

SME SENTIMENT INDEX SURVEY 2024

FIRST HALF



Profile of Respondents

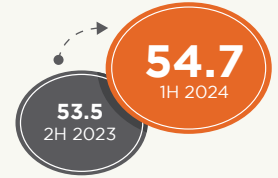


Purpose

To gauge MSMEs' view of the business environment which can be the yardstick in measuring how the overall economy is expected to behave.

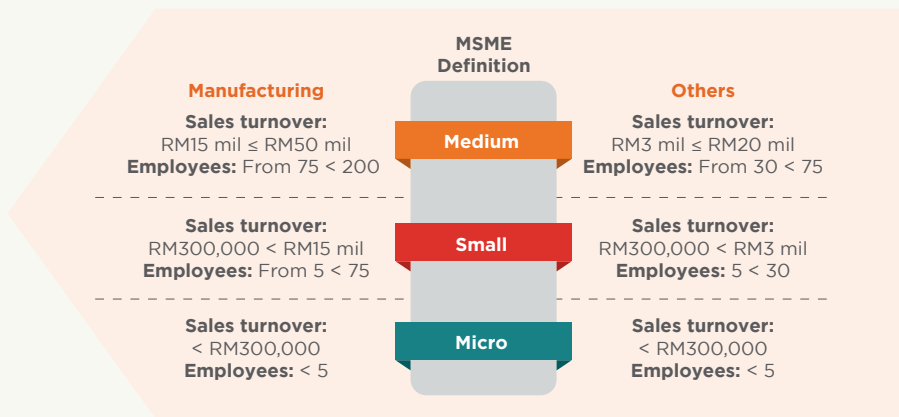
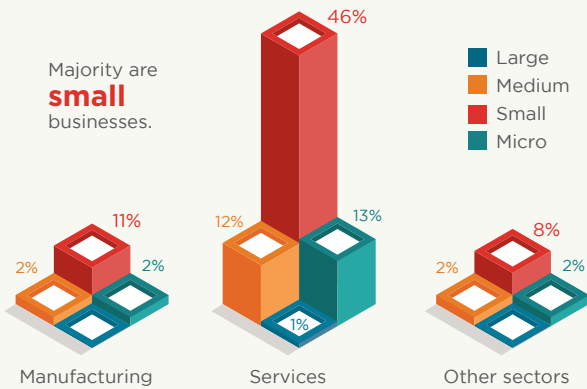
Index

Improved positive reading of **54.7** is contributed by **better economic expectation, cash flow and liquidity buffers**, reflecting optimism, resiliency, and adaptiveness among MSMEs, in line with the country's steady economic recovery.

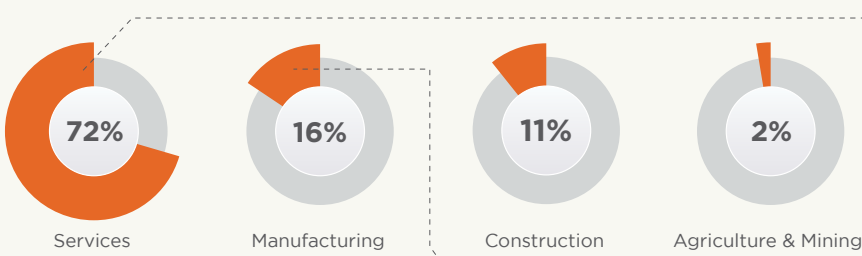


1 Size of Business

Majority are **small** businesses.



