



马来西亚中华工商联合会
第二期

中小企业调查报告

**Report of
ACCCIM Second SMEs Survey**

29-1-2008

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Introduction

SME Annual Report 2006 reported that 99.2% of Malaysia's total business establishments are small and medium enterprises (SMEs), contributed 56.4% of the total employment market. However these SMEs' contribution to the country's GDP is only at 32%, which is relatively lower than other Asian countries' SMEs contribution at 40% such as Japan, Korea, and Thailand etc. Hence there are vast opportunities for Malaysian SMEs to improve further.

ACCCIM announced its first SMEs Survey Report in April 2007 and financing issue has attracted most attention from both private and public sectors, particularly those issues related to bank financing and its access to financing. Meanwhile in accordance with Bank Negara Malaysia, government grants, incentives, soft loans and commercial loans were sufficient to accommodate the needs of SMEs. As such it clearly indicated that SMEs should not face any problems in accessing to financing. However the difficulties in obtaining financing are still the major concern of our SMEs! To enhance the understanding and its problems faced by SMEs in respect of the matters captioned herein, ACCCIM has undertaken this 2nd SMEs Survey.

Survey Objectives

1. To collate information and statistic in relation to the Malaysian SMEs, and to have an in depth understanding of the problems and issues faced by SMEs.
2. To study and analyse obstacles facing by SMEs in financing, their awareness and comments on relevant information.
3. The result of the survey would provide a basis for ACCCIM to submit relevant memoranda to various government agencies as well as to formulate the action plans.

Respondents Background

1. The survey was conducted from 15th October 2007 to 31st December 2007. A total of 2,000 questionnaires were sent and 940 returned. The overall response rate is 47%.
2. Besides 17 constituent chambers of ACCCIM, the questionnaires also sent to various industry based organisations and clan associations to increase the coverage of the sample.
3. Of this 940 respondents, 40% were from central region of Malaysia (Kuala Lumpur, Selangor and Negeri Sembilan), followed by Southern Region (Malacca and Johore) which comprised of 184 respondents (20%).

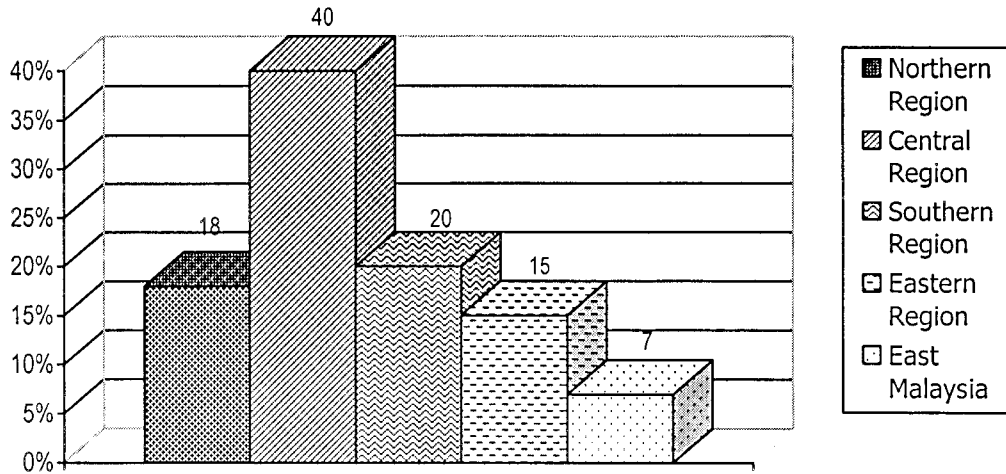


Diagram 1: Respondents Background According to Region

4. Among the 940 respondents, 26.8% are wholesalers and traders, 22.4% representing manufacturers whilst 14.9% are professionals i.e. lawyers, accountants, chartered engineers, architects etc.

