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SME FORUM 2026

Navigating Geoeconomic and Geopolitical Disruption: Future Proofing Malaysian SME

18th August 2026, World Trade Center Kuala Lumpur



The SME Forum 2026 focused on strengthening Malaysian SMEs to navigate growing geopolitical and economic disruptions, including rising costs, tariffs, supply-chain challenges and changing regulatory requirements. The forum highlighted the importance of financial resilience, market diversification, digitalisation, AI adoption and ESG practices to improve productivity and competitiveness. It also emphasised the need for SMEs to strengthen their capabilities, expand into new markets and become more integrated into global supply chains. Stronger collaboration between government, financial institutions, MNCs and SMEs was encouraged to provide better support and opportunities. Overall, the forum stressed that preparation, adaptability, innovation and resilience are essential for SMEs to remain competitive and achieve sustainable long-term growth.

Session One: Redefining Global Trade — How Shifting Borders and Tariffs Affect Your Business

Speakers: Dato' Seri Abdul Halim Bin Hussain, Former Penang State Exco for Trade, Industry & Entrepreneur Development Advisor, Collaborative Research in Engineering, Science and Technology (CREST) Chairman, FoundPac Bhd; **Dato' Siobhan Das**, Chief Executive Officer, American Malaysian Chamber of Commerce (AMCHAM); **Mr. Alan Tan**, Chief Economist, Affin Group

Moderator: Prof. M Nazri Muhd, Chief AI Architect & Advisor AI & Design-Thinking (AIDT) Lab, KSI Strategic Institute for Asia Pacific

Globalisation Is Being Redesigned, Not Reversed: The discussion highlighted that globalisation is not ending but being fundamentally redesigned. Supply chains are increasingly influenced by resilience, geopolitical alignment, technology, regulatory requirements and security, rather than cost efficiency alone. SMEs are becoming more important to multinational corporations (MNCs) as local suppliers can strengthen supply-chain resilience and provide greater flexibility. Malaysia remains well positioned because of its established institutions, business ecosystem and trusted relationships, but SMEs must become more adaptable, ambitious and differentiated to take advantage of changing global supply chains.

Rising Costs, Supply-Chain Disruptions and SME Financial Resilience: The panellists noted that tariffs, geopolitical tensions, shipping disruptions and longer transportation routes are increasing operating and financing costs for businesses. Although Malaysia's economy remains relatively resilient, higher producer costs could eventually affect SME margins, consumer prices and cash flow. SMEs were therefore encouraged to strengthen liquidity, maintain sufficient working capital and conduct regular financial forecasting to prepare for delayed payments, higher input costs and fluctuations in demand. Businesses should also closely monitor exchange rates, interest rates, tariffs and global developments rather than waiting until disruptions directly affect their operations.

Compliance, Diversification and New Market Opportunities: Compliance with ESG requirements, international standards, technology requirements and regulatory frameworks is increasingly becoming a condition for accessing global markets. Rather than viewing compliance solely as a burden, SMEs can use international certifications and higher standards to build credibility, attract MNC customers and access new markets. The panellists also encouraged SMEs to diversify across sectors and markets, including areas such as automotive, aviation and medical devices, to reduce dependence on a single customer or industry. AI and other technologies could further support SMEs in managing compliance, improving efficiency and reducing some of the administrative costs associated with increasingly complex requirements.

Stronger Government–Industry Collaboration and Policy Responsiveness: The session emphasised the need for consistent, transparent and predictable regulations, together with faster government decision-making, as Malaysian businesses compete with regional investment destinations. Stronger and more continuous engagement between government, industry associations, MNCs and SMEs is necessary to ensure policies reflect rapidly changing business ealities. The collaborative approach demonstrated during the COVID-19 pandemic showed how

effective government–industry communication can enable Malaysia to respond quickly during periods of disruption. The discussion therefore suggested that government and industry associations may need to play a stronger role in supporting strategically important SMEs when prolonged disruptions threaten employment, investment and wider economic growth.

