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## The Effect of Export Incentives to Export Activities in Malaysia

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**Abstract:** This article focus on government export incentives for Malaysian small and medium-sized enterprises (SMES) which are involved in export activities. More specifically, the study attempts to examine the association among government export incentives and the increased in export activities of the Malaysian SMES.

The data was collected by mailing 3000 questionnaires to the selected SMES. Three hundred firms responded by returning the questionnaires. Only 250 were complete and use in the analysis. The findings clearly indicate, the increase in exporting activities of SMES are associated with export incentives provided by the Malaysian government such as, tax exemptions on the value of increased exports, Industrial Building Allowance (IBA), Duties and Sales Tax exemption, and Export Financing Facilities.

**Keywords:** Export incentives and export activities in Malaysia)

## INTRODUCTION

The global economic and financial environment was shaped by three major developments in 2016. The fall of major commodities prices has resulted in the decrease of nation revenue and hence pushed the cost of living that result in the cost-push inflation. Besides that the international financial markets experienced heightened volatility driven by shifting of policies. Consequently monetary policy became a driving force in the financial markets. Malaysian never ending hope for prosperity continuously struggling for survival. However with the uncertainty of world economic situation and the decreased on its' main commodity prices have contributed to the depreciation of its currency, Ringgit. Malaysian economy was exposed to the historic event of Brexit which increased the level of uncertainty of the nation's future and economic situations. Despite the challenging economic environment, Multi-National Corporation from industrialized nation, continue to invest and expand as well as diversify their projects in Malaysia. Malaysia remains

attractive because of its highly diversified economy, strong manufacturing foundation, developed infrastructure and connectivity, proactive government policies and multilingual and skilled workforce.

Although various export assistance programs have been introduced by the Malaysian government, very little is known about the impact of these programs to the exporters. The review of the small business literature shows that, limited studies have investigated the impact of the export assistance programs on SMES, particularly in the Malaysian context (Hashim *et al.* 2015). The information on the effectiveness of the export assistance programs is important to explain why SMES are still holding back from exporting to foreign markets.

The government agencies involved in assisting the exporting SMES are:-

- i) The Small and Medium Industries Development Corporation (SMIDEC).
- ii) The Malaysian External Trade Development Corporation (MATRADE).
- iii) The Malaysian Export Credit Insurance Berhad (MECIB).
- iv) The Malaysian Industrial Development Authority (MIDA).
- v) The Export-Import Bank of Malaysia Berhad (EXIM Bank).

The purpose of this study is to examine the association among the various export assistance programs provided by MITI and its supporting agencies and the increased in export activities of the Malaysian SMES. The information provided by this article may be useful for developing more effective programs to help and encourage more SMES to export and to assist those already exporting to expand their exporting activities.

### MALAYSIAN CURRENT ECONOMIC SCENARIO

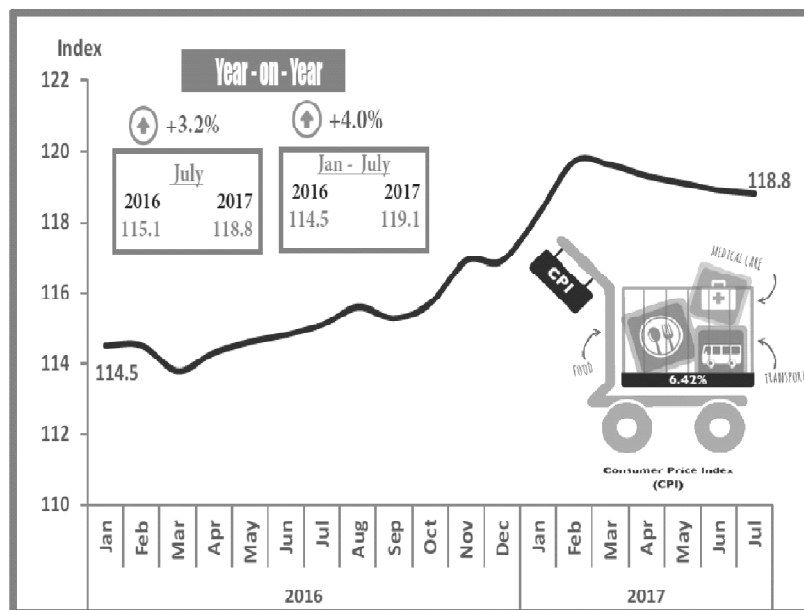
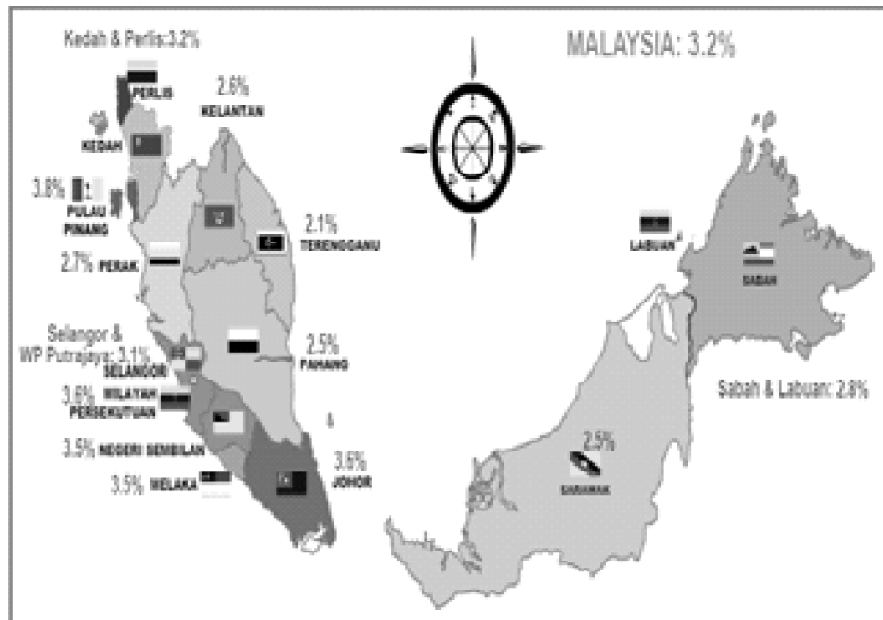


