



Section 2
**SME Development Policies
and Programmes**

Chapter
FOUR

SME and Entrepreneurship
Development
Programmes in 2018

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Making up 98.5% of business establishments in Malaysia, the SME sector has been playing a vital role in terms of production, job creation, exports as well as the equitable distribution of wealth that will ensure sustainable and inclusive development, particularly by providing opportunities to potential entrepreneurs. Nevertheless, SME population is very diverse in terms of industry, sector, age, size and business model. SMEs also have different needs depending on their stage of development. These variances warranted for targeted strategies that are not designed based on one-size-fits-all perspective.

To ensure that SMEs continue to prosper, the Government will continue its efforts to spur greater growth by providing support through strategic policies for financing, infrastructure, innovation and technology uptake, human capital development, market access as well as transformation of the legal and regulatory environment to encourage the formalisation of businesses.

For 2018, the Government implemented SME development programmes across all economic sectors in line with the objectives of the SME Masterplan (2012 - 2020). The focus of the SME programmes in 2018 continued in six areas deemed critical for SME development, namely access to financing, innovation and technology adoption, access to market, human capital development, infrastructure as well as legal and regulatory environment. A total of RM13.7 billion was allocated to implement 153 programmes with 637,808 beneficiaries.

Access to financing programmes continued to receive the main bulk of the funding amounting to RM13.0 billion (95.1% of total financial expenditure) for 44 programmes that benefitted 424,115 recipients. A total of 40 human capital development programmes were undertaken with an expenditure of RM361.2 million with 130,605 beneficiaries while RM159.3 million was spent to implement 28 innovation and technology adoption programmes with 32,683 beneficiaries. Market access had 27 programmes with an expenditure of RM77.6 million for 50,197 beneficiaries while RM69.2 million was provided for 13 infrastructure programmes with 208 beneficiaries. One legal and regulatory environment programme was implemented in 2018 with a fund of RM8.0 million.

Table 4.1: SME Development Programmes in 2018 by Focus Area

Focus Area	Number of Programmes	Financial Commitment (RM million)	Number of Beneficiaries
Access to Financing	44	13,029.7	424,115
Human Capital Development	40	361.2	130,605
Innovation and Technology Adoption	28	159.3	32,683
Market Access	27	77.6	50,197
Infrastructure	13	69.2	208
Legal and Regulatory Environment	1	8.0	-
Total	153	13,704.9	637,808

Chart 4.1: Financial Commitment by Focus Area (%)