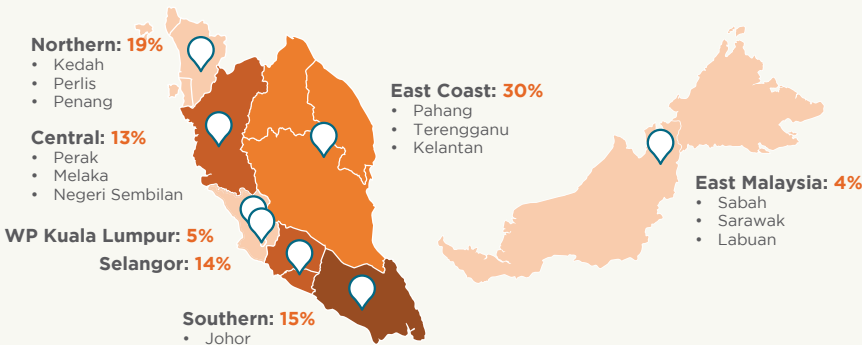
2 Type of Sector



Services

- Wholesale, Retail excl Motor: **32%**
- Wholesale, Retail incl Motor: **15%**
- Food & Beverage: **10%**
- Land Transport & Transport via Pipelines incl Petrol Stations: **9%**
- Admin & Support Activities: **7%**
- Information & Communication: **6%**
- Human Health: **4%**
- Professional, Scientific & Technical Activities: **4%**
- Accommodation: **3%**
- Education: **2%**
- Others: **8%**

3 State/ Region



Manufacturing

- Food Processing: **42%**
- Rubber & Plastic Products: **9%**
- Furniture: **7%**
- Fabricated Metal: **7%**
- Basic Metals: **4%**
- Chemicals Products: **4%**
- Printing & Reproduction of Recorded Media: **4%**
- Repair & Installation of Machinery & Equipment: **3%**
- Electrical Equipment: **2%**
- Wearing Apparel: **2%**
- Others: **13%**

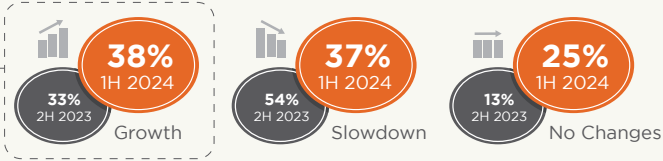
All figures are rounded; they might not add up to 100%.

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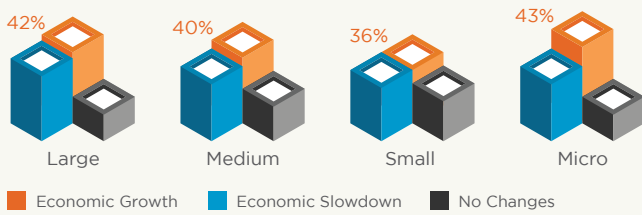


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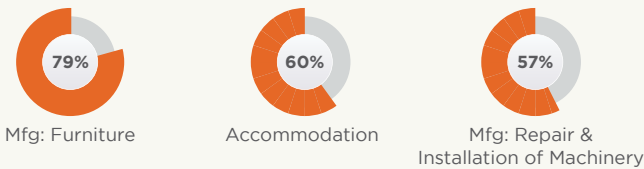
4 Economic Outlook



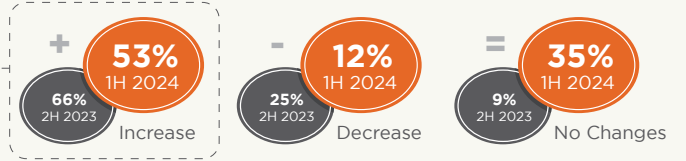
... mostly coming from **micro** businesses...



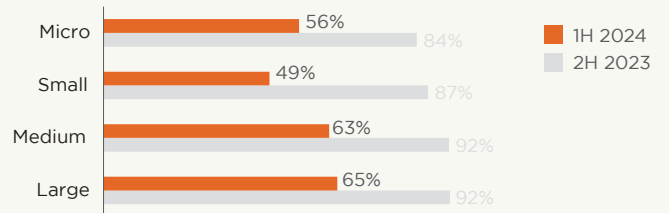
... and concentrated in sectors below:



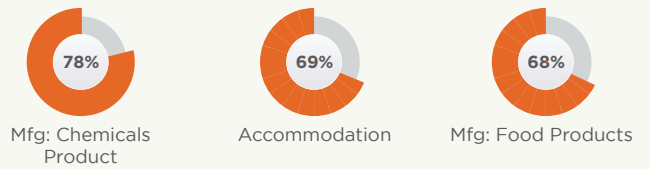
5 Sales



... mostly coming from **large and medium** businesses...

