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Enyлина Nordin, Wan Shafizah Hussain, Hanafiah Hasin, Azlina Rahim, Norashikin Alias

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Enyлина Nordin, Wan Shafizah Hussain, Dr. Hanafiah Hasin, Dr.
Azlina Rahim, Norashikin Alias

Faculty of Accountancy, Universiti Teknologi MARA, Melaka Branch, Alor Gajah Campus,
78000 Melaka, Malaysia

Corresponding Author's Email: wanshafizah@uitm.edu.my

Abstract

Small and Medium Enterprises (SMEs) plays an important role in the development of a country as they provide jobs and workforce to the nations. World Bank SME Finance Report 2008, state that SMEs represent 90 percent of the business throughout the world, provides more than 50 percent job opportunities and 40 percent of national income (GDP) in emerging the economies. Thus, it is very important for a country to ensure the sustainability of its SMEs. This study aims to find out the financial and non-financial government assistance or support needed by the SMES to ensure their sustainability especially facing with the financial distress which is due to the Covid 19 crisis. The pandemic had caused major implication to businesses around the world especially to the SMEs leaving more than 1.2 million people to become jobless. The findings of the study reveal the types of financial business advise needed by the SMEs and highlight the financial support that they obtain in continuing their business due to the impact from the crisis.

Keywords: SMEs, Covid 19, Financial Support, Non-Financial Support, Financial Distress.

Introduction

Small and Medium Enterprises (SMEs) are seen as the main contributors of economic development in many countries, especially in developing countries. It is well known that the successful SMEs has significantly contributed to meeting various socio-economic objectives such as higher growth of employment, output, promotion of exports and nurturing entrepreneurship among the local community. There are a lot of research about the importance of SMEs in the country's economy. Khalique et al (2011) has recommended that there is a strong contribution of SME sector in Malaysian economic growth based on productivity, export, and savings (investment). This is also supported Sana et. al (2020) which state SMEs could play an essential role in job creation if the SMEs can contribute more to the country's GDP via increased export of goods and services.

However, since the world was pressurized by financial distress caused by the Covid19 outbreak, many SMEs have been forced to stop operations either temporarily or permanently. This is because they cannot cope with high operating costs and a decrease in

sales revenue. Due to this financial distress situation faced by the SMEs, many countries have implemented supports for SMEs in the various programs and policies. These supports system is important as to ensure the survival of the operation of the SMEs. Hence, they can continue contributing to the economy of the country and as a result they can sustain their title of main actor of the country's economy. To be relevant to the current economic situation, the SMEs began to adapt the changing conditions of competition and innovation with the globalization process. This is important for the SMEs to continue to be as the main contributor of the country's economy. Besides, adapting in innovation systems are important to increase the competitiveness and innovative capacity of the SMEs.

In accordance with the above-mentioned developments, SMEs are vital players for enhancing innovation, competitiveness, entrepreneurship, and the establishment of an effective innovation system for developing countries like Malaysia. More recent attention has focused on the provision of the quantitative supports to SMEs and there has been few studies investigating on the types of non-financial support as well as its importance to SMEs.

Therefore, this study focuses on identifying the types of both quantitative supports and qualitative supports from government needed by the SMEs in order to sustain their business. The specific objective of the study is to identify the possible non-financial assistance or support needed by the SMEs for their survival during the turbulence economic situation faced. Besides that, this study aims to identify the types of financial assistance (stimulus) that helps the SMEs to overcome the financial distress. It is hoped that this study can reveal the type of support that is crucial to the survival of SMEs specifically in times of Covid 19 and post-crisis.

Literature Review

Definition of SMEs and its importance to Malaysia Economy

Previously, a Malaysian company was considered to be a small or medium-sized enterprise (SME) if it was based there, had paid-up capital of RM2.5 million or less, was unrelated to any other company with paid-up capital exceeding RM2.5 million, and had annual sales turnover of no more than RM5 million. However, Bank Negara Malaysia changed the definition of SMEs in Malaysia by issuing a notification on December 27 that states that a manufacturing business is still regarded to be a SME if its annual sales turnover is less than RM50 million and it employs no more than 200 people. While businesses in the service and other sectors can still be categorized as SMES as long as their annual sales do not exceed RM20 million and they employ little more than 75 people full-time. The definition of a SMEs is crucial for gaining access to funding and government assistance programs designed specifically for SMEs, (wecorporate website). The number of employees, yearly sales turnover, and paid-up capital are the major factors used to classify an organization as a SME