Chart 1: Malaysia Consumer Price Index (CPI) , January 2016 - July 2017

Source: Department of Statistics, Malaysia

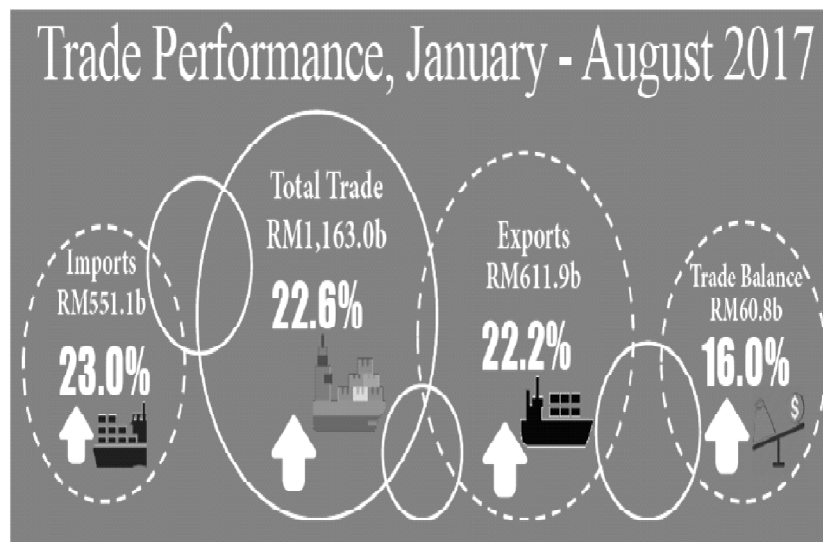
Chart 1 illustrates the Malaysia Consumer Price Index (CPI) , January 2016 - July 2017. It clearly indicates that it is moving upwards which indicates that the country is facing inflation in the future.



**Figure 1 : Inflation Rate by States, July 2017 / July 2016**

Source: Department of Statistics, Malaysia

**Figure 1 illustrates on the inflation rate by states as at the month of July 2017 / July 2016.** Inflation in Malaysia was mainly caused by cost push inflation which was affected by the weakening of Ringgit the nation currency.



**Figure 2: Malaysia Export 2017**

Source: MITI and Department of Statistics Malaysia.(2017)

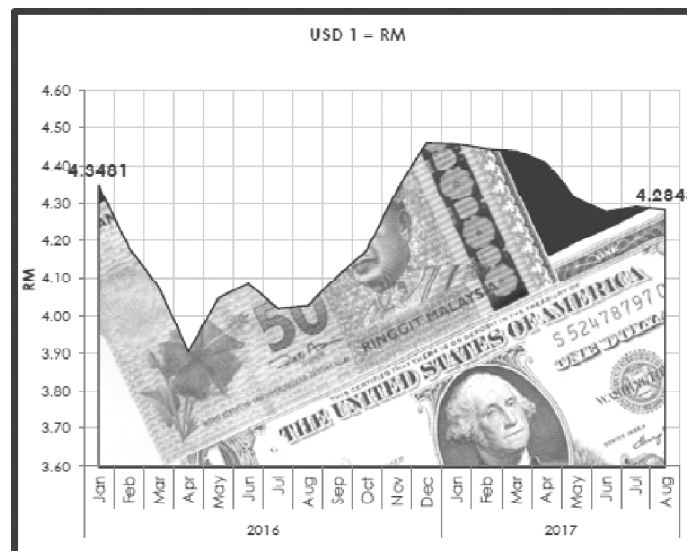
Figure 2 illustrates the total amount of international trade from Jan to August 2017. Export figures which is RM 611.9 billion exceeded the import which are RM551.1 billion. Trade balance of RM 60.8 billion was concluded as at August 2017.



**Figure 3: Major export destinations**

Source: MITI and Department of Statistics Malaysia.(2017)

Figure 3 illustrates the major export destinations in 2017. It clearly indicates that Singapore RM 90.2 billions, the People of, Republic of China, RM 80.5 billions and the United States of America 58.5 billions are the major export destination by Malaysia exporters.



