

# MOVING FORWARD

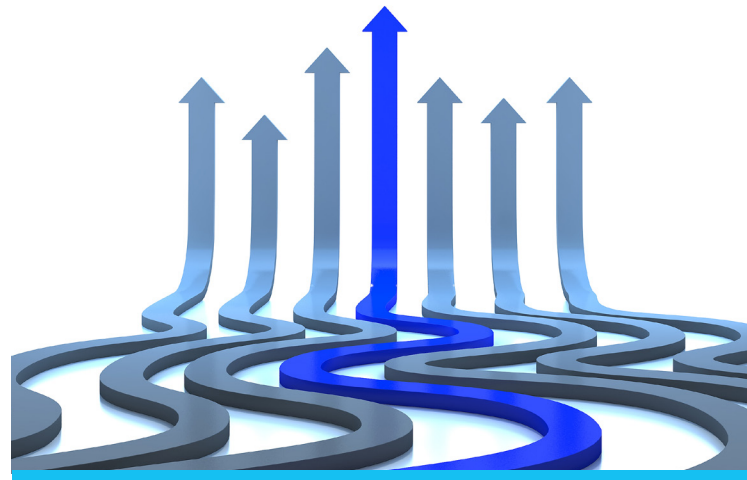
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## **Surviving and Thriving in the Post COVID-19 World**



# Moving Forward

## Surviving and Thriving in the Post COVID-19 World



No end to uncertainty in the overall global health scenario is making it difficult for businesses to make plans. Despite questions like when will life get back to normal and what will the new normal look like, the 'wait and see' is not a viable option. Most SMEs are already taking make-or-break decisions which is mostly revolving into adoption of new technologies. Digitalisation is no longer an option but a necessity. The phrase 'there are only two types of businesses today – those that are already digital and those that will be soon' is widely making rounds in the internet. SMEs need to develop or strengthen their digitalisation strategy to reap the market access opportunities as well as stay in the game.

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In order to emerge stronger from this crisis, it is worth for SMEs to explore how their business models can use digital technology towards green recovery, a widely discussed topic both in Europe and China. For instance, the European Union (EU) parliament has called on the Commission to propose a recovery and reconstruction package that 'should have at its core the Green Deal and the digital transformation in order to kick start the economy'. In China, proposals are being made to use digital platform to promote sustainable consumption including making consumer vouchers green, as part of the economic recovery package and continuing development of China's green finance system.

At the ASEAN level, despite the COVID-19 crisis, there have been a renewed interest towards sustainability. Countries have announced specific initiatives, such as Thailand on zero carbon strategy, Singapore on special budget for climate change research and Cambodia on goal to achieve carbon neutrality. CIMB ASEAN Research Institute (CARI) Policy Brief: Greening ASEAN – Review and Recommendations for COVID-19 Stimulus Measures, January 2021,

provided several policy recommendations in this area including on inclusion of financial incentives for businesses, particularly SMEs that contribute towards a low-carbon economy and portioning of assistance towards firm focusing on renewable energy.

For Malaysia, having long term recovery efforts through systemic revitalisation measures are essential for quick and big wins in the context of SME development. Among the measures for consideration may include:

Implementing productive subsidisation of inclusive innovation is consistent with the Economic Gardening Concept whereby a panel of technology or skill providers are selected to empower SMEs. A good example of productive subsidisation is Micro Connector Programme by SME Corp. Malaysia. This programme provides simplified assistance for microenterprises to set up and run their businesses, as well as to train the B40 community to gain new skillsets for income generation through entrepreneurship. One of the technology providers under this programme is Idea Creative Technology Sdn Bhd who mooted the idea of Warong Rider which is a new delivery platform launched by the Minister of Entrepreneur Development and Cooperatives in November 2020. With the initial aim to assist hawkers and traders across Malaysia, their client base is now expanding to home-based business, online business and SMEs due to a relatively reasonable rates for the delivery services rendered.



Attaining multiplier effect of Government spending that is premised upon deployment of local technologies to optimise growth, is another potential systemic revitalisation measure acting as optimum multiplier to allocation by the Government in Budget 2021. This measure will create upstream multiplier to manufacturer of machines and downstream multiplier to multiple farms.

Availing more Government programmes with multiple scopes that are versatile and will reduce the need for SMEs to approach multiple agencies for a combination of supports. It will also help to minimise duplication among Ministries and agencies.

Increasing participation of SMEs in supply chain through ePerolehan and incentivising SMEs' integration into multinational corporations (MNCs) / Government-linked companies (GLCs) / large companies supply chain will go a long way to strengthen SMEs' role as the source of endogenous growth.

The Government need to be more strategic on what and how resources are spent for faster and greater return of investment. Implementation of recovery and revitalisation measures could take a deliberate approach by identifying high growth industries and niche areas where Malaysia have competitive advantages. Greater resources could also be allocated for a holistic measure that addresses the needs along the value chain to maintain efficiency and competitiveness. Finally, the measures should support digital transformation through a sustainability lens, i.e. more resource and climate efficient, more human-centred and more trustworthy.