Small and medium-sized enterprises (SMEs) are vital to most economies, particularly those in developing countries. SMEs account for the vast majority of businesses worldwide, and they play an important role in job creation and global economic development. They account for roughly 90% of businesses and more than 50% of global employment. In emerging economies, formal SMEs contribute up to 40% of national income (GDP), (The World Bank , 2020). Consequently, the effect of SME operations on both developed and developing countries is exceedingly high. It cannot be denied that Malaysia economy growth is partly contributed by the SMEs. There is a study which recommended that there is a strong contribution of SME sector in Malaysian economic growth based on productivity, export, and savings (investment). In addition, Khalique et al (2011) stated that the role of small and

medium enterprises is very critical for the economic development. It is evident that the performance of SME sector is having positive influence on growth of Malaysian economy. Additionally, in terms of performance by economic sectors, the share of SMEs to GDP may be increased if Malaysian SMEs produces and exports more goods and services and by that SMEs could be played an important role in the job creation (Sana, et al 2020).

According to the Department of Statistics, these SMEs contributed 38.9% to GDP and 48.4% to employment in Malaysia in 2019 (SME Annual Report 2019/20, 2021)). Therefore, it is important for that SMEs to receive assistance or support from government aimed at creating positive externalities in the form of a conducive environment for SMEs survival (Adam & Alarifi, 2021).

The Effect of the Covid 19 outbreak on SMEs

There are several ways the corona-virus pandemic affects the economy, especially SMEs, on both the supply and demand sides. The pandemic are affecting both larger and smaller firms but the effect on SMEs is especially severe, particularly because of higher levels of vulnerability and lower resilience related to their size. It is also stated that the SMEs will bear the brunt of a reduction in global demand for their products and services (OECD, 2020).

Companies are experiencing a reduction in the supply of labour because many workers are ill and people's movements are restricted. Lock-downs and quarantines had resulted in even more severe drops in SMEs' performance. Furthermore, supply chains are disrupted, resulting in parts and intermediate goods shortages for SMEs. Meanwhile, from the other perspective, SMEs' capability to operate is severely impacted by a dramatic and sudden loss of demand and revenue, resulting in severe liquidity shortages. Furthermore, consumers face income loss and fear of contagion resulting in them to reduce their spending and consumption. Some industries, such as tourism and transportation, have been particularly hard hit, resulting in decreased business and consumer confidence. In addition, SMEs are actually more vulnerable and become the front lines of the economic shock caused by the Covid 19 pandemic, particularly when the country implemented lockdown measures and when the 'social distancing' becomes as the new norm of life as compared to the other types of businesses. To survive in the sector, most SMEs are transitioning into digital distribution platforms where the owner or management of a small business gets more creative in their marketing strategy by adopting the new order system and delivering goods. Unexpectedly sales to some SMEs were higher than they had been previously occurred. (Hasin et al., 2021).

The Covid 19 crisis has had a massive impact on Malaysian SMEs' performance. Because the crisis has had a significant impact on Malaysian SMEs' revenue, government assistance has been critical for these businesses, particularly larger SMEs (Albonico, Mladenov, and Sharma, 2020). This is evidenced as well by a decrease in sales and profit, uncertain supply chain activity, operating hours, and unstable market demand which is directly due to the Covid 19 crisis (Uthamaputhran, 2021). Malaysia's economy has suffered worst year due to the Covid 19 crisis since 1998 and is already in the midst of a recession since the containment measures were adopted (Bloomberg News, 2021). Further, enforcing lockdown following the Covid 19 crisis has caused many SMEs in Malaysia to go out of businesses for good and temporary because they are unable to bear the operating costs. It was reported that approximately 60% of SMEs had badly affected by the Covid 19 for the remainder of year 2020 and after one week after the movement control order (MCO) was implemented, this figure increased to 77.7%. Therefore, in easing their business difficulties, majority SMEs in Malaysia need financial assistance or subsidies from the Government (SME Insight, 2019-20).

Importance of the Government Support

As SMEs are known as the lifeblood of the economy and are important for social stability, innovation, inclusive growth, and poverty alleviation in many countries, and they often form the backbone of the middle class, the governments has responded immediately and on an unprecedented scale to assist them. In the United Kingdom (UK), SMEs companies have been actively using government support whereby nearly a quarter of SMEs in the UK have applied for business-rate relief and deferral of tax payments, with smaller numbers having sought loans, claimed statutory sick pay, and requested protection from eviction (Albonico et al., 2020).

