

SME and Entrepreneurship Development Programmes in 2016

The Government through its Ministries and agencies continues to undertake various SME development programmes in line with the macro targets set under the SME Masterplan and one of the key goals of the SME Masterplan is to raise the level of SME productivity. Thus, the focus in year 2016 was to continue focusing on critical areas, such as innovation and technology adoption as well as human capital development that will further spur the development of SMEs in the economy. The programmes also addressed other key issues affecting the operation of SMEs, such as access to financing and market.



In 2016, a total fund of RM7.95 billion was utilised to implement 154 SME development programmes to assist 529,390 SME beneficiaries. Out of this, 72.5% were Government-funded involving RM5.77 billion in total expenditure to implement 133 programmes (86.4% of total) which benefited 515,429 SME beneficiaries. Another 21 programmes were private-funded which amounted to RM2.18 billion and benefited 13,961 SME beneficiaries. Besides addressing the basic challenges of funding and improving market access, the programmes also targeted to improve productivity and encourage the adoption of innovation and technology in order to develop a resilient, innovative and, ultimately, a sustainable development SME sector.

As was the case in preceding years, the biggest expenditure in 2016, amounting to 85.0% of total Government funds, was on programmes to enhance Access to Financing; followed by Market Access (6.3%) and Innovation & Technology Adoption (5.2%). On the other hand, the biggest number of programmes were implemented under Human Capital Development, Market Access and Access to Financing. Programmes under Access to Financing will be deliberated in Chapter 6.

Table 4.1: SME Development Programmes 2016 (Government-Funded) by Focus Area

FOCUS AREA	Number of Programmes	Financial Expenditure (RM million)	SME Beneficiaries
Human Capital Development	38	130.2	88,254
Access to Financing	30	4,902.4	410,511
Market Access	30	364.1	14,004
Innovation & Technology Adoption	25	300.4	2,593
Infrastructure	10	68.5	67
Total	133	5,765.6	515,429

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

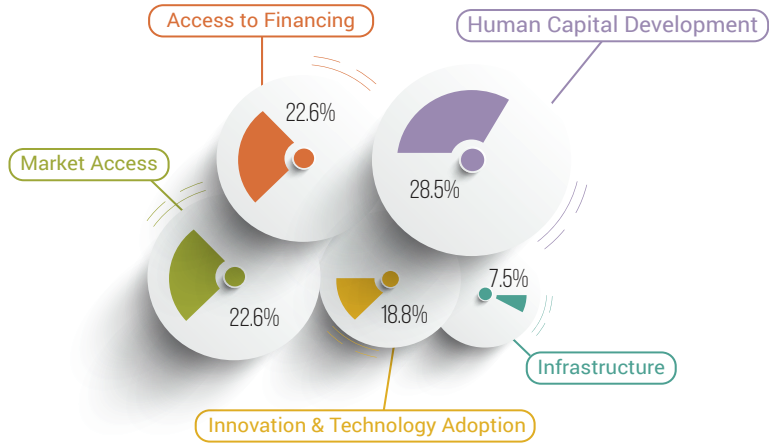


Chart 4.2: Financial Expenditure by Focus Area (%)

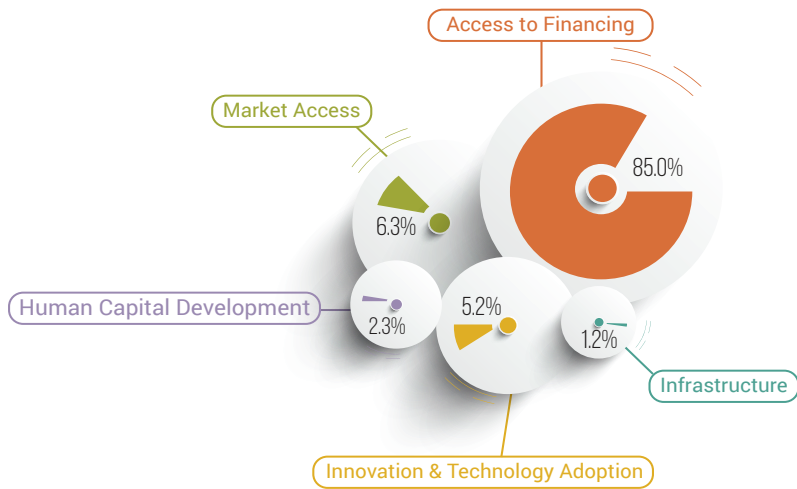
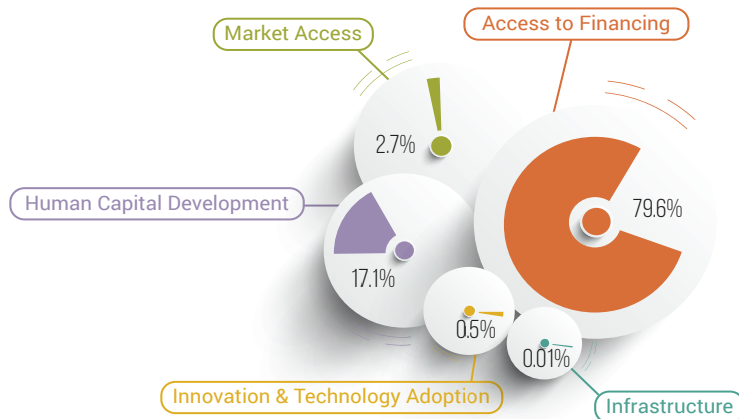


