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COVID-19 & MALAYSIAN SMEs

A Study on the Effectiveness and
Transparency of Government Aid





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We thank all our respondents and interviewers that responded to the call of our research despite the challenges faced during COVID-19.

EXECUTIVE SUMMARY

The Malaysian economy has been adversely impacted by the COVID-19 outbreak. Apart from the obvious consequences from the pandemic, the three Movement Control Orders (MCO) has further slowed down the Malaysian economy as well as the business operations particularly in terms of a reduced revenue inflow. This has especially impacted the ability of many small and medium-sized enterprises (SMEs) in Malaysia to sustain their business. SME Corp Malaysia estimates that SMEs consist of 98.5% of business establishments in Malaysia. It was anticipated that the downturn would negatively impact the purchasing power of many small holders causing an increase in unemployment percentages. To overcome this predicament faced by the SMEs, the federal government of Malaysia had introduced multiple stimulus packages - PRIHATIN, PENJANA and PERMAI¹.

Although these initiatives have provided relief for businesses, certain parties have questioned the implementation of these programs, both in terms of deliverables and outreach, as well as from the perspective of good governance. Various parties have expressed their distrust and suspicions on the ability of the federal and state governments to manage the fiscal injection and aid provision programs, especially

with the instability and sudden changes in Malaysia's political front over the last year. Combined with the expected red tape and bureaucracy, this has provided the basis for many to question the transparency of these initiatives and the ability of the government to be accountable for the funds distributed, whilst being able to ensure that all parties involved behaved with integrity to prevent the possibility of misappropriations or other issues related to fraud and cronyism.

As such, there was an urgent need to understand the real situation on the ground in order to facilitate a smoother and quicker economic recovery, particularly among SMEs. Hence, Transparency International Malaysia and Merdeka Center for Opinion Research conducted a two-phase study to understand the economic impact of COVID-19 on SMEs in Malaysia, as well as to assess the perception of the respondents on the effectiveness and transparency of the aid programs. The research involved a survey of 500 SMEs and 10 interviews with government agencies, trade associations and SME owners/representatives.

¹ *PERMAI was only covered in the second phase of this study as it had been rolled out after the first phase of this study had been completed.*

Key findings from Phase 1 of the research included:

- a) 34% of the SMEs had to close their business during the first MCO with another 28% having to operate at a reduced capacity. 23% of the SMEs suffered total loss of income with another 34% suffered a decrease of 50% or more in their revenue.
- b) 73% of the SMEs did not change their business model during the pandemic. This is also a crucial point to explore as it could impact their agility and flexibility to respond to risks and uncertainties in the market.
- c) 89% of the respondents were eligible to apply for the Federal Government Aid and 85% of the respondents had applied and received the assistance, especially in terms of the Wage Subsidy Program.
- d) 47% of the respondents expressed satisfaction with the assistance received from the federal government under the stimulus packages while 17% of the businesses expressed their dissatisfaction.
- e) 65% of the respondents were not aware of the state government provided assistance, and 87% of the respondents claim that they did not receive any assistance from the state government.
- f) 64% of the respondents expressed their confidence in the transparency, integrity and accountability in the federal government aid process, with 57% having confidence in the monitoring and evaluation mechanism of the aid dispensation program.
- g) 8% of the respondents claimed that bribery & corruption was necessary to obtain the PENJANA and PRIHATIN assistance with the involved parties being mainly from banks, federal government, agencies and SMEs (39%).
- h) 8% of the SMEs acknowledged that they had misused the PRIHATIN and PENJANA funds to sustain the business and to pay for other operational expenditures apart from the reasons allocated for. This was mainly from the manufacturing sector (10%) and construction sector (18%).
- i) 87% of the respondents strongly disagreed to the culture of bribery and corruption and 85% also strongly disagreed to the notion that the impact of COVID-19 pushed them to resort to bribery & corruption.

- j) 19% - 20% of the respondents felt it was justified and also felt obliged to consider providing a token of appreciation to the officials that had assisted them or given good service.
- k) 70% of the respondents were willing to report on any form of bribery and corruption. 61% of the respondents upheld the principle that bribery & corruption was wrong and needed to be eradicated and 19% felt that it was the citizen's social responsibility to actively denounce bribery & corruption.
- l) 31% of the respondents were concerned about their personal safety and security of the enterprises when asked if they would consider whistleblowing. 22% lacked confidence on the transparency and legal protection offered under the Whistleblowing Act.
- m) 42% of the respondents felt that there was a reduction in bribery & corruption related activities compared to 5 years ago due to the enforcement of the "no-gift policy" especially during the Pakatan Harapan administration.
- n) Respondents expressed their anticipation for further assistance especially in terms of additional financial assistance (26%) and continuation of loan moratorium (17%).
- o) 54% of the respondents expressed satisfaction on the programs and assistance for SMEs in Budget 2021 and 49% projected their confidence level towards the transparency and channeling of federal funds for SMEs as stated in Budget 2021. 63% also expressed their positivity for business prospects in 2021.

Based on the findings obtained in Phase 1 and Phase 2 of the study, subsequent analysis led to the development of the following recommendations (primarily associated with methods to improve effectiveness of federal and state assistance, as well as overall aid dissemination processes):

- a) Government agencies at both federal and state levels should be centralized and coordinated to consolidate COVID-19 relief efforts; agencies with similar roles must be restructured to avoid duplication of responsibilities.
- b) The government's public communication channels should be broadened to ensure effective dissemination of information at the grass root level, increasing the public confidence in the government's transparency and overall uptake of government programs. This would especially apply to the state provided assistance programs.
- c) The government agencies must be aware of the developments on the ground, covering different areas (urban, sub-urban and rural) and sectors - customized assistance is needed to help affected SMEs; one-size-fits-all approach may not be helpful to certain SMEs to recover in the long run.
- d) Trade associations and business chambers (especially the ones associated with SMEs) should seek to communicate effectively with government agencies to channel real issues faced by SMEs and identify the exact needs to be channeled; the engagement is also essential to act as a bridge between businesses and government and represent the voices of in the policy-making processes.
- e) Trade associations representing SMEs should work closely with the Malaysian government (and relevant ministries) to create more accessible and business-friendly one-stop centers for SMEs for enterprises to manage administrative procedures and reduce red tapes.
- f) At the same time, SMEs could familiarize themselves with standard business procedures and government assistance to allow the enterprises to reap the benefits from existing programs including financing measures such as grants and loans.
- g) There has been a strong call by the respondents pushing for greater transparency, integrity and accountability to motivate a stronger and resilient economy and business environment. However, there is also a need to review the current legislations and mechanisms especially in terms of the public sector and banks, which were highlighted as the main parties involved in bribery and corruption.

INTRODUCTION

Small to medium-sized enterprises (SMEs) play a major role in shaping and driving Malaysia's economy, representing a major portion of businesses operating in the country. Due to the substantial government assistance (in terms of financial help and resources), vibrant marketplace, high private consumption and rapid technological expansion, Malaysian SMEs have thrived over the past 10-15 years. Nevertheless, the tremendous uptake and participation in entrepreneurship have provided Malaysians with alternatives, with more individuals seeking to be involved in such activities while also creating employment opportunities among locals.

The adverse impact of COVID-19 since the beginning of 2020 has slowed down the progress made by Malaysian SMEs, and players in key industries including tourism, F&B and construction have been suffering. This massive outbreak had profound consequences on the economy and the financial markets - predicted to collapse with the high possibility of a new wave of global recession. Moreover, with the implementation of Movement Control Order (MCO) throughout the nation, mobility is lim-

ited and supply chain is disrupted. Despite the assistance provided by the federal and state governments to overcome the calamity, long-term measures are still needed to assist the affected businesses and individuals.

In order to gauge the actual impact of COVID-19 on Malaysian SMEs and the effectiveness of aid programs offered by the government, Transparency International Malaysia (TI-M) has been working closely with Merdeka Center for Opinion Research to analyze the areas of interest from multiple points of view; comprising both quantitative and qualitative approaches.

The findings presented in this report showcase the reality faced by SMEs in Malaysia, as well as methods to improve the current practices particularly to channel aids and develop programs / initiatives relevant for the immediate future and survival of Malaysian SMEs. The recommendations outlined can be used by the federal and state governments as well as external stakeholders to craft forward-thinking policies with strong emphasis on transparency and integrity at all levels.

BACKGROUND OF STUDY

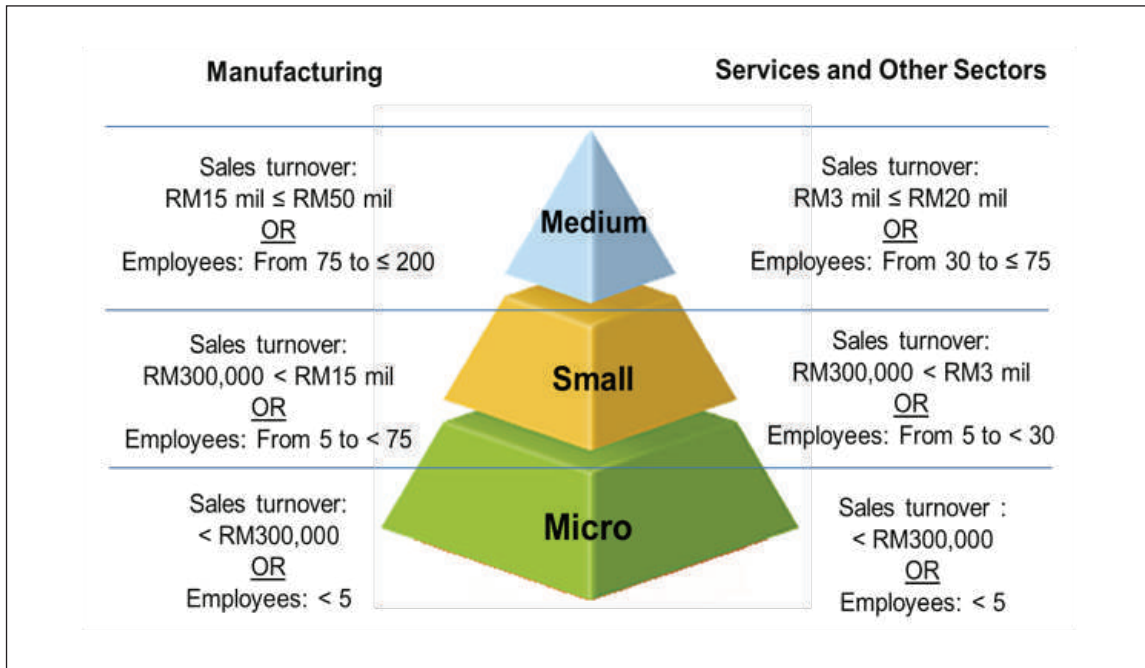
Small and medium-sized enterprises (SMEs) form the largest segment of business establishments in Malaysia representing more than 98.5% of businesses in the country (Figure 2). Due to the increased threshold on annual sales turnover and full-time employment, the definition of SMEs was reviewed in 2014 in order to enable more firms to be classified as SMEs (SME Corp., 2021). Drastic developments in the economy since 2005, including price inflation and structural changes in business trends endorsed this review.

The definition (see Figure 1) covers all sectors, namely services, manufacturing, agriculture, construction and mining & quarrying. According to SME Corp Malaysia, during the 14th Na-

tional SME Development Council Meeting on 1st January 2014, former Prime Minister, Dato' Sri Mohd Najib Tun Haji Abdul Razak announced a new definition of SMEs after the council had reached an approval to the proposal to raise the qualifying threshold for sales turnover and employment of SMEs for all economic sectors in the country.

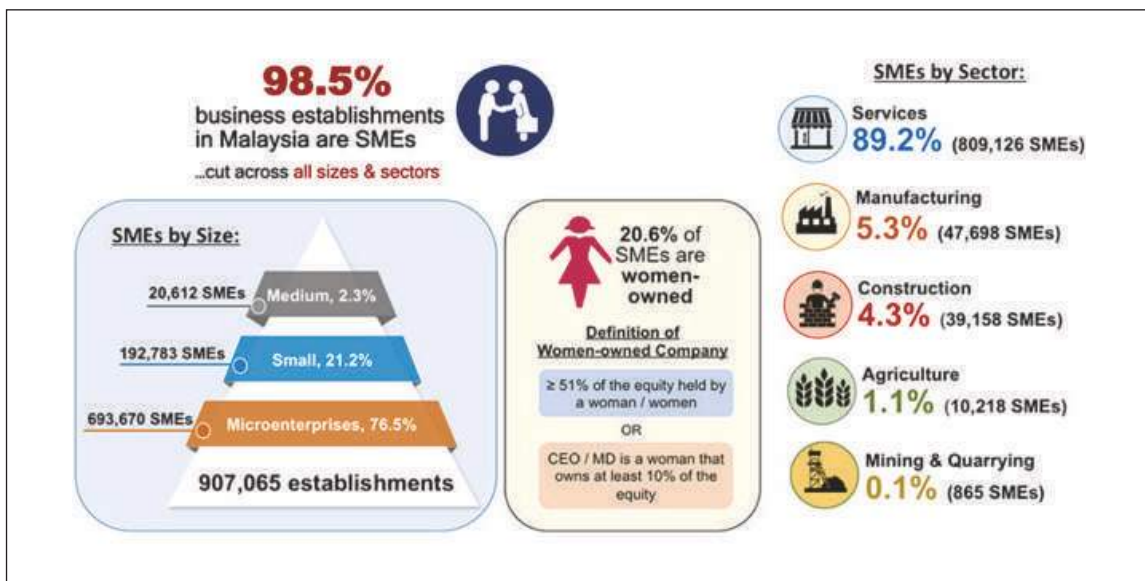
According to this definition, the threshold annual sales turnover for the manufacturing sector doubled from RM25 million to RM50 million while for the services and other sectors, firms with sales turnover not exceeding RM20 million or full-time employees with not exceeding 75 workers were categorized as SMEs.

Figure 1: Definition of SMEs in Malaysia



Source: SME Corp. (2021)

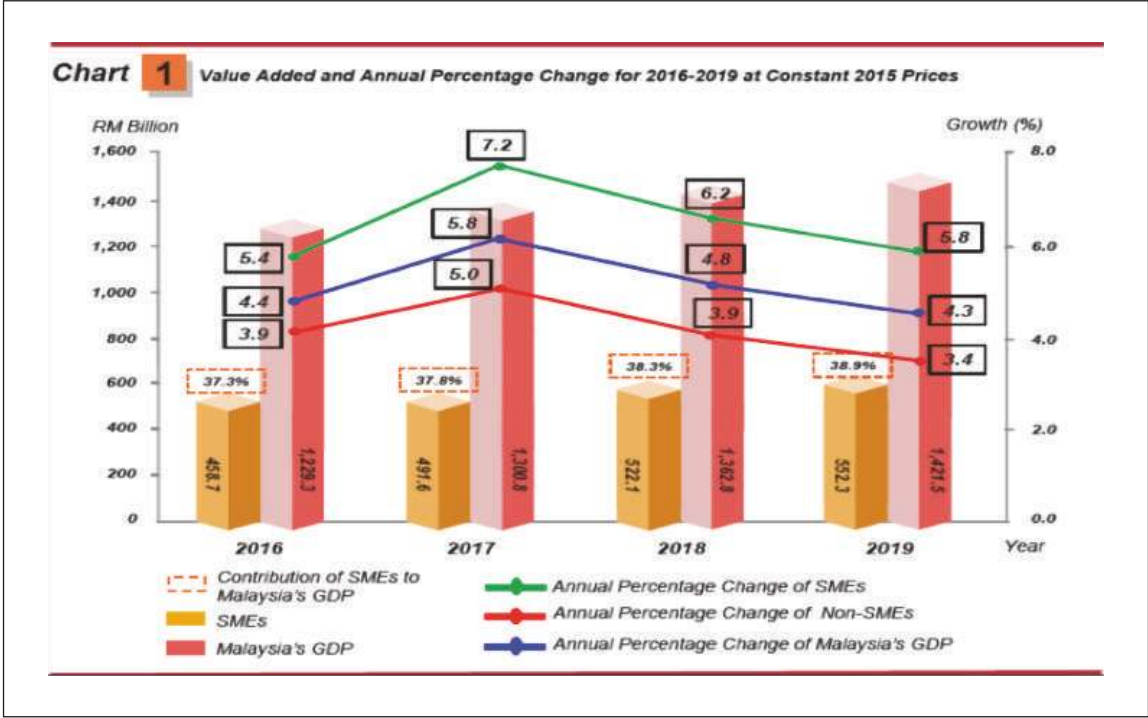
Figure 2: Number of SMEs in Malaysia and Breakdown of Sectors



Source: 2016 Economic Census & SME Corp. (Accessed on November 3rd, 2020)

According to the Department of Statistics Malaysia (DOSM), in 2019, SMEs in Malaysia contributed 38.9% to the overall Gross Domestic Product (GDP), an increase of 0.6% as compared to 38.3% recorded in 2018. In terms of value, SMEs' GDP contribution at constant 2015 prices stood at RM552.3 billion against the total value of the overall GDP at RM1,421.5 billion (Figure 3).

Figure 3: Growth of SMEs in Malaysia
(based on value added and Annual Percentage Change for 2016-2019)



Source: Department of Statistics Malaysia (DOSM) (Accessed on 10 March 2021)

PROBLEM STATEMENT

In Malaysia, the COVID-19 pandemic and large-scale restrictions caused the Malaysian currency to depreciate by 9% while the Kuala Lumpur Composite Index recorded a 20% hit (Sim, 2020). This has caused the typical Malaysian household income to decline, possibly causing a surge in the poverty level. As a result of cost-cutting measures undertaken by various employers (including SMEs) such as lay-offs, retrenchment and pay cuts imposed on workers, the unemployment rate rose to 4.7% in October 2020.

Due to the first Movement Control Order (MCO 1.0.), more than 30,000 businesses including SMEs were critically impacted due to the order to shut down if they were from non-essential sectors. According to a report by The Straits Times in March 2020, the closure of malls, retail businesses, restaurants and social gatherings for nearly three months in the first MCO has resulted in approximately 17,800 businesses permanently closing operations despite the relaxed partial lockdowns which started on June 9 2020. These businesses failed to revive their operations after experiencing low financial returns. Furthermore, the nation's tourism industry was crippled, with an estimated loss of RM 3.37 billion in the first 2 months of 2020 since the outbreak of the virus (Dzulkifly, 2020), resulting in permanent shutdowns and many losing their jobs, as well as individuals going bankrupt (Cheng, 2020).

Billions of allocations have been announced in stimulus packages to address unemployment, boost social-welfare programs and improve healthcare needs. However, there had been many speculations and controversies surrounding the aid and stimulus packages issued by the government over the past year. The negative perception had increased due to the slow and somewhat perceived inefficient roll out of the much-needed aid, as well as unclear procedures and political issues.

In March 2020, The Institute for Democracy and Economic Affairs (IDEAS) called for transparency on the distribution of the RM250 billion PRIHATIN Economic Stimulus Package especially its source of funding (Syahirah, 2020). According to the think tank, the origin of funds for the stimulus package was not addressed in the Prime Minister's announcement. With regard to this, the government was urged to elaborate on the economic stimulus package's impact on the budget's balance.

In June 2020, the Malaysian Trade Union Congress (MTUC) also raised its concern over this issue, especially with regard to the lack of transparency on the recipients' side for the economic stimulus packages, particularly for PENJANA that should involve the distribution of billions of ringgit in allocations to the business community (Lim, 2020). MTUC pinpointed

that the federal government did not disclose the relevant information on its plans to ensure how employers can benefit from the relief packages and boost job security among employees. Also, there were complaints on ineffective public communication channels adopted by the government and Central Bank of Malaysia particularly to provide financial assistance as well as wage subsidies that were supposed to be dispensed to the businesses, including the SMEs.

Transparency International Malaysia also raised a similar concern in March 2020, arguing that the government should publicly explain the transparency mechanisms to

strengthen integrity in the distribution of funds to businesses and employers. Nonetheless, the source of the economic stimulus package has not been clarified.

Subsequently, public trust (especially among businesses and SMEs) seemed to be negative due to the perceived economic mismanagement related to the pandemic. As such, it was necessary to study the sentiment among SMEs (in terms of general impact of COVID-19 to their business and operations) and their overall perception towards the transparency of government in channeling the assistance to affected SMEs.

OBJECTIVES OF STUDY

Recognizing the need to look into the topic, the following objectives were developed to guide the progress of the study. While the general objective is to investigate the efficacy and transparency of the Malaysia government's financial aid packages (PRIHATIN & PENJANA) to the SMEs, specific objectives are as follows:

- a) To evaluate the effectiveness of the stimulus and aid packages announced by the Federal and State Government during the COVID-19 lockdown.
- b) To assess the perspective of transparency in the dissemination of the stimulus and other aid packages.
- c) To recommend areas for improvement for policy makers and government to consider for future implementation of the stimulus and aid packages.

METHODOLOGY

The research was carried out in two phases. In the initial phase, 500 respondents from SMEs were surveyed via telephone due to the Movement Control Order. In the second stage, interviews were carried out with 10 stakeholders to get a more in depth understanding of the issue on hand.

Sampling

Phase 1 - Quantitative Survey

Stratified random sampling was utilized to help characterize the SME population in a controlled manner. Stratification is done according to the business sector of respondents based on the demographic profile of each sector. 500 samples were targeted for SME business owners, with the primary selection of respondents done according to the regions across all states in the country.

Based on the information obtained from SME Corp., there were 907,065 SMEs in Malaysia in the year 2016 (Figure 2). The Research Advisors (2006) recommend that for a population of 1,000,000 and expectation of a Margin of Error 5% and confidence level 95%, the required sample size should be 384. This research used a Margin of Error of 4%. Hence based on this as well as looking at the typical research norm for SMEs and other business – based surveys where the sample size would normally range from 100 to 1,000, the research team deemed 500 to be sufficient to meet the needs of the research. In addition, it was necessary to ensure a balanced segregation of sampling throughout the five (5) main regions across the 13 states and 3 federal ter-

ritories in the country.

The sample, therefore, was initially selected based on three (3) criteria:

- 1) Firms that fall under the definition of Small and Medium Enterprises
- 2) The SMEs were existing firms in the market before the first MCO (March 2020)
- 3) Actively operating in Malaysia.

With regard to the detailed sampling process, the distribution of quota for the different sectors in Malaysia (for small and medium enterprises) was done through proportional representation where the contribution of Malaysian SMEs towards the country's gross domestic product (GDP) was used as the main indicator (source: 2019 SME Report, Department of Statistics Malaysia). The GDP figures for major sectors involving SMEs (services, manufacturing, agriculture, construction and mining & quarrying) were then tabulated against the sample size (n = 500), broken down into specific quota for each sector and sub-sector (as shown in the following table).

Table 1: Sampling Quota (Based on Sector)

SERVICES - 317	
Whole sales & retail, F&B & accommodation	203
Finance & insurance, real estate and business services	61
Transport, storage and information & communication	31
Others	22
MANUFACTURING - 99	
Petroleum, chemical, rubber & plastic products	23
Food, beverages and tobacco products	21
Non-metallic mineral products, basic metals and fabricated metal products	19
Others	36
AGRICULTURE - 48	
Rubber, oil palm, livestock, and other agriculture	37
Fishing	9
Forestry, logging	2
CONSTRUCTION - 28	
MINING & QUARRYING - 3	
OTHERS - 5	
TOTAL	500

30% to 40% of Malaysian SMEs are based in the urban areas (i.e. Klang Valley, as well as the states of Penang and Johor). To ensure nationwide representation in the overall sampling and consolidate findings at the national stage, the sampling frame incorporated a zone-based quota by adjusting the number of samples to correspond to the regional setting. 5 zones were identified – Northern, Central, Southern, Eastern and East Malaysia.

The figures were set based on the latest report released by SME Corporation and Department of Statistics Malaysia for the year 2019, where the total number of SMEs in each region was recorded. The full breakdown for the sampling approach (by region) is shown in the following table:

Table 2: Sampling Quota (Based on Region)

REGION	STATE	SAMPLING (BY STATE)	SAMPLING (BY REGION)
Northern	Perak	43	114
	Pulau Pinang	37	
	Perlis	4	
	Kedah	30	
Central	Kuala Lumpur + Putrajaya	72	167
	Selangor	95	
Southern	Melaka	18	91
	Negeri Sembilan	18	
	Johor	55	
Eastern	Kelantan	25	62
	Terengganu	16	
	Pahang	21	
East Malaysia	Sabah + Labuan	34	66
	Sarawak	32	
TOTAL		500	

Phase 2 - Qualitative interviews

For the qualitative portion of the project, 10 interviewees were interviewed, encompassing representatives from relevant government agencies involved in the aid dissemination process, trade associations, SME owners or senior management personnel as well as selected heads of enforcement agencies. The respondents were selected based on the following criteria:

- 1) Direct involvement with SMEs in Malaysia.
- 2) Having a strong hands-on knowledge of aid and subsidy programs announced by the Federal government (especially PRIHATIN Stimulus Package and PENJANA Economic Recovery Plan).
- 3) Understand the predicament and development surrounding SMEs.

A list of potential interviewees was compiled to facilitate the qualitative stage of the project, encompassing individuals/organizations from three main categories – trade associations, government agencies and SME business owners. 20 prospective interviewees were approached via email to enquire about their availability and interest to participate in the study, before official appointments were set. A total of 10 interviews were finally held for the research **(Table 3)**.

Table 3: List of Respondents for the Phase 2 Interviews

RESPONDENT	TRADE ASSOCIATIONS	PSEUDONYM
1	SME-based trade association	R1
2	Agriculture-based trade association	R2

RESPONDENT	GOVERNMENT AGENCIES	PSEUDONYM
3	A government agency overseeing anti-corruption efforts in the public sector	R3

RESPONDENT	SMEs - BUSINESS OWNERS	PSEUDONYM
4	A manufacturing-based SME (F&B) in Pahang	R4
5	A service-based SME (Information & Technology) in Selangor	R5
6	A manufacturing-based SME (F&B) in Selangor	R6
7	A construction-based SME in Johor	R7
8	A service-based SME (Hotel & Accommodation) in Sarawak	R8
9	A service-based SME (Tourism) in Putrajaya	R9
10	A construction-based SME in Sabah	R10

RESEARCH INSTRUMENT

Questionnaire

The questionnaire development began in October 2020 via various internal discussions & continuous engagements with TI-Malaysia. The survey included a total of 84 questions, with basic information about SME businesses (including firm size and sectors), questions about the current response to the COVID-19 crisis, and expectation about the future course of the crisis (see Appendix A). Some questions were only displayed based on skip logic, so most participants responded to fewer questions. Major areas of interest include economic impacts of COVID-19 and first stage of MCO towards the

SMEs businesses, knowledge and understanding of business towards the stimulus packages, level of satisfaction towards the programs and aids by federal and state government, level of confidence of businesses over the dispensation of aids in terms of integrity and transparency at local level and related issues, as well as future expectations. The questionnaire was also designated to garner constructive recommendations and areas of improvement needed on the ground in order to revive the SMEs business downturns due to the pandemic.

After developing a draft along those lines, a pilot study was conducted prior to the commencement of the survey and 10 respondents were solicited for the purpose. Preliminary findings led to the following recommendations:

- a) Clarity of respondents' background – opt for only those under the small & medium enterprises (follow the lower criteria enshrined by SME Corp., see **Figure 1**).
- b) Simplification of certain questions – especially those related to perception and expectation for the future outlook.
- c) Replacement of answer keys for certain questions.

After undergoing several iterations, the finalized questionnaire had 84 questions and was divided into seven (7) sections:

- a) Section 1: Background of Respondents and SMEs (19 questions).
- b) Section 2: COVID-19's Impact to Businesses (9 questions).
- c) Section 3: Aid Program Recognition (16 questions).
- d) Section 4: Barriers to Assistance & Access (3 questions).
- e) Section 5: Transparency & Integrity (28 questions).
- f) Section 6: Improvements on the Implementation of Government Programs (5 questions).
- g) Section 7: General Issues Related to Business-Based Corruption (4 questions).

The survey contained four (4) baseline screening questions that enabled the assessment of the sample population along with other observable dimensions: number of employees, yearly turnover (as of 2019), position in the firm and the SMEs number of years of existence. These screening questions were included to ensure suitable respondents are taken into account, given the nature of the project that targeted those operating small and medium businesses. The amended criteria are as follows:

- a) SMEs business owners with more than 5 workers before the Movement Control Order (MCO 1.0), i.e. March - May 2020.
- b) The enterprise/company's yearly turnover should be more than RM 300,000.
- c) The respondent has to be either the owner or part of the management that knows about the enterprise's internal operations and finance.
- d) The business has been operating for at least three (3) years.

Interview Questions

For the interviews, a specific list of questions (see Appendix B) was prepared for the proposed sessions with the targeted participants based on their background:

- Civil Servants (8)
- Enforcement Agencies (6)
- Trade Associations (8)
- SME Owners or Representatives (8)

DATA COLLECTION AND ANALYSIS

Quantitative

For the quantitative data collection, the computer-assisted telephone interview (CATI) was utilized to facilitate smoother and quicker data collection conducted by a specially established team of six interviewers and one data entry clerk.

Databases with potential respondents contact details were obtained from SME Corp. and other governmental directories. Interviewers were through a training and briefing session with the team from Merdeka Centre and TI-Malaysia prior to the actual data collection process that began on November 18th, 2020. Given the number of 500 samples, a period of 3-4 weeks was required to complete full data collection for the survey, concluding in mid-December 2020. For data

analysis, SPSS version 23 was used as the main tool. Descriptive statistics was the primary mode of analysis, followed by additional insights based on the findings - substantiated against the findings and trends of existing studies of similar topics. Subsequently a full technical report was produced, followed by a comprehensive write-up on the overall impact of COVID-19 on the SME businesses in Malaysia. At the end of the survey, a number of respondents received a phone call inviting them to participate in a more comprehensive interview being conducted by researchers at Merdeka Center. These selected respondents were chosen based on their responses and information provided in the survey.

Qualitative

All interview findings were transcribed and tabulated (refer to Appendix C). Due to the restriction on movements, face-to-face sessions were the least preferred by most of the key informants. Alternatively, virtual platforms including ZOOM and Google meet were utilized for the discussions.

Data and documents collected were carefully categorized and analyzed based on a group and thematic analysis. The groups were consolidated into three categories from four. Considering a more nuanced engagement with stakeholders, this study opted to use pseudonyms (see Table 3) in research especially in data analysis section. On a side note, anecdotal records from observation and interviews with stakeholders were scrutinized to provide a holistic overview of the topic.

RESULTS

Phase 1 Profile

500 respondents from SMEs participated in Phase 1 of this study. Figure 4 shows a summary of respondents' demographic profile. The respondents were of the following ethnicities: Malay (66%), Chinese (24%), Indians (5%), Muslim Bumiputera (2%) and non-Muslim Bumiputera (3%). 46% of the respondents were males and the remaining 54% were female. The respondents age range were 21 to 40 years (52%), 41 to 60 years (44%) and above 60 years (4%). In terms of their education level, the respondents had the following qualifications: Degree and above (48%), Diploma or equivalent (31%), Secondary and lower (21%). The respondents had the working experience in their respective firms as follows: 10 years and more (49%), 6 to 9 years (19%) and 1 to 5 years (32%).

Figure 4: Demography of Surveyed Respondents in Phase 1

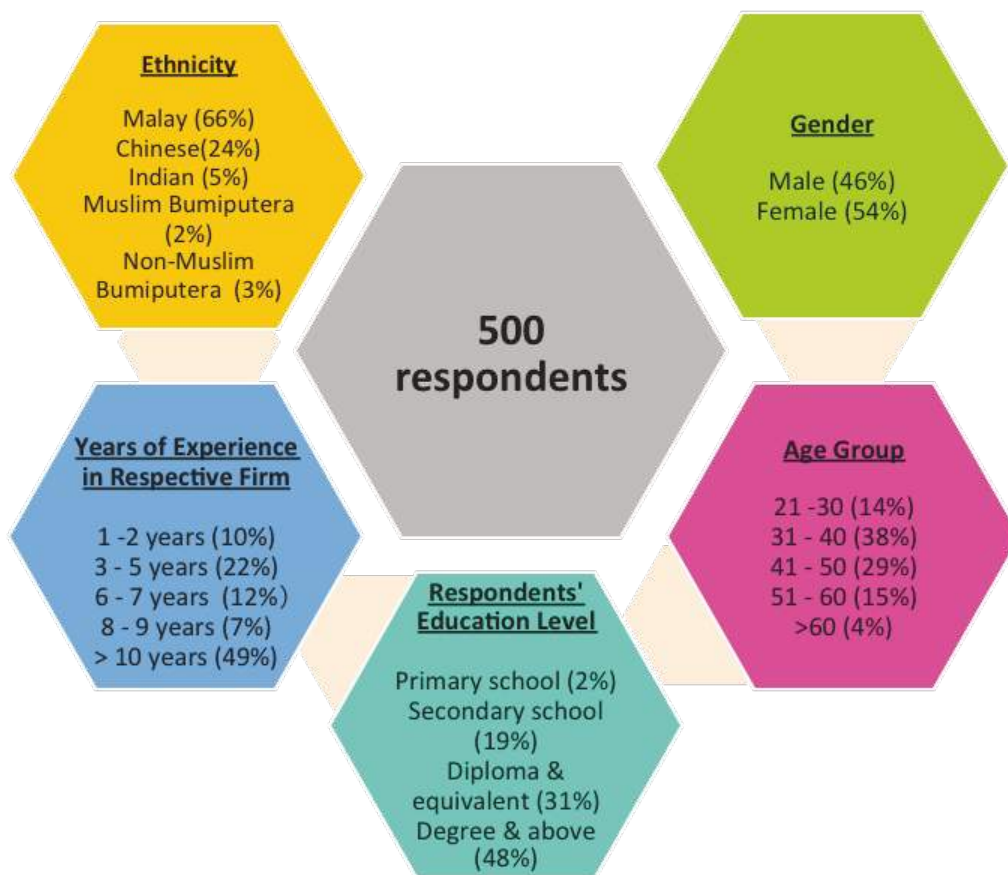
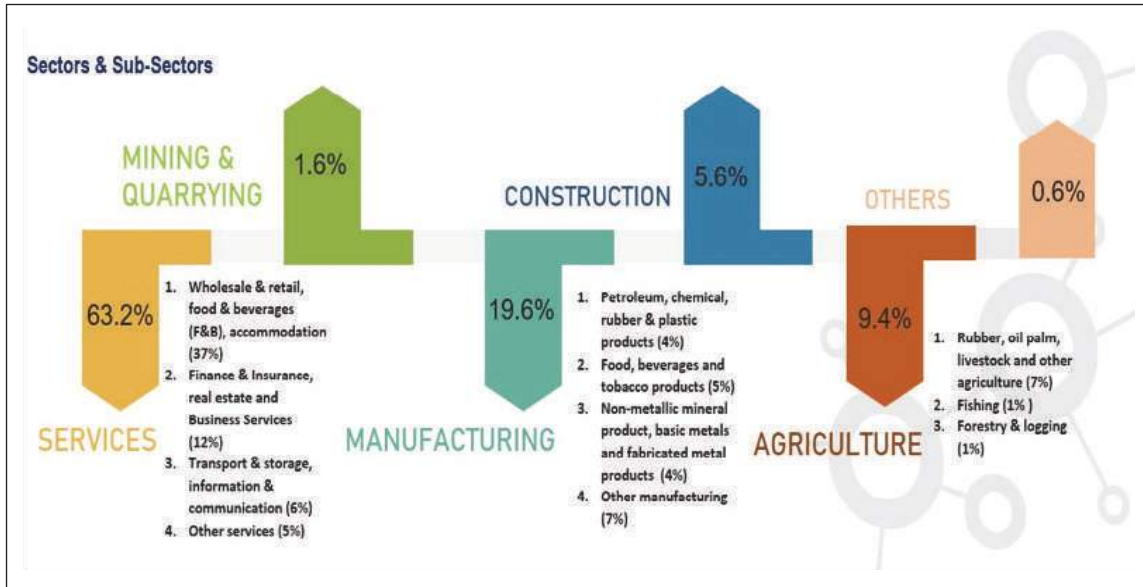


Figure 5: Sectors and Sub-Sectors Represented



As per the results in Figure 5, the respondents were from the following sectors: services (63.2%), manufacturing (19.6%), agriculture (9.4%), construction (5.6%), mining & quarrying (1.6%) and others (0.6%).

