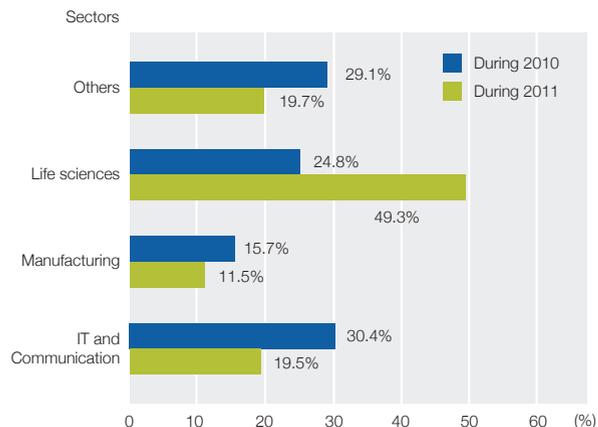
39 investee companies received funding amounting to RM215 million which accounted for 85% of total investments made in 2011. Investments into seed and start-up companies meanwhile, remained low at collectively 6.6% out of total investments made during the year, as it is often deemed relatively risky. In terms of sector classification, investments for the year shifted from Information Technology (IT) and communications in 2010 to life sciences in 2011, whereby investments in the latter almost doubled to 49.3% from 24.8%. The IT and communications sector stood at 19.5% of total investments, declining from 30.4% in 2010, followed by the manufacturing sector which also declined from 15.7% in 2010 to 11.5% in 2011. Another 19.7% of total investments were made in non-traditional sectors that included the electricity and power generation, education, and the construction sectors (refer to Chart 6.5).

Chart 6.4: Sources of Venture Capital Funds



Source: Securities Commission Malaysia

Chart 6.5: Investments by Sector



Source: Securities Commission Malaysia

## Government Funds and Schemes in 2011

As at end-2011, about 2.3 million SMEs had benefited from RM60.82 billion funds approved from 82 Government funds and schemes. Bulk of the funds was approved through the financial institutions.

**Table 6.1: Performance of Government Funds and Schemes as at end-December 2011**

Type of Funds	No. of Funds	Allocations (RM Billion)	Applications Approved		Disbursed RM Billion	Outstanding RM Billion
			No.	RM Billion		
Soft Loans	45	28.12	2,176,177	51.90	93.65	17.76
Grants	16	4.09	78,610	3.76	3.05	0.16
Guarantee Scheme	7	3.08	35,154	3.52	2.13	1.43
Equity	2	0.39	147	0.77	0.59	0.39
VC	12	1.29	116	0.87	0.60	0.09
<b>Total</b>	<b>82</b>	<b>36.97</b>	<b>2,290,204</b>	<b>60.82</b>	<b>100.02</b>	<b>19.83</b>

Source: SME Corporation Malaysia



Among the funds implemented during the year include:

- The **Small and Medium Scale Industry (SMI) Scheme** implemented by the Ministry of Agriculture and Agro-based Industry (MOA) through Agro Bank Malaysia had assisted 279 small entrepreneurs to expand their agriculture projects with a financial commitment of RM37.9 million. Under the **Fund for Food**, MOA and Agro Bank also extended RM316.9 million soft loans to 1,937 SMEs in line with the national agenda to reduce food imports and increase Malaysia's food production. Furthermore, the Ministry through the Lembaga Kemajuan Ikan Malaysia (LKIM) assisted 204 fishermen to improve their standard of living under the **Fishermen Fund** which successfully allowed them to obtain a minimum income of RM2,000 per month.
- The **Initiative Financing Scheme** extended by the Ministry of Finance (MOF) through the Amanah Ikhtiar Malaysia (AIM) aims to reduce the poverty rate by providing financing amounting to RM1.5 billion to 286,105 poor households to enable them to undertake viable economic activities to increase their income. A total of 325,981 loans were approved which helped to transform 3,100 microenterprises into SMEs and allowing 92.5% of beneficiaries to get out of the poverty income line. Meanwhile, to create a larger pool of private sector individual angel investors

and private investments, the Ministry in collaboration with the Cradle Fund Sdn. Bhd. implemented the **Creating High Net Worth Angels Investors (CHANGE)** Programme with the objective to create 100 angel investors by 2015. As at 31 December 2011, at least RM700,000 worth of private investment was made on 10 start-up companies.

- The **MARA Business Financing Scheme** under the Ministry of Rural and Regional Development (MRRD) through the Majlis Amanah Rakyat (MARA) had provided working capital to 5,188 Bumiputera entrepreneurs. A total of RM440.21 million loans was approved as at 31 December 2011. Meanwhile through SME Bank, the Ministry provided financial assistance amounting to RM8 million to 128 rural entrepreneurs in the manufacturing services, agriculture and rural tourism sectors under the **Rural Economy Funding Scheme (SPED)**.
- The **PNS Franchise Financing Scheme** implemented by *Perbadanan Nasional Berhad* under the purview of Ministry of Domestic Trade, Co-Operatives and Consumerism (MDTCC) which had assisted 183 SMEs with loans amounting to RM25.21 million. The programme also successfully created 872 new jobs.
- The **PROSPER** scheme under the *Perbadanan Usahawan Nasional Berhad* (PUNB) continued to be in the forefront in providing financial assistance to Bumiputera entrepreneurs in the distributive trade sub-sector. In 2011, a total of RM111.8 million loans were approved to 441 SMEs. The Scheme also saw the upgrading of five SMEs from **PROSPER Runcit** to **PROSPER Pemborong** during the year, underlining the Government's commitment to develop Bumiputera entrepreneurs in the wholesale sub-sector that provides bulk purchase activities.
- **Skim Intensif Usahawan FELDA (SIUF)** aims to encourage settlers to start or expand their businesses in order to increase their household income. Free interest loans were offered for infrastructure and the purchase of machines as well as equipment for businesses purposes. The Scheme had benefited 131 entrepreneurs and successfully helped to provide them with an additional income of more than RM900 per month.
- The **Skim Pembiayaan Usahawan Bumiputera Sabah (SPUBS)** whereby the Ministry of Industrial Development Sabah (MID Sabah) through the Sabah Economic Development Corporation (SEDCO) had assisted 13 new Bumiputera entrepreneurs with loans amounting to RM500,000.



Table 6.2 Special Funds and Guarantee Scheme for SMEs administered by BNM (as at end-June 2012)

Type of Fund/Scheme	Allocations (RM million)	Approvals (RM million)	Disbursements (RM million)	Loans Outstanding (RM million)	Utilisation Rate (%)
Fund for Food	300	1,727.9	1,707.2	64.2	88.9
New Entrepreneurs Fund 2	2,550.0	4,266.2	3,902.4	1,330.3	83.3
Fund for Small and Medium Industries 2	6,300.0	15,350.7	14,629.4	5,355.3	98.6
Micro Enterprise Fund	200.0	244.6	233.7	165.1	91.0
Bumiputera Entrepreneurs Project Fund – Islamic	300.0	243.0	136.9	40.5	61.3
<b>Total</b>	<b>9,650</b>	<b>21,832.4</b>	<b>20,609.6</b>	<b>6,955.3</b>	<b>93.7</b>

\*All funds are revolving except the Bumiputera Entrepreneurs Project Fund – Islamic

Source: Bank Negara Malaysia



- BNM funds have assisted more than 50,900 SMEs as at end-2011, with total financing of RM21.2 billion. In 2011, a total of 4,045 SMEs had benefited from the funds amounting to RM1.2 billion, of which RM0.8 billion of financing was extended via the Fund for Small and Medium Industries 2 (FSMI2) to 1,132 SMEs. Meanwhile, 780 Bumiputera SMEs had benefited during the year with RM302.9 million funds channelled from the New Entrepreneur Fund 2 (NEF2) and the Bumiputera Entrepreneurs Project Fund – Islamic (BEPF-i).
- The Micro Enterprise Fund (MEF), which is a dedicated fund for the microenterprises to enhance access to financing for microenterprises with viable businesses, had approved 2,133 accounts amounting to RM50.1 million in 2011. More than 70% of borrowers' accounts continue to perform two years after approvals under FSMI2, NEF2 and MEF. As at end-June 2012, total financing approved under the five BNM funds increased further to RM21.8 billion for more than 52,600 accounts.

## Small Debt Resolution Scheme (SDRS)

Viable SMEs that are constrained by impaired financing, as well as facing financial difficulties with financing from multiple FIs are eligible to apply for assistance under the Small Debt Resolution Scheme (SDRS) which has been in existence since May 2003. The SDRS was established to assist SMEs facing financial difficulties during their course of business, focusing on restructuring or rescheduling existing financing to ease strains related to business cash flow, whilst providing SMEs sufficient time to turn around their business.

As at end-2011, 768 applications with financing value of RM739 million (or 75% of applications received) have been approved for rescheduling or restructuring under SDRS (end-2010: 730 applications, RM628 million). As at end-June 2012, the total number of applications approved for restructuring or rescheduling has increased further to 790 with financing value of RM783 million (or 74% of applications received). Meanwhile, FIs also proactively restructured and rescheduled financing facilities of SMEs outside the SDRS platform, with 890 cases resolved in 2011 totalling RM0.8 billion and another 431 cases with financing value of RM0.5 billion have been restructured or rescheduled in the first six months of 2012.

## Financial Advisory Services and Outreach

SMEs can seek for financial advisory and information regarding programmes and schemes offered by both the Government and the private sector through various channels. These include the BNM *Laman Informasi Nasihat dan Khidmat* or BNMLINK, the One-Referral Centre at SME Corporation Malaysia, ABM, Ministries and agencies as well as the commercial banks and DFIs.

During the year, there were two important initiatives undertaken by BNM to enhance outreach:

- In December 2011, MobileLINK began its operation through the deployment of a custom-made coach to further expand its financial outreach to serve consumers and SMEs in the semi-urban and non-urban areas. Consumers can access information on basic banking services, personal credit through the Central Credit Reference Information System as well as advisory services on SMEs' financing-related matters or alternatively, as a channel for consumers to provide feedback to BNM. MobileLINK along with two other DFIs began its outreach with an inaugural visit to the district of Mersing, Johor and will cover other identified semi-urban areas nationwide.



- In 2011, two BNM branches in Pulau Pinang and Johor Bahru were upgraded as Regional Offices (ROs) which among others provide consumer and SMEs financial redress and advisory services. These intensified engagements will also facilitate valuable insights on the financing needs of the SMEs which would serve as inputs to BNM policy analysis on SME financing.
- In addition, BNM continued to intensify its outreach efforts to create and enhance awareness on its various schemes and services for SMEs and microenterprises particularly on Special Funds, *Pembiayaan Mikro* and Green Technology Financing Scheme through the various briefings and seminars. For the year as whole, BNM had successfully resolved 91% of 302 cases related to access to financing by SMEs, of which 54% of the resolved cases were in favour of SMEs.

**For advisory:**

BNMLINK

Tel: 1300 88 5465

Fax: 03-2174 1515

e-mail: [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)**For information:**[bankinginfo.portal](http://bankinginfo.portal)[www.bankinginfo.my](http://www.bankinginfo.my)

- Alternatively, SMEs can seek advisory and assistance from the One-Referral Centre of SME Corp. Malaysia located at its headquarters and state offices nationwide. Business development services and advisory on the various government funds, schemes and SME programmes are provided by trained business coaches and counsellors.

**For Advisory:**

One-Referral Centre

SME Corporation Malaysia

Tel: 1-300-30-6000 (Tol free line)

Fax: 03-2775 6000

E-mail: [info@smecorp.gov.my](mailto:info@smecorp.gov.my)**For information:**[www.smecorp.gov.my](http://www.smecorp.gov.my)

- In addition, CGC conducts advisory and consultancy activities providing valuable tips and information on how to start a business, the importance of cash-flow management and good credit practices.

**For advisory:**

Client Service Centre

Tel: 03 - 7880 0088

Fax: 03 - 7803 0077

Email: [csc@cgc.com.my](mailto:csc@cgc.com.my)**For information:**[www.iguarantee.com.my](http://www.iguarantee.com.my)

## SME Financing in 2012

A total of 42 programmes with a financial allocation of RM11.9 billion has been committed for implementation in 2012 to provide sufficient financial assistance to SMEs. Out of these, RM9.61 billion (81%) of the total funds are being channelled to provide soft loans to SMEs. The Government has also set aside RM1.5 billion to be extended as credit guarantee to eligible SMEs. The Government via its various Ministries and agencies are also implementing 12 programmes

with a financial commitment of RM352.5 million aimed at providing SMEs with working capital. An additional RM387.6 million has been set aside to finance venture capital projects, while another RM60 million will be allocated to eligible SMEs in the form of grants. The balance of RM1.1 million has been allocated to fund business start-ups. Overall, the programmes are targeted to benefit 346,011 SMEs nationwide.

In April 2012, MITI through SME Corp. Malaysia has introduced the RM2 billion Shariah-compliant SME Financing Scheme (SSFS) to provide financial assistance to eligible Malaysian SMEs whereby the Government will pay 2% of the interest rate charged on the financing provided by 13 participating Islamic banks.



## Financing for New Growth Areas including Green Technology and Innovative Industries

The importance of SMEs in the new growth areas and innovative industries in driving the country towards achieving a high income economy is emphasised in the SME Masterplan. Many initiatives are being taken by BNM, SME Corporation Malaysia, and ABM together with the relevant Ministries and agencies to facilitate these segments to obtain access to financing. The aim is to streamline and enhance loan application processes and procedures for SMEs in the green technology industry. Moving forward, more focus is placed on enhancing the capability of supporting infrastructure and institutional arrangements to meet the needs of SMEs in these sectors.

Under the RM1.5 billion Green Technology Financing Scheme established in 2010 to promote investments in green technology, a total of 116 companies were awarded the Green Technology (GT) certification, with project value totalling RM2,337.4 million as at end-2011. Out of this, 35 companies have been approved for RM601.8 million financing. As at end-June 2012, 189 companies have been awarded the GT certificate with project value totalling RM3,610.4 million and 48 companies were approved for RM725.4 million financing. In the effort to enhance capacity and capability of the financial provider, BNM has organised the Green Technology Financing Bankers' Conference in October 2012 to enhance awareness on green technology and to facilitate the creation of the ecosystem as well as commitment of the financial industry to support the green technology financing. Recognising the importance of SMEs in the innovative sectors as the potential national and regional champions, BNM has taken further steps to facilitate companies which are certified under 1-InnoCERT to obtain financing from financial institutions through series of business matching session, in collaboration with SME Corp. Malaysia.

Section III : Special Highlights



## **Economic Census 2011: Profile of SMEs**



## Economic Census 2011: Profile of SMEs

The first census on SMEs in Malaysia was undertaken by the Department of Statistics, Malaysia (DOSM) in 2005, following the directive from the National SME Development Council. The data from the Census entitled Baseline Census of Establishments and Enterprises 2005 was for the reference year 2003. The Economic Census 2011 which was officially released on 18 September 2012 had subsumed the census on SMEs. The '**Economic Census 2011, Profile of Small and Medium Enterprises**' (SME Census 2011) was for the **reference year 2010**. The Census was conducted by the DOSM during the period **April - December 2011**.

- The SME Census 2011 encompassed establishments and enterprises in the country's main economic sectors which were based on the **Malaysia Standard Industrial Classification (MSIC) 2008**, namely manufacturing, services, agriculture, construction as well as mining and quarrying.
- **Local and foreign firms and businesses covered** in the Census **must be registered** either with the Companies Commission of Malaysia (CCM), Registry of Societies and various professional bodies such as Construction Industry Development Board (CIDB), Bar Council and Persatuan Arkitek Malaysia (PAM) or with the various chambers of commerce and other associations.

## Comparison between SME Census in 2005 and 2011

The 2011 Census is comprehensive covering all the five key economic sectors compared to only three key sectors covered in the Baseline Census of Establishments and Enterprises 2005 (SME Census 2005) namely services, manufacturing and agriculture sectors. **Construction** and **mining & quarrying** were the **additional two sectors** included in the 2011 Census. The Census also has additional coverage of women-owned businesses given the recent focus on increasing the contribution of women to the economy. Additional information on SMEs including adoption of Information and Communication Technology (ICT) and level of innovation, access to financing as well as marketing and promotion were also included.

Chart 1: Comparison between SME Census in 2005 and 2011

Economic/SME Census 2011	Census of Establishments & Enterprises 2005
<ul style="list-style-type: none"> <li>• Reference Year : 2010</li> </ul>	<ul style="list-style-type: none"> <li>• Reference Year: 2003</li> </ul>
<ul style="list-style-type: none"> <li>• Coverage: 5 sectors i.e. Manufacturing, Services, Agriculture, Construction, and Mining &amp; Quarrying</li> </ul>	<ul style="list-style-type: none"> <li>• 3 sectors: Manufacturing, Services and Agriculture</li> </ul>
<ul style="list-style-type: none"> <li>• Total frame: 1.3 million establishments / enterprises</li> <li>• Total respondents: 662,939 (51%)</li> </ul>	<ul style="list-style-type: none"> <li>• Total frame: 1.7 million establishments / enterprises</li> <li>• Total respondents: 552,804 (33%)</li> </ul>
<ul style="list-style-type: none"> <li>• Establishments / Enterprises approach. Excludes smallholders, farmers, households &amp; individuals</li> </ul>	<ul style="list-style-type: none"> <li>• Includes: smallholders, farmers, households &amp; individuals (Informal Sector)</li> </ul>
<ul style="list-style-type: none"> <li>• New data collated: Ownership by Women</li> </ul>	<ul style="list-style-type: none"> <li>• No data on Women Entrepreneur</li> </ul>

Source: Census of Establishments and Enterprises 2005 and Economic Census 2011, Department of Statistics, Malaysia

The 2011 Census **excludes** farmers and smallholders which are not registered with CCM in line with international practise. They are part of the **informal sector**. Cottage industries and other businesses in rural and urban areas that are not registered are also considered as part of the informal sector. One of the objectives of the **SME Masterplan (2012-2020)** is to encourage them to register with CCM as business entities and hence be classified as micro, small or medium enterprises. They could also benefit from the various facilities and assistance provided by both the public and private sectors once they are part of the formal sector of the economy.

## Main Findings from the 2011 Census

In the period 2003 - 2010, the number of SMEs increased by about 100,000 to around 645,000 establishments, which is an increase of 17.7%. However, the number of large enterprises increased by almost 3 fold to about 17,800. This could indicate that many of these establishments could have graduated from SMEs to large enterprises. It could also indicate that the criterion used in the SME definition i.e. sales turnover may be on the low side due to inflationary effects. Hence, a review of the definition would be undertaken as mentioned in the SME Masterplan.