Welcome Remarks:

Datuk Seri Mohd Iqbal Rawther, Chairman, Economic Club of Kuala Lumpur (ECKL), Deputy Chairman, KSI Strategic Institute for Asia Pacific

Strengthening SMEs to Navigate Geoeconomic and Geopolitical Disruption: Datuk Seri Mohd Iqbal Rawther emphasised that Malaysia's SMEs are at the centre of the country's economic resilience and must be prepared to respond to increasingly immediate geopolitical and geoeconomic disruptions. While global trade and supply-chain disruptions present significant risks through higher costs, disrupted access to raw materials and difficulties in exporting, they also create opportunities for Malaysia to strengthen its position within regional supply chains and attract investment. He stressed that the country's political stability, policy capability and economic fundamentals provide a strong foundation, but SMEs must shift from reactive survival towards proactive preparation and greater competitiveness. With SMEs contributing significantly to employment and national economic activity, he called for stronger government support in the 2027 Budget to help businesses build capacity, withstand disruptions and capitalise on emerging opportunities. The SME Forum was positioned as a practical, action-oriented platform through which businesses and industry stakeholders could share feedback and contribute towards policies that strengthen Malaysia's SMEs and future-proof the wider economy.

Dr. Chin Chee Seong, National President, SME Association of Malaysia

Bridging the Gap Between Economic Growth and SME Realities: Dr. Chin Chee Seong stressed that Malaysia's strong headline economic performance must translate into tangible improvements for SMEs and businesses on the ground. He highlighted persistent challenges including rising operating costs, delayed payments, cash-flow pressures, increased taxes and difficulties in collecting revenue, noting that many SMEs do not necessarily feel the benefits reflected in national economic figures. He called for stronger and more coordinated engagement between the government, ministries and SME representatives to ensure policies and support measures reflect the realities faced by businesses across different states and sectors. Rather than relying indefinitely on incentives, SMEs need targeted assistance, improved access to financing, support for exports and greater opportunities to participate in the benefits of foreign investment. He also urged SMEs to adapt by embracing digital transformation, AI, higher-value activities and new markets, while emphasising that Malaysia remains a strong and competitive place to do business.

Keynote Address:

YB Dato' Sri Mohd Shahar Bin Abdullah, Deputy Minister of Economy, Malaysia

Geopolitical Shifts and the Need for SME Resilience: YB Dato' Sri Mohd Shahar Abdullah emphasised that geopolitical tensions, geoeconomic shifts, tariffs, currency fluctuations and changing international compliance requirements are directly affecting Malaysian SMEs. While

Malaysia's economy grew by 5.2% in 2025, he stressed that economic growth must be felt on the ground through stronger cash flows, better-paying jobs, higher productivity and greater market access. SMEs must therefore build resilience against external shocks while developing the capacity and confidence to compete internationally.

SMEs as the Backbone of Malaysia's Economic Growth: The Deputy Minister highlighted the significant contribution of MSMEs, which generated RM689.8 billion in value added, representing 39.7% of Malaysia's GDP, while employing 8.09 million people. MSME exports also increased by 10.5% to RM214.5 billion, demonstrating their growing importance to Malaysia's economic resilience. Under the 13th Malaysia Plan (RMK13), the Government aims to strengthen SME business models, improve access to financing, promote digital and operational transformation, expand ESG adoption and integrate capable SMEs into higher-value supply chains.

Digitalisation, AI and Access to Finance: The speech identified financing and technology adoption as major areas where SMEs require practical support. Rather than relying solely on traditional grants, the Government intends to expand sustainable financing instruments, preferential financing and credit guarantees while addressing gaps faced by underserved businesses. On AI, YB Dato' Sri Mohd Shahar stressed that SMEs should begin with real business problems rather than technology itself, using applications such as demand forecasting, predictive maintenance, automated document processing and AI-driven market intelligence to improve productivity. AI adoption should remain human-centred, protect commercial data, deliver measurable returns and enhance rather than replace workers.