Figure 5(a): Breakdown of the Surveyed SMEs According to Firm Category, Type of Company and Company Ownership

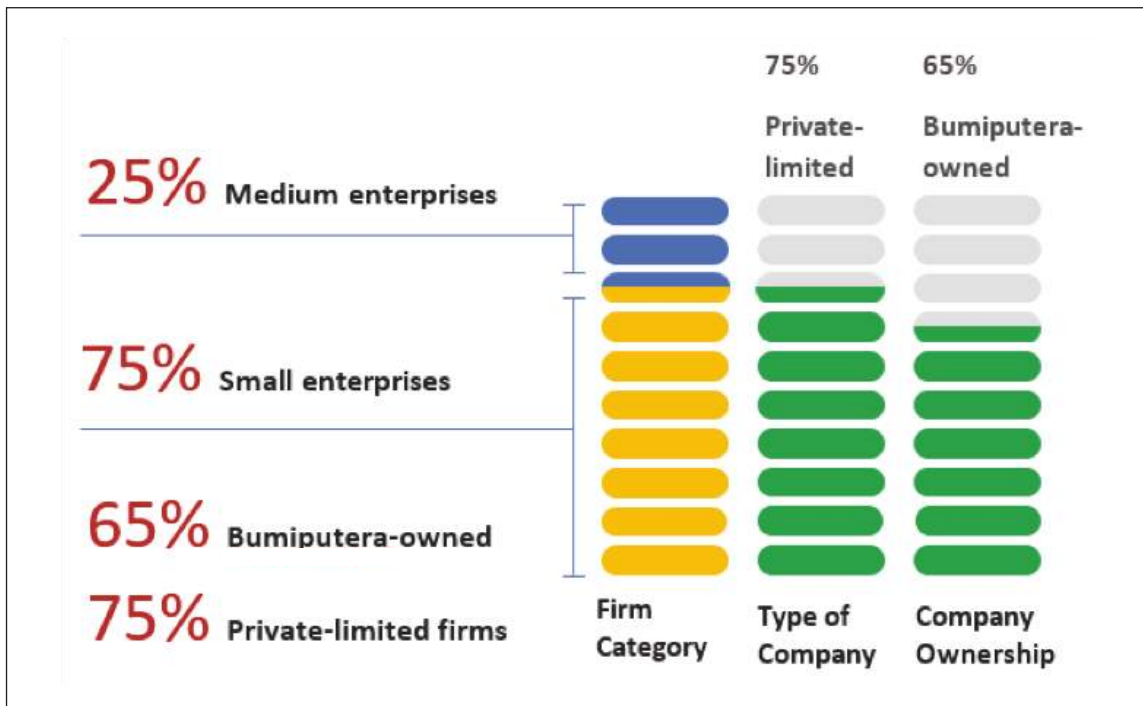


Figure 5(a) above shows that 75% of the enterprises involved in this survey are small enterprises and the remaining 25% are medium sized enterprises. 65% of the businesses were Bumiputera-owned and 75% of enterprises were private limited enterprises.

Figure 5(b): Hiring of Workers before March 2020

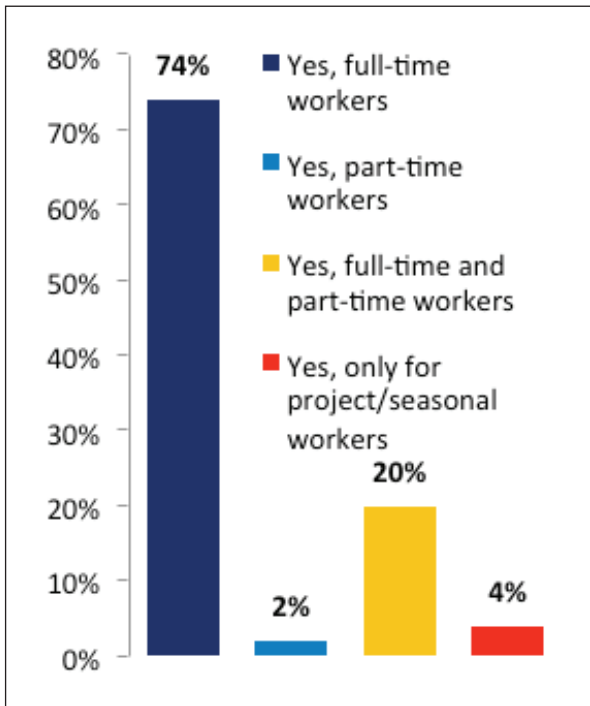


Figure 5(c): Hiring of Workers after March 2020

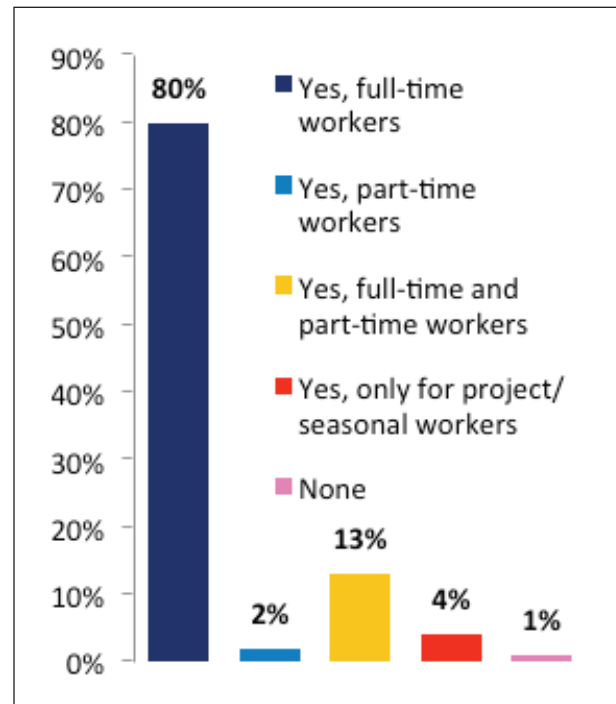
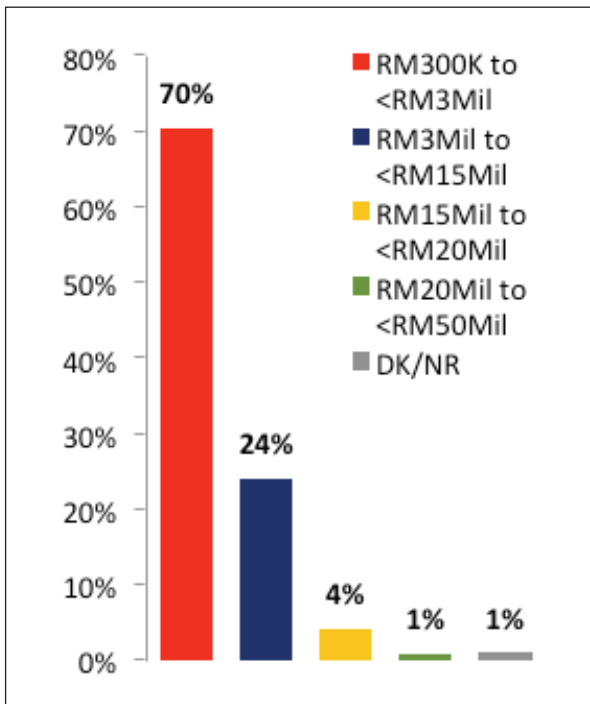


Figure 5(d): Annual Turnover



Comparing Figure 5(b) and Figure 5(c), there was a 6% increase in SMEs that hired full-time workers after March 2020 and a 7% decrease in those that hired both full-time and part-time workers, reflecting that the SME's were relying lesser on their part-time resources. Figure 5 (d) reports that the businesses reported an annual turnover range of RM 300,000 to RM 3 million (70%), RM 3 million to RM 15 million (24%), RM 15 million to RM 20 million (4%) and RM 20 million to RM 50 million (1%).

Figure 6(a) reflects that majority of the enterprises had been around for 10 years or longer (79%), 6 to 9 years (10%) and 5 years and less (11%). 73% of the enterprises hired local workers and the remaining 27% employed foreign/non - Malaysian workers (Figure 6 (b)).

Figure 6(a): Years of Business

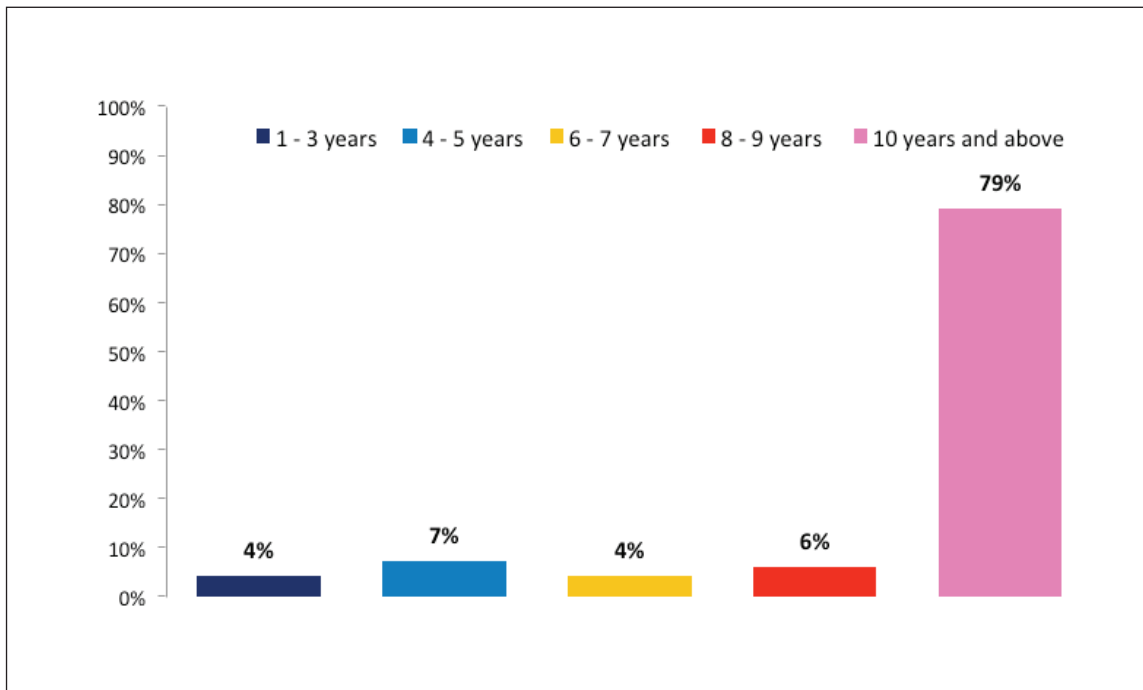
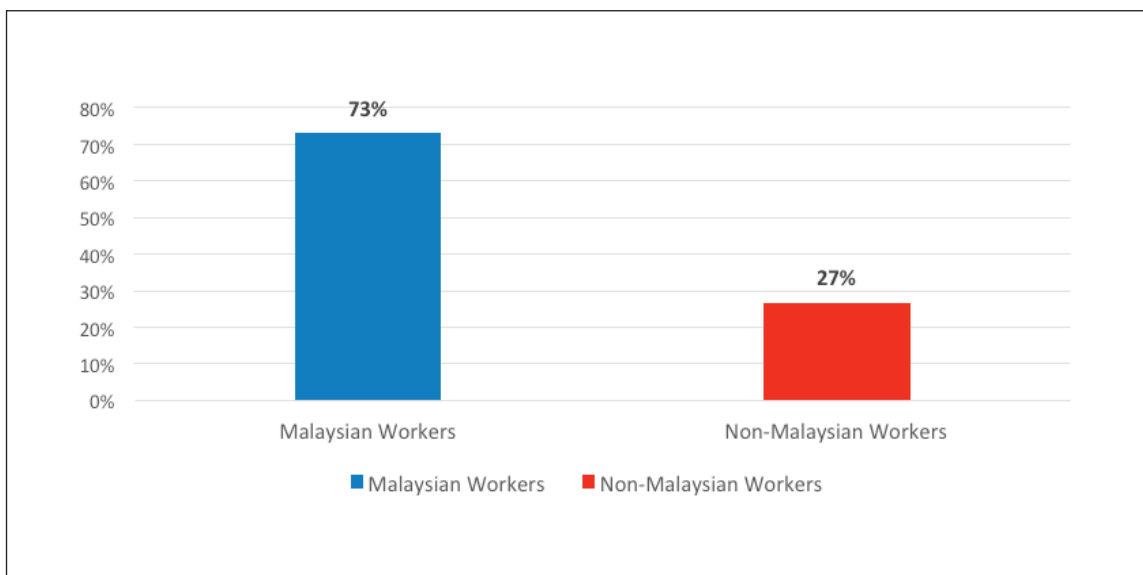


Figure 6(b): Hiring of Malaysian & Non-Malaysian Workers



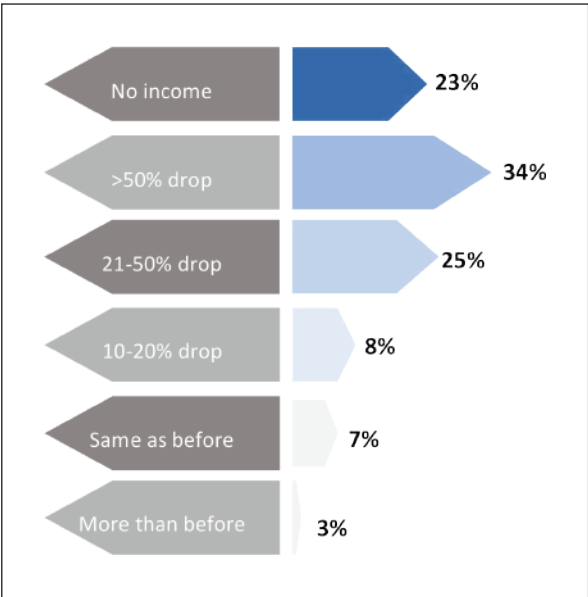
COVID-19's Impact on Businesses

Figure 7: State of Operations among Malaysian SMEs at the Beginning of MCO 1.0. (March 2020)



Figure 7 reports that 34% of enterprises had temporarily closed their business during the initial MCO (80% small enterprises and 20% medium enterprises); 28% operated at reduced capacity and 35% operated as usual.

Figure 8(a) Impact on Business Income during MCO 1.0 (March 2020)



The survey found that 23% of enterprises interviewed suffered total loss of income, while 34% saw a drop of 50% or more of their revenues while 25% saw a decline of between 21%-50% and 8% saw a 10%-20% decline in revenues (Figure 8(a)). Only 7% of those surveyed saw no change in incomes, while only 3% actually experienced an increase. In short, 90% of businesses surveyed saw reduction in revenues. Looking at these findings in more detail, it is found 79% of small and 21% of medium sized businesses reported a drop of more than 50% in income that had especially impacted the Bumiputra enterprises as 68% reported a drop of more than 50% in their income and 63% reported zero income during the initial MCO.

Figure 8(b) Cause of Income Loss During MCO 1.0 (March 2020)



Over one-third (38%) of the SMEs enterprises shared that lower client demand turned out to be the main cause of income loss when MCO first took place in March 2020 (Figure 8(b)). This is followed by involuntary closure (28%) and reduced operation hours (10%) to abide to the Standard Operating Procedure (SOP) set by government. There were also 10% of the businesses which experienced absolute loss of projects/orders/demand that led to reduction of business income sources while 2% of them who decided to close their businesses also faced the similar fate. Nonetheless, a small number of enterprises (9%) were reported to have operated as usual and did not encounter any loss of business income.

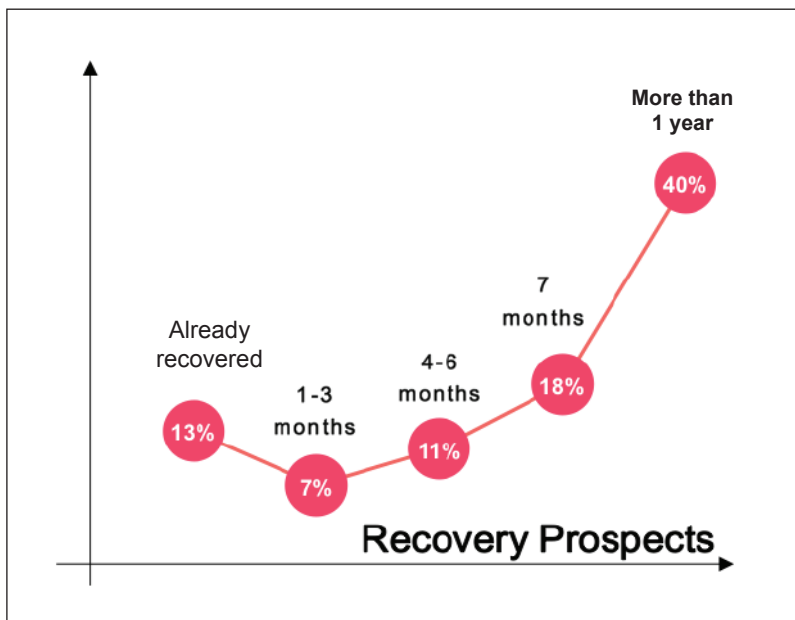
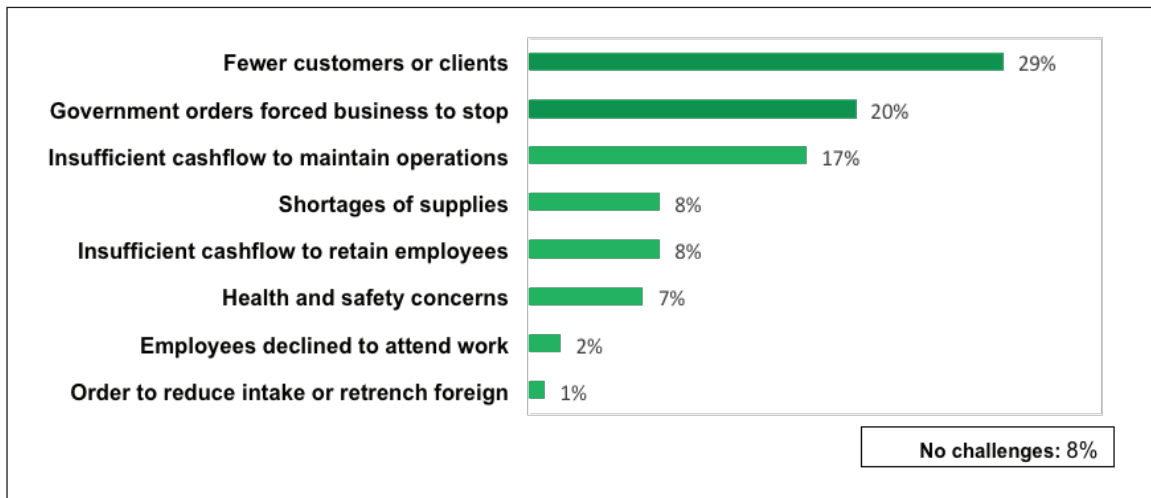


Figure 9: Recovery Prospects for Malaysian SMEs

Will not recover (permanently closed) : 1%
 Unsure/Refused : 10%

Figure 9 shows that 40% of the enterprises forecasted that it would take more than 1 year to recover, 18% believed it would take 7 months to a year, and 18% felt it would take 1 to 6 months, and 13% felt that they had already recovered. On a side note, 1% of respondent predicted that SMEs businesses will not recover and will be permanently closed while 10% were unsure about the period of time needed for SMEs to recover pre-COVID income level.

Figure 10: Main Challenges during MCO 1.0 (March 2020)



Some of the challenges the businesses faced during MCO 1.0 included fewer customers or clients (29%), the forced stop orders by the government (20%), insufficient cash flow to maintain operations and retain employees (25%), shortage of supplies (8%), concerns about health and safety (7%) and Human Resource issues such as having employees that declined to attend work physically (2%) and receiving instructions to reduce intake or retrench foreign workers (1%). 8% of the businesses did not encounter any challenges during MCO 1.0.

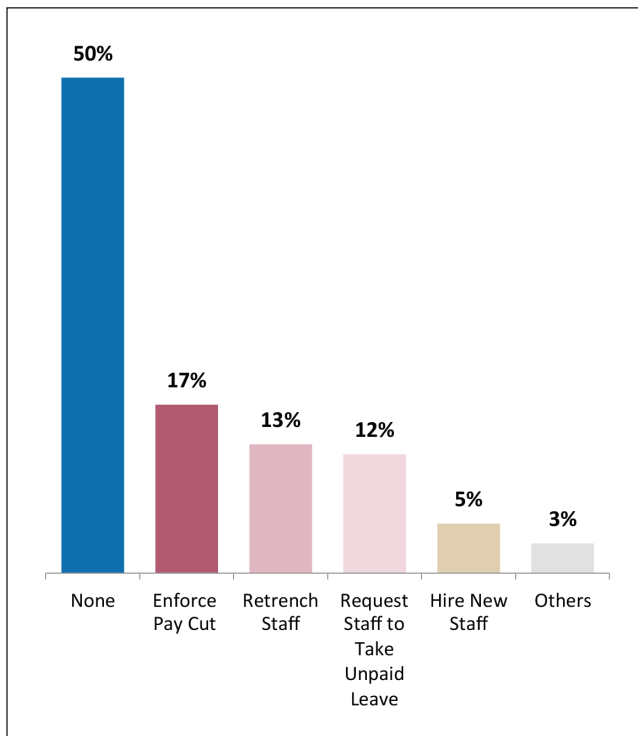


Figure 11: Coping Action to Sustain Businesses During MCO 1.0 (March 2020)

Figure 11 reports that 50% of the enterprises did not take any action during MCO to overcome the impact. However, there are some enterprises opted to cope with the impact by enforcing pay cut on their employees (17%), retrenched staff (13%) and requested employees to take up unpaid leave (12%). A small number of enterprises were able to hire new staff (5%) and 3% of the other respondents had employed other type of actions to sustain business operations.

Figure 12: Change in Business Model during MCO 1.0. (March 2020)

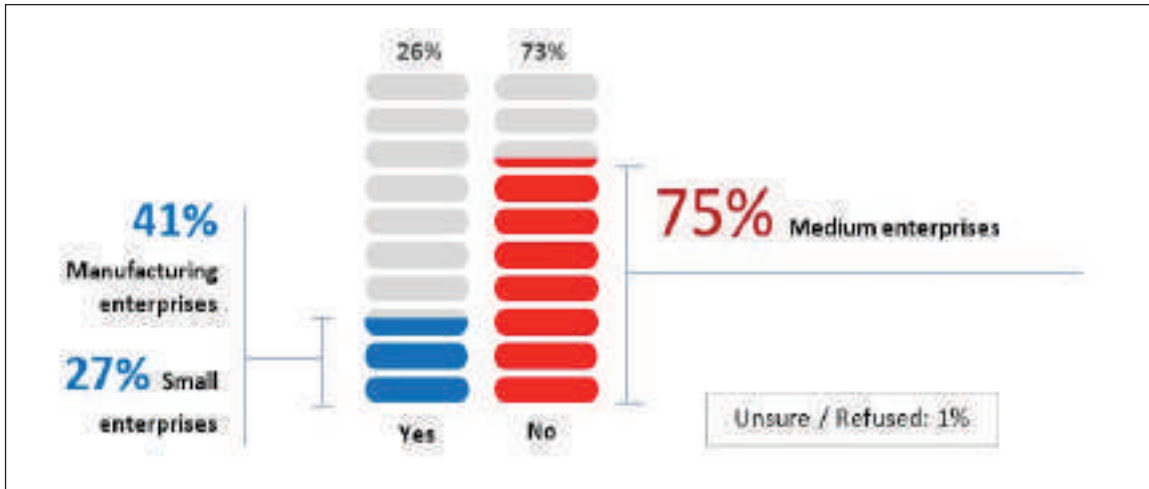


Figure 12 shows that only 26% of the SME's changed their business model, with 41% originating from manufacturing based enterprises and 27% from small firms. 73% did not change their business model, mainly consisting of medium sized enterprises (75%).

SMEs Perception of the Government Based Aid Programs

Figure 13(a): Eligibility, Knowledge and Application of Federal Government Assistance

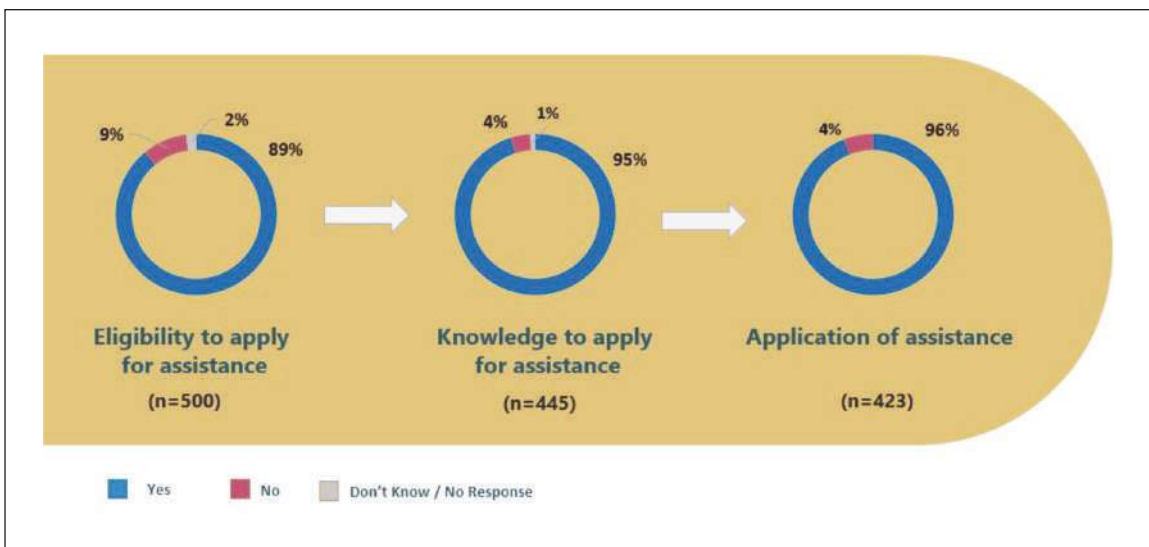


Figure 13(b): Type of Federal Assistance Applied and the Acceptance of Federal Government Assistance

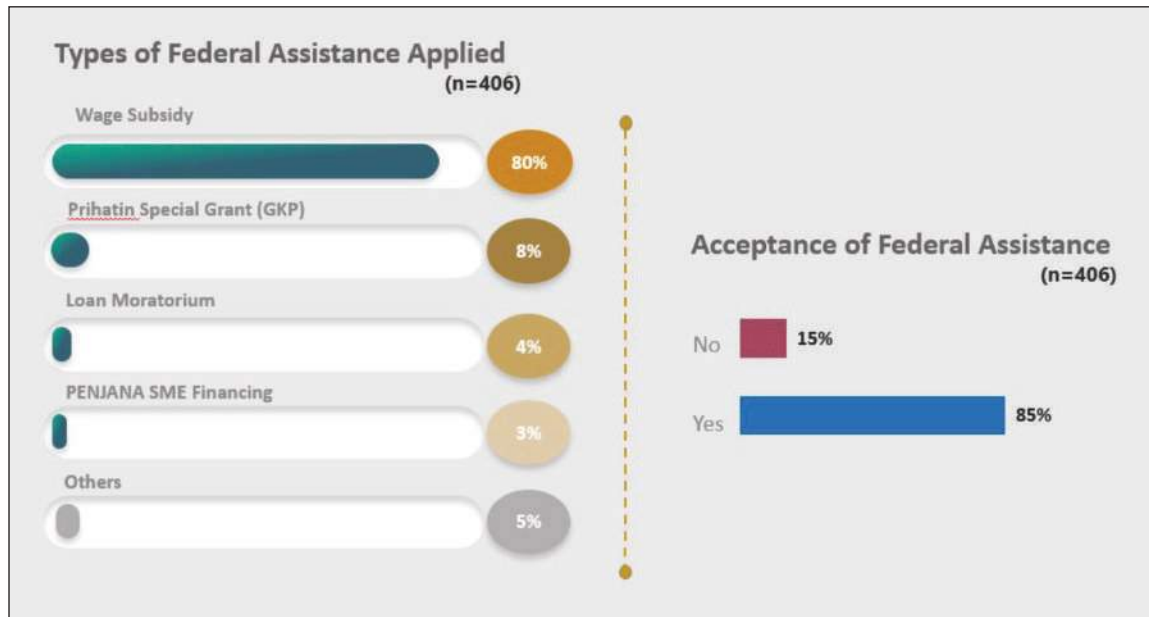


Figure 13(a) shows that out of 500 respondents, 445 (89%) of them were eligible to apply for federal assistance. 423 (95%) from the eligible enterprises had the knowledge to apply for the assistance and 406 (96%) of them had applied for assistance. The type of assistance applied by this number of enterprises were Wage Subsidy Program (80%), PRIHATIN Special Grant (8%), Loan Moratorium (4%), PENJANA SME Financing (3%) as well as other programs (5%) as shown in Figure 13(b). Additionally, 85% of the enterprises had successfully received the applied assistance.

Figure 14: Satisfaction of Malaysian SMEs with Federal Government Aid (n=500)

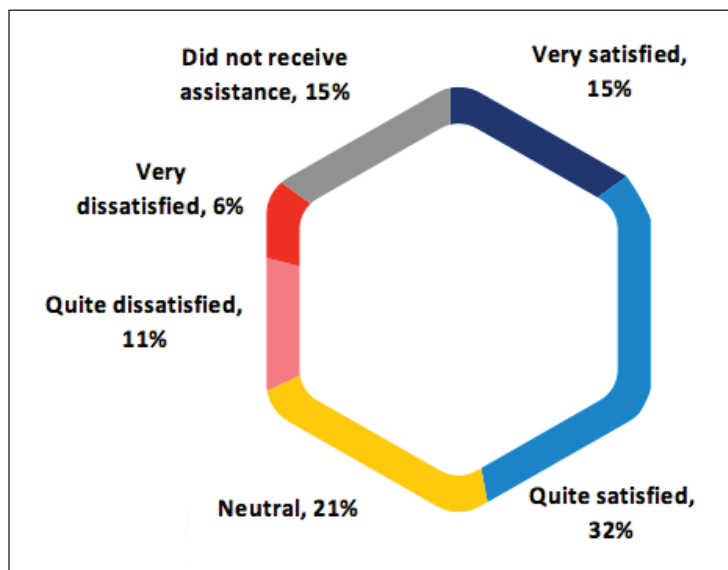


Figure 14 reflects that 47% of the enterprises were satisfied with the government aid with 21% being neutral with the performance of federal government in terms of relief aids delivery to the businesses. 17% were dissatisfied and 15% did not receive any assistance from the federal government.