Chart 4.3: Number of SME Beneficiaries by Focus Area (%)



HUMAN CAPITAL DEVELOPMENT

Human capital is the single most important asset a company needs in order to move forward towards growth and innovation. Investment in human capital development unlocks untapped talent and brings returns in the form of better leaders, decision-makers and ultimately greater returns on investments to businesses. The Government, being very much aware of this has, over the years, continued to focus on human capital-related issues faced by SMEs.

In 2016, the emphasis on human capital development continued where 38 human capital development programmes, the highest number among all the focus areas, were implemented with an outlay of RM130.2 million to assist 88,254 SME beneficiaries. Some of the Government-funded Human Capital Development programmes on entrepreneurship development for the year included:

- **Bumiputera ICT Demand Aggregation (BiDA) 2.0** which aimed at the creation and aggregation of demand for qualified Bumiputera ICT companies as well as to develop new and sustainable Bumiputera entrepreneurs in the industry. BiDA 2.0 utilised RM27.6 million to assist 175 SMEs. The programme implementer was Malaysia Digital Economy Corporation (MDEC).
- **Pembangunan Usahawan PKS** aimed at creating 77,200 Bumiputera entrepreneurs between 2016 and 2020, with the target number of 15,450 in 2016. Majlis Amanah Rakyat (MARA), the programme implementer spent RM20 million for the programme which assisted 15,450 SMEs.
- **SME Capability Programme** aimed at enhancing the capability of the business owners and decision makers in business strategies, innovation, productivity and human capital development (strategic level programme) as well as to enhance the competency of SME employees through certification programmes (functional level programme). Human Resources Development Fund (HRDF) spent RM15 million to implement the programme to assist 3,000 SMEs.
- **INSKEN Business Scale Up Programme** aimed at providing comprehensive entrepreneurial skills and knowledge to develop sustainable businesses through business counselling, training, consulting and facilitating. INSKEN spent RM2.5 million to implement the programme to assist 3,559 SMEs.
- **Coach and Grow Programme (CGP)** is a market-driven programme aimed at bringing together key players in the entrepreneurial ecosystem to train existing entrepreneurs to take their businesses to higher levels via coaching. CGP also functions as a coaching and training programme designed to provide entrepreneurs with the tools and 'show-how' to implement strategies and plans during the commercialisation and growth stages. Cradle Fund Sdn Bhd spent RM3.3 million to implement the programme to assist 105 SMEs.



- **Youth Entrepreneurship Programme: Social Intropreneurship (Impact Jam), Y@Brand, Youth Entrepreneurial Network, Intensive Business Course, Packaging Make-over Programme and Agro-Biz Programme**

The programmes aimed at enhancing entrepreneurship, knowledge and skill for potential, new and existing entrepreneurs through various training and programmes by providing a one-stop centre for youth entrepreneurs to build networking with entrepreneur development organisations and entrepreneur financing institutions as well as to assist them in promoting and marketing their products under their own brands. The Department of Youth and Sports, Ministry of Youth and Sports (KBS), spent RM1 million to implement the programmes for 1,500 young entrepreneurs.