Building a Whole-of-Nation Partnership and Scaling SMEs: Future-proofing SMEs, he argued, requires cooperation between Government, financial institutions, large corporations, universities and businesses themselves. SMEs must strengthen governance, invest in talent, embrace innovation and prepare to meet the standards required to enter global value chains, including technical quality, reliability, data protection, governance and ESG performance. RMK13 targets increasing the share of medium-sized firms from 1.8% to 5% by 2030, while raising the overall MSME contribution to more than 50% of GDP. He concluded by urging participants to leave the forum with three concrete actions: one to reduce operational risk, one to raise productivity and one to open a new market or partnership, before officially declaring SME Forum 2026 open.

Session Two: Securing Your Supply Chain — Capturing The 'China Plus One' Advantage in ASEAN.

Speakers: Datuk Dr AT Kumararajah, Vice President, National Chamber of Commerce and Industry of Malaysia (NCCIM); **Mr. Czarif Chai bin Abdullah,** Senior Director, Business Services Division, SME Corp. Malaysia; **Dato' Quek Ngee Meng**, Director, Malaysia-China Business Council (MCBC) Managing Partner, Halim Hong & Quek Director, Andersen Malaysia Sdn Bhd; **Ms. Tina Jamaluddin**, Strategic Advisor, ASEAN Trade & Public Policy Former Chief Country Representative for Malaysia, US-ASEAN Business Council

Moderator: Mr. Murugason R. Thangaratnam, Adjunct Professor, UNIMY Country Head (Malaysia), Equanimity Group, USA

Rising Compliance Burden for SMEs: SMEs faced increasing pressure to comply with new

trade, export, sustainability and regulatory requirements while simultaneously managing cost pressures. Many smaller businesses lacked the financial and technical capacity to meet increasingly complex standards, creating barriers to their participation in international supply chains. One proposed solution was the development of a single digital compliance window that could consolidate health and safety requirements, permits, trade documentation, certificates of origin and other regulatory processes, making compliance more accessible and efficient for SMEs.

Cybersecurity as a Business and Supply-Chain Requirement: Cybersecurity was increasingly becoming a fundamental requirement for SMEs seeking to work with larger enterprises and multinational corporations. Businesses could eventually be assessed and rated according to their cyber maturity and security posture, which could influence their ability to secure contracts, financing and insurance. SMEs were therefore encouraged to strengthen basic cyber hygiene, upgrade IT systems and software, establish cyber-incident response plans, obtain appropriate cyber insurance and work towards recognised standards such as ISO 27001. Government-supported programmes and industry partnerships could further assist SMEs in closing cybersecurity gaps and creating a more trusted digital environment.

The Need to Build SME Capacity to Support MNC Investment: The arrival of multinational corporations did not automatically create sufficient opportunities for local SMEs, as MNCs often entered Malaysia with established global supply chains and preferred suppliers. The key challenge was ensuring Malaysian SMEs had the capacity, quality assurance, scale and technical capabilities required to become suppliers to these companies. The example of Bangladesh, where the local poultry and supply-chain ecosystem was reportedly unable to meet McDonald's quality and logistical requirements, illustrated how weaknesses within an SME ecosystem could prevent major businesses from entering a market. Malaysia therefore needed to strengthen SME capabilities alongside major investments, particularly in areas such as quality standards, technology, logistics and supply-chain readiness.

Greater Government Support and Local Procurement: While government initiatives to attract investment and support SMEs were recognised, greater attention was needed on the bottom line and readiness of individual SMEs rather than focusing primarily on headline investment figures. There was a call for stronger mechanisms encouraging MNCs to engage local suppliers, develop local talent and contribute to domestic supply chains. Government procurement could also play a larger role in strengthening SMEs, with current levels of procurement from local SMEs described as falling significantly below intended targets. Agencies such as SME Corp. could play a stronger role as aggregators and coordinators, but would require greater authority and a stronger ecosystem around them.

