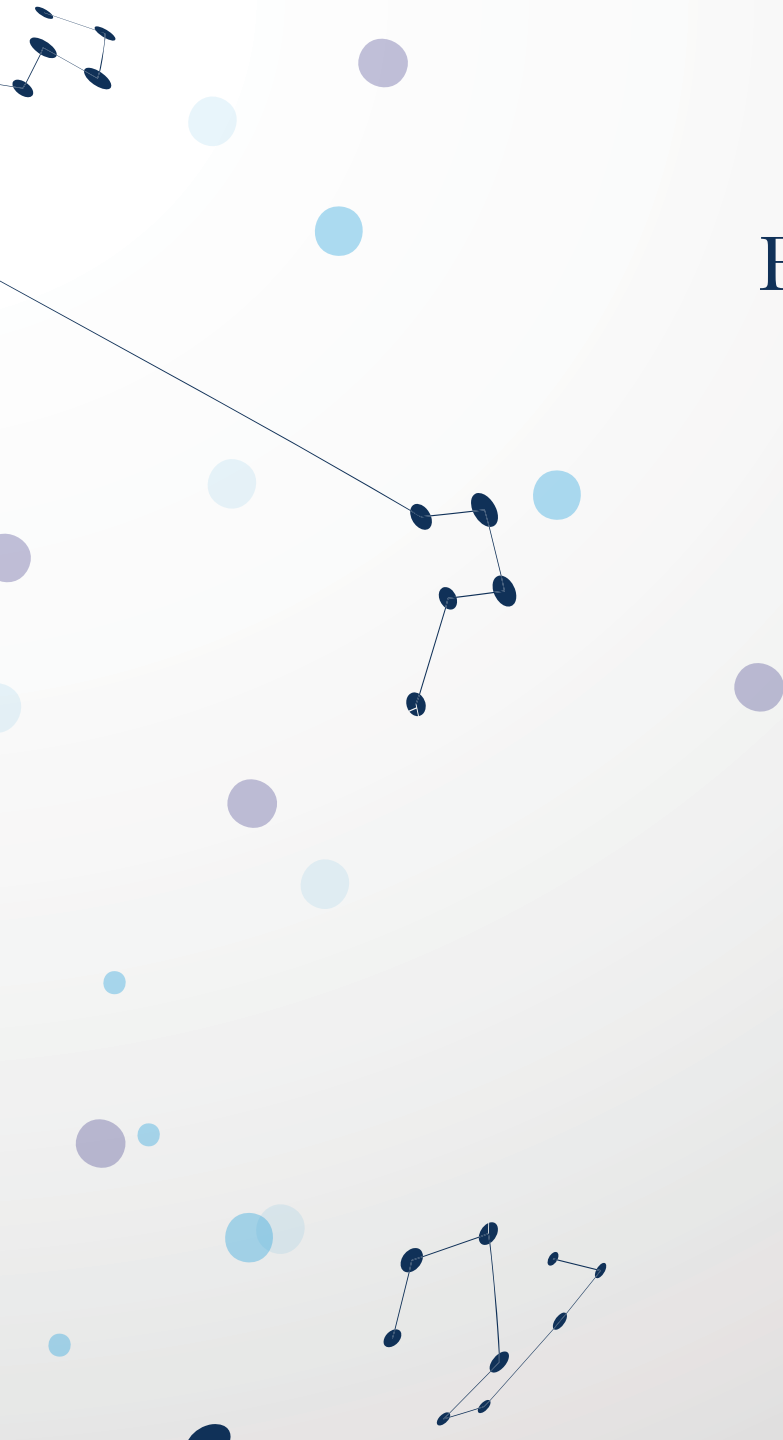


Section II :
SME Development Policies
and Programmes

Chapter 4

SME
and
Entrepreneurship
Development
Programmes
in **2017**



Chapter 4

SME and Entrepreneurship Development Programmes in 2017

In line with the agenda outlined in the SME Masterplan (2012 – 2020), the Government continued to fund SME development programmes in 2017. As was the approach in preceding years, the programmes focused on critical issues faced by SMEs, primarily access to financing, adoption of technology and innovation, access to market, human capital development, infrastructure as well as legal and regulatory matters.