**Table 1 : Number of Establishments and Percentage Share to Total Establishment of SMEs and Large Firms**

	Census of Establishments and Enterprises 2005 (Reference Year 2003)			Economic Census 2011 (Reference Year 2010)		
	SMEs	Large Firms	Total	SMEs	Large Firms	Total
Number of establishments	548,267	4,537	552,804	645,136	17,803	662,939
Percentage share to total establishments %	99.2	0.8	100	97.3	2.7	100

Source: Census of Establishments and Enterprises 2005 and Economic Census 2011, Department of Statistics, Malaysia



## SMEs by Economic Sector

**Table 2 : Number of Establishments by Sector and Percentage Share to Total SMEs and Establishments**

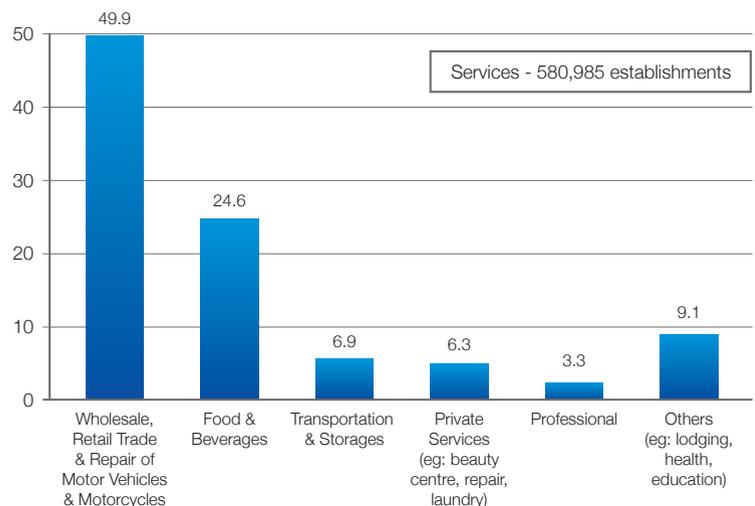
Number of establishments	Census of Establishments and Enterprises 2005 (Reference Year 2003)				Economic Census 2011 (Reference Year 2010)			
	Total	SMEs	Percentage of SMEs over total	Percentage of SMEs over total SMEs	Total	SMEs	Percentage of SMEs over total	Percentage of SMEs over total SMEs
Services	477,525	474,706	99.4	86.6	591,883	580,985	98.2	90.0
Manufacturing	40,793	39,373	96.5	7.2	39,669	37,861	95.4	5.9
Agriculture	34,486	34,188	99.1	6.2	8,829	6,708	76.0	1.0
Construction	-	-	-	-	22,140	19,283	87.1	3.0
Mining & Quarrying	-	-	-	-	418	299	71.5	0.1
Total Establishments	552,804	548,267	<b>99.2</b>	<b>100</b>	662,939	645,136	<b>97.3</b>	<b>100</b>

Source: Census of Establishments and Enterprises 2005 and Economic Census 2011, Department of Statistics, Malaysia

In 2010, SMEs accounted for **97.3%** from the total of 662,939 establishments compared to **99.2%** in 2003. SMEs' concentration in the services sector increased from 87% previously to 90% or 580,985 establishments. Meanwhile, 6% of total SMEs (37,861) were in the manufacturing sector, followed by 3% in the construction sector (19,283) and the remaining 1% (6,708) in the agriculture sector and 0.1% in the mining and quarrying sector. The significant change is that the share of SMEs in the agriculture sector has declined substantially from 6.2% previously to 1%, mainly attributable to exclusion of farmers and smallholders which represent a big community under the agriculture sector.

- In the **services sector**, SMEs are mainly in the **distributive trade sub-sector** (wholesale & retail trade services), including repair of motor vehicles and motorcycles, followed by **food and beverages** services and **transportation & storages** services (refer to Chart 2).

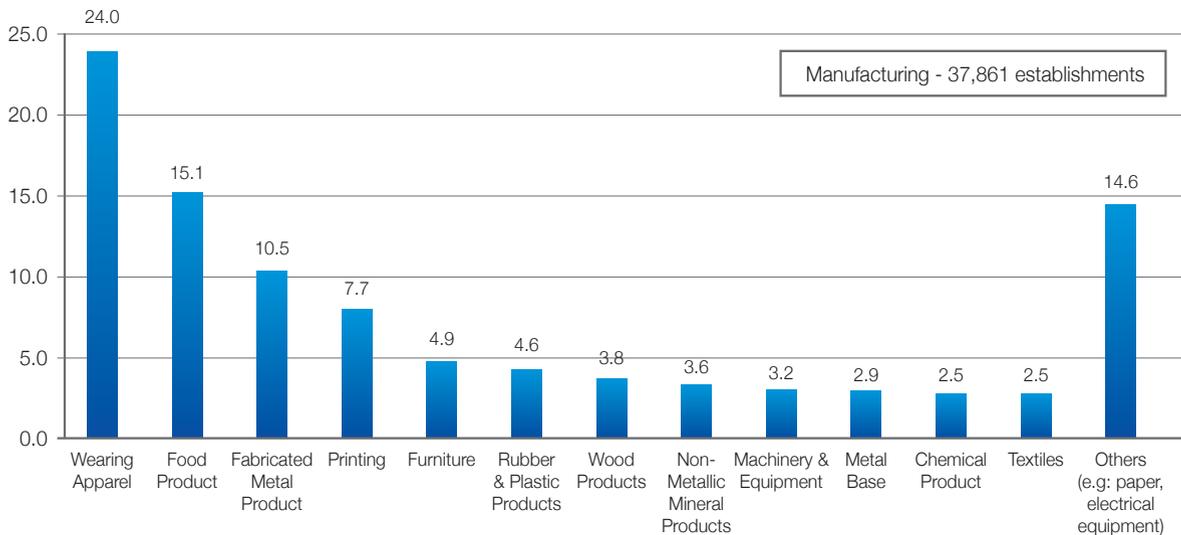
**Chart 2: Percentage Share of SMEs in the Services Sector by Sub-sectors**



\*Note: Others include accommodation, private healthcare, and education.  
Source: Economic Census 2011, Department of Statistics, Malaysia

- In the **manufacturing sector**, SMEs are predominantly in **wearing apparel; food products; fabricated metal & printing and reproduction of recorded media** (refer to Chart 3).

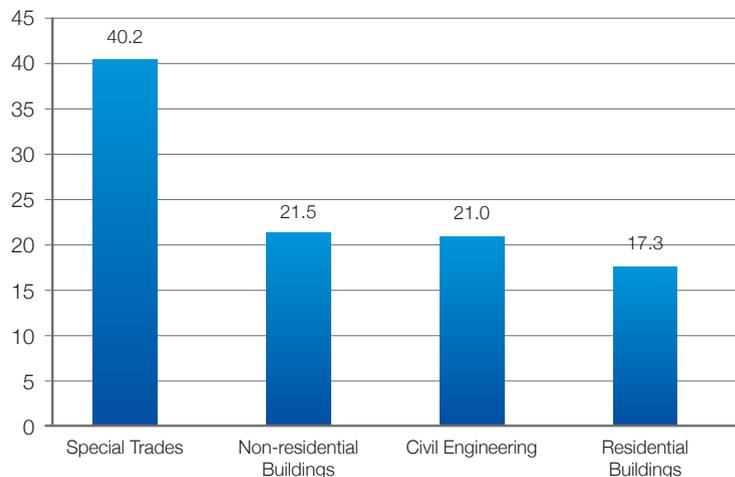
**Chart 3: Percentage Share of SMEs in the Manufacturing Sector by Sub-sectors**



Source: Economic Census 2011, Department of Statistics, Malaysia

- In the **construction sector**, SMEs are mainly in the **special trades** sub-sector, constituting about **40%** of total establishments in the sector. Special trades refer to the construction of parts of buildings and civil engineering works without responsibility for the entire project (refer to Chart 4).

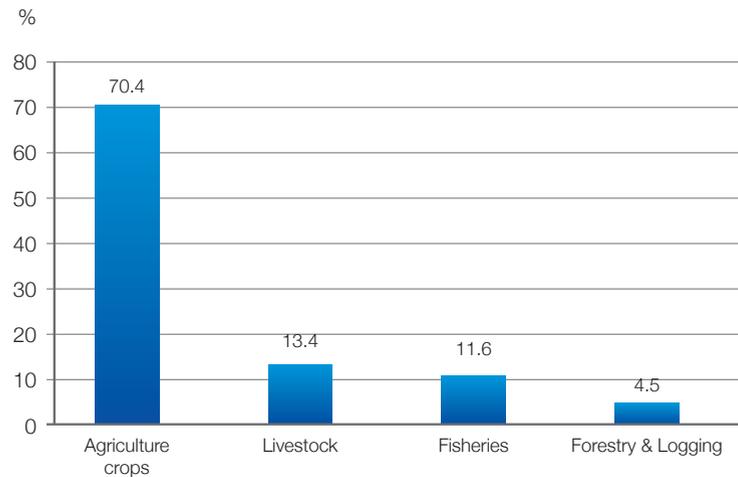
**Chart 4: Percentage Share of SMEs in the Construction Sector by Sub-sectors**



Source: Economic Census 2011, Department of Statistics, Malaysia

- In the agriculture sector, given the exclusion of farmers and smallholders in the 2011 Census, most of the SMEs are in the **agriculture crops** sub-sector (refer to Chart 5).

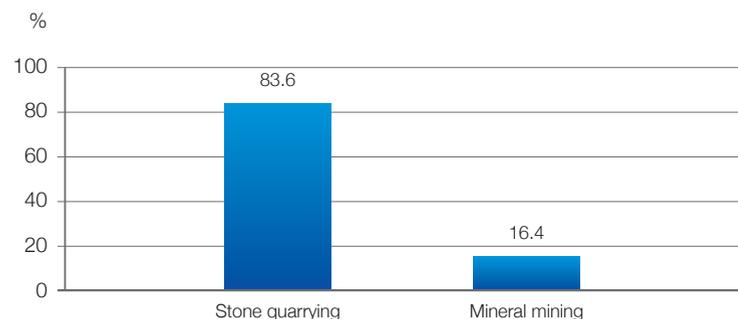
**Chart 5: SMEs in the Agriculture Sector by Sub-sectors**



Source: Economic Census 2011, Department of Statistics, Malaysia

- In the **mining and quarrying** sector, most of the SMEs are in the **stone quarrying** business (84%).

**Chart 6: SMEs in the Mining & Quarrying Sector by Sub-sectors**



Source: Economic Census 2011, Department of Statistics, Malaysia

## SMEs by Firm Size

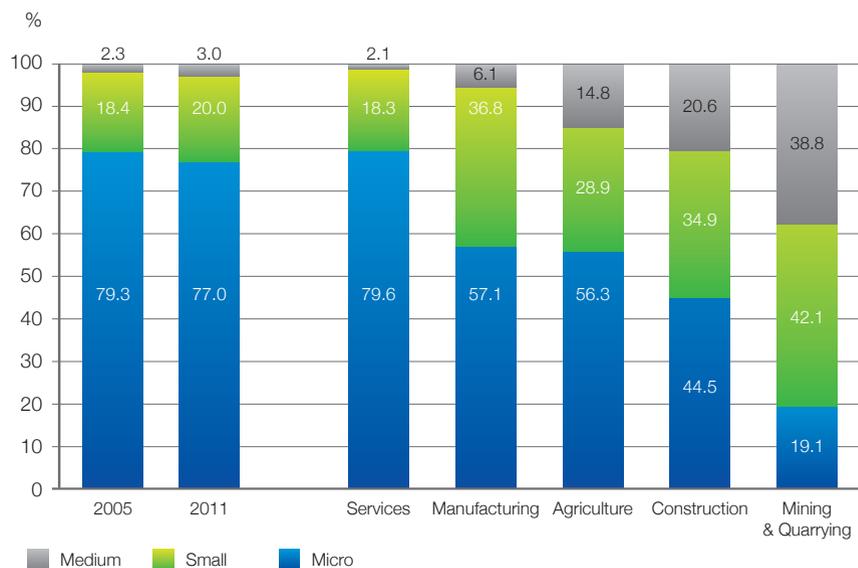
Most of the SMEs were microenterprises, forming 77% of total SMEs in Malaysia in 2010 (2003: 79.3%). Small-sized SMEs accounted for 20%, while medium-sized SMEs constitute the balance 3% (refer to Table 3). There was an increase of 14.1% of microenterprises; 28% of small firms and 56.4% of medium-sized firms.

**Table 3: Number of Establishments and Percentage Share of SMEs by Firm Size**

	Census of Establishments and Enterprises 2005 (Reference Year 2003)				Economic Census 2011 (Reference Year 2010)			
	Micro	Small	Medium	Total	Micro	Small	Medium	Total
Number of establishments	434,939	100,608	12,720	548,267	496,458	128,787	19,891	645,136
Percentage share to total SMEs,%	79.3	18.4	2.3	100	77.0	20.0	3.0	100
Percentage share to total establishments,%	78.7	18.2	2.3	99.2	74.9	19.4	3.0	97.3

Source: Census of Establishments and Enterprises 2005 and Economic Census 2011, Department of Statistics, Malaysia

- Microenterprises were predominant in the services sector, accounting for close to 80% of SMEs in the sector. Microenterprises are mostly owner-operators with less than five full-time employees. Majority of SMEs in the manufacturing and agriculture are also microenterprises, constituting 57.1% and 56.3% of SMEs in their respective sectors. In the construction sector, the size of SMEs is well distributed across medium, to small to microenterprise. Meanwhile, small and medium-sized establishments constituted a large proportion of the SMEs in the mining and quarrying sector (refer to Chart 7).

**Chart 7: Percentage Share of SMEs by Sector and Size, %**

Source: Census of Establishments and Enterprises 2005 and Economic Census 2011, Department of Statistics, Malaysia

## SMEs by Legal Status

Table 4: Percentage Share of SMEs by Legal Status

Legal Status	Census of Establishments and Enterprises 2005 (Reference Year 2003)				Economic Census 2011 (Reference Year 2010)			
	Sole Proprietor	Partnership	Limited Companies	Others	Sole Proprietor	Partnership	Limited Companies	Others
Number of establishments	375,192	53,241	116,650	3,184	458,269	54,938	118,678	13,251
Percentage share to total establishments, %	68.4	9.7	21.3	0.6	71.0	8.5	18.4	2.1

Source: Census of Establishments and Enterprises 2005 & Economic Census 2011, Department of Statistics, Malaysia

In terms of legal status of SMEs, the proportion of private limited companies had declined from 21.3% in 2003 to 18.4% in 2010. Of significance, the share of sole proprietorship had increased to 71%.

- In terms of the growth rate of establishments, **sole proprietors** (individual entrepreneurs) recorded a double-digit growth of **22.1%** between the periods of the two Censuses (2003 – 2010). About **88.3%** of sole proprietors were microenterprises, 11.3% of them were **small-sized** firms and the balance of **0.4%** was **medium-sized** firms.
- Meanwhile, **partnership** and **limited liability companies** recorded a smaller increase of **3.2%** and **1.7%** respectively.
- **Other legal organisations** recorded a very high growth of 316.2% from 3,184 establishments in 2003 to 13,251 establishments in 2010. Among others, these organisations are public limited companies, co-operatives, public corporations and private non-profit organisations.

## SMEs by Geographical Location

Based on the 2011 Census, there has been an increase in the share of SMEs in the State of **Sabah**, **Selangor**, **Penang**, **Perak**, **Sarawak**, **Negeri Sembilan** and **Johor** as compared with the shares recorded during the SME Census in 2005.

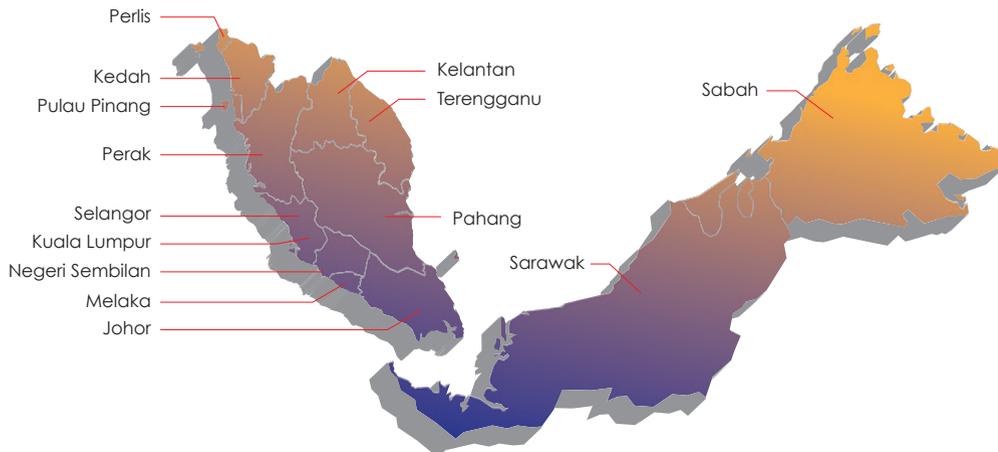
- The **four States** that recorded the highest increase in terms of percentage share of SMEs to total establishment were the state of **Sabah** (+1.8 percentage points), **Selangor** (+1.5 percentage points), **Penang** (+1.4 percentage points) and **Perak** (+1.3 percentage points).
- Klang Valley (Selangor and Kuala Lumpur) accounted for nearly **one-third** of the total SMEs, followed by **Johor** with 10.7% and **Perak** with 9.3%.

**Table 5 : Percentage Share of SMEs by State in 2003 vis-a-vis 2010, %**

State	Census of Establishments and Enterprises 2005 (Reference Year 2003)	Economic Census 2011 (Reference Year 2010)	Percentage point increase / decrease
Selangor	18.0	19.5	+1.5
Kuala Lumpur	17.7	13.1	-4.6
Johor	10.3	10.7	+0.4
Perak	8.0	9.3	+1.3
Sarawak	6.0	6.8	+0.8
Sabah	4.5	6.3	+1.8
Pulau Pinang	4.9	6.3	+1.4
Kelantan	6.5	5.9	-0.6
Kedah	6.8	5.7	-1.0
Pahang	5.1	4.6	-0.5
Negeri Sembilan	3.2	3.8	+0.6
Terengganu	4.3	3.5	-0.8
Melaka	3.6	3.4	-0.2
Perlis	1.1	0.8	-0.3
Labuan	-	0.3	+0.3
Putrajaya	-	0.1	+0.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	

Source: Census of Establishments and Enterprises 2005 & Economic Census 2011, Department of Statistics, Malaysia

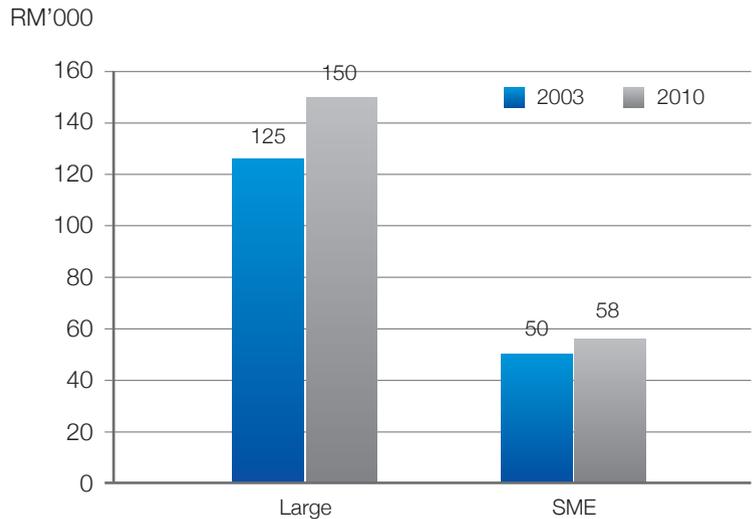
- 53% of SMEs were operating in Selangor, Kuala Lumpur, Johor and Perak in 2010 compared with 54% in 2003.



### Productivity of SMEs and Large Firms

In terms of productivity, **SME labour productivity** recorded an increase by **16.6%** from year 2003 to 2010 (comparing data from SME Census 2005 and SME Census 2011). However, the labour productivity of large firms increased by about **20%**. Similar to the findings in the SME Masterplan, **SME labour productivity** was only **one-third** that of **large firms**. The gap between large firms and SMEs widened from 2.5 times in 2003 to 2.6 times in 2010.

