



Message from **YAB PRIME MINISTER**

The 2018/19 edition of the SME Annual Report comes at a significant juncture as the nation embarks on a new economic development narrative. The Shared Prosperity Vision 2030 (SPV 2030) launched on 5 October 2019 aspires to propel the nation towards high value-added economic activities in a more inclusive manner and which aims to result in enhanced role of entrepreneurs and small and medium enterprises (SMEs).

Representing the vast majority (98.5%) of the business population with contribution of 38.3% to overall GDP, 17.3% to total exports and 66.2% to overall employment in 2018, Malaysian SMEs are indeed the catalysts to address economic disparities across income groups, ethnicities, regions and supply chains.


The Government has also launched the National Entrepreneurship Policy 2030 (*Dasar Keusahawanan Nasional, DKN 2030*) in July 2019 to facilitate a more coherent entrepreneurship policy and development. DKN 2030 outlined key strategies to increase the number of competitive and resilient entrepreneurs as well as to enhance the capabilities of SMEs. Nevertheless, translating high-level commitment into concrete outcome requires action plans with clearly identified objectives that progressively encompass all the cross-cutting policies of the Government. Therefore, I hope the implementation of DKN 2030 will be rolled out with a set of concrete, timely and future-proof action plans complemented by structured monitoring mechanism and milestones that will put the country at the right trajectory to become an 'Entrepreneurial Nation' by 2030.

Delivering effective policy does not only require a cross-cutting perspective, but more importantly, it must be supplemented with sufficient resources that are efficiently managed to support the critical areas required in the ecosystem to chart the growth and expansion of Malaysian SMEs. In connection to this, I am pleased to note that Budget 2020 allocates a total of RM13.1 billion for measures to stimulate economic growth and benefit businesses and entrepreneurs directly and indirectly. Of this, a total of RM4.3 billion has been allocated specifically for entrepreneurs and SMEs, notably with an increase in allocation for the development of Bumiputera entrepreneurs, Halal industry and capacity building for SMEs. In addition, SMEs also stand to benefit from other funds in various categories of businesses totalling RM8.8 billion.

The commitment to drive SME development is visible through Government's facilitative role in creating a more conducive environment for businesses to thrive. In 2018, a total of 153 programmes were implemented through public and private sector funding amounting to RM13.7 billion. The programmes which covered access to financing, technology and innovation, access to market, human capital development, infrastructure as well as legal and regulatory have benefited 637,808 SMEs. Meanwhile for 2019, a similar amount of RM13.7 billion has been allocated for implementation of 164 programmes to assist 555,408 SMEs. The commitment of the Government towards SME development is evident with enhanced strategies and identified key result areas, cemented to cultivate Malaysian SMEs as the cornerstone for a more progressive, knowledge-based nation, with greater community participation at all levels.

The development of inclusive business emerges as one of the new strategies to optimise the potential of the private sector which in turn will play a bigger role in developing innovative ways of undertaking commercially-viable businesses catering for those at the base of the pyramid. Given its wide-ranging multiplier effect, inclusive business has been included in the DKN 2030 and will form one of the strategic recommendations under the Twelfth Malaysia Plan, 2021-2025 (RMKe-12), consistent with the priorities of the Government to empower the B40. Advantageously, companies are in position to embrace low income population into the value chain of their core business as suppliers, distributors, retailers or even as skilled employees, instead of merely regarding them as prospective consumers. Therefore, I would like to very much encourage Malaysian companies to look through the lenses of inclusive business and pivot their strategies towards becoming a more responsible corporate citizen while maintaining sustainable and profitable businesses.

Formulating business strategies in this age of rapidly evolving technologies, one ought to recognise that digitalisation lies at the heart of increasingly disruptive business models. Digitalisation also enables business process transformation, be it in operating a machine, managing customers, carrying-out transactions, delivering services and soliciting feedback in a completely digital environment. Accordingly, to thrive in today's atmosphere, entrepreneurs must acclimatise to the digital disruption by ensuring the adoption of digitalisation in their business, minimising the gap between man and machines as well as exploiting the true wealth that comes in the form of big data analytics. Moving forward, I would like to call upon all entrepreneurs to ride the wave of digitalisation and use hard data to make informed-decision ~ for it is the entrepreneurs who lead businesses to seize every opportunity for growth, as fittingly themed in this year's report **'Entrepreneurship Driving SMES'**.



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