INNOVATION & TECHNOLOGY ADOPTION

Technology has the potential to revolutionise virtually every type of business. Technological changes are coming rapidly to businesses of all sizes across all industries and technological competence and innovation are the key to the long-term sustainability of businesses, particularly SMEs. Governments across the world are placing ever greater emphasis on the adoption of technology and innovation by businesses so as to enhance their contribution to the national economy. The Malaysian Government too has been focusing on this key area and has continued to do so over the years through various initiatives and programmes to spur technological competence and innovation success in SMEs.

In 2016, a total of 25 Innovation & Technology Adoption programmes were implemented with an expenditure of RM300.4 million to assist 2,593 SME beneficiaries. Some of the programmes implemented to facilitate the Government's objectives on innovation and technology adoption included:

- **Pre-Commercialisation Fund** aimed to assist in the commercialisation of new processes, technology or products or improvements to existing processes and technology as well as to create a technopreneur-friendly environment. The implementer, the Ministry of Science, Technology and Innovation (MOSTI), spent RM35.8 million to implement the programme to assist 26 SMEs.
- **Penilaian Mutu Produk, Lawatan Teknikal dan Pemantauan Prestasi Usahawan Secara Berkala** is a productivity improvement programme under Usahawan Bimbingan MARDI. It aimed to develop technology entrepreneurs through technology innovation trouble-shooting, product development, development of production and quality control systems and services with the ultimate objective of obtaining certification. The programme was implemented by Malaysian Agricultural Research and Development Institute (MARDI) with an expenditure of RM50 million.
- **Commercialisation of R&D Fund (CRDF)** is a commercialisation programme that leverages on science, technology and innovation for national development and wealth-creation via the commercialisation of products and processes. Malaysian Technology Development Corporation (MTDC) spent RM54.1 million to implement CRDF to assist 33 SMEs.



- **Biotechnology Commercialisation Funding (BCF)** is a commercialisation programme aimed at providing funding for biotechnology focus areas and also to complement existing public and private sector funding by providing easy access to financing facilities. Malaysian Bioeconomy Development Corporation (Bioeconomy Corporation) implemented BCF with an expenditure of RM20 million for three SMEs.
- **Public-Private Research Network (PPRN)** is a productivity improvement programme aimed at creating a knowledge-friendly ecosystem by strengthening public-private collaboration through research and innovation; increasing the productivity of industries through the adoption of latest technologies; encouraging academia to conduct demand-driven research; and offering matching grants for demand-driven innovation projects within the scope of product and process development and innovation and value enhancement in supply chain. The programme was implemented through various institutions of higher learning under the auspices of the Ministry of Higher Education (MOHE). A total of RM8.8 million was spent to assist 244 SMEs.
- **MAI Intelligent Technology System (MITS)** is a productivity programme aimed at providing automotive i-Cloud computing and 3D experience with the objective of developing existing local vendors to Level 4. Malaysia Automotive Institute (MAI) spent RM4.5 million to implement MITS to assist 680 SMEs in the automotive industry.
- **Implementation of Core Activities Targeted at Enhancing Productivity and Market Expansion of SMEs in Collaboration with SIRIM-Fraunhofer** is aimed at increasing adoption of technology and applications by SMEs and feature activities, such as implementation of core activities targeted at enhancing productivity and market expansion of SMEs. SIRIM implemented the programme with an expenditure of RM4.1 million to assist 186 SMEs.



MARKET ACCESS

The ability of a company to sell its goods and services domestically and across borders is, obviously, a key factor in its success. SMEs in Malaysia face challenges in accessing overseas markets owing to various factors such as lack of knowledge and intelligence of export markets or networking. Considering the size of the domestic market, it is imperative for SMEs to enter the export market in order to grow further. To encourage and facilitate local SMEs to look beyond their traditional market, the Government has over the years introduced various initiatives and programmes to assist them to penetrate to new markets. In 2016, a total of 30 Market Access programmes were implemented with an expenditure of RM364.1 million to assist 14,004 SME beneficiaries. Some of the Government-funded Market Access programmes included:

- **Market Development Grant / Geran Promosi Eksport (MDG / GPE)** is a promotion (international) programme to assist SMEs, service providers, trade and industry associations, chambers of commerce and professional bodies to undertake activities for the development of the export market. MATRADE implemented MDG / GPE with an expenditure of RM35 million to assist 1,911 SMEs.
- **Going Export Programme (GoEx)** is a promotion (international) programme aimed at identifying, nurturing and developing SMEs to be more competitive in the international arena, providing access to international networks as well as expanding new business opportunities with existing and new markets. MATRADE spent RM7.8 million in implementing GoEx to assist 30 SMEs.
- **Galakan Eksport Bumiputera (GEB)** is aimed at developing Bumiputera SME exporters through an integrated assistance approach in exploring new international markets. SME Corp. Malaysia implemented GEB with an expenditure of RM10.7 million to assist 16 SMEs.
- **Vendor Development Programme (VDP)** is a linkages programme to assist Bumiputera SME vendors in the services and manufacturing-based industries. The programme is conducted in collaboration with GLCs and MNCs. Bumiputera Entrepreneurs and SME Division of MITI implemented VDP with an expenditure of RM6.5 million to assist 111 SMEs.
- **Product and Quality Enhancement Programme (GroomBig / ECER)** aimed to nurture, groom and elevate Bumiputera SMEs to a higher level – from micro-enterprises to SMEs – and ultimately, to become exporters. SIRIM implemented GroomBig / ECER with an expenditure of RM3.7 million to assist 135 SMEs.
- **Penyediaan & Pengukuhan Rangkaian Peruncitan Pasar Tani dan Gerai Buah-buahan Segar (GBBS)** is a promotion (domestic) programme to provide a variety of retail outlets for farmers and small producers to market their products directly. FAMA implemented GBBS with an expenditure of RM3.4 million.
- **Craft Marketing Programme** is a promotion programme to boost sales of crafts in the domestic and international markets. The Malaysian Handicraft Development Corporation (Kraftangan Malaysia) implemented the programme with an expenditure of RM1.0 million to assist 2,555 SMEs.



INFRASTRUCTURE

Proper infrastructure for SMEs is vital if they are to be enabled to grow as the quality of infrastructure for SMEs has a significant influence on the quality of their products and services and thus their competitiveness. With this in mind, the Government has over the years focused on the provision of supportive infrastructure that empowers SMEs to grow in size and quality. This policy has continued in 2016 when 10 Infrastructure programmes with an expenditure of RM68.5 million were implemented to assist 67 SME beneficiaries. Some of the Government-funded programmes included:

- **PROSPER Property** is a Physical/Business Premises programme where the programme implementer undertakes to purchase retail premises at strategic locations in order to increase Bumiputera ownership in commercial property. PUNB implemented the programme with an expenditure of RM30.3 million.
- **Incubator Development** involves the development of BioValley Park in Sarawak. Its objectives are to support the development of new products and processes of bio-based products; provide pilot plant facilities to assist industries in producing phytochemical extracts and inoculum at the pilot scale; provide high quality testing and development facilities for industries in the form of product analysis, enhancement and quality assurance; execute contract research and training for the industry and research agencies; as well as provide infrastructure and facilities for incubators. The Ministry of Industrial and Entrepreneur Development, Trade and Investment Sarawak (MIETI Sarawak) implemented the programme with an expenditure of RM23.3 million.
- **Pembangunan Kilang Siap Bina Industri Kecil dan Sederhana untuk Bumiputera di Kawasan Perindustrian Pasir Gudang** is a Physical/Business Premises programme with the objective of constructing 30 units of factories in the Pasir Gudang Industrial Area to provide business premises and create business opportunities for Bumiputera SMEs. Johor Corporation (JCorp) implemented the programme with an expenditure of RM13.7 million.
- **Development of Business Premises** is a Physical/Business Premises programme under which 14 units of detached garages were constructed at IKS Ayer Panas, Jasin, Melaka. Perbadanan Kemajuan Negeri Melaka (PKNM) implemented the programme with an expenditure of RM7.3 million.
- **Anjung Usahawan** is a Physical/Business Premises programme to provide business premises and enhance entrepreneurial capacity. Unit Pembangunan Usahawan dan Industri Halal (UPUIH), Chief Minister's Department, Sarawak implemented the programme with an expenditure of RM6 million.
- **Development of Business Premises** is a Physical/Business Premises programme to develop the Sabah Economic Development Corporation (SEDCO) SME Industrial Park by providing industrial premises for entrepreneurs. SEDCO implemented the programme with an expenditure of RM4.6 million.
- **Building Business Premises** is a Physical/Business Premises programme to provide business premises for Orang Asli entrepreneurs. Jabatan Kemajuan Orang Asli (JAKOA) implemented the programme with an expenditure of RM1.9 million.

