



## Session 5: Importance of SMEs in Nation Building

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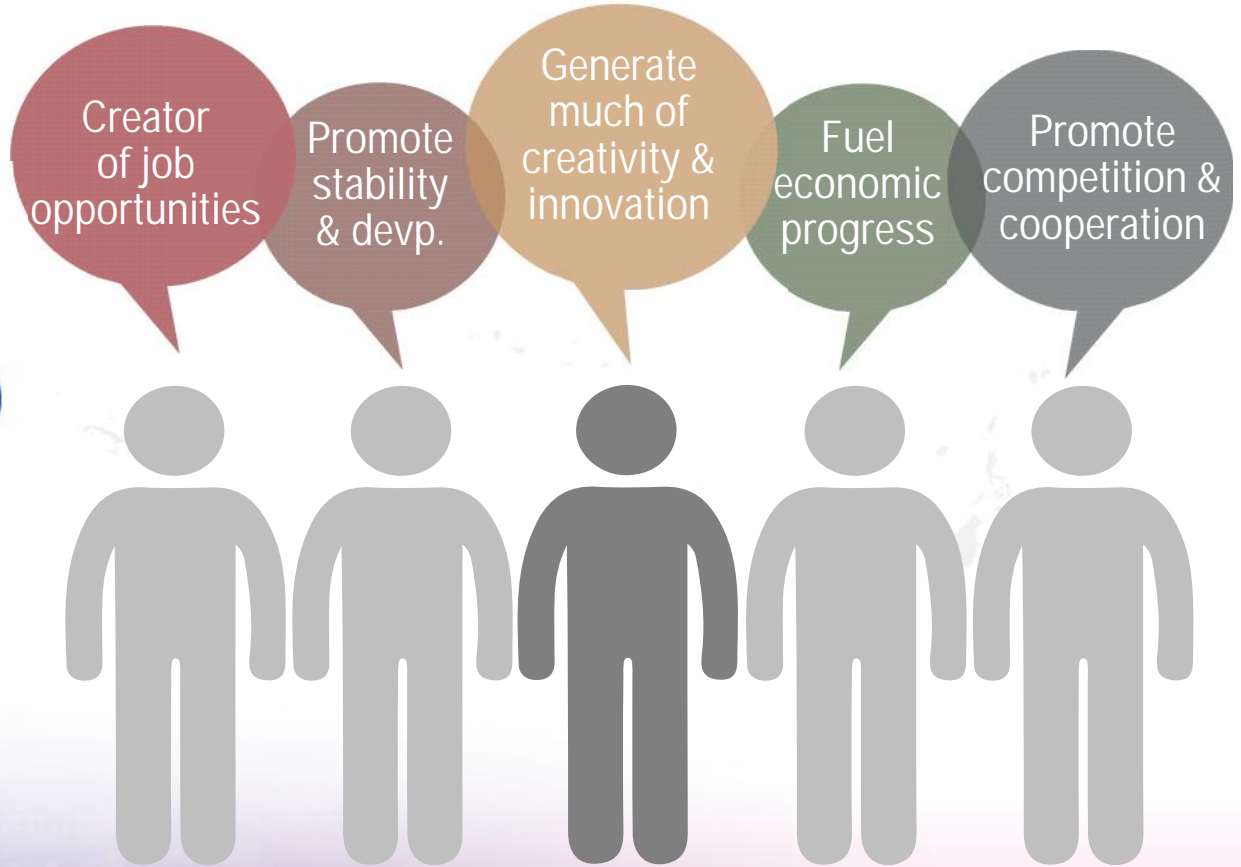