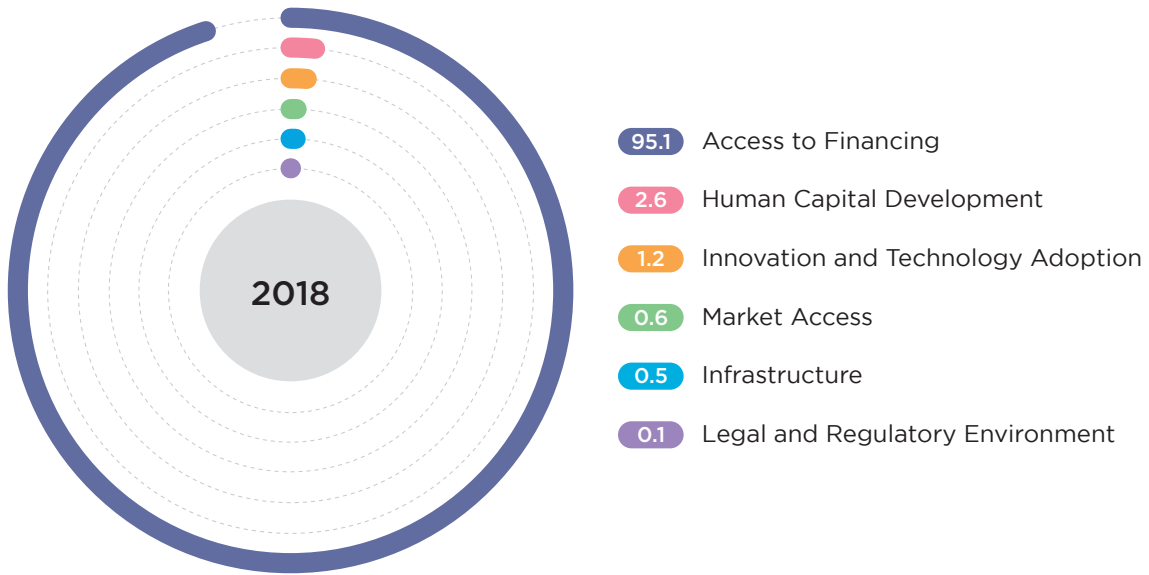


Chart 4.2: Programmes by Focus Area (%)

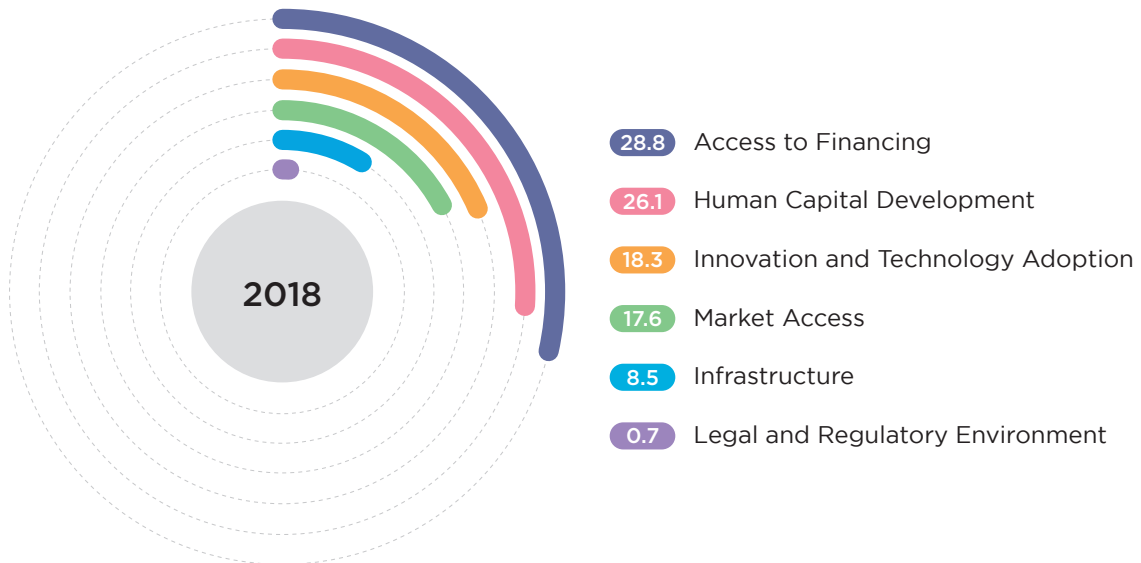
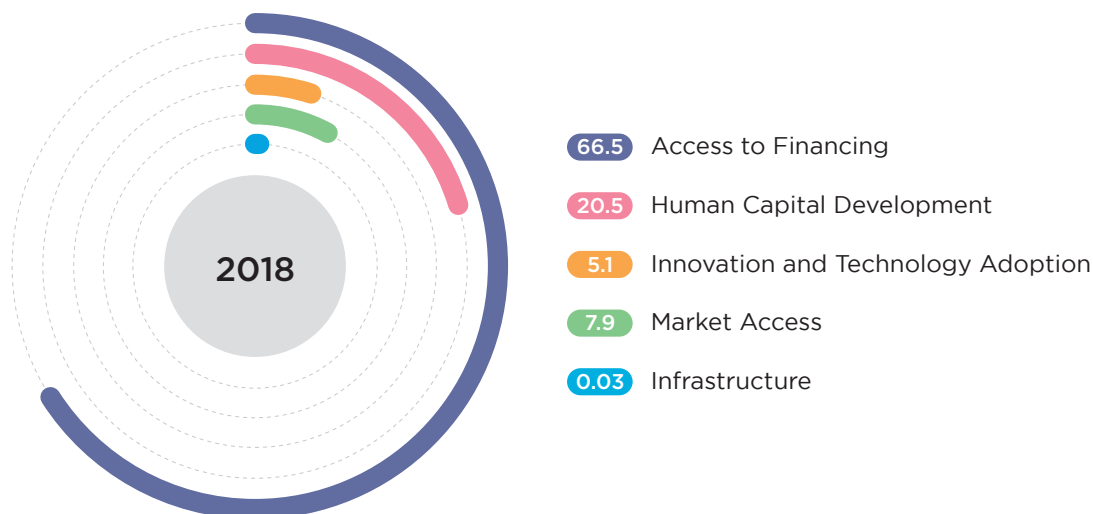


