

## WORKSHEET NUMBER 5

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**READ THE EXCERPT FROM THE ARTICLE AND ANSWER THE QUESTIONS.**

### **The importance of MSMEs in economic and community growth - Roles of government and a supportive ecosystem**

„Firstly, MSMEs are essential to job creation. They provide employment opportunities in local communities and are often a significant source of jobs in rural or underserved areas where opportunities to work in big corporations are not available. By creating jobs, MSMEs help to reduce unemployment rates and stimulate economic growth. Additionally, entrepreneurship drives innovation and encourages the creation of new industries and markets, leading to further job creation and economic development.

Secondly, MSMEs are critical to economic growth. They generate revenue and expand into new markets, investing in new technology and infrastructure that can create a positive ripple effect throughout the economy. Small businesses drive competition, which can lead to lower prices and higher quality products and services. Additionally, they are often at the forefront of innovation, developing new products, services, and business models that can disrupt established industries and encourage growth.

Thirdly, MSMEs are essential to community development. They provide goods and services that are tailored to the needs of the community and often support local charities and organizations. By sourcing materials and labor locally, they can stimulate the local economy and help to build strong, sustainable communities. In addition, MSMEs are often owned and operated by members of the community, creating a sense of pride and ownership in the community. It is important to remember that, despite being in a vulnerable position, MSMEs are among the fastest group to respond to economic or social crises, as demonstrated by the #KitaJagaKita movement in Malaysia during COVID-19 Pandemic.

Despite the many benefits of MSMEs, they face significant challenges to stay afloat. Access to funding, limited resources, and regulations that disproportionately impact MSMEs are just to name a few. It is the government's responsibility to support MSMEs and entrepreneurship development by creating an enabling environment that fosters their growth and success.

The government can provide these support by creating favorable policies and regulations. This includes providing funding and access to capital, reducing bureaucratic and regulatory barriers, and simplifying the tax system. The government can also offer training and education programs to small businesses and entrepreneurs to help them develop the skills and knowledge necessary for success.

Furthermore, the government can facilitate partnerships between MSMEs and larger companies to provide access to resources and expertise that they may not otherwise have. This can include mentorship programs and partnerships with universities and research institutions. The government can also support entrepreneurship development by promoting incubators and accelerators that provide mentoring, networking, and funding opportunities.

While we're on the topic, it is impossible not to mention digitalisation and its effect or importance to MSMEs in this age; we are largely talking about businesses who are only recently finding themselves having to compete in a new space - the internet.

Businesses used to compete by location or target market, but access to a bigger crowd via social media and the convenience of e-Commerce platforms have opened a new arena for competition. Along that comes multitude of opportunities - and a myriad of threats. With the fast changing consumer habits due to internet activities such as being review-reliant and crave instant gratification, the internet and technology have revolutionized the way businesses operate. MSMEs that fail to embrace digitalisation risk falling behind their competitors..."

Whole article: <https://www.linkedin.com/pulse/importance-msmes-economic-community-growth-roles-abdul-taib>

**1. Summarize why SMEs are important for economic growth?**

**2. What problems do SMEs have to face?**

**3. Who is responsible for supporting SMEs? And what could help?**

**4. What is a big impact on SMEs these days? And what do they risk if they don't adapt?**