



## PRESS RELEASE

### **MSMEs CONTRIBUTED RM613.1 BILLION TO GDP IN 2023, AFFIRMING THEIR ROLE AS THE BACKBONE OF THE ECONOMY**

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**KUALA LUMPUR, 31 July 2024** – Micro, Small and Medium Enterprises (MSMEs) have shown remarkable growth in 2023 across key macroeconomic indicators namely the Gross Domestic Product (GDP), exports, employment and productivity. Based on the data released by the Department of Statistics, Malaysia (DOSM), MSMEs registered a growth of 5.0% (2022: 12.3%) to achieve RM613.1 billion contribution in 2023 which has further affirmed their importance as the backbone of Malaysia’s economy. Economic activities during the year were mainly driven by the services sector particularly transport & storage as well as wholesale & retail trade, Food & Beverage (F&B), and accommodation subsectors that benefited from improved tourism-related spending following the reopening of China’s international borders in early 2023.

Significantly, MSMEs continued to outperform the overall economy which expanded by only 3.6% last year. As a result, contribution of MSMEs to the overall economy has increased from 38.6% in 2022 to 39.1% in 2023. MSMEs exhibited a stronger performance, thus demonstrating their resilience and vital role as a key driver of growth and stability. On the external front, MSMEs’ exports achieved a total of RM152.2 billion as it expanded by 4.5% during the year (2022: 17.2%) despite the challenging external environment. This has led to a notable increase in MSMEs’ exports contribution, from 10.6% in 2022 to 12.2% in 2023. The export growth momentum was largely driven by the ongoing expansion in the services sector, especially in tourism-related industries and agriculture sector. In contrast, non-MSME firms experienced a double-digit contraction of 11.0% in 2023 after its remarkable growth of 27.2% in 2022. Similarly, national exports growth as a whole declined in 2023, dragged down by slower global demand, lower commodity prices, geopolitical uncertainties, high inflation rate and downcycle in the semiconductor sector.

In terms of labour market, MSMEs employed 7.86 million workers in 2023, reflecting a 3.5% growth. The expansion in employment by MSMEs has led to a slight increase in contribution of MSMEs to the overall employment landscape at 48.5% in 2023 (2022: 48.2%). In addition, MSMEs' labour productivity saw a slight improvement, with the real value-added per worker improved to RM78,035 as compared to RM76,919 in the preceding year. In today's evolving business landscape, the productivity of a business can be elevated if MSMEs invest in technology, talent and sustainable practices.

YB Datuk Ewon Benedick, Minister of Entrepreneur and Cooperatives Development during the Press Conference on MSME Performance 2023 said, "Ministry of Entrepreneur and Cooperatives Development (MECD) together with its agencies especially SME Corp. Malaysia are highly committed to implement initiatives to further boost MSME development in Malaysia. These include encouraging MSMEs' participation in the domestic and global supply chain, enhancing MSMEs' capacity towards internationalisation, providing inclusive financing opportunities, continuing efforts to promote the adoption of Environmental, Social and Governance (ESG) in business operations as well as intensifying entrepreneurship activities in Sabah and Sarawak".

Meanwhile, commenting on the Minister's announcement, YBrs. Encik Rizal bin Dato' Nainy, Chief Executive Officer of SME Corp. Malaysia said, "The growth momentum of MSMEs is expected to be further strengthened in line with our Business Strategic Plan (BSP) which encapsulates measures to generate the intended outcomes reinforced by sound institutional support. In addition, SME Corp. Malaysia has also been appointed as the Permanent Secretariat for National Entrepreneur and MSME Development Council chaired by Deputy Prime Minister, YAB Dato' Seri Dr. Ahmad Zahid Hamidi. The Permanent Secretariat will meet monthly to discuss and address issues related to implementation of MSME and entrepreneurship programmes".

Also present during the Press Conference were YB Dato' Ramanan Ramakrishnan, Deputy Minister of Entrepreneur and Cooperatives Development, YBhg. Dato' Sri Suriani binti Dato' Ahmad, Secretary General of MECD, YBhg. Tan Sri Datuk Seri Panglima Bernard Giluk Dompok, Chairman of SME Corp. Malaysia, YBrs. Encik Rizal bin Dato' Nainy, Chief Executive Officer of SME Corp. Malaysia and YBhg. Dato' Sri Dr. Mohd Uzir bin Mahidin, Chief Statistician of DOSM.

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### **About SME Corp. Malaysia**

SME Corporation Malaysia (SME Corp. Malaysia) is the central coordinating agency (CCA) under the Ministry of Entrepreneur and Cooperatives Development (MECD) that coordinates the implementation of development programmes for micro, small and medium enterprises (MSMEs) across all related Ministries and agencies. It acts as the central point of reference for research and data dissemination on MSMEs, as well as provides business advisory services for MSMEs throughout the country.

Beginning on 2 May 1996, SME Corp. Malaysia was formerly known as the Small and Medium Industry Development Corporation (SMIDEC), which aims to develop the small and medium industries that are capable and resilient to be able to compete in the global market. In 2007, SMIDEC was mandated by the National SME Development Council chaired by the YAB Prime Minister to formulate comprehensive policies and strategies for SMEs and drive SME programmes across Ministries and Agencies. Accordingly, SMIDEC has been officially rebranded as SME Corp. Malaysia on 2 October 2009.

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