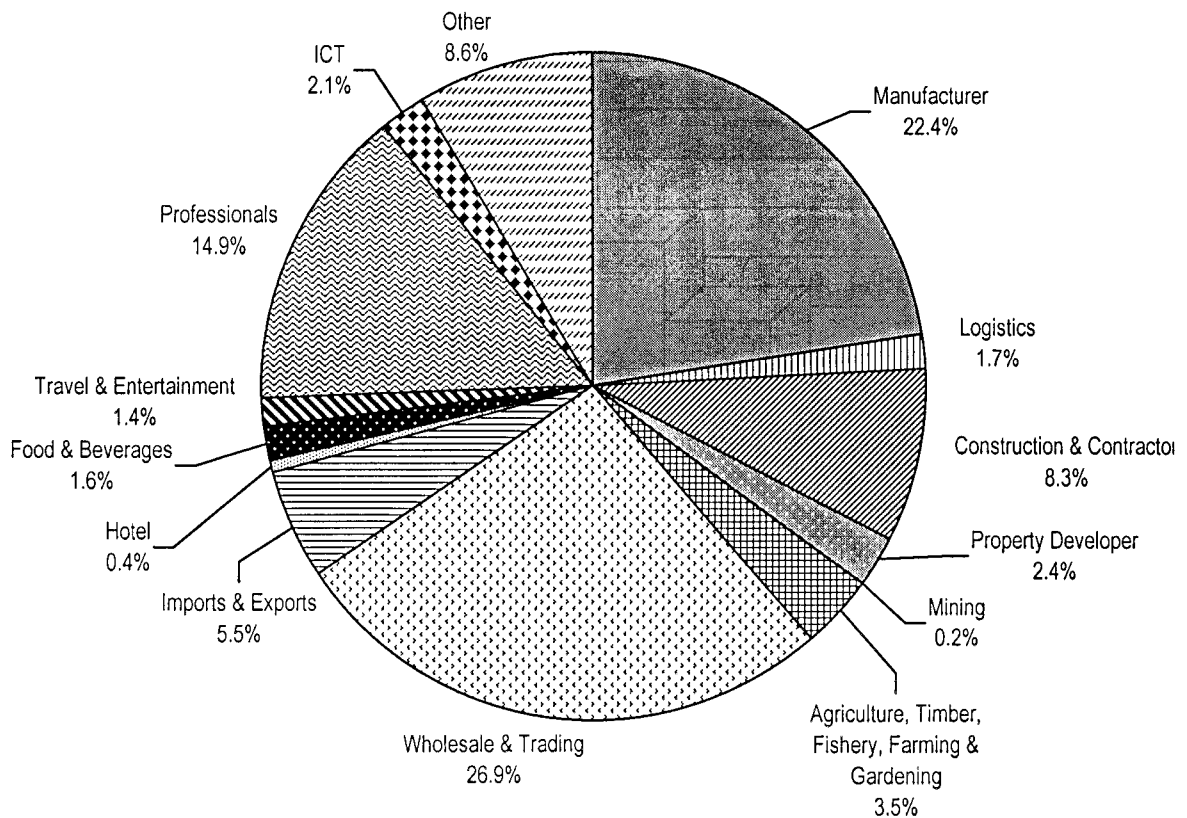


Diagram 2: Respondents Background According to Industries

Survey Findings

1. No. of Employees:

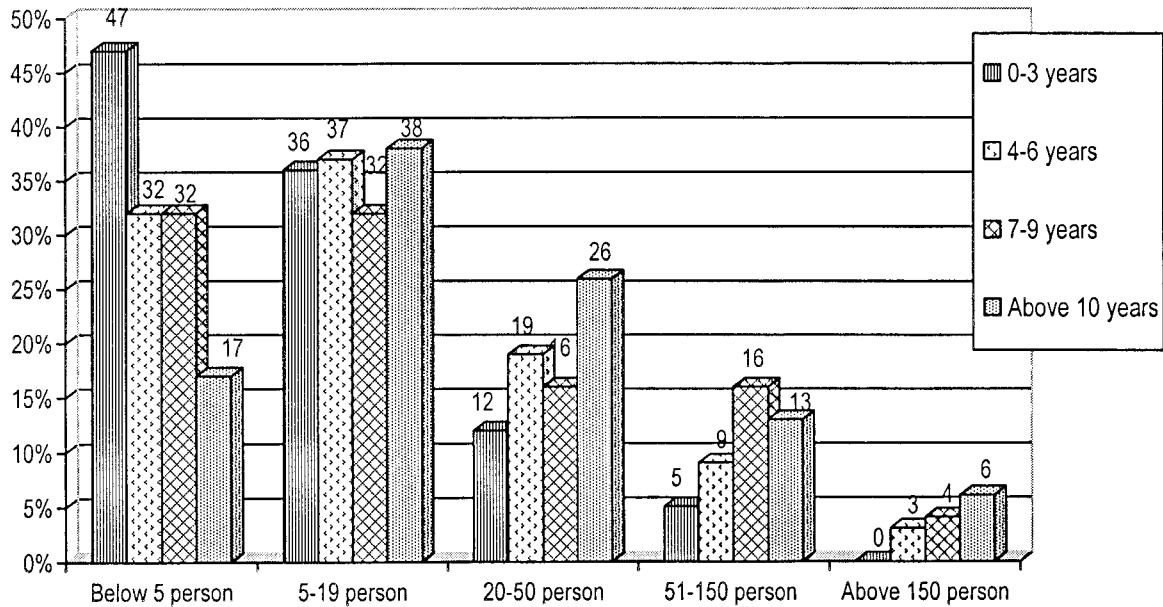


Diagram 3: No. of Employees According to Year of Operation

For those companies in operation less than 3 years, approximately half of them employed not more than 5 employees, only 17% of them having more than 20 employees in the first 3 years. Contrary, for companies in operation above 10 years, 45% having more than 20 employees whilst only a minority i.e. 17% of them having below 5 employees. This may indicated that in term of number of employee, our SMEs need a long period to growth in size!

With regard to the industry, companies which employed less than 5 employees are mainly professionals (47%), followed by ICT (44%).

