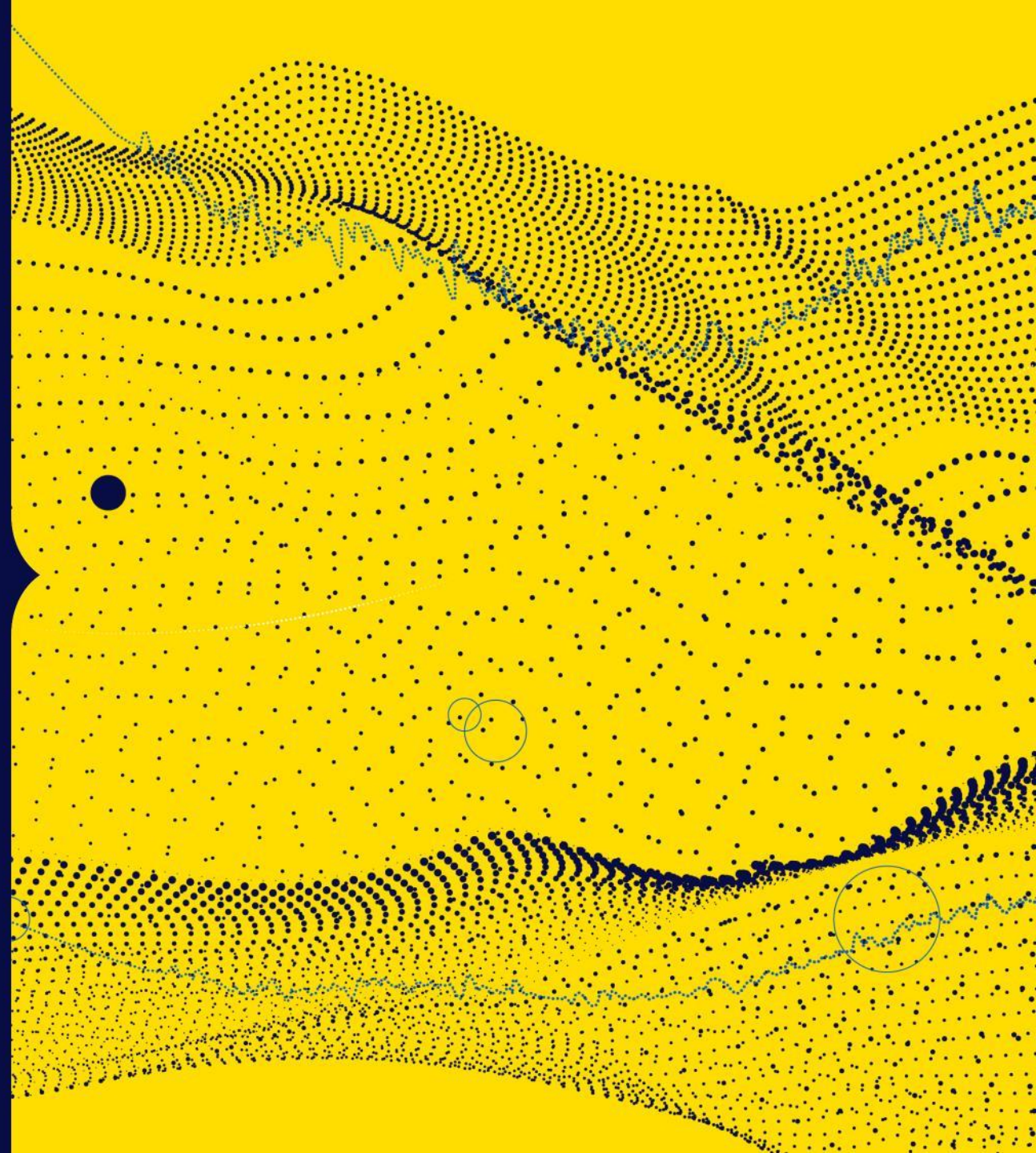


CPA Australia's Asia-Pacific Small Business Survey 2021-22



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About the survey

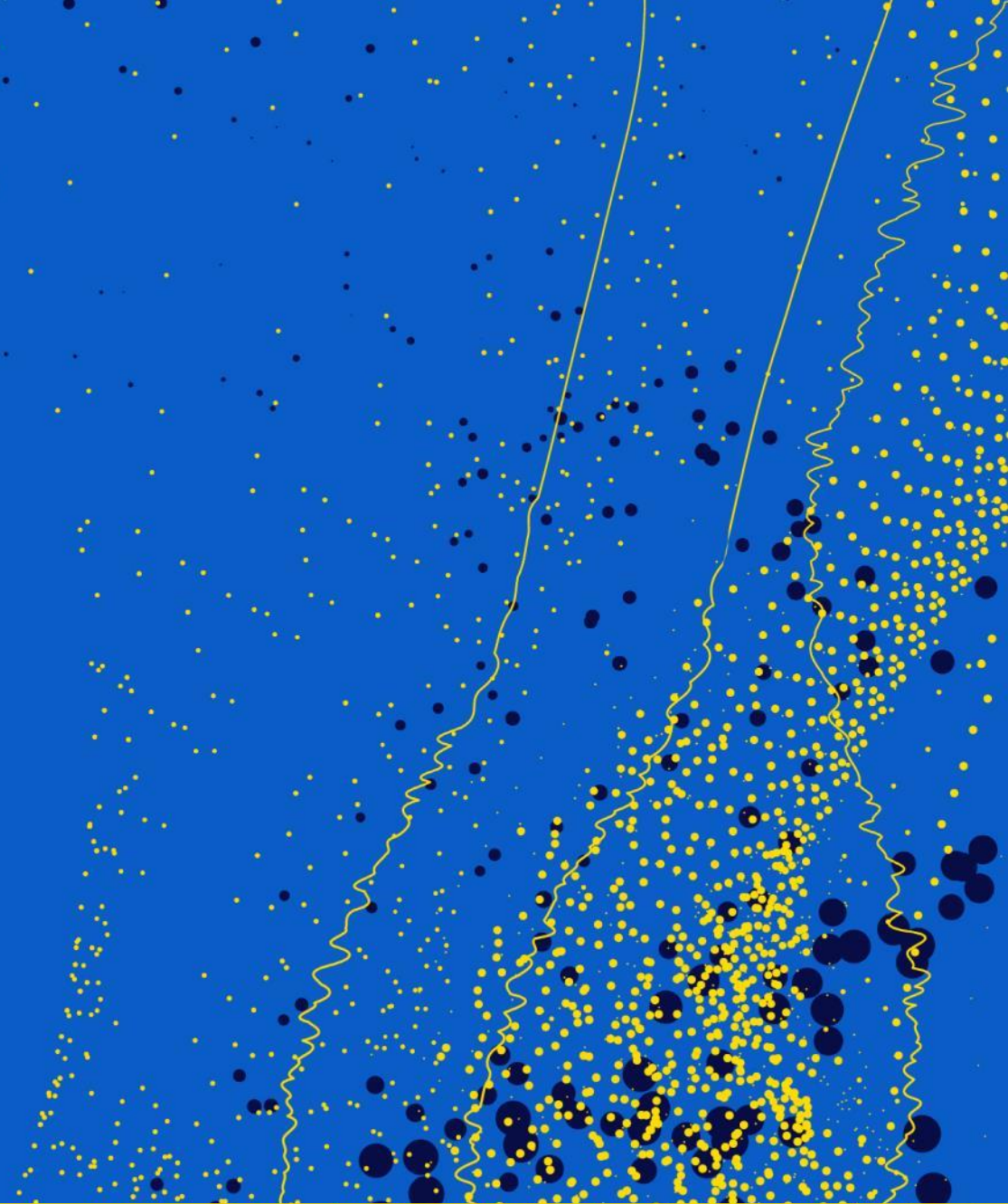
- This is CPA Australia's 13th annual survey of small business issues and sentiment across 11 Asia-Pacific markets. From the commencement of the survey in 2009, we have surveyed over 35,000 small businesses across the region.
- The findings for the survey come from 4,252 small businesses in 11 markets across Australia, Mainland China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Vietnam.
- There were 510 respondents from Australia, 766 from Mainland China, 310 from Hong Kong, 525 from India, 301 from Indonesia, 304 from Malaysia, 310 from New Zealand, 302 from the Philippines, 305 from Singapore, 310 from Taiwan and 309 from Vietnam.
- The survey was conducted from 22 November to 17 December 2021 among a random sample of small business owners/managers from organisations with fewer than 20 employees.

