

FIRST QUARTER 2014 SURVEY ON SMALL AND MEDIUM ENTERPRISES (SMEs)

SME Corp. Malaysia as the Secretariat to the National SME Development Council (NSDC) is conducting a survey to assess the performance of SMEs in the 1st Quarter of 2014 and to identify issues faced by SMEs in the increasingly challenging business environment. It would be appreciated if you could complete and return the questionnaire by 4th April 2014. Please be assured that your response will be kept **CONFIDENTIAL** and will not be divulged to any person or institution outside the Corporation.

SECTION A: FIRM / COMPANY PROFILE

CODE NO

SMA

Name of Firm / Company : _____

What is the Legal Status of Your Firm? (Select only one)

<input type="checkbox"/>	Sole Proprietorship	(Registration No: _____)	<input type="checkbox"/>	Private Limited Company	(Registration No: _____)
<input type="checkbox"/>	Partnership	(Registration No: _____)	<input type="checkbox"/>	Not Registered with Companies Commission of Malaysia (CCM)	
<input type="checkbox"/>	Limited Liability Partnership	(Registration No: _____)			

Describe Nature of Main Business : _____

Main Business Category and Activity : (Refer APPENDIX 1) _____

Location of Main Business (City / State) : _____

Firm / Company Ownership (Select only one)
(Majority controlled with at least 51% of total equity in the firm)

<input type="checkbox"/>	Bumiputera	<input type="checkbox"/>	Chinese	<input type="checkbox"/>	Indian	<input type="checkbox"/>	Others
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Is the Firm a Woman-owned Company?
(51% and above of the total equity held by a woman / women OR the MD or CEO is a woman who owns at least 10% of the equity)

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
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Public Listed Company in the Main Board or its Subsidiaries : Yes No

Year Company Began Operation : _____

Firm's Market Orientation :

	% Domestic Market
	% Export Market

 } 100%

List down the percentage breakdown (%) of operational cost of your firm:

Operational Cost Items	Percentage Share of Total Cost, %
a) Purchase of goods, materials and services, including spare parts, raw and other materials, purchase of services provided by other establishments (input cost)	
b) Salaries & wages paid to Malaysian workers, including overtime paid, allowances, bonuses and commissions	
c) Salaries & wages paid to foreign workers, including overtime paid, allowances, bonuses and commissions	
d) Staff training expenses	
e) Electricity bills	
f) Water bills	
g) Fuels, lubricants and gas for transportation	
h) Other transportation cost (maintenance, etc.)	
i) Rental cost, including rental of office premises, warehouse, machinery and equipment, transport vehicles, etc.	
j) Advertising and marketing (A&P) expenses	
k) Financing / borrowing cost, including interest rates, bank charges, financial lease charges or other charges paid to financial institutions	
l) Other costs, including insurance premium, direct and indirect taxes, licensing fees, dividend payable, property maintenance cost, etc.	
TOTAL COST OF OPERATION	100%

SECTION B: FIRM'S PERFORMANCE, OUTLOOK AND INVESTMENT

1. Please indicate or estimate annual sales turnover / total revenue and number of full time workers:

	Year 2012	Year 2013	Year 2014 f/	SME CODE (Official Use)
Annual Sales Turnover / Total Revenue (RM)				
Full Time Workers (Number as at end-period)				

f/ forecast

2. Please indicate or estimate your firm's quarterly sales:

	3Q 2012	4Q 2012	1Q 2013	2Q 2013
	July-Sept 2012	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013
Sales / Revenue (RM)				

	3Q 2013	4Q 2013	1Q 2014 e/	2Q 2014 f/
	July-Sept 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014
Sales / Revenue (RM)				

e/ estimate f/ forecast

3. Please indicate your firm's performance in Jan – Mar 2014 (1Q 2014) versus Oct - Dec 2013 (4Q 2013) based on the following areas: (Tick only one for each area)

Area of Business	Decreased by -5% and more	Decreased slightly (< -5%)	Same Performance (0%)	Increased slightly (up to +5%)	Increased by 5% - 20%	Increased by more than +20%
a. Total sales						
b. Profit margin						
c. Average selling price						
d. Production (if applicable)						
e. Exports (if applicable)						
f. New orders / bookings of products or services from customers (if applicable)		Lower orders / bookings	Same	Higher orders / bookings		