Similarly, many SMEs in Malaysia have been severely impacted by the Covid 19 outbreak, prompting the Malaysian government to develop programs to facilitate and stimulate the success of SMEs' business activities. As a result of Covid 19 pandemic, Malaysian governments prioritized the success of SMEs by providing funding for their survival. There is empirical evidence which state that government support or assistance is very important for the survival and growth of the SME, (Okpara, 2010; Shariff and Peou, 2008). These findings are consistent with the studies by Nguyen et al (2009) which shows that the government support for SMEs in both developed and developing countries is a critical factor for both survival and growth.

Both financial and non-financial assistance or support provided to SMEs are important for their growth and success especially during the Covid 19 crisis (The Montreal Group Report, 2021). This study defines the non-financial support as non-financial services as those business development services offered by banks other than financial offerings for SMEs, that include information, education, advice or mentoring, networking and markets and business management technology. This definition is consistent with the definition stated in the (Montreal Group Report, 2021). In Malaysia, the government has realized about the importance of these supports to the growth and sustainability of the SMEs. Thus, the government and Bank Negara Malaysia have provided additional funds worth RM4.5 billion to assist SMEs which covers 5 key initiatives quantitatively and non-quantitatively, (mednefits website).

Government Financial (Quantitative) Support

A quantitative (financial) stimulus package is a combination of economic measures utilized by a government to stimulate a struggling economy. The financial support like stimulus package can be used as a preventive or reversing measure to stop or prevent a recession and it can be done by lowering interest rates, increasing government spending, and other quantitative easing. The aim of this quantitative measure is to increase employment and consumer spending.

The Government and Bank Negara Malaysia has provided to assist SMEs in Malaysia. Financial Support initiatives for Covid 19 were announced on 27 February, 2020 with the 2020 Economic Stimulus Package, then following the PRIHATIN Rakyat Economic Stimulus Package (27 March 2022), the PRIHATIN SME Economic Stimulus Package (6 April 2022) and the most recent PENJANA Stimulus Package (9 June) to help businesses recover from the impact of the global pandemic. One of the financial support initiatives for SMEs in Malaysia is Special Relief Facility (SRF) whereby additional RM3 billion is added to the Special Relief Facility (SRF) for SMEs. In addition, the interest rate for the entire fund is reduced from 3.75% to 3.5%.

For financial assistance or support, the Malaysian government remains responsive and committed to focusing on the needs of small and medium enterprises (SMEs) in mitigating

the impact of Covid 19. The government has allocated RM196 billion to assist SMEs in weathering the impact of the Covid 19 pandemic and initiatives have been ongoing through various stimulus packages to help ease SMEs' burdens during the pandemic. The measures have been and are being implemented through 10 comprehensive economic packages since March 2020, which the government included in the 2021 and 2022 Budget (The New Straits Times, 2022). Among the government aids and assistance include the Skim Jaminan Prihatin Dana Jamin (DPGS) under the Ransangan Ekonomi Prihatin package. The Malaysian government has introduced this PRIHATIN Economic Stimulus Package in which initiative includes specific support programs for micro, small and medium scale enterprises to facilitate their business survival during the crisis. It is stated by the government that the support programs include an amount of RM100 billion through various initiatives such as introducing the Special Relief Facility, reducing the interest rate from 3.75% to 3.5% and providing the amount of RM500 million under the micro-credit scheme which makes the total fund for the scheme RM700 million with the 2% interest and without collateral (Berita Harian, 2020).

The government interventions in term of financial assistance stand out as effective in business survival and improving SMEs performance during the market turbulence's. In order to keep this SMEs from collapsing because of the Covid 19 crisis, many governments have provided various types of assistance to SMEs. During the Covid 19 crisis, SMEs received some financial assistance from the government and financial institutions (Song et al., 2020). Ayub et.al (2022) found that government assistance and financial assistance play a role in enhancing business survival among SMEs in Sabah.

In response to the crisis, the Malaysian government has also taken several steps in dealing with the problems faced by SMEs such as providing financial assistance to SMEs. The Bank Negara Malaysia also plays its role where it has established additional or enhanced existing financing facilities to provide relief for the SMEs to support the recovery of SMEs. This can be seen as a result of the Budget 2022 budget where the Bank is committed to further increase the allocation under the BNM's Fund for SMEs by RM4.5 billion resulting the total available funds as at mid-September 2021 increases to RM11.2 billion. The bank provides the facilities according to their business needs. For instance, the bank provides one of the financial assistance the SMEs in the form of Targeted Relief and Recovery Facility (TRRF). The amount of the facility is upsized by RM2 billion from RM6 billion to RM8 billion for affected SMEs in the services sector. Under the enhanced TRRF, SMEs can now utilize up to 30% of the financing approved to repay existing business financing (i.e., refinance). (Bank Negara Malaysia website)

Thus, the financial or quantitative support to SMEs in this study is defined as the financial assistance provided by the government via the Government stimulus packages.

