

SME SENTIMENT INDEX SURVEY 2024

SECOND HALF



Profile of Respondents

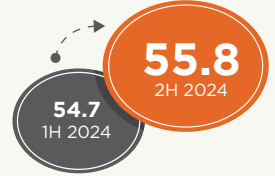


Purpose

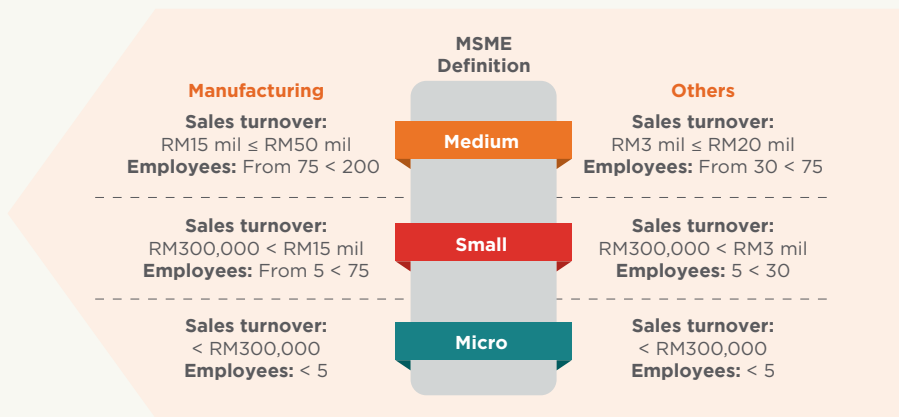
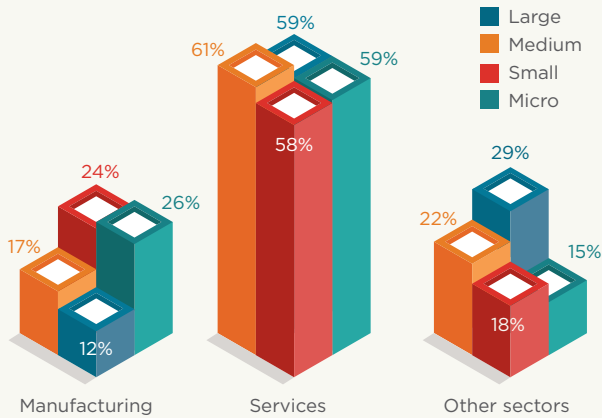
To gauge MSMEs' view of the business environment which can be the yardstick in measuring how the overall economy is expected to behave.

Index

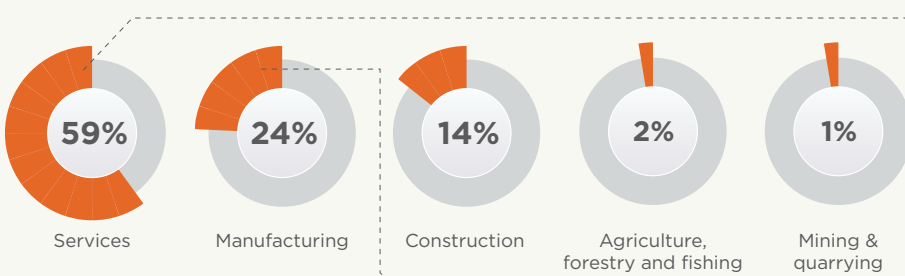
Improved positive reading of **55.8** is contributed by **better economic growth and business sales expectations as well as more hiring and expansion plans.**



1 Size of Business



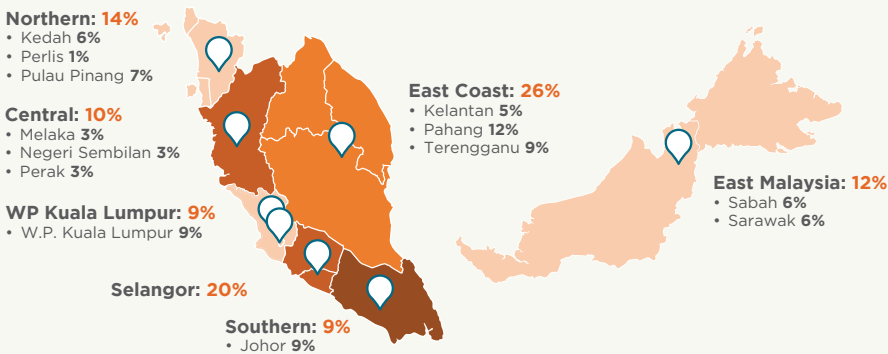
2 Type of Sector



Services

- Wholesale & Retail **32%**
- Food and beverage **15%**
- Land transport including petrol stations **8%**
- Motor Vehicle Sales & Repair **7%**
- Administrative and support service activities **6%**
- Information and communication **6%**
- Human health activities **5%**
- Accommodation **5%**
- Professional, Scientific and Technical Activities **4%**
- Education **3%**
- Other services **8%**