Manufacturing sector is the sector which employed most employees, 42% of the manufacturers having more than 50 employees.

2. Annual Turnover:

Most of the annual turnover of the respondents were in between RM250,000 and 5 million (46%). Among these 432 respondents, more than 50% of them within the range of RM1 million to RM5 million.

For companies in operation less than 3 years, 67% are having annual turnover less than RM1 million. Meanwhile for companies in operation above 10 years, there are 64% having annual turnover more than 1 million.

As we may have seen from the above analysis, external financing is utmost essential for companies with operation less than 3 years for their growth.

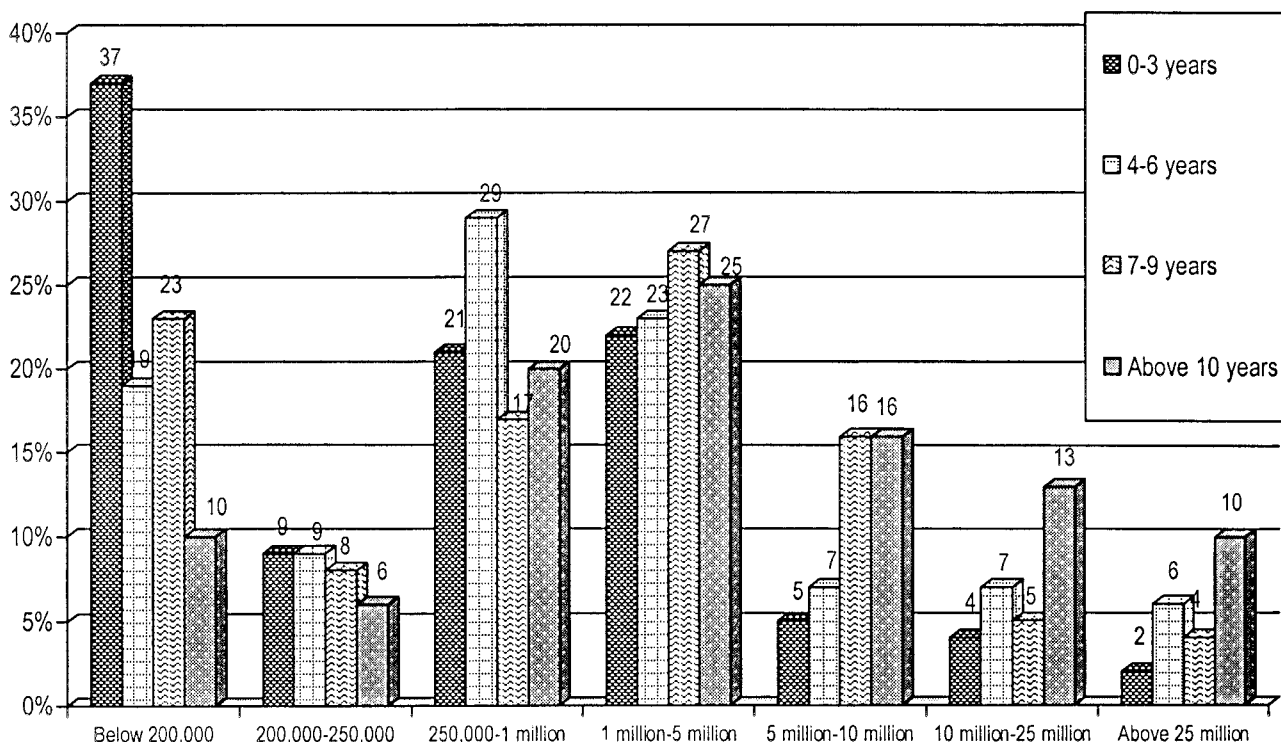


Diagram 4: Annual Turnover According to Year of Operation

Among the 223 sole proprietors who responded to the survey, most of them (80%) are having annual turnover less than RM1 million.