At a glance

Key findings

- Small businesses in all markets are more likely to expect to grow in 2022 than 2021.
- Less than half of small businesses reported that they grew in 2021, down from nearly two-thirds in 2019.
- Younger businesses and younger respondents were far more likely to report growing in 2021 and expect to grow in 2022.
- High growth small businesses are much more likely to be using technology, focusing on customer satisfaction, innovating, exporting and seeking professional advice.
- High growth small businesses were significantly more likely to have responded to COVID-19 by making major changes to their business plan, restructured or made big changes to their product or service offering.
- There is a clear generational gap in digital adoption. Respondents 50 and over are far less likely to be taking advantage of various digital technologies in their business.
- There has been no material increase in the percentage of businesses that found paying debts difficult during the pandemic (2020 and 2021) compared with pre-pandemic (2019). This most likely reflects the significant financial assistance many governments offered small business during the pandemic.
- Businesses in difficulty are less likely to seek professional advice.
- Businesses were more likely to have required finance for business survival than growth last year. It's the first time in the history of this survey that small businesses were more likely to seek external finance for survival than growth.

Major economic results

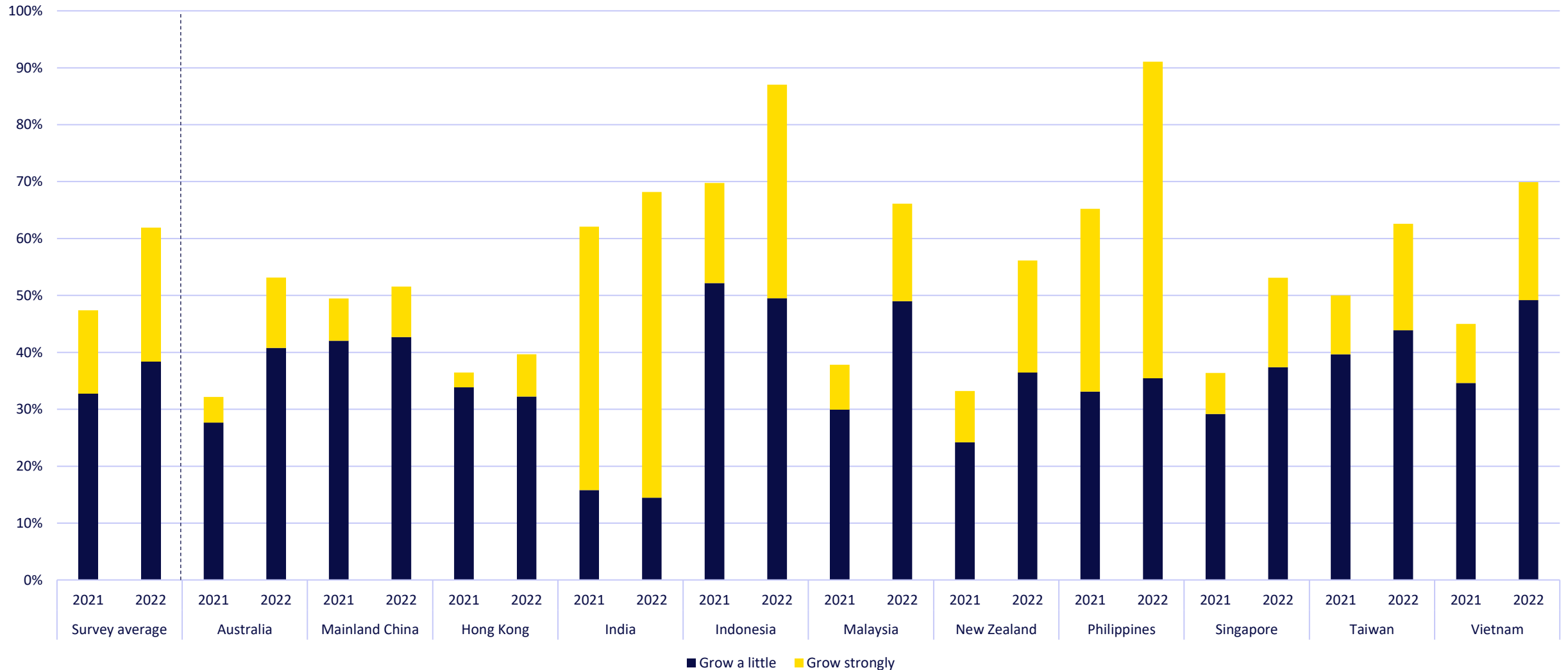


Major economic results

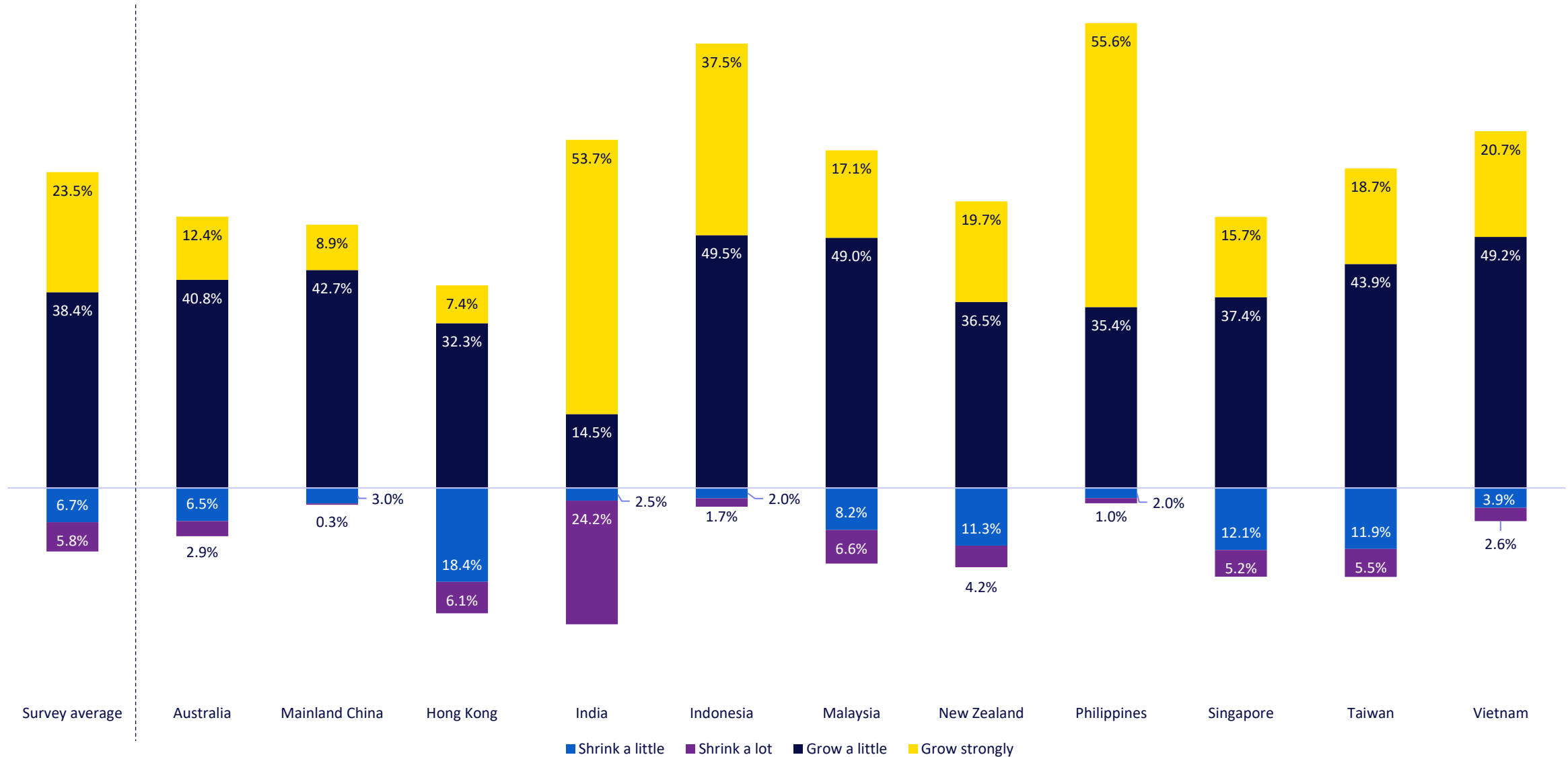
- Small businesses in all markets are more likely to expect to grow in 2022 than was the case last year.
- Small businesses from the Philippines and Indonesia are the most likely to expect to grow this year, while Hong Kong small businesses are the least likely.
- Small businesses are more likely to expect to increase employee numbers in 2022 than in 2021.
- 2020 and 2021 were difficult years for many of the region's small businesses, with less than half reporting that they grew, down from nearly two-thirds in 2019.
- Most small businesses reported that COVID-19 had a major negative impact on their business in 2021, similar to 2020
- Small businesses were more likely to shrink in 2021 than grow in Australia, Hong Kong, Malaysia, New Zealand and Singapore.
- Fewer small businesses grew in 2021 than was expected in all markets except Hong Kong.
- Younger businesses and younger respondents were far more likely to report growing in 2021 and expect to grow in 2022.