Figure 15(a) Eligibility, Knowledge and Application of State Government Assistance

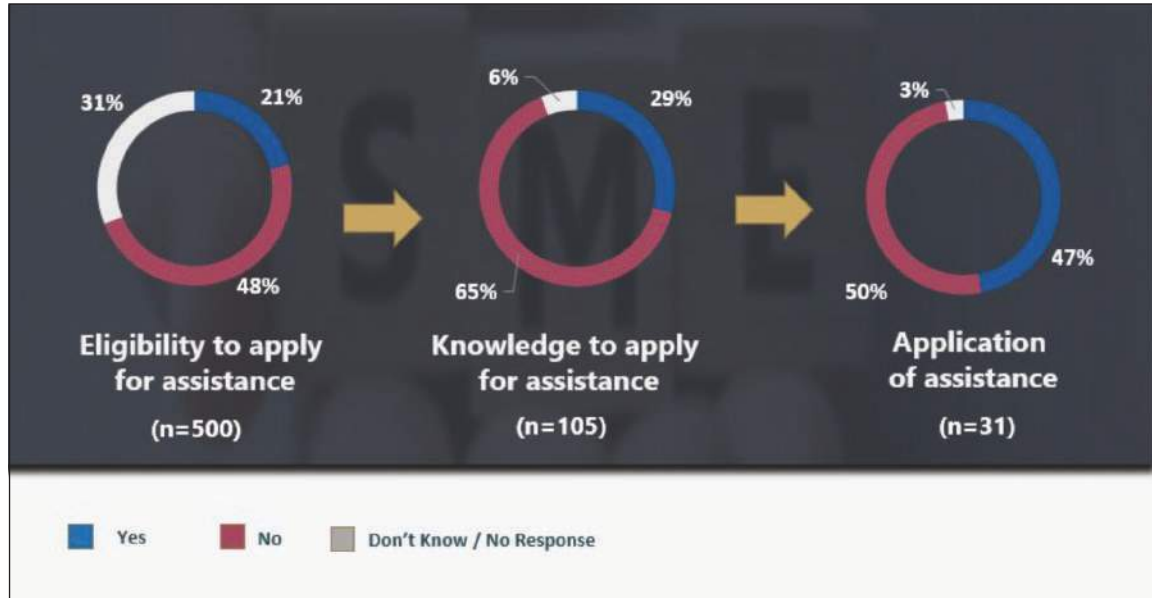


Figure 15(a) shows that out of 500 respondents, 105 (21%) of them were eligible to apply for state government assistance. The impact of the confusion in channel of application and lack of knowledge were also reflected, where 48% were not aware that their enterprises were eligible to apply for state government assistance and 31% were unsure/refused to answer. 31 (29%) from the eligible enterprises had the knowledge to apply for the assistance and 15 (48%) of them had applied for assistance. Enterprises from Sarawak were the most applicants for state assistance among all states. It made up 26% of the applicants among the respondents who applied. Lacking of awareness on state government aid also resulted in 65% of the respondents of not knowing the mechanisms to apply for the stated aid.

The main programs applied by this number of applicants were one-off cash assistance/business grants (25%), business license or utility discount/deferment (22%) and assistance for enhancement of business facilities (16%), business loan deferment (3%) and other assistance for small businesses and trader (34%) as displayed in Figure 15(b).

Subsequently, Figure 15(c) shows that 43% of respondents who applied for the state government assistance had received the requested aid, while 24% of them were rejected due to the lack of quota and inability to fulfil the specified criteria. At the time of survey, 14% of the respondents said that their applications were still being processed. Overall, the respondents' level of satisfaction with state level assistance could not be adequately assessed since 87% of the respondents did not receive any help from the state governments, as displayed in Figure 15(d).

Figure 15(b): Type of State Government Assistance Applied (n=15)

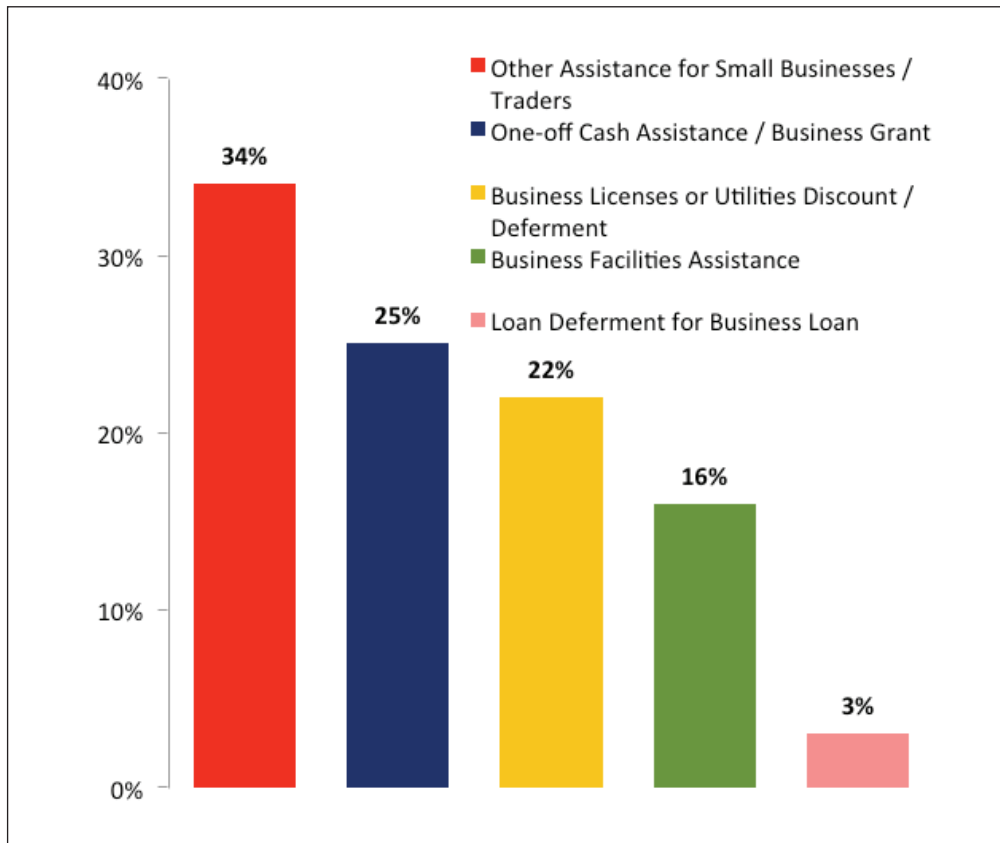


Figure 15(c): Acceptance of State Government Assistance (n=15)

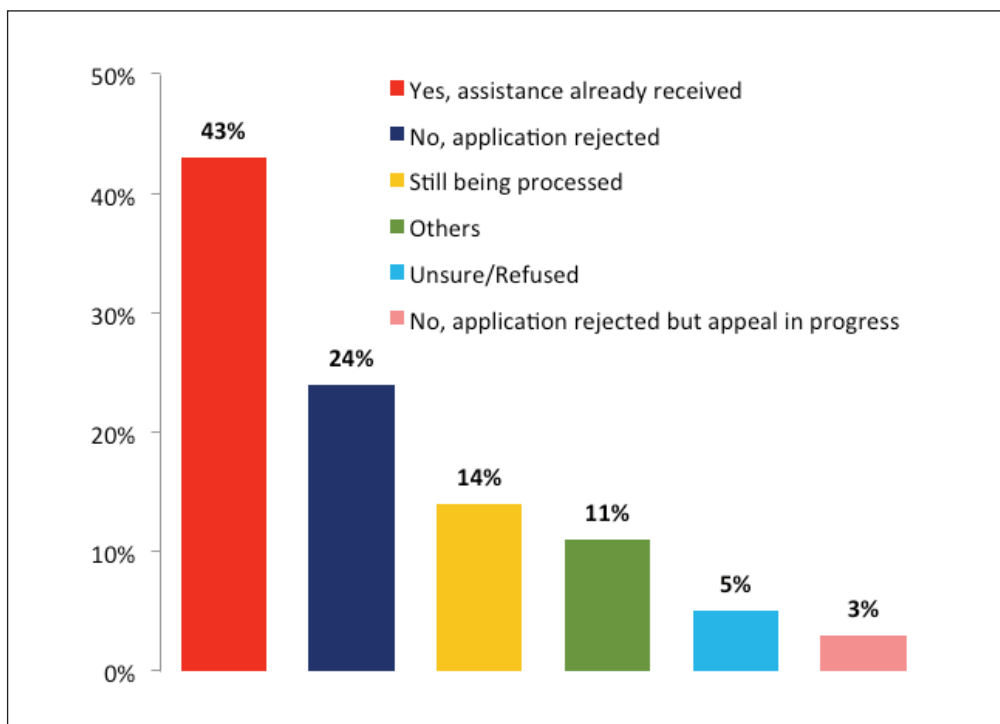


Figure 15(d): Satisfaction on State Government Assistance Received (n=500)

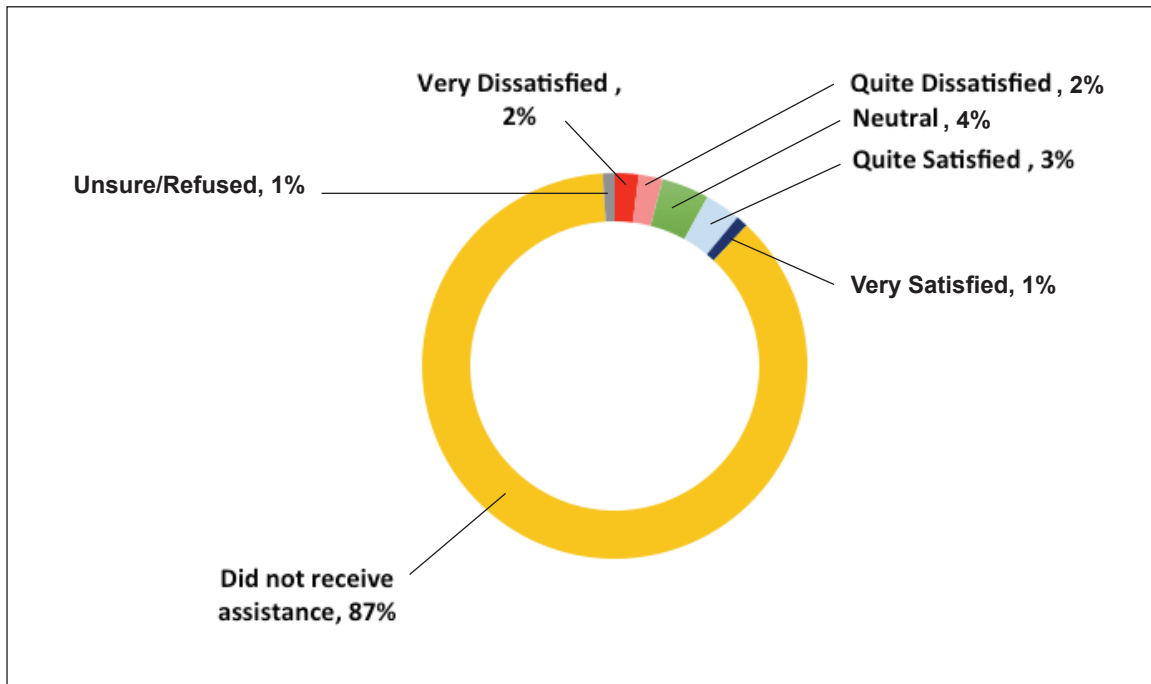
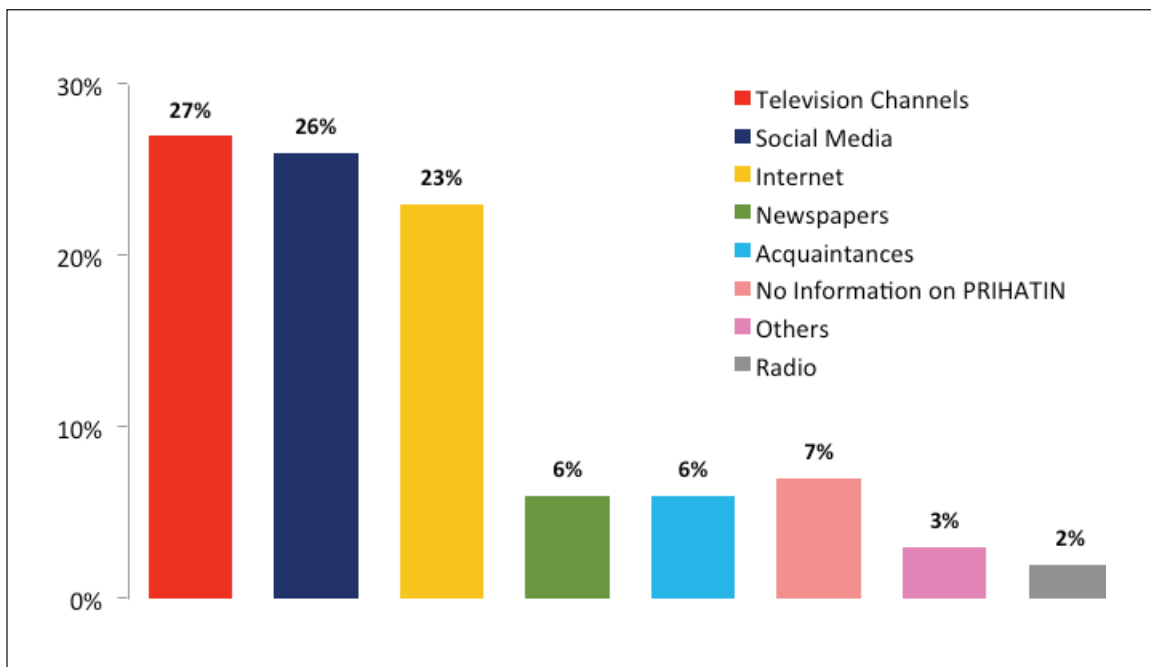


Figure 16: Sources of Information related to PRIHATIN and PENJANA Stimulus Packages



27% of the respondents used TV Channels, 26% used social media and the 23% used other sources from the Internet to obtain information related to PRIHATIN and PENJANA Stimulus Packages. (Figure 16).

Figure 17: Challenges Faced to Obtain Assistance under PRIHATIN and PENJANA Packages

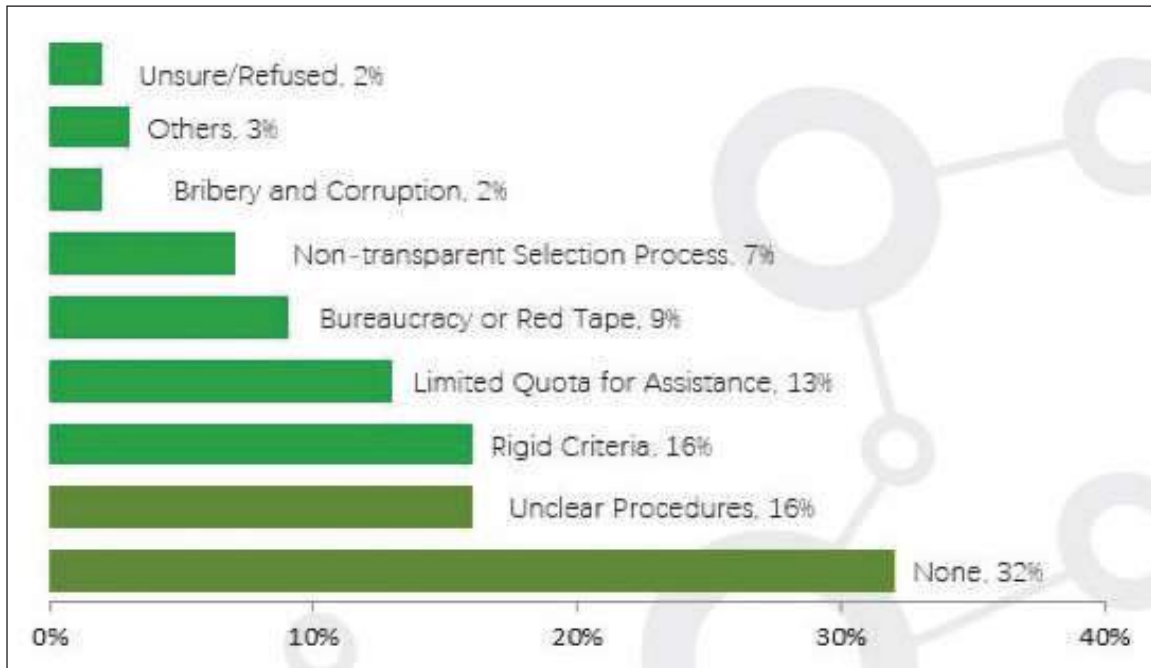
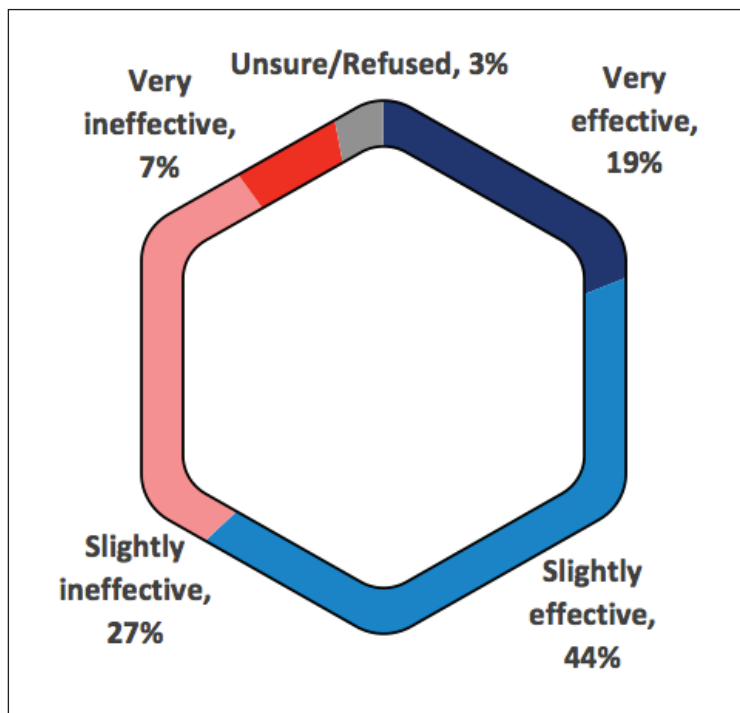


Figure 17 reflects that the respondents faced the following challenges in obtaining PRIHATIN and PENJANA aid packages: Rigid criteria, bureaucracy and unclear procedures (41%), limited quota for assistance (13%), non-transparent selection processes (7%) and bribery and corruption (2%). However, 63% acknowledged the government’s effectiveness in delivering assistance to the SMEs (Figure 18).

Figure 18: Government’s Effectiveness in Delivering Assistance to Malaysian SMEs



Transparency, Integrity & Accountability

Figure 19: Confidence Level related to Transparency, Integrity and Accountability of the Federal Government Aid Approval Process

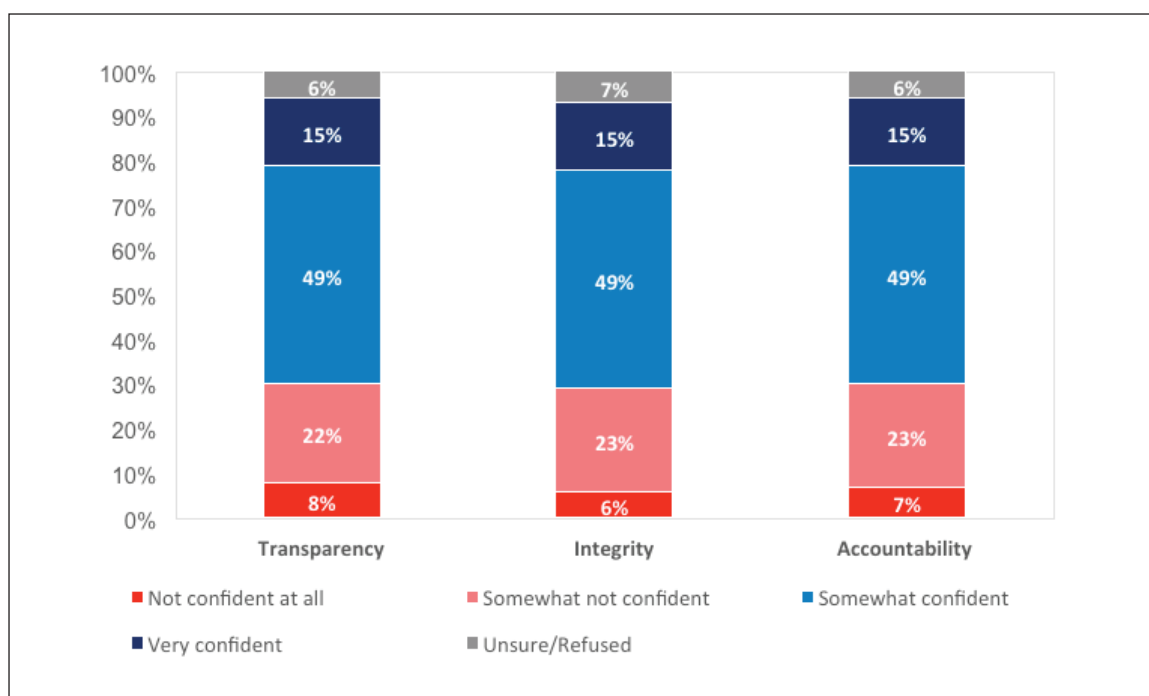


Figure 19 reports that 64% had confidence in the transparency, integrity and accountability in the federal government aid approval process. 57% of the respondents also communicated their confidence in the monitoring and evaluation mechanisms of the aid dispensation process for SMEs in Malaysia, with 37% expressing their doubt on the same (Figure 20). 8% of the respondents had also alleged that bribery and corruption was necessary to obtain the PRIHATIN and PENJANA assistance (Figure 20 (a)). This was somewhat consistent with the 9% that cited the lack of transparent procedures as well as bribery and corruption as one of the challenges to obtain the PENJANA and PRIHATIN aid in (Figure 17).

Figure 20: Confidence in the Monitoring and Evaluation Mechanism of the Aid Dispensation Process for SMEs in Malaysia

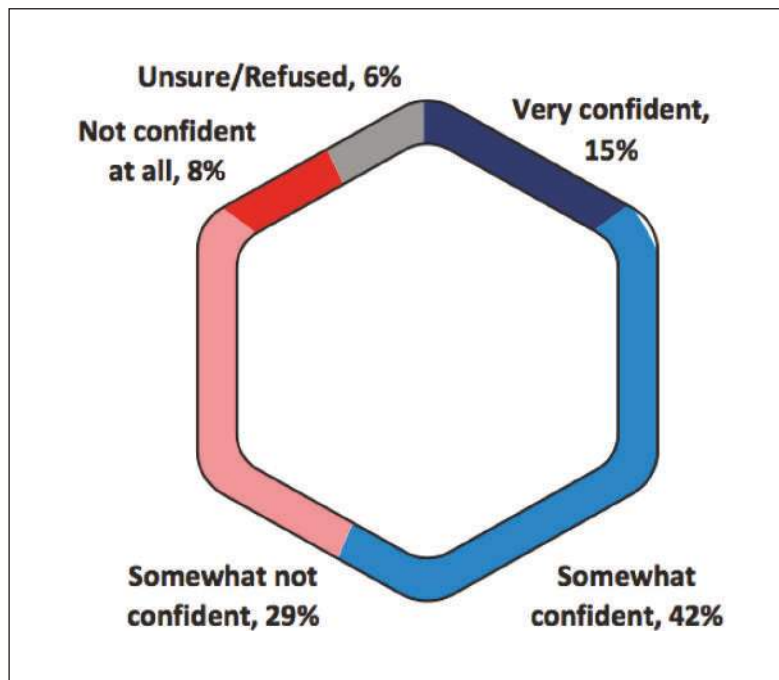
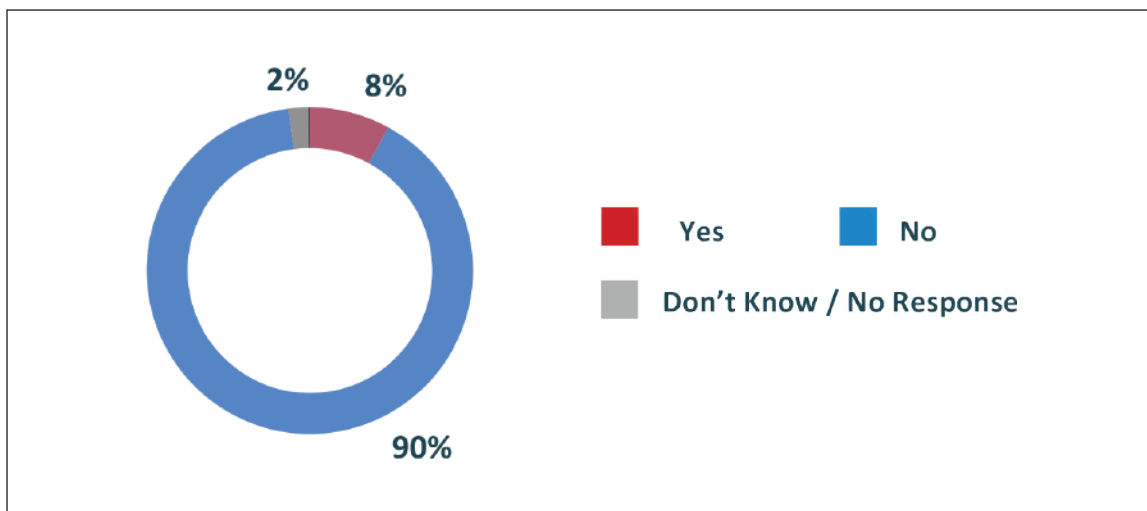


Figure 20(a): Bribery & Corruption to Obtain PENJANA and PRIHATIN Assistance among SMEs



The aforementioned 8% which is equivalent to 40 respondents from the 500 surveyed enterprises were further asked to expand on the most usual/perceived form of bribery occurred among SMEs businesses. The respondents mentioned that cash offerings (76%), personal networking/connection (19%) and project/contracts (3%) were among the most common forms of bribery & corruption as reflected in Figure 20(b). For 31 respondents who answered cash offerings, 85% of them did not provide answer for the exact amount of cash, while the rest said the amount involved was less than RM 1,000, between RM 1,000 to RM 5,000 and between RM 100,000 and above (5% respectively).

Figure 20(b): Forms of Bribery & Corruption to Obtain Aids

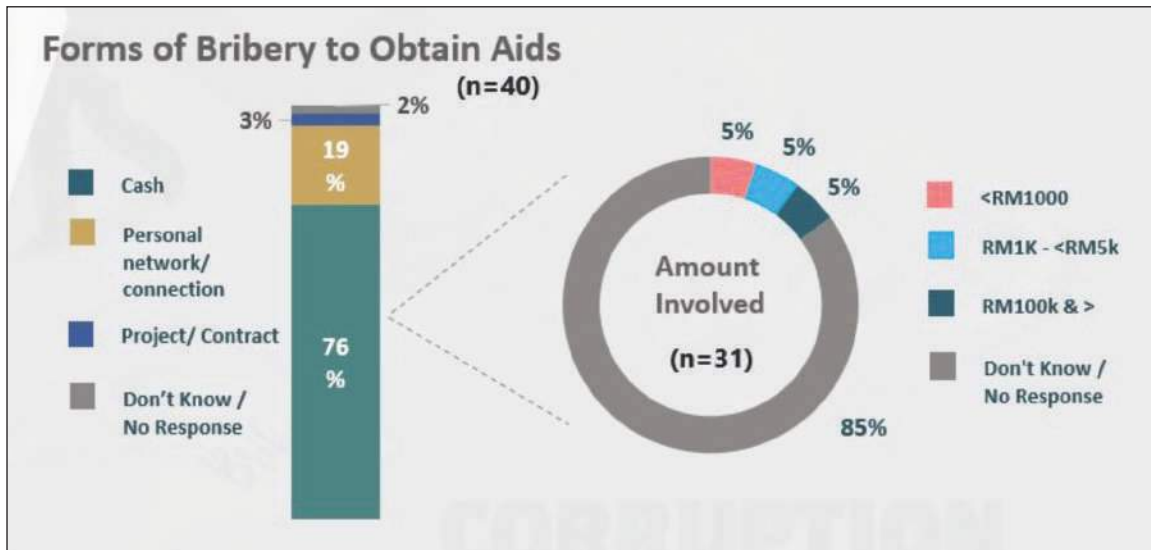
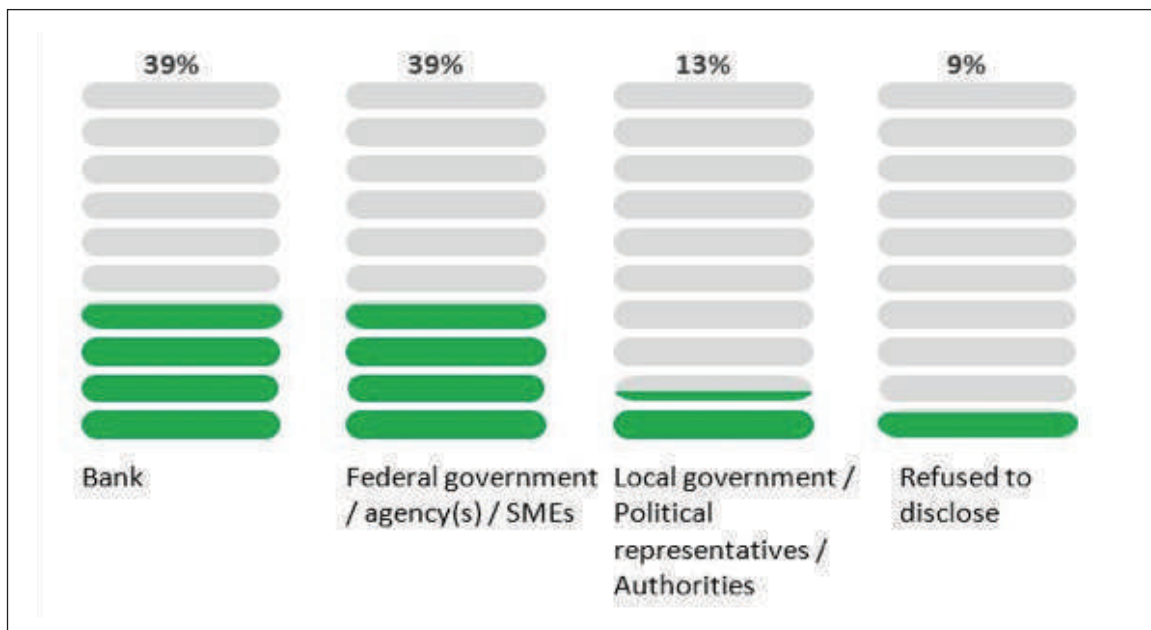
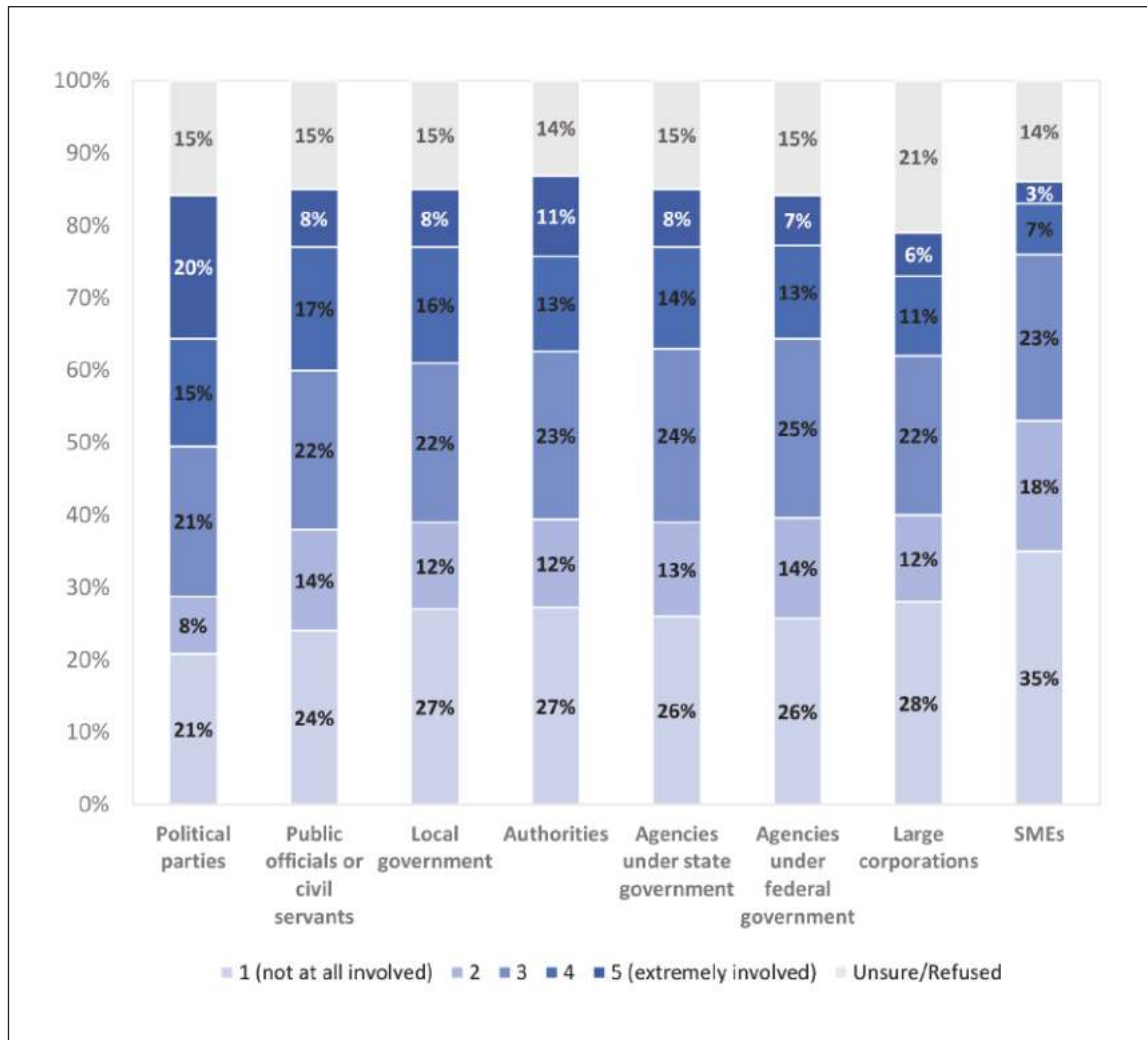


Figure 21: Parties Involved in the Bribery & Corruption to Obtain PRIHATIN & PENJANA Assistance



When further prompted, the same group of respondents also revealed that the main parties involved in the bribery and corruption activities to obtain government aids were from the banks (39%), federal government/agencies and SME's (39%) and the local government/political representatives/authorities (13%) as shown in Figure 21.