Chart 8: Labour Productivity of SMEs and Large Firms

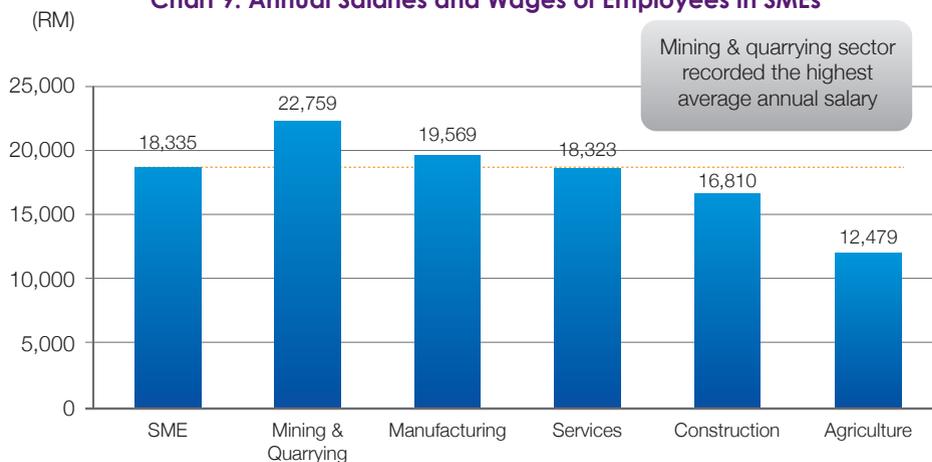


Source: Census of Establishments and Enterprises 2005 & Economic Census 2011, Department of Statistics, Malaysia

### Average Annual Salaries and Wages of Employees Working with SMEs

In 2010, the **average annual salaries and wages** per employee working with SMEs was **RM18,335** per employee. Employees in the medium-sized establishments received the highest annual salary and wages of **RM21,974**, while the small-sized firms and microenterprises received **RM18,807** and **RM13,269** respectively.

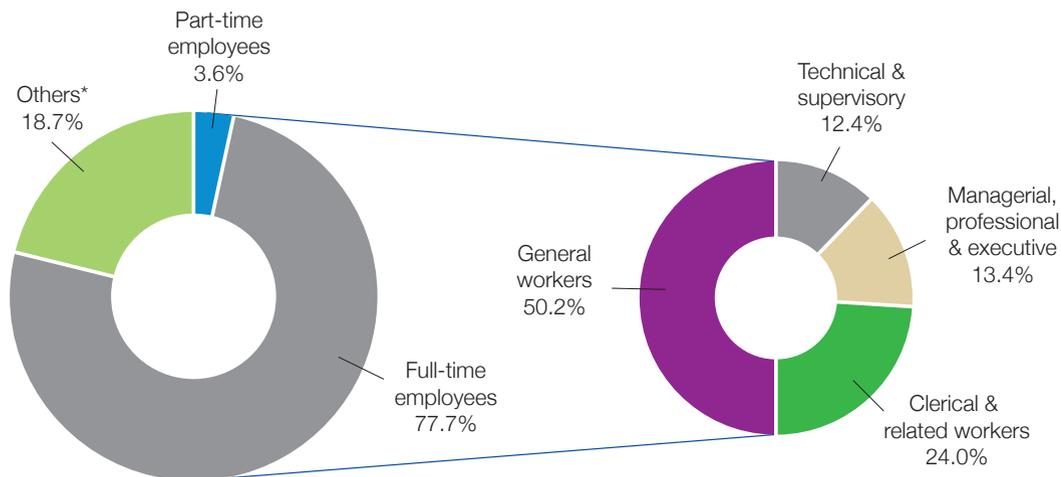
Chart 9: Annual Salaries and Wages of Employees in SMEs



Source: Economic Census 2011, Department of Statistics, Malaysia

- By economic sectors, SMEs in the **mining & quarrying sector** registered the highest average annual salaries and wages of **RM22,759** per employee while the SMEs in the **agriculture sector** recorded the lowest annual salaries and wages of **RM12,479** per employee (i.e. RM1,039.92 per month), which is slightly above the current official minimum wage of RM900 per month in West Malaysia and RM800 per month for East Malaysia.

**Chart 10: Three-quarters of the Total SME Workers are Full-time Basis**



Note: Other employees include working proprietors, active business partners and unpaid family workers  
Source: Economic Census 2011, Department of Statistics, Malaysia

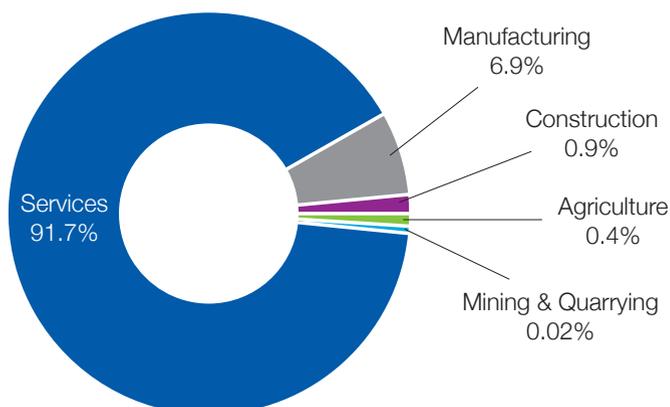
- In terms of the nature of work, **half** of the total number of full-time employees in the SME workforce was being employed as **general workers**, while a quarter of them was employed as **clerical and related workers**. Only **12.4%** and **13.4%** of total number of full-time workers of SMEs were employed as **technical & supervisory** and **management, professional & executive staff** (refer to Chart 10).

## Women-owned SMEs

Based on the 2011 Census, about **19.7%** of total SMEs are women-controlled. By definition, this refers to enterprises with a woman having equity of 51% and above, or she being the CEO with equity ownership of at least 10%. The women-owned enterprises could be understated as there may be many in the food business who are not registered and hence classified under the informal sector (refer to Table 6).

- Women-owned SMEs are mainly concentrated in the **services sector** (91.7%) followed by the **manufacturing sector** (6.9%). Women are less involved in the construction, agriculture and mining & quarrying sectors.

Chart 11: Distribution of Women-owned SMEs by Sector



Source: Economic Census 2011, Department of Statistics, Malaysia

- Most of these women-owned firms are microenterprises (88%) that are **owner-operator**. The microenterprises were mostly in the **manufacturing** (89.6%), **services** (88.4%) and **agriculture** (70.3%) sectors.

Table 6: Percentage Share of Sector by Size of Women-owned Companies, %

	Economic Census 2011 (Reference Year 2010)					
	Services	Manufacturing	Agriculture	Construction	Mining & Quarrying	Overall Status
<b>Micro</b>	<b>88.4</b>	<b>89.6</b>	<b>70.3</b>	<b>40.3</b>	25.9	<b>87.9</b>
<b>Small</b>	11.0	10.3	21.0	36.7	<b>40.8</b>	11.3
<b>Medium</b>	0.6	0.1	8.7	23.0	33.3	0.8
<b>Number of establishment</b>	116,395	8,779	519	1,190	27	<b>126,910</b>

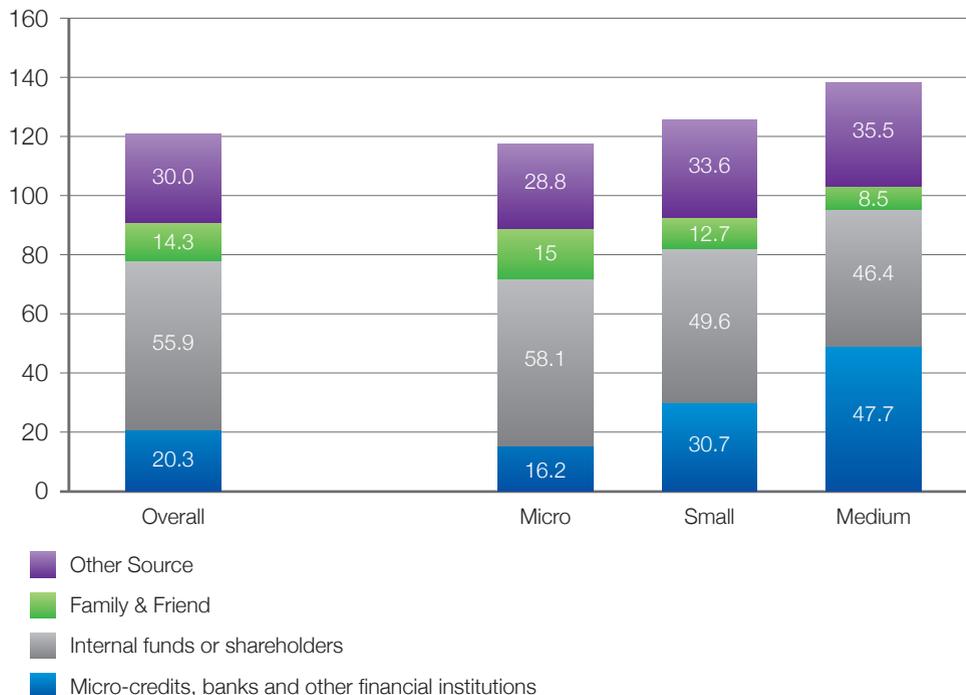
Source: Economic Census 2011, Department of Statistics, Malaysia

## SMEs Access to Financing

Similar to the 2005 Census, it is found that most SMEs (55.9%) **sourced** their **finance** from **internally-generated funds** or from **shareholders** to finance their operations in the 2011 Census.

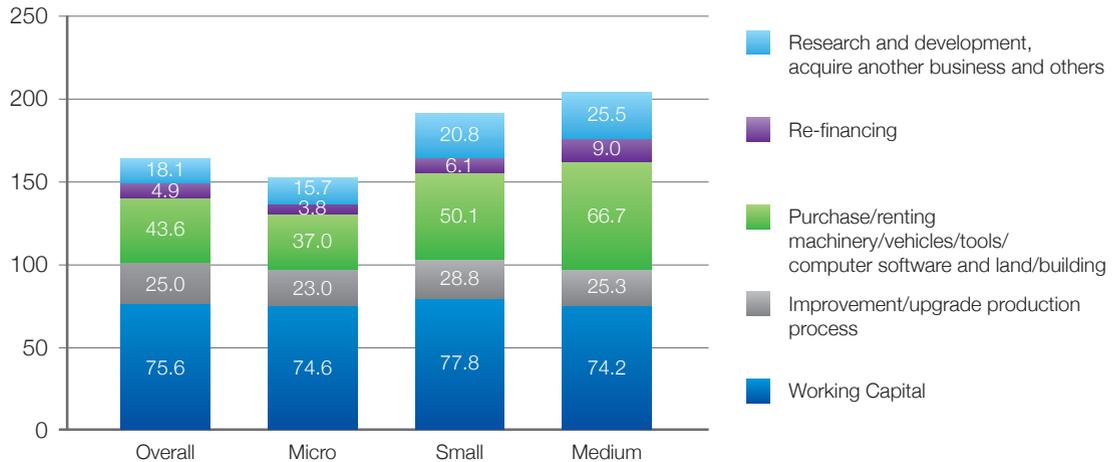
- However, majority of **medium-sized** firms (47.7%) was able to **source** their funds from financial institutions, including **commercial banks, micro-credit organisation** and **development financial institutions**. In the case for microenterprises and small-sized firms, their main source of funding was from their own **internally-generated funds** (refer to Chart 12).
- About **three-quarters** (75.6%) of SMEs financing was for **working capital** (refer to Chart 13). The financing needs were similar across all sizes, namely **microenterprise** (74.6%), **small-sized firms** (77.8%) and **medium-sized** firms (74.2%).
- Other main activities which required financing (43.6%) were for **purchase and lease of equipment, machinery, vehicles, computer hardware** and **software** as well as **land** and **buildings**.

Chart 12: Access to Financing



Note: Other sources are grants or financing from government agency, co-operatives, leasing companies or suppliers  
Source: Economic Census 2011, Department of Statistics, Malaysia

Chart 13: Types of Financing in 2010

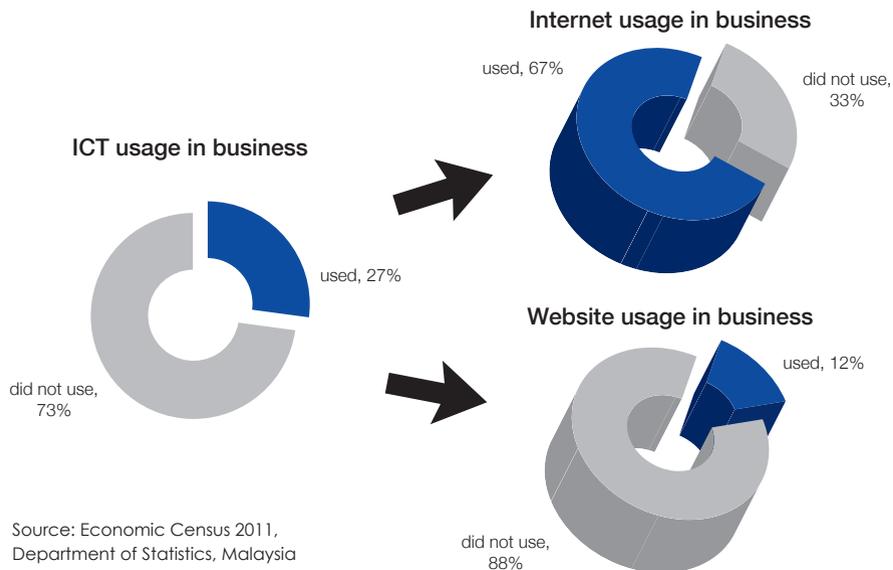


Source: Economic Census 2011, Department of Statistics, Malaysia

### ICT Usage by SMEs

Three-quarter of SMEs (73%) **did not** use ICT in **conducting** their **businesses**. For those firms who did use ICT, **two-thirds** of them (67%) **utilised Internet** in their businesses. However, only **12%** of them have their own websites. These characteristics cut across all economic sectors of SMEs.

Chart 14: ICT usage by SMEs in Malaysia

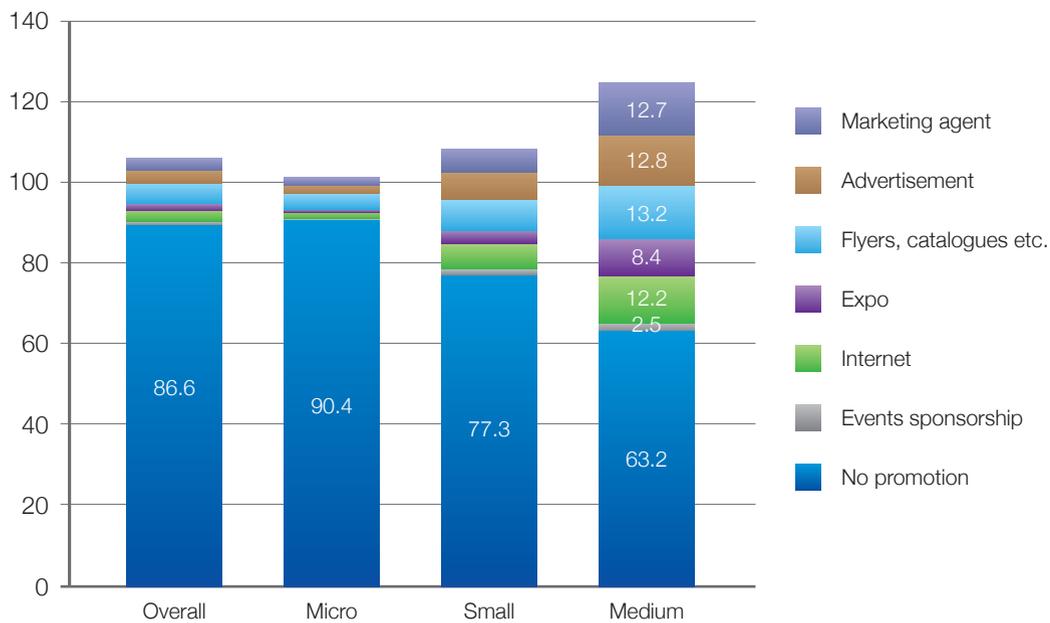


Source: Economic Census 2011, Department of Statistics, Malaysia

## Promotion and Marketing Activities of SMEs

**Majority** of SMEs (86.6%) **did not conduct** any **promotion** in selling or **marketing** their products and/or services. The most prevalent were among **microenterprises** whereby about 90% did not undertake any promotional activities. Meanwhile, one-third of the **medium-sized** firms (37%) did undertake some forms of **promotional** and **marketing** activities in year 2010.

Chart 15: Promotion and Marketing Activities of SMEs



Source: Economic Census 2011, Department of Statistics, Malaysia

## Section IV : Success Stories



# Success Stories

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## The Journey from a Small Retailer to an Established Manufacturer

From a small retail outlet selling health supplements, I Medikel Pharmaceutical Sdn. Bhd. has since evolved to become one of the leading local manufacturers of both health and cosmetics products. I Medikel Pharmaceutical was established in 1993 by Tuan Haji Yusmat Mamat who is today the company's Chairman, and Puan Hasnah Zakaria, a pharmacist, who is also the Managing Director.

In 2000, the company began the production of its own range of spirulina-based health products and supplements with the setting up of its own factory in Kota Bharu, Kelantan. From food-based products, the company intensified its collaboration with SIRIM Berhad in the area of research and development to bring new opportunities to diversify into producing a range of cosmetic products which is today branded as KELS. The

success and acceptance of this new range of products soon paved the way for the setting up of a second manufacturing plant which solely focuses on production of cosmetics.

As the business grew, so did its business model and the two manufacturing plants also produces a range of products that are sold under different brand names for other companies. While Tuan Haji Yusmat financed his own business in the early stages, the company also benefited from various Government assistance. For instance, the company was a beneficiary of the Groom Big programme under the Ministry of International Trade and Industry (MITI) and SIRIM Berhad and had become one of the model companies under the Groom Big Cosmetic and Herbal Products following its accomplishments and track record over the years.

I Medikel Pharmaceutical was also the recipient of the Grant for Product and Process Improvement amounting to RM138,000 and the Grant for Certification and Quality Management totalling RM144,000 from SMIDEC (now known as SME Corporation Malaysia). The grants have assisted the company to obtain the Good Manufacturing Practice certification as well as to procure and acquire specialised machinery and equipment for its manufacturing process.



I Medikel Pharmaceutical also benefited from loans extended by the Malaysian Industrial Development Finance Berhad (MIDF) and Majlis Amanah Rakyat (MARA) for the construction of its two manufacturing facilities, and for the purchase of additional machinery and equipment.

Tuan Haji Yusmat commended the Government for its commitment in helping to develop entrepreneurs, particularly SMEs and added that the degree of assistance rendered and the various facilities currently available has enabled many companies to expand their business. Support in the form of financial assistance and other incentives have enabled SMEs to grow their business, while the provision of training and assistance in the area of research and development have contributed significantly to strengthening their businesses. The Government has also played a pivotal role in helping SMEs to penetrate into new markets.

In terms of challenges, Tuan Haji Yusmat said that one of the most difficult hurdles to overcome was to ensure that the company had sufficient capital for its business operations, which includes producing enough stock, and for investments in advertising and marketing. While the cost is high, advertising remains an integral part of the company's success as it reaches out to the masses. Competition he added, is also intense domestically, and the introduction of various locally-produced health



products and supplements has made it extremely difficult for a particular product to be in the market for an extended period of time, unless it is being backed up by continuous advertising and promotion. Changes in the global economic environment such as increase in the cost of raw materials and changes in purchasing trend can also adversely impact their sales.

In facing the challenges and risks, Tuan Haji Yusmat believes that an entrepreneur must not easily accept defeat but on the contrary, become even more courageous in striving forward. As an entrepreneur, Tuan Haji Yusmat said one must be able to react quickly in changing their strategies to suit the current situation. Local SMEs must also be bold enough to face competition, and to acquire all the necessary skills and knowledge to strengthen

their operations. Moving forward, I Medikel Pharmaceutical intends to venture into marketing and production of pharmaceutical, cosmeceutical and nutraceutical products. The company also aspires to become a leading manufacturer of Islamic health and cosmetics products globally.