2022 is expected to be a better year for the region's small businesses than 2021 was

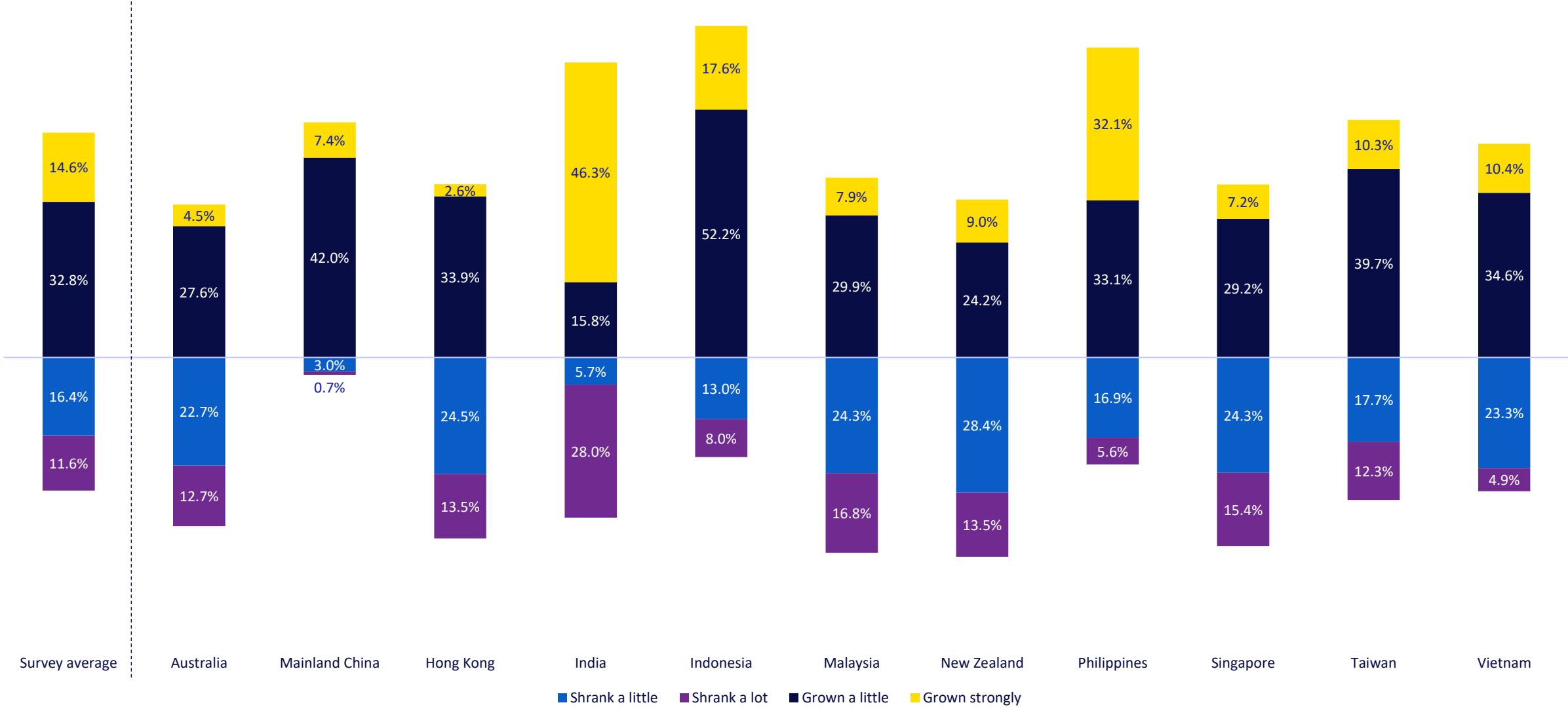
Small businesses that grew in 2021 compared with expect to grow in 2022 – by market