The survey shows that only 21% of the sole proprietors are having annual turnover more than RM1 million whilst 40% of sdn bhd are having annual turnover of the same amount.

3. Year of Operation :

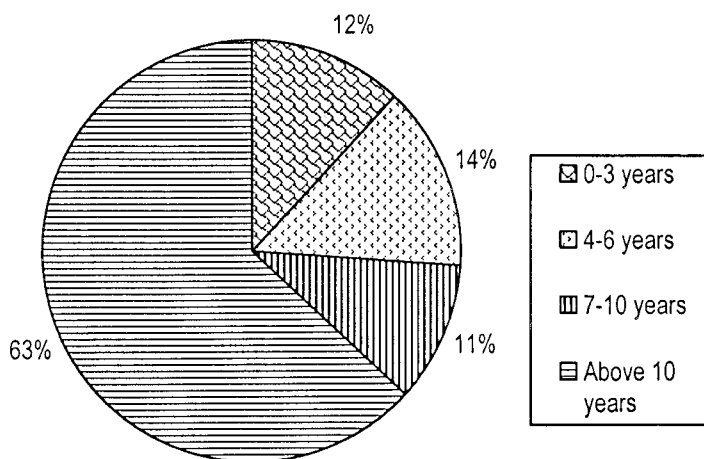


Diagram 5: Year of Establishment of Respondents

In general, 63% of the respondents are companies in operation more than 10 years; only 12% of the total respondents are new companies which are in operation less than 3 years.

As for companies in operation more than 10 years, our survey reflects that the sectors involving ICT, Food & Beverages, travel & entertainment were the sectors with least respondents.

4. **Experience in Financing:**

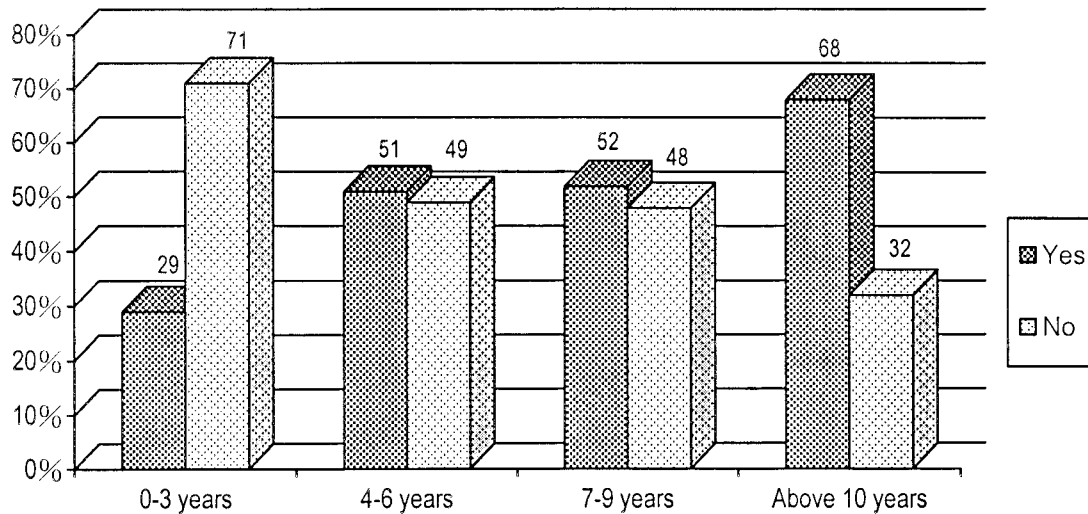


Diagram 6: Experience in Financing According to Year of Operation

In general, 59% of the respondents have applied for external source for financing. The survey shows that for companies in operation less than 3 years, only 29% has applied for external source of financing. However for companies above 10 years, 68% responded that they have applied for external source for financing. The newly established companies with insufficient financial track records/ documents having difficulties in applying for financing.

Our survey results by business sector reflect that Property Developer, Manufacturer, and Imports & Exports as the sectors with most number of applicants for financing, which recorded as 78%, 75% and 74% respectively.

