Statistics for Economic Development and Growth

SME Statistics in the New Era: SME Corp. Malaysia's Experience

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Outline of Presentation

1. SME Development in Malaysia
2. National SME Development Council
3. Policies and Role
4. Moving Forward
SME Corp. Malaysia as the Central Coordinating Agency

- Ministries & Agencies
- SMEs
- Business chambers & associations

Formulation of policies and coordination of SME programmes

Secretariat to NSDC

Management of SME related data and information

Business advisory and support

Centre for SME-related info
The journey of SME Corp. Malaysia

2 May 1996
Small & Medium Industries Development Corporation (SMIDEC) formed under MITI to develop SMEs to be globally competitive

2000
SMI Development Plan introduced

2004
National SME Development Council (NSDC) formed as highest governing body. BNM was appointed as secretariat of NSDC

2 Oct 2009
SMIDEC officially rebranded as Small & Medium Enterprise Corporation Malaysia (SME Corp. Malaysia)

2009
SMIDEC took over the role of NSDC Secretariat from BNM

2012
SME Masterplan (2012-2020) developed to drive SMEs toward Vision 2020

2020
and beyond...

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SME development was accorded high policy attention with the establishment of NSDC in 2004...

National SME Development Council (NSDC) was established in 2004:
- Chair: Prime Minister,
- Members: 16 Ministers & Heads of key agencies
- Secretariat: SME Corp. Malaysia
- Supported by High Level Task Force, chaired by Chief Secretary to the Government

Roles and responsibility
- Provides direction for comprehensive development of SMEs across all sectors
- Formulates broad policies and strategies
- Oversees coordination and ensures effectiveness in policy implementation

Decisions & Outcomes

|-----------------------------|-----------------------------|---------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------|-----------------|------------------------------------------------|---------------------------|----------------------------------|
SMEs are important economic agents...

Manufacturing

Sales turnover: RM15 mil ≤ RM50 mil
Employees: From 75 to ≤ 200

Sales turnover: RM300,000 < RM15 mil
Employees: From 5 to < 75

Sales turnover: < RM300,000
Employees: < 5

Services and Other Sectors

Sales turnover: RM3 mil ≤ RM20 mil
Employees: From 30 to ≤ 75

Sales turnover: RM300,000 < RM3 mil
Employees: From 5 to < 30

Sales turnover: < RM300,000
Employees: < 5
...and backbone of the Malaysian economy

98.5% business establishments in Malaysia are SMEs...cut across all sizes & sectors

SMEs by Size:
- 20,612 SMEs, Medium, 2.3%
- 192,783 SMEs, Small, 21.2%
- 693,670 SMEs, Microenterprises, 76.5%
- 907,065 establishments

20.6% of SMEs are women-owned

Definition of Women-owned Company
- ≥ 51% of the equity held by a woman / women
- OR
- CEO / MD is a woman that owns at least 10% of the equity

SMEs by Sector:
- Services 89.2% (809,126 SMEs)
- Manufacturing 5.3% (47,698 SMEs)
- Construction 4.3% (39,158 SMEs)
- Agriculture 1.1% (10,218 SMEs)
- Mining & Quarrying 0.1% (865 SMEs)

Source: Economic Census 2016, Department of Statistics Malaysia (DOSM)
SMEs continued to surpass the overall Malaysia GDP growth

SME GDP

Overall GDP

Partly due to the redefinition of SMEs

Source: DOSM, Ministry of Finance (MOF) and SME Corp. Malaysia
SME development is measured at 3 levels

1. National Macro Performance
   - Contribution of SMEs to the economy:
     - GDP
     - Exports
     - Employment
     - Productivity
   - Quarterly SME Surveys
   - DOSM’s Economic Census

2. Programme Level
   - SME Integrated Plan Action (SMEIPA)
   - SME Central Incentives System (SCenIc)

3. Firm Level
   - SME Competitive Rating for Enhancement (SCORE)
   - Special Survey
Policy formulation is based on economic assessment on SMEs’ performance, outlook and challenges.
SME Corp. Malaysia formulated the SME Masterplan (2012-2020) as a ‘game changer’

“Unless we introduce a ‘game changer’, we will be caught in a middle-income trap, and no longer as competitive on cost…”

“...the Government would adopt a differentiated approach to accelerate the growth of SMEs and to provide the impetus for growth led by the private sector.”

“...an innovation-led economy demands a new breed of SMEs that can help foster market and technology-driven innovation to create more high-skilled jobs in all economic sectors.”

Prime Minister of Malaysia / Chairman of National SME Development Council
SME Development Framework for innovation-led and productivity-driven growth under the SME Masterplan

Vision
Globally competitive SMEs across all sectors that enhance wealth creation and contribute to the social well-being

SME Development Framework

Goals
- Increase business formation
- Expand number of high growth and innovative firms
- Raise productivity
- Intensify formalisation

Focus Areas
- Innovation & Technology Adoption
- Human Capital Development
- Access to Financing
- Market Access
- Legal & Regulatory Environment
- Infrastructure

Action Plan
- Reliable Database
- Monitoring & Evaluation
- Effective Coordination
- Effective Business Services

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Tapping into DFTZ, Megatrends, IR4.0 and various eCommerce initiatives will further accelerate the growth of SMEs.

**DFTZ**

By 2025:
- Double the growth rate of SME’s goods exports to US$38 billion
- US$65 billion of goods movement
- 60,000 jobs created

**Megatrends & IR4.0**

- Digital Future & IR4.0
- Globalisation
- Rising of Entrepreneurship
- Community Living

**eCommerce Initiatives**

by SME Corp. Malaysia

To improve the Internet economy, in partnership with:

- Facebook
- Lazada
- Google
- POS Malaysia
- 11Street Academy
- 1ST
- Avana
- MDEC

Driving Transformation
Current initiative: Extended Input-Output Table for SMEs to address supply chain issue

- **Identify key important industries** of SMEs by size and sub-sectors
- **Impact analysis** on value added, imports, employment and income, across size and sub-sectors
- To check the **interdependence** of SMEs and large firms
- **Economic forecasting** derives from various factors affecting the industries
2018 Budget denotes a significant increase in allocation to support SMEs

**RM2 billion**
- Allocation for SME Tourism Fund to provide soft loans with interest subsidy of 2%

**RM2.5 billion** by SJPP
- IP as instrument of financial guarantee for business financing
- Government Guarantee loans for automation

**RM150 million**
- By SME Corp. Malaysia, MATRADE & MIDA to expand export market & promotion

**RM200 million**
- By AIM

**RM5 billion**
- Green Technology Financing Scheme (GTFS) to promote investment in green tech industry

**RM500 million**
- By TEKUN
Summary and conclusion

Data and statistics are crucial for the:

- SME development;
- SME policy formulation;
- SME programmes and initiatives;
- Monitoring and evaluation; and
- Outreach activities and events.

SME Corp. Malaysia to pioneer and be the forefront of new initiatives:

- Extended Input-Output Table by firm size (SMEs and large firms)
- SME Masterplan (2012-2020) need to be aligned with TN50
Thank you...


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