**An entrepreneur must not easily accept defeat but on the contrary, become even more courageous in striving forward. As an entrepreneur, Tuan Haji Yusmat said one must be able to react quickly in changing their strategies to suit the current situation**

## Turning Chocolates into an Irresistible Venture



While an ordinary family business would originate from the older generation, it is just the opposite case for Simply Chocolate Sdn. Bhd. The company was founded by Ms. Julianna, who was then a student pursuing her degree in the United Kingdom. She developed a special interest in chocolate making and devoted enough time to acquire the fine art of making these irresistible delights. Upon returning to Malaysia, she worked with the Malaysian Cocoa Board (MCB) and with her vast knowledge of chocolates, Ms. Julianna co-founded Simply Chocolate with a friend in 1995.

Five years into the business, Ms. Julianna decided to migrate to Australia. It was then her late father, Mr. William Chew acquired all her shares and came into the business as the Managing Director. Four years later, Mr. William together

with his son Mr. Benjamin (Ms. Julianna's brother), acquired the remaining shares in Simply Chocolate, making it a wholly-owned family business. Today, Simply Chocolate is renowned for its speciality handmade chocolates and is based in Kota Kinabalu, Sabah. Using only the finest ingredients that are sourced locally and imported, the chocolates are individually handmade to the confectioner's best recipes.

While the operations of the company was largely financed through internal sources, Simply Chocolate has also benefited from Government assistance, in the form of Grants from SMIDEC (now known as SME Corporation Malaysia) amounting to RM57,000 for the purpose of enhancing the packaging of its products. The company is also a recipient of a soft loan from the Malaysian Industrial

Development Finance Berhad (MIDF) for the purchase of a shop lot and machinery in 2009, and is a beneficiary of training assistance extended by MCB and the Malaysian Productivity Corporation (MPC).

During the early years, one of the biggest challenges faced by the company was to create sufficient awareness on its Malaysian-made chocolates. As the business grew, Simply Chocolate had to face the stiff competition from various local and imported brands of chocolates in the market.

Simply Chocolate promotes a range of products mainly through its various distribution channels which include established hotels, souvenir shops, airports as well as strategic tourist spots and attractions. The products come in various packaging such as conventional paper boxes,

premium hand-made boxes and Sabah's very own handicrafts like the *tudung duang*, *rinogo* and *wakid*. The company also aggressively promotes its Malaysian brand of chocolates via advertisements in magazines and by participating in trade fairs and promotions.

While the company had experienced stable growth during the period 1996 - 2004, it has since grown exponentially at the annual rate of between 13% and 20% from 2004 onwards as a result of extensive promotional and marketing activities undertaken by the new management team. Attributing Simply Chocolate's key success to knowing the company's strength and weaknesses, Mr. Benjamin said: "We are absolutely focused on our target group. My advice to other SMEs who wish to venture into this business or other industries is to conduct a SWOT (strength, weakness, opportunities and threat) analysis prior to getting

both their feet into the business. It is also very important for SMEs to acquire good management and technical skills in managing their field of business, and to know the risks they are faced with as well as the strength they have".

Mr. Benjamin advises SMEs to acquire technical know-how from the relevant Government agencies and authorities, and to conduct their own market research. He is of the opinion that the Government can contribute significantly to the growth of SMEs by assuming the role of a facilitator. One critical area that SMEs require assistance is in the promotion of local products and this can be addressed more effectively by the Government and its relevant agencies by way of capitalising on the various existing channels. Moving ahead, Simply Chocolate is planning to set up a chocolate factory in Peninsular Malaysia to take advantage of an even bigger market share.

One critical area that SMEs require assistance is in the promotion of local products and this can be addressed more effectively by the Government and its relevant agencies by way of capitalising on the various existing channels



## Security Software Going Global

The saying 'age is just a number' truly fits the story of 1Machine System Sdn. Bhd. Despite being in existence for merely two years, the company has managed to break down barriers often perceived to be impossible by gaining not only a strong foothold in the global Internet security software industry but also in creating a niche for its services and solutions. An MSC Status incubatee company, 1Machine System was founded in 2010 by its Group Chief Executive Officer Encik Abbyamir Sapie with two other partners, and is today based at the Technology Park Malaysia. Within one-and-a-half years, the company has managed to launch its first product, which is the PERISAI premier edition, an Internet security software for enterprise solution.

Similar to companies like Symantec - the world's largest dedicated security software company and others such as Kaspersky, 1Machine System offers users comprehensive security via PERISAI Internet Security Solutions, ensuring that the user's computers remain protected from threats particularly of information and data theft which is on the rise. "There is an incredibly huge market for Internet security, especially in Malaysia. In the communications world today, viruses are no longer the biggest threat to users. It is spywares and other adverse elements which in most occasions take advantage of user's carelessness and ignorance, resulting in stealing



of an individual's data and this is where PERISAI Internet Security Solutions comes in," said Encik Abbyamir.

"As long as global threats and damages caused by computer viruses, identity theft, privacy intrusion and other forms of threats exist, the need for security solutions will be the primary requirement of every computer and mobile user," Encik Abbyamir told. Unlike conventional Internet security software, PERISAI distinguishes itself from global players by introducing a unique concept known as Digital Shariah, which has gained popularity and acceptance in markets such as the Middle East. Digital Shariah is essentially an agreement in which the user agrees to abide by the terms and conditions for use as prescribed by 1Machine System, and at the same time, the company also enters into agreement to protect and safeguard the user.

"The concept of Digital Shariah has really made an impactful impression. For one, it is a product by Malaysia which is a member country of the Organisation of the Islamic Conference (OIC) and secondly, it is also seen as an extension of Islamic brotherhood. Thirdly, it is a good alternative to what is already available in the market," said Encik Abbyamir.

At present, PERISAI Internet Security Solutions is only made available to users via Business to Business (B2B) and Government to Government (G2G) arrangements, but plans are underway to introduce a personal edition that will be marketed directly to individual users. Upon introduction and participation in Government-led trade visits and shows, 1Machine System has since secured 10,000 licences for PERISAI Internet Security Solutions in Saudi Arabia, and another 20,000 licences in Myanmar and Cambodia. The

company has also successfully gained the trust of business and government users in countries such as Uzbekistan, Kazakhstan, Vietnam, Laos and another six countries in the Middle East. Recently, 1Machine System was also invited to present to the government of South Sudan. Within three months of the product being in the market, the company has recorded sales amounting to RM6.6 million and expects to post a sales turnover of RM20 million in 2012.

Moving forward, 1Machine Systems is currently undertaking a project scheduled for launch in 2013 to introduce web-based Internet phones which will be based on Windows applications. This will essentially offer users a more secured phone incorporating the advanced security features derived from computers and laptops with the versatility of a mobile phone. Another concept in the pipeline is the introduction of Digital Takaful, an insurance policy built into PERISAI Security Solutions designed to provide coverage and compensation to users for the loss of information and data.

While both the company and brand have accomplished so much over such a short span of time, Encik Abbyamir said the true measure of success would be when PERISAI Security Solutions is being widely accepted and used by the masses. Speaking of Government assistance of which the impact is greater than cash, is the inroads to the overseas markets through G2G arrangements.

PERISAI distinguishes itself from global players by introducing a unique concept known as Digital Shariah, which has gained popularity and acceptance in markets such as the Middle East



## Success through Innovation in Distributive Trade

The success of KAT Technologies Sdn. Bhd. subscribes to the fact that a business could use innovation in many ways, even in distributive trade activities. Incorporated in 1994, the company under the guidance of its Founder and Managing Director Y. Bhg. Datuk Ir. Haji Khairol Anuar Tawi, took a bold move in 1999 by venturing into the distribution of pre-paid cards and starter-packs, as well as setting up a pre-paid sales portal for the telecommunication giant, Celcom. Y.Bhg. Datuk Ir. Haji Khairol's entrepreneurial leap came after an illustrious career at Sapura, in which he was also

one of the brains behind the introduction of the first prepaid card system for public phones in 1991, which was then known as Uniphonekad.

"I've always wanted to become an entrepreneur. At that time, the introduction of the first prepaid card system for public phones was indeed timely as the prepaid concept was quickly embraced by all local telecommunications players," he recalled. His foray into business began with the selling of smart electronic credit card terminals to local financial institutions. One thing led to another and capitalising on the

network he had already built, Y.Bhg. Datuk Ir. Haji Khairol saw an incredible opportunity in prepaid cards. In its first year of being entrusted with the Celcom account, KAT Technologies managed RM500,000 in face value of prepaid cards and starter packs. By the following year, the company's turnover was RM500,000 per month before doubling to RM1 million per month by 2001. As the company's relationship with Celcom and TM grew, so did its business and as a result, KAT Technologies was awarded an exclusive distributorship for Celcom and TM products



in 2005. Today, the company manages a turnover of RM65 million per month (face value) with transactions amounting to between RM2.5 and RM3 million per day. The experience, knowledge and expertise gained in selling smart electronic credit card terminals had facilitated KAT Technologies to evolve into becoming the first company to venture into the prepaid sales portal in 2000, initially linking five major financial institutions.

**I would like to have KAT Technologies evolve from being a Malaysian company into a world leader in the distribution of prepaid cards. Sometimes you have to dream, but dreams do come true**

“Over the years we have concentrated on developing our own distribution support, solutions, methods and processes. As a result, we now operate a system called KATsys, an integrated and in-house designed system which enables us to manage procurement, supply planning, sales and marketing. This system is essentially able to track the status of a prepaid card from the time it leaves our principal's warehouse to when it reaches the sales dealers and subsequently customers. We have to be very precise with our stock by accurately calculating the stock we manage. When you manage a RM65 million business a month, you can no longer afford to go

on gut feeling and this is where the system comes in place,” said Y.Bhg. Datuk Ir. Haji Khairol.

On average, transactions at KAT Technologies amount to 250,000 units of prepaid starter packs per month; 6 million pieces of recharge cards per month; with more than 45,000 sales invoices generated per month. With an authorised capital of RM10 million and a paid-up capital of RM4 million, KAT Technologies is on track to record a net profit in its thirteen year history by end 2012. For its achievements, KAT Technologies has also been accorded numerous awards and accolades. It was named TM's Most Valued Card Distributor in 2010 and 2011; it won the Excellence Award by Perbadanan Usahawan Nasional Berhad (PUNB) in 2010 and 2011; Celcom/TM's best Distributor Award in 2008; and awards for Celcom's Highest SIM Packs Sold (2010) and Virtual Reload Sold (2009). It was also named as Celcom's Most Innovative Distributor in 2009. In 2012, KAT Technologies received a Double A rating from the Innovation Certification for Enterprise Rating and Transformation (1-Innocert) and was rated as a 4-star company under the SME Competitiveness Rating for Enhancement (SCORE). In February of 2012, the company was fully accredited as one of the 80 pioneer Teras company by Teraju; a unit under the Prime Minister's Department.

Moving forward, Y.Bhg. Datuk Ir. Haji Khairol has his sights set on going regional and global. “Our target is to become the preferred business partner to our

principals in the distribution trade, operating regionally in 2015 and internationally by 2020. I would like to have KAT Technologies evolve from being a Malaysian company into a world leader in the distribution of prepaid cards. Sometimes you have to dream, but dreams do come true”. His parting words to other aspiring entrepreneurs: “You must overcome what is in your mind and you have to tell yourself that you can achieve it. This is not easy but at the end, trading is all about trust and if you can uphold this motto, people will come back to you”.



## From a Home-based Business to a Large Furniture Company



Passion over fine craftsmanship and wood carving inspired Y.Bhg. Dato' Hashim Mohamad to establish HASRO Furniture Gallery in 1978. From a home-based business, the company which is into its 34th anniversary has since grown into one of the most successful Bumiputera furniture manufacturing companies in Malaysia. Today, HASRO operates its own factory and gallery in Kawasan Rambai, with Y.Bhg. Dato' Hashim as the Chairman of the company while his eldest son Encik Abu Huzaifah, acts as the General Manager who runs the company alongside other family members.

From a humble beginning as a sub-contractor to several main contractors, HASRO moved up to becoming one of the suppliers for Guthrie under its

vendor programme in the early 90s. Thereafter, the company began supplying furniture to schools, government offices and universities via government tenders and in 1992, began exporting its products to overseas markets such as Japan and the United States.

In the early stages of its operations, the company were mainly funded through internal sources of financing except for hire purchase from financial institutions used to acquire machineries. In the subsequent years (2005-2008), the company utilised the Market Development Grant by MATRADE to participate in trade exhibitions. HASRO also received the Enterprise Resource Planning (ERP) Grant from SMIDEC (now known as SME Corporation Malaysia), and

was extended a series of training by the MARA Furniture Industry Technology Centre (FiTEC), the Forest Research Institute of Malaysia (FRIM) and the Malaysian Timber Industry Board (MTIB).

According to Encik Abu Huzaifah, one of the biggest challenges in establishing HASRO was in building the trust and confidence in a market that was new to Bumiputera. The company had also gone through its fair share of challenges arising from changes in the global economic environment over the years. "When there was a housing crisis in the United States for example, the sales of conventional furniture such as coffee table were affected as opposed to regular furniture like bed. The sales of this furniture declined

and therefore we had to think of other alternative products to manufacture and market.

In general, during an economic downturn, most markets are prone to turning to China for furniture due to its cheap cost of labour and production," Encik Abu Huzaifah said. He also cited two key factors for the company's success. Firstly, since it is a family-owned business, there is strong commitment and support from the family members. Secondly, he had benefited from Government support in terms of opening up opportunities especially in the export market, and existing Government policies which give priority to the appointment of local furniture manufacturers as suppliers.

Planning for the future, HASRO is now pursuing into the possibility of acquiring new technology in the manufacturing of its furniture. A higher degree of automation will decrease its dependency on labour, while more sophisticated and innovative machines will enable the company to manufacture furniture with modern designs. Encik Abu Huzaifah said the company also intends to embrace the green technology concept in manufacturing furniture and is currently working with FRIM to produce pallets made from wood dust that is often discarded as waste in furniture production. Meanwhile, in collaboration with the Malaysian Timber Industry Council (MTIC), SIRIM Berhad and FRIM, the company is conducting research on alternative sources of raw materials besides wood, for the production of furniture. This will significantly helped in overcoming



shortages in raw materials. In order to become successful, Encik Abu Huzaifah said SMEs must have knowledge and interest in the business. It is also imperative for them to be aware that business is about surviving and not solely about making profit or money, and that they have to master all aspects of the business such as sourcing of raw materials as well as understanding the nature of supply and demand. Successful SMEs are those who are innovative and creative, and when faced with any crisis, must be quick to overcome challenges. In the case of HASRO, he did not only focus solely on supplying to Government institutions, but diversified into manufacturing outdoor furniture which has a growing market in Malaysia.

**It is also imperative for them to be aware that business is about surviving and not solely about making profit or money, and that they have to master all aspects of the business**

Encik Abu Huzaifah hailed Government's assistance to SMEs which has provided opportunity and financing to enable local companies, particularly Bumiputera-owned to grow and diversify their business. "With the establishment of PEMANDU and TERAJU, I believe the contribution of Bumiputera SMEs to the economy will increase significantly," he concluded.

## Crafting Success in the Handicraft Industry

From its humble beginnings of being a trader, buying Sarawakian handicraft from the longhouse communities and reselling them to tourists, Tradelinks Management System (TMS) has come a long way to emerge as one of the most successful handicraft manufacturers in the country. TMS began its business in 2003, operating from a small retail outlet selling a blend of unique local handicraft on the third level of the Kuching Civic Centre, Sarawak. The founder of the company, Ms. Florence Skim AK Sujang, raised the initial funds with the help of some friends and family members, to offer a collection of traditionally-designed beads, necklaces, bracelets, bamboo and wooden handicraft to customers.

The company was subsequently extended a RM30,000 business loan by the Sarawak

Economic Development Centre (SEDC) which later led to the establishment of the company's showroom in Ewe Hai Street in downtown Kuching. From the outset, Ms. Florence realised that TMS needed a value proposition to distinguish itself from its competitors. She came up with the idea of blending ceramics into her handicraft collection given the rising demand for ceramic products. To acquire the skills in ceramic production, Ms. Florence enrolled herself in numerous training programmes, one of which was the Ceramic Industrial Development Programme, which is jointly conducted by the Ministry of Industrial Development Sarawak and SIRIM Berhad.

TMS was also an incubatee company under the Malaysian Handicraft Development Corporation for three years before being invited to



participate in the Ceramics Centre owned by the Ministry of Industrial Development (MID) Sarawak for mass production of ceramics in Demak Laut, Kuching. Today, the company offer customers who are mainly tourists, an array of more than 80 different uniquely designed handicrafts to choose from. For its efforts and success over the years, TMS has been blessed with numerous accolades. The company was named as the Best Showcase for Handicraft in the 2006 One District One Industry programme, and was also the proud recipient of the Handicraft Entrepreneurs Award in 2007 which was presented by the Honourable Prime Minister. For the company's achievements, Ms. Florence was also named as an ambassador under the Duta 1Nita programme by Ministry of Science, Technology and Innovation (MOSTI).



The company has also participated in numerous overseas exhibitions such as in Singapore, Japan and the United Kingdom with support from Malaysian Handicraft Development Corporation. Its participation in the Groom Big programme has enabled TMS to enhance its packaging and labeling in accordance with international quality standards, and as a result, today, its range of beads and ceramics can also be found in Australia and the United Kingdom.

Looking back, Ms. Florence said the company's biggest challenge thus far has been to make a name for itself as a preferred and credible manufacturer of local handicraft. This required careful market study, which eventually led to the company producing its own unique design of handicraft. While the current global economic environment posed challenges in terms of increase in the price of raw materials and the cost of production, TMS continues to enjoy brisk sales as handicraft and souvenir items are a must for any tourist visiting Sarawak.

"What we are looking at now is to diversify the business. At the moment we are undertaking research to introduce a mass thermo generated technique to produce environmentally-friendly oven as well as into the viability of using local clay to produce higher-end products such as lighting filaments," said Ms. Florence. Meanwhile in advising other SMEs and potential entrepreneurs, she said that it is

important to be able to compete in a rapidly growing and evolving market. In order to succeed and remain competitive she added, SMEs require a great degree of perseverance to offer consistent quality of products and services that are delivered on time.

Ms. Florence realised that TMS needed a value proposition to distinguish itself from its competitors. She came up with the idea of blending ceramics into her handicraft collection given the rising demand for ceramic products



## Taking the Best of Malaysian Seafood to the World



Contrary to the common belief that one should not start a business during a financial crisis or recession, Ambang Wibawa Sdn. Bhd. has proven to be an exceptional case. The company was established by Encik Murkhalis Mokhter in November 1997, just as the Asian financial crisis was unfolding. Although he has had his fair share of challenges initially, the venture had turned out to be successful when the company emerged as one of Malaysia's leading producer, processor and exporter of aquaculture fish. Today, almost 95% of the company's products are for the lucrative export market, with shipments to as many as six countries such as the United Arab Emirates, Saudi Arabia, Kuwait, Iraq and South Korea.

According to Encik Murkhalis, Ambang Wibawa began its operation by supplying small amounts of fish to hospitals,

army camps and several higher learning institutions. Later, they realised that there was ample opportunity for export. "We (my wife and I) felt that we had to grow the business, and by venturing into the export market we would overcome a lot of the obstacles of doing business domestically, especially in terms of payment collection. When you export, the payment is made by way of Letter of Credit and therefore the returns are faster," said the 43-year-old ex-banker.