Figure 22: Perception of Respondents toward Involvement of Diverse Stakeholders in Bribery & Corruption



The respondents also further expanded on their views on the involvement of diverse stakeholders in bribery & corruption as shown in Figure 22. The listed stakeholders were political parties, public officials/civil servants, local government, authorities, agencies under state government and federal government, large corporation and SMEs. Based on the respondent perception of which stakeholder was more involved (the narrative here is based on the total of extremely involved and involved), political parties ranked the highest (35%), followed by public officials / civil servants (25%), local government and authorities (24% respectively), agencies under federal government (20%), large corporations (17%) and SMEs (10%). 35% of the respondents also believed that SMEs were not associated with bribery & corruption.

Figure 23(a) Misuse of PRIHATIN/PENJANA Assistance Among SMEs (n=500)

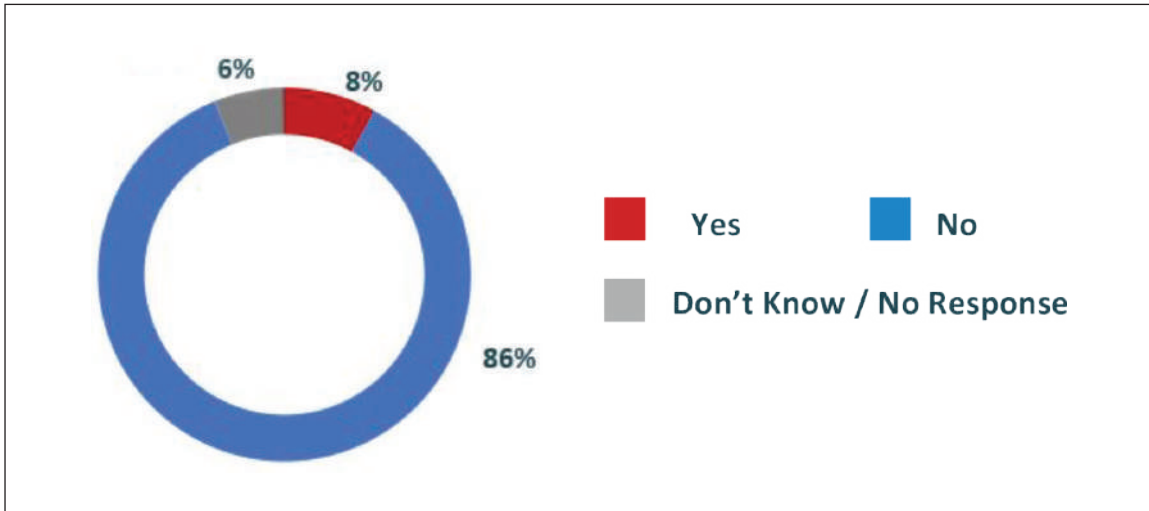


Figure 23(b) Form of Misuse in PRIHATIN & PENJANA Assistance

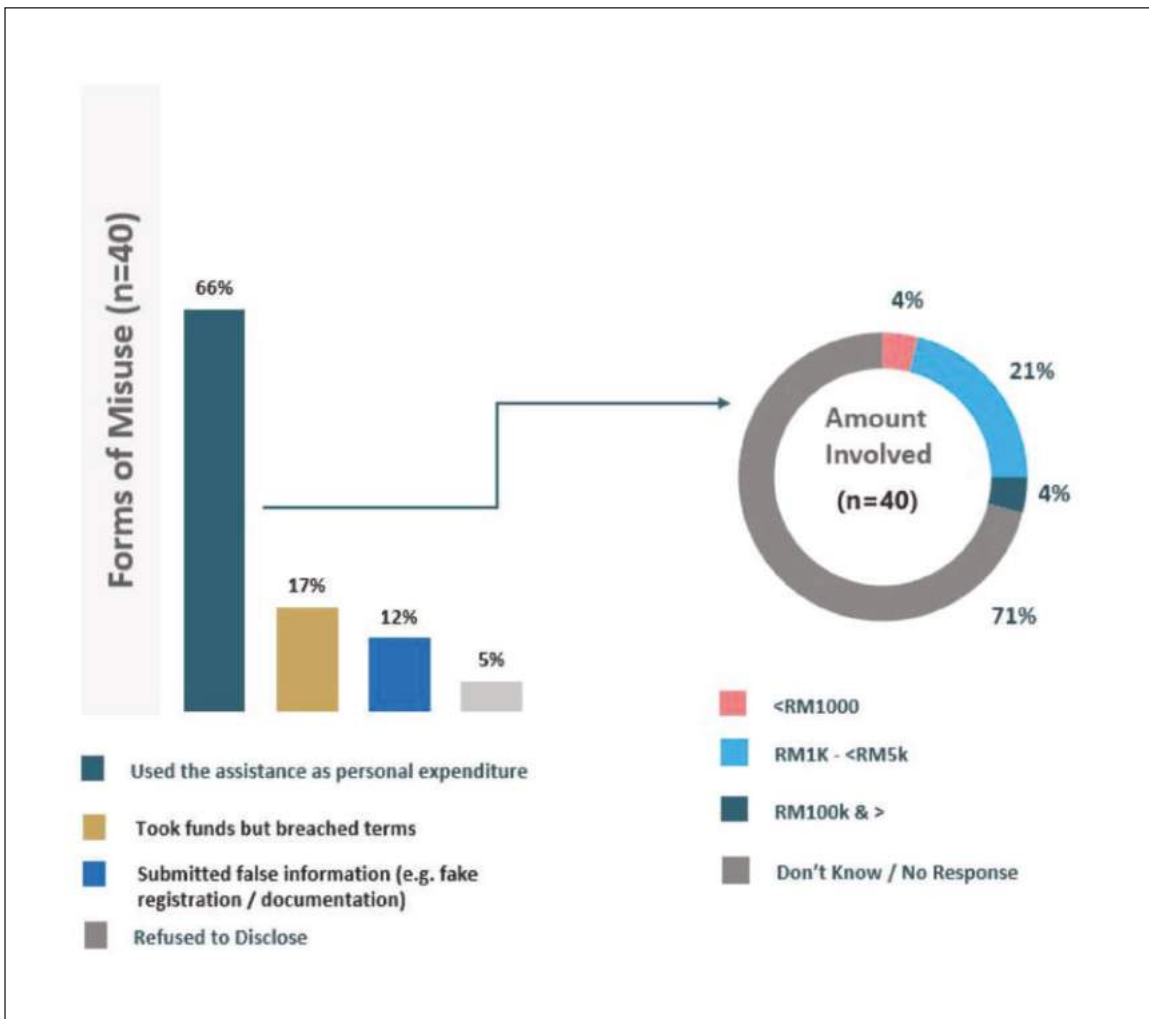
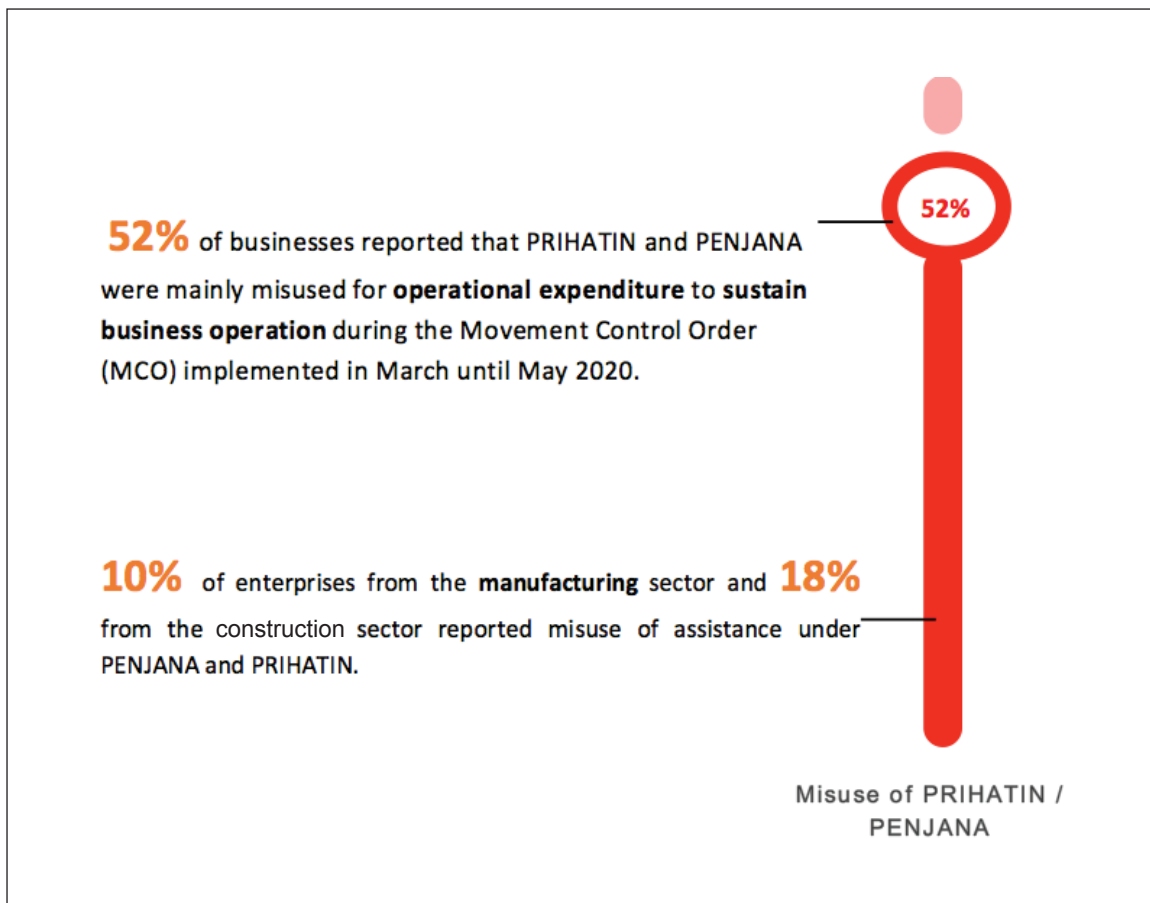


Figure 23(c): Purpose for Misuse of PRIHATIN/PENJANA Assistance by Recipients

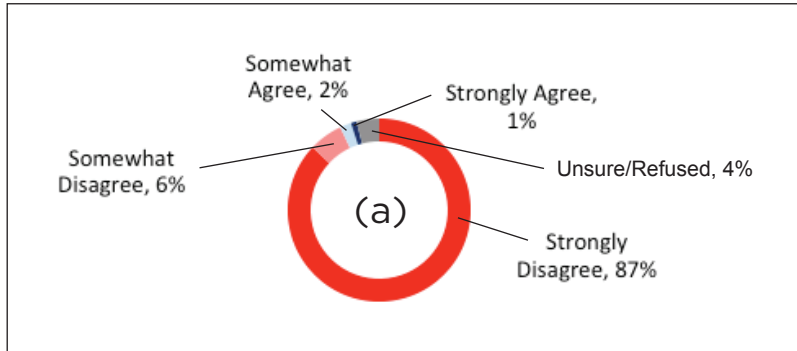


At the same time, the 500 respondents also asked if they have any close business associates/ SMEs who engaged in the misuse of the PRIHATIN and PENJANA assistance. 8% (which is equivalent to 40 respondents) as shown in Figure 23(a) shared that the assistances were misused in several forms including using the fund as personal expenditure (66%) (Figure 23(b)). 17% reported that assistances such as Wage Subsidy and Grant Khas Prihatin (GKP) were taken but misused. On top of that, some respondents also submitted false information (for instance, fake company registration or documentation) in order to obtain the relevant assistance. 5% of the respondents refused to disclose the form of aids misuse involved. Only 21% reported misuse of cash amounting to RM 1,000 to RM 5,000 followed by RM 100, 000 and above as well as RM 1,000 (4% each).

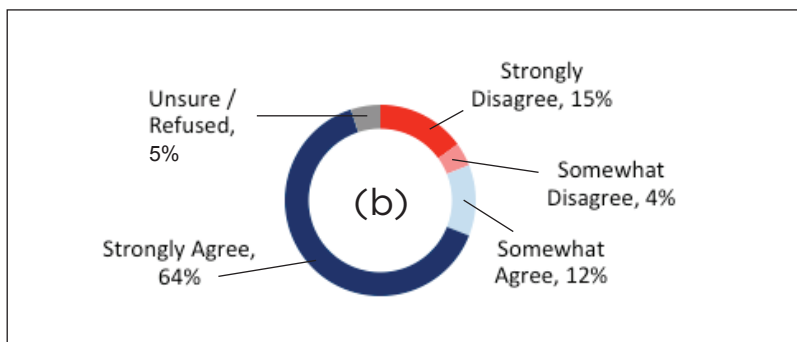
In addition, 52% of the enterprises as shown in Figure 23(c) implies that the companies had misused PRIHATIN/PENJANA aid for the sustainability of businesses to cushion the impact brought by COVID-19 and the Movement Control Order (MCO) implemented from March until May 2020.

Among all the surveyed sectors, it was found that manufacturing (10%) and construction (18%) were the two prominent sectors involved in misuse of PRIHATIN and PENJANA-related assistance.

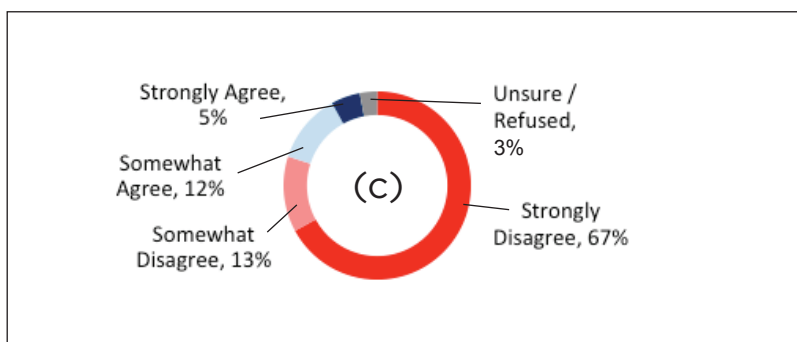
Figure 24: General Perception on Bribery & Corruption



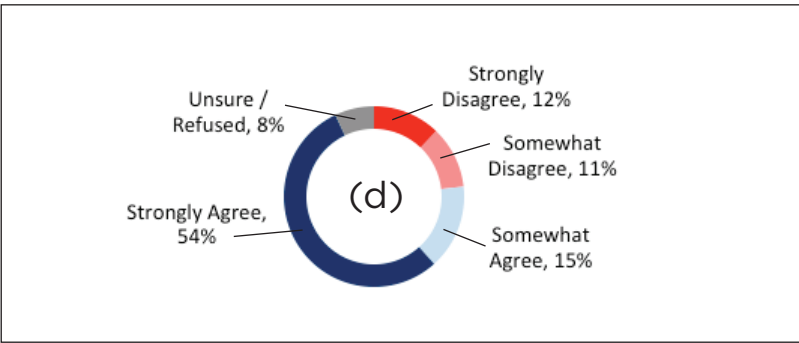
(a) "I can accept the culture of corruption in running my business as long it does not harm me and my family"



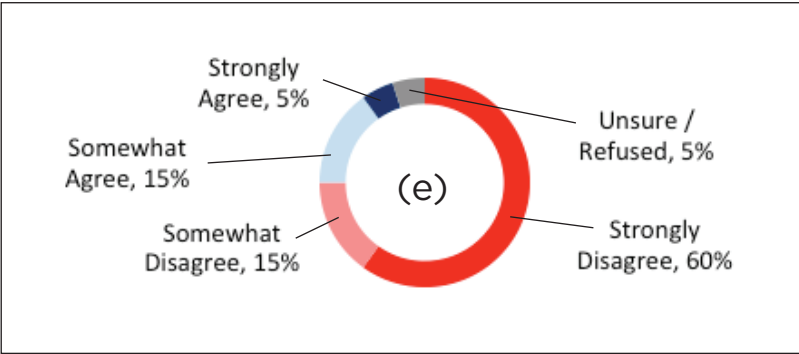
(b) "There is nothing I can do about corruption in business other than making sure that I am clean and honest in my own work"



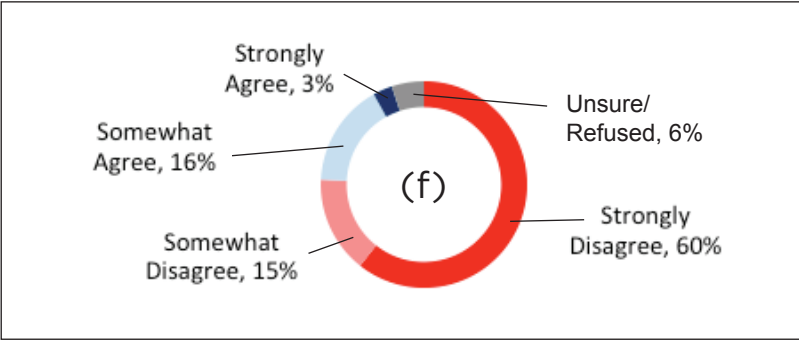
(c) "Although corruption is wrong, it is sometimes necessary to make things happen or go smoothly"



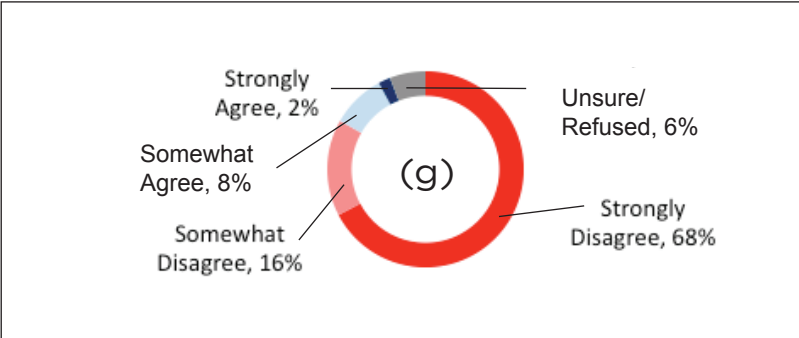
(d) "If someone tries to bribe or force me to pay a bribe related to the business, I will report on that person regardless of the person's position or personal relationship with me"



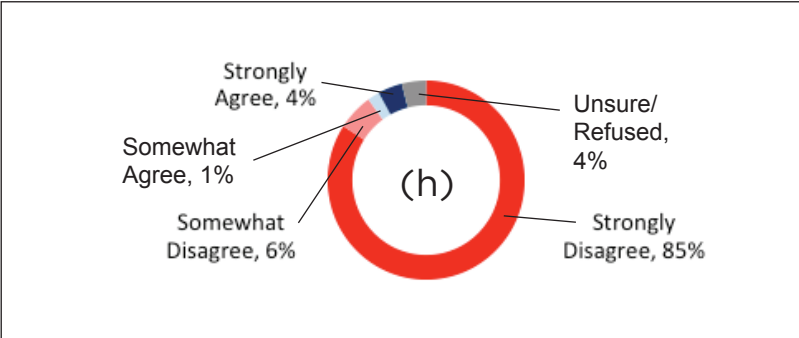
(e) "It is alright to give a small gift/money to a public official who has given my enterprise a good service"



(f) "Sometimes I feel obliged to give something to those who help/favor my enterprise because I think that is expected of me"



(g) "I feel it is necessary to a small gift/money in return for the services/favor otherwise my enterprise's transaction will not be successfully concluded"



(h) "The adverse impact of Covid-19 to my business has forced me to offer money or gifts to authorities to ensure the business can proceed as usual"

The respondents were then asked to provide their views on various bribery and corruption scenarios. Based on the results in Figure 24, it was heartening to note that majority of the respondents projected a positive stand to reject bribery & corruption. Some of the key findings included 87% of the respondents strongly disagreed to the culture of bribery & corruption (Figure 24 (a)) and 85% also strongly disagreed to the notion that the impact of COVID-19 pushed them to resort to bribery & corruption to carry out and sustain their business (Figure 24 (h)).

In the other questions, although with a lesser majority, 67% strongly disagreed that bribery & corruption was a necessity at times to run their business (Figure 24(c)), 64% also believed that they could not do much about bribery & corruption apart from ensuring that their work remained clean (Figure 24 (b)). 60% strongly disagreed that it is justified to gift an official as a token of appreciation for a job well done (Figure 24 (e)) nor did they think it was an obligation that they should consider (Figure 24 (f)), with 68% strongly disagreeing that if they didn't pay this further appreciation, they had the fear that their business transactions may be rejected (Figure 24 (g)).

However, it was also noted that 19% to 20% of the respondents also somewhat agreed or agreed that it was justified or felt obliged to consider a token of appreciation (Figure 24 (e) and (f)). 69% of the respondents agreed to report anyone who bribed or forced them to pay a bribe regardless of position or relationship (Figure 24 (d)).

Figure 25(a): Respondents' Perception on the Level of Corruption among SMEs today vs 5 years ago

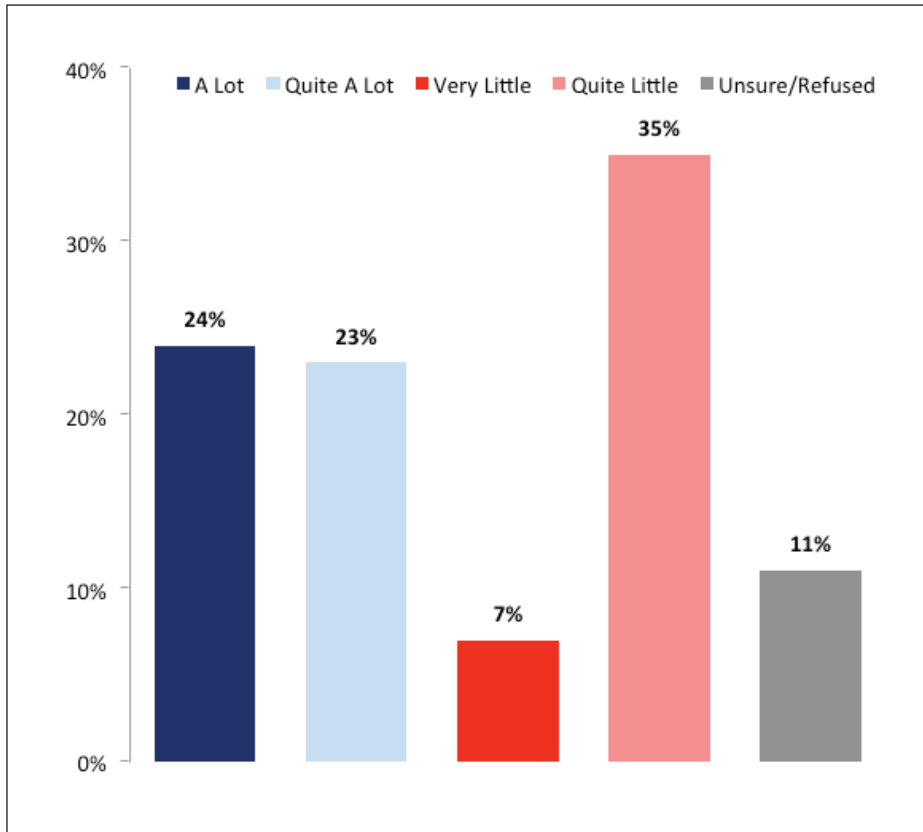
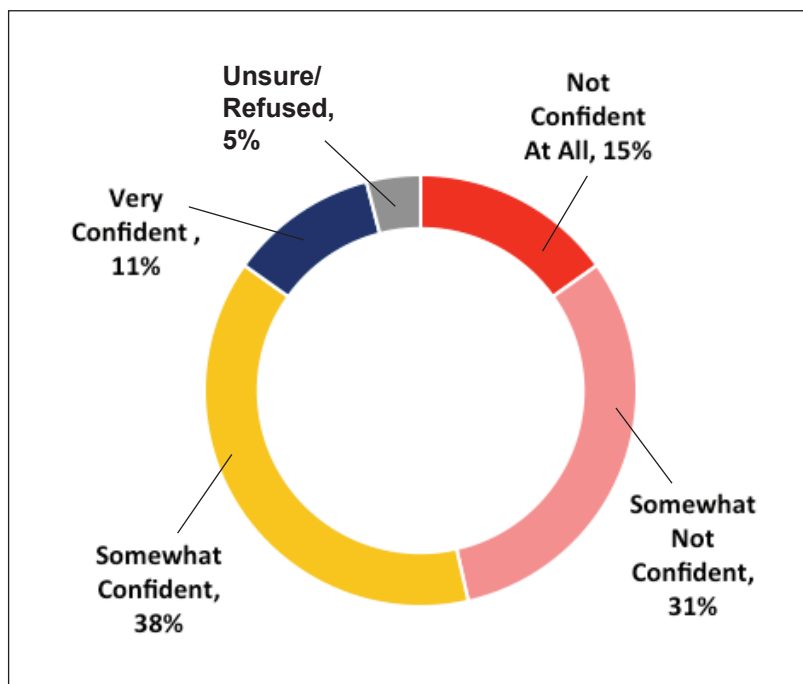
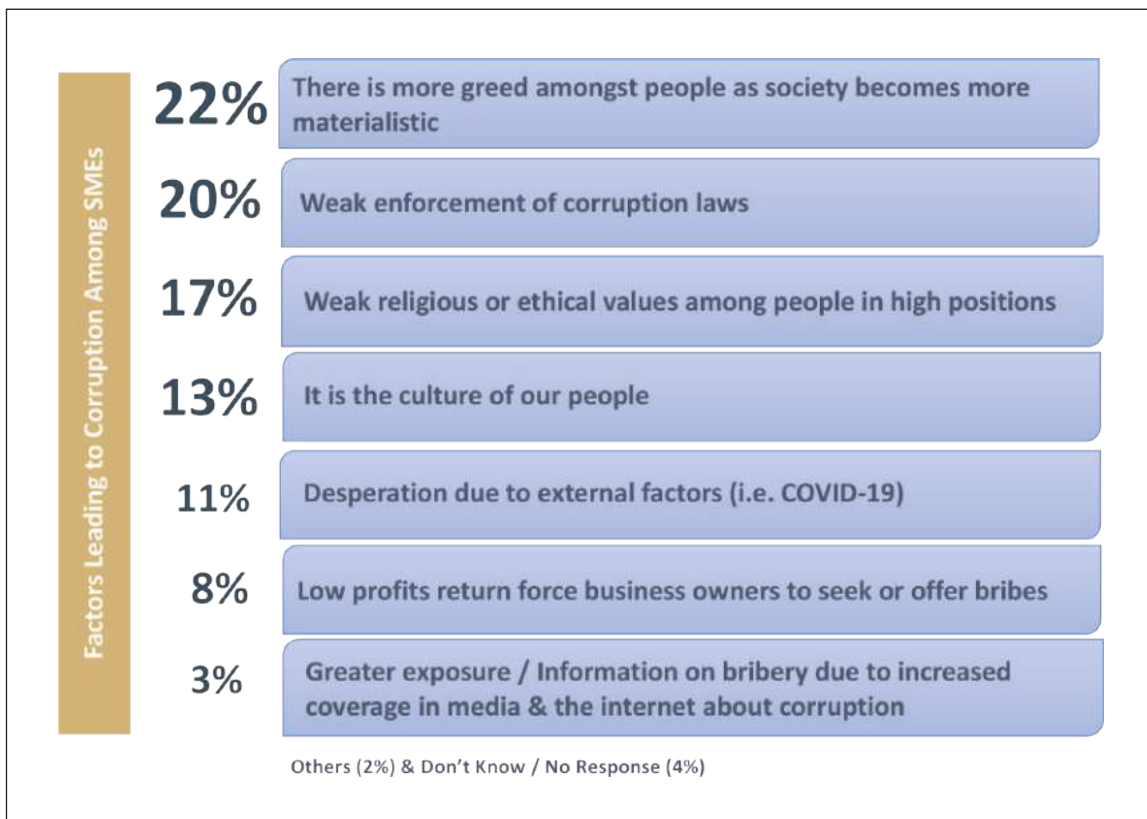


Figure 25(b): Respondents' Confidence with the Promise by Federal Government to Combat Corruption



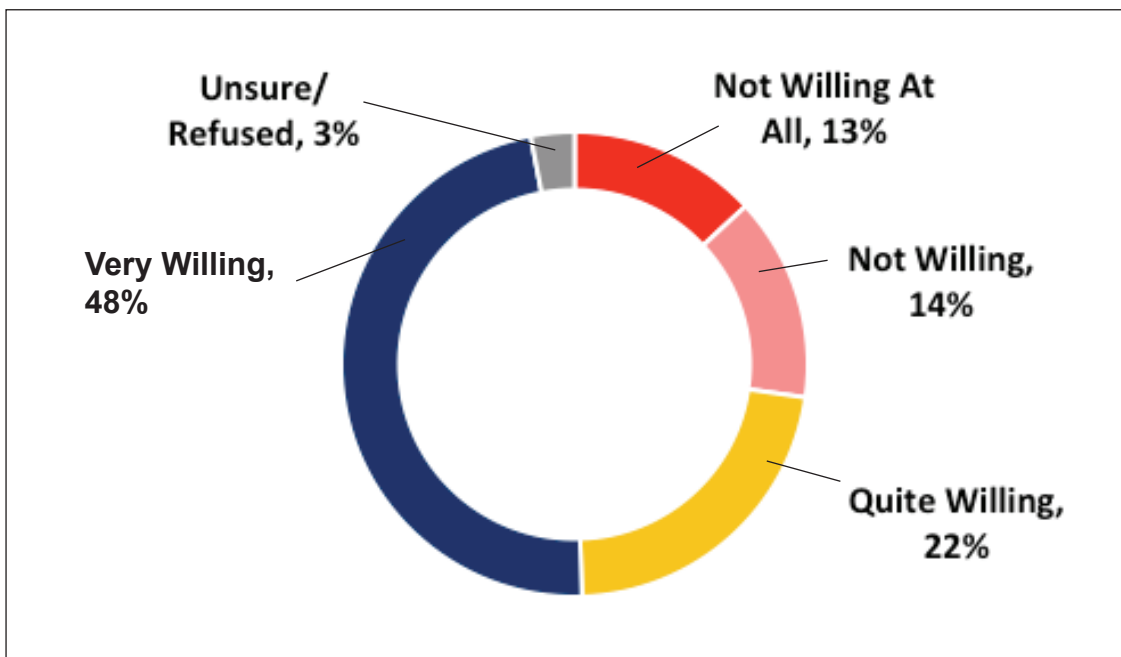
In Figure 25(a), 42% of the surveyed enterprises perceived that corruption in businesses is less rampant as compared to 5 years ago (total of quite little and very little). However, there were 47% respondents who perceived that corruption is still rampant in businesses under the present government (total of quite a lot and a lot). Besides that, 46% (total of somewhat not confident and not confident at all) reported not confident and 49% were confident (total of very confident and somewhat confident) when asked on their confidence level with the promises made by Federal Government to combat corruption and bribery, as shown in Figure 25(b).

Figure 25(c) Factors Leading to Corruption Among SMEs



Also, based on Figure 25(c), most of the respondents perceived that, the top three factors leading to corruption and bribery among SMEs are because there is more greed amongst people as society becomes more materialistic (22%), weak enforcement of corruption laws (20%) and weak religious or ethical values among people in high positions (17%). Interestingly, there are 13% of them said that corruption is the culture of the Malaysian society and 11% said that corruption took place out of desperation due to external factors, i.e. COVID-19. A small number of respondents (8%) agreed that low profits return in businesses have resulted to force business owners to seek or offer bribes in order to obtain more opportunities. Greater exposure/information on bribery due to increased coverage in media & the internet about corruption also seen as one of the factors leading to corruption trend among SME businesses (3%).

Figure 26(a): Perception of Respondents Willing to Report Bribery & Corruption if it Happens in Front of Them



70% of the enterprises were very willing or willing to report bribery & corruption if it were to happen in front of them with 27% not willing to come forward (Figure 26 (a)). This corresponds closely with the % that were willing to report in Figure 24 (d) if they were forced to be actively involved regardless of position or relationship.

Figure 26(b): Perception of Respondents Willing to Report Bribery & Corruption if it Happens in Front of Them

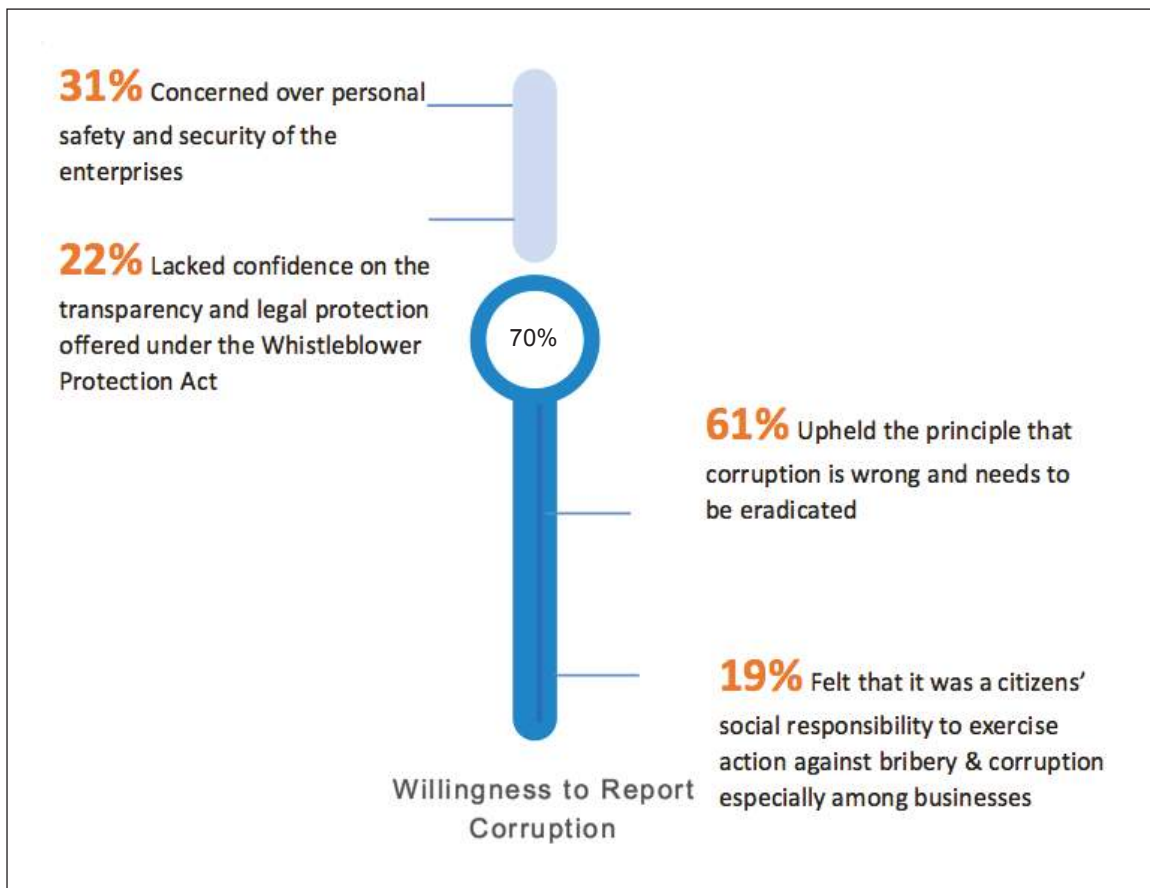


Figure 26 (b) further expanded their views with 61% upholding the principle that corruption is wrong and need to be combatted and 19% perceiving it as citizen's social responsibility to exercise action against bribery & corruption, especially among businesses. However, 31% enterprises expressed their concern about their personal safety and security of the enterprises, with 22% lacking confidence in the transparency of the existing Whistle Blower Protection Act.