**Chart 2 : Malaysian Ringgit Exchange Rate with Selected Countries, January 2016 - August 2017**

Source: Department of Statistics, Malaysia

Chart 2 Illustrates the exchange rate for Ringgit against US Dollar from Jan 2016 to August 2017. The volatility of Ringgit are clearly illustrated in the Chart.

**Table a**  
**Singapore's top 10 trading partners: July 2017**

<i>Country</i>	<i>Jul-17</i>	<i>Jul-16</i>	<i>Change</i>
	<i>(\$)*</i>	<i>(\$)*</i>	<i>(%)</i>
1. PRC	11,372,829	9,622,981	18.2
2. Malaysia	8,491,413	7,339,690	15.7
3. Hong Kong SAR	6,776,064	5,299,515	27.9
4. USA	6,520,915	6,004,363	8.6
5. Chinese Taipei	5,115,225	4,168,437	22.7

*Source:* Department of Statistics, Malaysia

Table a illustrates that Malaysia is the second largest exporters to Singapore's in July 2017

**Table b**  
**Major exports 2016/2017(Jan –June)**

<i>HS Code</i>	<i>Product</i>	<i>2016</i>	<i>2017</i>	<i>Change</i>
		<i>RM mil</i>	<i>RM mil</i>	<i>%</i>
85	Electrical machinery and equipment	19,983.70	26,763.40	33.9
27	Mineral fuel, oil, etc	9,180.30	12,187.20	32.8
84	Machinery appliances	6,281.60	8,360.40	33.1
90	Optical, photographic, precision, medical apparatus	2,135.60	2,074.40	-2.9
39	Plastic and articles	1,514.10	1,623.80	7.2

*Source:* Department of Statistics, Malaysia

Table b illustrates Malaysia Major exports 2016/2017(Jan –June). It clearly indicates that Electronic machinery and equipment increase by 33.9% in export volume, machinery appliances 33.1%, mineral fuel, oil, etc increased by 32.8 in export volume.

**Table c**  
**Major imports 2016/2017(Jan –June)**

<i>HS Code</i>	<i>Product</i>	<i>2016</i>	<i>2017</i>	<i>Change</i>
		<i>RM mil</i>	<i>RM mil</i>	<i>%</i>
85	Electrical machinery and equipment	10,742.30	12,641.90	17.7
27	Mineral fuel, oil, etc.	9,827.60	11,677.90	18.8
84	Machinery appliances	3,884.50	4,542.10	16.9
39	Plastics and articles	1,881.30	1,983.50	5.4
29	Organic chemicals	1,178.70	1,697.00	44.0

*Source:* Department of Statistics, Malaysia

Table c : Major imports 2016/2017(Jan–June). It clearly shows that organic chemical increase by 44% in import value, followed by mineral fuel oil 18.8%, electrical and machinery equipment 17.7%.

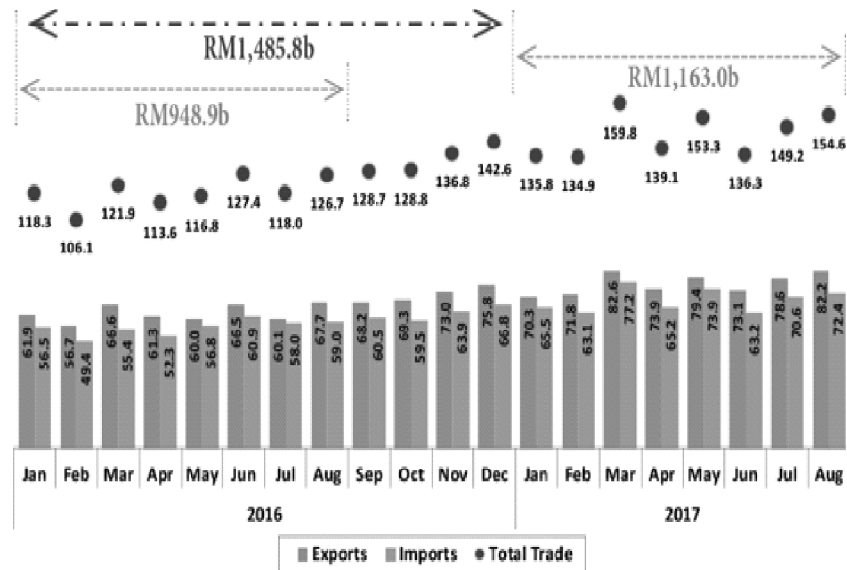


Chart 3: Malaysia International Trade Jan 2016-August 2017

Source: Department of Statistics, Malaysia

Chart 3 illustrates clearly the comparison of Malaysian International Trade from January 2016 to August 2017. It clearly shows that Malaysia is experiencing surplus balance of trade every month since January 2016

Table d  
Definitions of Small and Medium Enterprise

	MANUFACTURING SECTOR		NON-MANUFACTURING SECTORS		EXCLUDE:
	ANNUAL SALES TURNOVER	FULL-TIME EMPLOYEES	ANNUAL SALES TURNOVER	FULL-TIME EMPLOYEES	
MICRO	< RM300,000	OR < 5	< RM300,000	OR < 5	
SMALL	RM300,000 < RM15 million	OR 5 < 75	RM300,000 < RM3 million	OR 5 < 30	
MEDIUM	RM15 million ≤ RM50 million	OR 75 ≤ 200	RM3 million ≤ RM20 million	OR 30 ≤ 75	
					<ul style="list-style-type: none"> <li>Public listed companies on the main board</li> <li>Multinational corporations (MNC)</li> <li>Government-linked companies (GLC)</li> <li>Minister of Finance Incorporated (MOF Inc.) companies</li> <li>State-owned enterprises</li> <li>Subsidiaries for all of the above entities</li> </ul>

Source: SME Corp.