Government Non-Financial Support

Besides the financial support to SMEs, non-financial supports are also key factoring helping SMEs to improve their business practices and in taking advantage of new business opportunities leading to boosting enterprise growth (IFC & the Austrian Development Bank, 2012). There is also another study that focuses on the effectiveness of non-financial support for SMEs, including one by Owusu-Ansah, Cudjoe & Poku (2017). It highlights the critical importance of ensuring the non-financial support provided is in sync needs of SMEs. Thus, this study intends to map out the the types of the non-financial assistance needed by the Malaysian SMEs as there is a rising needs of that assistance during Covid 19.

Although financial support is necessary in the recovery of SMEs caused by the Covid 19 crisis, non-financial support is also important and needed by SMEs. This is important to for them to regain balance and restructure their business models and operations. Non-financial assistance to SMEs has become more important or imperative than ever to ensure that the temporary growth setback caused by Covid 19 is manageable. According to Lim et al. (2020), if they are approached properly, the assistance can actually provide an opportunity for entrepreneurs like SMEs to enter a positive growth in facing the crisis.

The non-financial assistance or support provided to SMEs can be categorized into three main categories which are financial guidance, operational skills and managerial abilities. These three categories involves in giving information, advice and education pertaining the information on cash flow management and available financial aid, on re-adapting business models, relaunching activities, support on loans rescheduling, digital transformation and e-commerce, guidance on work safety guidelines, human resources, and uncertainty and risk management to SMEs, (The Montreal Group Report, 2021)

In Malaysia, the Bank Negara Malaysia (BNM) provides financial advisory services to SMEs which needs helps specially when they are facing difficulty in obtaining financial assistance. The Malaysia SME can obtain financing advisory services through Khidmat Nasihat Pembiayaan (MyKNP) that provides advisory assistance and tips to improve eligibility for future financing and alternative sources of finance. The SMEs require this assistance to strategize their business operations in facing the financial crisis caused by the health outbreak especially since early 2020 until today. Furthermore, Bank Islam Malaysia Berhad (BIMB) will be the first participating Islamic bank to pilot the iTEKAD programme. The implementation of the programme involves on-boarding and educating recipients as well as monitoring their success which will be undertaken in collaboration with Majlis Agama Islam Wilayah Persekutuan (MAIWP) and SME Corporation Malaysia (SME Corp). In addition to obtaining funds to start the business, the selected recipients will also receive structured training on entrepreneurship and financial management by SME Corp, and support to develop a viable business venture of their choice. BIMB will be providing further details on the programme, in particular the mechanics and features as well as application process in due programme. There is also an introduction of Employer Advisory Services (EAS) programme to assist employers so that they can continue retaining jobs by offering options to defer, restructure and reschedule the remittance of the employer's portion of monthly EPF contributions, (Bank Negara Malaysia website).

Therefore, this study defined the non-financial or qualitative support to SMEs as the supports pertaining giving advice, information, training and education which is in line with the quantitative support provided to SMEs.

Methodology

An online survey was conducted from 15 to 31 July, 2020. Some three hundred (300) surveys were sent out to the public using email, Whats-app, and Telegram. Personal contacts were used to disseminate the surveys to respondents from small firm across Malaysia. Only fifty-one (51) of the fully completed questionnaires could be included in the subsequent data analysis.

The questionnaire was designed to cater the objective of the study. The questionnaire has three sections. The first section of the survey focused on the history of small firm in Malaysia. The second section is to identify the impact of Covid 19 to the SMEs. The third section of the questionnaire is to identify the types of qualitative business development

advise and government support needed by the SMEs. Responses were collated, analyzed, and visualized. Face-to-face interviews were also conducted with 20 small firm that agreed to be interviewed. Each interview lasted between 20 to 30 minutes, and the conversations were recorded and later transcribed.

Results and Discussions

The sample of this study was 300 businesses throughout Malaysia, however only 51 responded to the questionnaire. According to the study's findings, male and female sole proprietorship owners account for 31.40% and 19.6% of the sample, respectively. While mixed ownership of partnership enterprises accounts for 31.4% and male ownership of partnership businesses accounts for 17.6%. In term of the nature of the business, most of the small firm businesses (47.1%) are in the services business, followed by retail businesses (33.3%), manufacturing businesses (15.7%), and the remainder is in the wholesale and construction business.