Recommendations to Improve Implementation and Dispensation of Government Aid Programs and Future Expectations

Figure 27: Suggestions to Improve Implementation and Dispensation of Government Aid Programs

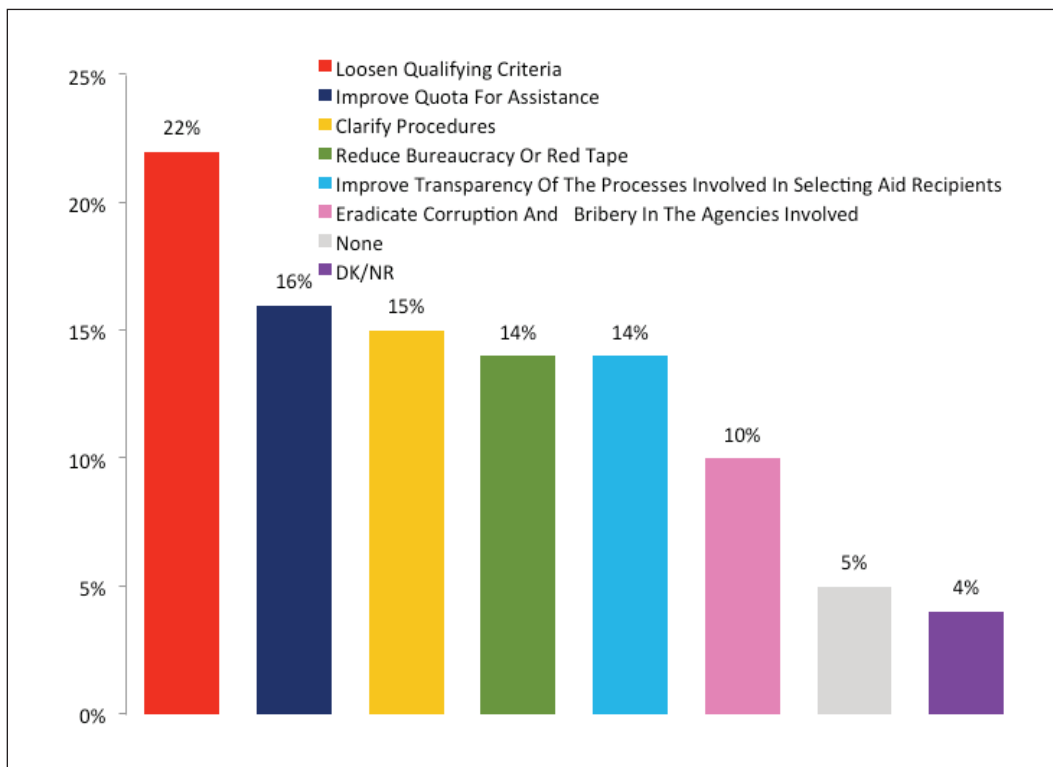
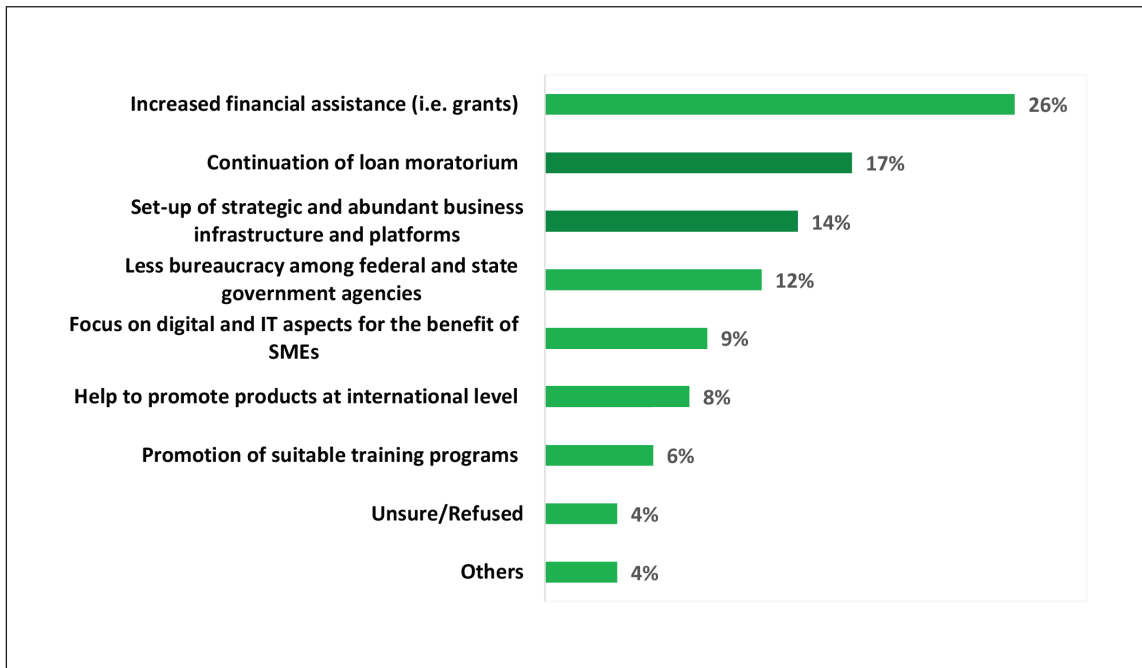


Figure 27 summarizes the suggestions by the enterprises to improve the implementation and dispensation of government aids especially PRIHATIN & PENJANA. The suggestions included to loosen the qualifying criteria (22%), improve the quota for available assistance (16%), provide clarification of the application procedures to the public (15%), reduce bureaucracy or red tape (14%), improve the transparency of processes involved in selecting the recipients for the aid (14%) and eradicate bribery and corruption in the agencies involved (10%).

Figure 28: Expectations on Aids/Programs by the Government in 2021



In anticipation of 2021, Figure 28 further mentions that 26% of the enterprises were expecting additional financial assistance (i.e. grants), 17% hoped that the loan moratorium would be continued, 14% requested the set-up of strategic and abundant business infrastructure and platforms, 12% wanted lesser bureaucracy

among federal and state government agencies, 9% wanted a greater focus on digital and IT aspects for the benefit of SME's, 8% wanted assistance to promote products internationally and 6% requested for relevant training programs.

Figure 29: Overall Satisfaction and Confidence Level for 2021

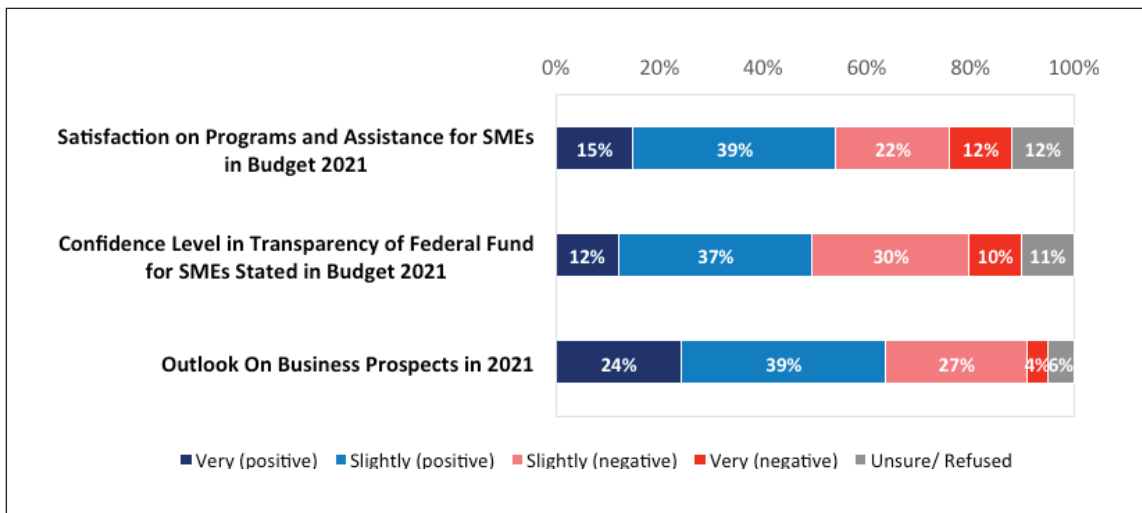


Figure 29 reflected that 54% of the enterprises were satisfied with the allocation of programs and assistance for SMEs as presented in Budget 2021, 49% expressed their confidence in the transparency of the channeling and distribution of federal funds for SMEs as stated in the Budget and 63% of the enterprises were optimistic of 2021’s business outlook and prospects, even with the bleakness of the COVID-19. The % in the above narrative was a total of “very and slightly positive”.

RESULTS

Phase 2

The results from the Phase 2 respondents have been summarized in Table 4, 5 and 6 according to each of the three research objectives, with corresponding narratives at the end of each table. A further expansion of the respondent’s feedback can be found in Appendix C.

Table 4: Summary of Phase 2 Respondents Feedback on the Impact of COVID -19

OBJECTIVE 1 - IMPACT OF COVID-19			
THEME 1.0	SUB-THEME 1.0	CATEGORY	DETAILS
Operational barriers	Disrupted supply chain due to COVID-19 and MCO	Trade association	“The entire supply chain is worse due to MCO, where containers in Port Klang are not able to be released.” - R1
		SME business owners	“Obviously, companies are struggling to sustain especially when there is a spike in COVID cases, for example in the IT sector where there seems to be lesser tenders.” - R5
			“No demand, and supply is limited.” - R6
	“Before COVID-19, the GST had already caused inflation in goods; and now with the movement restriction, things are getting even worse.” - R4		
	“Various forms of movement restrictions are the main challenge for businesses.” - R9		
	“...this can result in higher cost and expenses, especially when the products are stagnant and not able to be marketed.” - R6		
	Logistical and mobility constraints restricted business operations	“This MCO is putting people in hot spots.” - R6	
		“Businesses are unable to obtain the permit when District Officers are closed from previously 2 weeks up to months now.” - R10	
Reduced sales and less demand from customers affected business revenue		“Even though some meetings can be conducted online; but there is a restriction in terms of mobility and sales marketing, hence encountering a drop of business sale.” - R5	

Operational barriers	Reduced sales and less demand from customers affected business revenue	SME business owners	“Closed border, fluctuating number of cases, changing policy (SOP) resulting in huge impact on hotel industry.” - R8
			“The sales drop was up to 80% since the second Movement Restriction Order (MCO).” - R6
			“Do not have sales (during COVID-19). Market is closed, about 30% fall in sales and revenue.” - R4

THEME 1.1	SUB-THEME 1.1	CATEGORY	DETAILS
Marketing challenge	Limited access to online platform resulted in low work productivity	SME business owners	“Digitalization is also quite challenging for some SMEs because not all sectors are familiar with the remote working culture, such as management department.” - R9
			“(We) are not able to market our agricultural product and process them.” - R6

THEME 1.2	SUB-THEME 1.2	CATEGORY	DETAILS
Financial constraints	Shortage of cash to sustain business operations	SME business owners	“Thus, they are forced to use up the model that is supposed to be allocated for employees’ salary and wages or even premise rental, despite the assistance from SOCSO.” - R5
			“The most needed assistance for the hotel and accommodation industry is financial assistance - most immediate and direct assistance.”- R8
			“Cannot afford to issue wages to the employees.” - R4
			“The biggest challenge is financial constraints.” - R10
		Trade association	“The travel industry especially tourism and hotel are the most impacted sectors, followed by entertainment (movie) and retail (especially F&B and malls who cannot afford to pay for the rental). “The allocation of grants is not enough, causing many SMEs to close down.” -R1

THEME 1.3	SUB-THEME 1.3	CATEGORY	DETAILS
Political factor	Fluid government situation resulted in corruption and dishonest practices	Trade association	"... change in government (is) the main challenge for Malaysia SMEs."- R1
		SME business owners	"Political situation is worse now." - R7

THEME 1.4	SUB-THEME 1.4	CATEGORY	DETAILS
Execution of aid programs	Mixed confidence towards stimulus packages	SME business owners	"One of the announcements in PRIHATIN for example, stated that allowances will be given to tour guides but the tour guides did not receive anything" - R9
			"Less confident. Ample experiences which are not pleasant with the execution are not well-planned. The assistance given is not specific enough." - R9
			"Confident. Those assistance announced by the Prime Minister are all received by the people." - R5
			"Quite confident. Priority is given and additional RM 50 billion is allocated in the latest announced PEMERKASA stimulus package" - R8
	Mixed satisfaction regarding dispensation of aids to the SMEs		"...the integrity level (of government officers) is improving." - R5
			"Satisfied with the 2021 Budget and hope that there is more transparency from it - what is being announced will be obtained by the people and not merely benefit the crony." - R5
			"Quite satisfied because what has been done by the federal government is almost similar to the other countries." - R8
			"A certain level of "leakage" from the state government whereby special arrangements for the girl (in Pasai cluster) should be given special quarantine arrangement prior to her arrival at the village to attend a funeral" - R8
			"Not satisfied at all. It all turns out to be 'zero'." - R6
			"Voices from the grass root level are never been heard." - R6

Execution of aid programs	Mixed satisfaction regarding dispensation of aids to the SMEs	SME business owners	"All applied assistance was rejected and only Wage Subsidy Program was received." - R4
			"Tired of preparing all the documents (for application) but all went down the drain." - R4
			"Quite satisfied as the restrictions are really needed." -R4
			"PRIHATIN and PENJANA, it is quite "okay" even though most of the programs offered are not received." - R10
	SMEs' scepticisms over government's effectiveness in management of aids		"Not really healthy." - R7
			"B40 and the needs are not taken care of, but the cronies are benefited from the assistance." - R7
			"Assistance and aids are not channelled to the needy. Top management did not garner enough information from the grass root members." - R4
			"Coordination between regulatory and SMEs lacks integrity and thus pointing fingers (accusing) each other." - R7

There are many factors that contributed to the current business downturn including the abrupt change in government, COVID-19 outbreak and different stages of Movement Control Order. Phase 2 of this study was conducted at the point when MCO had been re-imposed (January 2021) and the situation was perceived to have 'gone worse' when most of the economic sectors were just about to revive from the adverse loss experienced in MCO 1.0. In addition, restriction orders and unclear SOP's had resulted in disruption in the supply chain - for instance, containers were unable to be moved and thus, unable to be released to traders. As a result, price inflation began to hit the market and affected the affordability of people's spending for festive season in February 2021. Respondents R1 and R8 also shared that the various sectors under the travel industry had

been highly impacted and need to be given more substantial assistance in order to sustain their survival and recovery from the huge loss.

The respondents found that the economic impact of the first MCO on SME businesses was severe in line with the government's order to shut down majority of operations (non-essential) in March 2020. The SME business owners from the service sector also shared that despite employers were utilizing technology for online meetings and business interaction purposes, the businesses did experience a significant drop in sales as there was limitation in terms of mobility and implementation of online marketing strategy. In some cases, outdoor sales distributors that required high volume of mobility and physical customer engagement were badly impacted by the movement restrictions.

According to a representative from the hotel industry in East Malaysia (R8), the hotel industry has been highly impacted by the closing of borders and inter-state travel restrictions that limited the influx of both domestic and foreign tourists as hotels struggled to cope in terms of operations and revenue. R8 believed that the prospect of recovery is unclear with the restricted inter-state travel and border control still in place despite the vaccine rollout. In other words, the next year is considered to be full of unpredictable challenges, and cost-cutting measures and employee lay-off are seriously considered.

Many businesses are also switching business strategies to incorporate digital platforms and moving to Business to Customer (B2C) models. According to R9 (a travel business owner

from Putrajaya), the business market now is full of uncertainties as a result of the inconsistent pandemic containment measures by the government. In order to survive from the economic meltdown, the firm moved to a technology platform in June 2020 and temporarily suspended their physical travel agency operation until the end of December 2020.

Respondent R5, who has been in the IT sector for nearly ten years, agreed that there is a need for businesses to adapt to technologies and assimilate to the traditional business model and operations.

“(the) Government needs to retain local businesses by helping to promote more local product to the international market.” - R5

R5 also expressed hope that the government would open up more opportunities in the form of up-skilling programs and training, while promoting digitalization and providing financial grants to accelerate the businesses to the utmost front of the era. The current initiative embedded in the relief package namely SME Go-Online allocates a big portion of subsidy on boarding to foreign-owned e-commerce merchants receiving a lot of backlash from the local entrepreneurs. According to R1, SME businesses ought to be assisted and revived by given more opportunities and support to promote the name of Malaysia. Big business grants and fiscal assistance should prioritize local companies to help promote Malaysian brands and push for expansion in the regional / global markets.

The polarized sentiments on the ground reflected the efficacy of the government in delivering the stimulus packages. Business owners interviewed in Phase 2 perceived that those who expressed positive satisfaction were those who received the applied assistance.

One such case is respondent R5, who agreed that most of the assistance and programs announced by the government were well received by the respondent's business acquaintances. Nonetheless, there were still a handful of people who were dissatisfied because of the failure in receiving the assistance. Respondent R1 added to this view by saying:

“Lack of proper accounting management (among the businesses) could be the sole reason of failure in application, leading to misperception of SMEs on their unsuccessful application.”- R1

The coordination between regulatory and SMEs is one of the significant backlashes from the ground. Respondent R1 had used the example of the SME Business Loan program introduced by the Ministry Industry Trade and Industry (MITI) to substantiate this claim. The program was announced to combat insufficient cash flow among SMEs by providing loans with

low or zero interest rates. However, according to respondent R1, lack of proper coordination in the execution plan has resulted in confusion among the business communities in terms of the sources of consultation, i.e. whether to approach MITI or commercial banks for any enquiries.

Table 5: Summary of Phase 2 Respondents Perception on the Effectiveness of Federal and State Government Aid Programs

OBJECTIVE 2 -TRANSPARENCY OF THE FEDERAL GOVERNMENT AND STATE GOVERNMENT AID PROGRAMS			
THEME 2.0	SUB-THEME 2.0	CATEGORY	DETAILS
Transpar- ency	Unclear application process	SME business owners	“Applied for rental deferment for land (for 2021) from the Selangor state government but no response until today.” - R6
			“...submitted the application of what the government has advertised in the media but these are only empty promises by the government.” -R6
	Leakage in stimulus package fund allocation	Trade association	“...possibility of leakages is high when the allocation is not made publicly known.” - R2
	Technology	Government Agency	“Government is using digital platforms as one mechanism to also improve transparency and strategies.” - R3

R3, the respondent from the government agency perceived that the pandemic was the best time to examine integrity among civil servants. Consistent monitoring and surveillance would definitely influence the level of integrity among civil servants. According to R3, to fight corruption, the agency had been working closely with Parliament and Cabinet to ensure a positive outcome from the National Anti-Corruption Plan. Hence, despite restrictions under COVID-19, the agency was still closely engaging with the government utilizing online platforms for internal discussions on strategies and plans moving forward. The government also used digital platforms to further enhance transparency initiatives. R3 stressed that the strategic communication between government and the people needs to be robust. Such initiative could be enhanced with the perpetual coordination between government agencies, non-governmental agencies (NGOs) as well as private sectors to maximize the circulation of information among the communities. As such, rightful information could be effectively channeled to the people hence minimizing the chances of power misuse among any involved third parties. The coordination should also be implemented by layers and in accordance to the respective roles and function. Each agency should uphold their respective role in ensuring

the importance of integrity is integrated. R3 exemplified the role of Malaysia Integrity Institution (IIM) in which the institution's emphasis on advocating integrity education amongst civil servants is widely implemented.

R7 and R10, the respondents from the construction sector shared their perception that corruption amongst SMEs still exist and has yet to be eradicated. Many projects had been delayed due to the pandemic, with new projects being put on hold or a delay in the announcement by the government. R6, a respondent from the manufacturing industry expressed absolute disappointment and dispute over numerous experiences of unsuccessful applications for the business assistance which "all went down the drain". The respondent had also applied for a rental deferment for land in 2021 from the state government but had yet to receive any updates. The respondent R6 also claimed that the information given were "non-existing" and aimed to sugarcoat the public with hopes, hence the pool of speculations that had occurred due to the lack of clear and structured information dissemination.

"Inconsistency in MCO SOP's should be removed to avoid unforeseen bankruptcy among SMEs "- R6

Table 6: Summary of Phase 2 Respondents Recommendations to Improve Dispensation of Aid

OBJECTIVE 3 - RECOMMENDATION(S) TO IMPROVE DISPENSATION OF AID			
THEME 3.0	SUB-THEME 3.0	CATEGORY	DETAILS
Governance	Good business environment is essential for SMEs' sustainability	SME business owners	"If integrity needs to be taken care of, then the governance must be good." - R9
			"Create a good environment - with the government not interfering into the business affairs." - R9
	Top-down and ground-based approach by the government to address ongoing issues	SME business owners	"...we need to be more transparent, not only from the top but have to look at the microeconomics as well." - R5
			"Government should not only listen to the top management but go deep into grass root level to scrutinize the gap between poor and rich." - R5
			"Implement a friendlier approach with the SMEs to listen to their voices - moans and complaints." - R6
			"The government can engage with the Sabah Contractor Association to identify which contractors are facing problem with businesses."- R10
		Trade association	"Government also need to narrow down the scope of assistance because not all the conditions stated are helpful to different segments of SMEs." - R1
			"There is a need for constant engagement from the government with grass root communities, for example headmen and District Officers to identify targeted SMEs in impacted sectors such as food & beverage as well as hotels." - R2
			"This engagement must be continuous and consistent with monitoring." - R2

Governance	Simplified administration	SME business owners	"Reduce or minimise bureaucracy." - R6
			"Inconsistency in MCO should be revised to avoid unforeseen bankruptcy among SMEs." - R6
	Top-down and ground-based approach by the government to address ongoing issues	SME business owners	Increase allocation for SMEs in terms of grants and loans, not only empty promises." - R6
			"Give more allocation in terms of funding and recover the businesses." - R4
			"Financial assistance (from TEKUN, MARA, bank etc.) is needed for SMEs." - R10
	Policy scrutiny and reforms	Trade association	"Encourage trade agreement to help Malaysia to go abroad in order to revive the economy among SMEs." -R1
		Trade association	"Government should also relook at the whole agencies chart." - R1

THEME 3.1	SUB-THEME 3.1	CATEGORY	DETAILS
Public awareness	Education as a tool to educate the public on integrity	SME business owners	“Urge to educate and emphasise the importance of responsibility and integrity especially among the government agencies.” - R6

THEME 3.2	SUB-THEME 3.2	CATEGORY	DETAILS
Stakeholder engagement and coordination	Assistance and programmes from the government	SME business owners	“Urge to educate and emphasise the importance of responsibility and integrity especially among the government agencies.” - R6
		Government agency	“Enhance coordination between government agencies, private sectors and non-governmental organizations to effectively channel information to the people thus minimizing the chances of misuse of power among any third parties involved.” - R2

THEME 3.3	SUB-THEME 3.3	CATEGORY	DETAILS
Information dissemination	Diversified advertising platforms for more business prospects	Trade association	“Advertising the relevant information on stimulus packages or vaccination, via newspaper, social media and influencers.” - R1
		Government agency	“Encourage effective / strategic communication via social media to disseminate information on stimulus packages to the public.” - R2

The respondents were unanimous in championing that good governance was essential for a healthy business environment and economic performance. However, the respondents also emphasized on a more robust and citizen-based approach to be more effective and to also narrow the gap between the rich and poor. R5 also stressed that it was crucial for the government to go to the grass roots to truly understand the predicament of the members of the public. It should not be just a political gimmick and instead should be continuous.

The respondents also recommended that especially for the longer term, the assistance should be specific to the needs of the various sectors, industries and groups. Respondents such as R6 also recommended that the inconsistency and unclear procedures should not be repeated, as well as that the removal of bureaucracy was crucial to all the aid dispensation to be more accessible and effective. The respondents also strongly supported the need of further assistance and subsidies in terms of finance and also to motivate the growth and diversification of SMEs, even in international markets. R1, the respondent from the trade association encour-

aged the government to take on more trade agreements that would not just facilitate the recovery of the economy but also the SMEs.

It was also suggested that the government incorporate a leaner structure by re-looking at its agency chart and assessing the need for such complexity and confusion. The respondents also urged a more integrated approach towards solving the issues faced by the SMEs by ensuring that all stakeholders work together. Especially now with the digital platforms, the interactions could be easily facilitated and this would possibly remove the communication issues faced. The respondents felt that a more effective use of the various modes of social media would prevent the earlier communication breaks especially in line with the aid provided by the state agencies. The respondents also emphasized that the better communication flow would prevent issues pertaining to misconducts and also urged the government to provide more training and education via various platforms to emphasize on the importance of integrity and good governance especially amongst the government agencies.

DISCUSSION AND RECOMMENDATIONS



Objective 1 - To evaluate the effectiveness of the stimulus and aid packages announced by the Federal and State Governments during the COVID-19 lockdown

It was disconcerting to see 34% of SME's having to close their businesses and with another 28% running at reduced capacities (Figure 7), causing 23% of the SMEs to suffer a complete loss of income with another 34% suffering a decrease of 50% or more in their revenue (Figure 8a). Considering that this is the second year running that Malaysians have had to forego major celebrations that crucially provide business lifelines, it would be important to assess how local SMEs will sustain the businesses over a longer period of time. 40% believed that it would take them more than a year to recover. However, the recent spike in COVID-19 cases and subsequent announcement of MCO 3.0 could dampen this forecast on a more permanent basis. It is also worrying that only 26% of these businesses (Figure 12) have attempted to change their business model by moving to a digital platform or di-

versifying to a Business to Customer (B2C) platform. It would be advisable for the government and the relevant agencies to perhaps also embark on an educational drive to assist the businesses to be more innovative in sustaining themselves in the longer term and being more flexible.

The aid and stimulus package have had a positive impact especially with the Wage Subsidy Program where 80% of the SME's (Figure 13b) were eligible for the subsidy and this had a higher uptake compared to the other schemes. This supports the reported 6% increase in hiring of full-time workers (Figure 5b and Figure 5c) and the responses provided in Figure 11 with 5% hiring new staff and 50% did nothing, with 13% having to retrench and the balance 29% either enforcing a pay cut or requesting the staff to take unpaid leave.

Whilst the subsidies might have been helpful for the short term, in Figure 14 only 47% of the respondents expressed their satisfaction with the government aids, 21% chose to remain neutral in their views and the rest either did not receive assistance (15%) or were dissatisfied (17%). One possible factor is the challenges reported in Figure 17 included unclear procedures (16%), rigid criteria (16%), limited quota (13%) combined with bureaucratic procedures (9%) as well as issues with bribery & corruption and other non-transparent procedures (9%). However, 63% acknowledged that the government had been effective in delivering this assistance to Malaysian SMEs (Figure 18). The feedback for the state subsidies fared worse since 65% were unaware of the application procedures and only 47% of those applied (Figure 15a).

The respondents from the second phase of interviews highlighted were divided in their opinions. A representative from the tourism industry commented that the assistance announced by federal government were received and helpful. However, in view of the current national situation where cases are rising and day-to-day activities being adversely impacted, SMEs expect more financial injection to sustain the business operation in terms of employees' salaries and operational costs.

On the other side, several business owners (representing a travel agency in Putrajaya and

a construction firm in Sabah) responded negatively over the stimulus package announced by the federal government. A gap between the announced assistance and actual delivery to the businesses ought to be addressed and should be made transparent to ensure the aids are delivered to the needy.

In order to grasp a deeper understanding on this objective, these responses were directed to a representative from a SME-based association. Based on the association's experience, the representative revealed that public communication between the government and aid recipients should be improved to avoid unclear information dissemination of assistance and programs. Due to the second Movement Control Order (MCO), SMEs are facing more internal problems and predicaments, thus more cash assistance is needed to help SMEs dodge bankruptcy. Also, continuous engagements between the government and business unions are crucial to comprehend real and practical needs on the ground and problems faced by SMEs – these measures would allow affected businesses to weather the economic slowdown.

It must also be remembered that not all SME's may have the same exposure and access to technology. Hence, this could also be a reason why they were not aware of the aids and subsidies, nor be able to access these platforms.

Objective 2 - To assess the perspective of transparency in the dissemination of the stimulus and other aid packages

Several positive trends have been noted in terms of transparency and accountability. 70% of the respondents declared that they were willing to report corruption (Figure 26(a)) and 61% believed that corruption was wrong and that it needed to be fought (Figure 26(b)). However, 31% of the respondents did express concern about safety and security with 22% of the respondents lacking confidence in the Whistleblower Protection Act (Figure 26(b)).

64% of the respondents also reflected confidence in transparency, integrity and accountability of the Federal Government in the aid approval process (Figure 19) with 57% reflecting confidence in the monitoring and evaluation mechanism of the aid dispensation process (Figure 20). Two possible factors that could have influenced this includes the use of technology and the inability of possible perpetrators to have collaborated as the pandemic had hit quickly and removed the physical presence which would normally be a necessity for bribery and corruption to happen.

However, 7% of the respondents did highlight challenges faced due to the non-transparent selection process and another 2% mentioned bribery & corruption as a negative factor in the entire process (Figure 17). 8% of the respondents also acknowledged that bribery & corruption was needed to get the PENJANA and PRIHATIN assistance (Figure 20(a)). 39% of the respondents voted banks and federal government agencies as the main perpetrators (Figure 21). It is also interesting to note that banks being a highly regulated sector were also prominently mentioned by the respondents. 76% of the respondents also mentioned that cash offerings were the preference for the perpetrators (Figure 20(b)). It was also interesting to note that 35% of the respondents felt that SME's were not involved in bribery & corruption (Figure 22), indicating that this was more demand based. 42% of the respondents also believe that there is lesser corruption in SMEs as compared to 5 years ago (Figure 25a). Higher numbers from manufacturing (10%) and construction (18%) reported misuse of assistance (Figure 23).

In view of this, a representative from a government agency (which acts as a monitoring body that looks into the aspect of integrity and wrongdoings of policy makers across all ministries) responded that lack of effective communication from the federal government's side could be one of the root causes leading to public misperception regarding perceived presence of leakage and corruption within the public sector. Similarly, the government would have to emphasize this component to ensure the people (and businesses) that aid programs and assistance are consistently monitored and audited in order to prevent misuse and unethical practices within the implementing agencies.

Utilizing public communication channels such

as social media and mainstream platforms would allow negative perceptions to be minimized and avoided. On top of that, respondents mentioned the need to have a coordinated strategy and close working relationship between government agencies, private sectors and non-governmental organizations to avoid any occurrences of power abuse.

Aside from that, representative from an agricultural-based association in Selangor further explained the need to formulate and implement a transparent mechanism which would be helpful in understanding the methods of distribution and subsequent beneficiaries, as the probability of leakages is high when the allocation of funds is not made publicly known.

Objective 3 - To recommend areas for improvement for policy makers and government to consider for future implementation of the stimulus and aid packages.

The subsidies and assistance from the government has definitely brought relief to the SMEs in the survey. However, several recommendations have been forthcoming from the

respondents in terms of improving the mechanism as well as future expectations especially since the recovery phase is expected to be more than one year.

22% of the respondents suggested to loosen the qualifying criteria, 16% recommended increasing the quota, 15% wanted greater clarification in terms of procedures, 14% felt the need to reduce bureaucracy which would create more efficiency in the process and 24% urging for greater transparency to eradicate the risk of bribery and corruption (Figure 27).

26% of the respondents wanted more financial assistance and 17% wanted the loan moratorium to be continued (Figure 28). From the same source, the SME's indicated that they were also looking to diversify whilst acknowledging that they would require guidance and assistance to do so since 14% requested for the set - up of strategic and abundant business infrastructure and platforms, 9% wanted more focus on digital and other technology platforms, 6% wanted more suitable training programs and 8% requested assistance to promote products at an international level (Figure 28). The respondents from the second phase of the survey also echoed the same sentiments. The respondents asserted the need for a good business environment to promote sustainability especially amongst the SME's. They also urged the government to have a top - down and ground-based approach to address ongoing issues on a more specific base rather than the current one solution fits all mindset. This would include engaging with the grass-root communities and various segments that would need personalized solutions.

Also, on a positive note, 54% reflected their satisfaction on the programs and assistance reflected in Budget 2021, 63% had a positive outlook for business prospects in 2021 and 49% reflected their confidence level in transparency when disbursing federal funds reflected in Budget 2021 (Figure 29). However, the respondents did express their expectation that there should be reduced inconsistency in MCO and COVID-19 SOP's that would probably prevent increased levels of bankruptcies or going concern issues amongst the SME's.