Chart 4.3: Beneficiaries by Focus Area (%)



HUMAN CAPITAL DEVELOPMENT

The focus on human capital development reflected the Government's continued emphasis on raising the national productivity level, particularly that of SMEs. A widespread attention has been given by the Government for SMEs not only to deepen the entrepreneurship skills of the business owners, but also to develop and strengthen their talent strategy to harness the full potential of their human capital to drive the business forward. In 2018, a total of RM361.2 million was spent for 40 programmes with 130,605 beneficiaries under this area. Among the programmes were:

- Majlis Amanah Rakyat (MARA) spent RM44.5 million to conduct **entrepreneur development programmes** for 56,846 Bumiputera entrepreneurs. MARA had set a target of developing 51,338 Bumiputera entrepreneurs in 2018 and a cumulative total of 77,200 in years 2016 - 2020.
- The Rubber Industry Smallholder Development Authority (RISDA) implemented the **Aktiviti Ekonomi Tambahan** programme based on the premise of optimising existing resources to maximise income. The programme supported smallholders to conduct additional economic activities to increase their income by providing them with financial aid in the form of machinery, equipment and raw materials. The objective of the programme was to spur smallholders to be more dynamic, innovative and entrepreneurial in nature. In 2018, the programme had assisted 1,565 beneficiaries with an expenditure amounting to RM15.5 million.

- **Export Training Programme** implemented by the Malaysia External Trade Development Corporation (MATRADE) has been a platform to equip SMEs to enhance their export capabilities. In 2018, about RM0.1 million was spent for the programme with 2,301 participants.
- **National Dual Training System (NDTS)** programme, led by the Skills Development Department under the Ministry of Human Resources offered training for school leavers and the unemployed to upgrade their skills with the objective of providing trained workers to meet the labour demand of SMEs. In 2018, RM40.0 million was dedicated for the programme which benefitted 7,274 participants.
- **Homestay Entrepreneur Training and Skill Enhancement** programme, led by the Ministry of Tourism, Arts and Culture, has been designed to inculcate entrepreneurship culture among homestay operators as well as enhancing their service quality. In 2018, a total of about RM0.3 million was spent to conduct the trainings with 1,941 beneficiaries.

INNOVATION AND TECHNOLOGY ADOPTION

It has long been proven that innovation significantly increases productivity and facilitates growth of businesses across all sectors. Survival rates were also higher in SMEs that innovate as they are more likely to adapt to challenging market conditions and offer something new in order to stay ahead of the game. For this reason, the Government continued to emphasise on accelerating the adoption of technology and innovation by SMEs. In 2018, RM159.3 million was provided to fund 28 innovation and technology adoption programmes in which 32,683 SMEs participated. Some of the programmes implemented during the year included:

- **Accelerating SME eCommerce Adoption** programme led by the Malaysia Digital Economy Corporation (MDEC) has set an aim to encourage SMEs to enter into eCommerce. In 2018, the programme was implemented with a financial expenditure of about RM0.9 million and benefitting 30,261 beneficiaries.
- **Bumiputera Enterprise Enhancement Programme (BEEP)**, led by SME Corp. Malaysia has served as a platform to develop potential Bumiputera SMEs throughout the country. The programme offered selected Bumiputera SMEs a comprehensive assistance package comprising financial assistance and advisory services. In 2018, BEEP was implemented with RM22.0 million in financial expenditure for 263 beneficiaries.