The industries with least number of applicants are ICT (28%) and Professionals (30%). This could be due to these two industries are knowledge-based and lack of assets for collateral purposes.

Among 385 respondents who never applied for financing, 37% responded that financing is not necessary, 15% opined that the application procedures are too complicated.

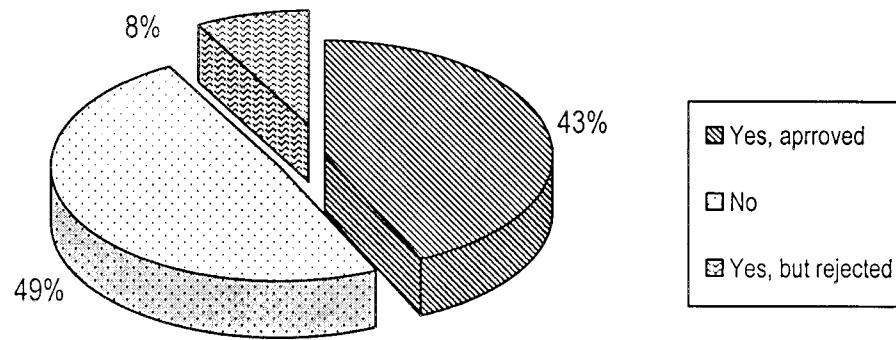


Diagram 7: No. of Respondents Applied for Financing in This 3 Years

For these 555 respondents who have applied for external sources for financing (including government's grants, incentives, soft loans and commercial loans), 51% of them have applied for financing in these 3 years, 43% of their applications approved, but another 8% were rejected.

Based on business sector analysis, Property Developers have the highest rate of approvals (70%), followed by Manufacturers and Agriculture, Timber, Fishery, Farming and Gardening (58%). These could be related to the nature of these industries which have assets for collateral purposes.

In contrast, most rejected cases were in the sector of Travel & Entertainment, Food & Beverages and ICT industries. We also wish to highlight that these industries have the least number of company in operation above 10 years as mentioned in paragraph No. 3.

More than half of the respondents (53%) responded that the external financing is for business development and expansion. 14% due to the long credit terms given to customers and thus affect their cash flow. 12% responded that for purchasing of equipment and 5% for relocation. We may conclude that external financing is essential for SMEs business expansion.

Only 32% of SMEs managed to maintain 3 months credit. For those SMEs having financial constraints, longer collection period from its customers will affect the cash flow and hence seeking for external financing would be the way to resolve this issue. Nevertheless SMEs should improve their cash flow management to avoid seeking external financing be their only solution!

As regard for the Bank financing processing period, nearly half (42%) responded that the processing time is 1 - 3 months, 18% more than 3 months and the balance is less than 1 month!

This indicated that 82% could obtain their outcome within 3 months. Therefore it is advisable that SMEs to submit their application 3 months in advance and not to leave it until the last minute. As such SMEs must improve their cash flow management to meet their business expenses.