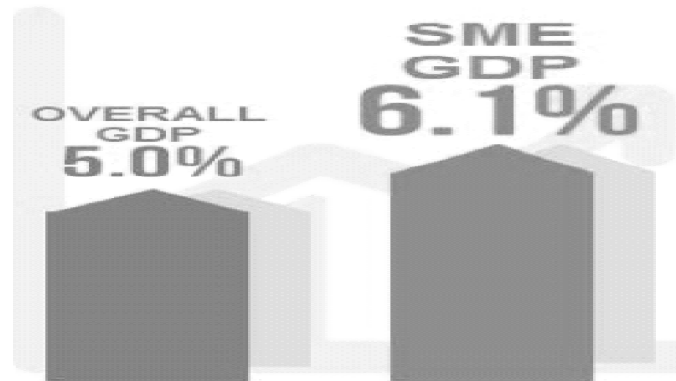
Source: SMECORP 2014



## THE NATURE OF SMES IN MALAYSIA

Since 1<sup>st</sup> January 2014, new SME definition in Malaysia was being announced by the Prime Minister of Malaysia. The new definition requires higher sales turnover to be classified as small or medium enterprises, as compared to the old definition.

Table d illustrates the new definitions of SMEs. It clearly shows that SMEs are being categorized into Micro, Small, and Medium. Besides, that two main sectors are being separated that is Manufacturing and Services and other sectors.

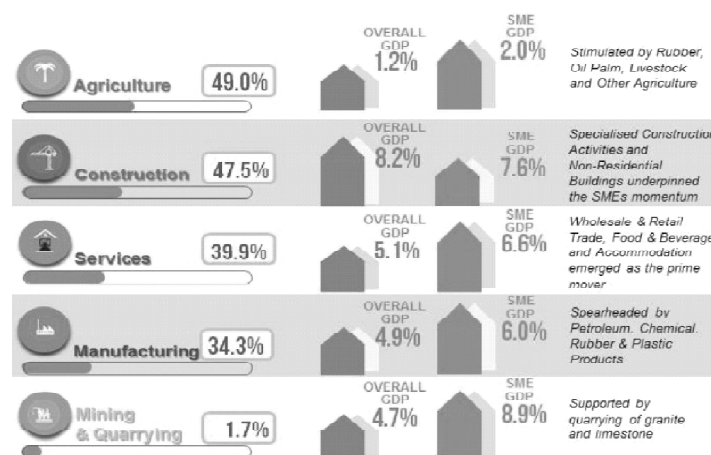


**Chart 4: SMES Growth rate compare to Gross Domestic Product 2015**

Source: Department of statistic 2016

Chart 4 illustrates the growth rates of SMES are higher than the growth rate of GDP in 2015. It clearly shows that the growth rate for SME GDP is 6.1 percent, and the overall GDP is 5 percent.

Figure 4 illustrates that the economic activities of SMES and its growth rate compared to the overall GDP growth rate. It clearly shows that the growth of SMES GDP is better than overall GDP in all main economic sectors except for construction.



**Figure 4: SMES GDP growth rate and Overall GDP growth rate in Malaysia**

Source: Department of statistic 2016

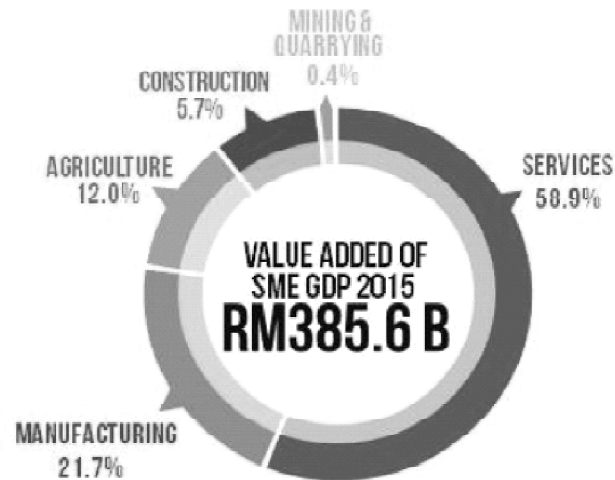


Chart 5 : Value added of SMES GDP

Source: Department of statistic 2016

Chart 5 illustrates clearly the value added of SMES GDP based on percentages of their involvements.

