

BUMIPUTERA SMALL AND MEDIUM ENTERPRISES (SMES): THINK REGIONALLY, ACT LOCALLY!

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1.0 INTRODUCTION

Undoubtedly, SMEs are the lifeblood and spine of any economy in the world and viewed as a vital engine for growth of a nation. SMEs have played crucial role in the Malaysian economy, providing source of employment, income distribution and training platform for entrepreneurs before venturing into a larger firms (Mohd Zain et al., 2012). SMEs contributes 36 per cent of the Malaysian economy, 18 per cent of all export as well as 65 per cent of employment with 97 per cent of total business establishments by sector and size (Moon, 2016). Dubbed as the fundamental of Malaysia's economic transformation, Malaysian Government continuously support the development of SMEs with the introduction of SME Masterplan. The plan signify as the game changer for SMEs in order to accelerate their growth throughout the journey to achieve high income nation status by 2020 (SME Association of Malaysia, 2014). SME development also further embedded in the Tenth (2011-2015) and Eleventh Malaysia Plan (2016-2020), concentrating on Bumiputera well-being as the utmost agenda in encouraging their participation in SME.

2.0 THE DEVELOPMENT PLAN FOR BUMIPUTERA

The promotion of Indigenous or Bumiputera particularly Malay community into business field by Malaysian Government is always view as a socioeconomic effort engineered by them (Zainol and Daud, 2011). The term Bumiputera is widely used in Malaysia and represent the indigenous people of the Malay Archipelago. Bumiputera originated from the Sanskrit word *bhumiputra* in which signifies *sons of soil*. The New Economic Policy (NEP) which was adopted in 1971 and later was succeeded by the National Development Policy (NDP) in 1991, are another example of socioeconomic initiative engineered by Malaysian Government in order to increase the ownership of enterprise by Bumiputera. Furthermore, the government also highlighted several programs with aim to uphold Bumiputera skills business. These including the development of skills in business and marketing management, understanding the information and communications technology (ICT); continuous research and development (R&D) and special collaboration with the non-Bumiputera entrepreneurs.

3.0 PARTICIPATION OF BUMIPUTERA IN SME

Regardless of initiatives and efforts introduced by Malaysian Government, the participation of Bumiputera communities in entrepreneurship activities is still insignificant compare to the non-Bumiputera as most of them are with the small and micro levels industry (The Star Online, 2013). Bumiputera SMEs comprised of only 38 per cent (247,939) of all SMEs in Malaysia

compare to non-bumiputera with 397,197 firms (62%). Bumiputera SMEs faced some challenges in their business namely limited in terms of financial resources, marketing knowledge and participation in the international market, shortage of skilled workers and the lack of raw materials (Omar and Azmi, 2015). Due to these challenges, Bumiputera SMEs only contributed 13 per cent to the national gross domestic product (GDP) in 2010 (ETP Annual Report, 2011). Thus, effort need to be establish in order to enhance the development of Bumiputera SMEs to equally achieve with non-Bumiputera SMEs' contribution to the GDP with at least 50:50 ratio by year 2020 (ETP Annual Report, 2011).

4.0 BUSINESS PROSPECTS IN BIMP-EAGA

The Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area or BIMP-EAGA is one of the world's most resource-rich regions with an estimated of 70 million in population (Asian Development Bank, 2016). As the main objective is to boost trade activity, investments and tourism in the sub-region, BIMP EAGA is a potential platform for Bumiputera SMEs to expand their export market as well as business investment to this region. The Food Basket Strategy (FBS) comes forward in line with the richness and biodiversity of BIMP-EAGA's marine and terrestrial resources aiming at narrowing the development gap as well as to alleviate poverty (BIMP-EAGA, 2012). The strategy look at enhancing the sustainability of the region as potential food basket that contribute to food security. Looking through the potential of market penetration, Bumiputera SMEs should grab the opportunity to invest in BIMP-EAGA particularly related to food manufacturing. Partnership with local entrepreneurs will open another avenue for SMEs to co-create with the locals in developing the right products that suit to the local taste bud. Bumiputera SMEs should start to think regionally and act locally before they drowned in the fiercely red ocean market.

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