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Six-month initiative crucial to help businesses upscale

ECONOMY

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KUALA LUMPUR: The Economic Census 2023 (Banci Ekonomi or BE23), a six-month initiative commencing in April and ending in September this year, is an important step in the government's plan to help upscale businesses and improve lifestyle affordability in the long run, says Economic Affairs Minister Rafizi Ramli.

The census is expected to involve all business and non-profit entities in the country, totalling approximately 1.2 million organisations, covering all major sectors of the economy such as agriculture, manufacturing, construction and services, including relatively new industries such as electric vehicles.

Rafizi, who officiated the launch of BE23 here yesterday, said the census is taking into consideration the operational numbers of these entities for 2022, while revealing that 75.2% of registered businesses in Malaysia are micro, small and medium enterprises (MSMEs), followed by 20.5% in the SME class, with medium and large businesses making up 1.6% and 2.7%, respectively.

"This means roughly 95% of businesses in Malaysia are micro or small enterprises, and it is difficult for them to enter higher value chains, participate in the export market, or even offer higher wages to their employees," he told a media conference after the launch.

The data collected from BE23, said Rafizi, will provide a clearer picture of the economic capacities – especially companies in the MSME and SME segments – of corporate

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Malaysia to the government, which, in turn, would need to formulate policies and programmes to upgrade the business capabilities of such groups.

He further noted that the BE23 would enable the government to make medium to long-term assistance plans to upscale these companies.

This may include merger initiatives so that these groups would grow into medium or even large enterprises, preventing a saturation at the base of the corporate pyramid, which would then open the way for the entry of new businesses, he said.

Such saturation is also unhealthy for businesses, because it would intensify competition at the same levels, causing many new entry-level companies to fold, Rafizi pointed out.

"At the core of it, initiatives like these involve government spending. It would be essential for us to know the breakdown of the corporate capacities of these small-size corporations, so that the government can intervene effectively, allocating the right

amount of resources to expedite this upscaling," he added.

More notably, especially from a big-picture perspective, Rafizi commented that large corporations would naturally be more able to offer more attractive wages to their employees, or comply with "progressive wage" initiatives such as the RM1,500 minimum wage rule, due to their size.

In contrast, many MSMEs and SMEs do not possess the capability to comply with such policies, resulting in the government having to delay the implementation of the minimum wage rule.

Elaborating from the lifestyle assistance angle, he labelled the BE23 as a long-term solution to raising the wages of Malaysians, as compared to short-term governmental intervention programmes such as the Inisiatif Pendapatan Rakyat or IPR.

He said, "The data will point us to the right prescriptions and at what cost to the country, as we attempt to assist these MSMEs and SMEs to build their durability and scale."

He also highlighted the government plans to carry out a separate census for the agricultural sector in 2024, in an attempt to revitalise the industry and create more job opportunities with competitive wages.

He hoped that this would draw more youths to seek employment within the sector.

Separately, with the Budget 2023 having passed the policy stage in a voice vote last week and heading to the committee stage for the approval of the individual ministry allocations, Rafizi said he would sit down with Opposition members of Parliament "in a matter of weeks" after the budget voting and approval to look into cooperative methods in executing the IPR.