Table e  
Comparison value added among SMES and Large enterprise in Malaysia

Category	Value Added (RM Billion)		Share to GDP (%)	
	2014	2015	2014	2015
SMEs	363.4	385.6	35.9	36.3
Large Enterprises	649.1	677.2	64.1	63.7
GDP	1,012.5	1,062.8	100.0	100.0

Source: Department of statistic 2016

Table e illustrates the comparison among SMES and Large enterprises on value added and their contributions to GDP.

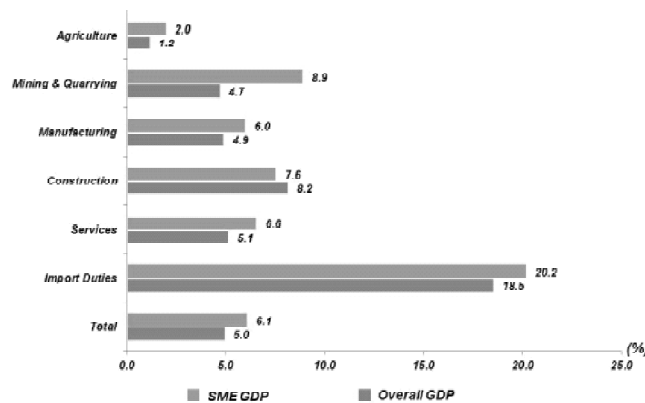
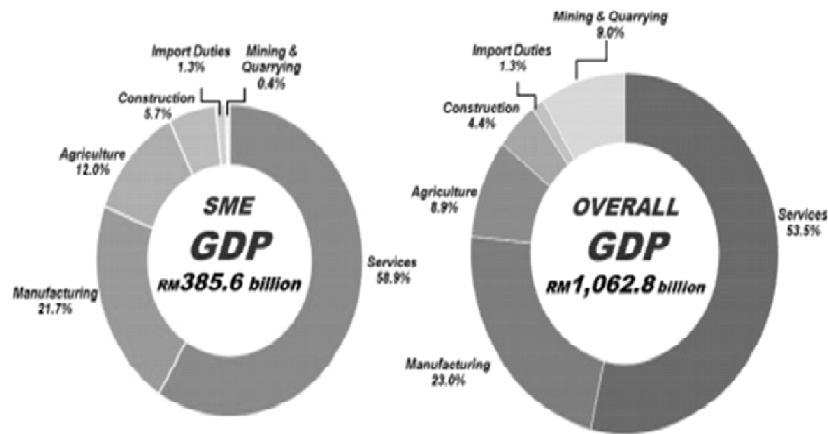


Chart 6 : The contribution among sectors of SMES to Overall GDP

Source: Department of statistic 2016



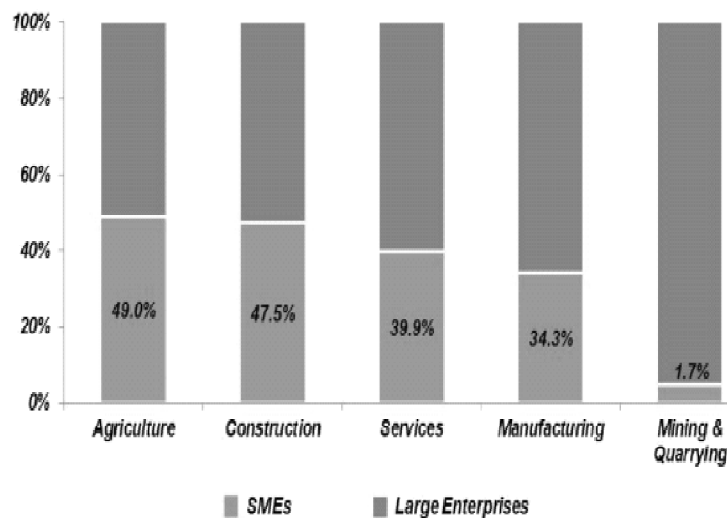
Chart 6 clearly illustrates contributions among sectors of SMES and overall GDP



**Chart 7: Percentages of Contributions among SME GDP and Overall GDP 2015**

Source: Department of statistic 2016

Chart 7 illustrates the percentages of Contributions among SME GDP and Overall GDP 2015.



**Chart 8: Percentages of Contributions of SMES and Large Enterprise by economic sectors 2015**

Source: Department of statistic 2016

Chart 8 illustrates the comparison of SMES and large enterprise on their economics sectors in 2016.

### Prospects for Small and Medium Enterprises in Malaysia

Small and medium enterprise in Malaysia is expected to contribute more than 40% on the nation's GDP and on track to achieve the target of 41% of the GDP. The star online reported that the development of 6.7 % was expected to be maintain in the near future.

At present 97% of business establishments in Malaysia are SMES which contributed 37 % to the Malaysia GDP, 65% to employment, and nearly 18% to exports.(Bernama, 2017).

The Malaysian government aims to increase export contribution to the gross national product among small and medium enterprises (SMES) to 23 percent by 2020 through Malaysia External Trade Development Corp's (MATRADE) Beyond Nations campaign.