Although several e-government and e-participation portals are available in the Malaysian perspective, these platforms are probably not being used effectively to reach out to the grassroots. The government should improve the use of its public communication channels to ensure a further outreach and effective dissemination of information. The respondents also suggested that the subsidies and aids should be centralized and have similar processes or mechanisms to avoid confusing members of the public. This would then allow more SMEs to familiarize themselves with a more standard SOP and would be able to avail themselves to more engagement and aid. Trade associations and business chambers could also be champions for the SMEs in communicating effectively and working closely with the Malaysian government to create more opportunities and growth. This would also assist the SME's without proper documents, accounts and other reports to also avail the aids and subsidies.

CONCLUSION

This study reports that Malaysian SMEs have been adversely impacted by COVID-19, especially with the internal political issues, inconsistent rules and regulations, market turbulence and financial problems plaguing day-to-day operations. With revenue generation being affected, a majority of SMEs have had to temporarily stop or scale down their businesses with a handful resorting to other emergency measures such as sudden change in business model and operational downsizing. While certain industries such as tourism, small-scale manufacturing and services (especially food and beverage) suffered from the situation, players in high-demand sectors and sub-sectors have flourished namely those in IT and business services, agriculture and transportation/logistics.

It was encouraging to note that the respondents had reflected a mildly optimistic outlook for 2021, especially with the anticipated vaccination roll out. Aid and stimulus packages have been a good support for SME's, but a key question would be for how long? The Malaysian Prime Minister, Tan Sri Muhyiddin Yassin had also recently warned of our dipping reserves. Respondents of this survey have also raised the same question indicating that they too are willing to work with the government to re-build the economy. This is especially crucial as Malaysians battle COVID-19 during our 3rd MCO.

With regard to recognition of aid programs, most SMEs highlighted their satisfaction with the offerings announced in the PRIHATIN Stimulus Package and PENJANA Economic Recovery Plan, especially the ones associated with loan moratorium, wage subsidy program and provision of grants / loans. However, there were grouses reported due to the relatively slow rollout of aid packages and the need to apply for most assistance despite company records being readily available and accessible. The communication strategies utilized by the Federal Government and the State Government needs to be improved in terms of outreach and clarity.

Although the business owners have expressed their confidence in the aid and also in the transparency of the delivery of the aid, this was based on their perception of the previous government's (Pakatan Harapan) initiatives. More businesses acknowledged the efficiency of the Federal Government rather than the State Governments initiative in handing out aid, with a majority not even being aware of the aid provided by the state. The respondents had also expressed their confusion on the various new aid packages being provided such as the PERMAI Stimulus Package (in January 2021) and PEMERKASA (in March 2021) during the second and third MCO respectively. There needs to be a clearer communication of the availability of the aids and the applicat-

ion process. Some of the SME business owners revealed that certain items announced in the stimulus packages were not received or were delayed to have any significant effect causing a slowly increasing suspicion of corruption.

Combining this with the unstable political situation in the country, there has been a significant deteriorating confidence level in the leadership of the country to steer Malaysia out of the pandemic related economic disaster and into a stronger economic recovery stage. Malaysians have expressed their frustration on various social media, aggravated by economic and political scares such as when the COVID-19 emergency was announced without proper information being communicated. However, it is heartening to note that most of the respondents also responded positively towards anti-bribery and corruption measures. Apart from being aware of the issues on hand, the respondents were also aware of whistleblowing mechanisms and most importantly, felt that it was their duty to uphold transparency and integrity.

With the prevalence and innovation of digitalization platforms, information can be circulated in social media and as such, potential acts of bribery and corruption within the society should be effectively addressed and eradicated. Similarly, top leaders should portray themselves as role models to demonstrate

integrity and accountability so that the public and businesses are willing to emulate their ethical behavior and avoid negative activities. Whilst technology and change management would be a suggested future, not all parts of Malaysia have the same exposure and access to the Internet or other forms of technology. This could also be one cause of the lack of access to the aid and subsidies, as well as why only certain sectors prominent to certain geographical areas may be exposed to bribery and corruption under these circumstances.

A paradigm shift from a more “agency-centric” model to a “citizen-centric” model needs to be implemented to prioritize the basic necessities of the people. Many respondents communicated the need for the government to go to the ground and investigate the needs of people at the various community levels who are struggling to sustain their livelihood due to the pandemic.

As the nation aims to recover from the bleak predicament through government intervention at multiple avenues (i.e. healthcare and economy), future policies must incorporate the components of economic and social mobility, as well as the importance of personal character founded on ethical principles and moral values.

In the effort to mitigate the economic effect by the COVID-19 outbreak, the federal government should consider providing more opportunities and exposure of new skills to the individuals and businesses via up-skilling initiatives and training programs to allow the society to cope with unprecedented situations and be more resilient in facing the fluid economic climate. While fiscal injection is still relevant in the short run, a structured approach in driving the national economy would be more feasible and appreciated by the masses.

As for SMEs, priorities should be given on operational efficiency, revenue optimization and profit maximization as well as market

expansion. COVID-19 has taught Malaysian businesses to sustain and survive - the next phase must be built upon strong organizational foundation, talent development and technological expertise that might help to reduce reliance on government assistance, and eventually allow Malaysian SMEs to thrive in a global setting, in the long run.

Future driven suggestions for the respective segments to integrate and collectively move towards the recovery stage of the economy are as follows:

SMEs

- a) SMEs should seek to incorporate digitalization in their operations in order to progress in the near future particularly in overseeing financial and accounting systems, managing their records, marketing products and running day-to-day operations i.e. procurement and stock management, among others. This could also assist them to grow and diversify their business, as well as enhance the agility of the business to respond to external risks and issues.
- b) SMEs should be financially astute; they must be able to prioritize the aspect of cost management and operational efficiency by having sound financial planning to prevent any overruns and loss-making business. Risk should be embedded into the business model regardless of size.

- c) SMEs (in particular SME owners) must strengthen business networks to assist SMEs in the time of need – especially in recognizing the types of aids available and methods of gathering resources to avoid permanent shutdown.

Trade Association

- a) Promote digital participation & up-skilling among members (Malaysian SMEs).
- b) Channel the request for higher financial assistance among Malaysian SMEs to alternative agencies (i.e. those outside government institution) to expand the scope of SME administration while exposing them to diverse opportunities.

Government Agencies (Federal and State levels)

- a) Implement more promotional activities involving local products and formulation of entrepreneurship modules/programs with regional countries to attract participation of more Malaysian businesses to enhance productivity levels & raise financial returns, to go beyond the traditional business models. By promoting local products, more revenue will be generated among SMEs businesses thus helping to increase the economic growth.
- b) Promote digital and IT-based infrastructure to Malaysian SMEs to enhance innovation and marketing strategies at a larger scale.
- c) Identify and invest into future in-demand sectors which could be explored by Malaysian SMEs (with cooperation of Malaysian government and regional counterparts).
- d) Establish a regional working group encompassing policymakers, industry representatives and SME operators to create a trade bubble in the short run.
- e) Propose targeted assistance to help SME players in adversely affected sectors and sub-sectors (i.e. tourism, small-scale manufacturing, construction etc.) – go beyond the aspect of financial management, also focus on long-term recovery, planning and sustainability.

- f) The government should go deeper to understand the concerns of smaller businesses by creating direct channels and improving the communication methods between the government machinery and SMEs, scrutinizing the apparent needs and immediate concerns – consequently undertaking suitable actions to react to the outlined issues.
- g) Enhance the current communication mechanism, multiple the channel used to disseminate assistance-related information according to the needs for different layers of the communities – taking into consideration of conventional businesses with traditional business operational model, ensuring that these businesses are not far left behind of technology and digitalization.
- h) Enhance coordination between regulatory bodies and business owners to curb corruption. Coordination is needed between businesses and regulatory bodies to ensure integrity is displayed. All government agencies should play their role to curb this situation through.
- i) A neutral caretaker should be introduced to manage relief packages and the COVID-19 pandemic.
- j) The government should push for an enhanced transparent governance in light of the pandemic crisis to increase the exposure of public on the whistle-blower act and make sure that Anti-Corruption Committee is fully independent – thus leverage the level of public trust and provide them protection to report any dishonest acts.
- k) Enforcement agencies could consider adopting a religious tune to spread awareness about ethics and integrity that may be more effective to educate businesses (and the masses), particularly within the Malay-Muslim segment.
- l) Civil servants need to be taught on the importance of picking up their responsibility with full integrity.
- m) Government agencies in charge of respective initiatives must provide specific and detailed reporting of aid programs – at present sporadic figures are provided with minimal context and breakdown of recipient.
- n) An independent committee/agency should oversee the monitoring and implementation of the aid packages especially since the existing unit (LAKSANA) is placed under the Ministry of Finance, and may not offer transparent insights into the actual developments/dissemination of programs.

- o) Continuous audits/checks must be performed on each agency to avoid any internal misuse/conflict of interest involving civil servants and enforcement officers directly linked to the assistance/relief packages.
- p) Ministerial or political interference should be eradicated or kept to a bare minimum. The elimination of negative elements such as cronyism and favoritism is a priority.
- q) The reporting structure/announcement of aid programs must be direct and transparent, and should not mislead the public into believing new measures/funds are introduced when in reality, repeated announcements are made over similar initiatives.
- r) Criteria of recipients must be made clear and concise as there had been recurring cases of rejection due to the lack of quota and unaccepted applications attributed to lack of clarity over the specified conditions.
- s) Further education and exposure on anti-bribery and corruption training should be carried out.

LIMITATION OF STUDY

Several limitations were identified for this study, as highlighted in the following part:

- Certain SME owners possess minimal knowledge on the exact initiatives offered by the federal and state governments.
- Certain stakeholders were slow to respond, even after numerous follow ups via emails and phone calls as the “work from home” implementation in most government-linked agencies, enforcement bodies and trade associations affected daily operations.
- Due to the implementation of the second Movement Restriction Order (MCO) since January 2021, physical meetings were prohibited as a measure to contain the pandemic. Thus, virtual and phone interviews were alternative approaches utilized for this stage of the study.
- Due to the lack of awareness and application procedures on the available programs and opportunities to assist business continuity, qualified SMEs may have missed the application window; consequently, this situation produced adverse findings for the study with a large majority of respondents being unsure or unaware about several SME-related programs.
- The frequent change of SOPs was a pertinent issue as it affected respondents’ feedback on certain topics such as the problems faced during the different stages of MCO; business owners were forced to comply with different kinds of restriction orders (MCO, CMCO, RMCO, EMCO), exacerbating multiple concerns faced by the SMEs which in turn, limited the information gathering process.
- The introduction of PERMAI stimulus package in January 2021 as well as vaccine rollout may improve respondents’ satisfaction with the government’s pandemic management at present, although these areas were not broadly covered in the quantitative study.

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APPENDIX

Appendix A - Survey Questionnaire

Malaysia Small & Medium Enterprise post-covid survey 2020 (November 2020)

SCREENING QUESTION(S)	
a	Does your enterprise/company have more than 5 employees before MCO (March - May 2020)? 1. Yes > Proceed to (b) 2. No > End the interview
b	Does your enterprise/company's yearly turnover exceed RM300,000? 1. Yes > Proceed to (c) 2. No > End the interview
c	Are you the owner/part of the management who know about the enterprise's internal operations & finance? 1. Yes > Proceed to (d) 2. No > End the interview
d	Has your business been operating for at least three (3) year? 1. Yes > Proceed to (Q1) 2. No > End the interview

PART 1: RESPONDENT'S BACKGROUND	
1	<p>Gender</p> <p>1. Male 2. Female</p>
2	<p>How old are you?</p> <p>1. Under 21 2. 21-25 3. 26-30 4. 31-35</p> <p>5. 36-40 6. 41-45 7. 46-50 8. 51-55</p> <p>9. 56-60 10. 61 and above</p>
3	<p>Ethnic group</p> <p>1. Malay</p> <p>2. Chinese</p> <p>3. Indian</p> <p>4. Bumiputera Muslim</p> <p>5. Non- Muslim Bumiputera</p> <p>0. Other(s)</p>
3a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
4	<p>What is your highest level of education?</p> <p>1. [No formal education]</p> <p>2. [Primary school]</p> <p>3. [Secondary school]</p> <p>4. [Diploma/Polytechnics/Teacher's College/Technical or Vocational Institution]</p> <p>5. [Degree and above]</p> <p>98. [UNSURE/DK]</p> <p>99. [REFUSE/NR]</p>

5	<p>What is your current position in the enterprise?</p> <ol style="list-style-type: none"> 1. Director or chairman or owner 2. Senior management (i.e. HR manager or finance manager or regional manager) 0. Other(s)
5a	<p>Others, please specify</p> <p>97. [N/A]</p>
6	<p>How many years have you been with this enterprise?</p> <ol style="list-style-type: none"> 1. 1-2 years 2. 3-5 years 3. 6-7 years 4. 8-9 years 5. 10 years and above 98. [UNSURE/DK] 99. [REFUSE/NR]

PART 1.1: ENTERPRISE'S BACKGROUND	
7	<p>Owner's Gender (If respondent is the owner of the company, do not need to ask this question to the respondent)</p> <ol style="list-style-type: none"> 1. Male 2. Female
8	<p>(Please select)</p> <ol style="list-style-type: none"> 1. Services > Proceed to Q9a 2. Mining & Quarrying > Proceed to Q9b 3. Manufacturing > Proceed to Q9c 4. Construction > Proceed to Q9d 5. Agriculture > Proceed to Q9e 6. Others, please specify > Proceed to Q10
9a	<p>Services</p> <p>Sub-Industry</p> <ol style="list-style-type: none"> 1. Whole Sales & Retail, F&B & Accommodation 2. Finance & Insurance, real estate and Business Services 3. Transport, storage and information & communication 4. Others, please specify 97. [N/A]
9a(i)	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
9b	<p>Mining & Quarrying</p> <p>Sub-Industry</p> <ol style="list-style-type: none"> 1. Crude oil and condensate 2. Natural gas 3. Other mining & quarrying and supporting services 4. Others, please specify 97. [N/A]

9b(i)	Others, please specify <hr/> 97. [N/A]
9c	Manufacturing
Sub-Industry	<ol style="list-style-type: none"> 1. Petroleum, chemical, rubber & plastic products 2. Food, beverages and tobacco products 3. Non-metallic mineral product, basic metals and fabricated metal products 4. Others, please specify 97. [N/A]
9c(i)	Others, please specify <hr/> 97. [N/A]
9d	Construction
Sub-Industry	<ol style="list-style-type: none"> 1. Residential buildings and non-residential buildings 2. Civil engineering 3. Specialised construction activities 4. Others, please specify 97. [N/A]
9d(i)	Others, please specify <hr/> 97. [N/A]
9e	Agriculture
Sub-Industry	<ol style="list-style-type: none"> 1. Rubber, oil palm, livestock, and other agriculture 2. Fishing 3. Forestry, logging 4. Others, please specify 97. [N/A]

9e(i)	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
<p>10</p> <p>Other sector</p>	<p>Other sector, please specify</p> <hr/> <p>97. [N/A]</p>
<p>11</p> <p>Yearly turnover</p>	<p>Please specify</p> <hr/> <p>(Please select)</p> <p>1. [RM300K to <RM3Mil]</p> <p>2. [RM 3Mil to <RM 15Mil]</p> <p>3. [RM 15Mil to <RM 20Mil]</p> <p>4. [RM 20Mil to <RM 50Mil]</p> <p>98. [UNSURE/DK]</p> <p>99. [REFUSE/NR]</p>
<p>12</p> <p>Type of company or enterprise</p>	<p>(Please select)</p> <p>1. Private limited</p> <p>2. Sole proprietorship</p> <p>3. Partnership</p> <p>0. Other(s)</p> <p>98. [UNSURE/DK]</p> <p>99. [REFUSE/NR]</p>
12a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>

<p>13</p> <p>Firm category</p>	<p>(Please select)</p> <ol style="list-style-type: none"> 1. Small 2. Medium 98. [UNSURE/DK] 99. [REFUSE/NR]
<p>14</p>	<p>Who is the main owner of your company/enterprise (>51% ownership)</p> <ol style="list-style-type: none"> 1. Malaysian-Bumi 2. Non-Bumi 3. Foreign-Owned 4. Malaysian-Foreigner 98. [UNSURE/DK] 99. [REFUSE/NR]
<p>15</p>	<p>Did your enterprise have any workers before MCO (prior to March 2020)?</p> <ol style="list-style-type: none"> 1. Yes, full-time workers > Proceed to Q15a 2. Yes, part-time workers > Proceed to Q15a 3. Yes, full-time and part-time workers > Proceed to Q15a 4. Yes, only for project/seasonal workers > Proceed to Q15a 98. [UNSURE/DK] > Proceed to Q15a 99. [REFUSE/NR] > Proceed to Q15a
<p>15a</p>	<p>How many people does your company/enterprise employ before March 2020?</p> <ol style="list-style-type: none"> 1. 5 to <30 2. 30 to <75 3. 75 to 200 96. [None] 97. [N/A] 98. [UNSURE/DK] 99. [REFUSE/NR]

16	<p>Does your enterprise have any workers now?</p> <ol style="list-style-type: none"> 1. Yes, full-time workers 2. Yes, part-time workers 3. Yes, full-time and part-time workers 4. Yes, only for project/seasonal workers <p>98. [UNSURE/DK] > Proceed to Q19 99. [REFUSE/NR] > Proceed to Q19</p>
17	<p>How many people does your company/enterprise employ now?</p> <ol style="list-style-type: none"> 1. >5 2. 5 to <30 3. 30 to <75 4. 75 to 200 <p>96. [None] 97. [N/A] 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

How many of your current workers are Malaysians compared to non-Malaysians?

[Information for Interviewer: Read the question first, and then allow the respondent to give their answer. Then, ensure the total adds up to 100%. If not, ask them to amend their response.]

18	(i) Categories	(ii) (0%-100%)
i	Malaysian worker(s)	
ii	Non Malaysian worker(s)	
19		<p>How many years have your enterprise been in existence (including merger & acquisition of other businesses)?</p> <ol style="list-style-type: none"> 1. 1-3 years 2. 4-5 years 3. 6-7 years 4. 8-9 years 5. 10 years and above <p>98. [UNSURE/DK] 99. [REFUSE/NR]</p>

PART 2: COVID-19'S IMPACT TO BUSINESSES

20	<p>How were your business operations affected during MCO (full lockdown)? (18th March to 4th May)</p> <ol style="list-style-type: none">1. Operating as usual - essential service2. Operating as usual - not essential service3. Operating at reduced capacity/hours4. Closed0. Other(s)98. [UNSURE/DK]99. [REFUSE/NR]
20a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
21	<p>How was your business income affected during MCO compared to pre-COVID period? (18th March to 4th May)</p> <ol style="list-style-type: none">1. Same as before2. Increased compared to before3. Decreased by 10-20%4. Decreased by 21-50%5. Decreased by more than 50%6. No income during MCO98. [UNSURE/DK]99. [REFUSE/NR]
22	<p>What was the main cause of income loss during MCO?</p> <ol style="list-style-type: none">1. Voluntary closure2. Involuntary closure (non-essential business)3. Reduced operation hours4. Less demand from customer/client5. No project or order or demand at all6. Not affected and operated as usual0. Other(s)98. [UNSURE/DK]99. [REFUSE/NR]

23	<p>What were the main challenges faced by your enterprise during MCO (March-May 2020)?</p> <p>(Choose TWO most relevant options)</p> <ol style="list-style-type: none"> 1. Government orders forced business to stop operations 2. Fewer customers or clients 3. Shortages of supplies 4. Insufficient cashflow to maintain operations 5. Insufficient cashflow to retain employees 6. Safety and health concerns 7. Employees declined to attend work 8. Order to reduce intake or retrench foreign workers 0. Other(s) <p>96. [None] 98. [UNSURE/DK] 99. [REFUSE/NR]</p> <p>(i) _____ (ii) _____</p>
23a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
24	<p>Were you forced to take any of the following action to sustain your enterprise during MCO (March-May 2020)? (Choose all options that apply - if 6 options is not selected, go to Q27)</p> <ol style="list-style-type: none"> 1. Retrench staff > Proceed to Q27 2. Enforce pay cut > Proceed to Q27 3. Request staff to take annual leave > Proceed to Q27 4. Request staff to take unpaid leave > Proceed to Q27 5. Hire new staff (part-time/full-time) > Proceed to Q27 6. Bribe certain parties > Proceed to Q25 & Q26 0. Other(s) <p>96. [None] > Proceed to Q27 98. [UNSURE/DK] > Proceed to Q27</p>

24a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
25	<p>Which parties were bribed? (Choose all options that apply)</p> <ol style="list-style-type: none"> 1. Local council 2. Police 3. Agencies under state government 4. Agencies under federal government 5. Local Councillor 6. Local State Assemblyman 7. Local Member of Parliament 8. Local community leaders 0. Other(s) <p>97. [N/A] 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
25a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
26	<p>Why did you bribe the involved party/parties? (Open-ended)</p> <hr/> <p>97. [N/A]</p>

27	<p>Have you changed your business model due to MCO and COVID-19?</p> <ol style="list-style-type: none"> 1. Yes > Proceed to Q27(a) 2. No > Proceed to Q28 <p>98. [UNSURE/DK] > Proceed to Q28 99. [REFUSE/NR] > Proceed to Q28</p>
27a	<p>How did you change your business model? (Open-ended)</p> <hr/> <p>97. [N/A]</p>
28	<p>How long do you think it will take to recover pre-COVID income levels?</p> <ol style="list-style-type: none"> 1. Already recovered 2. 1-3 months 3. 4-6 months 4. 7 months to 1 year 5. More than 1 year 6. Will not recover (will permanently close) <p>98. [UNSURE/DK] 99. [REFUSE/NR]</p>

PART 3: AID PROGRAM RECOGNITION (FEDERAL ASSISTANCE)

29	<p>Was your enterprise eligible to apply for the assistance aids from the various federal government programmes (PRIHATIN/PENJANA)?</p> <p>1. Yes > Proceed to Q30 2. No > Proceed to Q34 98. [UNSURE/DK] > Proceed to Q34 99. [REFUSE/NR] > Proceed to Q34</p>
30	<p>Did your enterprise know how to apply for federal government's assistance?</p> <p>1. Yes > Proceed to Q31 2. No > Proceed to Q34 97. [N/A] 98. [UNSURE/DK] > Proceed to Q34 99. [REFUSE/NR] > Proceed to Q34</p>
31	<p>Did your enterprise apply for any federal government's assistance?</p> <p>1. Yes > Proceed to Q32 2. No > Proceed to Q34 97. [N/A] 98. [UNSURE/DK] > Proceed to Q34 99. [REFUSE/NR] > Proceed to Q34</p>
32	<p>What were the types of federal government's assistance your enterprise applied for?</p> <hr/> <p>97. [N/A]</p>

33	<p>Did your enterprise receive the federal government's assistance after the application?</p> <ol style="list-style-type: none"> 1. Yes, assistance already received 2. Yes, approved but yet to receive 3. No, application rejected 4. No, application rejected but appeal in progress 5. Still being processed 0. Other(s) 98. [UNSURE/DK] 99. [REFUSE/NR]
33a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
34	<p>From the listed programs, which program(s) or assistance did your enterprise receive?</p> <p>(Can state more than ONE answer)</p> <ol style="list-style-type: none"> 1. Wage subsidy programme for employers 2. 15 % discount of electricity bills for businesses 3. Automatic moratorium on SME's bank loans 4. Special Relief Facility (SRF) for SMEs 5. RM 3000 financial aid through PRIHATIN's Special Grant 0. Other(s) 96. [None] 98. [UNSURE/DK] 99. [REFUSE/NR] <p>(i) _____ (ii) _____</p>
34a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>

35	<p>From the listed programs, which program(s) or assistance did your enterprise receive?</p> <p>(Can state more than ONE answer)</p> <ol style="list-style-type: none"> 1. PENJANA SME Financing 2. PENJANA Tourism Financing 3. Bumiputra Relief Financing (through PUNB and MARA) 4. SME Digitalization Matching Grant 5. SME Technology Transformation Fund 6. Smart Automation Grant 0. Other(s) 96. [None] 98. [UNSURE/DK] 99. [REFUSE/NR] <p>(i) _____ (ii) _____ (iii) _____</p>
35a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
36	<p>Was your enterprise satisfied with the aids/assistance received from the federal government?</p> <ol style="list-style-type: none"> 1. Very dissatisfied 2. Quite dissatisfied 3. Neutral 4. Quite satisfied 5. Very satisfied 6. Smart Automation Grant 96. [Did not receive assistance] 98. [UNSURE/DK] 99. [REFUSE/NR]

STATE ASSISTANCE)	
37	<p>Was your enterprise eligible to apply for the assistance aids from the various state government programmers?</p> <p>1. Yes > Proceed to Q38 2. No > Proceed to Q42 98. [UNSURE/DK] > Proceed to Q42 99. [REFUSE/NR] > Proceed to Q42</p>
38	<p>Did your enterprise know how to apply for state government's assistance?</p> <p>1. Yes > Proceed to Q39 2. No > Proceed to Q42 97. [N/A] 98. [UNSURE/DK] > Proceed to Q42 99. [REFUSE/NR] > Proceed to Q42</p>
39	<p>Did your enterprise apply for any state government's assistance?</p> <p>1. Yes > Proceed to Q40 2. No > Proceed to Q42 97. [N/A] 98. [UNSURE/DK] > Proceed to Q42 99. [REFUSE/NR] > Proceed to Q42</p>
40	<p>What were the types of state government's assistance your enterprise applied for?</p> <hr/> <p>97. [N/A]</p>

41	<p>Did your enterprise receive the state government's assistance after the application?</p> <ol style="list-style-type: none"> 1. Yes, assistance already received 2. Yes, approved but yet to receive 3. No, application rejected 4. No, application rejected but appeal in progress 5. Still being processed 0. Other(s) 98. [UNSURE/DK] 99. [REFUSE/NR]
41a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
42	<p>Did your enterprise receive any assistance from the state government without any application?</p> <ol style="list-style-type: none"> 1. Yes > Proceed to Q43 2. No > Proceed to Q44 98. [UNSURE/DK] > Proceed to Q44 99. [REFUSE/NR] > Proceed to Q44
43	<p>If yes, please state (can state more than one) (Open-ended)</p> <hr/> <p>97. [N/A]</p>
44	<p>Was your enterprise satisfied with the aids/assistance received from the state government?</p> <ol style="list-style-type: none"> 1. Very dissatisfied 2. Quite dissatisfied 3. Neutral 4. Quite satisfied 5. Very satisfied 96. [No assistance receive] 98. [UNSURE/DK] 99. [REFUSE/NR]

PART 4: BARRIERS TO ASSISTANCE AND ACCESS

45	<p>How did you know about the process to obtain PRIHATIN assistance?</p> <p>(State 2 main sources)</p> <ol style="list-style-type: none">1. Newspapers2. Television channels3. Internet4. Social media5. Radio6. Acquaintances7. Magazines8. Pamphlets0. Other(s) <p>96. [No information on PRIHATIN] 98. [UNSURE/DK] 99. [REFUSE/NR]</p> <p>(i) _____ (ii) _____</p>
45a	<p>Others, please specify (State 2 main sources)</p> <hr/> <p>97. [N/A]</p>
46	<p>What were the 3 main challenges faced in order to receive PRIHATIN assistance?</p> <ol style="list-style-type: none">1. Unclear procedures2. Limited quota for assistance3. Bureaucracy or red tape4. Corruption & bribery in the agencies involved5. Non-transparent selection process6. Rigid criteria0. Other(s) <p>96. [None] 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

46a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
47	<p>How effective has the federal government been to channel aids to businesses including SMEs?</p> <p>1. Very ineffective 2. Slightly ineffective 3. Slightly effective 4. Very effective 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

PART 5: TRANSPARENCY AND INTEGRITY	
48	<p>How confident are you in the transparency of federal aid approval process for SMEs?</p> <p>(Transparency = openness of the government in communicating with the public, and to allow the public to scrutinize and access government information)</p> <p>1. Not confident at all 2. Somewhat not confident 3. Somewhat confident 4. Very confident 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

49	<p>How confident are you in the integrity of the aid approval process for SMEs?</p> <p>(Integrity = the act of being honest and acting according to positive values with strong moral principles)</p> <ol style="list-style-type: none"> 1. Not confident at all 2. Somewhat not confident 3. Somewhat confident 4. Very confident <p>98. [UNSURE/DK] 99. [REFUSE/NR]</p>
50	<p>Are you confident in any accountability structures in the aid dispensation process for SMEs?</p> <p>(Accountability structure = organizational framework that ensures all roles and responsibilities are fulfilled, describing the processes and people involved to function effectively)</p> <ol style="list-style-type: none"> 1. Not confident at all 2. Somewhat not confident 3. Somewhat confident 4. Very confident <p>98. [UNSURE/DK] 99. [REFUSE/NR]</p>
51	<p>Are you confident in the monitoring and evaluation mechanism of the aid dispensation process for SMEs?</p> <ol style="list-style-type: none"> 1. Not confident at all 2. Somewhat not confident 3. Somewhat confident 4. Very confident <p>98. [UNSURE/DK] 99. [REFUSE/NR]</p>

52	<p>Do you have any close associates/SMEs who are forced to offer/given bribes or promises to obtain related government aids?</p> <p>(i.e. programs under PRIHATIN/PENJANA package)</p> <p>1. Yes > Proceed to Q53 2. No > Proceed to Q56 98. [UNSURE/DK] > Proceed to Q56 99. [REFUSE/NR] > Proceed to Q56</p>
53	<p>If yes, which parties were involved? (Open-ended)</p> <hr/> <p>97. [N/A]</p>
54	<p>What form of bribery/promises? (Choose all that apply)</p> <p>1. Cash offerings > Proceed to Q54a 2. Project or contract > Proceed to Q55 3. Physical gifts > Proceed to Q55 4. Personal network or connection > Proceed to Q55 0. Other(s) > Proceed to Q55 97. [N/A]</p>
54a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>

54b	<p>If it involved cash, what was the amount involved?</p> <ol style="list-style-type: none"> 1. [Under RM 1000] 2. [RM 1000 to under RM 5000] 3. [Between RM 5000 to under RM 10000] 4. [Between RM 10000 to under RM 20000] 5. [Between RM 20000 to under RM 50000] 6. [Between RM 50000 to under RM 100000] 7. [RM 100000 and above] 97. [N/A] 98. [UNSURE/DK] 99. [REFUSE/NR]
55	<p>What was the purpose? (Open-ended)</p> <p>(i.e. to receive which PRIHATIN/PENJANA assistance or favor)</p> <hr/> <p>97. [N/A]</p>
56	<p>Do you have any close business associates/SMEs who engaged in the misuse of related government aids?</p> <p>(i.e. program under PRIHATIN/PENJANA package)</p> <ol style="list-style-type: none"> 1. Yes > Proceed to Q57 2. No > Proceed to Q59 98. [UNSURE/DK] > Proceed to Q59 99. [REFUSE/NR] > Proceed to Q59
57	<p>If yes, what form of misuse? (Open-ended)</p> <hr/> <p>97. [N/A]</p>

57a	<p>If it involves cash, what was the amount involved?</p> <p>1. [Under RM 1000] 2. [RM 1000 to under RM 5000] 3. [Between RM 5000 to under RM 10000] 4. [Between RM 10000 to under RM 20000] 5. [Between RM 20000 to under RM 50000] 6. [Between RM 50000 to under RM 100000] 7. [RM 100000 and above] 97. [N/A] 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
55	<p>What was the purpose of the PRIHATIN/PENJANA assistance misuse? (Open-ended)</p> <hr/> <p>97. [N/A]</p>

Based on your knowledge and experience, to what extent do you perceive the following institutions/individual(s) in this country are involved in corruption related to the distribution of SME aids/assistance under PRIHATIN initiative?

Please answer on a scale from 1 to 5 (1 meaning not at all involved, 5 meaning extremely involved).

NO	INSTITUTION	1	2	3	4	5	UNSURE /DK	REFUSE /NR
59	Political parties							
60	Large corporations							
61	SMEs							
62	Public officials or civil servants							
63	Agencies under federal government							
64	Agencies under state government							
65	Local government							
66	Authorities (i.e. police, national security agencies, enforcement agencies)							

67	<p>Please choose the two most important factors from the list that leads to corruption among SMEs in Malaysia.</p> <ol style="list-style-type: none"> 1. It is the culture of our people 2. Weak enforcement of corruption laws 3. Low profits returns force business owners to seek or offer bribes 4. Greater exposure/information on due to increased coverage in media and the internet about corruption 5. There is more greed amongst people as society becomes more materialistic 6. Weak religious or ethical values among people in high positions 7. Desperation due to external factors (i.e. COVID-19) 0. Other(s) 98. [UNSURE/DK] 99. [REFUSE/NR] <p>(i) _____ (ii) _____</p>
67a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>

Please share how you as an SME owner or senior management feel about the following, whether you agree or disagree with them (based on the recent situation due to COVID-19).