4. In the next six months, what is your view on the business outlook for the following: (Tick only one for each area)

a. Global economy	<input type="checkbox"/>	Improve	<input type="checkbox"/>	Remain the same	<input type="checkbox"/>	Worsen
b. Malaysian economy	<input type="checkbox"/>	Improve	<input type="checkbox"/>	Remain the same	<input type="checkbox"/>	Worsen
c. Your industry / sector	<input type="checkbox"/>	Improve	<input type="checkbox"/>	Remain the same	<input type="checkbox"/>	Worsen
d. Your firm	<input type="checkbox"/>	Improve	<input type="checkbox"/>	Remain the same	<input type="checkbox"/>	Worsen

5. If you expect the business outlook of your firm to improve or worsen, please indicate the reason(s) (May choose more than one)

Factors affecting the firm's IMPROVED outlook

<input type="checkbox"/>	Strong consumer spending
<input type="checkbox"/>	Positive business sentiment
<input type="checkbox"/>	Positive consumer confidence
<input type="checkbox"/>	Supported by Government projects including those under the Economic Transformation Programme (ETP)

Factors affecting the firm's WORSENED outlook

<input type="checkbox"/>	Reduction in domestic demand for goods and services
<input type="checkbox"/>	Weaker business sentiment
<input type="checkbox"/>	Weaker consumer confidence
<input type="checkbox"/>	High cost of doing business
<input type="checkbox"/>	Subdued external environment

6. What are the business strategies that your firm will undertake in the next 6 months? (May choose more than one)

<input type="checkbox"/>	Introduce new products & services	<input type="checkbox"/>	Reduce operating costs
<input type="checkbox"/>	Proceed with planned investments	<input type="checkbox"/>	Reduce / postpone investment
<input type="checkbox"/>	Hire more staffs / workers	<input type="checkbox"/>	Cut down employment
<input type="checkbox"/>	Increase selling prices of goods and services	<input type="checkbox"/>	Maintain selling prices of products and services
<input type="checkbox"/>	Enter new markets	<input type="checkbox"/>	Exit from certain markets
		<input type="checkbox"/>	Others (Please Specify: _____)

7. Please indicate or estimate your firm's half-yearly investment spending and plan in Ringgit Malaysia (Leave blank if not applicable)

Year	New Office Building	New Plant (Factory) and Machinery	New Furniture and Office Equipment	New Commercial Vehicle	Intellectual Properties and R&D Expenditures	Total (RM)
Jan - June 2012						
July - Dec 2012						
Jan - June 2013						
July - Dec 2013						
Jan - June 2014 e/						

e/ estimate

8. If your firm is facing problems in expanding / investing in Malaysia, please indicate the reason(s) (May choose more than one)

- | | |
|--|---|
| <input type="checkbox"/> Lower return on investment (ROI) | <input type="checkbox"/> Shortage of skilled labour |
| <input type="checkbox"/> High initial cost of investment | <input type="checkbox"/> Shortage of unskilled labour |
| <input type="checkbox"/> High cost of raw materials | <input type="checkbox"/> Shortage of Malaysian workers |
| <input type="checkbox"/> Shortage of raw materials | <input type="checkbox"/> Shortage of foreign workers |
| <input type="checkbox"/> Poor infrastructure (logistics, internet, etc.) | <input type="checkbox"/> Stringent regulations |
| <input type="checkbox"/> Shortage of suppliers | <input type="checkbox"/> Processing delays in getting approvals |
| <input type="checkbox"/> High labour cost of Malaysian workers | <input type="checkbox"/> Lack of Government initiatives |
| <input type="checkbox"/> High labour cost of foreign workers | <input type="checkbox"/> Not able to obtain external financing |
| | <input type="checkbox"/> Others (Please Specify: _____) |

SECTION C: RISING COST OF DOING BUSINESS

9. How is the current rising cost of doing business affecting the business operating cost of your firm? (Select only one)

- Increase in operating cost by: _____ % Decrease in operating cost by: _____ % Same (Not Affected)

10. How is the current rising cost of doing business affecting the business performance of your firm and industry / sector?