In 2017, a total of **148 Government programmes** were carried out amounting to RM5.7 billion which had benefited **541,337** SMEs. These programmes were monitored and reported in the SME Integrated Plan of Action (SMEIPA).

Table 4.1: SME Development Programmes in 2017 by Focus Area

Focus Area	Number of Programmes		Financial Expenditure		SME Beneficiaries	
	No.	Share (%)	RM million	Share (%)	No.	Share (%)
Human Capital Development	43	29.1	301.7	5.3	123,575	22.8
Access to Financing	32	21.6	4,989.4	88.3	393,162	72.6
Market Access	30	20.3	84.1	1.5	17,336	3.2
Innovation & Technology Adoption	26	17.6	190.5	3.4	7,185	1.3
Infrastructure	16	10.8	79.8	1.4	79	0.0
Legal and Regulatory Environment	1	0.7	8.0	0.1	-	-
Total	148	100.0	5,653.5	100.0	541,337	100.0

Similar to previous years, bulk of the expenditure in 2017, was directed towards enhancing access to financing (88.3%), followed by programmes for human capital development (5.3%) as well as innovation and technology adoption (3.4%). In terms of number of programmes, majority were in the area of human capital development, access to financing and market access. Programmes under access to financing will be deliberated in Chapter 6.

Chart 4.1: Number of Programmes by Focus Area (%)

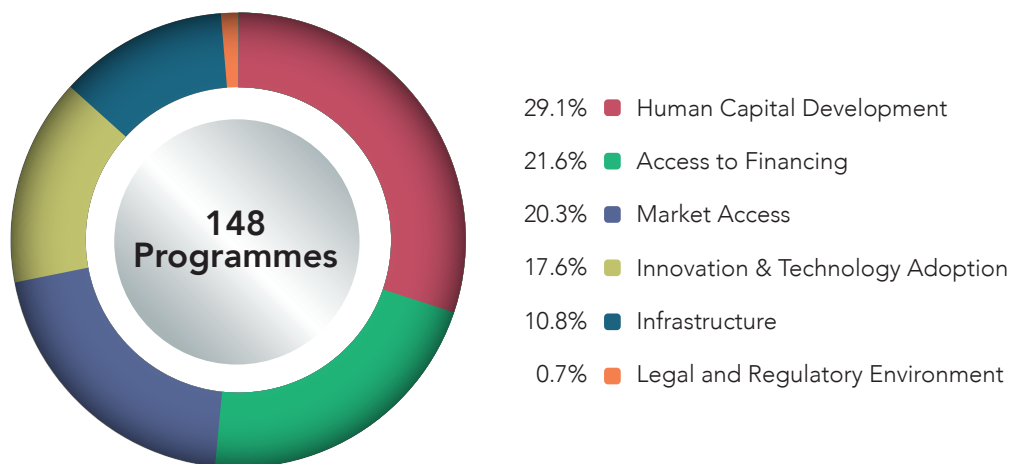
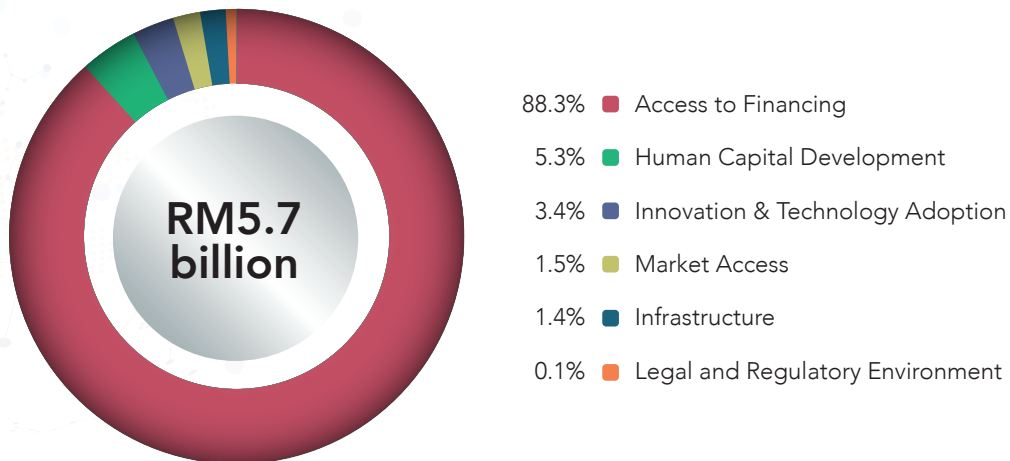