# SMEs play a big role in economic growth

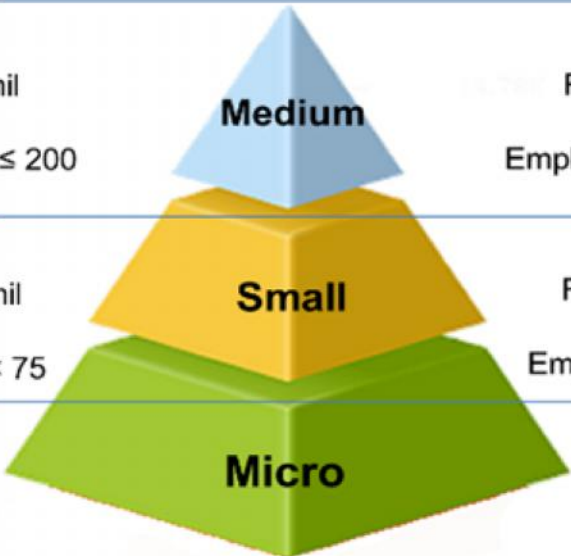
**SSM** NATIONAL CONFERENCE 2019

**Small**  
is the new  
**BIG**

**Seth Godin**  
American Author,  
Entrepreneur,  
Marketer & Speaker



# Definition of SMEs (effective January 2014)

Manufacturing		Services and Other Sectors
<p>Sales turnover: RM15 mil ≤ RM50 mil <u>OR</u> Employees: From 75 to ≤ 200</p>	 <p><b>Medium</b></p>	<p>Sales turnover: RM3 mil ≤ RM20 mil <u>OR</u> Employees: From 30 to ≤ 75</p>
<p>Sales turnover: RM300,000 &lt; RM15 mil <u>OR</u> Employees: From 5 to &lt; 75</p>	<p><b>Small</b></p>	<p>Sales turnover: RM300,000 &lt; RM3 mil <u>OR</u> Employees: From 5 to &lt; 30</p>
<p>Sales turnover: &lt; RM300,000 <u>OR</u> Employees: &lt; 5</p>	<p><b>Micro</b></p>	<p>Sales turnover : &lt; RM300,000 <u>OR</u> Employees: &lt; 5</p>

## EXCLUDING

- **Public-listed companies** in main board in Malaysia or other countries **and its subsidiaries**
- **Subsidiaries** of large firms, MNCs, GLCs, *Syarikat Menteri Kewangan Diperbadankan* (MKDs) and State-owned enterprises

\* For incentives under MIDA and corporate tax under IRB, the definition of SMEs will be based on their respective Acts