No.	Higher Costs Items	Impact on Your Firm				Impact on Your Industry / Sector			
		Affect Positively (BETTER)	Affect Negatively (WORSE)	Not Affected	Not Sure	Affect Positively (BETTER)	Affect Negatively (WORSE)	Not Affected	Not Sure
1.	Fuel cost								
2.	Electricity tariff								
3.	Sugar prices								
4.	Property prices								
5.	Labour cost								
6.	Motor insurance premium								
7.	Food prices								

11. What is the expected overall increase in cost of doing business in the next six months? (Select only one)

- No increase Increase by 11 - 15%
 Increase by 1 - 5% Increase by more than 15%
 Increase by 6 - 10% Please specify: _____ %

12. What are the measures that your firm is taking now following the rising cost of doing business? (May choose more than one)

- | | |
|--|---|
| <input type="checkbox"/> Increase automation / mechanisation | <input type="checkbox"/> Lessening the use of electricity |
| <input type="checkbox"/> Increase profit margin per item sold or services rendered | <input type="checkbox"/> Lessening the use of fuel / petrol |
| <input type="checkbox"/> Increase firm's productivity by various measures | <input type="checkbox"/> Cut back on advertising & marketing (A&P) expenses |
| <input type="checkbox"/> Increase number of part-time workers | <input type="checkbox"/> Cut back on other business expenses |
| <input type="checkbox"/> Recruit more skilled workers | <input type="checkbox"/> Stop expanding / investing |
| <input type="checkbox"/> Retrench some workers | <input type="checkbox"/> Cease operation |
| <input type="checkbox"/> Relocate business operation | <input type="checkbox"/> Others (Please Specify) |
| <input type="checkbox"/> Increase selling prices of goods and / or services by _____ % | _____ |

13. What assistance would your firm require from the Government to lighten the burden of rising cost of doing business?

(May choose more than one)

- Existing Government subsidies to be continued
- Further tax deduction for certain expenses
(Please specify the preferred tax-deductible expenses: _____)
- Providing discount voucher for purchasing raw materials
- Offering lower electricity rate charges for off-peak period
- Providing more soft loans at attractive interest rate / profit rate for SMEs
(Please specify the preferred interest rate / profit rate, %: _____)
- Step up enforcement to curb speculative price increase of goods & services
- Government Ministries & agencies to offer training or conduct workshops to increase productivity of firm
- Government Ministries & agencies to provide advisory services on cost-cutting measures, automation and workplace efficiency
- Others (Please Specify: _____)

SECTION D: FINANCING

14. With the current high cost of doing business, does your firm require a bigger amount of loans (higher credit line) to operate your current business operation?

- Yes No

15. Did your enterprise request for any new or additional external financing for business purposes in the last 6 months?

[External financing includes bank loans; lines of credit including overdraft, credit cards and credit from suppliers; Government grants or loans, venture capital, and equity financing]

- Yes (*Proceed to Q15b*) No

a) If you did not apply for financing, please indicate the reason(s) (May choose more than one and then proceed to Q21)

- | | |
|--|--|
| <input type="checkbox"/> Financing not required | <input type="checkbox"/> Applying for financing is too difficult |
| <input type="checkbox"/> Do not like to be in debt | <input type="checkbox"/> Unaware of application procedures |
| <input type="checkbox"/> Long processing time | <input type="checkbox"/> Others (Please specify) _____ |
| <input type="checkbox"/> Thought the application would be rejected | |

b) What is the status of your financing application? (Select only one)

- | | |
|---|---|
| <input type="checkbox"/> Approved with collateral (<i>Proceed to Q16</i>) | <input type="checkbox"/> Rejected (<i>Proceed to Q20</i>) |
| <input type="checkbox"/> Approved without collateral (<i>Proceed to Q17</i>) | <input type="checkbox"/> Application is being processed (<i>Proceed to Q21</i>) |
| <input type="checkbox"/> Approved without collateral but with a guarantee from CGC (<i>Proceed to Q17</i>) | |

16. a) How much is the collateral required by the bank in terms of percentage to total amount of financing applied?