Chart 4.2 : Financial Expenditure by Focus Area (%)



In addition, SMEIPA also reported another 20 programmes implemented in collaboration with the private sector, amounting to RM4.8 billion which had benefited 54,749 SMEs. Overall, there were **168 SME development programmes** implemented last year with funds amounting to RM10.5 billion which had benefited more than 596,000 SMEs.

HUMAN CAPITAL DEVELOPMENT

Human capital development issues, particularly those related to SME productivity, has been receiving increasing attention. The lack of skilled and capable employees can be detrimental to the growth of a company. Many SME entrepreneurs are not able to upscale and expand their businesses due to lack of know-how as well as limited capacity and capability.



In 2017, the emphasis on human capital development continued where 43 human capital development programmes were implemented with an outlay of RM301.7 million to assist 123,575 SME beneficiaries.

The key programmes in human capital development implemented in 2017 were:

- **INSKEN Business Scale-Up Programme** aimed at providing comprehensive entrepreneurial skills and knowledge to develop sustainable businesses through business counselling, training, consulting and facilitating. Institut Keusahawanan Negara (INSKEN) spent RM1.9 million to implement the programme which had benefited 392 participants;
- **SME Seller Adoption** which is led by the Malaysia Digital Economy Corporation (MDEC), Ministry of Communication and Multimedia Malaysia, focuses on creating awareness on e-commerce in order to accelerate its adoption by SMEs. Under the Programme, MDEC conducted promotion and marketing campaigns on e-commerce as well as augmenting the scale and effectiveness of training and talent development through multiple approaches, including for priority sub-sectors, and the establishment of a one-stop eBusiness resource centre for SMEs. During the year, 24,849 SMEs participated in the Programme which utilised RM950,000 financial expenditure;
- **Pembangunan Usahawan** which is led by Majlis Amanah Rakyat (Ministry of Rural and Regional Development), targets the provision of funding to 77,200 Bumiputera entrepreneurs between 2016 and 2020. In 2017, RM63.5 million was spent to organise the Programme which had benefited 52,882 SMEs;
- **Membangunkan Usahawan Lepas Usahawan Institusi Pendidikan MARA (IPMa)** aimed at developing 4,500 IPMa entrepreneurs between 2016 and 2020. About 1,481 IPMa entrepreneurs graduated in 2017. Majlis Amanah Rakyat, the programme implementer spent RM13.5 million for the Programme; and
- **Export Training Programme** is a platform to equip SMEs with the required knowledge and skills to enhance their export capability. It is implemented by the Malaysian External Trade Development Corporation (MATRADE), utilising RM179, 000 of financial expenditure to assist 7,308 SMEs in 2017.

MARKET ACCESS

Businesses usually strive for wider market reach to enable more opportunities to sell, develop and diversify their operations. Given the limited domestic market, Malaysian SMEs are encouraged to explore the market potential abroad. A key priority of the Government's economic agenda is to spur the engagement of Malaysian SMEs in cross-border trade. In 2017, a total of 30 market access programmes were implemented with an expenditure of RM84.1 million to assist 17,336 SME beneficiaries.