Small business growth expectations for 2022 – by market

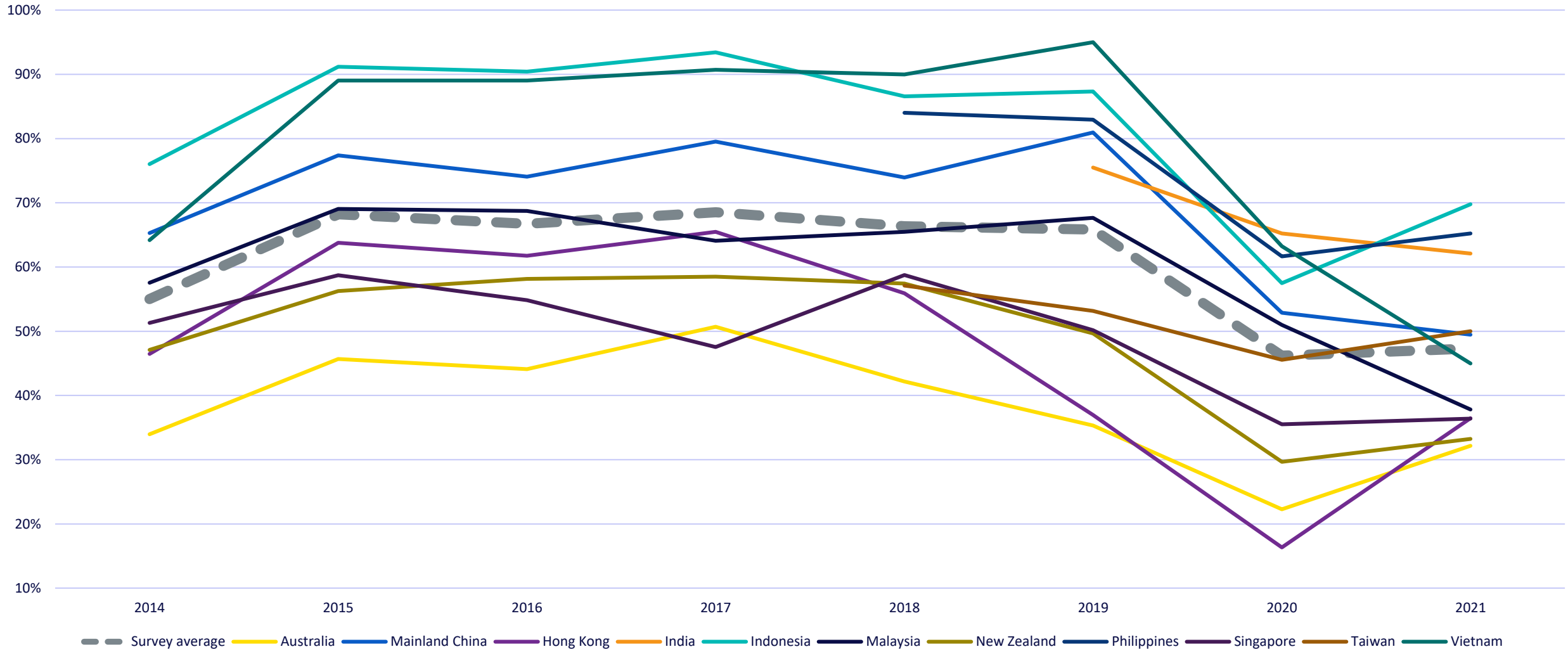


Small businesses that grew compared with shrank in 2021 – by market



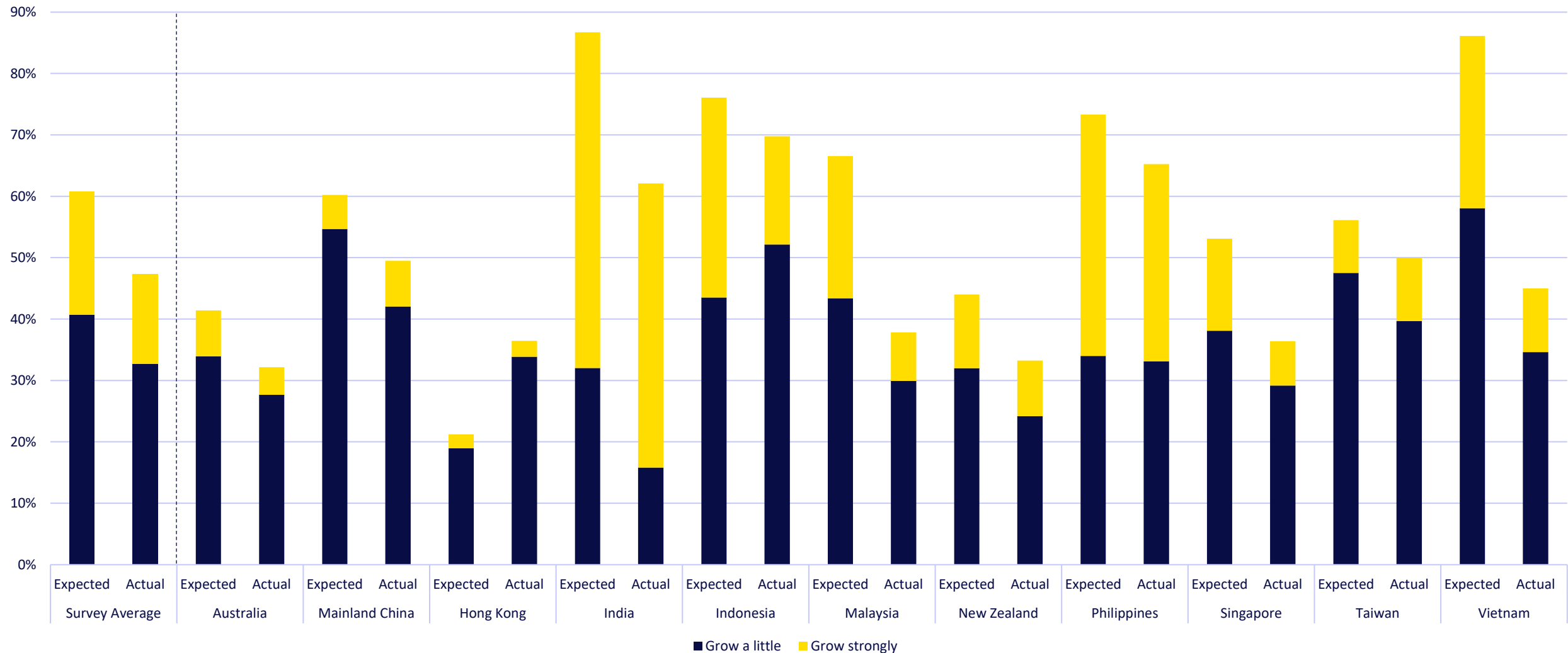
The past two years have been difficult for many of the region's small businesses. No market has been immune from the negative economic impacts of COVID-19

Small businesses that grew in the previous 12 months – over time and by market



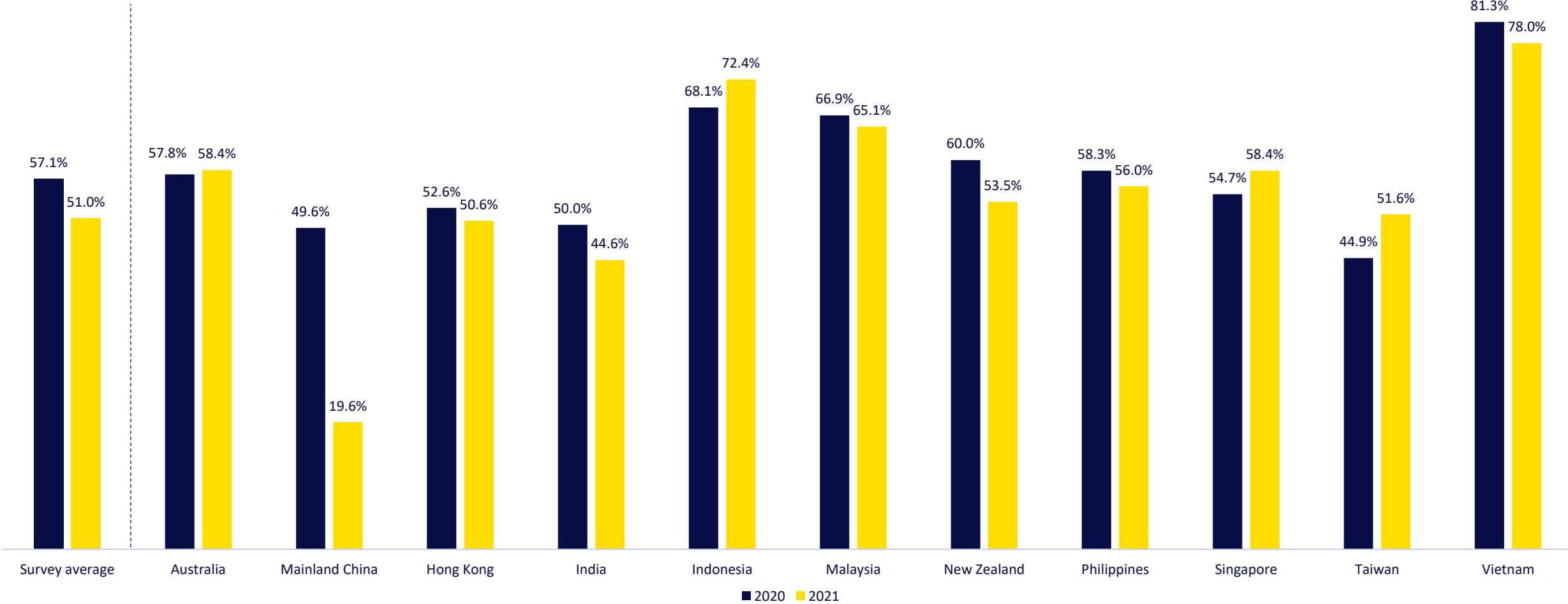
2021 was a more difficult year than expected for most businesses. Many may have begun 2021 expecting COVID-19 to end that year

Small businesses that reported growing in 2021 compared to expected to grow in that year – by market



COVID-19 and the measures taken to control it had a major negative impact on most small businesses across the region. With policies in most markets shifting away from movement restrictions to living with the virus, it will be interesting to see how COVID-19 impacts businesses in 2022

COVID-19 had a major negative on my business – by market



What do high growth small businesses do differently?

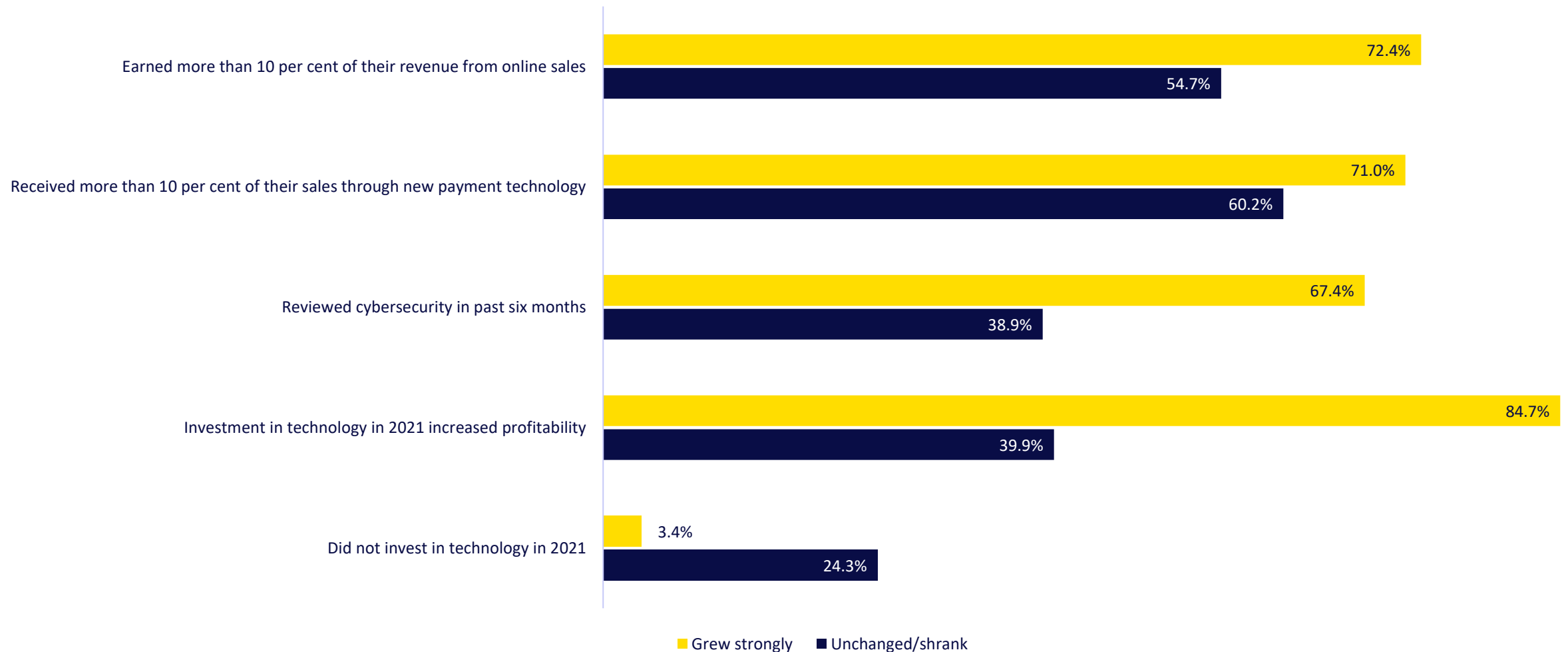
What do high-growth small businesses do differently?