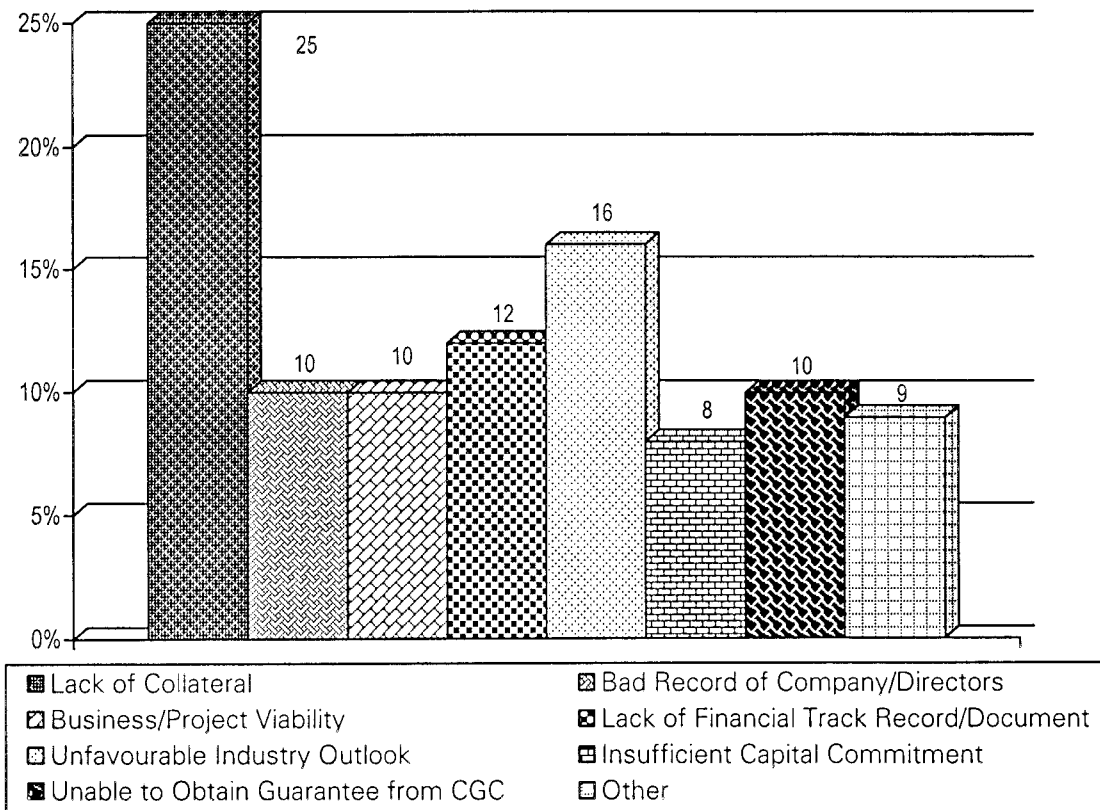


Diagram 8: Reasons on Rejection of Financing

Out of the rejected cases, 25% is due to lack of collateral, followed by unfavourable industry (16%) and lack of financial track records / documents (12%).

The survey also discovered that the sole reason of rejecting loan application for ICT sector is due to unfavourable business sector!

We also note from the survey that out of the rejection cases, 55% of the respondents did not receive any written explanation from the bank as regard the reasons for rejecting.

5. Source(s) of Financing :

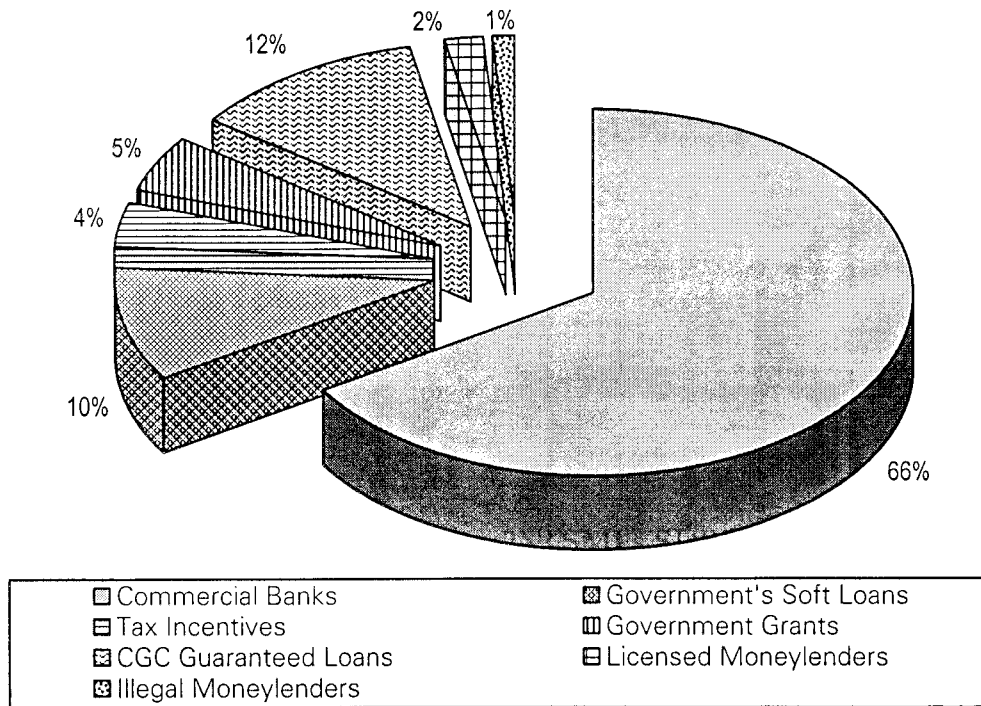


Diagram 9: Source of Financing

SMEs are highly relying on Bank financing for their working capital. As we can see from the survey, 66% of the respondents responded that this is their main source of financing. Only 19% of the respondents utilise government's financial assistance such as grants, incentives, and soft loans. This indicated that SMEs are lack of awareness in respect of these government financial assistance programmes.

