



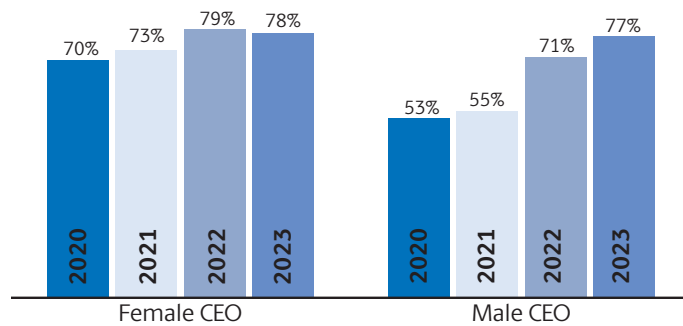
MALAYSIA



PATH TO RECOVERY

Both women- and men-led SMBs in Malaysia have been recovering steadily from the COVID downturn. For example, by 2022, 79 percent of women-led firms registered positive revenue growth, up from 70 percent in 2020 (figure 1).

% of SMBs with positive revenue growth in 2020-23, by gender of CEO (figure 1)



E-commerce Trends and Challenges

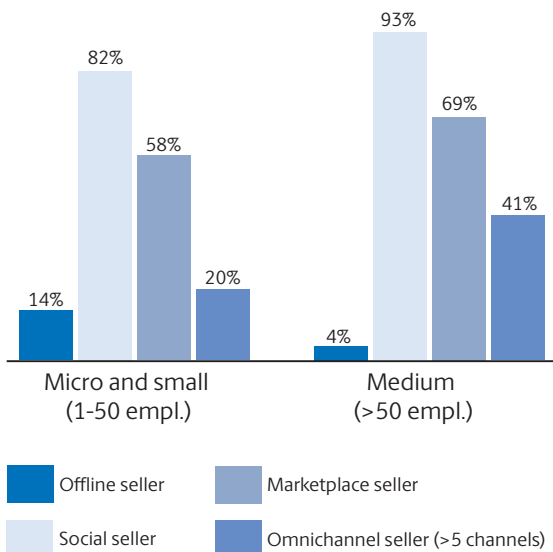
Primary e-commerce challenges in 2023

As many as 58 percent of micro and small enterprises in Malaysia used some type of marketplace to sell their goods and services. 20 percent of micro and small firms, and 41 percent of medium firms were omnichannel sellers (figure 2).

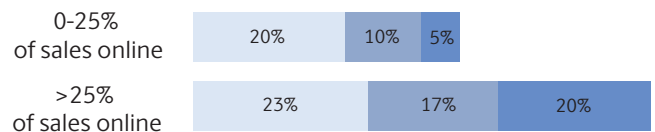
Is e-commerce a priority?

In turn, e-commerce is enabling Malaysian SMBs to engage in trade and access new markets: 60 percent of firms that use e-commerce intensively diversified their export markets in 2021-22 (figure 3). By 2022, 27 percent of micro and small businesses and 51 percent of medium businesses exported to three or more markets, up from 22 percent and 34 percent in 2020 (figure 4).

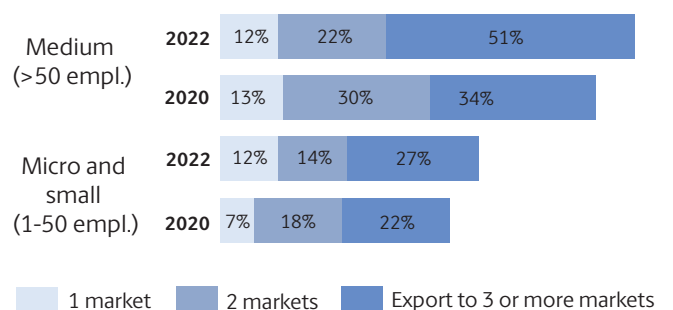
Use of digital marketing and sales channels in 2022, by firm size (figure 2)



% of SMEs that diversified export markets in 2022 from 2020, by online sales intensity (figure 3)



Number of export markets in 2020 and 2022, by firm size (figure 4)





Challenges for SMBs

Quality of internet connections continue to be a challenge for Malaysian firms toward growth through trade and e-commerce. About 40 percent of the surveyed SMB exporters cited managing their own online store, tariffs and/or market access rules in export markets and their domestic market, and the cost of international logistics as “extremely important barriers” (figure 5).

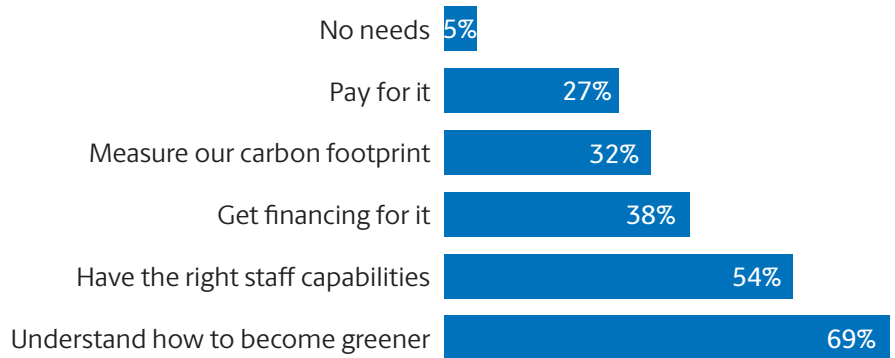
Top-5 “extremely important” challenges facing SMBs revenue growth and exports in 2023-24 (figure 5)



SMBs need to become more sustainable.

To make their green transition, SMBs call for a better understanding of the ways in which they can become greener and access to the right staff capabilities to make their operations greener (figure 6).

SMBs needs to become more sustainable (figure 6)



Policy Recommendations



Resiliency: To ensure SMB resiliency, governments should focus on reducing trade costs through simplification of trade processes, trade liberalization, and improvements in logistics quality.



Gender: To support the continued growth of women-led SMBs, promote women’s access to digital technologies, financing, and new export markets.



E-commerce and Trade: To encourage SMB exports through e-commerce, ensure quality internet connections and capacity-building to grow presence on global online marketplaces, and digitized trade processes to streamline online seller-SMBs to export.



Sustainability: Support SMBs with their green transition through awareness-building on optimal methodologies to green their businesses, measurement of their carbon footprint, and financing.