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FOURTEEN years ago, the Small and Medium Industries Development Corporation (Smidec) was established. The government recognised that small and medium scale enterprises (SMEs) play a vital role in growing and deepening the nation's economic and social development.

Its primary aim was to develop capable and resilient Malaysian SMEs that could compete in an expanding global environment. The establishment of the National SME Development Council (NSDC) in 2004 cemented the government's commitment towards the SME sector.

This agency had the task of defining and developing policy that would not only better prepare but that would take Malaysian SMEs to a different level altogether.

In 2007, the NSDC appointed an agency that will singlehandedly formulate policies and strategies. Some of these initiatives would include programmes that cut across all ministries and government agencies. Therefore, the birth of SME Corp Malaysia.

The government has developed an extensive array of measures to support the growth and development of SMEs. For example, SMEs could benefit from the government's 15 per cent discount of fees for the incorporation of new companies, whose authorised share capital is less than RM1 million.

The department of Domestic Trade and Cooperative and Consumerism figures show that 95 per cent of approximately 40,000 new SMEs benefited from this discount. All this in just three years.

The Companies Commission of Malaysia (SSM) focus on SMEs bodes well with the nation's aspiration to increase the formation of new companies. The fact is that there are over 500,000 SMEs in Malaysia which provide employment opportunities for over 56 per cent of the total workforce. And the cherry on the cake is that it contributes to a healthy 37 per cent to Malaysia's gross domestic product (GDP).

Impressive to say the least, these figures demonstrate how this is a key growth sector, one that has the potential to increase its yield and prominence in the global market in a very short time.

It is widely recognised that SME activities tend to be more labour-intensive than those of larger businesses, their contribution to employment generation and poverty reduction is significant.

Economists are quick to point out that SMEs play a major role in a

Grooming Malaysian SMEs into big entities



Malaysian SME products on prominent display at a Dubai supermarket. The government's priority is to ensure that SMEs that need assistance are aware of and can access the services provided by the principal agencies such as SME Corporation, SME Bank and the entrepreneurship division of Miti.

nation's economy by serving as the link between big and small businesses. They help absorb the productive resources of an economy by forming flexible systems that provide goods, services and products that help build bridges to other industries.

These links ultimately form tributaries and develop extensive supply chains that countries can tap into as industrialisation is broadened and as businesses begin to proactively engage in sophisticated economic activities.

SMEs are also largely entrepreneur-driven, and they operate with efficiencies not normally seen in larger business entities. They are efficient in the way they allocate their resources and are responsive enough to make quick adjustments.

While big businesses are often credited with the creation of new products and process, these owner-run businesses are known for their agility, cutting-edge innovation and creativity.

The government is committed to supporting the growth and expansion of SMEs. The prime minister chairs the National SME Development Council, the apex body that looks after all matters concerning SMEs.

At Miti, the principal agencies supporting SME work are the SME Corporation, SME Bank and the entrepreneurship division of the ministry. Together, they provide a wide range of services to help SMEs, improving the quality of products and levels of productivity, upgrading skill sets and preparing local realities for a competitive global context.

A programme called "Groom Big" is a testament of the government's seriousness in engaging, nurturing, and grooming the SMEs. Its aim is to make SMEs think big so that they can be groomed into large entities.

There are eight development modules in the Groom Big programme which focus on basic qual-

ity improvement and labelling, quality systems, certification such as hazard analysis and critical control point (HACCP) and good hygienic practices (GHP), value engineering, packaging and branding, productivity improvement and process optimisation, product development and halal. At the end of the modules, the SMEs are perceived to be export-ready to compete in the global challenge.

Overall, it can be said that there is now a comprehensive range of services to help entrepreneurs start up, grow and expand their businesses. These services are being continuously upgraded and expanded. The government's priority now is to ensure that SMEs that need assistance are aware of these services and are able to access them.

In this regard, outreach programmes are a critical part of the work of all the participating support agencies. Some of them have established branch offices in dif-

ferent parts of the country to widen their reach. An active calendar of trade fairs, exhibitions, conferences, workshops and seminars held throughout the country also helps to build awareness of the available assistance. The goal is always to try and match needs with resources.

However, the government's action cannot be sufficient to build and shore up the SME community. What we need now is the entrepreneurial capacity, the motivation, drive and skill of Malaysia's entrepreneurs to identify viable business opportunities and take advantage of it - *carpe diem* or "seize the day". Where such talent is exhibited, and support is needed to help a business grow, the resources of the government will always be ready to provide the necessary boost.

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