- Less than 50% 50% - 75% 76% - 100% Above 100%

b) What types of collateral were requested? (May choose more than one)

- | | |
|--|--|
| <input type="checkbox"/> Fixed / term deposits | <input type="checkbox"/> Machinery / equipment |
| <input type="checkbox"/> Property | <input type="checkbox"/> Others (Please Specify) _____ |
| <input type="checkbox"/> Escrow funds / accounts | |

17. How much financing has been approved by the bank in terms of percentage to total amount applied?

- Less than 50% 50% - 75% 76% to less than 100% 100%

18. If the amount of financing approved is lower than the amount applied, what were the reason(s) given by the banks?

- | | |
|---|--|
| <input type="checkbox"/> Low repayment capability | <input type="checkbox"/> No reasons given by the bank |
| <input type="checkbox"/> Amount requested does not justify business financing needs | <input type="checkbox"/> Others (Please Specify) _____ |
| <input type="checkbox"/> Risk management policy by the banks | |

19. How long does it take to process your financing application (number of working days)?

(If you have applied more than one financing under the following categories, please choose the longest number of working days taken)

	RM50,000 and below	Above RM50,000
a. From the first submission to full submission of documents		
b. From full submission of documents to financing approval / rejections		
c. From signing of offer letter to financing disbursement		

20. a) If your application was rejected, what were the reason(s) given for rejecting your request? (May choose more than one)

- | | |
|--|--|
| <input type="checkbox"/> Business plan deemed not viable | <input type="checkbox"/> Business is too young |
| <input type="checkbox"/> Insufficient documentation to support financing application | <input type="checkbox"/> Operating in an unstable industry |
| <input type="checkbox"/> Too high leverage / too many outstanding loans | <input type="checkbox"/> Insufficient sales, income or cash flow |
| <input type="checkbox"/> No or poor credit history | <input type="checkbox"/> Insufficient collateral |
| <input type="checkbox"/> Inexperienced management | <input type="checkbox"/> No reasons given for rejection |
| <input type="checkbox"/> Inexperienced in new industry / sector | <input type="checkbox"/> Others (Please Specify: _____) |

b) If your application for financing was earlier rejected, but subsequently approved, how did the application approved?

(May choose more than one)

- You have approached other financial institutions
- The bank advised on how to improve your applications
- No advise given by the bank, but on your own initiative improved the application
- Others (Please Specify: _____)

21. Are you aware of the following financing schemes / facilities initiated by Bank Negara Malaysia which are channelled through financial institutions and by Credit Guarantee Corporation (CGC)? Has your firm utilised the schemes / facilities? (Please tick where relevant)

BNM & CGC Schemes	Aware (√)	Not aware (√)	Utilised (√)	Not utilised (√)
a) Fund for Small and Medium Enterprises 2 (FSMI2)				
b) New Entrepreneurs' Fund 2 (NEF2)				
c) <i>Pembiayaan Mikro</i>				
d) Funds for Food (3F)				
e) Bumiputera Entrepreneurs' Project Fund (TPUB)				
f) CGC Guarantee Scheme				
g) Green Technology Financing Scheme (GTFS)				

22. Did you use factoring to keep your business in operation in the last 12 months?

[Factoring is a financial transaction in which a business sells its accounts receivable (i.e. invoices) to a third party (bank or non bank) at a discount]

- Yes No (*Proceed to Q22c*)

a) If YES for factoring, who was the provider of financing? (May choose more than one)

- Bank (including bank-backed entities)
- Non-bank
- Others (Please Specify: _____)

b) If you received factoring service, was it due to the following reason(s)? (May choose more than one)

- i. The only financing option available
- ii. Improve cash flow for liquidity needs
- iii. Provide a more negotiable terms or requirements compared to other financing options
- iv. Allow financing without personal guarantee or on "non-recourse" basis
- v. Others (Please Specify: _____)

Bank	Non-bank

c) If NO for factoring, why do you not consider factoring as one of your modes of financing? (May choose more than one)

- High discount rate / fee Difficult to obtain
- Lack of awareness on factoring services Others (Please Specify: _____)

23. Did you use leasing to keep your business in operation in the last 12 months?

[Leasing is a financial contract in which business can use a certain fixed assets for which it must pay a series of contractual and periodic payments]

- Yes No (*Proceed to Q23c*)

a) If YES for leasing, what type of leasing was it? (May choose more than one)

- Operating lease
- Financial lease (exclude hire purchase)
- Others (Please Specify: _____)

b) Why was leasing one of the modes of financing for your firm? (May choose more than one)

- | | |
|--|--|
| <input type="checkbox"/> The only financial option available | <input type="checkbox"/> Cash flow management |
| <input type="checkbox"/> Price / rate | <input type="checkbox"/> Others (Please Specify) _____ |
| <input type="checkbox"/> No additional collateral | |

c) If NO for leasing, why do you not considering leasing as one of your modes of financing? (May choose more than one)