- **MARii Intelligent Technology System (MITS)**, a productivity programme led by the Malaysia Automotive, Robotics and IoT Institute or MARii (previously known as Malaysia Automotive Institute, MAI) for local vendors to obtain automotive i-Cloud computing and 3D experience was implemented with an expenditure of RM2.2 million benefitting 290 beneficiaries.
- The programmes conducted by the Malaysian Agriculture Research and Development Institute (MARDI) provided **advisory services, product analysis, clinics, seminars and attachment training** for existing and aspiring entrepreneurs. In 2018, MARDI's programmes were focused on providing technical advisory services for existing and aspiring entrepreneurs; conducting technology seminars and workshops for entrepreneurs; evaluation of product quality; conducting technical visits and periodic monitoring of the performance of the entrepreneurs concerned; the creation of new technology-based SMEs and microentrepreneurs; and resolving technical issues on-site for entrepreneurs. In 2018, about RM0.6 million was spent to fund these activities with 497 beneficiaries.
- In 2018, the Malaysian Timber Industry Board (MTIB) conducted five programmes on design development and branding of TANGGAM products (**Program Pembangunan Rekabentuk dan Penjenamaan Produk TANGGAM**) which involved business matchings between designers and SMEs, prototype development as well as the holding of a furniture design competition, design workshop and exhibitions. With an expenditure of RM0.7 million, the programme had assisted 345 beneficiaries in 2018.

MARKET ACCESS

In the era where the world community is becoming closer by the day brought by technological advancements in the digital world, one of the priorities of the Government's economic agenda is to spur the engagement of Malaysian SMEs in internationalisation and cross-border trade. Therefore, support measures for SMEs to navigate through the growing complexity of the value chains need to evolve accordingly. In 2018, RM77.6 million was committed to fund 27 market access programmes for 50,197 beneficiaries. Among the programmes for the year were:

- **Showcase Satu Daerah Satu Industri (SDSI)** programme led by Bumiputera Entrepreneurs Division of the Ministry of Entrepreneur Development has served as a platform to facilitate the sourcing and marketing of high-quality products and services as well as enhancing networking among participating entrepreneurs in order to establish new business alliances and joint ventures between local and international traders. With a financial expenditure totalling to RM2.4 million, the programme had assisted 795 beneficiaries in 2018.

- The development of **Shop Lots in Jeli** and **SME Factory in Pengkalan Chepa** led by the Kelantan State Development Corporation, provided microenterprise traders and SME manufacturers with premises that are conducive for their business activities. In 2018, an expenditure of RM12.2 million was recorded for the programme.
- The Kelantan State Development Corporation led the **Upgrading of Business Premises in Kelantan** which involved the upgrading of the Berek 12 wet market in Kota Bharu at a cost of RM5.7 million for the benefit of 180 microentrepreneurs.
- **PROSPER Property** implemented by the Perbadanan Usahawan Nasional Berhad (PUNB) to purchase retail premises at strategic locations to increase Bumiputera ownership in commercial property. In 2018, RM3.2 million was utilised for the programme.
- The Sabah Economic Development Corporation (SEDCO) implemented the **Development of Business Premises** programme, which provided industrial premises for entrepreneurs at the SEDCO SME Industrial Park. In 2018, RM4.0 million was dedicated for the programme.
- Jabatan Kemajuan Orang Asli (JAKOA) led **Building Business Premises** programme for Orang Asli entrepreneurs. An expenditure of about RM0.2 million was recorded in 2018 to assist five beneficiaries.



LEGAL AND REGULATORY ENVIRONMENT

The sole legal and regulatory environment programme implemented in 2018 was the **HIP 1: Integration of Business Registration and Licensing** designed to create a single window for both business registration and licensing in order to encourage formalisation and business formation. An expenditure of RM8.0 million was provided for the programme led by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) in partnership with SME Corp. Malaysia.