The annual turnover of the SMEs in services and other sectors participating in this study ranging between RM300,000 and RM20 million. 37.3% is representing the annual turnover of less than RM300,000 whereas 39.2% represents the annual turnover ranging between RM300,000 to RM20million. Meanwhile, the annual turnover for the manufacturing sector ranging from RM300,000 to RM15 million which accounts for 11.8%. Table 1 provides an overview of the small firm's demographics.

Table 1

Demographic Background of SMEs

Indicator	Item	Proportion
Ownership of Business	Sole Proprietorship – Male	31.4%
	Partnership - Mix	31.4%
	Sole Proprietorship – Female	19.6%
	Partnership – Male	17.6%
Nature of Business	Service	47.1%
	Retail	33.3%
	Manufacturing	15.7%
	Construction	1.95%
	Wholesale	1.95%
Annual Turnover	Service and other sectors – <RM300,000	37.3%
	Service and other sectors – RM300,000 to RM 20 mil	39.2%
	Manufacturing - RM 300,000 to RM 15 mil	11.8%

The study also identify the number of employees according to different management levels. They are including top management which represents chairman, directors and chief executive officer of the company. Then, the middle management are represented by managers, head of department and finally the non-management level that are all operational staff. Figure 1 shows the number of employees at three levels of management, i.e., top management, middle management, and operational staff.



Figure 1: Number of employees at the different staff levels

As shown in Figure 1, for top management (Chairman/Director/ CEO) positions, 39.2% in the survey have only one top manager, 21.6% have two top managers, 9.8% have three top management, 5.9% have five top management, 2% have eight top management, 2% have top

management, and 15.7% do not have top management. Meanwhile, for the middle management level, consisting of managers and the head of the department, the study found that 25.5% have only one middle management, 15.7% have two middle management, 3.9% have three middle management, 7.8% have four middle management, 9.8% have five middle management, 2% have eight middle management, 3.9% have ten middle management, and 21.6% do not have middle management. Finally, for the operational staff, most small firm only have one operational staff member (23.5%).

The effect of the Covid 19 crisis on SME performance across the Malaysia country is immense. The operation of the SMEs and the demand for the SME's products and services are affected by the Covid 19 crisis. This study has indicated that 84.3% and 74.5% of the surveyed SMEs's operations and revenue are declining respectively. The declined revenues of the SMEs relates to declined demand for products and services during the Covid 19 crisis. It is only 15.7% and 13.7% of the SMEs's operation and demand for the products or services are unaffected. This is exhibited in Figure 2 (i) and Figure 2 (ii)