# Representing 98.5% of the business community, SMEs are the backbone of the economy



**907,065**  
registered SMEs  
in Malaysia



**76.5%**  
microenterprises



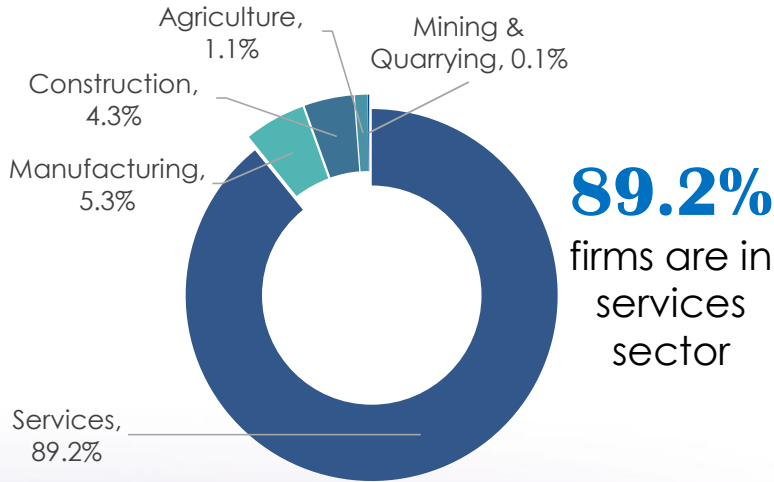
**21.2%**  
small-sized  
enterprises



**2.3%**  
medium-sized  
enterprises



**20.6%**  
are women-owned  
businesses



**89.2%**  
firms are in  
services  
sector

**2018**

**37.4%**  
contribution to  
GDP



**66.2%**  
contribution to employment

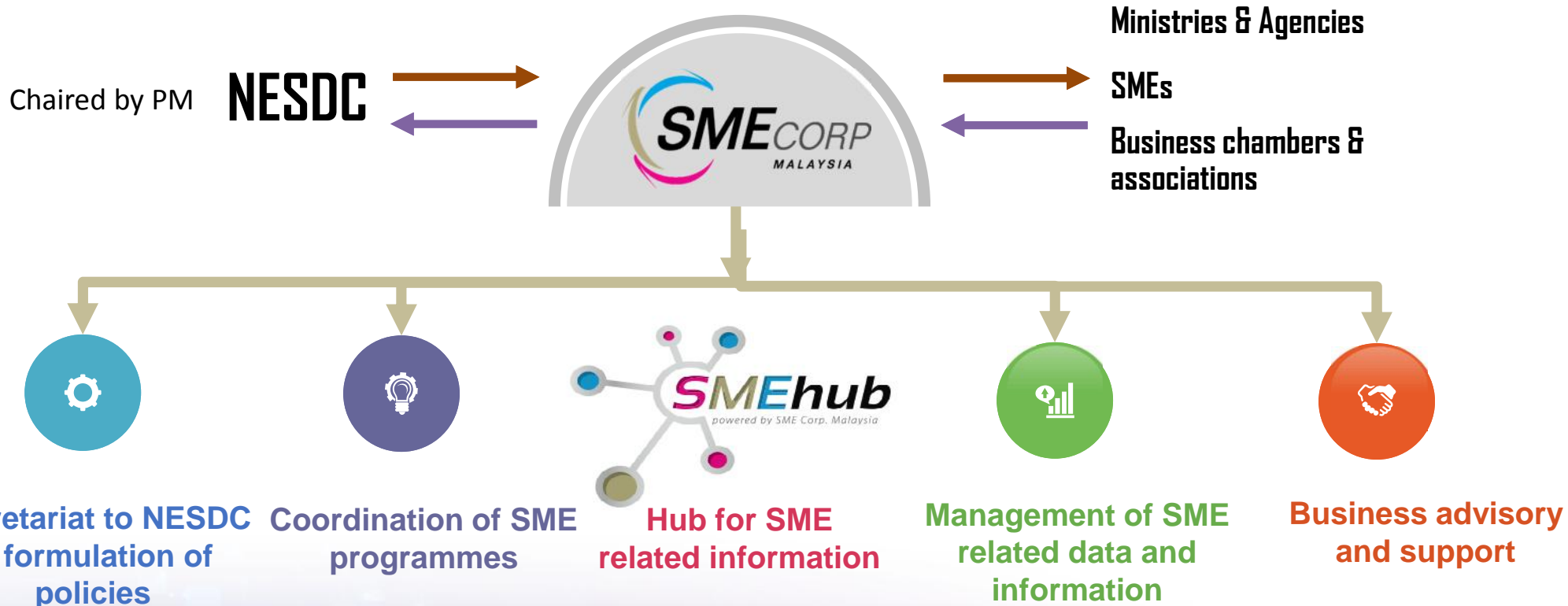


**17.5%**  
contribution to  
exports

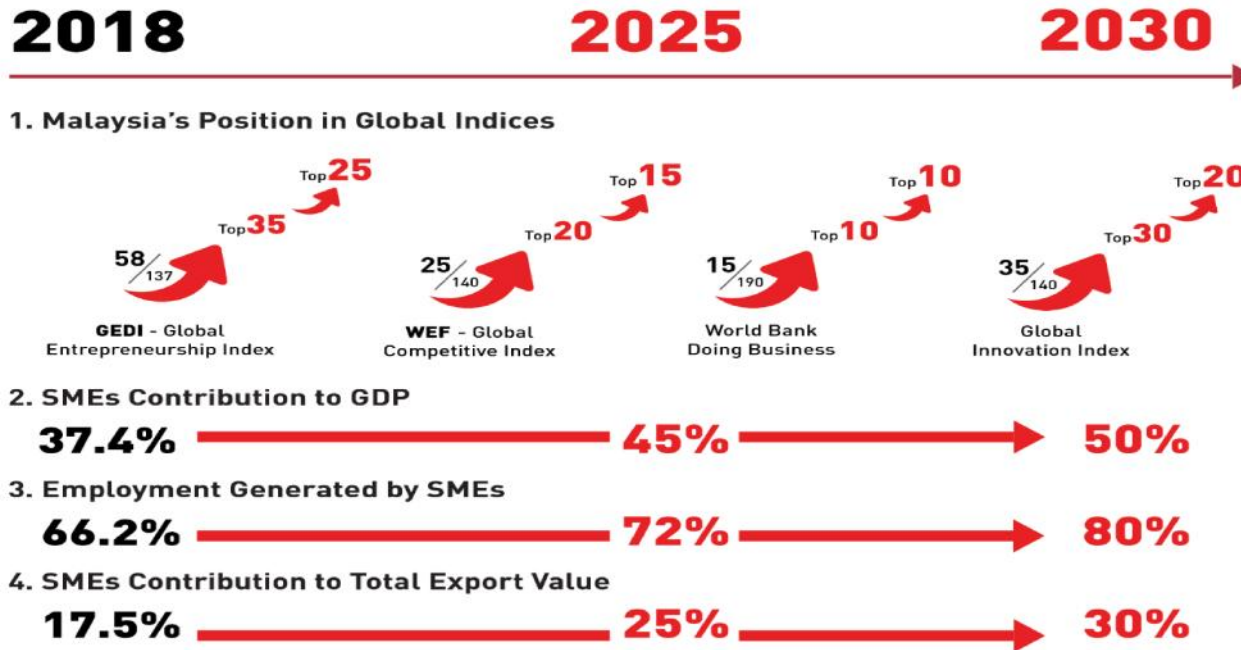
Source: Dasar Keusahawanan Nasional

# SME Corp is the Central Coordinating Agency (CCA) for SME development

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# Recently launched DKN has targets on SMEs