Towards this end, various initiatives continued to be introduced in 2017, including:

- **Program Promosi Pasaran Tempatan** aimed to raise the profile of local SMEs in the domestic market in order to increase the sales of locally produced goods, with particular emphasis on increasing the sale of products and services of Bumiputera SMEs. Malaysian Timber Industry Board an agency under the Ministry of Plantation Industries and Commodities spent RM2.0 million to implement the programme to assist 4,208 entrepreneurs;
- **Showcase Satu Daerah Satu Industri (SDSI)** aimed to facilitate the sourcing and marketing of high-quality SDSI products and services as well as enhancing networking among SDSI entrepreneurs in order to establish new business alliances and joint ventures between local and international traders. The Programme is led by *Bahagian Keusahawanan Bumiputera dan PKS*, a division under the Ministry of International Trade and Industry. In 2017, 763 entrepreneurs benefited from the Programme with financial expenditure of RM1.1 million;
- **eTRADE** serves as a facilitator for SMEs to participate in leading international e-marketplaces. The Programme is led by MATRADE under the Ministry of International Trade & Industry. During the year, 874 entrepreneurs participated in eTRADE which was funded by an allocation of RM4.7 million;
- **Market Development Grant (MDG) / Geran Pembangunan Pasaran** aimed to provide assistance for SMEs, service providers, trade and industry associations, chambers of commerce and professional bodies to undertake activities to help develop the export market for local enterprises. The Scheme which is managed by MATRADE had spent RM15.2 million to provide assistance to 2,164 SMEs in 2017;
- **Quality & Safety Training to Marketers** aims to increase the application of technology in marketing and post-harvest practices, establish rules and standards for product safety and quality as well as to ensure compliance with the rules and regulations of international trade. The Federal Agriculture Marketing Authority (FAMA) under the Ministry of Agriculture and Agro-based Industry spent a total of RM600,000 to carry out the Programme which had benefited 4,227 beneficiaries;
- **Craft Marketing Programme** which is led by the Malaysian Handicraft Development Corporation under the Ministry of Tourism and Culture Malaysia, provides support to help increase the sale of local crafts in the domestic and international market. A total of RM4.8 million was spent for the benefit of 1,308 SMEs; and
- **Program Galakan Eksport Bumiputera (GEB)** which is implemented by SME Corp. Malaysia, is aimed to enhance SME export market potentials and to increase the number of Bumiputera SMEs penetrating international markets through integrated financial assistance. In 2017, RM28.3 million was spent to provide assistance to 20 SMEs.



INNOVATION AND TECHNOLOGY ADOPTION

The ability to innovate and adopt technological changes is a crucial factor to determine the growth of a business. Studies under the SME Masterplan had demonstrated that innovation and technology adoption is closely linked to the growth performance of SMEs. Due to the small scale of their operations, SMEs are agile and able to respond and adapt faster to the latest business and technological changes. However, the main constraining factor for SMEs to innovate is the high cost involved.

In line with the Government's agenda to accelerate the adoption of technology and innovation by SMEs, increasing emphasis has been placed on initiatives that would spur technological competence and innovation in order to develop a sustainable and resilience SME sector.

In 2017, RM190.5 million was spent for the implementation of 26 innovation and technology adoption programmes, benefiting 7,185 SMEs.

Some of the programmes implemented during the year included:

- **MAI Intelligent Technology System (MITS)** which is a productivity programme for local vendors to obtain automotive i-Cloud computing and 3D experience in order to enable them to attain Level 4 certification. The Malaysia Automotive Institute (MAI) spent RM2.2 million to implement MITS to assist 479 SMEs in the automotive industry;
- **Khidmat Nasihat Teknikal MARDI** that provides support for information and advisory services, product analysis, clinics, seminars and attachment training for entrepreneurs and aspiring entrepreneurs in the agriculture and agro-based industry. The Malaysian Agriculture Research and Development Institute (MARDI) spent RM87,000 to assist 3,077 beneficiaries who participated in the Programme;
- **Penilaian Mutu Produk, Lawatan Teknikal dan Pemantauan Prestasi Usahawan Secara Berkala** led by MARDI, aims to evaluate the product quality of participants, organise technical visits as well as monitoring the performance of entrepreneurs. A total of RM87,000 was spent to assist 246 entrepreneurs. MARDI also spent another RM86,000 to implement **Pengawalan Mutu Produk** that had benefited 267 beneficiaries. The Programme aimed to focus on quality control of SME products; and
- **Bumiputera Enterprise Enhancement Programme (BEEP)** serves as a platform to develop potential Bumiputera SMEs at state level. Implemented by SME Corp. Malaysia, the Programme provides selected Bumiputera SMEs with a comprehensive assistance package comprising financial assistance and advisory services. In 2017, a total of RM40.8 million is approved to assist 334 entrepreneurs in the programme.

