

Message from YB Minister of Entrepreneur and Cooperatives Development

Year 2022 was a turning point in our path towards rebuilding the nation and reviving the economy through key structural reforms, systemic changes, equitable policies and structured sustainable development.

Despite the global economic slowdown in 2022, Malaysia's economic growth performance surged to 8.7% in Gross Domestic Product (GDP), its highest annual growth recorded within a 22-year period and the fastest growth among Southeast Asia nations. Driven mainly by continued expansion in domestic demand, which was buoyed by solid domestic consumption and rapid rebound in the services sector, as borders reopened and business activities normalised, the strong overall growth is a testament of our country's economic resilience and restored consumer, business and investor confidence in our economy.

The rising importance of Malaysia's micro, small and medium enterprises (MSMEs), as the pulse in driving our economic recovery and expansion post pandemic period, is clearly reflected by their remarkable double-digit GDP growth of 11.6%, surpassing the national GDP growth in 2022. Accounting for almost 1.2 million or 97.4% of the total business establishments in the country, MSMEs contributed significantly to the economy with 38.4% of GDP, 10.5% of total exports and 48.2% of total employment.

The exceptional growth of the MSME sector in 2022 was spurred by supportive Government policies, strategies and initiatives, including economic stimulus packages, emplaced following the pandemic, which have been instrumental in effectively alleviating the impact of the crisis on MSMEs. The Government's commitment to the continual recovery and sustainable development of MSMEs is unequivocal as demonstrated by the various assistances steadfastly accorded to the business sector. In 2022, 231 MSME development programmes were implemented by 15 Ministries, six sole agencies and 52 agencies with a total financial allocation of RM17.8 billion that benefited 807,556 MSMEs.



The global economic climate is rapidly evolving presenting both new challenges and growth opportunities for businesses. Apart from the lingering effects of the pandemic encompassing supply chain disruptions, energy crisis and hyperinflation among others, heightened geopolitical conflicts and extreme environmental events due to climate change are rendering a plenitude of compounding setbacks afflicting businesses today. Conversely, vast opportunities have profoundly arisen from changing business trends, consumer behaviours and market conditions, such as e-commerce; artificial intelligence; eco-friendly practices; gig economy and remote employment; cybersecurity; virtual and augmented reality; and financial technology and blockchain.

In recognising the increasingly pivotal role of MSMEs as the driving force in reshaping Malaysia's economic landscape post-pandemic, MSME development is paramount for the Government moving forward. Apart from enhancing the entrepreneurial capabilities of MSMEs and reinforcing the business landscape aimed to develop dynamic MSMEs that are competent, agile, resilient, sustainable and globally competitive, our mission is to provide an enabling environment to cultivate future-ready MSMEs that are equipped to expediently manage prevailing challenges, as well as to proactively leverage on abound opportunities by embarking on new innovative ventures and solutions that would feasibly position them in the future. Hence, the Government is focused on fortifying the future readiness of MSMEs by consolidating its resources and efforts to systematically enhance critical areas for MSMEs through targeted approaches and accelerated implementation.

With the overarching goal of developing a conducive and holistic ecosystem for MSMEs to thrive, the Government is instituting a reset strategy, based on a pragmatic value-entrenched approach, as an impetus to catalyse a paradigm shifts to stimulate and expedite MSME development, by further strengthening policy support; developing a comprehensive environmental, social and governance (ESG) framework; establishing an MSME talent management framework; as well as promoting digitalisation, innovation and technology adoption.

These are unprecedented times that warrant unprecedented plans and actions through bold, decisive, foresightful and transformative policies and strategies. Advancing the development of MSMEs is now all the more a key Government agenda towards restructuring and transforming the overall economy, and essentially realising its vision of becoming a leading economy in Asia, as envisioned by the MADANI Economy. Strategic benchmarks have been set to chart the course for Malaysia's upward economic trajectory within the next decade, including elevating the nation among the top 30 largest economies in the world and top 12 in the Global Competitiveness Index, which will advertently catapult the MSME sector.

Among comprehensive yet inclusive strategies geared to intensify MSME development are internationalisation of start-ups and MSMEs, and galvanising private funding for start-ups and technopreneurs, but equally important, an additional appropriation for start-ups, micro financing and digitalisation, together with Budget 2023 with an allocation up to RM40.0 billion for MSMEs.

Spearheading positive economic transformation for Malaysia mandates strong and unwavering resolve to embrace change. The adoption of a whole-of-Government approach is vital in forging synergies among various Ministries and agencies to ensure the successful implementation of MSME policies, strategies and initiatives. Intrinsicly, the combined wisdom, collaborative means and concerted actions through strategic partnerships between the Government and the private sector, will boost the progression of MSMEs. I am confident that by harnessing the invaluable force of a globally forward-thinking collective front, we will triumph in our endeavour to empower our MSMEs to navigate the present and take lead of the future.

Bolstered by our strong economic fundamentals, we shall relentlessly strive to rise above all odds in building a new era of progressive, sustainable economic recovery and growth. Let us work together to uphold the aspiration of Malaysia MADANI based on sustainability, compassion, respect, innovation, prosperity and trust, to transcend Malaysia into a vibrant and robust nation well into the future.



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Minister of Entrepreneur and Cooperatives Development