As in previous years, high-growth small businesses across the region were much more likely in 2021 to be:

- using various technologies. This includes:
 - making online sales
 - receiving payments through technologies such as PayPal, buy now pay later technologies, WeChat Pay and Apple Pay
 - using social media to learn more about their customers and potential customers, monitor competitors and recruit employees
- investing in technology. Such investments are significantly more likely to quickly improve profitability
- focusing on customer satisfaction, improving business strategy and improving management
- innovating through the introduction of totally new products, services or processes
- expanding their sales into overseas markets
- seeking professional advice, especially from IT consultants and business consultants
- protecting their business from cyberattack

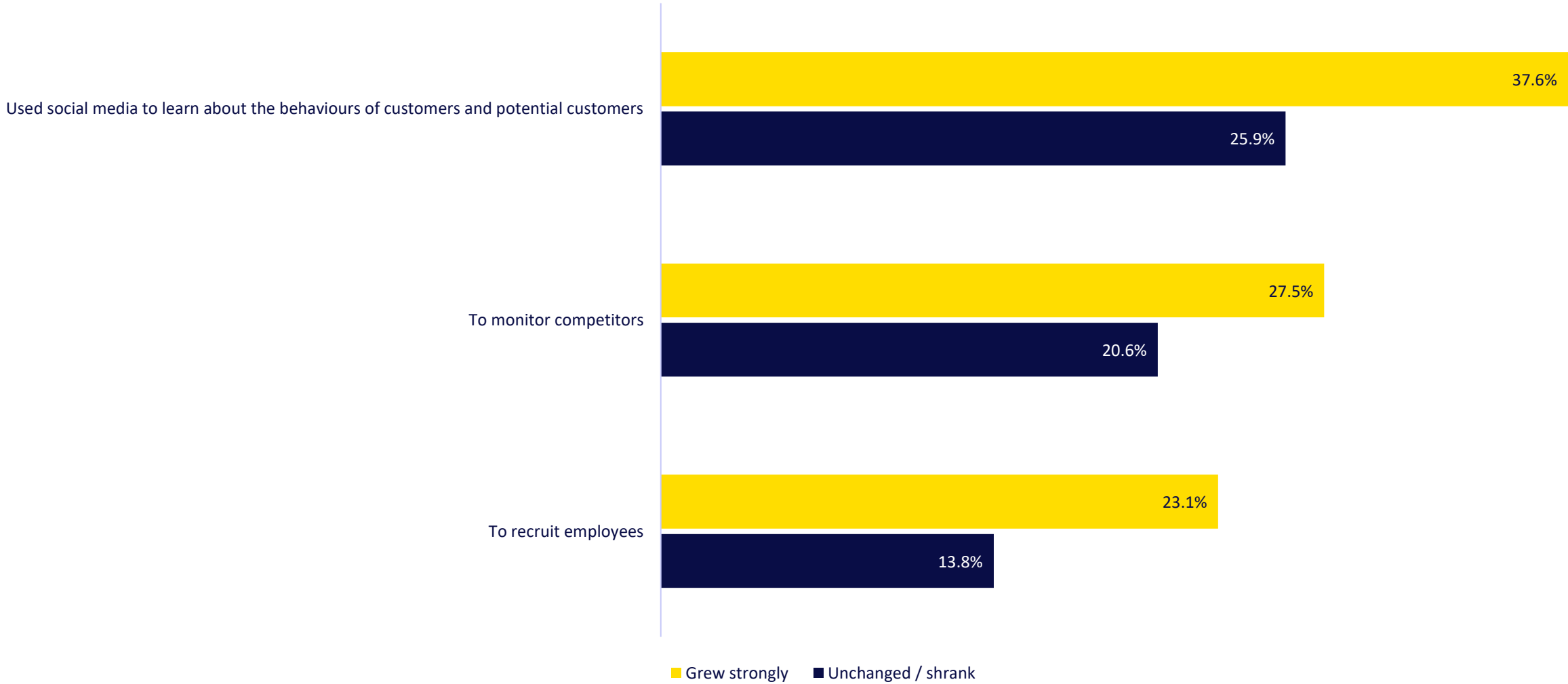
Technology continues to be critical to high-growth businesses

Technology use in small businesses – comparison of businesses that reported growing in 2021 with those that were unchanged or shrank

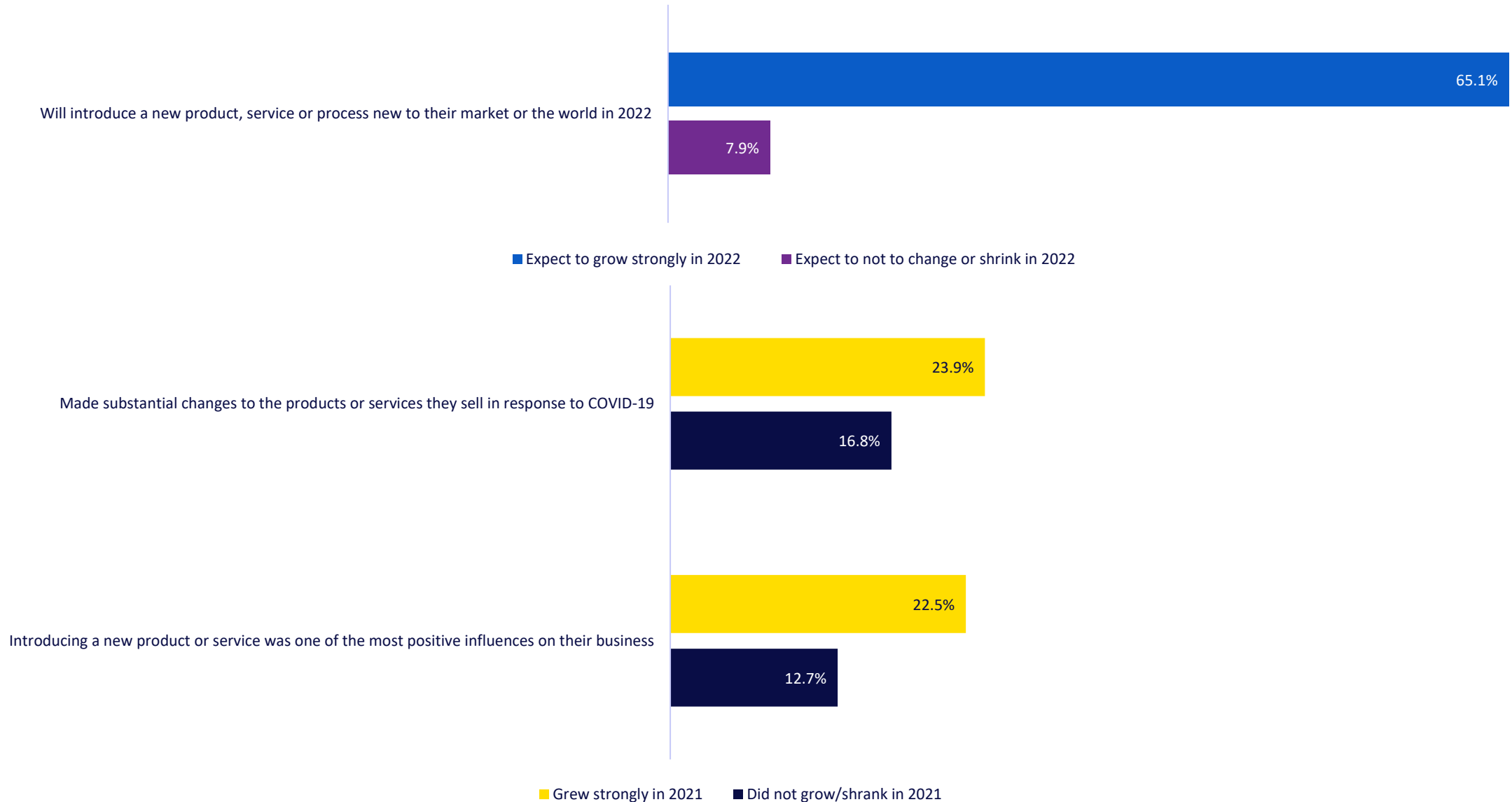


High growth businesses are more likely to use social media in a variety of ways

What small businesses use social media for – comparison of businesses that grew in 2021 compared to those that were unchanged or shrank