Source: Dasar Keusahawanan Negara

# Digital Future is one of the 4 megatrends to have far-reaching impact on SMEs



## DIGITAL FUTURE & IR 4.0

- Digital transformation changing business & delivery models e.g. big data, 3D printing, virtual stores
- Increasing mobile device adoption, a "mobile first" world e.g. Cloud, mobile and social technologies



## GLOBALISATION

- Asian middle class- significant spending power
- "New knowledge world order" emerging, with Asia as a hub
- Trading between emerging markets increasing



## RISING OF ENTREPRENEURSHIP

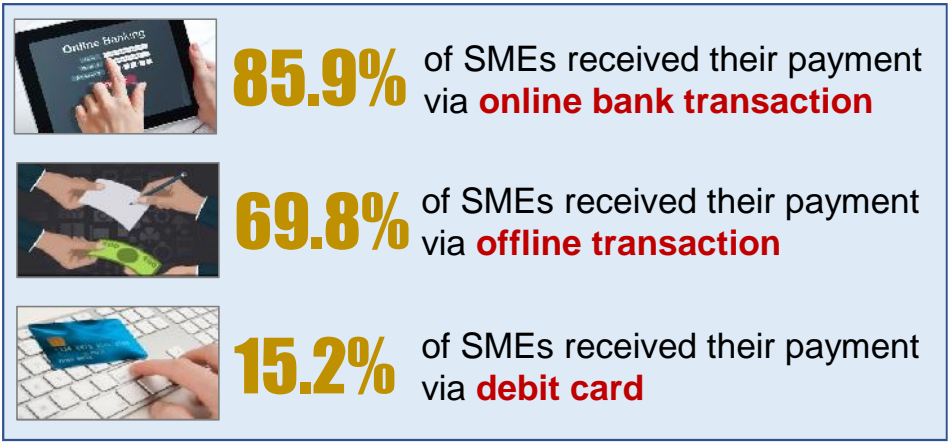
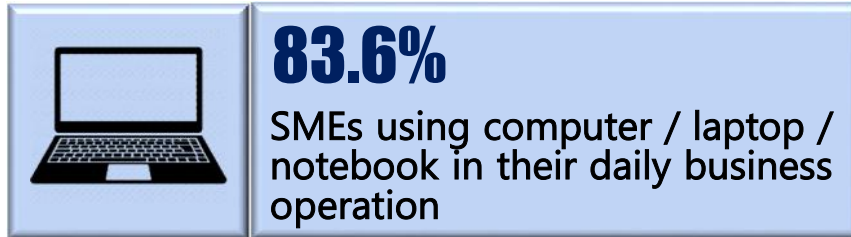
- Drivers of entrepreneurial activity moving from Necessity to Opportunity
- Start-ups with innovative ideas, making a high-impact
- More women & young entrepreneurs