- | | |
|--|--|
| <input type="checkbox"/> High leasing rate | <input type="checkbox"/> Tax issues |
| <input type="checkbox"/> Lack of awareness on leasing services | <input type="checkbox"/> Others (Please Specify) _____ |
| <input type="checkbox"/> Difficult to obtain | |

SECTION E: LABOUR

24. How do you categorise your firm in terms of labour intensity? (Select only one)

- High labour intensity Moderate labour intensity Low labour intensity

25. Does your firm prefer local workers or foreign workers?

- Local workers Foreign workers

Please specify the reason for your firm's preference of local or foreign workers (May choose more than one)

- | | |
|---|--|
| <input type="checkbox"/> Positive working attitude | <input type="checkbox"/> Easy to communicate / give commands |
| <input type="checkbox"/> Do not demand for higher salary | <input type="checkbox"/> Speak fluently in local language |
| <input type="checkbox"/> Excellent working output / performance | <input type="checkbox"/> Saves cost and foreign exchange |
| <input type="checkbox"/> Sound technical knowledge | <input type="checkbox"/> Have working experience |
| <input type="checkbox"/> Full-time / long-term commitment | <input type="checkbox"/> Others (Please Specify: _____) |

26. Do you hire foreign workers in your firm?

- Yes No (*Proceed to Q27*)

a) If YES, please specify the category of foreign workers in your firm (May choose more than one)

- | | |
|--|--|
| <input type="checkbox"/> Expatriates, managerial, professional and executive | <input type="checkbox"/> Clerical and related occupations |
| <input type="checkbox"/> Technical and supervisory (skilled workers) | <input type="checkbox"/> General workers (unskilled workers) |

b) How long did it take to obtain their work permits from Immigration Department? (Select only one)

- Less than a month 2-6 months 7-12 months More than a year

SECTION F: INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

27. How important is information and communication technology (ICT) to the success of your firm? (Select only one)

- Very important Important Moderate Not important at all

28. Which of the following information technologies that your business adopts and uses currently? (May choose more than one)

- | | |
|--|---|
| <input type="checkbox"/> Computer / laptop / notebook / tablets / smartphones | <input type="checkbox"/> Official company's website or dedicated website |
| <input type="checkbox"/> Internet service (fixed or mobile broadband) | <input type="checkbox"/> Social media (Facebook, Twitter, YouTube, LinkedIn, blogs) |
| <input type="checkbox"/> Intranet within your business | <input type="checkbox"/> Customer Relationship Management (CRM) |
| <input type="checkbox"/> Extranet between your firm and other related or non-related organisations | <input type="checkbox"/> E-commerce facility to receive order from customers, including e-payment, online sales and transactions, e-banking, etc. |
| | <input type="checkbox"/> Others (Please Specify: _____) |

29. Do your firm sell products and / or services online?

- Yes No

If YES, please state how much has your firm **saved** in terms of **cost** and **efficiency**, i.e. time taken to complete the transaction vis-à-vis normal manual transaction

- Decrease cost (by: _____ %) Increase efficiency (by: _____ %)

If NO, please specify the reason (May choose more than one)

- | | |
|--|---|
| <input type="checkbox"/> Not necessary for my business | <input type="checkbox"/> Internet connection is not available / no coverage |
| <input type="checkbox"/> Prefer traditional way of doing business | <input type="checkbox"/> Owner and staff are not IT savvy and not keen in providing online service |
| <input type="checkbox"/> No official website / blogs / social media platform | <input type="checkbox"/> Suppliers and customers are not IT savvy and will not use the online service |
| <input type="checkbox"/> Lack of data privacy / security and legal concerns | <input type="checkbox"/> Lack of qualified staff to develop, support, maintain and manage the system |
| <input type="checkbox"/> Cost factor and return on investment (ROI) concerns | <input type="checkbox"/> Others (Please Specify: _____) |

30. Do your firm adopt online banking (e-banking) services with financial institutions (FIs)?

Yes No

31. How do you rate the various fees being charged to open and maintain the e-banking account with these FIs? (Select only one)

Low fee charges Reasonable fee charges Expensive fee charges

Please state the amount of subscription fees per year: RM _____

SECTION G: GOODS AND SERVICES TAX (GST)