The turning point of his business came in 2004 when Encik Murkhalis exhibited his samples in the FOODEX Japan. However, there is an irony to the story. The opportunity did not come directly from the Japanese market but instead, a MATRADE official who was then based in Japan had suggested to him to look at Dubai. So he quickly did some market research and made the necessary

arrangements to begin exporting his products which primarily consisted of Black Tilapia, Milk Fish and prawns. While only a minority of Malaysians favour fresh water fish, it was well received by the local market in Dubai and the foreigners residing in the United Arab Emirates.

Today, Ambang Wibawa's Malaysian Black Tilapia are not only found in hypermarkets and grocery stores in Dubai but are also supplied to markets in Saudi Arabia, Iraq and Kuwait. In fact, 70% of the world's demand for fresh water fish is for Black Tilapia. In addition, Ambang Wibawa is also exporting a range of other fresh water fish which includes Big Head Carp, Pangasius and Vannamei Shrimp. In 2006, Ambang Wibawa was also among the first beneficiaries of the SME Growth Acceleration Fund which was then implemented by Bank Pembangunan (M) Berhad.

In order to ensure constant and steady supply of fish, the company depends on three important sources. Ambang Wibawa has its own ponds of approximately 100 acres in Kampar and also contract ponds from others, in addition to sourcing fish from land-based fishermen who sells their catch to the factory on a daily basis. On average, Ambang Wibawa processes between 2-3 tones of Black Tilapia per day or approximately 100 tonnes of fish per month, all of which are cleaned, processed, frozen and pre-packed before being transported to Port Klang for overseas shipment.

**The biggest stumbling block is our own mindset. You must first believe that you can do it and the rest will follow. It is fine to dream big**

Equipped with Individual Quick Frozen (IQF) technology, Ambang Wibawa's modern processing plant has the capability of the fastest freezing speed to efficiently lock-in quality and freshness. In addition, as a Hazard Analysis for Critical Control Points (HACCP) and Halal Certified fish processor, Ambang Wibawa is committed to producing only the highest quality products. As a result of strong demand, the company also engages a contract packer to ship its supply of Milk Fish directly from Tawau, Sabah to the Middle East. On annual basis, the company exports between 1,500-2,000 tonnes per year and



posts an annual turnover of more than RM5.5 million. According to Encik Murkhalis, they have participated in various trade exhibitions as far as Moscow, Los Angeles and London.

Ambang Wibawa also prides itself in conforming to good agriculture practice in which its fish is raised with eco-friendly and non-polluting methods. The fish is fed with quality feed with different food composition at various stages to ensure good growth rate and better fillet texture. The company's fish ponds also do not use any antibiotic, chemical or growth hormones.

"We have gone through our fair share of challenges, from economic recession to war, but in the end, people still need to eat and that is the beauty of this business," said Encik Murkhalis. Looking towards expanding the business even further, Ambang Wibawa is planning to open a second processing plant to be based in Sabah. They are also studying the feasibility of starting a 700 acres prawn farm which will be capable of housing at least 300 large ponds and is expected to be developed at the cost of RM150 million.

Advising aspiring entrepreneurs, Encik Murkhalis said "The biggest stumbling block is our own mindset. You must first believe that you can do it and the rest will follow. It is fine to dream big! Another important thing to consider is to do an environmental scanning to determine who you can sell your products to. To be able to do both, Malaysians seafood producer must be brave to venture abroad to look at the various opportunities. There is a lot of Government assistance in various forms, but in order to be successful, you must be able to think out of the box. One must also realise and accept that in business, there will be plenty of challenges and sacrifices to be made".



## Success through Word of Mouth

From a home-based company initiated by two friends, Ms. S.S Patricia A/P Saudagar Singh and Ms. Azlin Shahrin some twenty years ago, Pat-Lin Communications Sdn. Bhd. has today become a full-fledged public relations consultancy firm. Established in 1992, the company offers a comprehensive range of communication services which include corporate communications, brand communications and healthcare communications. The company also offers editorial services, multimedia and social media solutions as well as special events management. The company which is based in Phileo Damansara, Kuala Lumpur, services both local and multinational companies from the healthcare, lifestyle,



corporate and business sectors. The partners had a modest beginning using their own funds and a home office equipped with used furniture and borrowed office equipment. As their business expanded, the two partners reinvested their

earnings into purchasing their own office equipment and subsequently relocating to its current corporate office. "We believe that it is the quality of our work that speaks louder than having a fancy office set-up. Until today, by the grace of God, our operations remain funded by our own funds and earnings and this is indeed something that we are proud of - to have built our business on our own determination and efforts, and managed to grow our company to what it is today," said Ms. Patricia.



As in any business start-up, Ms. Patricia added that Pat-Lin Communications had to work hard to establish its name, and to build trust and confidence among clients. Their penchant to deliver quality services spread through word of mouth resulted in carving a niche market. Today, the company is also affiliated with PR consultancies outside Malaysia to assist in servicing cross border needs of its clients.

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The growth and success of Pat-Lin Communications over the years have also been driven by its corporate value which is PRIDE - Personal Responsibility In Delivering Excellence. Guided by its tagline 'Challenging Norms and Creating Impact', the company employs different strategic and tactical tools and communication platforms to achieve the desired results for its clientele. These include concept launches, media talk shows, gimmick invitations, integrated programmes and industry collaborations to messaging workshops, media tutorials and roundtables.

Challenges arising from the global financial crisis presented the company with both opportunities and challenges. Ms. Patricia said that "During the hard times, any business will be affected to some extent. However, contrary to popular belief, we have found that even in times of recession, businesses would opt for public relations services as opposed to other forms of promotions as it is a more cost effective approach which allows businesses to remain in the public's eye," added Ms. Patricia.



Moving ahead, Ms. Patricia said the company intends to continue to build on its success and grow a strong servicing team. The focus will be to capitalise on the growing online and social media platforms to assist clients with the growing trend. This is in line with the company's vision to grow into a high profile, synergistic, value-adding partner to its clients and to establish Pat-Lin Communications as a public relations consultancy of distinction and choice in Malaysia.

In order to establish a successful public relations consultancy, she said it is of paramount importance that the servicing team establish strong communication skills - both written and spoken, alongside soft skills such as creativity, multitasking, strong analytical mind, ability to counsel clients

and a strong capability to resolve issues. Confidence is also essential as these companies act as communication counsellors for their clients. "It is important to ensure that you have the right skill sets and a good servicing team if you want to succeed in this business. You must have a passion in public relations and be able to work within the circumstances and resources to help your clients achieve their communication goals. This must also be backed by a good understanding of the local scene," said Ms. Patricia.

## Appendices



# **Appendix 1**

## Key Statistics on SMEs



## Key Statistics on SMEs

**Table 1: Number of Establishments by Sector**

Sector	Micro	Small	Medium	Total SMEs	Total SMEs	Large Firms	Total Establishments
	Number of Establishments				% Share	Number	Number
Manufacturing	21,619	13,934	2,308	37,861	5.9	1,808	39,669
Services	462,420	106,061	12,504	580,985	90.1	10,898	591,883
Agriculture	3,775	1,941	992	6,708	1.0	2,121	8,829
Construction	8,587	6,725	3,971	19,283	3.0	2,857	22,140
Mining & Quarrying	57	126	116	299	0.05	119	418
<b>Total SMEs</b>	<b>496,458</b>	<b>128,787</b>	<b>19,891</b>	<b>645,136</b>	<b>100.0</b>	<b>17,803</b>	<b>662,939</b>

Source: Economic / SMEs Census 2011 by Department of Statistics, Malaysia

**Table 2: Number of SME Establishments by State**

State	Total SMEs	%
Johor	68,874	10.7
Kedah	37,092	5.7
Kelantan	37,823	5.9
Melaka	21,675	3.4
Negeri Sembilan	24,542	3.8
Pahang	29,462	4.6
Perak	60,028	9.3
Perlis	5,053	0.8
Pulau Pinang	40,824	6.3
Sabah	40,884	6.3
Sarawak	43,830	6.8
Selangor	125,904	19.5
Terengganu	22,514	3.5
W. P. Kuala Lumpur	84,261	13.1
W. P. Labuan	1,952	0.3
W. P. Putrajaya	418	0.1
<b>Total SMEs</b>	<b>645,136</b>	<b>100.0</b>

Source: Economic / SMEs Census, 2011 by Department of Statistics, Malaysia

**Table 3: Value-added Growth of SMEs by Key Economic Activity, Annual Change in % (constant 2005 prices)**

Year	2006	2007	2008	2009	2010 <sup>e</sup>	2011 <sup>p</sup>
	Growth Rate (%)					
Agriculture	8.3	3.3	2.3	1.2	5.9	6.4
Mining	4.9	12.7	1.6	1.8	3.3	3.4
Construction	0.3	12.4	2.5	6.9	10.3	2.9
Manufacturing	5.7	7.2	0.7	-7.0	11.5	7.6
Services	6.8	12.6	9.8	2.6	6.7	6.4
Plus: import duties	-12.2	22.9	68.1	11.7	48.0	33.0
<b>Total SME Value-added</b>	<b>6.4</b>	<b>10.0</b>	<b>6.5</b>	<b>0.2</b>	<b>8.0</b>	<b>6.8</b>

e : estimate      p : preliminary

Source: Department of Statistics, Malaysia

**Table 4: Contribution of SMEs to GDP by Key Economic Activity (%)**

Year	2005	2006	2007	2008	2009	2010 <sup>e</sup>	2011 <sup>p</sup>
	% share to GDP						
Agriculture	3.4	3.5	3.4	3.3	3.4	3.4	3.4
Mining	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Manufacturing	8.1	8.1	8.2	7.8	7.4	7.7	7.9
Services	17.0	17.2	18.2	19.1	19.9	19.8	20.0
Plus: import duties	0.1	0.1	0.1	0.2	0.2	0.2	0.3
<b>Total SME Value-added</b>	<b>29.4</b>	<b>29.6</b>	<b>30.7</b>	<b>31.2</b>	<b>31.7</b>	<b>32.0</b>	<b>32.5</b>

e : estimate      p : preliminary

Source: Department of Statistics, Malaysia

Appendices



## **Appendix 2**

List of SME Development Programmes in 2012



## Ministry of Agriculture and Agro-based Industry (MOA)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Building Capacity and Production Capability</li> </ul>	<ul style="list-style-type: none"> <li>Modernise and increase agro-based entrepreneurs' production capacity and capability through mechanisation and automation</li> </ul>	LKIM
<ul style="list-style-type: none"> <li>Increase Quality and Product Development</li> </ul>	<ul style="list-style-type: none"> <li>Develop quality agro-based products that comply with food act, safe to be eaten from chemical, microbiology and physical</li> <li>Improve product image in terms of quality, design, packaging and labelling in order to be competent in the market</li> </ul>	LKIM
<ul style="list-style-type: none"> <li>Development of pineapple industry</li> </ul>	<ul style="list-style-type: none"> <li>Promote the development of pineapple-based products</li> </ul>	MPIB
<ul style="list-style-type: none"> <li>Increase adoption and up scaling of MARDI's technology</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate the adoption of MARDI's research and development results in the form of new technologies and products</li> </ul>	MARDI

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Increase application of technology marketing and post-harvest practices</li> </ul>	<ul style="list-style-type: none"> <li>Establish rules and standards of products to ensure:               <ol style="list-style-type: none"> <li>(i) safety and product quality</li> <li>(ii) compliance to rules and terms of international trade</li> <li>(iii) supervision, alignment and regulatory</li> </ol> </li> </ul>	FAMA

## Ministry of Agriculture and Agro-based Industry (MOA)

### C) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>TEKUN Financing</li> </ul>	<ul style="list-style-type: none"> <li>Provide microfinance facility for working capital requirements to assist small Bumiputera entrepreneurs in their start-up or existing businesses</li> <li>Provide entrepreneurship information, business opportunities, advisory and support to TEKUN participants</li> <li>Develop TEKUN entrepreneurship community who are competent, innovative and progressive</li> <li>Inculcate entrepreneurial culture among participants</li> </ul>	TEKUN
<ul style="list-style-type: none"> <li><i>Dana Nelayan</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide soft-loan scheme to enable fishermen to improve their standard of living</li> </ul>	LKIM

### D) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li><i>Penjenamaan dan Promosi 1Malaysia Best</i></li> </ul>	<ul style="list-style-type: none"> <li>Create a certified brand for Malaysian agro-based products in order to increase the image and sales of such products in the local and international markets</li> </ul>	FAMA
<ul style="list-style-type: none"> <li>Development of Agro-based industry programme</li> </ul>	<ul style="list-style-type: none"> <li>Develop a complete food chain in agro-based industry</li> </ul>	LPP
<ul style="list-style-type: none"> <li>Branding, Promotion and Marketing</li> </ul>	<ul style="list-style-type: none"> <li>Provide a platform to promote and market small and medium fishery-based companies to domestic and international markets, expand their business networkings and enhance competitiveness</li> </ul>	LKIM
<ul style="list-style-type: none"> <li>FAMA Kitchen</li> </ul>	<ul style="list-style-type: none"> <li>Promote and expand the use of agro-based products, such as vegetables, fruits and freshwater fish</li> </ul>	FAMA
<ul style="list-style-type: none"> <li>Develop SME Agrofood Product Distribution Centres</li> </ul>	<ul style="list-style-type: none"> <li>Develop distribution centres to efficiently distribute SMEs agro-food products throughout the nation</li> </ul>	FAMA

## Ministry of Agriculture and Agro-based Industry (MOA)

### D) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Pembangunan Pemasaran Produk IAT Sedia Eksport</li> </ul>	<ul style="list-style-type: none"> <li>Create a group of entrepreneurs especially Bumiputera, in the supply value-chain of raw materials, processing, distribution, retailing and exporting of agro-based products</li> </ul>	FAMA
<ul style="list-style-type: none"> <li>Establishment of people's outlet store marketing and tricycle wholesale</li> </ul>	<ul style="list-style-type: none"> <li>Create alternative marketing channels for small farmers and wholesalers of agricultural products to overcome the surplus of agricultural products in the rural areas</li> </ul>	FAMA
<ul style="list-style-type: none"> <li>Misi Perdagangan dan Pemasaran Pertanian (AMIM)</li> </ul>	<ul style="list-style-type: none"> <li>Create a group of entrepreneurs, especially in the global supply chain of raw materials, processing, distribution, promotion and export of products</li> </ul>	MOA
<ul style="list-style-type: none"> <li>Contract Farming</li> </ul>	<ul style="list-style-type: none"> <li>Ensure consistent supply in the value chain of agro-based products</li> </ul>	FAMA

### E) Infrastructure

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Fishermen Market</li> </ul>	<ul style="list-style-type: none"> <li>Encourage participation of fishermen and their family in the entrepreneurship field</li> </ul>	LKIM
<ul style="list-style-type: none"> <li>Strengthening of Farmers' Market and Fruit Stall Segar (GBBS)</li> </ul>	<ul style="list-style-type: none"> <li>Provide a range of retail outlets to farmers/ small producers to market their products directly</li> </ul>	FAMA
<ul style="list-style-type: none"> <li>Provision of Marketing Centres for Products of Agro-based Industries</li> </ul>	<ul style="list-style-type: none"> <li>Provide market place for agro-food products and increase the capacity of farmers and microenterprises to commercial level</li> </ul>	FAMA
<ul style="list-style-type: none"> <li>Marketing Infrastructure Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Undertake maintenance of the marketing infrastructure under FAMA including collection centres, distribution centres, operation centres and freezer rooms, commercial vehicles and permanent farmer's market</li> </ul>	FAMA

#### Contact: Ministry of Agriculture and Agro-based Industry (MOA)

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## Ministry of Plantation Industries and Commodities (MPIC)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Bumiputera SMEs Production Capacity Improvement</li> </ul>	<ul style="list-style-type: none"> <li>Increase productivity and efficiency of Bumiputera SMEs in manufacturing of timber-based products</li> </ul>	MTIB
<ul style="list-style-type: none"> <li>Entrepreneur Development Programme for Hand-made Chocolate</li> </ul>	<ul style="list-style-type: none"> <li>Encourage hand-made chocolate production, increase the production capacity and to promote local cocoa and chocolate products</li> </ul>	MCB

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Skill Enhancing Programme</li> </ul>	<ul style="list-style-type: none"> <li>Enhance skills and knowledge of Bumiputera entrepreneurs</li> </ul>	MTIB

### C) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li><i>Bengkel peluang perniagaan untuk PKS dalam industri kelapa sawit</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide information on commercialisation and business planning in the palm oil industry</li> </ul>	MPOB
<ul style="list-style-type: none"> <li><i>Tunjuk Nasihat Sawit (TUNAS)</i></li> </ul>	<ul style="list-style-type: none"> <li>Assist smallholders to implement good agricultural practices (GAP)</li> </ul>	MPOB
<ul style="list-style-type: none"> <li>Bumiputera Market Expansion and Exploration Programme</li> </ul>	<ul style="list-style-type: none"> <li>Increase Bumiputera SMEs' sales in the export and domestic markets</li> </ul>	MTIB

#### Contact: Ministry of Plantation Industries and Commodities (MPIC)

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## Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)

### A) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Program Transformasi Kedai Runcit (TUKAR)</li> </ul>	<ul style="list-style-type: none"> <li>Modernise small sundry shops</li> </ul>	MDTCC in collaboration with Bank Rakyat
<ul style="list-style-type: none"> <li>Automotive Workshop Modernisation</li> </ul>	<ul style="list-style-type: none"> <li>Modernise automotive workshops</li> </ul>	MDTCC
<ul style="list-style-type: none"> <li>PNS Franchise Financing Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Develop and promote Middle-Level Bumiputera Entrepreneurs (MLBE) in franchise businesses as well as provide financial assistance for purposes of business expansion and new start-up franchise companies</li> </ul>	PNS
<ul style="list-style-type: none"> <li>PNS Youth Franchise Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Encourage Bumiputera youth to venture into franchise business by providing start-up financing</li> </ul>	PNS
<ul style="list-style-type: none"> <li>PNS Executive Franchise Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Encourage more Bumiputera employees in the public and private sectors to venture into franchise business</li> </ul>	PNS
<ul style="list-style-type: none"> <li>PNS Pre-Franchise/ Franchisor Financing Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Assist new franchisors by providing financial assistance to potential franchisors and master franchisees</li> </ul>	PNS

### B) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Business Matching Programme</li> </ul>	<ul style="list-style-type: none"> <li>Assist SMEs to access and list their products in the local and foreign hypermarkets and supermarkets in Malaysia</li> </ul>	MDTCC in collaboration with Hypermarket/ Departmental Stores/ Supermarket
<ul style="list-style-type: none"> <li>Produk Malaysia Citarasa Kita (PMCK)</li> </ul>	<ul style="list-style-type: none"> <li>Promote and market SME products to local and foreign hypermarkets in Malaysia</li> </ul>	MDTCC in collaboration with Hypermarket/ Departmental Stores/ Supermarket

**Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)****B) Market Access**

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Taste of Malaysia (TOM)</li> </ul>	<ul style="list-style-type: none"> <li>Promote and market SME products to hypermarkets abroad</li> </ul>	MDTCC in collaboration with Hypermarkets/ Departmental Stores/ Supermarkets
<ul style="list-style-type: none"> <li><i>Kedai Rakyat 1Malaysia (KR1M)</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide consumers with access to quality products at a cheaper price</li> </ul>	MDTCC in collaboration with Hypermarkets/ Departmental Stores/ Supermarkets
<ul style="list-style-type: none"> <li>Franchise Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Develop competent and competitive franchisor</li> </ul>	MDTCC

**Contact: Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC)**

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## Ministry of Energy, Green Technology and Water (MEGTW)