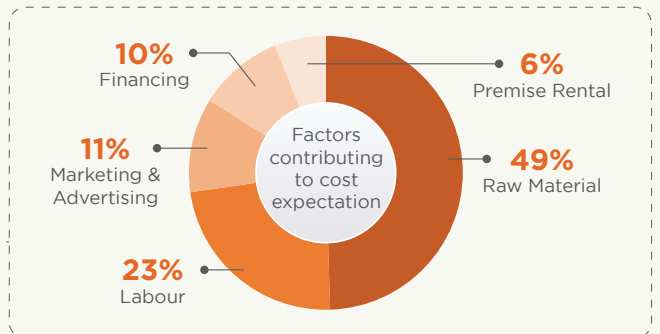
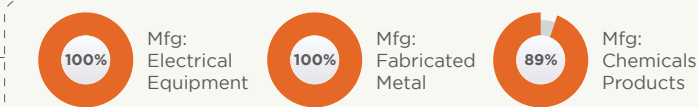
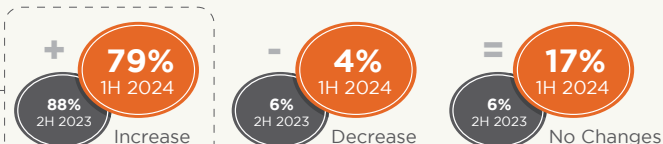


... and concentrated in sectors below:



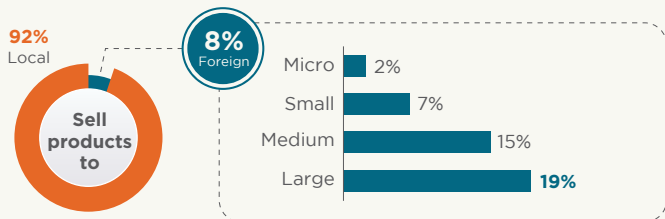
6 Cost of Business

79% of the MSMEs expect increase in business costs, driven by the rising price of raw materials.

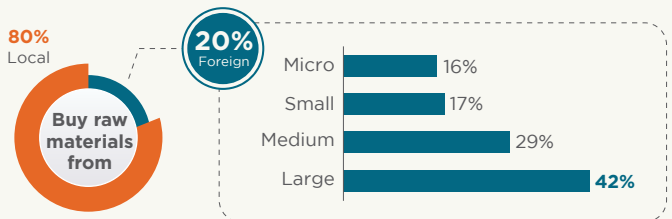
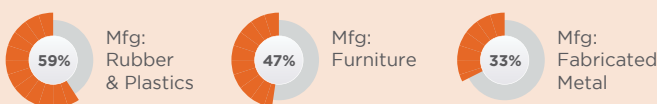


7 External Trade

Most of the MSMEs **trade domestically** and have **limited exposure to foreign market**.



Top Exporter



Top Importer



All figures are rounded; they might not add up to 100%.

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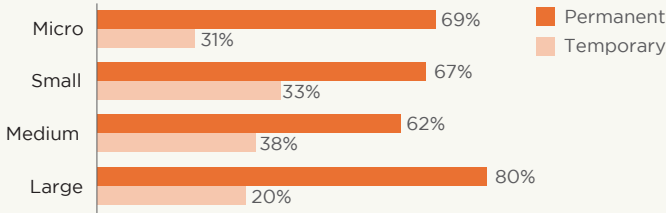


8 Hiring Decision

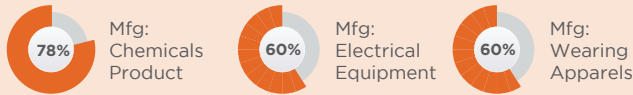


37% of MSMEs plan to increase hiring of employees where mostly prefer full-timers for stability...