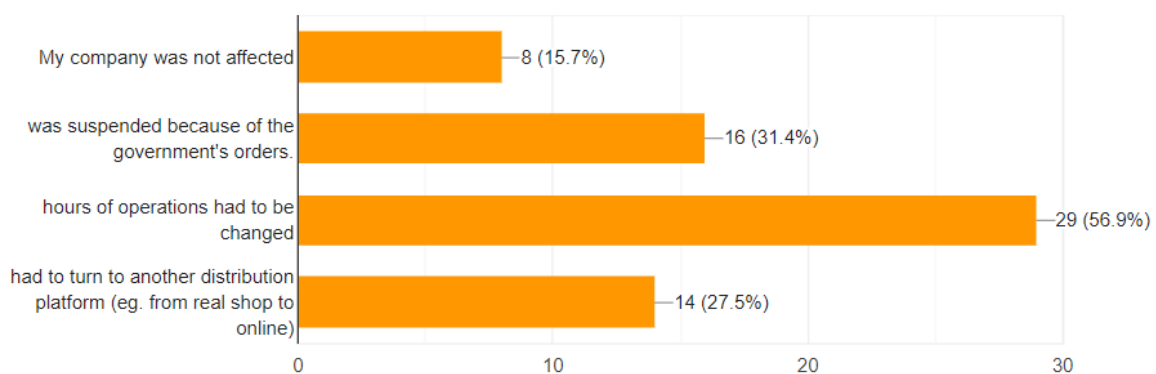


Figure 2 (i): The impact of the Covid 19 on the operation of the SMEs

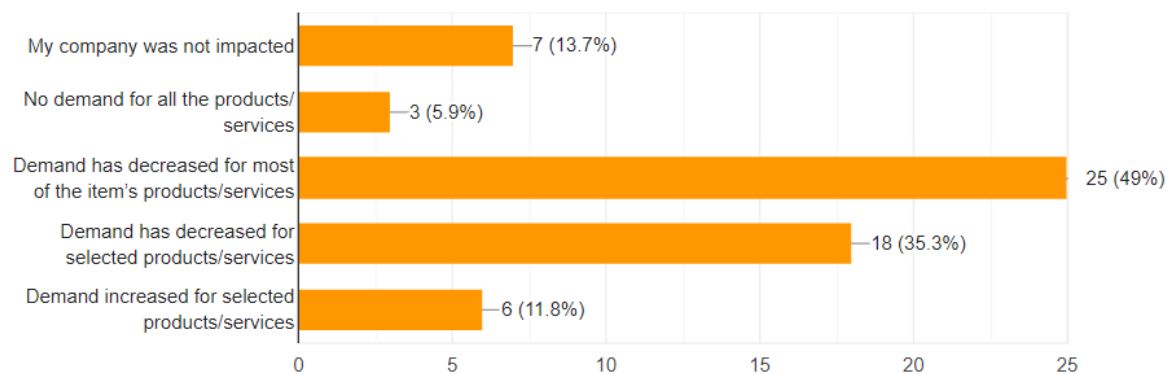


Figure 2 (ii): The impact of the Covid 19 on Demand for SMEs's products/services

Despite looking on the effect of Covid 19 to the operations and demand of SMEs product or services, this study also determine the type of the financial and non-financial supports to SMEs in Malaysia. The finding indicates that most of the SMEs need and rely on the stimulus packages provided by the government to continue their operations in terms of financial support or quantitative support. Most SMEs believe and agree that government stimulus packages benefit them in facing the financial crisis caused by the Covid 19. This is represented by 72.5% of the sample which is shown in Figure 3.

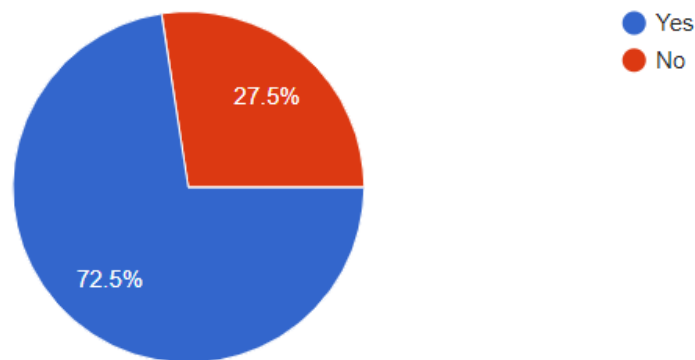


Figure 3: Number of SMEs Apply for Government Stimulus Packages

Since the stimulus packages provided by the government to the SMEs is beneficial to their sustainability, thus this study aims to reveal the types of the government support. This study defined the stimulus package provided by the government as the financial or quantitative support and defined this stimulus package as a quantitative support since it involved monetary. There are nine stimulus packages provided by the Malaysian government to the SMEs in order to support them in facing their financial distress. There are:

- i. Extended Wage Subsidy Program (EWS)
- ii. Penjana SME Financing Program (PSF)
- iii. Penjana Micro Financing Program (PMF)
- iv. Digitalization of SMEs Program (DSP)
- v. Penjana Tourism Financing Program (PTF)
- vi. Bumiputra Relief Financing (BRF)
- vii. SME Go-Scheme Liquidity Support Program (SGSL)
- viii. Agriculture Industry Support Program (AIS)
- ix. Hiring of Local Workers Support Program (HLW)

The survey has listed the 9 stimulus package by the government. SMEs are required to disclosed the type of stimulus package they received and it is not restricted to one. From 51 questionnaires distributed, only 38 of the respondent applied for the stimulus packages. This represent 72% of the total SMEs. 33 SMEs have successfully obtained the government packages leaving 5 SMEs fails in the application. The study shows that most SMEs which represent 51.5% chose a stimulus package in the form of an Extended Wage Subsidy (EWS) program extension. This extended wage subsidy program provides an extension of 3 months to SMEs with workers who are earning less than RM4,000 per month and number of employees not exceeding 200. Each employee is eligible to receive RM600 under this program. This finding is consistent with a study by Lim et. al (2021) which specifically found that among all stimulus packages, Wage subsidy Program (WSP), is greatly valued by young entrepreneurs.