### A) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Green Technology Financing Scheme (GTFS)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce energy consumption and facilitate the growth of the Green Technology industry and enhance its contribution to the national economy</li> <li>Increase national capability and capacity for innovation in Green Technology development and enhance Malaysia's competitiveness in Green Technology in the global arena</li> <li>Ensure sustainable development and conserve the environment for the future generation</li> <li>Enhance public education and awareness on Green Technology and encourage its wide spread use</li> </ul>	Malaysian Green Technology Corporation (MGTC)

**Contact: Ministry of Energy, Green Technology and Water (MEGTW)**

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## Ministry of Finance (MOF)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Development of supply chain for Halal industry</li> </ul>	<ul style="list-style-type: none"> <li>Develop network systems, formulation of creative concepts and food management towards creating a strategic Halal food industry</li> </ul>	Perbadanan Kemajuan Ekonomi Negeri Perak

### B) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Professional Services Fund</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing for professionals to establish practices in rural areas</li> </ul>	BSN
<ul style="list-style-type: none"> <li>Tourism Development Financing Fund</li> </ul>	<ul style="list-style-type: none"> <li>Provide funding to develop and promote the tourism industry</li> </ul>	Bank Pembangunan Malaysia Berhad (BPMB) / Bank Perusahaan Kecil dan Sederhana Malaysia Berhad (SME Bank)
<ul style="list-style-type: none"> <li>Malaysian Kitchen Financing Facility</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing to Malaysian entrepreneurs to set up or expand existing restaurants overseas</li> </ul>	EXIM Bank
<ul style="list-style-type: none"> <li>Initiative Financing Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Reduce poverty rate in Malaysia by providing financing to poor households that will enable them to undertake viable economic activity hence upgrading their household income</li> </ul>	AIM
<ul style="list-style-type: none"> <li>ECER Entrepreneurship Development Programme (EEDP)</li> </ul>	<ul style="list-style-type: none"> <li>Assist and support the development of business opportunities and as well as develop and groom entrepreneurship in the ECER region</li> </ul>	ECER / Agro Bank
<ul style="list-style-type: none"> <li>Micro Credit Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Develop women entrepreneurs by providing funding for their businesses</li> </ul>	Malaysian Chinese Women Entrepreneurs Foundation (MCWEEF)
<ul style="list-style-type: none"> <li>Business Start-up Fund (BSF)</li> </ul>	<ul style="list-style-type: none"> <li>Encourage and facilitate the growth of technopreneurs and new start-up companies</li> </ul>	MTDC
<ul style="list-style-type: none"> <li><i>Dana Modal Teroka</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide venture capital financing to technology and ICT companies</li> </ul>	MAVCAP

**Ministry of Finance (MOF)****C) Infrastructure**

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Menaiktaraf dan menambahbaik Kompleks Pengeluaran Produk Halal di Kelantan</li> </ul>	<ul style="list-style-type: none"> <li>Equip the existing complex with facilities and features to meet the standards for products to penetrate the local and international market</li> </ul>	Perbadanan Kemajuan Ekonomi Negeri Kelantan
<ul style="list-style-type: none"> <li>1 Malaysia Village</li> </ul>	<ul style="list-style-type: none"> <li>Provide commercial space for SMEs</li> </ul>	Uda Holdings Berhad / PBT Tempatan

**Contact: Ministry of Finance (MOF)**

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**Ministry of Human Resources (MOHR)****A) Human Capital Development**

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>SME Peer Sharing</li> </ul>	<ul style="list-style-type: none"> <li>Provide coaching and handholding to SME owners in managing their human resources</li> </ul>	PSMB
<ul style="list-style-type: none"> <li>Short-term and Part-time courses</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade and enhance industrial workers' multi-tasking capabilities</li> </ul>	JTM
<ul style="list-style-type: none"> <li>Training Cum Production (TCP) / Teaching Factory</li> </ul>	<ul style="list-style-type: none"> <li>Create a smart collaboration between the training institutes expertise and the SMEs by producing a small batch production</li> <li>Maximize the usage of machines in all training institutes</li> </ul>	JTM
<ul style="list-style-type: none"> <li>SMETAP</li> </ul>	<ul style="list-style-type: none"> <li>Provide training programmes related to SMEs registered under HRDF</li> </ul>	PSMB
<ul style="list-style-type: none"> <li>National Dual Training System (NDTS)</li> </ul>	<ul style="list-style-type: none"> <li>Train school dropouts to ensure employability</li> </ul>	JTM
<ul style="list-style-type: none"> <li>SME Training Needs Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Equip trainers and human resource officers with the knowledge to prepare TNA and conduct evaluation on training programmes</li> </ul>	PSMB
<ul style="list-style-type: none"> <li>Trainers Development Programme (TTT / EET / Master Trainers)</li> </ul>	<ul style="list-style-type: none"> <li>Produce experts in training programmes</li> </ul>	PSMB

**Contact: Ministry of Human Resources (MOHR)**

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## Ministry of Science, Technology and Innovation (MOSTI)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Commercialisation of R&amp;D Fund (CRDF)</li> </ul>	<ul style="list-style-type: none"> <li>Leverage on Science, Technology &amp; Innovation (STI) for national development and wealth creation via commercialisation of products and processes</li> </ul>	MTDC
<ul style="list-style-type: none"> <li>Pre - Commercialisation Fund</li> </ul>	<ul style="list-style-type: none"> <li>Develop process, technology or new products or improvements to existing processes and technology to be commercialised</li> </ul>	MOSTI
<ul style="list-style-type: none"> <li>Agro Bio Business Chain Programme</li> </ul>	<ul style="list-style-type: none"> <li>Co-ordinate the agriculture industry and the manufacturing industry</li> <li>Increase agriculture product value:               <ol style="list-style-type: none"> <li>Spearhead growth for Agriculture Biotech industry</li> <li>Optimise involvement of Bumiputera in Agriculture Biotech industry</li> </ol> </li> </ul>	TPM, Biotech Corp.
<ul style="list-style-type: none"> <li>Traditional Medicines/ Supplement Industry Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Assist backyard traditional medicine/ supplement producers to become commercial entrepreneurs               <ol style="list-style-type: none"> <li>Catalysing the traditional medicine/ supplements industry (e.g Jamu)</li> <li>Bringing traditional medicine/supplements into the mainstream industry</li> </ol> </li> </ul>	TPM, Biotech Corp.
<ul style="list-style-type: none"> <li>e-Content Fund</li> </ul>	<ul style="list-style-type: none"> <li>Create quality content products for local and global markets by local companies and develop a resilient and competitive content industry</li> </ul>	MOSTI
<ul style="list-style-type: none"> <li>Catalysing ICT SME (CISME) (Pre-Tier Level)</li> </ul>	<ul style="list-style-type: none"> <li>Develop structured ICT R&amp;D based cluster for SMEs in K-based industries through               <ol style="list-style-type: none"> <li>Bumiputera ICT Entrepreneurship (BITE)</li> <li>Incubation</li> </ol> </li> </ul>	MDeC
<ul style="list-style-type: none"> <li>Technology Acquisition Fund (TAF)</li> </ul>	<ul style="list-style-type: none"> <li>Promote utilisation of foreign technology for the manufacturing and physical development of existing and new products and processes</li> <li>Increase wealth creation and technology content of Malaysian companies whilst enhancing their global competitiveness</li> </ul>	MTDC

## Ministry of Science, Technology and Innovation (MOSTI)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>MSC Malaysia Cloud Initiative</li> </ul>	<ul style="list-style-type: none"> <li>Enable the MSC Malaysia Independent Software Vendors (ISVs) to deploy cloud software and services as a utility, while catalysing demand by local enterprises for "Made in Malaysia" cloud software and services</li> <li>Encourage local SMEs to adopt and utilise leading solutions by MSC Malaysia status companies while enjoying incentivised subscription</li> </ul>	MDeC
<ul style="list-style-type: none"> <li>Malaysian Animation &amp; Creative Content Centre</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual Property Creators Challenge (IPCC) – Specialised grant programme that is designed to provide funds for the development of original intellectual property in the areas of animation, games and digital comics</li> </ul>	MDeC
<ul style="list-style-type: none"> <li>Commercialisation Fund               <ul style="list-style-type: none"> <li>i) Biotechnology Commercialisation Funding (BCF)</li> <li>ii) Biotechnology Commercialisation Funding (BCF) - Bumiputera</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provide funding for Biotechnology focus areas</li> <li>Complement the existing public and private sector fund by providing easy access to financing facilities</li> </ul>	Biotech Corp.

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Micropreneur Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Assist the needy e.g. single mother, handicap to venture in entrepreneurship</li> </ul>	TPM, Biotech Corp.
<ul style="list-style-type: none"> <li>Biopreneur Clinic Programme</li> </ul>	<ul style="list-style-type: none"> <li>Produce Biotech-based entrepreneurs</li> <li>Enhance knowledge and entrepreneurship skills of Bumiputera in the Biotech industry to;               <ul style="list-style-type: none"> <li>i. Spearhead growth for Biotech industry</li> <li>ii. Optimise involvement of Bumiputera in the Biotech industry</li> </ul> </li> </ul>	TPM, Biotech Corp.
<ul style="list-style-type: none"> <li>Biotechnology Entrepreneur Programme (BEP)</li> </ul>	<ul style="list-style-type: none"> <li>Provide exposure to technology and biotechnology-related technical and practical practices</li> </ul>	Biotech Corp.

## Ministry of Science, Technology and Innovation (MOSTI)

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Biopreneur Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Produce Biotech-based entrepreneurs</li> <li>Increase the number and enhance knowledge and skills of Bumiputera entrepreneur in the Biotech industry</li> </ul>	TPM, Biotech Corp.

### C) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Bio-technology Venture Fund</li> </ul>	<ul style="list-style-type: none"> <li>Provide financial assistance to boost the biotech industry</li> </ul>	MOSTI

### D) Infrastructure

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Development and Innovation Incubator Center Programme</li> </ul>	<ul style="list-style-type: none"> <li>Provide infrastructure (business premises) &amp; support services (technical &amp; business skills) to entrepreneurs</li> </ul>	TPM

#### Contact: Ministry of Science, Technology and Innovation (MOSTI)

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## Ministry of Rural and Regional Development (MRRD)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Furniture Technology Resource Centre</li> </ul>	<ul style="list-style-type: none"> <li>Enhance and assist entrepreneurs in furniture industry through product upgrading, product design and marketing</li> </ul>	MARA

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Entrepreneurship Development for <i>Orang Asli</i> Community</li> </ul>	<ul style="list-style-type: none"> <li>Increase participation of <i>Orang Asli</i> in entrepreneurship through provision of training and skills upgrading in various fields</li> </ul>	JAKOA
<ul style="list-style-type: none"> <li>Entrepreneurship Training</li> </ul>	<ul style="list-style-type: none"> <li>Provide exposure and awareness for youth, graduates and certificate holder to develop interest in entrepreneurship</li> </ul>	MARA
<ul style="list-style-type: none"> <li>Entrepreneurship Training on Skills and Technology Adoption</li> </ul>	<ul style="list-style-type: none"> <li>Enhance entrepreneurship skills and technology adoption for rural entrepreneurs</li> </ul>	MRRD
<ul style="list-style-type: none"> <li>Entrepreneur Training</li> </ul>	<ul style="list-style-type: none"> <li>Increase participation of Bumiputera entrepreneurs in business through basic and technical trainings</li> </ul>	KESEDAR

### C) Access to financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li><i>Skim Pembiayaan Kontrak Ekspres</i> (SPIKE)</li> </ul>	<ul style="list-style-type: none"> <li>Provide project financing for contractors</li> </ul>	MARA
<ul style="list-style-type: none"> <li>Rural Economy Funding Scheme (SPED)</li> </ul>	<ul style="list-style-type: none"> <li>Provide financial assistance to rural entrepreneurs in manufacturing services, agriculture and rural tourism sectors. through three types of financing:               <ol style="list-style-type: none"> <li>Start-up financing</li> <li>Working Capital and Business Expansion</li> <li>Rehabilitation Financing</li> </ol> </li> </ul>	MRRD in collaboration with Bank Rakyat / SME Bank / Agro Bank
<ul style="list-style-type: none"> <li>Rural Economy Funding Scheme (SPED) KESEDAR</li> </ul>	<ul style="list-style-type: none"> <li>Provide assistance to Bumiputera entrepreneurs to increase working capital or business start-ups</li> </ul>	KESEDAR

## Ministry of Rural and Regional Development (MRRD)

### D) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Marketing and Promotion</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate market expansion for Bumiputera entrepreneurs in manufacturing industries</li> </ul>	MARA
<ul style="list-style-type: none"> <li>Marketing and Promotion for Bumiputera</li> </ul>	<ul style="list-style-type: none"> <li>Increase participation of Bumiputera entrepreneurs in business through promotion and marketing activities</li> </ul>	MRRD

### E) Infrastructure

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Building business premises</li> </ul>	<ul style="list-style-type: none"> <li>Provide business premises for <i>Orang Asli</i> entrepreneurs</li> </ul>	JAKOA

#### Contact: Ministry of Rural and Regional Development (MRRD)

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## Ministry of International Trade and Industry (MITI)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Business Accelerator Programme (BAP)</li> </ul>	<ul style="list-style-type: none"> <li>An integrated programme to develop and nurture dynamic, competitive and resilient SMEs through SCORE, capacity building, advisory and technical support as well as financial support</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Enrichment and Enhancement Programme (E<sup>2</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>An integrated programme to develop and nurture dynamic, competitive and resilient microenterprises through M-CORE, capacity building, advisory and technical support as well as financial support</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>SME Expert Advisory Panel (SEAP)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen technical advisory services to SMEs through on-site assistance by industry experts.</li> <li>Encourage transfer of technology know-how and industry experience from industry experts to SMEs</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Halal Business Transformation</li> </ul>	<ul style="list-style-type: none"> <li>To transform the Halal industry by increasing the sales of 500 Halal companies by 15%</li> </ul>	HDC
<ul style="list-style-type: none"> <li>Microsoft Office 365</li> </ul>	<ul style="list-style-type: none"> <li>Cloud computing to increase productivity</li> </ul>	SME Corp. Malaysia / Microsoft
<ul style="list-style-type: none"> <li>Bumiputera Entrepreneur Enhancement Programme (BEEP)</li> </ul>	<ul style="list-style-type: none"> <li>Develop potential Bumiputera SMEs in all states through provision of comprehensive assistance package, via financial assistance and advisory services</li> </ul>	SME Corp. Malaysia

## Ministry of International Trade and Industry (MITI)

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>SME @ University Programme</li> </ul>	<ul style="list-style-type: none"> <li>Provide a structured learning opportunity for CEO's of SMEs to help them develop capable human capital that will drive diverse management innovation and creativity in developing business acumen among new and existing entrepreneurs</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>SME University Internship Programme</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate and upgrade SMEs' performance including their business processes, productivity and financial performance while students will be further nurtured with entrepreneurial skills</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Exporters Training Programme</li> </ul>	<ul style="list-style-type: none"> <li>Enhance knowledge of SMEs in export-related areas such as export regulations, market information, international standards, branding, packaging and trade financing</li> </ul>	MATRADE
<ul style="list-style-type: none"> <li>Capacity Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Enhance and develop capacity of SMEs' human resources in productivity and quality related matters</li> </ul>	MPC
<ul style="list-style-type: none"> <li><i>Program Promosi Kecemerlangan Organisasi (TQM)</i></li> </ul>	<ul style="list-style-type: none"> <li>Assist potential Bumiputera SMEs to venture into international market</li> </ul>	MPC
<ul style="list-style-type: none"> <li>SME Mentoring Programme</li> </ul>	<ul style="list-style-type: none"> <li>Enhance SMEs knowledge in production, sales and marketing and halal related matters in the food &amp; beverage industry through sharing of Nestle's best practices</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Skills Upgrading Programme</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the capabilities of employees of SMEs in the technical and managerial skills such as financial, quality and business management</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Training of Trainers (TOT), Mentoring and Coaching and entrepreneur week</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade and increase skills and expertise of entrepreneurs</li> </ul>	MITI

## Ministry of International Trade and Industry (MITI)

### C) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>SME Revitalisation Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Providing second chance financing for SMEs to rehabilitate operations</li> </ul>	SME Bank
<ul style="list-style-type: none"> <li><i>Dana Pinjaman PKS</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide working capital for SMEs</li> </ul>	SME Bank
<ul style="list-style-type: none"> <li>Public Transport Development Fund (TPPA)</li> </ul>	<ul style="list-style-type: none"> <li>Improve transportation in the rural areas (school bus, mini bus &amp; stage buses)</li> </ul>	SME Bank
<ul style="list-style-type: none"> <li>Soft Loan Schemes for Automation and Modernisation (SLSAM)</li> </ul>	<ul style="list-style-type: none"> <li>Encourage industries to modernise and automate their manufacturing process and upgrade production capability and capacity</li> <li>Assist companies in:               <ol style="list-style-type: none"> <li>Reducing dependency on labour-intensive activities and foreign labours</li> <li>Diversifying into higher value-added activities</li> <li>Rationalising and streamlining their operations through mergers and acquisitions</li> </ol> </li> </ul>	MIDF
<ul style="list-style-type: none"> <li>Soft Loan for SMEs (SLSME)</li> </ul>	<ul style="list-style-type: none"> <li>Provide assistance to existing as well as new start-up companies in project, fixed assets and working capital financing</li> <li>Assist SMEs which are operating in non-designated areas to relocate their operations to legal industrial sites or premises</li> <li>Assist SMEs to improve their competitiveness, efficiency and productivity through the adoption of ICT in business management and operations</li> </ul>	MITI in collaboration with SME Corp. Malaysia / MIDF
<ul style="list-style-type: none"> <li>SME Emergency Fund</li> </ul>	<ul style="list-style-type: none"> <li>Provide financial assistance to help SMEs recover from disaster</li> </ul>	SME Corp. Malaysia / MIDF
<ul style="list-style-type: none"> <li>Soft Loan Schemes for Service Sector (SLSSS)</li> </ul>	<ul style="list-style-type: none"> <li>Assist companies and enterprises in the services sectors to increase their capabilities and capacities</li> </ul>	MIDF
<ul style="list-style-type: none"> <li>Shariah-compliant SME Financing Scheme (SSFS)</li> </ul>	<ul style="list-style-type: none"> <li>Provide financial assistance to eligible Malaysian SMEs whereby the Government will cover 2% of the profit rate charged on the financing provided by participating Islamic Banks</li> </ul>	SME Corp. Malaysia in collaboration with Association of Islamic Banking Institutions Malaysia (AIBIM)

## Ministry of International Trade and Industry (MITI)

### D) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>SME-Brand Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Create awareness on branding among SMEs on seminars / workshops, advisory services at Branding Innovation Centre (BIC) &amp; Branding and Packaging Mobile Gallery. Enhance visibility of local brands:               <ol style="list-style-type: none"> <li>Brand Innovation Centre</li> <li>Branding Seminar &amp; Award Presentation</li> <li>Brand Manual Workshop</li> <li>Branding &amp; Packaging Mobile Gallery</li> <li>National Mark of Malaysian Brand</li> </ol> </li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Industrial Linkage Programmes</li> </ul>	<ul style="list-style-type: none"> <li>Develop linkages between SMEs, MNCs, GLCs as well as Large Firms</li> </ul>	SME Corp. Malaysia
<ul style="list-style-type: none"> <li>Vendor Development</li> </ul>	<ul style="list-style-type: none"> <li>Increase Bumiputera middle class in major industries such as automotive, electrical and electronics, plastics, rubber machinery and engineering, telecommunications, building equipment (IBS), furniture, repair and construction of ships etc.</li> </ul>	MITI
<ul style="list-style-type: none"> <li>Market Development Grant (MDG)</li> </ul>	<ul style="list-style-type: none"> <li>Provide assistance for SMEs to undertake activities for development of export market</li> </ul>	MATRADE
<ul style="list-style-type: none"> <li>Bumiputera Exporters Development Programme (BEDP)</li> </ul>	<ul style="list-style-type: none"> <li>Help Bumiputera SMEs develop the necessary skills and knowledge to penetrate and further expand their export markets</li> </ul>	MATRADE
<ul style="list-style-type: none"> <li>Women Exporters Development Programme (WEDP)</li> </ul>	<ul style="list-style-type: none"> <li>Help women-owned SMEs develop the necessary skills and knowledge to penetrate and further expand their export market</li> </ul>	MATRADE
<ul style="list-style-type: none"> <li>Empowering Business Online with E-Bay and Google</li> </ul>	<ul style="list-style-type: none"> <li>Help to expose SMEs to reach the global market of consumers</li> </ul>	SME Corp. Malaysia