## COMMUNITY LIVING

- Empower communities with power of ICT & broadband enabling creation
- Future villages: digitalisation of SMEs

# SMEs have high usage of social media and e-commerce, but still have bigger potential to grow



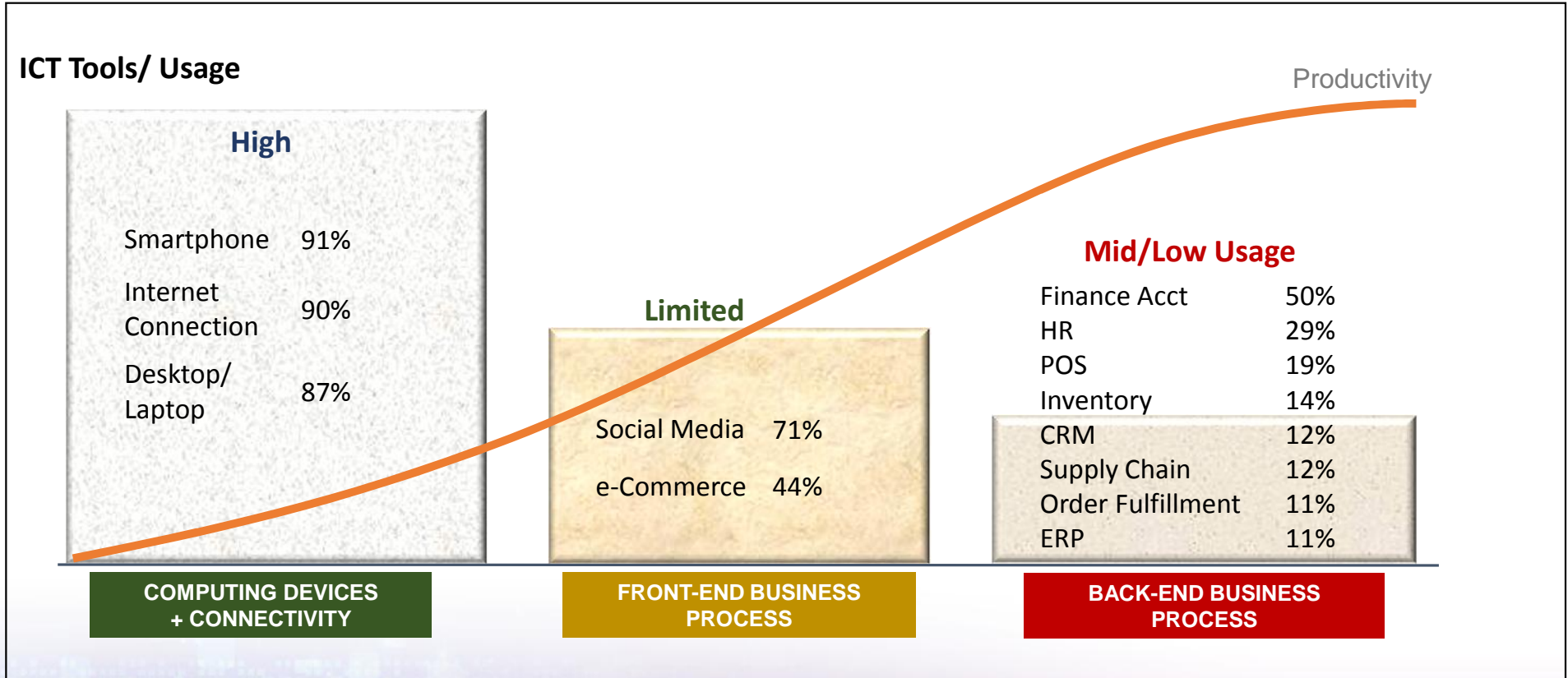
Type of platform used by SMEs...



