

SME WEEKLY NEWS

(23 September 2019 – 27 September 2019)

Countries	Highlights
<p>MALAYSIA</p> <p>Business optimism to remain sluggish until Q1 2020: RAM survey</p>	<p>Overall business optimism in Malaysia is expected to remain sluggish in the fourth quarter of this year and throughout the first quarter of 2020, according to the latest RAM Business Confidence Index (BCI). The Corporate Index slipped 0.2 points to 53.2, while the SME Index rose 1.4 points to 53.2. It noted that the greater optimism sentiment of the SMEs is driven by access to bank financing and improved performance indicators. Meanwhile, the persistently sluggish sentiment among corporates signals their view on the current economic environment, which has been plagued by uncertainties since the fourth quarter of the previous year. The survey highlighted that a higher proportion of firms (45.6% for corporates and 44.8% for SMEs), now cited 'weak economic conditions' as their main challenge in the next six months. The prolonged global uncertainties have led to large swings in firms' business performance expectations, underlining the challenges faced by their business operations. It also noted that the business volatility is significantly stronger among export-oriented firms given their direct exposure to the US-China trade war.</p> <p><i>(Source: The Sun Daily, 25 September 2019)</i></p>
<p>SINGAPORE</p> <p>SMEs' outlook softens on trade war worries, manufacturing expects lower turnover: Survey</p>	<p>Findings from the latest SBF-Experian SME Index showed that SMEs for five out of six sectors in Singapore are expecting a worse business outlook for the coming six months, as the global economic slowdown continues amid a trade war that shows little signs of abating. In particular, SMEs in manufacturing logged lower turnover expectations due to slowing demand for goods, while those in commerce and trading are expecting, for the fourth straight quarter, worse profit growth. There was also a decline in hiring expectations among manufacturing SMEs, likely due to adjustments in firms' expansion and hiring plans amid a more subdued global outlook. Meanwhile, SMEs in the retail and F&B sector saw the biggest slide in optimism surrounding business expansion. The softer business outlook for the 4Q of 2019 and first quarter next year comes as the Ministry of Trade and Industry revised Singapore's full-year growth forecast to between 0 and 1%. Respondents also added that the slowing economy has contributed to declines in expectations in turnover, profitability, business expansion, capital investment and hiring.</p> <p><i>(Source: The Straits Times, 23 September 2019)</i></p>
<p>VIETNAM</p> <p>USAID helps Vietnamese SMEs improve linkage capacity</p>	<p>The Government Office, Ministry of Planning & Investment and the US Agency for International Development (USAID) has launched USAID Linkages for SMEs (LinkSME). Under the USD22.1 million project to be carried out during Sept 2018-Sept 2023, the 3 parties will work together to enhance supply and linkage capability of SMEs, and improve the capabilities of business organisations in Vietnam in supporting SMEs' development. Strengthening business linkages between SMEs and leading firms is expected to advance the Indo-Pacific vision of improved economic competitiveness, and support USAID's objective of expanding inclusive, market-driven, and private sector-led growth in Vietnam. According to Minister and Chairman of the Government Office, LinkSME will contribute to making systematic changes in the business environment through promoting institutional reform, streamlining regulations and administrative procedures, reducing compliance cost to better SMEs' competitiveness. Since 2018, the Government has carried out comprehensive measures to simplify 3,451 out of 6,191 administrative procedures. Meanwhile, 6,776 out of 9,926 product lines subject to specialised inspections have been cut, and 30 related administrative procedures have been simplified.</p> <p><i>(Source: Vietnam Plus, 24 September 2019)</i></p>

ALIGNING BUSINESS WITH EDUCATION

CORPORATE social responsibility (CSR) must be targeted, meaningful and impactful, but this aspect is often overshadowed by publicity stunts or one-off efforts. Not so for PKT Logistics Group Sdn Bhd. Its group CEO and MD, Datuk Michael Tio believes that CSR needs to be aligned with business goals to ensure continuity and positive impact.

“When we do business, the first thing is to ensure that the company is profitable first, then be socially and environmentally profitable,” he explains. “When we went into transformation stage in 2008, we realised we needed to increase our CSR and so we created five pillars, namely community development, education and skills enhancement, art and culture, environmental conservation, as well as sports and recreational,” he shares.



The importance of education is echoed through PKT Logistics Group’s wholly-owned higher learning institute, Peninsula College, which synergises to undertake programmes such as Jom Bekerja Sambil Belajar. The programme, which gives its students the opportunity to work part-time across different departments within the group and earn some income, enables the new generation of talents

to gain hands-on and relevant industrial experience in the field. In turn, this would help foster workforce-ready talents and contribute to the industry’s growth.

This also enables a pipeline of next-generation talents to be groomed as future leaders and reduces the company’s dependency on foreign labour. Tying back to this focus on education is the introduction of the DMT Scholarship Award. Worth RM1mil annually, the scholarship provided through Yayasan PKT gives high achievers and talented undergraduates from Peninsula College, Politeknik Sultan Haji Ahmad Shah (Polisas) and Politeknik Seberang Perai the opportunity to seek quality education for their future by offering the necessary financial assistance.

Yayasan PKT was set up to give out the scholarships, something it will continue to focus on – primarily in the area of logistics – to spur the industry’s growth towards a larger scale and for Malaysia to become the new logistics hub in ASEAN, overtaking Singapore. The scholarship started as a means to generate buzz among youths to study logistics and to ensure sufficient talent to meet market demand. Uniquely, the scholarships offered have no strings attached.

He says, “One of the things lacking in the industry is the lack of logisticians in the market. Malaysia has very good potential to become a regional hub after Singapore because of its competitive advantages. The problem is the lack of awareness and a mismatch in terms of our graduates and the job opportunities available in the market, which is where our collaboration with Polisas started. Logistics is the future and we’re very far behind.”

Polisas corporate industry services and employability centre, Zamra Derahman said the public-private relationship between Polisas and PKT Logistics Group started in 2012. She points out that a number of Polisas students have also been offered employment opportunities although they were not scholarship recipients, as they were screened and interviewed during evaluation process.

PKT Logistics Group also has other cooperative efforts with the government department and Polisas, including the Young SocialPreneur programme. The programme, which recruits students to become social entrepreneurs by undertaking social projects, has already been organised twice and will see its third edition in 2020. Profits for the projects are then channelled back to society.

(Source: The Star, 23 September 2019)

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