

**A Case Study on the Impact of the Credit Guarantee Scheme on
Small and Medium-sized Enterprises in Penang and Kedah**

A thesis submitted to the Graduate School
in partial fulfillment of the requirements for
the Master of Science Degree in Management

BY

Mohd Khairuddin Hashim

Universiti Utara Malaysia

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Address all correspondence to:

The Dean

Graduate School

Universiti Utara Malaysia

06010 Sintok

Kedah Darul Aman.

ABSTRAK

Program-program jaminan kredit yang diperkenalkan oleh kerajaan Malaysia adalah bertujuan untuk membantu sektor perniagaan kecil dan sederhana yang berkurangan sumber kewangan. Skim Jaminan Utama (S JU) yang diperkenalkan oleh Syarikat Jaminan Kredit pada 3 April 1989 adalah untuk membantu sektor perniagaan kecil dan sederhana (PKS) untuk mendapatkan bantuan kewangan luar yang tidak dapat diperolehi jika tiadanya SJU ini.

Kajian kes ini melihat kesan SJU keatas sektor PKS di Pulau Pinang dan Kedah. Dalam menentukan keberkesanan SJU, kajian ini memberi tumpuan kepada perkara-perkara berikut:

- a. sambutan kepada SJU sejak ianya ditubuhkan;**
- b. taraf penyertaan bank-bank dalam menyalurkan bantuan kewangan tersebut; dan**
- c. prestasi peniaga-peniaga kecil dan sederhana selepas menerima bantuan dari SJU.**

Tambahan pula, penemuan kajian ini menunjukkan yang keberkesanan SJU dalam membantu sektor PKS tidaklah begitu memuaskan. Akhir sekali, kajian ini telah mengesyorkan lapan cadangan yang boleh meningkatkan kesan SJU serta bantuan-bantuan lain yang boleh membaiki kedudukan sektor perniagaan kecil dan sederhana.

ABSTRACT

The credit guarantee programs initiated by the Malaysian Government are directed toward assisting small and medium-sized enterprises (SMEs) which lack internal financing. The Credit Guarantee Corporation's Principal Guarantee Scheme (PGS) was introduced on April 3, 1989 to enable SMEs to obtain external financing which would not have been available without the PGS.

This case study examined the impact of the PGS on SMEs in Penang and Kedah. In determining the effectiveness of the PGS, the study focused on the following:

- a. response to the PGS since its inception;**
- b. extent of participation by the banks in channelling the funds; and**
- c. performance of SMEs after receiving the PGS facilities;**

Further, the findings indicated that the impact of the PGS was not entirely favourable on SMEs; that is, the objectives were not met. Finally, this study suggests eight recommendations which will strengthen the position of the PGS, as well as, increase the efforts and support for the SME sector.

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CHAPTER 1

1.0 Introduction

The interest of the Government of Malaysia in developing and expanding the growth of small and medium-sized enterprises (SMEs) has been flourishing for many years. Various ministries and agencies have continuously attempted to identify and seek sources to assist SMEs to ensure their successful operation.

The importance of small and medium-sized enterprises (SMEs) in the Malaysian economy has become significant as demonstrated by the output from SMEs, worth RM4.3 billion or 20 percent of the nation's Gross Domestic Product (GDP) in 1990 (Star, June 29, 1994). The output is projected to be worth RM120 billion or 50 percent of the GDP by the year 2020 (New Straits Times, June 8, 1994). Furthermore, the government is expecting SMEs to take an active part in the domestic investment of RM80 billion under the Sixth Malaysian Plan (1991 to 1995) (New Straits Times, September 13, 1993).

Recognizing SMEs as the greatest potential source of domestic investment, the government plans to continue to pursue aggressively programs of assisting SMEs through more than 30 of its agencies (Chee, 1989). At the same time, more assistance from the private sector is also expected in the development of SMEs, as shown by the increase in the number of new loan schemes introduced by commercial banks under the financial packages available to SMEs (New Straits Times, June 2, 1994).

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