The Malaysian government announced some initiatives under the 2017 budget, it was in line with the direction of the 11th Malaysia Plan and met the goals of SME Masterplan. The highlight was the RM107 million allocated specifically for the SME Masterplan to continue with the implementation of high-impact programs.(Bernama). A total of RM1.1 billion has also been allocated for the SMEs in enhancing access to financing. This includes, among others, the Shariah Compliant SME Financing Fund with a rebate of two percent on interest and RM200 million allocation for SME Technology Transformation Fund under SME Bank. The budget also highlights the importance in enhancing export initiatives whereby RM235 million has been allocated to the Malaysia External Trade Development Corporation (MATRADE) for the 1Malaysia Promotion program and for the Services Export Fund in collaboration with SME Corp. Besides funding allocation for SMES development program, the SMES have also been granted various tax incentives to encourage research and development activities (double tax deduction) and to promote exports with tax-exempt on 10-15 percent of export receipts. (BERNAMA 2017).

### **Market liberalization**

Malaysia's economy remains resilient, with GDP projected to grow by 4.4 percent in 2016 and 5.3 percent in 2017, based on the latest economic analysis from the World Bank. The outlook reflects a gradual decelerations in private consumption in Malaysia due to softening in the labour market and continued adjustment to fiscal consolidation. Private investment is also expected to slow down as commodity prices and global economic growth remain subdued, according to the World Bank's Malaysia Economic Monitor, 2016. The report notes that key risks facing the Malaysian economy stem from, commodity price instability and uncertainty over the growth trajectory in the global economy and its impact on Malaysia's exports. Malaysia is now engaging in a new generation of regional agreements including the Regional Cooperation Economic Partnership (RCEP), and the European Union Free Trade Agreement (EUFTA). These agreements can help to attract foreign direct investment, spur innovation and technological upgrading, and further open up market access for Malaysia's exports of goods and services. These initiatives can also bring benefits through reforms in new areas that were not included in past agreements, such as competition policy, government procurement, investment-state disputes, and investment policies.(World Bank Report June 30<sup>th</sup>, 2016). The World Bank reported that the new trade agreements can advance Malaysia's reform agenda in four key areas:

- (a) **Services:** Malaysia still trails many countries in East Asia in terms of the contribution of services to GDP and exports. An efficient services market can enhance Malaysia's competitiveness.
- (b) **Investment:** Improved investment policies can help attract a new wave of FDI that supports economic diversification. The new trade agreements provide additional investment safeguards for domestic firms investing abroad.

- (c) **Competition:** A more open and level playing field in the domestic economy facilitates the entry of new firms, helps productive companies grow, and promotes innovation and job creation.
- (d) **Small and Medium Enterprises (SMES):** SMEs in Malaysia represent 97.3 percent of firms and accounted for 35.9 percent of GDP in 2015, but account for only 17.8 percent of exports. They are substantially less productive than large firms. It will be critical to address the constraints SMES face in order to raise productivity and reap the benefits of emerging trade opportunities.

### Research on Small and Medium Enterprises (SMES)

SMES in Malaysia represent 97.3 percent of firms and accounted for 35.9 percent of GDP in 2015, but account for only 17.8 percent of exports. They are substantially less productive than large firms. It will be critical to address the constraints SMEs face in order to raise productivity and reap the benefits of emerging trade opportunities.

The review of literature from well known local authors on SMES such as, Hashim et. al (2015); Ahmad, S., (2016) claimed that the inability of small business to conduct business internationally resulted mainly from their lack of knowledge about international marketing and international markets. Besides that the findings also indicated that small business failed to internationalize not only because of insufficient information on the possibilities and constraints of foreign markets, but also narrow attitudes of owners/managers, insufficient resources, lack of managerial expertise, weak formal planning, and poorly-developed strategies. In addition, the study by Hashim *et al.* 2009; Ahmad, S; *et al.* 2012; Ahmad, S; *et al.*, 2017) found that the SMES in the study, in general, agreed that the 10 incentives provided by the Export- Import Bank of Malaysia (EIBM) had contributed to their success in exporting. The results also indicate that to a certain extent the respondents agreed that the 28 financial and nonfinancial incentives offered by the Malaysian External Trade Development Corporation (MATRADE) had also help in their firms' export activities. Hashim *et al.* (2015) further contended that in terms of the internationalization problems, the results, in general suggest that the respondents perceived the 25 common problems identified in previous studies as not so serious to their firms. Nevertheless, apart from the 25 common problems, the respondents reported 20 other pressing internationalization problems that their firms encountered in the last two years. The 20 pressing problems include; late delivery, need export financing facilities, high freight charges, lack of transportation, legal requirements, competition from China and India, lack of raw materials for expansion, unable to target the right market, too many government regulations, changes in government regulations, lack of R&D, high cost of raw materials, problem with custom declarations, constraint by quota system, low profit, lack of product acceptance, international piracy and hijacking, difficulty getting health certificate, limited range of products for export, and export duty.

The Malaysia Economic Monitor series provides an analytical perspective on the policy challenges facing Malaysia as it grows into a high-income economy. The series also represents an effort to reach out to a broad audience, including policymakers, private sector leaders, market participants, civil society, and academia. (World Bank Report June 30<sup>th</sup>, 2016).