Building a More Resilient and Scalable SME Ecosystem: Malaysia's SMEs had demonstrated considerable resilience, particularly during the COVID-19 pandemic, but continued investment was needed to help them scale beyond fragmented pockets of growth. Support should move beyond short-term assistance towards capacity building, market access, quality assurance, digitalisation and integration into larger supply chains. More targeted government support and

sector-specific opportunities could help smaller firms move beyond subcontracting and develop into competitive, scalable businesses. Ultimately, strengthening SMEs would ensure that major major investments generated wider economic benefits, creating a stronger domestic business ecosystem rather than concentrating the benefits among larger corporations.

Fireside Chat: From Risk To Strategy: How SME Leaders Should Respond To Geopolitical Uncertainty

Speakers: Dato' Ramesh Kodammal, Vice President and SME Chairman, World Business Chamber (WBC); **Dato' Azlin Ahmad Shaharbi,** Former President of Association of Bumiputera Women in Business and Profession, Malaysia (PENIAGAWATI); **Prof. M Nazri Muhd,** Chief AI Architect & Advisor AI & Design-Thinking (AIDT) Lab, KSI Strategic Institute for Asia Pacific

Moderator: Tan Sri Michael Yeoh, President, KSI Strategic Institute for Asia Pacific

Geopolitical and Geoeconomic Challenges Affecting SMEs: The session highlighted that geopolitical and geoeconomic developments were not distant issues for Malaysian SMEs, even though many micro and small businesses might not recognise their connection to global events. With around 98% of registered businesses being SMEs and a large proportion operating at the micro level, global disruptions such as conflicts, sanctions, energy price increases and rising transportation costs could directly affect everyday business operations. Even a small home-based food producer could be exposed through imported ingredients, packaging or logistics, demonstrating the need to translate complex global developments into practical, sector-specific information that SMEs could understand and act upon.

Government Support, SME Preparedness and Market Expansion: Speakers stressed that government assistance needed to move beyond short-term grants towards structured, immediate and accessible support covering technology, digitalisation, skills development, financing and export readiness. Malaysia's extensive network of ministries and agencies supporting entrepreneurship provided a strong foundation, but the effectiveness of this support depended on implementation and accessibility. SMEs were also encouraged to take greater responsibility for their own growth by developing partnerships, collaborating with other businesses and seeking new markets beyond Malaysia, particularly in ASEAN, China, the Middle East and Africa. Businesses needed to become more proactive rather than relying solely on government assistance when crises emerged.

AI and Digital Transformation as Tools for SME Growth: AI and digital transformation were presented as opportunities to fundamentally change how SMEs operate, compete and create value. Rather than simply becoming users of tools such as ChatGPT and Gemini, SMEs were encouraged to become AI creators by developing their own applications and integrating AI into areas such as finance, marketing, HR, business analysis and operations. The discussion emphasised that AI should complement human intelligence rather than replace human decision-making. By combining technology with human expertise, SMEs could improve productivity, reduce reliance on expensive specialist functions and potentially transform traditional businesses into higher-value, internationally competitive companies.

Building SME Resilience Through Strategic Business Planning: The session introduced a broader approach to SME resilience based on nine interconnected areas: business valuation, financial health, business partnerships, fundraising, bankability and leverage, mergers and acquisitions, resource and budget planning, business-model restructuring and succession planning. SMEs were encouraged to assess these areas collectively rather than addressing them in isolation, particularly as businesses faced repeated economic and geopolitical disruptions. AI could support scenario analysis, risk assessment, customer and supplier mapping, valuation and business-model redesign, while humans would remain responsible for setting objectives, interpreting results and making final decisions. The overall message was that SMEs needed to move from reactive survival towards proactive planning, diversification and long-term value creation.

Session Three: The SME Toolkit — Smart Financing, Fast-Track Digitalisation, and ESG Compliance.