3 State/ Region



Manufacturing

- Food products **54%**
- Wearing apparel **8%**
- Chemicals and chemical products **6%**
- Fabricated metal products **6%**
- Rubber and plastics products **5%**
- Printing and recorded materials **5%**
- Furniture **4%**
- Basic metals **2%**
- Repair and installation of equipment **2%**
- Other non-metallic mineral products **2%**
- Other Manufacturing **6%**

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

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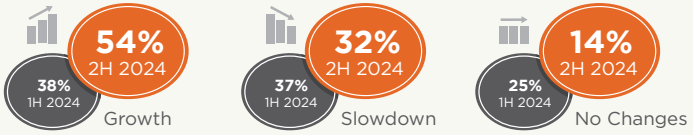


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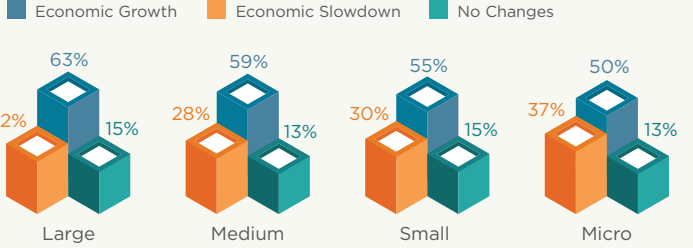
SECOND HALF



4 Economic Outlook



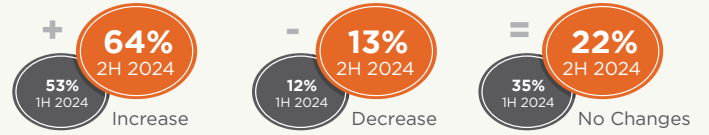
Economic outlook by size of business



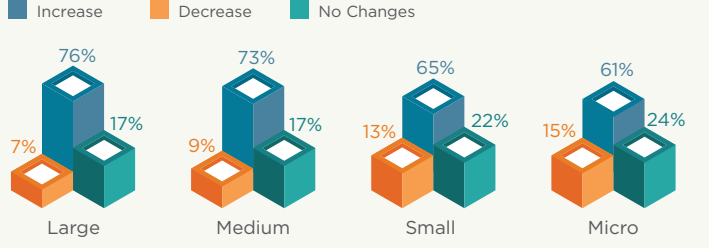
Economic growth by sector



5 Sales



Sales by size of business

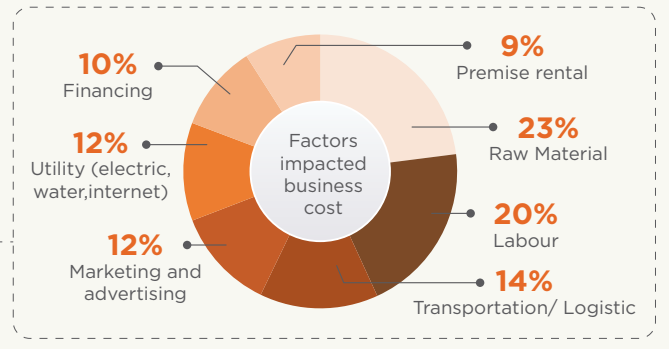
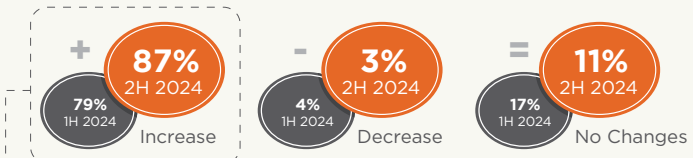