#### Contact: Ministry of International Trade and Industry (MITI)

Block 10, Government Offices Complex  
 Jalan Duta  
 50622 KUALA LUMPUR

Tel: 603-6203 3022  
 Website: [www.miti.gov.my](http://www.miti.gov.my)

Fax: 603-6203 2337  
[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Ministry of Information Communication and Culture (KPKK)

### A) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Craft Skill Development</li> </ul>	<ul style="list-style-type: none"> <li>Produce knowledgeable, skilful, creative and innovative graduates in the field of batik craft, weaving, ceramic, woodcraft, metal craft and rattan to fulfil the skilled manpower demand of the craft industry</li> </ul>	Malaysian Handicraft Development Corporation

### B) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Creative Industry Development Fund (CIDF-SKMM)</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate and encourage involvement of SMEs in the creation, production and distribution of creative, original and marketable multimedia content for domestic and international market</li> </ul>	Malaysian Communications and Multimedia Commission (MCMC)
<ul style="list-style-type: none"> <li>Creative Industry Loan</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing to promote the development of the creative industry as well as to enhance the local creative content for the local and international markets</li> </ul>	KPKK in collaboration with BSN & MOF

### C) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Get Malaysian Business Online (GMBO)</li> </ul>	<ul style="list-style-type: none"> <li>Encourage more Malaysian to do businesses online</li> </ul>	Malaysian Communications and Multimedia Commission (MCMC) in collaboration with Google Inc / iTrain / myDomain
<ul style="list-style-type: none"> <li>Craft Marketing</li> </ul>	<ul style="list-style-type: none"> <li>Increase the craft sales of entrepreneurs in domestic and international markets</li> </ul>	Malaysian Handicraft Development Corporation

#### Contact: Ministry of Information Communication and Culture (KPKK)

Kompleks Sultan Abdul Samad  
Jalan Raja  
50610 Kuala Lumpur

Tel : 03-2612 7600  
Website : [www.kpkk.gov.my](http://www.kpkk.gov.my)

Faks : 03-2693 5114  
[www.smeinfo.com](http://www.smeinfo.com)

## Ministry of Women, Family and Community Development (MWFCD)

### A) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li><i>Inkubator Keusahawanan Wanita (I-KeuNITA)</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide intensive skills training and entrepreneurship assistance such as sewing, beauty therapy, commercial cooking, crafts, childcare and travel for low-income women to enable them to start their own business</li> </ul>	JPW

**Contact: Ministry of Women, Family and Community Development (MWFCD)**

No. 55, Persiaran Perdana, Precint 4  
62100 PUTRAJAYA

Tel: 603-8323 1000

Website: [www.kpwkm.gov.my](http://www.kpwkm.gov.my)

Fax: 603-8323 2000

[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Ministry of Industrial Development Sabah (MID Sabah)

### A) Innovation & Technology Adoption

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Product Development and Packaging Programme</li> </ul>	<ul style="list-style-type: none"> <li>Increase product quality and gain Halal certification for food &amp; beverages and cosmetics</li> </ul>	MID

### B) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Entrepreneur Development Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Develop progressive and resilient SME Bumiputera entrepreneurs</li> </ul>	SEDCO in collaboration with UITM, MARA & SME Bank
<ul style="list-style-type: none"> <li>Specialised Food Processing Course</li> </ul>	<ul style="list-style-type: none"> <li>To upgrade the skills and expertise of entrepreneurs in processing food products from local resources</li> </ul>	MID in collaboration with Jabatan Pembangunan Perindustrian dan Penyelidikan (JPPP) & MARDI
<ul style="list-style-type: none"> <li>Small Projects under Social Development Programme</li> </ul>	<ul style="list-style-type: none"> <li>Provide small projects to social aid recipients and other target groups to develop their entrepreneurship skills and enhance their standard of living</li> </ul>	Jabatan Kebajikan Am (JPKA)
<ul style="list-style-type: none"> <li>Entrepreneurship for Single Mother</li> </ul>	<ul style="list-style-type: none"> <li>Provide training to single mothers to become entrepreneurs and to expand their business</li> </ul>	Kementerian Pembangunan Masyarakat dan Hal Ehwal Pengguna (KPMHEP) in collaboration with Jabatan Hal Ehwal Wanita Sabah (JHEWS)
<ul style="list-style-type: none"> <li><i>Kursus Asas Kontraktor</i></li> </ul>	<ul style="list-style-type: none"> <li>Provide basic knowledge to boost confidence of contractors</li> </ul>	Kementerian Pembangunan Sumber dan Kemajuan Teknologi Maklumat (KPSKTM)

## Ministry of Industrial Development Sabah (MID Sabah)

### C) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Skim Pembiayaan Usahawan Bumiputera Sabah (SPUBS)</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing to Bumiputera entrepreneurs for start-up and businesses expansion</li> </ul>	SEDCO
<ul style="list-style-type: none"> <li>Skim Pembiayaan Usahawan Wanita Sabah</li> </ul>	<ul style="list-style-type: none"> <li>Provide financing to women entrepreneurs for start-up and businesses expansion. The assistance include office equipment, machine, office renovation and working capital</li> </ul>	SEDCO
<ul style="list-style-type: none"> <li>Financing Scheme for technical school leavers &amp; workshop workers (Skim Lepas Teknik dan Pekerja Bengkel)</li> </ul>	<ul style="list-style-type: none"> <li>Assist technical school leavers and workshop workers to purchase machine and equipment to start new business</li> </ul>	SEDCO

### D) Infrastructure

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Shophouses</li> </ul>	<ul style="list-style-type: none"> <li>To develop shophouses for rural entrepreneurs</li> </ul>	SEDCO

#### Contact: Ministry of Industrial Development Sabah (MID Sabah)

9-11th Floor, Block C  
Wisma Tun Fuad Stephens, Karamuning  
Locked Bag 2037  
88622 Kota Kinabalu, SABAH

Tel: 6088-255 055  
Website: [www.sabah.gov.my/mid](http://www.sabah.gov.my/mid)

Fax: 6088-267 727  
[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Ministry of Industrial Development Sarawak (MID Sarawak)

### A) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>• Entrepreneurship development in selected sectors               <ul style="list-style-type: none"> <li>i. Food processing Technology Courses</li> <li>ii. Ceramic Industry Development Programme (CIDP)</li> <li>iii. Songket Weaving</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Enhance entrepreneurship, technical knowledge and skills to existing, potential and new entrepreneurs through training</li> </ul>	MID

### B) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>• Small and Medium Industry Financing Scheme (SPIKS)</li> </ul>	<ul style="list-style-type: none"> <li>• Provide financial support for SMEs in manufacturing, services and ICT sectors</li> </ul>	MID

### C) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>• Domestic &amp; International Trade Fair &amp; Expo</li> </ul>	<ul style="list-style-type: none"> <li>• Assist entrepreneurs in promoting their products in the domestic and international markets</li> </ul>	MID
<ul style="list-style-type: none"> <li>• Promotion &amp; Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Promote and market products through international and domestic trade fairs and expo</li> </ul>	MID

#### Contact: Ministry of Industrial Development Sarawak (MID Sarawak)

12th & 13th Floor, Wisma Sumber Alam  
Jln Stadium, Petra Jaya  
93500 Kuching, SARAWAK

Tel: 082- 313 212

Website: [www.mid.sarawak.gov.my](http://www.mid.sarawak.gov.my)

Fax: 082-445 337

[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Bank Negara Malaysia (BNM)

### A) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>New Entrepreneur Fund 2 (NEF2)</li> </ul>	<ul style="list-style-type: none"> <li>Promote the growth of Bumiputera SMEs through access to financing at a reasonable cost</li> </ul>	Implementation: Financial Institutions
<ul style="list-style-type: none"> <li>Fund for Small and Medium Industries 2 (FSMI2)</li> </ul>	<ul style="list-style-type: none"> <li>Ensure eligible SMEs have access to financing at a reasonable cost</li> </ul>	Implementation: Financial Institutions
<ul style="list-style-type: none"> <li>Micro Enterprise Fund (MEF)</li> </ul>	<ul style="list-style-type: none"> <li>Provide micro enterprises continuous access to financing</li> </ul>	Implementation: Financial Institutions

#### Contact: Bank Negara Malaysia (BNM)

Jalan Dato' Onn, P.O. Box 10922  
50929 KUALA LUMPUR

Tel: 603-2698 8044

Website: [www.bnm.gov.my](http://www.bnm.gov.my)

Fax: 603-2691 2990

[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Perbadanan Usahawan Nasional Berhad (PUNB)

### A) Human Capital Development

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li><i>Program Siswazah Perintis</i></li> </ul>	<ul style="list-style-type: none"> <li>Equip young Bumiputera graduates and certificate holders with skills and knowledge to venture in the retail and distributive sectors through structured and systematic development mechanism</li> </ul>	PUNB

### B) Access to Financing

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li><i>Skim PKS</i></li> </ul>	<ul style="list-style-type: none"> <li>Increase the number and quality of Bumiputera entrepreneurs in the manufacturing and services sectors</li> </ul>	PUNB
<ul style="list-style-type: none"> <li>PROSPER <i>Pemborong</i></li> </ul>	<ul style="list-style-type: none"> <li>Develop Bumiputera entrepreneurs in the wholesale sector</li> <li>Provide goods and materials to Bumiputera entrepreneurs at cost that will enhance their competitiveness in the retail industry</li> </ul>	PUNB
<ul style="list-style-type: none"> <li>PROSPER <i>Runcit</i></li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of Bumiputera entrepreneurs in the distributive and retail sub-sectors</li> <li>Inculcate entrepreneurial culture among the Bumiputera entrepreneurs by providing skills, knowledge and experience</li> </ul>	PUNB
<ul style="list-style-type: none"> <li>PROSPER <i>Teras</i></li> </ul>	<ul style="list-style-type: none"> <li>Enhance the standard of Bumiputera retail entrepreneur through standardising brands, product arrangements, selections and integrated system</li> </ul>	PUNB
<ul style="list-style-type: none"> <li>PROSPER <i>Siswazah</i></li> </ul>	<ul style="list-style-type: none"> <li>Assist young Bumiputera graduates and certificate holders to embark on retail and distribution business through structured and systematic development mechanism including financing</li> </ul>	PUNB

**Perbadanan Usahawan Nasional Berhad (PUNB)****C) Infrastructure**

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"><li>PROSPER Property</li></ul>	<ul style="list-style-type: none"><li>Purchase retail premises at strategic locations</li><li>Increase Bumiputera ownership in commercial property</li></ul>	PUNB

**Contact: Perbadanan Usahawan Nasional Berhad (PUNB)**

Level 10, Block 1B, Plaza Sentral  
Jalan Stesen 5, KL Sentral  
50470 KUALA LUMPUR

Tel: 603-2785 1515

Website: [www.punb.com.my](http://www.punb.com.my)

Fax: 603-2780 2100

[www.smeinfo.com.my](http://www.smeinfo.com.my)

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## Office of the Prime Minister

### A) Market Access

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Satu Daerah Satu Industri (SDSI)</li> </ul>	<ul style="list-style-type: none"> <li>Increase income of rural community through production of goods and services that are identified in each district/area</li> </ul>	ICU

**Contact: Office of The Prime Minister**

Main Block, Perdana Putra Building  
Pusat Pentadbiran Kerajaan Persekutuan  
62502 Putrajaya

Tel : 03-8888 8000

Fax : 03-8888 3444

Website : [www.pmo.gov.my](http://www.pmo.gov.my)

[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Penang Development Corporation (PDC)

### A) Infrastructure

Major Programmes	Programme Objectives	Implementing Agency
<ul style="list-style-type: none"> <li>Development of Penang SME Centre</li> </ul>	<ul style="list-style-type: none"> <li>Provision of premises for incubation</li> </ul>	Invest-in-Penang Berhad (Invest Penang)

**Contact: Penang Development Corporation (PDC)**

Bangunan Tun Dr. Lim Chong Eu  
No 1, Persiaran Mahsuri  
11909 Bayan Lepas  
Pulau Pinang

Tel : 04-6340 111

Fax : 04-6432 405

Website : [www.pdc.gov.my](http://www.pdc.gov.my)

[www.smeinfo.com.my](http://www.smeinfo.com.my)

## Appendices



### **Appendix 3**

Glossary:

**List of Ministries and Related Agencies** 161

**Abbreviation** 172



### Ministry of Agriculture and Agro-based Industry

Related Agencies	Acronym	Contact
Bank Pertanian Malaysia Berhad	Agrobank	Leboh Pasar Besar, Peti Surat 10815 50726 Kuala Lumpur  Tel: 603-2731 1600 Fax: 603-2691 4908 www.agrobank.com.my
Federal Agriculture Marketing Authority	FAMA	Bangunan FAMA Point, Lot 17304 Jalan Persiaran 1, Bandar Baru Selayang 68100 Batu Caves, Selangor  Tel: 603-6126 2020 Fax: 603-6138 3650 / 5200 www.fama.gov.my
Malaysian Agriculture Research and Development Institute	MARDI	Ibu Pejabat MARDI, Persiaran Mardi-UPM 43400 Serdang, Selangor  Tel: 603-8943 7111 Fax: 603-8948 3664 www.mardi.gov.my
Tabung Ekonomi Kumpulan Usaha Niaga	TEKUN	No. 2, Jalan 4/146, Metro Centre Bandar Tasik Selatan, 57000 Kuala Lumpur  Tel: 603-9058 8550 Fax: 603-9059 5777 www.tekun.gov.my
Muda Agriculture Development Authority	MADA	Ampang Jajar, 05990, Alor Setar, Kedah  Tel: 604-7728 255 Fax: 604-7722 667 www.mada.gov.my
Department of Fisheries	DOF	Level 1 – 6, Wisma Tani, Lot 4G2, Precint 4, Pusat Pentadbiran Kerajaan Persekutuan 62628 Putrajaya  Tel: 603-8870 4000 Fax: 603-8889 2460 www.dof.gov.my
Department of Veterinary Services	DVS	Wisma Tani, Block Podium, Lot 4G1, Precint 4 Pusat Pentadbiran Kerajaan Persekutuan, 62630 Putrajaya  Tel: 603-8870 2000 Fax: 603-8888 6021 www.dvs.gov.my
Fisheries Development Authority of Malaysia	LKIM	Level 3, Menara Olympia Jalan Raja Chulan, Peti Surat 12630 50200 Kuala Lumpur  Tel: 603-2617 7000 Fax: 603-2070 9331 www.lkim.gov.my

## Ministry of Agriculture and Agro-based Industry

Related Agencies	Acronym	Contact
Lembaga Pertubuhan Peladang	LPP	Menara LPP No 20, Jalan Sultan Salahuddin 50480 Kuala Lumpur  Tel: 603-2610 9600 Fax: 603-2697 0987 www.lpp.gov.my
Malaysia Pineapple Industry Board	MPIB	Wisma Nanas, No. 5, Jalan Padi Mahsuri Bandar Baru UDA, 81200 Johor Bahru, Johor  Tel: 607-2361 211 Fax: 607-2365 694 www.mpib.gov.my

## Ministry of Plantation Industries and Commodities

Related Agencies	Acronym	Contact
Malaysian Palm Oil Board	MPOB	No. 6, Persiaran Institusi, Bandar Baru Bangi 43000 Kajang, Selangor  Tel: 603-8769 4400 Fax: 603-8925 9446 www.mpob.gov.my
Malaysian Rubber Board	MRB	Level 17 & 18, Bangunan Getah Asli 148 Jalan Ampang, 50450 Kuala Lumpur  Tel: 603-9206 2000 Fax: 603-2163 4492 www.lgm.gov.my
Malaysian Timber Industry Board	MTIB	Tingkat 13-17, Menara PGRM No. 8, Jalan Pudu Ulu, 56100 Cheras, Kuala Lumpur  Tel: 603-9282 2235 Fax: 603-9285 1477 www.mtib.gov.my
National Kenaf and Tobacco Board	LKTN	Kubang Kerian, 16150 Kota Bharu, Kelantan  Tel: 609-7668 000 Fax: 609-7668 008 www.lktn.gov.my
Malaysian Cocoa Board	MCB	Level 5,6 & 7, Wisma SEDCO Peti Surat 211, 88999 Kota Kinabalu, Sabah  Tel: 6088-234 472 Fax: 6088-239 575 www.koko.gov.my
Malaysian Pepper Board	MPB	Lot 1115, Jalan Utama, Tanah Putih P.O. Box 1653, 93916 Kuching, Sarawak  Tel: 6082-331 811 Fax: 6082-336 877 www.mpb.gov.my

### Ministry of Domestic Trade, Co-operatives and Consumerism

Related Agencies	Acronym	Contact
Suruhanjaya Koperasi Malaysia	SKM	Level 10-15, 17-19, Sunway Putra Tower 100 Jalan Putra, 50350 Kuala Lumpur  Tel: 603-4047 4000 Fax: 603-4047 4100 www.skm.gov.my
Malaysian Franchise Association	MFA	1st Floor Wisma Motor, 339 Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur  Tel: 603-2697 1557 Fax: 603-2697 1559 www.mfa.org.my
Perbadanan Nasional Berhad	PNS	Level 13A, Menara PNS Tower 1, Avenue 7, Bangsar South City No. 8, Jalan Kerinchi 59200 Kuala Lumpur  Tel: 603-2028 7788 Fax: 603- 2082 7787 www.pns.com.my
Intellectual Property Corporation of Malaysia	MyIPO	Unit 1-7, Ground Floor, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur  Tel: 603-2299 8400 Fax: 603-2299 8989 www.myipo.gov.my

### Ministry of Finance

Related Agencies	Acronym	Contact
Malaysia Venture Capital Management Berhad	MAVCAP	Level 10, Menara Bank Pembangunan Bandar Wawasan 1016, Jalan Sultan Ismail 50300, Kuala Lumpur  Tel: 603-2050 3000 Fax: 603-2698 3800 www.mavcap.com
Malaysia Debt Ventures Berhad	MDV	Level 5, Menara Bank Pembangunan 1016, Jalan Sultan Ismail 50250 Kuala Lumpur  Tel: 603-2617 2888 Fax: 603-2697 8998 www.debtventures.com
Export-Import Bank of Malaysia Berhad	EXIM Bank	Level 1, Exim Bank, Jalan Sultan Ismail 50250 Kuala Lumpur  Tel: 603-2601 2000 Fax: 603-2601 2100 www.exim.com.my