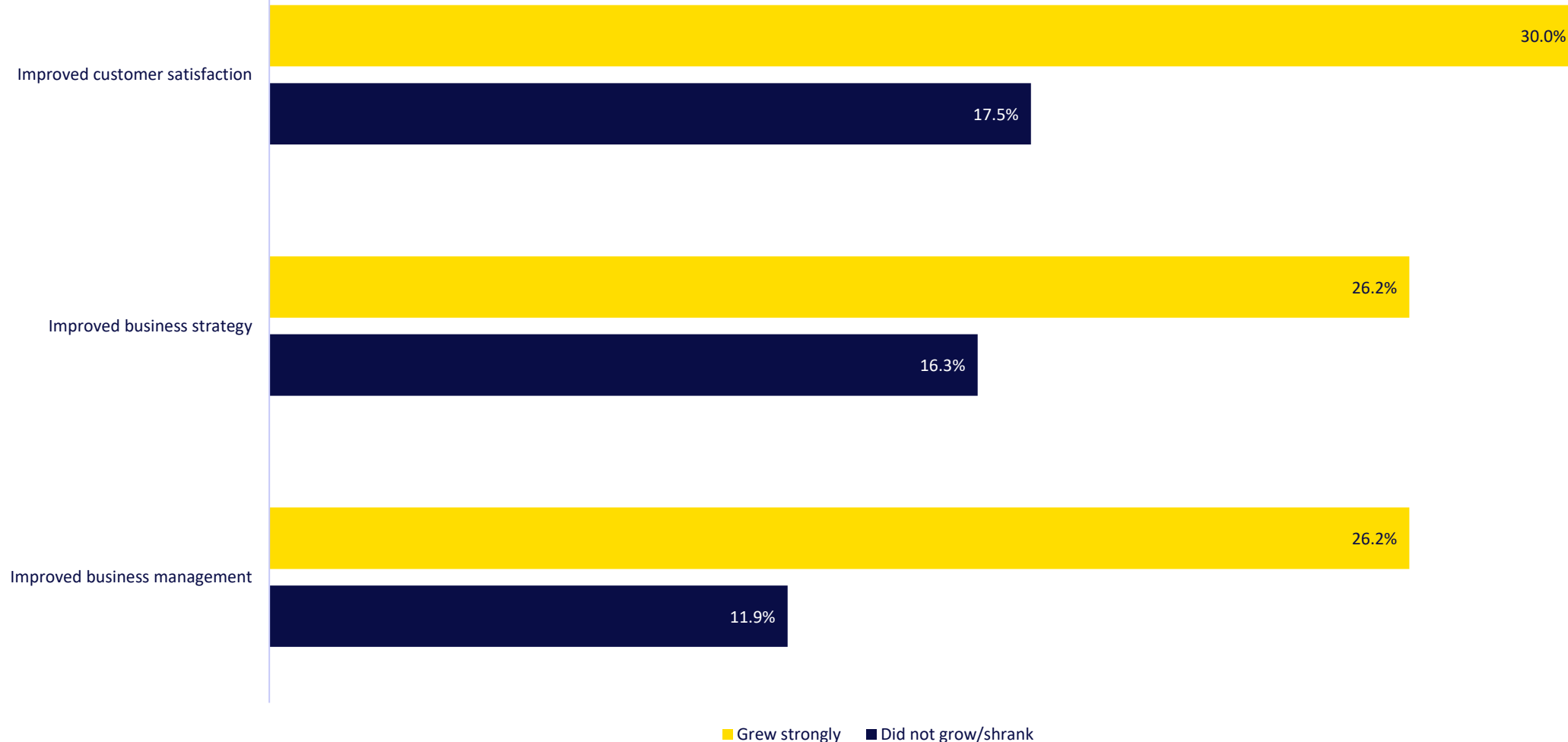


High growth businesses are significantly more likely to innovate



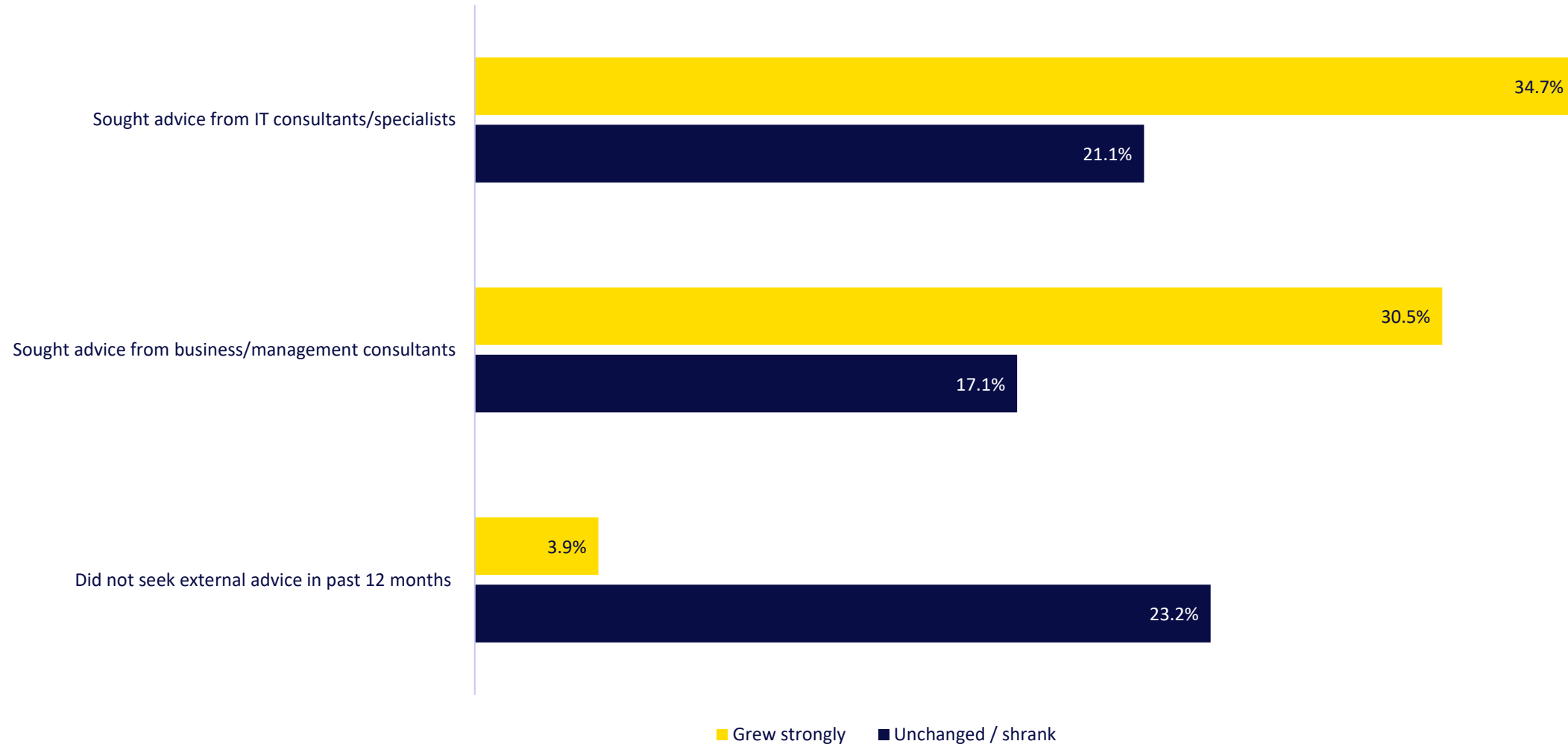
High growth businesses are more focused on improving customer satisfaction, business strategy and business management