27.3% of the SMEs received PSF from the government. The purpose of this program is to ease the cash-flow problems of the SMES. Under this program the banking sector will provide loan facility at a low interest rate of 3.5%. SMEs are eligible to a maximum of RM500,000 of the loan. Penjana Micro-Financing (PMF) represent the third ranking from the stimulus package obtain, this represent 12.1%. This type of financing is more popular among the micro enterprises which is also severely impacted by the pandemic. It is shown that 9% of

the SMEs received BRF and HLW as their stimulus package. BRF is fund allocated to assists the Bumiputra entrepreneurs, in term of working capital support and a five year loan financing support whereas HLW is stimulus package that provides incentives to SMEs to hire local workers, from graduates and school leavers.

In addition, 6% of the sample has obtained these three packages, DSP, PTF and SGSL. DSP is a support provided by the Malaysian government via the provision of grants and loans to SMES which plan to digitalize their operations or to automate their business operations. PTF is an incentive to help the SMEs in the tourism industry. While SGSL is a liquidity support program to the contractors to ensure that they can continued the existing projects. Government assistance to cope with the liquidity risk of SMEs, policies to support the low-income family household, and policies to secure employment who has been laid-off during this pandemic period as well as the smoothness of supply chain, are most welcomed by SMEs (Fitriasari, 2020).

Finally there is a government support program that is AIS which is not a popular stimulus package to the SMEs. The findings of the different types of financial support obtained by the SMEs from the government is shown in Figure 4.

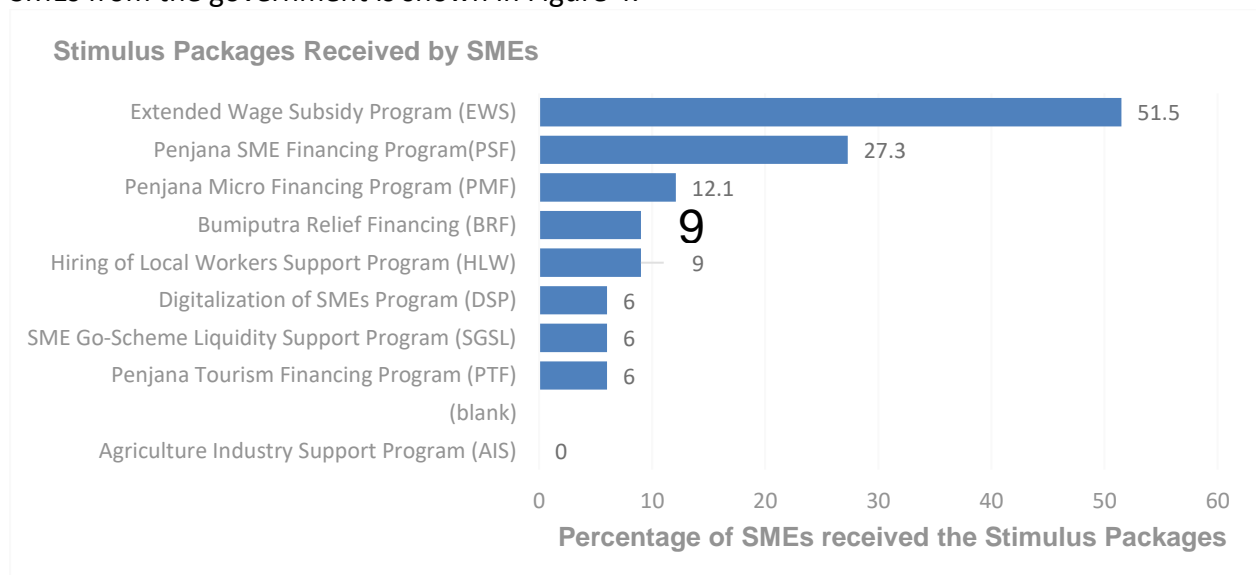


Figure 4: Percentage of SMEs Received Government Stimulus packages (Financial)

The next part of the findings of this study is about the types of non-financial support needed by SMEs. Non-financial and financial stimulus are mutually necessary and need each other, where it is important to ensure that the financial support received by SMEs will be used properly in achieving the objective of their business sustainability. This study has identified different types of business development services as the non-financial supports and they are grouped into 3 main categories that are advisory services, training programs and education. It is shown in Table 2.

Table 2

Types of non Financial Support

Category	Types of business development services	Priority level	%
Advisory services	1. Business continuity planning	1st Priority	59
	2. Diversification of products and services	1st Priority	45
	3. Export and logistic restrictions and requirement	2nd Priority	35
	4. Legal advice on application of labour regulations during the crisis	2nd Priority	31
Training Programs	1. Online business management training	1st Priority	31
	2. Online worker training	1st Priority	25
Education	1. Business marketing strategies	1st Priority	55
	2. To prevent infections while maintaining business operations	1st Priority	57

As shown in Table 2, it was reported that a large proportion of SMEs in Malaysia do need advisory services, training programs and education support from government and any other institutions. It could be due to the SMEs inability to continue their business activity especially during the financial distress period. Under the advisory services category, during the Covid 19 crisis SMEs in Malaysia really need the advisory services on their business continuity plannings compared to other business development services. It has been shown by the highest percentage of 59%. The survey findings then revealed that the majority of SMEs (57%) believe they are in desperate need of education in business marketing strategies and followed by the need of education in how to prevent infections while continuing their businesses (55%).