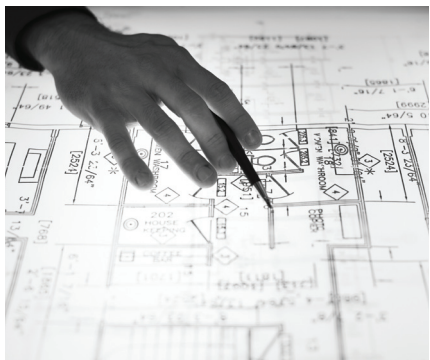


INFRASTRUCTURE

Infrastructure both physical and virtual, provides a foundation for businesses to operate and reach out to their target market. The lack of proper facilities, amenities and equipment are tied to limited resources, an issue faced by many SMEs. Therefore, programmes under this focus area are aimed at assisting SMEs in overcoming their infrastructural impediments through the provision of well-developed premises and facilities that are fully equipped and suited to SMEs in specific industries or businesses.

In 2017, a total of RM79.8 million was spent to assist 79 SMEs through 16 programmes under this focus area. Some of the Government-funded programmes included:

- **Anjung Usahawan**, implemented by the Ministry of Industrial and Entrepreneur Development Sarawak with the objective to provide business premises in order to enhance entrepreneur's capacity. A total of RM3 million was spent to assist 11 entrepreneurs; and
- Jabatan Kemajuan Orang Asli Malaysia (JAKOA) under the Ministry of Rural and Regional Development (KKLW) had spent RM300,000 to **build business premises** that had benefited six SMEs. The Programme aims to provide provision of business premises for Orang Asli entrepreneurs. As a result of this initiative, about 59% of entrepreneurs earned more than RM1,000 monthly during the year.



Meanwhile, the Sabah State Government had implemented the following programmes:

- **Builds shophouses at Sindumin** with the aim to enable entrepreneurs to operate and start businesses. Sindumin is a town located in the district of Sipitang in Sabah. The Programme is managed by Sabah Economic Development Corporation (SEDCO) with a total sum of RM1.2 million. During the year, the Programme had benefited 45 SMEs;
- **Program Pembangunan Usahawan** implemented by Ministry of Rural Development (KPLB) Sabah with the objective to build or upgrade additional buildings in Rural Entrepreneurs Centre (RECs) and to provide necessary equipment for entrepreneurs to operate and start or expand their businesses. The project had utilised RM1.5 million and benefited eight SMEs; and
- **Satu Daerah Satu Produk (SDSP)** implemented by the Ministry of Rural Development (KPLB) Sabah with the objective to build or upgrade infrastructure and provide necessary equipment for entrepreneurs to operate and start businesses in selected villages. RM750,000 was spent for the Programme to benefit nine SMEs.

LEGAL AND REGULATORY ENVIRONMENT

Under the SME Masterplan (2012-2020), High Impact Programme 1 (HIP 1) is implemented with the aim to enhance ease of doing business for SMEs. HIP 1 is led by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) in collaboration with SME Corp. Malaysia, Companies Commission of Malaysia (SSM), Implementation Coordination Unit (ICU), Malaysia Productivity Corporation (MPC) and State Government.

In 2017, RM8 million was spent under the initiative with the objective to encourage the formation of new businesses and intensifying the rate of formalisation through a single gateway for business registration and licensing.