Positive influences on small business in 2021 – comparison of businesses that grew strongly compared to those that were unchanged or shrank

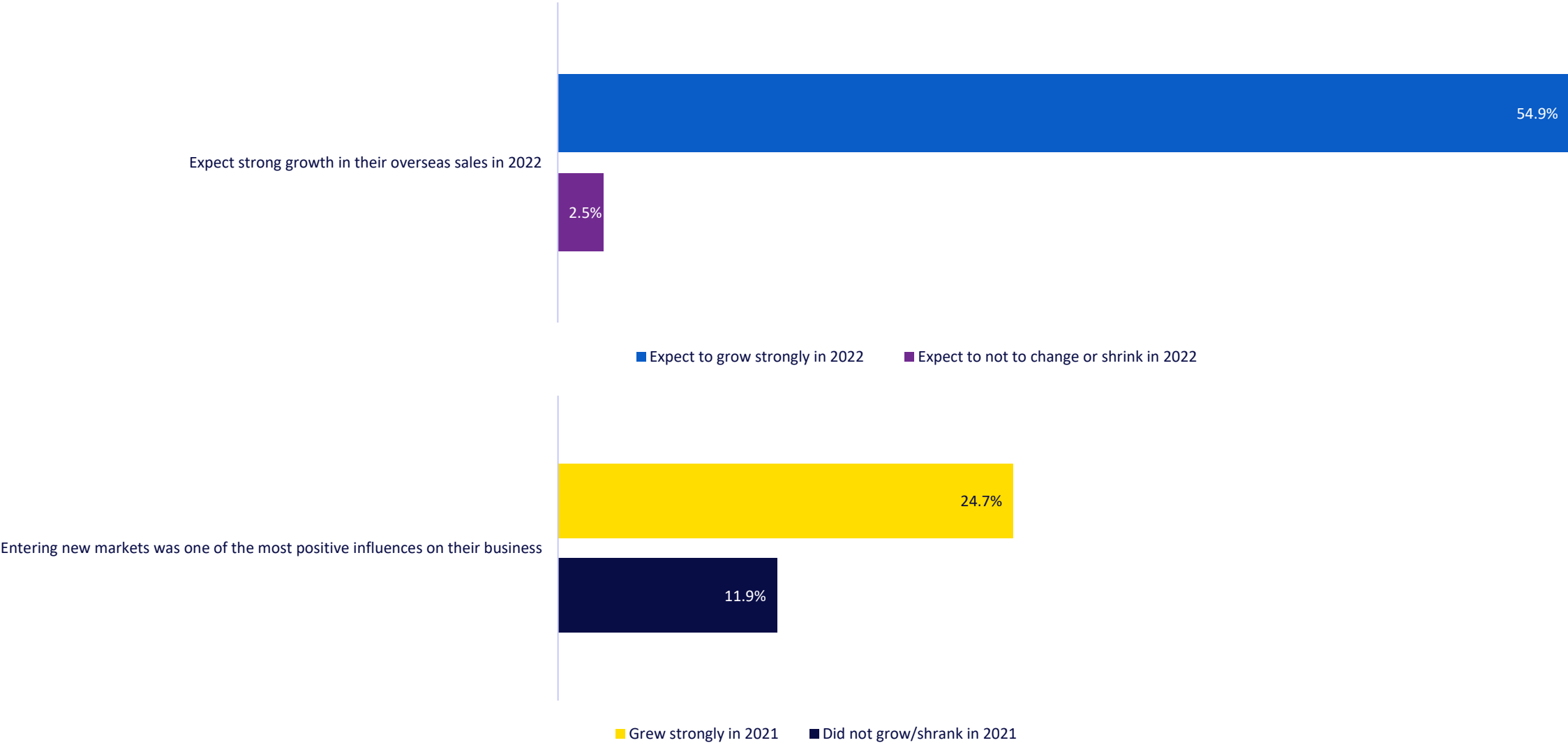


High growth businesses were much more likely to seek professional advice in 2021

Where did the business seek advice in 2021 – comparison between high growth businesses and those that were unchanged or shrank



High growth businesses are significantly more likely to be exporting

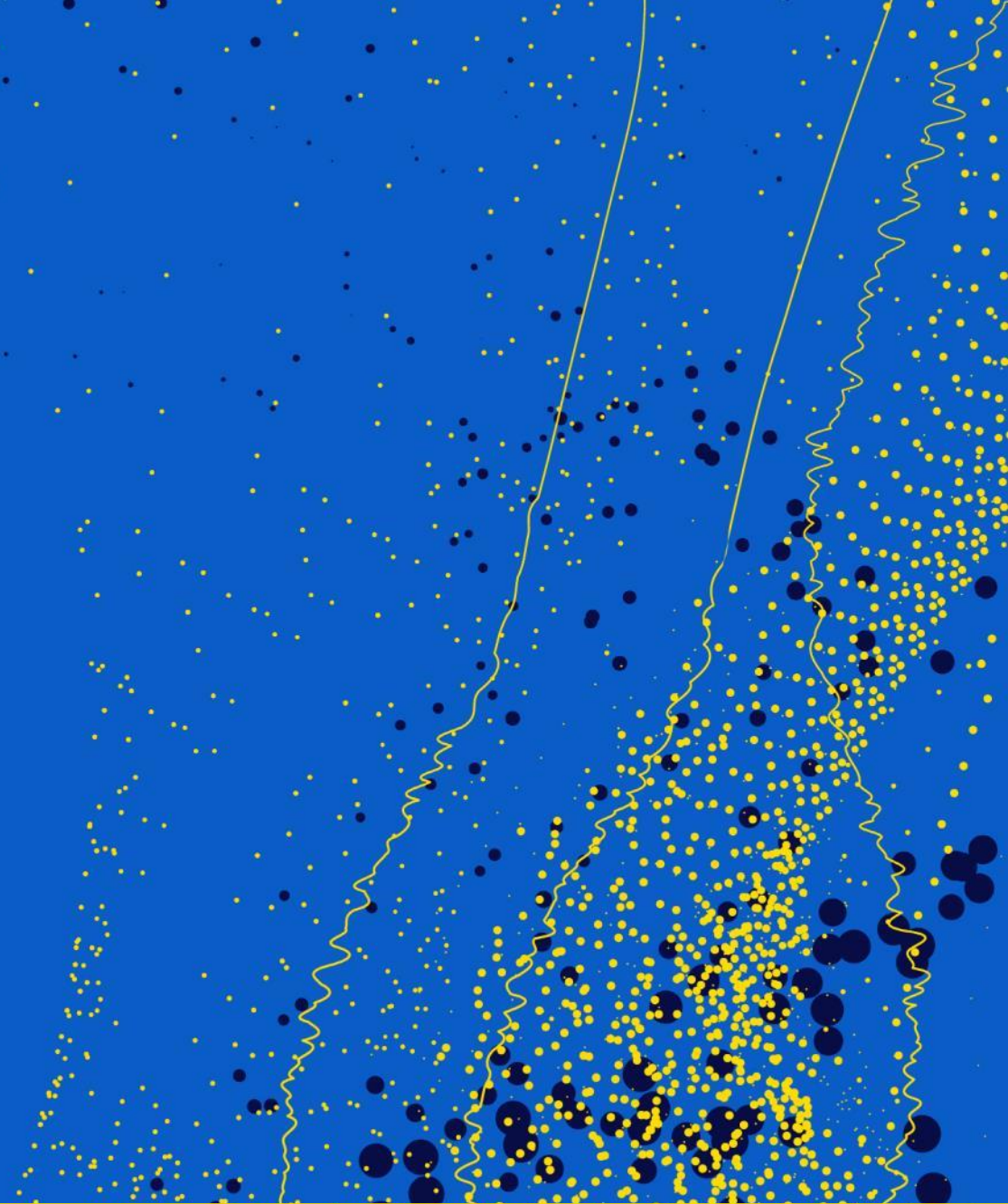


What other characteristics do high-growth small businesses have?