### Changes in the Conduct SMES Business Operations

Advances in ICT have greatly facilitated businesses in out-sourcing of non-core processes and products to other firms, most notably SMES. Supply chain management and just-in-time production reduce inventory

costs and contribute to enterprise efficiency for both MNCs and large companies as well as SMES. Other areas of opportunities include back-office support; call centers, software development and the emergence of regional hubs in the sourcing functions of major companies.

### **Research Objectives**

- (a) To examine whether the increase in exporting activities of SMES are associated by the Tax exemptions on the value of increased exports.
- (b) To investigate whether the increase in exporting activities of SMES are associated by Industrial Building Allowance (IBA).
- (c) To examine whether the increase in the exporting activities of SMES are associated by Duties and Sales Tax exemption.
- (d) To examine whether the increase in the exporting activities of SMES are associated by Export Financing Facilities.

The scope of the study is based on exporting SMEs registered with Malaysian External Trade Development Corporation (MATRADE).

### **Sampling Frame and Sample**

This study was confined to selected small and medium-sized enterprises (SMES) in the Malaysian manufacturing sector in the North of Malaysia. In this study, a small and medium-sized enterprise (SME) was defined as a manufacturing firm with an annual turnover of less than RM25 million and as one which was actively managed by its owner or owners. Based on this definition, 3000 SMES were identified from the MATRADE listings of exporters.

The data for this study were collected by mail survey. Through telephone conversations and a follow-up letter, the participation of the selected firms is confirmed. Structured questionnaires were then mailed to the top management of the 3000 firms selected. Out of the total number of 3000 questionnaires sent, 250 are usable, yielding a response rate of 8 percent.

### **Questionnaires**

The structured questionnaire adopted in this study consists of two sections. The first and second sections of the questionnaire which consists of 12 items were used to obtain the general information concerning the background of the respondents (8 items) and the firm's characteristics (4 items). The questions in sections 3, (4 items) were designed to capture the respondent's perceptions on the export incentives provided by the Ministry of International Trade and Industries.

### **Data Analysis**

Data from the questionnaire were coded and entered accordingly into the SPSS statistical software. The descriptive statistics such as percentages and frequency distribution was used to analyze the data collected from the participating SMES. Chi-Square a non-parametric test was used to test the goodness-of-fit of the variables.

## FINDINGS

### Demographic Background

Table 1 illustrates the position in business. It clearly shows that 28 % of the respondents either manager or owner. While 40 % of the respondents are owner and CEO of the company.

**Table 1**  
**Position in business**

	<i>Frequencies</i>	<i>Percentage</i>
Owner & CEO	100	40
Owner & Manager	70	28
Manager but not Owner	50	20
Owner but not Manager	15	6
Others	15	6
Total	250	100

Table 2 illustrates on the respondents composition of races. Majority of the respondents are Chinese which comprises 60 %. Whereas the remaining of 20% are Malays and 12 % are Indian, others 8%.

**Table 2**  
**Race**

<i>Race</i>	<i>Frequencies</i>	<i>Percentage</i>
Malay	50	20
Chinese	150	60
Indian	30	12
Others	20	8
Total	250	100

**Table 3**  
**Number of Employees at Business Start-up**

<i>Number of Employees at Business Start-up</i>	<i>Frequency</i>	<i>Percent</i>
<50	80	32
51-100	100	40
101-150	20	8
151-200	10	4
200<	40	16
Total	250	100

Table 3 illustrates the respondent's number of employees at business start-up. It shows that 28 % of the respondent's number of employees at business at start-up is more than 100 employees. While 72 % of the respondent's number of employees at business start-up is 100 or less.

**Table 4**  
**Number of employees last fiscal year**

<i>Employees last fiscal year</i>	<i>Frequency</i>	<i>Percent</i>
<50	18	7
51-100	48	19
101-150	30	12
151-200	23	9
200<	131	53
Total	250	100

**Table 4** illustrates the respondents' employees in last fiscal year. It shows that about 62% of the respondent's number of employees in last fiscal year is more than 150 employees. While 38 % of the respondents' employees in last fiscal year is 150 or less.

**Table 5**  
**Volume of business during start-up (RM)**

<i>Volume of business during start-up (RM)</i>	<i>Frequency</i>	<i>Percent</i>
RM5,000,000	57	23
5,000,001-10,000,000	108	43
Above 10,000,000	85	34
Total	250	100

**Table 5** illustrates the respondent's volume of business during business start-up. It shows that 23 % of the respondent's volume of business at start-up of business is RM 5,000,000 and below. While 43 % of the respondent's volume of business at business start-up is RM 5,000,001 and more but less than RM 10,000,000. While 34% is above RM 10,000,000.

**Table 6**  
**Volume business last fiscal year**

<i>Volume business last fiscal year (RM)</i>	<i>Frequency</i>	<i>Percentage</i>
<5,000,000	28	11
5,000,001-10,000,000	70	28
Above 10,000,000	152	61
Total	250	100

Table 6 illustrates the volume of business in the last fiscal year. It shows that 61% of the respondents business volume are above RM 10,000,000. While 28% between RM 5,000,001- 10,000,000 and 11% are less than RM 5,000,000.