68	<p>I can accept the culture of corruption in running my business as long it does not harm me and my family.</p> <ol style="list-style-type: none"> 1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]
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69	<p>There is nothing I can do about corruption in business other than making sure that I am clean and honest in my own work.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
70	<p>Although corruption is wrong, it is sometimes necessary to make things happen or go smoothly.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
71	<p>If someone tries to bribe or force me to pay a bribe related to the business, I will report on that person regardless of the person's position or personal relationship with me.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
72	<p>It is alright to give a small gift/money to a public official who has given my enterprise a good service.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

73	<p>Sometimes I feel obliged to give something to those who help / favour my enterprise because I think that is expected of me.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
74	<p>I feel it is necessary to a small gift/money in return for the services/favour otherwise my enterprise's transaction will not be successfully concluded.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
75	<p>The adverse impact of COVID-19 to my business has forced me to offer money or gifts to authorities to ensure the business can proceed as usual.</p> <p>1. Strongly disagree 2. Somewhat disagree 3. Somewhat agree 4. Strongly agree 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

PART 6: IMPROVEMENTS ON THE IMPLEMENTATION OF GOVERNMENT PROGRAMS	
76	<p>What are the 3 main areas of improvement that the government should consider to simplify dispensation of government aids, especially PRIHATIN & PENJANA?</p> <p>(State 3 main areas)</p> <ol style="list-style-type: none"> 1. Clarify procedures 2. Improve quota for assistance 3. Reduce bureaucracy or red tape 4. Eradicate corruption and bribery in the agencies involved 5. Improve transparency of the processes involved in selecting aid recipients 6. Loosen qualifying criteria 0. Other(s) <p>96. [None] 98. [UNSURE/DK] 99. [REFUSE/NR]</p> <p>(i) _____ (ii) _____ (iii) _____</p>
76a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
77	<p>What is your expectation for SMEs in the coming year?</p> <p>(Choose TWO main expectations)</p> <ol style="list-style-type: none"> 1. Higher financial assistance (i.e. grants) 2. Continuation of loan moratorium 3. Help to promote products at international level 4. Less bureaucracy among federal and state government agencies 5. Set-up of strategic and abundant business infrastructure dan platforms 6. Promotion of suitable training programs 7. Focus on digital and IT aspects for the benefit of SMEs 0. Other(s) <p>96. [None] 98. [UNSURE/DK] 99. [REFUSE/NR]</p> <p>(i) _____ (ii) _____</p>

77a	<p>Others, please specify</p> <hr/> <p>97. [N/A]</p>
78	<p>Are you satisfied with the programs and assistance for SMEs presented in Budget 2021?</p> <p>1. Very dissatisfied 2. Slightly dissatisfied 3. Slightly satisfied 4. Very satisfied 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
79	<p>Are you confident in the transparency of channelling and distribution of federal funds for SMEs, for the programs stated in Budget 2021?</p> <p>1. Not confident at all 2. Somewhat not confident 3. Somewhat confident 4. Very confident 98. [UNSURE/DK] 99. [REFUSE/NR]</p>
80	<p>What is your outlook on your business prospects in the year 2021 based on the current COVID-19 situation, the government's assistance and the tabling of Budget 2021?</p> <p>1. Very pessimistic 2. Slightly pessimistic 3. Slightly optimistic 4. Very optimistic 98. [UNSURE/DK] 99. [REFUSE/NR]</p>

PART 7: GENERAL ISSUES RELATED TO BUSINESS-BASED CORRUPTION

81	<p>What do you think about corruption in businesses (especially among SMEs) is in this country now compared to 5 years ago?</p> <ol style="list-style-type: none">1. A lot2. Quite a lot3. Quite little4. Very little98. [UNSURE/DK]99. [REFUSE/NR]
82	<p>How confident or not confident are you with the promise by the federal government to combat corruption in the country, especially for businesses?</p> <ol style="list-style-type: none">1. Not confident at all2. Somewhat not confident3. Somewhat confident4. Very confident98. [UNSURE/DK]99. [REFUSE/NR]
83	<p>How much are you willing to report corruption if it takes place in front of you?</p> <ol style="list-style-type: none">1. Not willing at all > Proceed to Q84a2. Not very much > Proceed to Q84a98. A fair amount > Proceed to Q84b99. A great deal > Proceed to Q84b

84a	If no, why? (Open-ended) <hr/> 97. [N/A]
84b	If yes, why? (Open-ended) <hr/> 97. [N/A]

NO	RESPONDENT'S DETAILS	
1	Name of respondent	
2	Tel No	
3	SMEs	
4	E-mail	
5	Name of enterprise	
6	Location of enterprise	
7	Year of incorporation (Including takeover)	

Appendix B - Interview Questions

(customized based on the specific backgrounds of interviewees)

i) Civil servants

- 1) Based on the current COVID-19 situation and according to your personal experience, what are the biggest challenges faced by Malaysian SMEs at present?
- 2) From your experience in the organization (and perhaps the federal government), what have been the most compelling challenges encountered by the civil servants and your organization in assisting the affected stakeholders (i.e. businesses)?
- 3) The federal government has come up with 20-30 initiatives to ease the burden faced by Malaysian businesses, under PRIHATIN, PENJANA and most recently, the PERMAI Stimulus Package. What is your perception towards government's assistance towards SMEs and businesses - especially the programs outlined in the PRIHATIN and PENJANA packages?
- 4) Based on your personal and professional experience as well as the organization's involvement in the aid programs, how was the overall feedback from the SMEs? Also, did your organization face any problems or setbacks related to the implementation (i.e. application procedures, communication with SMEs, aid dissemination etc.)
- 5) Are you confident in the government and your organization's ability to channel the assistance to the affected segments - particularly in terms of transparency, and the possibility of leakages along the way?
- 6) In light of the present situation, what is your opinion on the aspects of corruption and bribery among SMEs? Are they getting more rampant, or have declined over the past few months?
- 7) Various programs and initiatives were presented by the government in the 2021 Budget, and more detailed measures may be revealed in the 12th Malaysia Plan. What is your perspective on the documents, and would they be able to strengthen Malaysian SMEs' prospects moving forward?
- 8) How can the government (and other related stakeholders) help to resolve the challenges faced by the local SMEs in the short, medium and long run?

ii) Enforcement agencies

- 1) What's your perception on the government's management of COVID-19? At both federal and state levels?
- 2) With regard to the government's assistance towards SMEs and businesses - especially the programs outlined in the PRIHATIN and PENJANA packages - did you or your organization face any challenges related to the aid programs (i.e. bribery/misuse of aid programs)?
- 3) Are you confident in the government's ability to channel the assistance to the affected segments - particularly in terms of transparency, and the possibility of leakages along the way?
- 4) In light of the present situation, what is your opinion on the aspects of corruption and bribery among SMEs? Are they getting more rampant, or have declined over the past few months?
- 5) From your experience, what are the main challenges faced by businesses in terms of integrity, both in internal and external (i.e., the regulatory agencies)?
- 6) Recent performance (i.e. 2020 Corruption Perception Index released by Transparency International) has indicated a worsening climate in the country. From your point of view, how is Malaysia coping with the issue of corruption compared to 5 years ago?

iii) Trade associations

- 1) How would you compare the state of business in Malaysia, before and after the COVID-19 outbreak in Malaysia? What are the biggest challenges faced by Malaysian SMEs at present?
- 2) Are you satisfied with the government's management of COVID-19? What is your perception towards government's assistance towards SMEs and businesses - especially the programs outlined in the PRIHATIN and PENJANA packages? Are they enough to help your members/sector to recover?
- 3) Do you think state governments have done enough to assist businesses (i.e. SMEs) affected by COVID-19, including those in your sector?
- 4) Are you confident in the government's ability to channel the assistance to the affected segments - particularly in terms of transparency, and the possibility of leakages along the way?
- 5) In light of the present situation, what is your opinion on the aspects of corruption and bribery among SMEs? Are they getting more rampant, or have declined over the past few months?
- 6) Various programs and initiatives were presented by the government in the 2021 Budget, and more detailed measures may be revealed in the 12th Malaysia Plan. What is your perspective on the documents, and would they be able to strengthen Malaysian SMEs' prospects moving forward?
- 7) How can the government (and other related stakeholders) help to resolve the challenges faced by the local SMEs in the short, medium and long run?
- 8) What are the challenges faced by businesses in terms of integrity, both in internal and external (i.e., the regulatory agencies)?

iv) SME Owners/Representatives

- 1) How would you compare the state of business in Malaysia, before and after the COVID-19 outbreak in Malaysia? What are the biggest challenges faced by Malaysian SMEs due to COVID-19?
- 2) Are you satisfied with the government's management of COVID-19? What is your perception towards government's assistance towards SMEs and businesses - especially the programs outlined in the PRIHATIN and PENJANA packages?
- 3) Do you think state governments have done enough to assist businesses (i.e. SMEs) affected by COVID-19?
- 4) Are you confident in the government's ability to channel the assistance to the affected segments - particularly in terms of transparency, and the possibility of leakages along the way?
- 5) In light of the present situation, what is your opinion on the aspects of corruption and bribery among SMEs? Are they getting more rampant, or have declined over the past few months?
- 6) What are the challenges faced by businesses in terms of integrity, both in internal and external (i.e., the regulatory agencies)?
- 7) Various programs and initiatives were presented by the government in the 2021 Budget, and more detailed measures may be revealed in the 12th Malaysia Plan. What is your perspective on the documents, and would they be able to strengthen Malaysian SMEs' prospects moving forward?
- 8) How can the government (and other related stakeholders) help to resolve the challenges faced by the local SMEs in the short, medium and long run?

Appendix C - Summarized Findings (Phase 2 Interviews)

Category: Trade association

**A SME-related trade association
which represents the voices of
SMEs in Malaysia, R1.**

Summary of Discussion

- The imposed movement restrictions and change in government are the main challenges for SMEs in Malaysia. Travel industry especially tourism and hotel are the most impacted sectors, followed by entertainment (movie) and retail (especially F&B and malls who are not afford to pay for the rental).
- The entire supply chain is worse due to MCO, where containers in Port Klang are not able to be released, causing inflation in goods such as Chinese Mandarin oranges supply during Chinese New Year 2021.
- The allocation of grants is not enough, causing many SMEs to close down. There is a need for more cash injection for the SMEs to survive from enough cashflow and maintain their business operation.
- The situation of the SMEs economic market is worse during the second movement restriction.

Recommendation(s)

- 1) Engagement with the association and chambers by the government to understand the real situation of SMEs on the ground.
 - Many Chinese members of society do not read English and Malay press, resulting in low knowledge of information from the government. This induces many negative comments among the SMEs businesses.
- 2) Advertising the relevant information on stimulus packages or vaccination, via newspaper, social media and influencers.
- 3) Encourage trade agreement to help Malaysia go abroad in order to revive the economy among SMEs.
 - Current programs such as SME Go Online should be utilized by putting priority on local business. In some cases, big subsidies are allocated to Lazada for export, making many local companies to be left behind in terms of competitiveness.
 - Government should promote big platforms and encourage initiative such as Duty-Free Trade Zone which was introduced during former Prime Minister, Datuk Seri Najib regime in order to create ASEAN Trade Bubble.
- 4) Government should also relook at the whole agency chart which currently has many duplications of roles. It has to be streamlined and put the right people with the right mindset at the right place.
- 5) Trade associations also need to encourage its members to get vaccinated.
- 6) Government should put more effort to promote Malaysia in helping good businesses to revive. Big grants should not only be given to Lazada, Shopee and other foreign big companies. The government should prioritize local companies by retaining and producing more local products.
- 7) Government also needs to streamline the scope of assistance because not all the conditions stated are helpful to different segments of SMEs. Therefore, the government is in need to engage with businesses to know what are the appropriate aids needed.

Category: Trade association

Agricultural-based trade association, R2

Summary of Discussion

- This trade association represents all employers from the agricultural plantation sector - in coordinating uniformity in practices and implementation of policies in matters affecting labor and industrial relations.
- This trade union also provides training and updating members on issues violating labor and industrial relations.
- One of the current issues faced by plantation industry is the acute shortage of labor whereby the labor force is heavily relying on foreign workers. A shortage of about 36,000 workers was recorded prior to COVID-19. However, this shortage is estimated at around 70,000 workers, making it two times the demand of foreign workers before the pandemic.
- This is also resulted from the movement control order when borders are still closed, impacting higher cost of production and potential revenue loss estimated at RM 15 million to the industry and country. An expected decline in production between 20-35% as a result of shortage in the labor force is also recorded.
- In view of agricultural-related SMEs, the trade association responded that, in fact agricultural SMEs are not affected by the pandemic because operation was resumed a day after the first movement control order was announced in 18th March 2020.
- However, as mentioned above, the only problem faced is the reduced capacity of foreign labor to harvest fruits.

Recommendation(s)

- 1) With regard to this, the trade association urged for constant engagement from the government with the grass root communities, for example headmen and District Officers to identify targeted SMEs in impacted sectors such as food & beverage as well as hotel operators.
 - This engagement must be continuous and consistent with monitoring. Officers at local level should identify the targeted groups of SMEs and conduct mapping in the affected areas.
 - Restrictions should only be imposed at highly affected zones but not implementing blanket policies to all sectors.
- 2) Looking at transparency of stimulus package distribution, possibility of leakages is high when the allocation is not made publicly known. Therefore, it is crucial to make the success rate of recipients to be known to the public and well-recorded in an open access platform. Such move will enable practices of transparent policy in view of putting tax payers' money onto the right usage.
- 3) Apart from financial assistance, the re-opening of the economy is vital at this stage. The government should only target areas to impose a restriction order. In the long run, the government needs to continue monitoring the SMEs until they are able to survive on their own. SMEs also need to be provided with workers, especially when the local labor force is difficult to be retained.

Category: Government agency

A governmental monitoring agency over the integrity in governance, R3

Summary of Discussion

- The agency acts as a governance body which looks into the integrity aspect of policy makers, hence recommend policies based on the United Nations' guidelines.
- Stimulus packages of PRIHATIN and PENJANA fall under the monitoring of the LAKSANA unit of the Ministry of Finance Malaysia.
- In terms of integrity surveillance, each committee member of this integrity unit will report to the head of National Audit Unit and then to the Malaysian Anti-Corruption Commission (MACC).
- The Anti-Corruption Committee will look into the anti-corruption system which is chaired by the Prime Minister.
- The pandemic is the best time to examine integrity among civil servants.
- Also, the function of the Cabinet Committee needs to be promoted to the public to enhance its role in ensuring a good policy making process for governance.
- In fighting against corruption, this agency works closely with the Parliament and cabinet to ensure a good outcome from the National Anti-Corruption Plan.
- Despite restrictions under COVID-19, this agency is still engaged closely with the government by utilizing online devices for meetings.

Recommendation(s)

- 1) Encourage effective / strategic communication by the government via social media to disseminate information on stimulus packages and assistance to the public.
- 2) Enhance coordination between government agencies, private sectors and non-governmental organizations to effectively channel information to the people, thus minimizing the chances in misuse of power among any third parties involved.
 - The coordination should also be implemented by stages and according to respective role and function. Each agency should play their respective role in ensuring that the importance of integrity is upheld. For example, the role of Malaysia Integrity Institution (IIM) focuses on advocating transparency and integrity among civil servants.

Category: SME owner in the manufacturing sector (Food & Beverage)

A manufacturing company in Felda, Pahang which focuses on snacks production, R4

Summary of Discussion

- Cannot afford to issue wages to the employees, unable to increase model for business rolling and also did not receive any assistance. Do not have sales during pandemic since the market is closed down - about 30% fall in sales and revenue.
- Before COVID-19, the implementation of GST had already caused inflation in goods; and now, with the movement restriction order, businesses are hit even worse.
- Some acquaintances in the same field lamented that 30 to 40 gunny sacks of unmarketable snacks have been accumulated. They also faced difficulties in issuing salary to the employees.
- Quite satisfied as restrictions are really needed. The scenario will go worse if there is no MCO.
- Currently, economic sectors are still allowed to operate as usual. Compared to the first MCO (in March 2020), the situation in MCO 2.0 is slightly better.
- However, none of any form of assistance under the relief packages is received. All applications were rejected even after appeal was made. However, food aids distributed by FELDA was quite satisfactory.

- Some rumors and word-of-mouth were spread among the SMEs that some business owners who are not operating business (during MCO) but still receive the assistance.
- When none of the financial aids are received, it is struggling for businesses to get money to pay the workers' salary.
- It is somewhat disappointing especially after all the hard work and struggle in sustaining the businesses were wasted.
- Never heard of corruption among SMEs owners, even in the WhatsApp community with the Department of Fisheries Malaysia formed by a retired officer who stayed engaged with the local communities.
- Assistance and aid are not channeled to the needy. Top management did not garner the grounded issues related to SMEs.

Recommendation(s)

- 1) Give more allocation in terms of funding and recover SMEs businesses.
- 2) Expecting more opportunity and financial assistance from the government to the business owners, especially to those who lives in the suburban and rural settings.

Category: SME owner in Services (Information & Technology)

A tech company in Selangor run by a female owner for nearly 10 years in Selangor, R5

Summary of Discussion

- Companies are struggling to sustain especially when there is a spike in COVID-19 cases. Businesses in tech companies find it hard to get more tender ship as compared to before.
- Even though Prime Minister has announced that economic sectors are allowed to operate as usual, but the fact that many projects from the private sectors are restricted to run as usual. Thus, business owners are forced to cut costs, especially when the majority of the projects are from government agencies, local government etc.
- Before COVID-19, new project will be obtained annually but now, the demand has subsided hence less revenue.
- When the number of employees is large, the company(s) are hard to sustain. Thus, they are forced to use up the model that is supposed to be used for employees' salary, wages or even premise rental, despite assistance are given by SOCSO. Assistance from SOCSO does help but it is not a "total solution". Hence, many companies opt to lay off employees.
- When MCO is imposed, services sectors are hit with the restriction. Even though some meetings can be conducted online, but there is still restriction in terms of mobility and sales marketing. As a result, many businesses are experiencing drop in business sales. Also, even employees can work, some remote work arrangement is not applicable to some industries, particularly for those who are working as sales distributors. When employees are infected with COVID-19, quarantine will be required and eventually work delivery will be delayed, leading to drop in sales.

- Giving assistance is not a long-term approach because it can exhaust the country's economy and fiscal resources. This is especially when situation is still very unpredictable and the government can no longer take any further action to contain the virus.
- Extension of MCO was needed when people do not comply to the standard operating procedure (SOP). This results in impact on business operations.
- At this point in time, tender from the government is still running as usual. (Federal government is performing good but the agencies are facing more restrictions in operation) .
- Assistance announced by the Prime Minister are all received by the people.
- Integrity level among government servant has been improved - with all the KPI system, for instance, if we provide services to the government sector, there will be strict deadline, compound (if late submission or completion), auditing, payment and the process is fast.
- Satisfied with the 2021 National Budget and hope there is more transparency from it - what is being announced will be obtained by the people and not merely benefit the crony.

Recommendation(s)

- 1) Federal government can channel some funds to the agencies in order for them to sustain and generate income.
- 2) Due to the fluid political turmoil, the respondent was not too confident toward the government's transparency in aid dispensation. The good thing is, the opposition of the government is always there to monitor the government and pushing the government to be more cautious in making decisions. As a result, there will be a robust check-and-balance in the entire system. Furthermore, the ruling party in the past regime used to be overpower, but now, the opposition is getting stronger.
- 3) All government agencies should play their role to curb this situation through various implementations, for instance, conduct surveys. All parties should play their respective role.
- 4) Government should not only listen to the top management but go deep into the grassroot level to scrutinize the gap between poor and rich and identify real problems faced by SMEs.

Category: SME owner in manufacturing (Food & Beverage)

A manufacturing company in Shah Alam, Selangor which focuses on agricultural production in food and beverage, R6

Summary of Discussion

- The challenges are “terrifying”. Manufacturers are not able to market their agricultural products and process them for the market. When crops are yielded from the plantation, factories are not able to process them due to the restrictions and lockdowns. Hence, no purchase from consumers. Subsequently, when there is no demand, supply is limited as well. All these limitations have resulted in big loss of raw ingredients costs.
- Usually, when raw ingredients are processed in the factory, they can be kept up to 2 to 3 months. Nonetheless, this can impose a higher cost and expenses, especially when the products are stagnant and not able to be marketed.
- Business before COVID-19 was good, but it drops up to 80 % since the second Movement Control Order (MCO) was imposed.
- Not satisfied at all towards the government’s performance in mitigating the pandemic – “All ‘zero’. This MCO is putting people in hot spots”.
- All applied assistance was rejected and only Wage Subsidy Program was received.
- State government does not provide any form of assistance/aid. “Tired of preparing all the documents (for application) but all went down the drain.”
- Applied for land rental deferment (for 2021) from the Selangor state government but was not responded until today.
- Therefore, absolute zero confidence toward the government’s ability was shown. Many business friends have submitted the application of what the government has advertised in the media but these are only empty promises.
- Initiatives proposed in the Budget 2021 are only “good to be heard” but in fact everything is “zero”.

Recommendation(s)

- 1) Government shall assist SMEs with full diligence as almost 90% of them are highly impacted by the economic downturn due to the pandemic.
- 2) Reduce or minimize bureaucracy.
- 3) Implement a friendlier approach with the SMEs to listen to their voices - moans and complaints, and not merely setting rules and regulations.
- 4) Increase allocation for SMEs in terms of grants and loans.
- 5) Support from banks and government agencies on facilities for SMEs because most of the SMEs can only sustain for one more year.
- 6) Inconsistency in MCO should be revised to avoid unforeseen bankruptcy among SMEs.
- 7) If there is evidence and justification to prove a corrupted act, appropriate actions should be taken immediately and committed to a fair verdict by the justice. This is to avoid time consuming especially the whistleblower - which may take up years, to and from the courts for the witness.
- 8) Enforcement of law should be treated seriously. Once sentenced with guilt, there should be no appeal available for the offenders.
- 9) Instill the rule of fear - so that the top management will be fearful and strict toward actions like corruption and bribery. For example, beheaded law in China where no appeal for the offenders, should be exemplified.
- 10) Avoid the fact that the witnesses are not protected by whistle-blower act.
- 11) Education - Introduce the education of wrong acts haram (illegal), to educate the people from young. When top leaders are corrupted, the whole system is corrupted.

Category: SME owners in construction

A construction company based in Johor Bahru, Johor, R7

Summary of Discussion

- Before COVID-19: Contractor in Class 1 and Class 2 were given opportunity for open-tender. State government controls the budget and appoints internal contractors.
- Now: No longer open-tender - State government appoints one single company only - other small-scale companies have to be under the instruction of appointed company
- Opportunity given to contractors are in the hands of politicians with political will.
- Absolute dissatisfaction over PRIHATIN & PENJANA as the government is now corrupted.
- A repetition of the fund distribution. What is happening in other countries (on relief packages) is not happening in Malaysia. In fact, B40 and the needy are not taken care of, but the cronies are benefited from the assistance. Moreover, with control of budget, no exposure of opportunity to everyone. Hence, bad practices will come in. It is all about politicians who want to maintain their position in government.
- Repeating of giving funds: from PRIHATIN to PENJANA and then PERMAI, just to make sure the public is happy. In fact, corruption has taken place.

- By creating mega projects, for instance the incident of Iris corp. required RM 1.16 billion in federal budget (for software project to immigration department).
- Findings in the survey showing that 8% of the SMEs have misused the assistance is ambivalent which in occasion, it is seen as a form of “favor” - by requesting the government to provide additional scope / job. Thus, it is not seen as corruption.
- Beneficial side: by “creating job”, the government side can get kick-back.
- The proposed Budget 2021 is only an exaggerated figure. Thus, it is difficult to predict what the government can do.
- “We can see that we will not be justified from the budget announced by the government”.
- The government can never come out with sufficient allocation to accommodate the situation.

*<https://www.johorkini.my/tindakan-kerajaan-johor-seolah-tutup-peluang-kontraktor-penyelenggaraan-jalan-bumiputera/>

*<https://www.thestar.com.my/business/business-news/2021/01/29/iris-bags-rm116bil-niis-contract>

Recommendation(s)

- 1) SMEs need to diversify the business platforms and model to survive. For example, creating private business to earn more.

Category: SME owners in services (accommodation/hotel)

A boutique hotel in Kuching, Sarawak which is said to be “100%” affected by the pandemic due to the restrictions on inter-state travel, R8

Summary of Discussion

- Situation before COVID-19 was good where foreign tourists demand was high and economic run as usual. But after COVID-19, with closed border, fluctuating number of cases, changing policy (SOP) has resulted in huge impact on hotel industry.
- Federal government’s performing as good as the other countries in handling the pandemic.
- Assistance received: Wage Subsidy Program (only got during first stage but the still waiting for the second allocation from the government).
- In the state government level, it is also quite satisfying. Initially, Sarawak was handling quite well and quarantine measures were taken to protect the people. However, due to special case such as the Pasai cluster which then resulted in a spike in cases, there is a certain level of “leakage” from the state government. In fact, special arrangements for the girl (in Pasai cluster) should be given special quarantine arrangement prior to her arrival at the village for a funeral.
- The assistance provided by the state government is almost similar to that of the Federal government (discount in rental, electricity etc).

- Quite confident towards the government's ability in dispersing the aids, especially in terms of integrity, accountability and transparency. Priority is given and additional RM 50 billion is allocated in the latest announced PEMERKASA. It is also a good move to accelerate the vaccination program but unfortunately the supply of vaccines is slow, which is not the fault of our government.
- The survey finding which showed 8% of bribery involved among SMEs is quite possible, probably because they want to fasten the process of getting successful application of assistance.
- Corruption involves every industry and not only SMEs. However, it is rare in the hotel industry since it is an accommodation-based business where owners cannot offer bribery to customers for the stay. It is a Business-to-Customer (B2C) business. Furthermore, it is not a big project.
- Application process is harder for SMEs due to unclear criteria and slow approval processing. Therefore, online applications are more preferred compared to hardcopy document submission. For example, application of permit for inter-state travel to avoid long queue in the police station.

Recommendation(s)

- 1) More financial assistance injection for hotel and accommodation industry - most immediate and direct assistance.

Category: SME business owner

A travel agency in Putrajaya which currently switching business model to tech company while waiting for economy revive, R9

Summary of Discussion

- The situation now is full of uncertainties because businesses are not able to penetrate into the market. Therefore, businesses need certainties for this penetration. Many forms of movement restrictions are the main challenge for businesses. Right now, conservative step in business operation has been opted in order to survive, i.e. only making decisions once the movement control orders are lifted. The magnitude of decisions made would always be depending on the situations after the movement restrictions.
- Secondly, digitalization is also quite challenging for some SMEs because not all sectors are familiar with the remote working culture, such as management department.
- Hence, there is a need to put the best strategy. In June 2020, the business has decided to only resume on 31st December. So, for the meantime, a tech business is established to survive from the economic crisis.
- From a business point of view, the policy announcement itself is good at the right time and initiatives. Nevertheless, the challenge is about how it can be executed. One of the announcements in PRIHATIN for example, stated that allowance will be distributed to tour guides but the recipients took a long time to receive after the government was urged by the SME Association to execute it. Consequently, SMEs in the tourism sector has to use their own money first before receiving the assistance from the government. In addition, second payment for Wage Subsidy Program is also yet to be received. These situations have resulted in difficulties for businesses to roll out any business plans and strategy.

- Less confident towards the government's ability in achieving an aids dispensation with full integrity because ample experiences showed unpleasant with the precarious execution plans. The assistance given is also not specific enough.
- Involvement of SMEs in bribery is seem to be less rampant because to be involved in corruption, the businesses need big incentives.
- Governance is the main element to be looked into when integrity is aimed to be upheld. If integrity needs to be taken care of, then the governance must be good. The governance (operation system) of the SME itself is not good from one angle thus the productivity is not good, resulting in fragileness and easiness to corrupt.
- Budget 2021 is not a good budget. It does not focus on the real issues faced by SMEs and placing priorities inaccurately.

Recommendation(s)

- 1) The government (and other related stakeholders) can help to resolve challenges faced by the local SMEs in the short, medium and long run by:
 - Creating a good environment - government do not interfere in the business affairs. Therefore, government has to prioritize national businesses / companies (with many rising local businesses). For instance, the government should not only deal with Shopee but also set some rules to enforce working relationship with local companies in terms of knowledge and skill transfer. Indonesia is a good example where foreign companies are not allowed to get all the chunks in businesses.
- 2) Government must help the market and people when there is increased supply and demand. Not only via tax measures (since not many people are paying tax), but helping the people on the ground to revive the economy of SMEs.

Category: SME owner in construction

A construction enterprise situated at a small town in Sabah, namely Kota Marudu, Sabah, R10

Summary of Discussion

- The biggest challenge is financial constraints. Business model is issued but unable to operate. Currently hard to get a job due to the restrictions and prohibited inter-district travel in Sabah.
- The situation before COVID-19 was rather stable and works are much easier when people are freely allowed to look for jobs, including in meeting clients. But now every travel for work purpose, for instance site visit, requires application of police letter in the police station – which create hassle to the people.
- Portrayed a neutral level of satisfaction towards government ability to manage the COVID-19. The criteria for application are also too tight and strict for the SMEs, for example in the case of renewal of contractor training license.
- Situation in Kota Marudu now: Businesses are unable to obtain the permit when District Office is closed. Moreover, there are no online application options available for it.
- Side note: Contractors need training license and contractor license (which can be renewed online)
- In terms of stimulus packages such as PRIHATIN and PENJANA, it is quite “okay” even though most of the programs offered are not received.
- Wage Subsidy Program was not received because out of 6 workers, 3 are foreign workers (passport holders) and 3 are part time workers.
- Previous state government (WARISAN) was good: delivering food bank. Now the state government is quite passive in delivering assistance. Even aids for the recent floods are also very slow.
- Assistance for the pandemic is still satisfying, only that the allocation of assistance should not be given in stages, which resulted in public crowding in banks to withdraw the distributed financial assistance. Therefore, the assistance should be given in one-off form.

- Corruption among SME still exists and yet to be eradicated among SMEs. For now, it is still unable to be observed further because many works are delayed due to the pandemic. Many tender ships are yet to be announced by the government because implementations are not approved.
- It is not possible for the 39% of SMEs who perceive that the bank and federal government are the most involved in corruption. In construction, contractors prefer equal tender ship under an alternate system. This initiative can provide equal opportunity to all contractors, while making sure that any possible form of corruption among certain disintegrated contractors. For instance, 30 projects from the government are distributed equally to all applied contractors.
- In terms of challenges of businesses with regulatory bodies: Not much challenge if their instructions are followed accordingly. In the context of contractors, if all the spec is followed and revised upon request, there is no space for corruption to take place.
- National Budget 2021 is more or less helping for those who receive it and does not help for those who do not receive it. In the context of contractors, projects should be allocated equally and fairly to all contractors. Besides that, the government needs to scrutinize real needs of businesses in order to channel the best assistance.

Recommendation(s)

- 1) The government can engage with the Sabah Contractors Association to real problems faced by particular contractors.
- 2) In the long run, financial assistance (from TEKUN, MARA, bank etc.) is needed for SMEs to act as a model for them to survive their businesses. There are cases where some businesses who applied for loans from Malaysian Rubber Board are blacklisted to apply for loans from other institutions such as TEKUN and MARA because these contractors have a bad record. Therefore, instead of banning all applicants that apply for loans, only those contractors are supposed to be blacklisted should be penalized.
- 3) Ongoing proposal of having drawing of tender ship for contractors in A Class license to be conducted online could be implemented. This would ensure all contractors have equal opportunities to get government project.