The survey also highlighted that there is 1% of the respondents stated that illegal moneylenders were also formed part of their source of financing and these respondents were companies in operation less than 3 years.

There were 105 respondents sourced for financial aid from government agencies. In view of soft loans, 37.5% applied through SME Bank, 16.7% through MIDF. For grants, 47.4% of the respondents applied from SMIDEC and 31.6% from MATRADE. Meanwhile 47.6% applied tax incentives from IRB and 38.1% from MIDA.

6. Service Charges Imposed by Commercial Banks

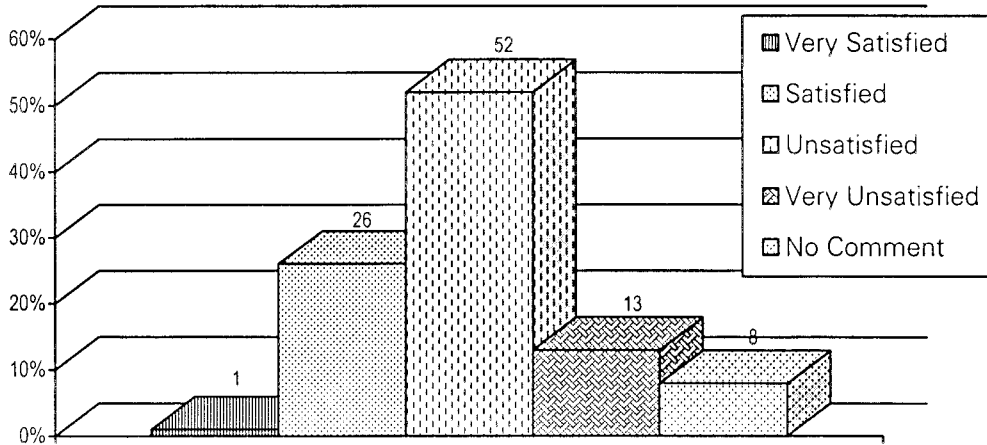


Diagram 10: Comments on Service Charges Imposed by Commercial Banks

65%, or 611 respondents are unsatisfied with the various service charges imposed by commercial banks.

The service charges imposed by commercial banks have in fact increased the cost of operation of SMEs.

