

## **Call On SMEs, MNCs To Leverage Inter-Boundary, Regional Trading For Business Expansion**

**By Nurul Hanis Izmir**

KUALA LUMPUR, Jan 23 (Bernama) -- Malaysian small and medium-sized enterprises (SMEs) and multinational corporations (MNCs) should leverage their inter-boundary and regional trading for business expansion, riding on the potentials of the ASEAN Economic Community (AEC), global workplace provider Regus Malaysia said.

"They ought to be prepared for more cross-border transactions which involved understanding diverse legal and regulatory frameworks, as well as access to financial market, freight and forwarding, and manpower requirements, among others," Regus country manager Vijayakumar Tangarasan told Bernama.

While most of the larger companies in the agriculture, airline, banking and telecom sectors have better understanding of the AEC, he said some small companies did not realise the advantages, thus were less prepared.

According to the Asian Development Bank (ADB), less than a fifth of Southeast Asian businesses were ready for the transition despite making significant contributions to the economy.

It cited SMEs as generating almost 90 per cent of the jobs in the region and contributing up to between 30 and 50 per cent of gross domestic product (GDP).

"Some SMEs are under the impression that the AEC will increase corporate profits at the expense of workers' rights.

"Due to privatisation and deregulation, there were lingering fears that the AEC would increase barriers to social services, as well as worsen inequalities between and within individual Southeast Asian countries," he said.

This might affect developing countries more as they could face a distorted development, acting as the primary source of raw materials and cheap labour, he added.

According to Vijayakumar, Malaysian companies should be mindful that they benefitted from the country's low-cost manufacturing base, coupled with ample manpower, resources, business opportunities in growing their business. Hence, they need to get ready in terms of capital, technology, business strategies and even the necessary mindset, to focus on and leverage the opportunities derived from the AEC.

On services provided by Regus Malaysia, he said the company could assist both the SMEs and MNCs amid the challenging economic times.

"The SMEs could cut costs by adopting flexible working and utilising the services of Regus' business centres, without incurring hefty bills in office leasing and renovation.

"Not only do these business centres offer convenience and ease, they enable companies to veer away from the traditional practice of office leasing, saving on overheads and operational costs," he added.

Regus' business centres are located throughout Malaysia and other Southeast Asian countries such as Singapore, the Philippines, Brunei, Indonesia and Thailand.

The AEC, formed by ASEAN member states, is aimed at improving the region's economic stability to address economic matters and improve competitiveness, while enabling members to compete with China and India in attracting foreign investments.

The AEC is expected to create an integrated market for capital, goods and service as well as labour.

It will promote a free flow of goods and services, investments, credit and skilled workers among ASEAN countries.

According to the Department of Statistics Malaysia and SME Corporation Malaysia, SMEs constitute 97.3 per cent of business establishments in the country.

The SME sector contributed 35.9 per cent to GDP, providing 62 per cent of employment and accounted for 25 per cent of exports in 2015.

SMEs transcend all sectors of the economy, forming 90 per cent of the service industry, 5.9 per cent (manufacturing), 3.0 per cent (construction), one per cent (agriculture) and 0.1 per cent (mining and quarrying).

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