32. How much do you understand about GST? (Select only one)

Have not heard about GST Understand quite a bit about GST and has attended briefing sessions on GST
 Heard about GST Fully understand the GST
 Very little knowledge on GST

33. How prepared is your firm to enforce and implement GST next year? (Select only one)

Well prepared since all business operations are GST compliant and are in place to implement GST
 Not prepared to implement GST because business system is not ready to comply with GST
 If your firm is not prepared yet, how long do you need to get all systems in place to comply with GST: _____ months
 Business operation is too small and hence not taking any action to comply with GST
 Others (Please Specify: _____)

34. The GST will be implemented in April 2015. Will the GST affect your business operation once it is implemented? (Select only one)

Yes, it will affect positively (better off) Yes, it will affect negatively (worse off) No impact Not sure

35. Upon implementation, does your firm intend to revise the selling price of your goods and / or services? (Select only one)

Yes, upward price revision Yes, downward price revision No, revision is not necessary Not assessed as yet

36. What assistance would your firm require from the Government to implement GST? (May choose more than one)

Access to affordable software that is GST compliant
 Reduce hardware upgrading cost through tax incentives
 Training assistance
 Assistance from accountants
 Others (Please Specify: _____)

Details of Respondent

Name : _____ Designation : _____
 Company : _____ Fax No. : _____
 Tel : _____ Email : _____

Kindly submit to SME CORPORATION MALAYSIA, Level 6, SME 1, Block B, Platinum Sentral, Jalan Stesen Sentral 2, KUALA LUMPUR SENTRAL, 50470 Kuala Lumpur by 4th April 2014 at fax no. 03-2775 6318 / 03-2775 6317 or e-mail: kajiselidik@smecorp.gov.my;

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Reply From : SMI ASSOCIATION MEMBERS

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CORE OR MAIN BUSINESS ACTIVITY (TICK ONE ONLY)

APPENDIX 1

Category	Code	Core Activity	(√) Tick ONE Only
MANUFACTURING	1	Electrical & electronics machinery, appliances & parts (E & E) including telecommunication equipments and parts.	
	2	Machinery and engineering equipments & parts (non-E&E)	
	3	Metal and metal products (iron, steel, aluminium, etc)	
	4	Chemical & chemical products (organic & inorganic chemicals; fertilisers, dye & colouring) medicinal & pharmaceutical products, essential oils, perfume, vegetable oils & fats, etc petroleum products (lubricants etc)	
	5	Plastic Products	
	6	Transport equipments (road vehicles, other transport equipments, automotive spare parts, etc)	
	7	Wood & wood based Product (cork, fuelwood, veneer, plywood, paper & pulp-products)	
	8	Furniture & parts	
	9	Food, beverages & tobacco (canned foods, milk, sugar, honey, animal feeds, cocoa, etc)	
	10	Textile, apparels, clothing & footwear	
	11	Rubber products (tyres, gloves and other rubber products)	
	12	Palm oil & palm oil based products, oleochemicals (edible and inedible products)	
	13	Non-metallic mineral products (lime, clay, glass, glassware, pottery, pearls, precious stones, etc)	
	14	Other resource-based (herbal products, etc)	
	15	Other manufacturing activities (non-resource based) Optical and scientific equipments, toys and sporting goods, handbags, instruments, lightings, arts Office stationery, jewellery, leather, plumbing & heating fixtures, printed matter, antiques, etc	
SERVICES	16	Research and development (R&D), incl. design & prototyping	
	17	Logistics, storage & distribution Land, sea and air transport services (freights/cargo) Warehouse, freight forwarders, hauliers, distribution & storage facilities, etc.	
	18	Manufactured products marketing (branding, packaging, market research)	
	19	Environmental management Energy conservation, renewable energy generation, waste recycling, toxic waste management	
	20	Engineering support services, irradiation and gas sterilisation services	
	21	Retail trade (shops, outlets, kiosks, multi-level marketing, franchisees, etc)	
	22	Wholesale trade (wholesalers, bulk traders, exporters, importers, franchisors, etc)	
	23	Professional Services (lawyers, accountants, medical doctors, engineers, architects, surveyors, etc)	
	24	Computer and other IT related services	
	25	Private education services (kindergardens, private schools, colleges, skills & vocational trainings)	
	26	Private healthcare and social services (private health and medical clinics, hospitals, daycare etc)	
	27	Construction and construction related services	
	28	Tourism related services (travel agencies, tourist guides, etc)	
	29	Hotel & Restaurants (incl catering services, and other accommodations; chalets, resorts, etc).	
	30	Passenger transportations services (taxi & bus services, ferry & rail services, air passenger transport, etc)	
	31	Communication, couriers, and telecommunication services providers	
	32	Other business services, including financial and real estate services Maintainance, repairs & overhaul, rental services, advertising, employment agencies, security firms, etc Insurance & unit trust agencies, financial planning & advisory, shared services & outsourcing Real estate agency, property management services, management, business & tax consultancy	
	33	Other private personal services (recreation activity, entertainment activity, etc) Cinemas, licensed gambling, photographic studios, entertainment outlets, laundry services Beauty parlour, spa, barbers, hairdressers, sanitation, funeral parlour, daycare, etc.	
AGRICULTURE, FISHERY & LIVESTOCK	34	Production of agricultural crops (vegetables, fruits, oil palm, rubber, cocoa, etc)	
	35	Fishing, livestock and aquaculture activities	
FORESTRY	36	Forestry	



