



OPENING ADDRESS BY

**YAB DATO' SRI HAJI FADILLAH BIN HAJI YUSOF
DEPUTY PRIME MINISTER AND
MINISTER OF ENERGY TRANSITION AND WATER
TRANSFORMATION**

SME HR CONFERENCE 2025

***“HR, People & Business Strategy: Empowering Malaysian
SMEs to Success.”***

8th September 2025

Cyberview Resort & Spa, Cyberjaya

Bismillahirrahmanirrahim.

Assalamualaikum warahmatullahi wabarakatuh and Salam Sejahtera. Salam Malaysia MADANI.

SALUTATIONS

Yang Berbahagia Dato Hajjah Fazwinna Tan Sri Mustapha Kamal
Executive Chairman, EMKAY Group

Yang Berbahagia Dato' Sri Meer Sadik Habib
Group Executive Chairman, Habib Jewels Sdn.Bhd

Yang Berbahagia Datuk Danel Abong
Chairman, Ihr Consulting Sdn.Bhd.

Yang Berusaha Encik Wan Muzamir Wan Fitri
Chief Operating Officer, Sterling Insurance Brokers

Yang Berusaha Encik Naresh Kumar Vairavan
Director, Exitando

Yang Berusaha Encik Anand Nadason
Chief Operating Officer, Pik Film

Yang Berusaha Encik Simon Benjamin
President, Malaysian Institute Of Human Resource Management (Mihrm)

Distinguished Speakers and Moderators, Esteemed Delegates and Participants, Ladies and Gentlemen,

1. First, I would like to express my sincere appreciation to **IHR Consulting** and **The EMKAY Group**, especially **Puan Hajjah Farah Mahami Binti Tan Sri Datuk (Dr.) Haji Mustapha Kamal**, for inviting me to officiate the opening of the **SME HR Conference 2025**.

It is a privilege to be here among some of the **most dynamic leaders in Malaysia**, representing the SMEs that form the **backbone of our economy** — contributing *40% of our GDP* and providing employment to *nearly half of the nation's workforce*. Your role is fundamental not only to business success but also to the strength and resilience of our nation.

2. This year's theme, *"HR, People & Business Strategy: Empowering Malaysian SMEs to Success"*, is timely and relevant. It reflects the **critical role of human capital** in driving growth, innovation, and long-term sustainability.

Today's conference is more than just a platform for discussion. It is a **call to action** — to rethink how SMEs approach human resources and to align people strategies with business strategies in a rapidly evolving global landscape.

3. Let me be clear: **the challenges you face are national challenges.**

When SMEs struggle to attract skilled talent, when retaining employees becomes increasingly difficult, or when compliance requirements slow down innovation, these are not isolated issues. They directly impact Malaysia's competitiveness and economic progress.

Addressing these challenges is not just a business imperative — it is a **national priority.**

4. To the SME founders in this room, I want to challenge a common perception. Many see HR as a **cost centre**, rather than a **strategic growth driver.**

This mindset must change. Data from **SME Corp Malaysia's 2023 Annual Report** clearly shows that SMEs with **structured and strategic HR practices** grow *2.5 times faster* and scale *three times more efficiently* compared to those without.

Investing in HR is not an expense — it is a **direct investment in growth, resilience, and future competitiveness.**

5. Over the next two days, this conference will provide practical insights and strategies to help SMEs transform HR into a true business enabler.

You will gain exposure to:

- **AI-powered recruitment tools** that reduce hiring time by up to *50%* while minimising bias.
- **Retention strategies** that have helped SMEs lower turnover rates to *below 10%*.
- **Government-backed upskilling grants** designed to prepare your workforce for future demands, with simplified processes to reduce administrative burdens.

Most importantly, I encourage you to leave here with **actionable commitments**.

- Identify **one collaborator** in this room who can help you address a specific challenge.
- Commit to **one HR experiment** in the next 30 days, whether it is piloting flexible work arrangements, implementing a skills-gap analysis, or introducing a new performance model.

6. To our HR practitioners, you are the **unsung heroes** behind every successful business.

You are the bridge between strategy and execution. After this conference, ask yourself:

“Have I gained one idea today that could increase productivity or reduce operational costs for my company?”

If the answer is yes, this conference will have fulfilled its purpose.

Distinguished Guests, Ladies and gentlemen,

7. The future of HR is being reshaped by **digital transformation**, **shifting workforce expectations**, and **global economic changes**.

For SMEs to remain competitive, they must embrace **agile**, **data-driven**, and **people-focused HR strategies**. These strategies must align HR with broader business objectives to create sustainable, high-performing organisations.

8. Allow me to highlight some **key trends** that will define the next five years:

- **AI and Hyper-Automation:**

Predictive hiring tools will streamline recruitment and reduce bias. HR chatbots will provide 24/7 support for employee

queries, while data analytics will track performance, retention, and productivity in real-time.

- **Skills-Based Hiring:**

Micro-credentials and short courses will increasingly outweigh traditional degrees. Government initiatives such as **UPSKILL MALAYSIA** will help SMEs close skills gaps in areas like AI, green technology, and IR4.0.

- **Hybrid Work 2.0:**

Flexible and results-oriented work arrangements will become standard, helping SMEs retain talent while reducing operational costs.

- **Employee Wellbeing:**

With burnout on the rise, businesses must prioritise mental health and financial wellness. Companies with strong wellbeing programs achieve retention improvements of up to 40%.

- **Diversity, Equity, and Inclusion (DEI):**

Inclusive hiring practices, return-to-work programs, and initiatives for neurodiverse talent will foster innovation and bridge generational gaps. Studies show diverse teams generate *19% higher innovation revenue*.

- **Agile Performance Management:**

Moving away from annual reviews towards continuous feedback and performance-based pay will help businesses adapt to the growing gig economy, expected to comprise *35% of Malaysia's workforce by 2025*.

- **ESG-Linked HR Practices:**

Integrating green policies, CSR initiatives, and ethical AI practices will not only ensure compliance but also enhance brand reputation and stakeholder trust.

9. These are not future possibilities — they are realities already shaping businesses around the world.

The key question is not *if* these changes will happen, but whether Malaysian SMEs will **adapt quickly enough** to seize the opportunities they bring. Those who do will thrive. Those who delay risk being left behind.

Distingiushed Guests, Ladies and gentlemen,

10. The Government is committed to supporting SMEs through policies and incentives that promote growth and human capital

development. However, real transformation must begin **within each organisation.**

Leaders must recognise that people are **not merely resources**, but the **driving force of every successful enterprise**. Investing in talent is investing in the future of your business and, ultimately, the nation.

11. To the organisers, **IHR Consulting**, I commend your vision in curating this impactful conference. Bringing together over 200 founders, HR leaders, and ecosystem enablers under one roof is a significant step towards building a stronger SME sector.

12. To all participants, I encourage you to **actively engage, share your experiences**, and **collaborate fearlessly**. The knowledge and relationships you build here can transform your organisations, elevate your workforce, and contribute to Malaysia's growth story.

13. With that, it is my **honour and privilege** to officially declare open the **SME HR Conference 2025**.

May these two days be filled with meaningful dialogue, bold ideas, and decisive action that will strengthen our SMEs for years to come.

Thank you, and I wish you all a productive and transformative conference.

Wabillahi taufik wal hidayah, wassalamualaikum warahmatullahi wabarakatuh.