2H: 67%

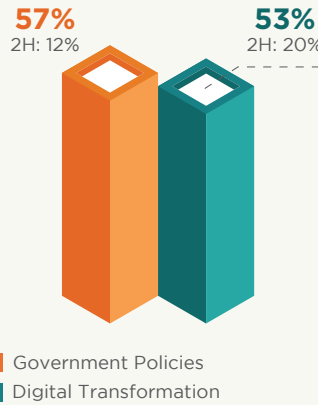


Top Hiring Sectors:

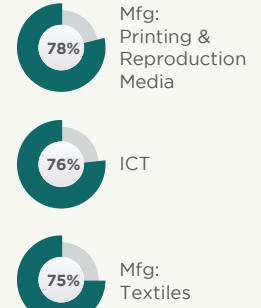


9 Factors Impacting Business

Most of the MSMEs feel **digital transformation** and **government policies** have **neutral impact** to their business operations.

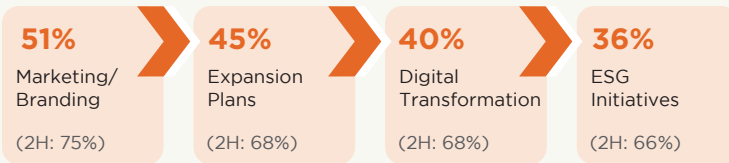


Nonetheless, some sectors are **impacted positively by digital transformation**:



10 Focus Area

Majority of respondents wish to **focus on improving their branding** as well as **marketing strategies**...



Business Size/ Focus	Large	Medium	Small	Micro
Expansion Plans	69%	55%	39%	53%
Digital Transformation	69%	48%	34%	52%
Marketing / Branding	84%	59%	45%	60%
ESG Initiatives	54%	47%	29%	47%

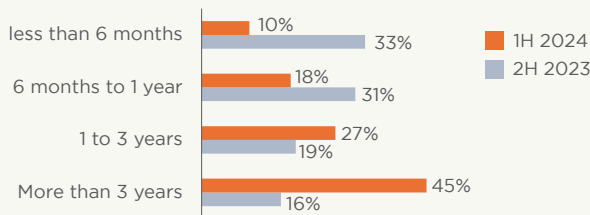
...which **applies across all size** of businesses, led by large firms (84%).

Top 3 sectors' focus on marketing/branding:



11 Financial Sustainability

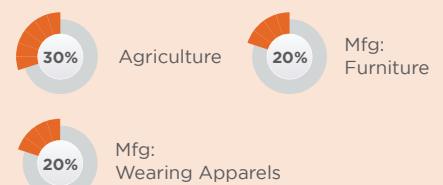
90% (2H 2023: 67%) of MSMEs have **substantial cash reserves** (>6 months) and are deemed to be **financially sustainable**.



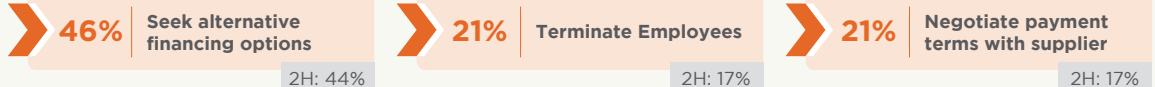
100% respondents of these sectors have **cash reserves above 6 months**:

- Accommodation
- Mfg: Electrical Equipment
- Mfg: Rubber & Plastic
- Mfg: Textiles
- Mfg: Basic Metal
- Mfg: Fabricated Metal
- Mfg: Printing & Reproduction Media
- Mining & Quarrying

The **top 3 sectors with low cash reserves** (<6 Months):



In the event of low cash buffer, **MSMEs resort to:**



All figures are rounded; they might not add up to 100%.

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SME SENTIMENT INDEX SURVEY FIRST HALF 2024



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