Speakers: Adjunct Practice Prof. Cheah Kok Hoong, President, ESG Association of Malaysia (ESGAM); **Mr. Effie Rizal Bin Mustafa Kama**, Advisory and Capacity Building Solutions at the AI & Design-Thinking (AIDT) Lab, KSI Strategic Institute for Asia Pacific; **PMgr. Ts. Poo Ching Loong**, General Manager, YesBoss Corporation

Moderator: Dr. Eddie Hu, Former Vice-Chair, Digital Economy Task Force, UN ESCAP Sustainable Business Network

Smart Financing and Financial Readiness: The session highlighted that access to financing remains one of the key challenges facing SMEs, despite the wide range of government grants, incentives and financing schemes available. Rather than relying solely on government support, SMEs were encouraged to improve their own financial readiness by maintaining proper documentation, audited accounts, management records and a clearly articulated business model. Financial institutions need to understand how a business operates, how it generates revenue and how it will remain profitable before providing financing. SMEs were therefore advised to understand the eligibility requirements and terms of available funding schemes, attend industry and government briefings, and use available assessment tools to identify gaps in their businesses before applying for financing. The central message was that SMEs should prepare before an opportunity arises, rather than attempting to become eligible only after funding becomes available.

Digitalisation Must Begin with Business Processes: Speakers emphasised that digitalisation should not be viewed simply as purchasing new software, implementing an ERP system or adopting the latest technology. SMEs should first examine their existing internal processes, workflows and systems to identify inefficiencies and determine what actually needs to be improved. Implementing expensive technology on top of a poorly designed process could simply create an "automated" version of an existing problem. The discussion therefore encouraged SMEs to approach digital transformation through proper assessment and change management, with technology being used to support clearly defined business objectives. Design thinking and business process re-engineering were highlighted as useful approaches for identifying redundant processes and determining where digital tools can genuinely improve productivity, efficiency and competitiveness.

AI as a Tool to Improve Competitiveness and Growth: AI was presented as an increasingly important tool for SMEs, particularly as businesses face rising costs, labour constraints and growing competition in both domestic and international markets. Rather than viewing AI as something that will replace employees, SMEs were encouraged to treat it as an assistant or "co-pilot" that can support decision-making, automate repetitive tasks, improve workflows and help businesses understand their data. Speakers stressed that SMEs should first identify the specific business problems they want to solve before choosing an AI tool, rather than purchasing technology simply because it is popular. Reskilling existing employees was also encouraged, allowing SMEs to build technological capabilities within their current workforce. Importantly, businesses need clean and organised data to make effective use of AI, meaning that improving basic data management and digital processes should come before more advanced AI adoption.

ESG as Both a Business Responsibility and Competitive Opportunity: The discussion challenged the perception that ESG is an expensive and complicated requirement that only applies to large corporations. Speakers explained that SMEs can begin their ESG journey through simple, practical measures, including managing energy and water consumption, improving workplace practices, strengthening governance and considering their impact on the wider community. At the same time, ESG is becoming increasingly important because SMEs are often part of the supply chains of larger corporations that are already subject to sustainability and reporting requirements. As these requirements extend throughout business ecosystems, SMEs that are prepared for ESG expectations may gain an advantage over competitors that have yet to act. The speakers therefore encouraged businesses not to wait until ESG compliance becomes mandatory, but to begin preparing early so they can remain competitive, meet the expectations of larger clients and position themselves for future opportunities.

Preparation, Adaptability and Resilience Are Essential for SME Growth: The overarching message of the session was that SMEs must focus not only on surviving current challenges but also on preparing themselves for future growth. Businesses are operating in an environment shaped by rapid technological change, geopolitical uncertainty, changing consumer behaviour, rising costs and evolving regulatory expectations. Speakers emphasised that opportunities often arise when businesses are already prepared to take advantage of them, meaning that "luck" is frequently the result of years of preparation, capability-building and strategic planning. SMEs were encouraged to continuously strengthen their financial foundations, reskill their employees, improve internal processes, adopt relevant digital technologies and gradually integrate ESG principles into their operations. Given the significant contribution of SMEs to Malaysia's economy, building more resilient, competitive and future-ready businesses was presented as an important part of strengthening the country's broader economic growth.

Kingsley Advisory and Strategic Initiatives Sdn Bhd
Published in August 2026

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