Appendix D - Government COVID-19 Stimulus Packages

Prihatin Rakyat Economic Stimulus Package (PRIHATIN) (i) Federal Assistance

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
1	Disrupted supply chain due to COVID-19 and MCO	Healthcare personnel	Purchase of medical equipment such as ventilators and ICU equipment, personal protective equipment (PPE) and lab equipment for COVID-19 (RM500m)
		Healthcare sector	Purchase equipment and services related to COVID-19 which include obtaining medical expertise from private
			Special fund to conduct more COVID-19 tests for insurance and takaful policy holders (RM8m)
		Deferment of family insurance and takaful premium or contribution payments for 3 months for affected individuals (Special COVID-19 insurance coverage)	
		Healthcare personnel	Increase special allowance for healthcare personnel from RM400 to RM600
2	Bantuan Prihatin Nasional (BPN)	B40 and M40	<p>Cash assistance (RM10b)</p> <ul style="list-style-type: none"> • RM1,600 for households with monthly income RM4,000 and below • RM1,000 for households with monthly income of more than RM4,000 up to RM8,000 • RM800 for single individuals aged 21 years old and above with monthly income RM2,000 and below • RM500 single individuals aged 21 years old and above with monthly income more than RM2,000 up to RM4,000 per month

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
3	Disrupted supply chain due to COVID-19 and MCO	B40	More funding for Bantuan Sara Hidup, disburse 3.2 billion-ringgit (US\$735 million) for the Bantuan Sara Hidup (BSH) program. BSH is a program that distributes financial aid to households every year
4	Assistance to Students	Students (form six, matriculation, community colleges, polytechnics, IPTA and IPTS)	One-off RM200 cash assistance per tertiary student (RM270m)
5	PTPTN loan deferment	PTPTN borrowers	Six-month deferment of PTPTN loans will automatically extend the repayment period for all borrowers by the same length
6	Assistance to Vulnerable Groups	Elderly and children in shelters, disabled in aid centres, the homeless and orang asal	Food, healthcare items and assistance for the (RM25m)
7	Insurance premium payment deferment	Loan borrowers	Defer loan repayment under Skills Development Fund Corporation (PTPK) for 6 months to 174,500 borrowers
8	Insurance and takaful	B40	mySalam benefit of RM50 per day (maximum 14 days) to B40 individuals quarantined as Patients Under Investigation (PUI)
9	Private Retirement Scheme (PRS)	Employees	Allow early withdrawal of up to RM1,500 from Private Retirement Scheme Account B without tax penalty from April to December 2020

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
10	Exemptions (Tax break) on Housing and Business Premise Rentals	Landlords	Extend exemption of PPR rental to 6 months for 3,636 PPR houses under KPKT
			Deferment of 6 months rental for 4,649 units of rent to own houses (RTO) under KPKT
			Exemption of 6 months rental for 40,000 public housing tenants under DBKL
			Exemption of 6 months rental on all Federal Government-owned premises such as school canteen, nursery, cafeteria, convenience store and others
11	Electricity Bill Discounts	Commercial Industrial Agricultural Households	For domestic customers in Peninsular Malaysia, tiered discounts for electricity consumption beginning 1 April 2020 until 30 September 2020 are as follows (RM530m): <ul style="list-style-type: none"> • 50% discount for monthly bill of RM43.60 and below (0-200kWh per month) benefitting 3 million (or 40.1%) domestic customers • 25% discount for monthly bill of RM43.70 to RM77 (201-300kWh per month) benefitting 1.5 million (or 19.8%) domestic customers • 15% discount for monthly bill of RM77.10 to RM231.80 (301-600kWh per month) benefitting 2.2 million (or 29.3%) domestic customers • 2% discount for monthly bill of RM231.90 and above (> 600kWh per month) benefitting 0.8 million (or 10.8%) domestic customers
		Tourism sector	Allocation of RM 500 million to provide a 15% discount on electricity bill for the tourism

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
12	Telecommunication Services Incentives	B40	Free internet to all customers throughout the MCO period beginning 1 April 2020 (RM600m)
			Increase network coverage and capacity to maintain telecommunication network availability and quality (RM400m)
13	Assistance to Civil Servants and Pensioners	Civil servants	RM500 one-off cash assistance to civil servants' grade 56 and below including those working on contract-basis
		Pensioners	RM500 one-off cash assistance to pensioners
14	Food Security	Farmers	Allocation for Dana Jaminan Makanan (RM1b) <ul style="list-style-type: none"> • Assistance on input for agriculture, livestock and fisheries to encourage domestic production • Infrastructure facilities for food storage and distribution as well as crop integration programme (RM100m) • Special funds between RM100,000 and RM200,000 to each viable Pertubuhan Peladang Kawasan (PPK) and Pertubuhan Nelayan Kawasan (PNK) (RM64.4m)
15	Job Retention Programme	Employers	Wage Subsidy Programme of RM600 per month for 3 months to workers earning less than RM4,000 to prevent them from being terminated (RM5.9b) (RM600 monthly allowance for employees on forced unpaid leave)
		Employees	Employment Insurance System (EIS) for loss of employment

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
16	Cash assistance for E-Hailing Drivers	E-hailing drivers	Providing a one-off cash assistance of RM500 to full-time e-hailing drivers (RM60m)
17	Payment for Workers under Government Contracts	Workers under Government Contracts	<p>Payment for workers employed by contractors involved in government service contracts such as cleaning and food supply in schools, IPTAs, public training institutions and other Government agencies (RM110m)</p> <p>Extend the contract period by one month as a trade-off with the MCO period</p>
18	<p>Funds to Assist SMEs</p> <p>RM3,000 Special Grant for micro enterprises</p>	SMEs (Micro SMEs and agro activities)	<p>Provide RM4.5 billion additional funds as below:</p> <ul style="list-style-type: none"> • Additional RM3 billion in the Special Relief Fund (SRF) for SMEs with reduced interest rate from 3.75% to 3.5% • Increase size of fund by RM1 billion to RM6.8 billion under the All Economic Sectors (AES) Facility • RM500 million fund under the Micro Enterprises Facility (MEF) with interest rate of 2% without collateral • Extend the benefit of Credit Guarantee Corporation (CGC) BizMula-i and BizWanita-i schemes with funding up to RM300,000 per SME with business records of less than 4 years • Guarantee facility of RM5 billion and increase guarantee coverage from 70% to 80% by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) • Buy equipment, hardware, software and IT services with rate up to 4%, maximum amount of RM 3 million and maximum tenure of 10 years through Automation and Digitalisation Facility (ADF) • Agro Facility (AF) with capital expenditure, working capital, agrofood projects with rate up to 3.75%, maximum amount of RM 5 million and maximum tenure of 8 years

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
19	Assisting Business Cash flow	Employer	Employer Advisory Services (EAS) programme by EPF including payment deferment, restructuring and rescheduling of employer contributions options
			Exemption of Human Resources Development Fund (HRDF) levy for all sectors for a period of 6 months
		SMEs	Deferment of monthly income tax deduction for all SMEs for 3 months
			6 months deferment or loan repayment moratorium, conversion of credit card balance to term loan and restructuring of corporate loans (automatic moratorium on bank loans)
		Moratorium on loans from TEKUN, MARA and cooperatives and other government agencies providing loans to SMEs	
20	Social Financial Programme	SMEs	Social financial programme in the form of initial capital for micro entrepreneurs through zakat and matched with micro financing at affordable rates
21	Guarantee Facility Scheme for Corporates	Corporates	Provide guarantee facility of up to 80% of the loan amount to finance working capital with a minimum loan size of RM20 million per business (RM50b)
22	Focus on Domestic Investment Activity	Construction corporates	Identify small projects such as repair of roads, upgrading dilapidated schools in Sabah and Sarawak, cleaning places of worship and police stations as well as improving tourism facilities which will benefit G1-G4 class contractors (RM2b)

Pelan Jana Semula Ekonomi Negara (PENJANA)

(i) Federal Assistance

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
1	Wage Subsidy Programme	Employees	<p>To promote employee retention and reduce layoffs by extending the wage subsidy programme. The programme will be extended for a further three months with a subsidy of RM600 per employee for all eligible employers</p> <p>The current wage subsidy program will also be enhanced as follows:</p> <ul style="list-style-type: none"> • Allow employers receiving wage subsidy to implement reduced work week (e.g. 4-day work week with a reduced pay of 20%). • Allow employers to receive wage subsidy for employees on unpaid leave, subject to employees receiving the subsidy directly (only applicable for tourism sector and businesses which are prohibited from operating during CMCO)
2	National Employment Services Job Portal Upgrade	Unemployed	<p>The National Employment Services under PERKESO will be upgraded as follows:</p> <ul style="list-style-type: none"> • Enhancement of the job portal and employment placement services • Collaboration with the private job sites for employment matching

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
3	Hiring and Training Assistance for Businesses	Job seeker	<p>The Government will introduce incentives to encourage the hiring of the unemployed as follows:</p> <p>Youth</p> <ul style="list-style-type: none"> • RM600 per month for apprenticeships for school leavers and graduates for up to 6 months Unemployed Workers • Below 40 years old: RM 800 per month for employment of unemployed for up to 6 months • 40 years old and above or persons with disability: RM 1,000 per month for employment of unemployed for up to 6 months • Training allowance of RM4,000 per individual will also be extended to those retrenched but not covered under the Employment Insurance System (EIS)
4	Reskilling and Upskilling Programmes	Youth and unemployed workers	<p>To enhance employability of the unemployed through reskilling and upskilling programmes, a RM2 billion fund will be dedicated</p> <p>To enhance employability of youth particularly school leavers and fresh graduates, the Government will:</p> <ul style="list-style-type: none"> • Provide a 1-to-1 matching fund of RM250 million to co-fund place-and-train in addition to other upskilling programmes with HRDF. • Optimise government training facilities such as those under MARA, Community Colleges, IKBN and ILP. • Support Securities Industry Development Corporation (SIDC) programs such as Capital Market Graduate Apprenticeship program, Islamic Capital Market Graduate Training Scheme as well as training scheme for corporate finance • Relax conditions for PROTÉGÉ Ready to Work (RTW) programme.

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
5	Gig Economy Social Protection and Skilling	Gig economy workers	<p>To promote gig economy and provide a social safety net system for the gig economy and informal sector workforce, the government will facilitate policies through:</p> <ul style="list-style-type: none"> • A matching grant of up to RM50 million for gig economy platforms who contribute for their gig workers towards PERKESO's employment injury scheme of up to RM162 and EPF's i-Saraan contribution of up to RM250 yearly • Provide MDEC with RM25 million for the Global Online Workforce (GLOW) program which will train Malaysians to earn income from serving international clients while working online from home
6	Flexible Work Arrangement Incentives	Employees working from home	<p>To encourage work-from-home arrangements by providing support to both employers and employees</p> <p>To sustain the new normal of work-from-home, the government will support employers and employees with the following:</p> <ul style="list-style-type: none"> • Further tax deduction for employers which implement Flexible Work Arrangements (FWAs) or undertake enhancement of their existing FWAs (effective 1st July 2020) • Individual income tax exemption of up to RM5,000 to employees who receive a hand phone, notebook & tablet from their employer (effective 1st July 2020) • Special individual income tax relief of up to RM2,500 on the purchase of hand phone, notebook & tablet (effective 1st June 2020) • Coverage for workers involved in accidents while working at home under the Employment Injury Scheme

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
7	Micros and SMEs E-commerce Campaign	Malaysian MSMEs	<p>To encourage adoption of e-commerce by micro enterprises and SMEs in order to widen their market reach</p> <p>Eligible Micro enterprises and SMEs will be on board to shift towards business digitalisation through a co-funded programme with MDEC and e-commerce platforms. Participating e-commerce platforms will provide the following to eligible MSMEs:</p> <ul style="list-style-type: none"> • On-boarding training • Seller subsidy • Sales support <p>Fresh food producers such as farmers and fishermen are encouraged to join the campaign</p>
8	“Shop Malaysia Online” for Online Consumption	Malaysian MSMEs with e-commerce footprint and consumers	<p>To encourage online consumer consumption through e-commerce vouchers</p> <p>The government will collaborate with e-commerce platforms to:</p> <ul style="list-style-type: none"> • Co-fund digital discount vouchers to encourage online spending on products from local retailers

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
9	Technical and Digital Adoption for SMEs and MTCs	SMEs and MTCs	<p>To assist as well as incentivise SMEs and MTCs to digitalise operations and trade channels</p> <p>The government will continue to provide grants and loans to eligible enterprises for adoption or subscription of digitalisation services under the following programmes:</p> <ul style="list-style-type: none"> • SME Digitalisation Matching Grant totalling RM100 million, in partnership with telecommunication companies • SME Technology Transformation Fund totalling RM500 million loan (application opens from July 2020) • Smart Automation Grant totalling RM100 million, capped at up to RM1 million per company
10	MyAssist SME One Stop Shop	Micro enterprises and SMEs	<p>To provide guidance and facilitate the recovery process for Micro enterprises and SMEs</p> <p>An online one-stop business advisory platform for the Micro enterprises and SMEs will be set up to enhance the outreach of the existing physical SME Hub.</p> <p>The services offered include guidance for:</p> <ul style="list-style-type: none"> • Funding facility • Trade facilitation • Branding and promotion • Technology support • Legal

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
11	PENJANA SME Financing (PSF)	Businesses in the critically affected sectors	<p>To assist SMEs adversely impacted by COVID-19 in order to sustain business operations</p> <p>Additional financing facility to eligible SMEs:</p> <ul style="list-style-type: none"> • The banking sector will offer an additional RM2 billions of funding to assist SMEs adversely impacted by COVID-19 sustain business operations at a concession rate of 3.5%. This financing facility, with an emphasis to finance new SME customers to Banks, will be made available in mid-June 2020 with a maximum loan size of RM500,000 per SME
12	PENJANA Tourism Financing (PTF)	Tourism sector	<p>To finance transformation initiatives by SMEs in the tourism sector to remain viable and competitive in the new normal</p> <p>Provision of funding facility for the tourism sector:</p> <ul style="list-style-type: none"> • To aid the tourism sector, a RM1 billion PENJANA Tourism Financing (PTF) facility will be made available to finance transformation initiatives by SMEs in the tourism sector to enable them to remain viable and competitive in the new normal
13	PENJANA Microfinancing	Micro enterprises and SMEs	<p>To support micro enterprises through funding programmes</p> <p>Dedicated funding support for micro enterprises via:</p> <ul style="list-style-type: none"> • New funding program for SMEs and micro enterprises at an interest rate of 3.5% • Aggregated approved financing will be capped at RM50,000 per enterprise • RM50 million is earmarked for women entrepreneurs

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
14	Bumiputra Relief Financing	Bumiputra businesses	<p>To ensure sustainability of Bumiputra entrepreneurs through financial support, PUNB will provide RM200 million dedicated financial assistance for Bumiputra owned businesses in the form of:</p> <ul style="list-style-type: none"> • Working capital • Operational expenditure • System automation • Equipment and expenditure to implement social distancing practices (e.g. on PPEs) • Financing of RM 100,000 – RM 1 million for up to 5 years at 3.5% p.a. interest rate. Moratorium of up to 6 months from disbursement <p>Through MARA, the Government will also allocate:</p> <ul style="list-style-type: none"> • RM300 million working capital loans to assist affected Bumiputra entrepreneurs including training colleges • Maximum loan amount of RM1 million with 3.5% p.a interest rate
15	SME Go-Scheme for Liquidity Support	SME contractors	<p>To provide liquidity for SME contractors to start delivering on Government projects.</p> <p>SME Bank will provide financing support to contractors and vendors who were awarded with small government projects under the Pakej Rangsangan Ekonomi (PRE) 2020 and the PRIHATIN stimulus package</p> <ul style="list-style-type: none"> • The scheme will benefit 16,000 G2 & G3 contractors • No deposits or collateral needed • SME Bank shall pay directly to the contractors and vendors based on the presentation of invoices/claims

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
16	Accelerated Payment Terms for GLC and Large Corporates' Supply Chain	Companies in supply chains of selected GLC and large corporates	<p>Companies in supply chains of selected GLC and large corporates</p> <p>To provide relief to SMEs' cash flows, the government is encouraging GLCs and large corporations to accelerate their vendors' payment terms</p> <p>Selected GLCs and large companies have already committed to accelerate payment terms to their vendors:</p> <ul style="list-style-type: none"> • Axiata and TM have reduced payment terms for selected vendors from 45 days to 14 days • TNB has a 7-days payment process • PETRONAS launched the Vendor Financing Programme in collaboration with nine banks, to facilitate vendor verification and reduce approval time
17	Tax Relief for COVID-19 Related Expenses	All businesses	<p>To encourage businesses to adapt to new norms and adhere to SOPs through tax relief</p> <p>Extend the period and expand the scope of expenses allowed as tax deduction or capital allowance for COVID-19's prevention, including:</p> <ul style="list-style-type: none"> • COVID-19 testing • Purchase of PPE and thermal scanners

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
18	Financial Stress Support for Businesses	All businesses	<p>To ease financial stress on businesses through remissions of penalties related to late tax payments</p> <p>Ease financial stress of business through:</p> <ul style="list-style-type: none"> • 50% remission of penalty for late payment of sales tax & service tax due and payable from 1st July 2020 to 30th September 2020 • Extension of special tax deduction for renovation and refurbishment of business premises to 31st December 2021 • Extension of Accelerated Capital Allowance on eligible capital expenses including ICT equipment to 31st December 2021 • Extension of special deduction equivalent to 30% reduction in rental for SMEs to 30th September 2020
19	Social Enterprises Elevation	Relevant social enterprises	<p>To encourage social enterprise related activity through contribution matching</p> <p>To encourage and sustain the role of social enterprise in promoting responsible business, the government provide a matching grant through Malaysian Global Innovation & Creativity Centre (MaGIC) totalling RM10 million to social enterprises who are able to crowdsource contributions and donations to undertake social projects that will address the challenges faced by targeted communities through innovative ways</p>

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
20	Spur Set Up of New Businesses	Businesses	<p>To encourage the establishment of new businesses and transactions such as mergers and acquisitions</p> <p>To catalyse establishment of new businesses, financial relief will be provided in the form of:</p> <ul style="list-style-type: none"> • Income tax rebate up to RM20,000 per year for 3 years of assessment for newly established SME between 1st July 2020 to 31st December 2021 • Stamp duty exemption for SMEs on any instruments executed for Mergers and Acquisitions (M&As), for period between 1st July 2020 to 30th June 2021
21	National “Buy Malaysia” Campaign	Local businesses	<p>To encourage the consumption of Malaysian-made products and services, push for consumption of local products and services through:</p> <ul style="list-style-type: none"> • Promoting the “Buy Malaysia” campaign by the Government and relevant agencies • Ensuring local product tagging or identification is compulsory for big supermarket chains • Create dedicated Malaysian products channels on major digital platforms
22	Agriculture and Food Sector Support	Agriculture and food sector	<p>To provide financial relief for agriculture and food players affected by COVID-19 and MCO. Dedicated support for the Agriculture and Food sector as follows:</p> <ul style="list-style-type: none"> • Micro credit financing under Agrobank for agropreneurs (including commodity players) totalling of RM350 million with interest rate of 3.5% (Maximum loan size: RM50,000) • Agrofood workforce mobility via incentives for pioneer companies to train and educate workforce to explore opportunities in agriculture and plantations • In-kind benefits for Urban Farming (e.g. Fertilisers, Seeds, Infrastructure, Equipment, Advisory and Training) worth RM500 per person and RM 50,000 per community

**Perlindungan Ekonomi Dan Rakyat Malaysia (PERMAI) Assistance Package
(i) Federal Assistance**

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
1	Wage Subsidy	Employers	The enhanced Wage Subsidy whereby employers operating in the Movement Control Order (MCO) states will receive a wage subsidy of RM600 for each of their employees earning less than RM4,000 for a period of one month. This is coupled with an increase in the number of eligible employees per employer from 200 to 500 employees
2	Exemption of Human Resources Development Fund levy	Employers	Exemption of Human Resources Development Fund levy for companies that are unable to operate during the MCO and Conditional MCO periods
3	Electricity bill discounts	Businesses	Continuing electricity bill discounts for 6 business sectors, comprising hotel operators, theme parks, convention centres, shopping malls, local airline offices as well as travel and tour agencies
4	Tax deduction for rental on business premises	Special tax deduction for rental deduction of at least 30% on business premises rented to Small and Medium Enterprises (“SMEs”) from April 2020 to March 2021 (subject to gazette of the relevant Rules).	Extended to cover business premises rented to non-SMEs and to 30 June 2021

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
5	Special Tax Relief	Businesses	<p>Special tax relief of up to RM2,500 for purchase of personal computer, smartphone or tablet incurred from 1 June 2020 to 31 December 2020</p> <ul style="list-style-type: none"> • Extended to 31 December 2021 <p>Tax relief of up to RM8,000 is given for medical expenses incurred for the treatment of serious diseases for taxpayer, spouse and children and the cost of fertility treatment (including full medical check-up of RM1,000 and prescribed vaccination of RM1,000)</p> <ul style="list-style-type: none"> • Tax relief for full medical check-up extended to cover COVID-19 screening <p>Sales Tax exemption for purchase of passenger cars:</p> <ul style="list-style-type: none"> • 100% on locally assembled passenger cars • 50% on imported passenger cars <p>from 15 June 2020 to 31 December 2020, subject to conditions.</p> <p>The condition of ownership to qualify for exemptions from Excise Duty and Sales Tax for the purpose of transfer, disposal and for private use of taxis is reduced from 7 years to 5 years</p> <ul style="list-style-type: none"> • From 1 January 2021 to 31 December 2021
		Employers	<p>Tax deduction on expenses incurred for COVID-19 testing (as announced under PEN-JANA)</p> <ul style="list-style-type: none"> • Double deduction will be given to employers who fund the cost of COVID-19 screening for their employees in year 2021.

National Budget 2021
(i) Federal Assistance

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
1	Enhanced targeted loan repayment assistance	Micro-enterprises	<p>Micro-enterprises with loans of up to RM150,000 will have access to an enhanced targeted repayment assistance programme from December 2020 onwards. The enterprises will be given two options, namely:</p> <ul style="list-style-type: none"> • Option 1: Postponement of repayment for 3 months • Option 2: 50% reduction in monthly instalment for 6 months
2	Financial aid	Bumiputra entrepreneurs and entrepreneurs from other communities	<p>A total of RM4.6 billion will be set aside to assist bumiputra entrepreneurs, providing them with financing options via several avenues, including:</p> <ul style="list-style-type: none"> • TEKUN Nasional and Perbadanan Usahawan Nasional Berhad (PUNB) - RM510 million to finance bumiputra SMEs and MSMEs • Syarikat Jaminan Pembiayaan Perniagaan (SJPP) - RM2 billion to finance bumiputra SMEs • Bank Pembangunan Malaysia and SME Bank - RM800 million for capacity building programmes, such as employee upskilling and tool upgrades <p>The government is also allocating RM1.3 billion for various capacity building programmes, including professional development, Dana Kemakmuran Bumiputra, as well as other specific programmes or projects specifically for bumiputras.</p> <p>Apart from that, the government will provide RM20 million specifically for Skim Pembangunan Usahawan Masyarakat India (SPUMI), and another RM5 million for entrepreneurship development for other minority communities.</p>

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
3	Financing aid and training programmes	Women entrepreneurs	<p>RM95 million will be set aside for a special micro credit financing facility specifically for women entrepreneurs, to be disbursed via TEKUN Nasional, MARA, and Agrobank. This is on top of another RM50 million that is offered to support them via Ar-Rahnu BizNita, a programme parked under the Islamic Economic Development Foundation (YaPEIM).</p> <p>Additionally, more than 2,000 women entrepreneurs will be able to benefit from guidance courses via the Micro Entrepreneur Business Development Programme (BizMe). These guidance programmes include coaching in matters such as packaging and labelling, marketing strategies, as well as technical guidance of businesses.</p>
4	Improved access to financing aid via micro credit financing	SMEs and MSMEs	<p>As much as RM1.9 billion of soft loan funds and grants have been provided via the PRIHATIN and PENJANA packages to help SMEs and MSMEs facing difficulties accessing financing aid. The government aims to continue helping these entrepreneurs by enhancing different avenues for micro credit financing.</p> <p>Firstly, SME Bank will provide the Lestari Bumi financing facility scheme with funds amounting to RM300 million. This fund is aimed at encouraging SMEs and MSMEs to move up the value chain by transforming and improving their businesses.</p> <p>In addition to that, the government will also introduce the National Supply Chain Finance Platform, dubbed Jana Niaga, to assist SMEs that supply to the government or government-linked companies (GLCs).</p>

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
5	Enhanced government guarantee schemes	Bumiputra entrepreneurs	<p>The government provides an additional RM10 billion for government guarantee schemes that are provided via Syarikat Jaminan Pembiayaan Perniagaan (SJPP), with RM2 billion reserved specifically for bumiputra entrepreneurs.</p> <p>The government guarantee schemes are alternative solutions where the Malaysian government stands in as a guarantor for eligible SMEs so that these businesses can obtain credit facilities from participating banks. These schemes provide a guarantee coverage of up to 80%, and the facilities obtained can only be used for working capital or capital expenditure.</p>
6	Targeted assistance and rehabilitation facility	SMEs	<p>SMEs that are financially affected can also look into the Targeted Assistance and Rehabilitation Facility that is worth RM2 billion. Parked under the jurisdiction of Bank Negara Malaysia (BNM), this fund will be introduced via loans from banking institutions.</p>

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
7	Incentives for local entrepreneurs and to boost consumption of local products	Businesses	<p>The government will introduce the Micro Franchise Development programme and the Affordable Franchise Scheme to help entrepreneurs who are interested in venturing into the local franchising industry.</p> <p>In addition to that, the Buy Made in Malaysia programme which was launched in July 2020 to boost consumption of local products and services will also be continued. A total of RM25 million will be allocated for the three aforementioned incentives.</p> <p>RM150 million is to be set aside to re-implement the Shop Malaysia Online initiative, which was previously introduced under the PENJANA economic recovery plan and had ended in September. The initiative operated on the collaboration between the government and several participating e-commerce platforms to offer discount vouchers for consumers, thereby stimulating the e-commerce ecosystem. This round, it is expected to benefit 500,000 local sellers, including halal products and handicraft entrepreneurs.</p> <p>The government is also injecting another RM150 million for the e-Commerce SME and Micro SME campaign to encourage 100,000 local entrepreneurs to embark on their e-commerce journey. The fund can be used for training programmes, sales assistance, and digital equipment.</p> <p>Lastly, RM35 million will be parked under the Trade and Investment Mission effort to promote Malaysian-made products and services in foreign countries.</p>

NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
8	Exemption from Human Resources Development Fund (HRDF) levies	Employers	
9	Financial aid for the digitalisation of businesses	SMEs and businesses	<p>The government has emphasised that it will focus on long-term productivity via new technology to accelerate the country's transformation towards a high-income nation. For this reason, grants and loans will continue to be provided to encourage SMEs and businesses to digitalise their operations and trade channels.</p> <p>Chief of this is the Industrial Digitalisation Transformation Scheme that is valued at RM1 billion, to be provided via Bank Pembangunan Malaysia Berhad (BPMB). Aimed at boosting digitalisation activities, this fund will be available until 31 December 2023.</p> <p>On top of that, the government is also injecting an additional RM150 million into the existing SME Digitalisation Grant Scheme and Smart Automation Grant in support of automation and modernisation. There are also plans to relax the eligibility requirements for MSMEs and start-ups applying for these grants if they have operated for at least six months.</p>
10	Tax exemption for equity crowd financing (ECF)	Start-ups and businesses	Start-ups and businesses that tap into equity crowd financing as a form of alternative financing method will be entitled to a tax exemption of 50% of the investment amount (capped at RM50,000).

(ii) State Government Assistance (selected states)

SELANGOR			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	Rental exemption	Micro licensed businesses	Rental exemption for 80,000 hawkers and licensed business owners.
	One-off cash assistance		One-off RM 500 cash assistance to mitigate business cash flow.
b	Loan deferment	Entrepreneur under Selangor Hijrah Scheme	Immediate three (3) months loan deferment for all 40,000 entrepreneurs under the loan scheme.
c	Free Food and incentives	Higher institution student	<p>One-off RM 200 cash assistance for 2,500 students from Selangor who are stranded in higher institution at Sabah and Sarawak due to the movement restriction order.</p> <p>Free Food Bank Program implemented from 22nd March to 31st March 2020 to distribute free food to students who are stranded in campuses at local Selangor higher institutions particularly UNISEL, KUIS and INPENS.</p>
d	Smart Rent Scheme loan deferment	Renters under Smart Rent Scheme	Three (3) months loan deferment for 2,700 renters under the Smart Rent Scheme in Selangor.
e	Extension for land tax payment	Businesses	Land tax payment extended for one (1) month from 31st May 2020 to 30th June 2020.

JOHOR			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	Rental exemption	Micro businesses	Rental exemption to 10,371 micro business owners who rented premise such as premises and open market from Local Government (PBT).
b	Exemption in rental and relevant initiative	Businesses/ MSMEs	151 units of business owners under the management of PUJB (Perbadanan Usahawan Johor Berhad) are given relaxation in rental and relevant initiatives implemented.
c	Payment of salary	Daily Wages employees and government contractual employees	Payment of salary for daily wages employees (Pekerja Sambilan Harian, PSH) and government contract employees.

KUALA LUMPUR			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/ INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	Assistance from Kuala Lumpur City Hall (DBKL)	SMEs	One (1) month free premise rental to all businesses under DBKL. Full salary for 500 daily wages DBKL workers.

SARAWAK			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	Electricity bill discount	Domestic consumers, commercials, industrial	5% to 25% discount of electricity bill from April 2020 to September 2020 to all domestic household consumers, commercial and industries in Sarawak.
b	Water supply bill discount	Domestic consumers, commercials, industrial	10% to 25% discount of water supply bill from April 2020 to September 2020 to all domestic household consumers, commercial and industries in Sarawak.
c	Rental discount	Micro businesses/ petty traders	Up to 50% rental discount to all stall / business space / trader renters under the management of local council (PBT) for six (6) months until September 2020.
d	Permit and licenses exemption	Micro businesses at open market, bazaar and night market	Exemption of permit and license payment for business owners at open market, night market and bazaar.
e	Loan deferment	SMEs businesses	Nine (9) months loan deferment for all SMEs under the SMEs Loan Scheme.
f	Micro Credit Scheme	SMEs businesses	Micro Credit Scheme worth RM 20 billion for Small and Medium Enterprises (SMEs) to expand and sustain businesses.
g	Fees deferment for hotel license	Hotel, homestay and accommodation businesses	Fees deferment allowed for all hotel, homestay and accommodation industry in Sarawak.

PULAU PINANG			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	Assistance for COVID-19 impacted businesses	SMEs businesses	RM 20 mil fund allocated for Small and Medium Enterprises (SMEs) impacted by the Movement Control Order (MCO).
b	One-off cash assistance	Small businesses	One-off RM 500 cash assistance for licensed business owners under Penang Island City Council (MBPP).
		Tour driver	One-off RM 500 cash assistance for tour driver.
		Taxi & trishaw driver	One-off RM 200 and RM 300 cash assistance for taxi driver and trishaw driver.
		E-hailing	One-off RM 300 cash assistance for e-hailing driver.
c	Rental exemption for premises	Businesses	Rental exemption for businesses in Penang.

PERAK			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	One-off cash assistance	Business owners	One-off RM 500 cash assistance for 4,000 licensed business owners who are affected by the Movement Control Order (MCO).

MELAKA			
NO.	GOVERNMENT ASSISTANCE PROGRAM NAME	RECIPIENT (GROUP/INDIVIDUAL)	TYPE OF ASSISTANCE/PURPOSES
a	Assistance for small traders	Petty traders and small businesses	Assistance of rental for small businesses and petty traders in terms of rental for business space.

Appendix E - Chronology of Events Relating to the Aids and Stimulus Packages

NO.	DESCRIPTION	KEY POINTS
27 February 2020	RM 20 billion stimulus package was announced by Prime Minister Mahathir Mohamad, to ease the cash flow of affected businesses and assist affected individuals stimulate demand for travel and tourism.	<ul style="list-style-type: none"> • RM 400 monthly allowance for front-line medical staff • RM 600 one-off payment for all taxi drivers, tourist guides, tourist bus drivers, trishaw riders • RM 1000 tax relief for expenses on domestic tourism • RM 100 vouchers for each Malaysian to spend on domestic travel
18 March 2020	A Movement Control Order (MCO) was imposed in Malaysia to combat the spread of the first wave of pandemic. Under the Prevention and Control of Infectious Diseases (Measures within Infected Areas) (No. 2) (Amendment) Regulations 2020 which comes into force during the MCO, only listed essential services, including food, water, energy, communications and Internet, security and defense, solid waste management, public cleaning and sewerage, banking and finance, e-commerce and logistics were allowed to operate.	N/A

NO.	DESCRIPTION	KEY POINTS
27 March 2020	<p>The second stimulus package, Prihatin Economic Stimulus Package valued at RM 250 billion was issued by the newly-appointed Prime Minister, Tan Sri Muhyiddin Yassin.</p> <p>In response to the voices and struggle of businesses on the ground, especially small and medium-sized enterprises (SMEs), the package was meant to channel support to businesses by injecting fiscal assistance to strengthen the national economy. At the same time, low (B40) and middle-income (M40) individuals and households were given necessary assistance.</p>	<ul style="list-style-type: none"> • RM 500 one-off payment for e-hailing drivers • Up to RM 500 monthly EPF withdrawals allowed from contributor's Account 2 • 15% - 50% discount on electricity bills
6 April 2020	<p>Additional Prihatin SME Economic Stimulus Package 2020 (ESP3), worth RM 10 billion was announced, catered to the SMEs. A special task force was established at the Ministry of Finance to oversee the deployment and efficacy of the announced initiatives, ensuring effective and comprehensive implementation of all measures under the Prihatin Economic Stimulus Package and Additional Prihatin SME Package.</p>	<ul style="list-style-type: none"> • RM 3,000 Prihatin Special Grant for 700,000 micro SMEs • Three-month wage subsidy for local workers earning RM 4,000 a month • RM 500 million in zero-interest micro credit schemes under Bank Simpanan Nasional • RM 200 million in zero-interest easy financing under TEKUN Nasional • 25% levy reduction on foreign workers between April to December 2020

NO.	DESCRIPTION	KEY POINTS
9 June 2020	<p>The fourth economic stimulus package, named the PENJANA Economic Recovery Plan (PENJANA) valued at RM 35 billion, was primarily aimed at helping businesses recover from the impact of the pandemic, it was introduced when MCO was lifted to be replaced by Recovery Movement Control Order (RMCO) phase between 10 June and 31 August. Interstate travel was allowed in some areas at this stage of movement restriction order, allowing certain economic sectors to commence operations. Some of the measures issued in PENJANA include new tax incentives, financial assistance for small and medium-sized businesses (SMEs), and job protection initiatives.</p>	<ul style="list-style-type: none"> • Wage Subsidy Programme to enable employers retain employees in the workforce • Social safety net for workers in the gig economy • RM 10 million Social Impact Matching Grant to support social enterprises and social innovation in Malaysia • Additional RM 500 million under the Micro Credit Scheme through Bank Simpanan Nasional to provide eligible SMEs with financing up to RM 300,000 • PRS pre-retirement withdrawals up to RM 1,500 from Account B without tax penalty between April and December 2020
23 September 2020	<p>An additional economic stimulus package worth RM10 billion was announced by the Prime Minister in a bid to provide a second stage of assistance to industries and Malaysians struggling to sustain their businesses and employment. Cash assistance worth RM 7 billion, assistance for small businesses as well as the second stage of Wage Subsidy Programs schemes were among the programs introduced in this stimulus package.</p>	<ul style="list-style-type: none"> • Bantuan Prihatin Nasional (BPR) 2.0 • Additional tax deduction equal to the rent discount given to landlords of private business premises who give rental discount to SMEs • Abolition of 2% interest rate for Micro Credit Scheme under Bank Simpanan Nasional • Wage Subsidy Programme 2.0 worth 2.4 billion for 1.3 million workers • RM 600 million in Prihatin Special Grant to benefit over 200,000 micro enterprises

NO.	DESCRIPTION	KEY POINTS
26 November 2020	The 2021 Budget worth RM 322.5 billion was tabled by Finance Minister, Tengku Zafrul Abdul Aziz, aiming to act as an expansionary budget to support the people and revive the economy. Various measures were introduced to different economic sectors and segments of the society to overcome the challenging financial predicament.	<ul style="list-style-type: none"> • Operation expenditure RM 236.5 billion • Development expenditure: Rm 69 billion • COVID-19 Fund: RM 17 billion • Bantuan Prihatin Rakyat (BPR) worth RM 6.6 billion for 8.1 million recipients • RM 9.3 billion for employee's contribution cut to 9% from 11% • RM 3.7 billion allocated for Janakerja to create 500,000 jobs in public and private sectors
13 January 2021	The government announced the second Movement Control Order namely MCO 2.0, with relaxed terms on economic sectors. Unlike the first MCO, most economic sectors were allowed to operate with strict compliance to the Standard Operating Procedure (SOP). Employers were encouraged to enable remote working for employees to work from home as a measure to contain the third wave of COVID-19 outbreak.	N/A
18 January 2021	Five days after the second MCO was imposed, PERMAI Stimulus Package was announced. Valued at RM 15 billion, various incentives were outlined under PERMAI – continuation of programs and aid assistance given in the previous year.	<ul style="list-style-type: none"> • RM 3 billion for COVID-19 National Immunization Programme • Tax deductions for donors making contributions towards curbing COVID-19 • Electricity rebates for all TNB users at a rate of 2 cents per kilo-watt from January to June 2021 • Additional assistance to SMEs in red zone areas and those under MCO states

WITH APPRECIATION TO





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