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Summary on Findings of Third Quarter 2013 SME Survey by SME Corp. Malaysia

- ❖ A survey was conducted in Oct/Nov 2013 with total respondents of 2,194 SMEs covering all sub-sectors and regions. The survey was well represented in terms of sectors and geographical cover. About 62% of the respondents were from the services sector (including construction), 35% from the manufacturing sector and 3% from the agriculture sector. Majority of them were domestically oriented, with only 13% exporting their products and services.
- ❖ **Growth Performance in Third Quarter 2013 and Business Outlook**
 - Most of the respondents indicated that they experienced increase in sales turnover (53%) and profit margins (45%) in 3Q 2013 from the 2Q 2013 performance. The performance of SMEs during the 3Q 2013 was somewhat similar to the 2Q 2013 performance with more than 50% of the respondents indicating their production and export were the same as in previous quarter.
 - On the near-term outlook, about 52% of the respondents were very optimistic, citing that their businesses will improve in the next 6 months. Factors that influenced the outlook were positive business sentiment, strong consumer spending and positive consumer confidence.
 - In line with the outlook, most SMEs increased their investment by 70% in 2013, particularly in intellectual property and R&D expenditure, new office building and new plant & machinery.
 - Rising cost was the key issue impeding investment, namely high cost of raw materials (48%), high labour cost (45%) and shortage of skilled labour (34%).
- ❖ **Financing**
 - About 40% of the respondents had requested for financing for business purposes in last six months.
 - Main reasons given by the 60% of the respondents who did not apply for financing were that they did not require any financing (58%), do not like to be in debt (29%) and 18% of the respondents perceived long processing time and difficult to apply for financing.
 - The overall financing approval rate was 92%, while the balance of 8% of the applications was rejected. Reasons for rejection of the applications were insufficient sales, income or cash flow, insufficient documentation and collateral, business plan deemed not viable and poor credit history.
 - Types of assistance required by the SMEs to improve their business were advisory on business opportunity (53%), advisory on financing schemes available (45%) and financial management assistance (45%). Furthermore, the respondents also cited that they were interested to attend modules of training in financial management such as developing business plan/proposal (54%), cash flow management (43%) and understanding financial products/schemes (42%).
- ❖ **Minimum Wages (MW) and Goods & Services Tax (GST)**
 - About 77% of the respondents had implemented the **MW**. For those who did not implement the MW, the reasons cited were not sure what to do (57%, mostly microenterprises), no financial capability (23%) and waiting for the Government to amend the policy (21%).
 - Majority (68%) of total respondents indicated that they were not negatively affected by the **MW policy** since none or very few of their foreign and local workers were being paid below the MW.
 - However, majority (79%) of respondents indicated that their labour cost will increase, with a third of them will partly compensate by increasing the selling price of their goods and services.
 - On the **GST implementation**, about 43% of SMEs cited that they were not sure of the effect of GST on their businesses, while 35% cited negative impact to their businesses.
 - In terms of preparation on implementation of the GST, more than half of respondents (55%) was not prepared since their systems were not ready to comply with GST, 23% will not be taking any action (mostly microenterprises) and only 17% were well prepared to implement the GST.
 - Types of assistance required from the Government to implement the GST were training assistance, reduce hardware upgrading cost through tax incentives and access to affordable GST-compliant software.