**Table 7**  
**Percentage of export**

	<i>Frequency</i>	<i>Percentage</i>
1-10%	5	2
11-20%	15	6
21-30%	35	14
31-40%	125	50
More than 40%	70	28
Total	250	100

Table 7 illustrates the percentage export sales. It clearly indicates that 28 % of the respondent export more than 40% of their total sales of the products. While 14% export between 21-30% of their products, 6 % exports between 11-20 % and 2 % exports between 1-10 percent from their total sales.

**Table 8**  
**Export increment from 5 years of sale**

	<i>Frequency</i>	<i>Percentage</i>
Yes	230	92
No	20	8
Total	250	100

Table 8 illustrates the incremental sale which shows that 92 % experienced sales increment while 8 % did not experience any increment in the past five years.

**Table 9**  
**Tax exemptions on the value of increased exports by MATRADE**

	<i>Frequency</i>	<i>Percentage</i>
Very helpful	225	90
Helpful	25	10
Total	250	100

Table 9 illustrates the helpfulness of Tax exemptions on the value of increased exports by MATRADE. It clearly illustrates that 90% of the respondent perceived that it is very helpful, while 10 % perceived it helpful.



**Table 10**  
**Industrial Building Allowance(IBA) by MATRADE**

	<i>Frequency</i>	<i>Percentage</i>
very helpful	100	40
Helpful	25	10
not sure	50	20
not so helpful	50	20
not helpful at all	25	10
Total	250	100

Table 10 illustrates the helpfulness of Industrial Building Allowance(IBA) by MATRADE. It shows that the 50 % of the respondent company perceived that Industrial Building Allowance(IBA) by MATRADE is helpful. While the remaining of 50 % are either not sure or not helpful.

**Table 11**  
**Duties and Sales Tax exemption by MATRADE**

	<i>Frequency</i>	<i>Percentage</i>
very helpful	150	60
Helpful	100	40
not sure	-	-
not so helpful	-	-
not helpful at all	-	-
Total	250	100

Table 11 illustrates the helpfulness of Duties and Sales Tax exemption by MATRADE. It shows that the 100 % of the respondent company perceived that Duties and Sales Tax exemption by MATRADE is helpful.

**Table 12**  
**Export Financing Facilities by MATRADE**

	<i>Frequency</i>	<i>Percentage</i>
very helpful	125	50
Helpful	75	30
not sure	10	4
not so helpful	25	10
not helpful at all	15	6
Total	250	100

Table 12 illustrates the helpfulness of Export Financing Facilities by MATRADE. It shows that 80 % of the respondent company feel that Export

Financing Facilities by MATRADE is helpful. While 4 % are not sure of it and the remaining of 16 % feel that it is not helpful.

### **The Chi-Square Analyses**

The Chi-Square analysis is used to determine whether the export activities of SMES are associated with the export incentives provided by the Malaysian government.

**Table 13**  
**Tax exemptions on the value of increased exports by MATRADE**

	<i>Value</i>	<i>Df</i>	<i>Asymp. sig (2sided)</i>
Pearson Chi-square	50.078	5	.000

Table 13 shows that the Pearson has a value of 50.078 with significance of 0.000. This significance value is well below the alpha level of 0.05 and thus it is statistically significant. It indicates, the increased in exporting activities of SMES are associated with the Tax exemptions on the value of increased exports by MATRADE.

**Table 14**  
**Industrial Building Allowance(IBA) by MATRADE**

	<i>Value</i>	<i>Df</i>	<i>Asymp.sig (2sided)</i>
Pearson Chi-square	56.078	5	.000

Table 14 shows that the Pearson has a value of 56.078 with significance of 0.000. This significance value is well below the alpha level of 0.05 and thus it is statistically significant. It indicates, the increased in exporting activities of SMES are associated with the Industrial Building Allowance(IBA) by MATRADE .

**Table 15**  
**Duties and Sales Tax exemption by MATRADE**

	<i>Value</i>	<i>Df</i>	<i>Asymp.sig (2sided)</i>
Pearson Chi-square	42.519	5	.000

Table 15 shows that the Pearson has a value of 42.519 with significance of 0.000. This significance value is well below the alpha level of 0.05 and thus it is statistically significant. It indicates the increased in exporting activities of SMES are associated with the Duties and Sales Tax exemption by MATRADE.

**Table 16**  
**Export Financing Facilities by MATRADE**

	<i>Value</i>	<i>Df</i>	<i>Asymp. sig (2sided)</i>
Pearson Chi-square	37.688	5	.000

Table 16 shows that the Pearson has a value of 37.688 with significance of 0.000. This significance value is well below the alpha level of 0.05 and thus it is statistically significant. It indicates, the increased in exporting activities of SMES are associated with the Export Financing Facilities by MATRADE.

## CONCLUSIONS

Based on the findings as discussed earlier in this article, we can conclude that, the increase in exporting activities of SMES are associated with Tax exemptions on the value of increased exports, Industrial Building Allowance (IBA), Duties and Sales Tax exemption, Export Financing Facilities.

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