Findings of this survey indicated that SMEs in Malaysia also need the training support in term of online business management training (31%) and online worker training program (25%). Both types of business development services are in the training category and they has also become one of the priorities for SMEs in Malaysia, considering that many SMEs have moved towards digitalized and online business since the Covid 19 outbreak. It may be due to a lack of knowledge in IT and are unwilling to learn the new way of marketing their product or business. SMEs in Malaysia now has realized about the importance of the technologies and business digitalization has the potential to help SMEs respond effectively to public crises by activating their dynamic capabilities, (Vial, 2019; Guo et. al., 2020). In addition, investment in digital capabilities during Covid 19 could benefits the SMES in maintaining and improving relationship with customers as they could easily access the products and services (Zdnet, 2020).

Digital transformation needs new digital skills and thus it requires a transformation that needs rearrangement of the current business model to make room for new practices more effective and efficient (Casalino, 2012). Therefore, specific training should be developed by the government targeting the SMEs without an online presence in order to assist them in adapting their business models to digital channels.

Conclusion

The Covid 19 pandemic has a devastating impact on Malaysia's economy, with a greater severity degree on SMEs where it has dampened those well-doing business and aggravated

the problems of those low performing business. The Covid 19 has also resulted in the SMEs to transform and adapt to new normal business environment. However, they do not have much reserve, a huge capital to back up and vast experiences to manoeuvre the pandemic. In other words, SMEs in Malaysia face numerous surviving challenges during the financial distress period.

This study reveals both the financial (quantitative) stimulus packages and non-financial (Qualitative) assistance from Malaysian Government are greatly valued by the SMEs. Thus, it is undoubtedly that the government's stimulus packages can stop the bleeding of the crisis in the SMEs. This study offered a concrete evidence that the SMEs relied heavily on of the different types of the financial assistance from the government for their survival during times of crisis. For the financial support, this study found that extended Wage Subsidy Program (WSP), Penjana SME Financing Program (PSF) and Penjana Micro Financing Program (PMF) are greatly valued and highly needed by the Malaysian SMEs. The aim of these financial assistance is to alleviate the cash-flow burden of employers to retain employees during these difficult times and also to help the Malaysian SMEs to face tight cash flow problems to pull through the financial distress (Lim, 2021).

Besides, during Covid 19 most SMEs are transforming into digital distribution channels and become more innovative in their marketing plan in order to survive in the industry (Guo, 2020). In term of the non-financial support, the study has indicated most of the SMEs give first priority to the needs of business development services in a form of advisory services such as business continuity planning and diversification of products and services advises. Furthermore, the study shows that Malaysian government agencies play an important role to educate the SMEs in business marketing strategies and also in preventing infections while maintaining business operations. Lastly, the SMEs also need the government to provide assistance in term of providing training programs to assist them in adapting their business models mainly to digital channels or online business .

This study added to the body of knowledge by asserting that both financial and non-financial supports from various parties are essential and will help SMEs to survive in the industry during the period of financial distress. In addition, it is crucial to see how these government supports could affect the performance of the SMEs. Therefore, the findings of the study could point the way forward for future research into how these government subsidies affect the sustainability of SMEs by determining the relationship between government subsidies and SMEs' performance using a regression analysis. It may provide guidance to the government on whether to continue providing support to them or not, and it may also assist the government in channelling aid to the SMEs that truly deserve it or in making it more effective.

Apart from that, the findings of this study could also direct to another future research which will focus on the determination of factors that will influence the SMEs in choosing the types of the government supports needed by them in dealing with their financial crisis in Malaysian situation. This might provide guidance to any Malaysian agencies of both government and private in determining the most appropriate supports needed by the Malaysian SMEs. As a result, the distribution of the support to the SMEs will be executed more effective.

Corresponding Author

Wan Shafizah Hussain

Faculty of Accountancy, Universiti Teknologi MARA, Melaka Branch, Alor Gajah Campus, 78000 Melaka, Malaysia

Email: wanshafizah@uitm.edu.my.

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