Sales by sector



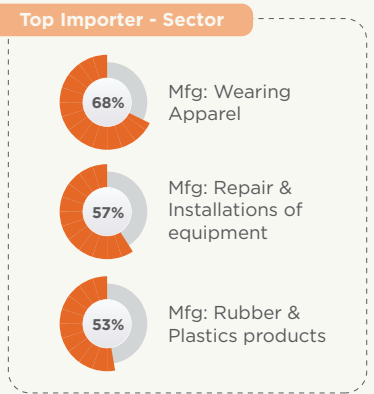
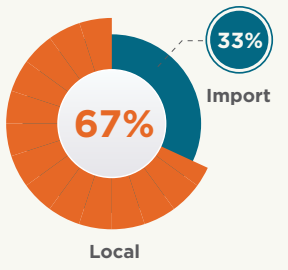
6 Cost of Business

87% of the MSMEs expect broad-based increase in business costs.



7 External Trade

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



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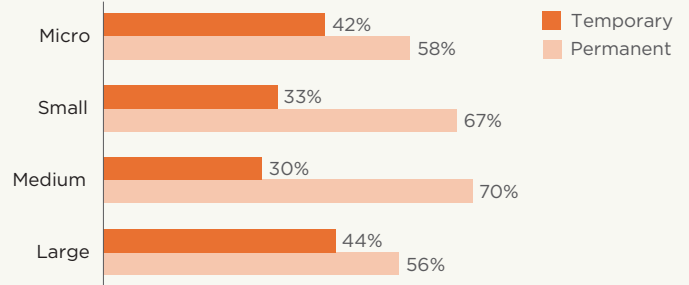
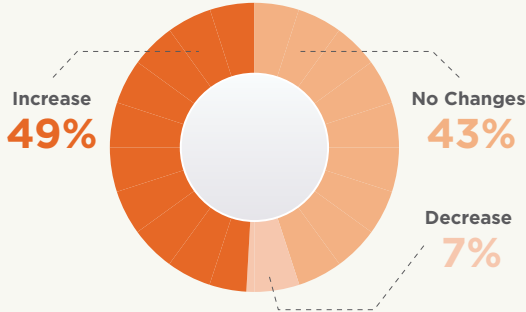
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8 Hiring Decision



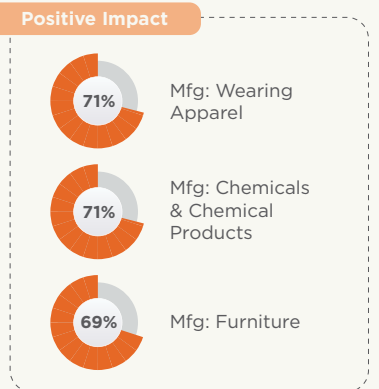
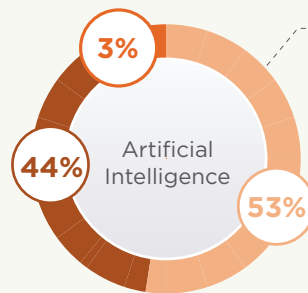
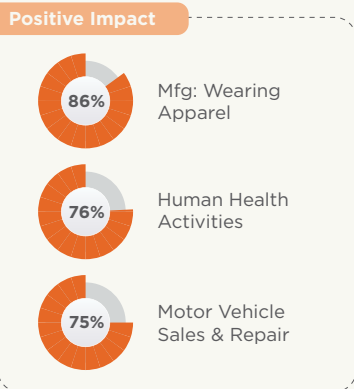
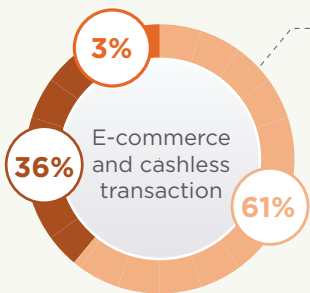
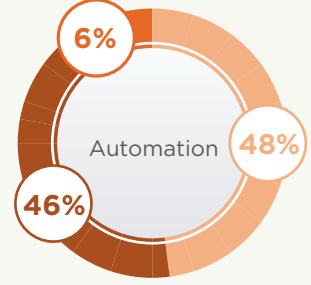
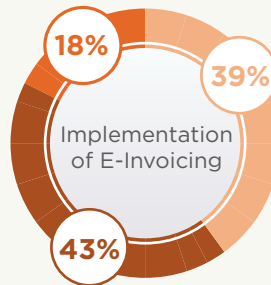
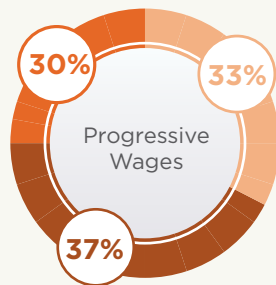
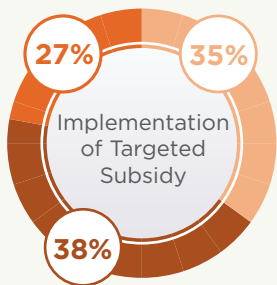
49% of MSMEs plan to increase hiring of employees where mostly prefer full-timers for stability...
1H 2024: 37%