Source: 3Q 2018 SME Corp. Malaysia Survey

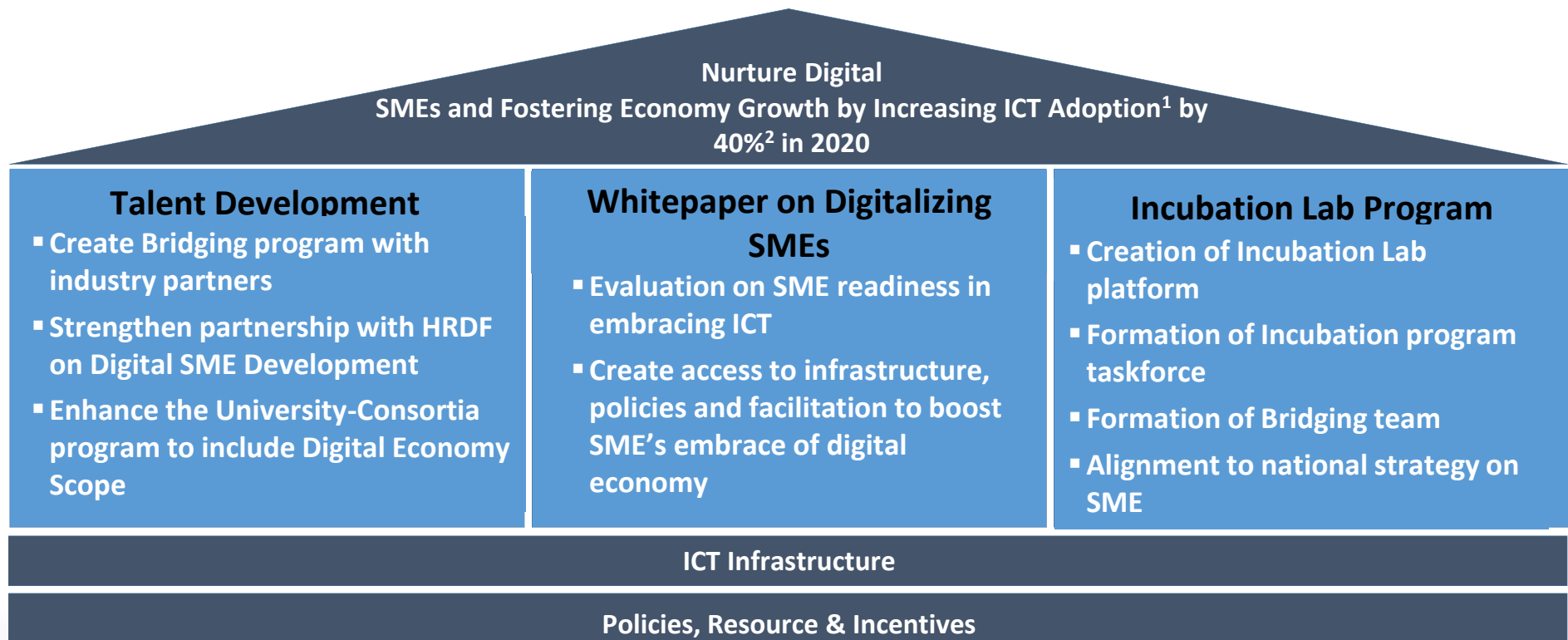


# SME Corp. - Huawei White Paper revealed that SMEs have high computerisation but low digitalisation that could enhance productivity



Source: Malaysia Digital SME Study 2018

# Collaboration envisions to propel development of SMEs towards embracing digital culture effectively



1: ICT Adoption includes to access to infrastructure and application of ICT tools by SMEs in Malaysia. From SME Survey, this includes Internet Service, Intranet, Ethernet, eCommerce and ICT Business Tools.

2: Baseline used is for online business only at 28% in Q32017 from PKS Survey. Target in 2020 is 40%.

# Thank You



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