7. Understanding on Relevant Government Agencies :

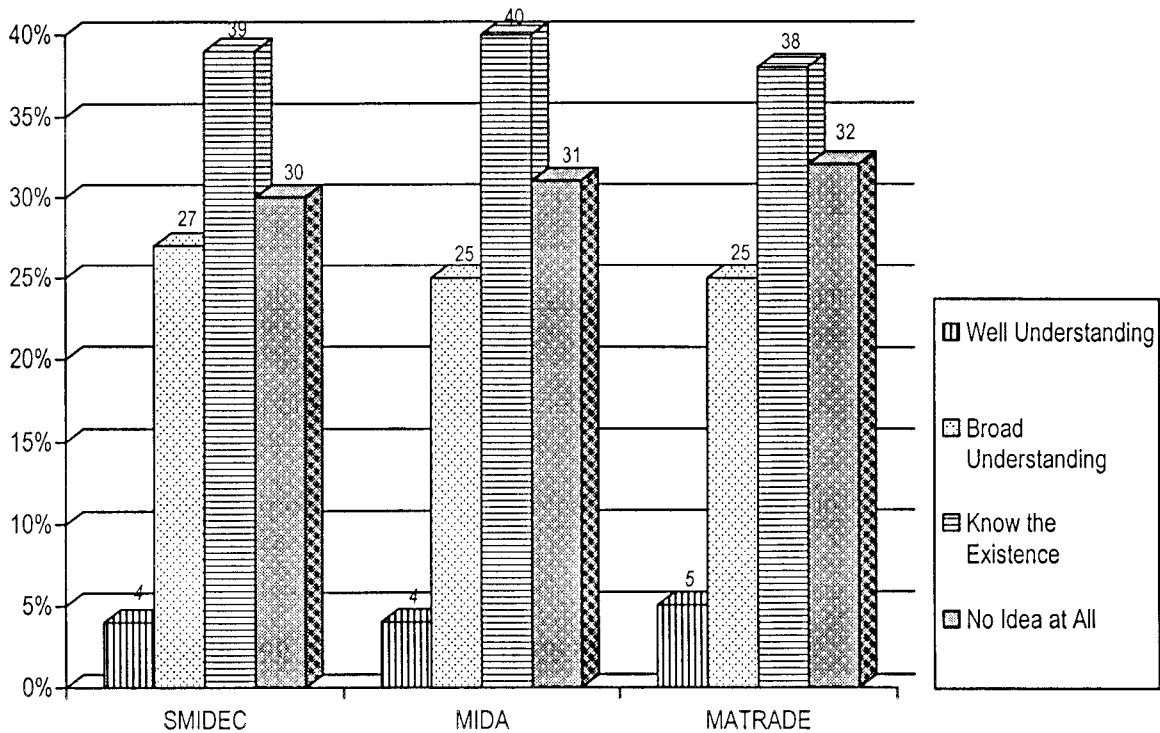


Diagram 11: Understanding on Relevant Government Agencies

In general, there were only less than 5% of the SMEs have “well understanding” on the relevant government agencies.

1/3 of the respondents did not know the existence of the said agencies. The situation could be seen in Kelantan, Sabah and Perlis as shown by the survey that more than 55% of the respondents from these states have no idea at all of these agencies and their roles.

The states with the best understanding on these agencies were Kuala Lumpur, Selangor and Penang. We believed that this could be related to the aggressive attitude of the SMEs from these states, and easier access to the relevant information.

8. Comments on Microfinance Programme:

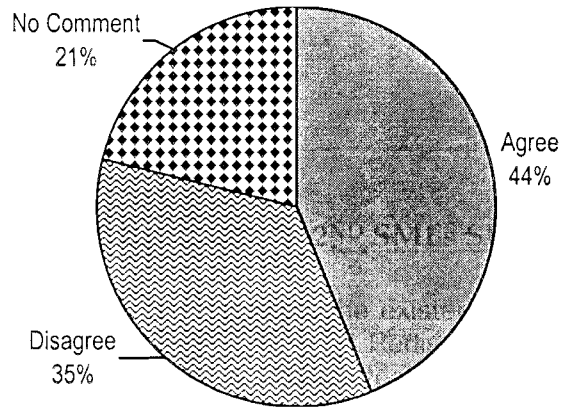


Diagram 12: Comments on Microfinance Programme

Only 35% of the respondents are disagree with the Microfinance Programme with the features of higher interest rate, no collateral required and processing period of 2 weeks. The survey reviews that companies in operation less than 3 years, a whopping 71% of them stated that no objection on this programme.

We can therefore summarise that the implementation of Microfinance Programme has solved the problem of financing for these new companies with no collateral or lack of track records.

9. Comments on SME Bank

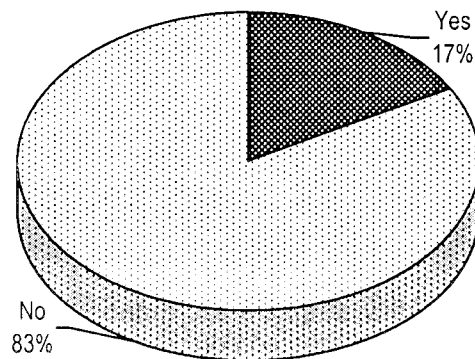


Diagram 13: Experience on Contacted with SME Bank

There were 83% of the respondents never contacted SME Bank. Among these 780 respondents, 1/3 of them opined that the said bank unable to provide the required

assistance. 26% have the opinion that it is not necessary to contact the bank and 22% (171 respondents) did not know the existence of this bank.

Out of the 160 respondents who contacted SME Bank, 53% opined that the bank will be able to assist Malaysian SMEs whereas for those who have different view, stated that services provided by SME Bank were incomplete (32%) and loans provided by the bank are similar with other commercial loans (24%).

In respect of states, Johore's businessmen contacted most with SME Bank, 26% of the respondents stated that they have contacted the Bank.

Conclusion

1. The approval rate of Bank financing is in direct proportions to the length of business operation.
2. SMEs in operation less than 3 years are in favour of Microfinance with no collateral and higher interest.
3. External financing is essential for the growth of newly established enterprises. Government agencies and commercial banks play an important role in supporting SMEs business growth.
4. SME Bank to improve and wider the range of services and credit products with more allocation in enhancing SMEs' access to financing and in line with the key strategic thrust in promoting the development of SMEs.
5. SMEs must fully aware of the relevant information especially on government financial assistance programmes.
6. SMEs must fully utilise external resources in accelerating its growth and enhance its competitiveness.
7. SMEs must improve their cash flow management inter alia financial analysis, credit control and working capital management.