

BUSINESS CHALLENGES FACED BY INDIAN OWNED SMALL AND MEDIUM ENTERPRISES IN TODAY'S BUSINESS ENVIRONMENT: MALAYSIA'S PERSPECTIVE

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ABSTRACT

Based on the research by National Small and Medium Enterprise (SME) Development Council, it is stated that the number of SME development has been increasing from one year to another except during economic recession period from 2008 to 2010. Apart from that, the failure rate of SMEs in Malaysia has not been formally identified by the department. Although there is hardly any formal study on the failure rate of Indian-owned SMEs in Malaysia, there is only unpublished and informal research has been done by 'small' groups. Therefore this study is focused on the business challenges faced by Indian-owned SMEs in Malaysia. The target sample for this study is mainly focus on the current Indian-owned SMEs in Malaysia (narrowing it down within the Negeri Sembilan state, Selangor state and the Federal Territory of Kuala Lumpur) in year 2011. The challenges that influenced the performance of Indian-owned SMEs are divided into five constructs of independent variables are Labor Issues, Financial Difficulties, Government Incentives, Minimal Revenue and Competitive Pressure. Questionnaires survey was used to identify the quantitative information provided by the SME owners. It was then analyzed using the Statistical Package for Social Science (SPSS). The result showed that there were strong positive relationship association between the challenges faced and the performance of the Indian-Owned SMEs in Malaysia. Findings in this study provided beneficial information and knowledge to the currently established Indian-owned SMEs and also the 'booming' SMEs for the better understandings on the market.

Keywords: *Small and Medium Enterprises, Owners, Indian-owned, Performance of Indian-owned SMEs in Malaysia, Labor Issues, Financial Difficulties, Government Incentives, Minimal Revenue and Competitive Pressure*