

**ANALYZING THE BUSINESS ADVISORY ROLE IN ENHANCING THE  
GROWTH OF SME'S IN MALAYSIA : A PRELIMINARY STUDY OF  
THE EAST COAST**

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the holy Prophet Muhammad SAW.”*

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## **ABSTRACT**

### **ANALYZING THE BUSINESS ADVISORY ROLE IN ENHANCING THE GROWTH OF SME'S IN MALAYSIA : A PRELIMINARY STUDY OF THE EAST COAST**

As Malaysia steers itself to the rapid pace of the global economy, so too is the government reliance of SME's as an important force in sustaining national economic growth. The business advisory roles were initially identified as an important channel to be the business incubation centre with the aim of facilitating advice and assistance to entrepreneurs in the small medium industry. Therefore, this study is trying to determine the extent of Business Advisory role in enhancing the growth SME's in Malaysia especially pertaining to the East Coast Region. The data was collected from 47 existing clients of the SME bank branch in Kelantan, Pahang and Terengganu. Analysis to establish relationship between variables had shown that customer management, benchmarking were significantly positive in relation the SME's organization to performance while the role of business advisory in strategy development is not considered the contribution for SME's. The finding also showed that, customer management is highly correlated among variables in this study which indicates SME's believed the important in managing the customers followed by benchmarking.

**Keywords:** Business advisory, organization performance.

# CHAPTER 1

## INTRODUCTION

### 1.0 BACKGROUND OF THE STUDY

The rapid change in the landscape of the global economy, Small Medium Enterprises (SMEs), has become a force for national economic growth. Diverse and competitive SMEs are crucial to create and contribute to country's economic growth (United Development Programme, Malaysia (UNDP), 2007). Besides that, SMEs also helped to reduce poverty since Malaysia has achieved many development goals and nearly all of the Millennium Development Goals (MDGs). For example, MDG target was to reduce the proportion of population living below poverty line by 50 percent between 1990 and 2015. For the year 2006, national poverty rate was just reduced by five (5) percent which shows that the growth of SME contributes to employment creation and poverty reduction (UNDP, 2007).

Small-Medium Enterprise (SME) or Small-Medium Industry (SMI) is relatively similar. According to National SME Development Council (2005), the general definition of SME is a small and medium enterprise in manufacturing (including agro-based) and MRS is an enterprise with full-time employees not exceeding 150 or with annual sales turnover not exceeding RM25 million. Developing a group of diverse and competitive small and medium enterprise (SME) is a central theme towards achieving sustainable economic growth. SMEs are crucial to the economic growth process and play an important role in the country's overall production network. Some advanced economies have succeeded