## Ministry of Finance

Related Agencies	Acronym	Contact
Amanah Ikhtiar Malaysia	AIM	Menara Amanah Ikhtiar No 3, Jalan Cempaka SD 12/1A Bandar Sri Damansara PJU9 52200 Kuala Lumpur  Tel: 603-6274 8810 Fax: 603-6264 8809 www.aim.gov.my
Bank Kerjasama Rakyat Malaysia Berhad	Bank Rakyat	Bangunan Bank Rakyat, Jalan Tangsi Peti Surat 11024, 50732 Kuala Lumpur  Tel: 603-2612 9600 Fax: 603-2612 9636 www.bankrakyat.com.my
Bank Pembangunan Malaysia Berhad	BPMB	Menara Bank Pembangunan Bandar Wawasan No.1016, Jalan Sultan Ismail 50250 Kuala Lumpur  Tel: 603-2611 3888 Fax: 603-2698 5701 www.bpmb.com.my
Bank Simpanan Nasional	BSN	Wisma BSN, 117, Jalan Ampang 50450 Kuala Lumpur  Tel: 603-2162 3222 Fax: 603-2710 7252 www.bsn.com.my
Cradle Fund Sdn. Bhd.	CFSB	Suite 4.8.1 Level 4, PNB Darby Park 10, Jalan Binjai, 50450 Kuala Lumpur  Tel: 603-2166 4730 Fax: 603-2166 4737 www.cradle.com.my
Penang Development Corporation	PDC	Bangunan Tun Dr. Lim Ching Eu No. 1 Pesiaran Mahsuri 11909 Bayan Lepas, Penang  Tel: 604-6340 111 Fax: 604-6432 405 www.pdc.gov.my
Perbadanan Kemajuan Iktisad Negeri Kelantan	PKINK	Level 4-11, Bangunan PKINK Jalan Tengku Maharani 15710 Kota Bharu, Kelantan  Tel: 609-7414 141 Fax: 609-7414 140 www.pkink.gov.my
UDA Holdings Berhad	UDA	BB Plaza, Lot 111, Jalan Bukit Bintang 55100 Kuala Lumpur.  Tel: 603-2730 8500 Fax: 603-2731 8500 www.uda.com.my

## Ministry of Finance

Related Agencies	Acronym	Contact
Yayasan Pembangunan Ekonomi Islam Malaysia	YaPEIM	No. 52, Bangunan YPEIM Jalan Kampung Attap Beg Berkunci 11012, 50732 Kuala Lumpur  Tel: 603-2273 3170      Fax: 603-2273 316 www.yapeim.net.my
PROKHAS Sdn. Bhd.	PROKHAS	Level 12, Bangunan Setia 1 15, Lorong Dungun, Bukit Damansara 50490 Kuala Lumpur  Tel: 603-2096 5000      Fax: 603-2096 5090 www.prokhas.com.my

## Ministry of Human Resources

Related Agencies	Acronym	Contact
Pembangunan Sumber Manusia Berhad	PSMB	Wisma PSMB, Jalan Beringin Damansara Heights 50490 Kuala Lumpur  Tel: 603-2096 4800      Fax: 603-2096 4999 www.hrdf.com.my
Manpower Department	JTM	Level 6, Block D4, Kompleks D Pusat Pentadbiran Kerajaan Persekutuan 62530 Putrajaya  Tel: 603-8886 5555      Fax: 603-8889 2417 www.jtm.gov.my
Department of Labour	JTK	Level 5, Block D3, Kompleks D Pusat Pentadbiran Kerajaan Persekutuan 62530 Putrajaya  Tel: 603-8886 5192      Fax: 603-8889 2368 www.jtksm.mohr.gov.my
Department of Skills Development	DSD	Level 7 & 8, Block D4, Kompleks D Pusat Pentadbiran Kerajaan Persekutuan 62530 Putrajaya  Tel: 603-8886 5589      Fax: 603-8889 2423 www.dsd.gov.my

## Ministry of Housing and Local Government

Related Agencies	Acronym	Contact
Jabatan Landskap Negara	JLN	Level 7, Plaza Permata (IGB) Jalan Kampar off Jalan Tun Razak 60400 Kuala Lumpur  Tel: 603-4047 0000 Fax: 603-4045 2415 www.kpkt.gov.my/jln
Jabatan Kerajaan Tempatan	JKT	Level 4, Block K, Pusat Bandar Damansara 50644 Kuala Lumpur,  Tel: 603-2094 7033 Fax: 603-2095 5180 www.kpkt.gov.my

## Ministry of Science, Technology and Innovation

Related Agencies	Acronym	Contact
MIMOS Berhad	MIMOS	Technology Park Malaysia 57000 Kuala Lumpur  Tel: 603-8995 5000 Fax: 603-8996 2755 www.mimos.my
Technology Park Malaysia	TPM	Level 5, Enterprise 4, Technology Park Malaysia 57000 Bukit Jalil, Kuala Lumpur  Tel: 603-8998 2020 Fax: 603-8998 2110 www.tpm.com.my
Standards and Industrial Research Institute of Malaysia Berhad	SIRIM Berhad	No. 1, Persiaran Dato' Menteri, Seksyen 2 Peti Surat 7035, 40700 Shah Alam, Selangor  Tel: 603-5544 6000 Fax: 603-5544 6694 www.sirim.my
Multimedia Development Corporation	MDeC	MSC Malaysia Headquarters 2360 Persiaran APEC 63000 Cyberjaya, Selangor  Tel: 1-800-88-8338 Fax: 603-8315 3115 www.mdec.my
Malaysian Technology Development Corporation Sdn. Bhd.	MTDC	Level 8 - 9, Menara Yayasan Tun Razak Jalan Bukit Bintang, 55100 Kuala Lumpur  Tel: 603-2172 6000 Fax: 603-2163 7541 www.mtdc.com.my
Malaysian Biotechnology Corporation Sdn. Bhd.	Biotech Corp.	Level 23, Menara Atlas 161B Jalan Ampang, 50450 Kuala Lumpur  Tel: 603-2116 5588 Fax: 603-2116 5411 www.biotechcorp.com.my

### Ministry of Science, Technology and Innovation

Related Agencies	Acronym	Contact
Malaysia Industry-Government Group for High Technology	MIGHT	3517, Jalan Teknokrat 5 63000 Cyberjaya, Selangor  Tel: 603-8315 7888 Fax: 603-8312 0300 www.might.org.my
Malaysian Science and Technology Information Centre	MASTIC	Level 4, Block C5, Complex C Pusat Pentadbiran Kerajaan Persekutuan 62662 Putrajaya  Tel: 603-8885 8038 Fax: 603-8889 2980 www.mastic.gov.my
Nuclear Malaysia	NUKLEAR	Agensi Nuklear Malaysia 43000 Kajang, Selangor  Tel: 603-8911 2000 Fax: 603-8925 8262 www.nuclearmalaysia.gov.my
Department of Standards Malaysia	DSM	Century Square, Level 1 & 2, Block 2300 Jalan Usahawan, 63000 Cyberjaya  Tel: 603-8318 0002 Fax: 603-8319 3131 www.standardsmalaysia.gov.my
Agensi Inovasi Malaysia	AIM	3501, Level 3, Quill Building 3 Jalan Teknokrat 5 63000 Cyberjaya, Selangor  Tel: 603-8319 3116 Fax: 603-8319 3499 www.innovation.my

### Ministry of Rural and Regional Development

Related Agencies	Acronym	Contact
Federal Land Consolidation and Rehabilitation Authority	FELCRA	Wisma Felcra, Lot 4780, Jalan Rejang Setapak Jaya, Peti Surat 12254 50772 Kuala Lumpur  Tel: 603-4145 5000 Fax: 603-4142 8162 www.felcra.com.my
Central Terengganu Development Authority	KETENGAH	Karung Berkunci, No. 3 Bandar Al-Muktafi Billah Shah 23409 Dungun, Terengganu  Tel: 609-8231 000 Fax: 609-8223 104 www.ketengah.gov.my

## Ministry of Rural and Regional Development

Related Agencies	Acronym	Contact
Kedah Development Authority	KEDA	Bangunan Tunku, Jalan Tunku Ibrahim Peti Surat 195, 05720 Alor Setar Kedah  Tel: 604-7205 300      Fax: 604-7340 958 www.keda.gov.my
South Kelantan Development Authority	KESEDAR	Bandar Gua Musang, 18300 Gua Musang Kelantan  Tel: 609-9132 200      Fax: 609-9121 211 www.kesedar.gov.my
South East Johor Development Corporation	KEJORA	Bangunan Ibu Pejabat KEJORA Jalan Dato' Hj. Hassan Yunus 81930 Bandar Penawar, Johor  Tel: 607-8843 000      Fax: 607-8221 600 www.kejora.gov.my
Rubber Industry Smallholders Development Authority	RISDA	Bangunan RISDA, KM 7, Jalan Ampang Karung Berkunci 11067 50990 Kuala Lumpur  Tel: 603-4256 4022      Fax: 603-4257 6726 www.risda.gov.my
Majlis Amanah Rakyat	MARA	Level 26, MARA Headquarters Jalan Raja Laut, 50609 Kuala Lumpur  Tel: 603-2691 5111      Fax: 603-2691 5543 www.mara.gov.my
Jabatan Kemajuan Masyarakat	KEMAS	Level 5 - 9, No. 47, Persiaran Perdana Presint 4 Pusat Pentadbiran Kerajaan Persekutuan 62100 Putrajaya  Tel: 603-8891 2000      Fax: 603-8888 2312 www.kemas.gov.my
Department of Orang Asli Development	JAKOA	Level 3,4 10,20 & 20 M, Block Barat Wisma Selangor Dredging, Jalan Ampang 50450 Kuala Lumpur  Tel: 603-2161 0577      Fax: 603-2162 1470 www.jakoa.gov.my

### Ministry of International Trade and Industry

Related Agencies	Acronym	Contact
SME Corporation Malaysia	SME Corp. Malaysia	Level 6, SME 1, Block B, Platinum Sentral Jalan Stesen Sentral 2, KL Sentral 50470 Kuala Lumpur  Tel: 603-2775 6000 Fax: 603-2775 6001 www.smecorp.gov.my
Malaysia Productivity Corporation	MPC	Lorong Produktiviti, Off Jalan Sultan 46200 Petaling Jaya, Selangor  Tel: 603-7955 7266 Fax: 603-7957 8068 www.mpc.gov.my
Malaysian Investment Development Authority	MIDA	No. 5, Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur  Tel: 603-2267 3633 Fax: 603-2274 7970 www.mida.gov.my
Malaysia External Trade Development Corporation	MATRADE	Menara MATRADE, Jalan Khidmat Usaha Off Jalan Duta, 50480 Kuala Lumpur  Tel: 603-6207 7077 Fax: 603-6203 7037 www.matrade.gov.my
Malaysian Industrial Development Finance Berhad	MIDF	Level 19, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur  Tel: 603-2173 8888 Fax: 603-2173 8877 www.midf.com.my
SME Bank Berhad	SME Bank	Menara SME Bank, Jalan Sultan Ismail Peti Surat 12352, 50774 Kuala Lumpur  Tel: 603-2615 2020 Fax: 603-2698 1748 www.smebank.com.my
National Institute for Entrepreneurship	INSKEN	Bahagian Pembangunan Keusahawanan (BPU) Level 2-C2 & Level 3-C2, Block Menara Menara Usahawan, No. 18, Persiaran Perdana Presint 2, 62652 Putrajaya  Tel: 603-8880 5005 Fax: 603-8880 5152 www.insken.gov.my
Halal Industry Development Corporation	HDC	5.02, Level 5, KPMG Tower, First Avenue Persiaran Bandar Utama 47800 Petaling Jaya, Selangor  Tel: 603-7965 5555 Fax: 603-7965 5500 www.hdcglobal.com.my

## Ministry of Women, Family and Community Development

Related Agencies	Acronym	Contact
Women Development Department	JPW	Level 23-25, No. 55 Persiaran Perdana Presint 4, 62100 Putrajaya  Tel: 603-8323 1000      Fax: 603-8323 2034 www.jpw.gov.my

## Ministry of Industrial Development Sabah

Related Agencies	Acronym	Contact
Sabah Economic Development Corporation	SEDCO	Level 8, 9 & 10, Wisma SEDCO Lorong Wawasan Plaza Off Coastal Highway, P.O. Box 12159 88823 Kota Kinabalu, Sabah  Tel: 6088-266 777      Fax: 6088-219 263 www.sedco.com.my
Sedcovest Holdings Sdn. Bhd.	SEDCOVEST	3rd Floor, Wisma SEDCO Off Coastal Highway 88837 Kota Kinabalu, Sabah  Tel: 6088-266 451      Fax: 6088-253 604 www.sedco.com.my
Palm Oil Industry Cluster Sabah	POIC	17th Floor, Wisma Perindustrian Jalan Istiadat, Likas Bay, Likas 88400 Kota Kinabalu, Sabah  Tel : 6088-272 261      Fax : 6088-272 581 www.poic.com.my
Kota Kinabalu Industrial Park	KKIP	1st Floor, Amenity Centre Lot 1113, Industrial Zone 1 No. 9, Jalan 1A, KKIP Selatan 88460 Kota Kinabalu, Sabah  Tel : 6088-498 001      Fax : 6088-498014 www.kkip.com.my
Department of Industrial Development & Research	DIDR Sabah	7th & 8th Floor, Block C Wisma Tun Fuad Stephens 88300 Kota Kinabalu, Sabah  Tel : 6088-214 866      Fax: 6088-257 814 www.didr.sabah.gov.my

**Ministry of Industrial Development Sarawak**

Related Agencies	Acronym	Contact
Department of Agriculture, Sarawak	DOA	Level 12 - 17, Menara Pelita Jalan Tun Abdul Rahman Yaakob Petra Jaya, 93050 Kuching, Sarawak  Tel: 6082-441 000 Fax: 6082-447 821 www.doa.sarawak.gov.my
Pejabat Residen Bahagian Samarahan	PRB Samarahan	Jalan Datuk Mohd. Musa 94300 Kota Samarahan, Sarawak  Tel: 6082-671 205 Fax: 6082-671 289 www.samarahanro.sarawak.gov.my
Pejabat Residen Bahagian Betong	PRB Betong	Level 2-3, Menara Utama Kompleks Pejabat Kerajaan Negeri Kawasan Bandar Baru Betong Jalan Setia Raja 95700 Betong, Sarawak  Tel: 6083-472 866 Fax: 6083-472 322 www.betongro.sarawak.gov.my
Pejabat Residen Bahagian Kuching	PRB Kuching	Jalan Barrack, 93000 Kuching Sarawak  Tel: 6082-319 700 Fax: 6082-319 711 www.kucingro.sarawak.gov.my

## Organisation/ Associations/ Institutions

Name	Acronym
Association of Banks in Malaysia	ABM
Association of Development Financing Institutions of Asia and the Pacific	ADFIAP
Asia-Pacific Economic Cooperation	APEC
Companies Commission of Malaysia	CCM
Construction Industry Development Board	CIDB
Department of Statistics, Malaysia	DOSM
European Union	EU
Institute for Rural Advancement	INFRA
National SME Development Council	NSDC
<i>Persatuan Arkitek Malaysia</i>	PAM
<i>Unit Peneraju Agenda Bumiputera</i>	Teraju

## Funds

Name	Acronym
Bumiputera Entrepreneurs Project Fund – Islamic	BEPF-i
Commercialisation of R&D Fund	CRDF
Fund for Small and Medium Industries 2	FSMI2
Green Technology Financing Scheme	GTFS
Human Resources Development Fund	HRDF
Micro Enterprise Fund	MEF
New Entrepreneur Fund 2	NEF2
<i>Perjanjian Latihan</i>	PERLA
Approved Training Programme Scheme	PROLUS
<i>Skim Bantuan Latihan</i>	SBL
Small Debt Resolution Scheme	SDRS
SME Training Partners Scheme	SMETAP
The Rural Economy Funding Scheme	SPED

## Funds

Name	Acronym
<i>Skim Pembiayaan Usahawan Bumiputera Sabah</i>	SPUBS
Shariah-compliant SME Financing Scheme	SSFS
<i>Skim Intensif Usahawan FELDA</i>	SUIF

## Government Programmes

Name	Acronym
Biotechnology Entrepreneur Programme	BEP
Creating High Net Worth Angels Investors Programme	CHANGE
Going Export Programme	GoEx
High Impact Programmes	HIPs
<i>Inkubator Keusahawanan Wanita</i>	I-KeuNITA
<i>Inkubator Kemahiran Ibu Tunggal</i>	I-KIT
<i>Produk Malaysia Citarasa Kita</i>	PMCK
One District One Industry	SDSI
SME Investment Programme	SIP
Technology Commercialisation Platform	TCP
Training cum Production	TCP
Taste of Malaysia	TOM
Train-The-Trainer	TTT
<i>Tunjuk Nasihat Sawit</i>	TUNAS
Collection and Marketing Centre for Entrepreneur Product	4PU

## Government Documents

Name	Acronym
Economic Transformation Programme	ETP
Government Transformation Programme	GTP
Rural Transformation Programme	RTP

## Other Terms

Name	Acronym
Brand Entrepreneurs Conference	BEC
Banking Institutions	BIs
Brand Innovation Centre	BIC
National Business Licensing System	BLESS
<i>Bank Negara Malaysia Laman Informasi Nasihat dan Khidmat</i>	BNMLINK
Development Financial Institutions	DFIs
Electrical and Electronics	E&E
Entry Point Projects	EPPs
Financial Institutions	FIs
Food and Beverages	F&B
Foreign Direct Investment	FDI
Gross Domestic Product	GDP
Government Link Company	GLC
Gross National Income	GNI
Green Technology	GT
High Performing Bumiputera SMEs	HPBS
Information and Communication Technology	ICT
Iskandar Development Region	IDR
Intellectual Property	IP
Malaysia Corporate Identity	MyCoID
Multinational Corporation	MNC
Monetary Policy Committee	MPC
Malaysian Standard Industrial Classification	MSIC
National Export Initiative	NEI
National Key Economic Areas	NKEA
National Key Result Areas	NKRA

## Other Terms

Name	Acronym
Overnight Policy Rate	OPR
Portfolio Guarantee Agreement	PG
Public-private Partnership	PPP
Regional Offices	ROs
Research and Development	R&D
Small and Medium Enterprise	SME
Small and Medium Scale Industry	SMI
Strategic Reform Initiatives	SRI
Science, Technology and Innovation	STI
Venture Capital	VC
Venture Capital Companies	VCC
Venture Capital Management Companies	VCMCs

## Appendices



# **Appendix 4**

Definition of SMEs



## Definition of SMEs

The definition of SMEs is based on two criteria:

- The total sales turnover/revenue by a business in a year; OR
- The number of full-time employees by a business.

Generally SMEs in Malaysia are defined as follows:

- Manufacturing sector: Sales turnover of less than RM25 million OR full-time employee of less than 150
- Services and other sectors: Sales turnover of less than RM5 million OR full-time employee of less than 50

Detailed definition by the three categories namely Micro, Small and Medium are as follows:

### Annual Sales Turnover:

Size	Manufacturing (including agro-based) & Manufacturing-related Services	Primary Agriculture	Services Sector (including ICT)
Micro	Less than RM250,000	Less than RM200,000	Less than RM200,000
Small	From RM250,000 to less than RM10 million	From RM200,000 to less than RM1 million	From RM200,000 less than to less than RM1 million
Medium	From RM10 million to less than RM25 million	From RM1 million to less than RM5 million	From RM1 million to less than RM5 million

### Number of Full-time Employees:

Size	Manufacturing (including agro-based) & Manufacturing-related Services	Primary Agriculture	Services Sector (including ICT)
Micro	Less than 5 employees	Less than 5 employees	Less than 5 employees
Small	From 5 to less than 50 employees	From 5 to less than 20 employees	From 5 to less than 20 employees
Medium	From 50 to less than 150 employees	From 20 to less than 50 employees	From 20 to less than 50 employees