Top Hiring Sectors:



9 Factors Impacting Business

Most of the MSMEs feel **implementation of targeted subsidy, progressive wages** and **implementation of e-invoicing** have **neutral impact** to their business operations.



Legend: ■ Negative Impact ■ Neutral ■ Positive impact

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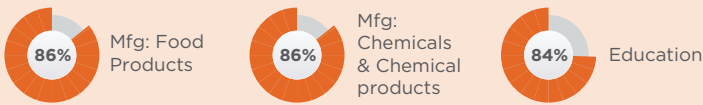


10 Focus Area

Majority of respondent wish to focus on **expanding their business**.



Top 3 sectors focus on business expansion

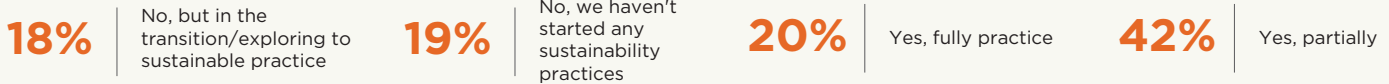


Business Size/ Focus	Large	Medium	Small	Micro
Business Expansion	84%	83%	71%	72%
Cost-saving measures	84%	74%	62%	56%
Digital Transformation	63%	65%	57%	62%
Marketing/branding	59%	74%	64%	63%

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

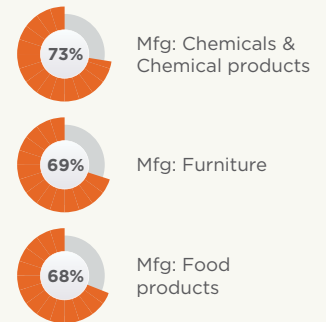
11 Environmental, Social, and Governance (ESG)

Adoption of Sustainability Measures

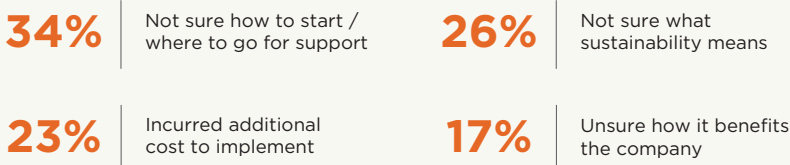


Business Size/ Focus	Large	Medium	Small	Micro
Yes, fully practice	22%	21%	19%	22%
Yes, partially	42%	58%	43%	38%
No, but in the transition/exploring to sustainable practice	22%	14%	19%	18%
No, we haven't started any sustainability practices	15%	8%	20%	22%

Top 3 Practising Sectors

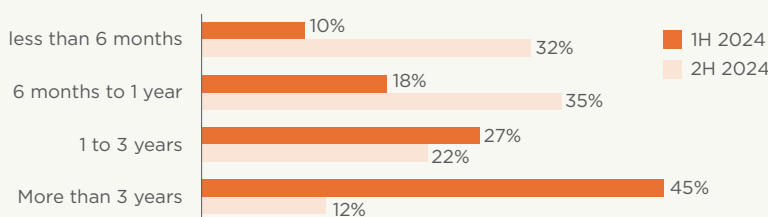


Reasons for not adopting sustainability practice

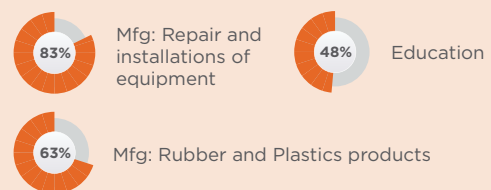


12 Financial Sustainability

68% (1H 2024: 90%) **have substantial cash reserves (> 6 months)** and are **deemed to be financially sustainable**.



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



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