The Economic Census 2011 shows that SMEs make up the bulk of businesses in Malaysia with a heavy concentration in services. SMEs are the backbone of our economy, providing the majority of employment and a significant portion of the GDP. SMEs are defined as Small and Medium Enterprises (SMEs) that do not exceed RM500,000 in revenue and 75 workers for service and related sectors. The Government recognizes the vital role of SMEs in Malaysia, acknowledging that they account for 99% of businesses in the country and contribute to 61% of GDP.

SMEs are becoming more visible and industries agile, the small and medium enterprises (SMEs) are now realizing that they cannot be considered a small business for the most part because of Malaysia’s economy. SMEs are ones that are encompassed by unemployment, high cost, high risk to succeed and high expenses to remain successful. The noble of SMEs allows for such adaptability so that the industry remains resilient despite demanding challenges.

Aiming to identify new and innovative strategies and support for SMEs to thrive, the National Human Resource Development Fund (HRDF) launched a five-year project called “HRDF Plays a Role in Powering Up Malaysia’s SME Sector” in 2014. This project aims to enhance the capacity and capabilities of SMEs nationwide. HRDF provides financial assistance to SMEs to address their immediate skill shortages and mismatches that have been identified through the process of training needs analysis, skills training and development initiatives.

There are ample initiatives being put in place to address these issues, particularly skill shortages and mismatches that have been identified in the industry. The SME Masterplan 2012–2020 is one major initiative that aims to improve the SME GDP contribution to 4% from the current 3% by identifying challenges faced by the sector and charting plans to efficiently manage and overcome them. This is where central agencies like Human Resources Development Fund (HRDF) comes into the picture, with a mass of programmes and initiatives, aimed at enhancing the capacity and capabilities of SMEs nationwide.

By providing the necessary training and development programmes, SMEs are able to improve their skills and knowledge to upskill a new batch of employees, HRDF encourages the growth of SMEs in the country.

HRDF gives small and medium-sized enterprise opportunities to widen their talent pool with skills-based training and incentives. Here are five ways your organization can grow through the successive initiatives offered by the agency.

**1. Upskill the workforce**

To grow, a company would first need to upgrade, as far as the workforce is concerned. Setting this in motion is HRDF’s Small and Medium Enterprises Training Partnership Scheme (SMETPS), which empowers the workforce of a registered enterprise. The initiative is designed to address the skills gap from employers’ key training needs.

**ON THE JOB TRAINING**

If your company already has people with the necessary training and knowledge to upskill a new batch of employees, HRDF encourages the growth of SMEs in the country. On-the-job training (OJT) is the best place to start as a pre-requisite for the training. The HRDF trainee undergoing OJT will share the same environment as your existing employees and can interact with them directly. Additionally, OJT is a cost-effective way to upskill the workforce of a registered enterprise. The initiative is designed to address the skills gap from employers’ key training needs.

**2. Training Needs’ Analysis**

Training Needs’ Analysis (TNA) is a fundamental step in ensuring that the training programs offered by HRDF are relevant and effective. Managers first need to understand the importance of these training programmes. The training needs are identified by the employees themselves, either by their own request or by the HRDF. The process involves HRDF in high as they strive to make the best use of the resources available, and employees are given the opportunity and access to develop training.

**3. Consultancy Scheme**

The Consultancy Scheme is a programme that enables SMEs to receive financial assistance and HR support to address their immediate skill needs. To make use of this initiative, SMEs need to be upskilled, and this must be done as a result of training needs identified through a Business Needs Analysis (BNA).

**4. Training Needs’ Analysis (TNA)**

The training needs of SMEs are identified through a Training Needs’ Analysis (TNA) process, which involves identifying the skills and knowledge required to upskill the workforce of a registered enterprise. The initiative is designed to address the skills gap from employers’ key training needs.

**5. Apprenticeship Programmes**

Apprenticeship Programmes are a great way for SMEs to upskill their employees. These programmes offer a chance for SMEs to upskill their employees in areas where they are lacking. The initiative is designed to address the skills gap from employers’ key training needs.

**6. Training Needs’ Analysis (TNA)**

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**7. Consultancy Scheme**

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