High-growth small businesses across the region in 2021 were more likely to:

- be located in a developing market - especially India and the Philippines
- have owners / senior managers under 50
- have been operating between five to ten years
- have between five and 19 employees
- be in the public administration and safety industry

Impact of COVID-19 on Asia-Pacific small businesses

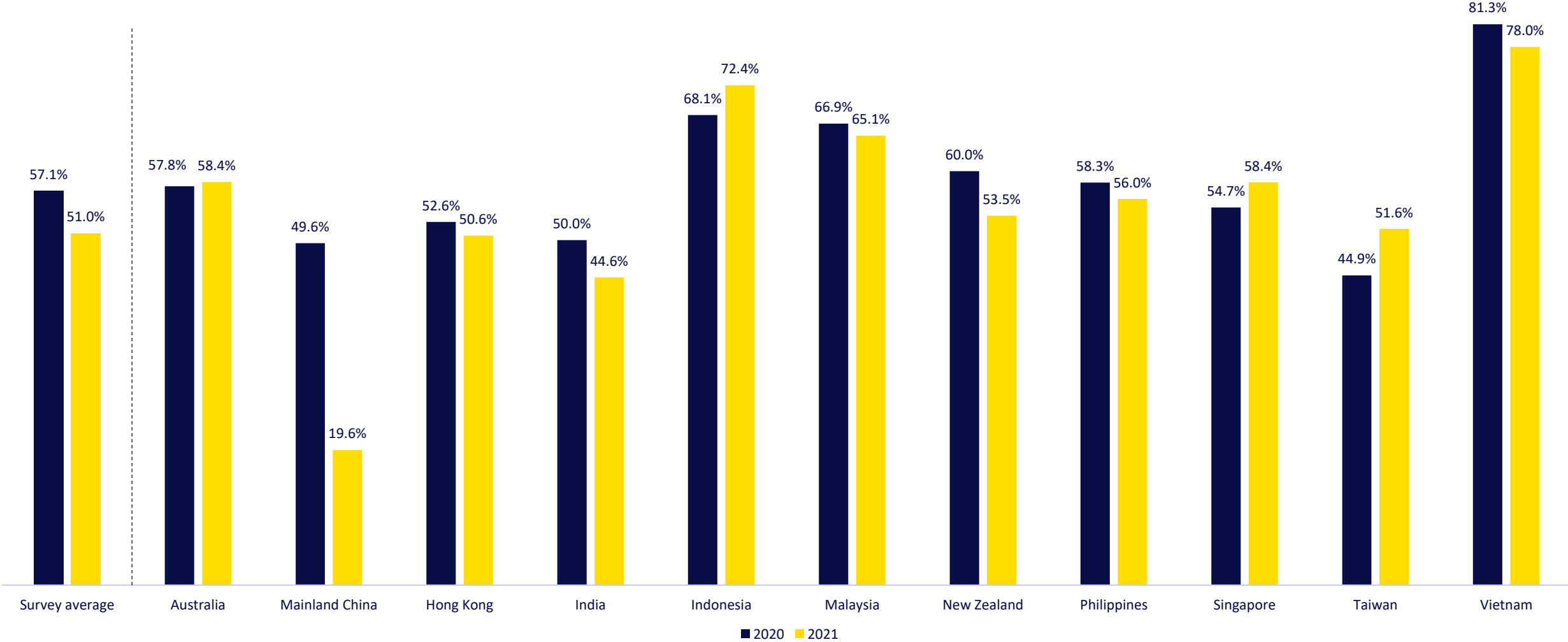


What impact did COVID-19 have on the region's small businesses?

- Not surprisingly, most small businesses across the region reported that COVID-19 had a major negative impact on their business in 2021.
- Small businesses in Vietnam were the most likely to report that COVID-19 had a major negative impact on their business.
- Mainland China was the only market where COVID-19 was not the top challenge. They instead cited increasing costs as their main barrier growth. Given that country's success in controlling COVID-19 in 2021, this result is not surprising.
- Accommodation and food services businesses were the most likely to report it had a major negative impact on their business in 2021. Public administration and safety businesses, which are closely connected to governments, were the least likely to report COVID-19 had a negative impact on their business.
- In response to COVID-19, small businesses across the region were again most likely to:
 - increase their focus on online sales
 - reduce capital expenditure
 - seek government assistance
- High growth small businesses were significantly more likely to have responded to COVID-19 by making major changes to their business plan or restructured and made major changes to their product or service offering.
- Small businesses that were unchanged or shrank were more likely to not make any changes to their business in response to COVID-19. Small businesses from Australia and New Zealand, where the owner / manager was 50 and over and with fewer employees were also far more likely to not make any changes due to COVID-19.

COVID-19 and the measures taken to control it had a major negative impact on most small businesses across the region

COVID-19 had a major negative on my business – by market



Impact of COVID-19 by industry

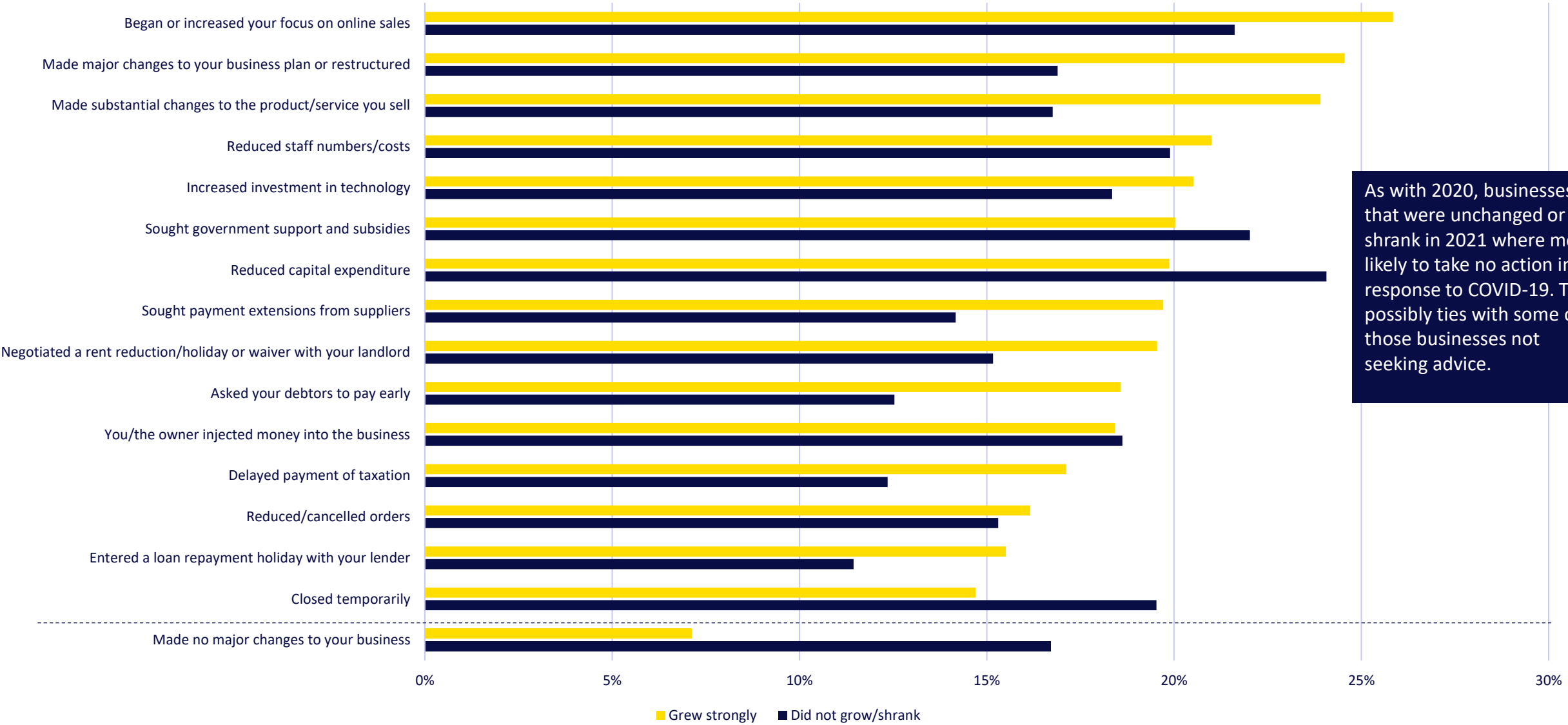
INDUSTRIES MOST LIKELY TO REPORT THAT COVID-19
HAD A MAJOR NEGATIVE IMPACT ON THEIR BUSINESS
IN 2021

1. Accommodation and food services – 63.0%
2. Arts and recreation services – 59.7%
3. Property and construction – 59.1%
4. Retail trade – 54.9%
5. Information, media and telecommunications – 52.8%

INDUSTRIES LEAST LIKELY TO REPORT THAT COVID-19
HAD A MAJOR NEGATIVE IMPACT ON THEIR BUSINESS
IN 2021

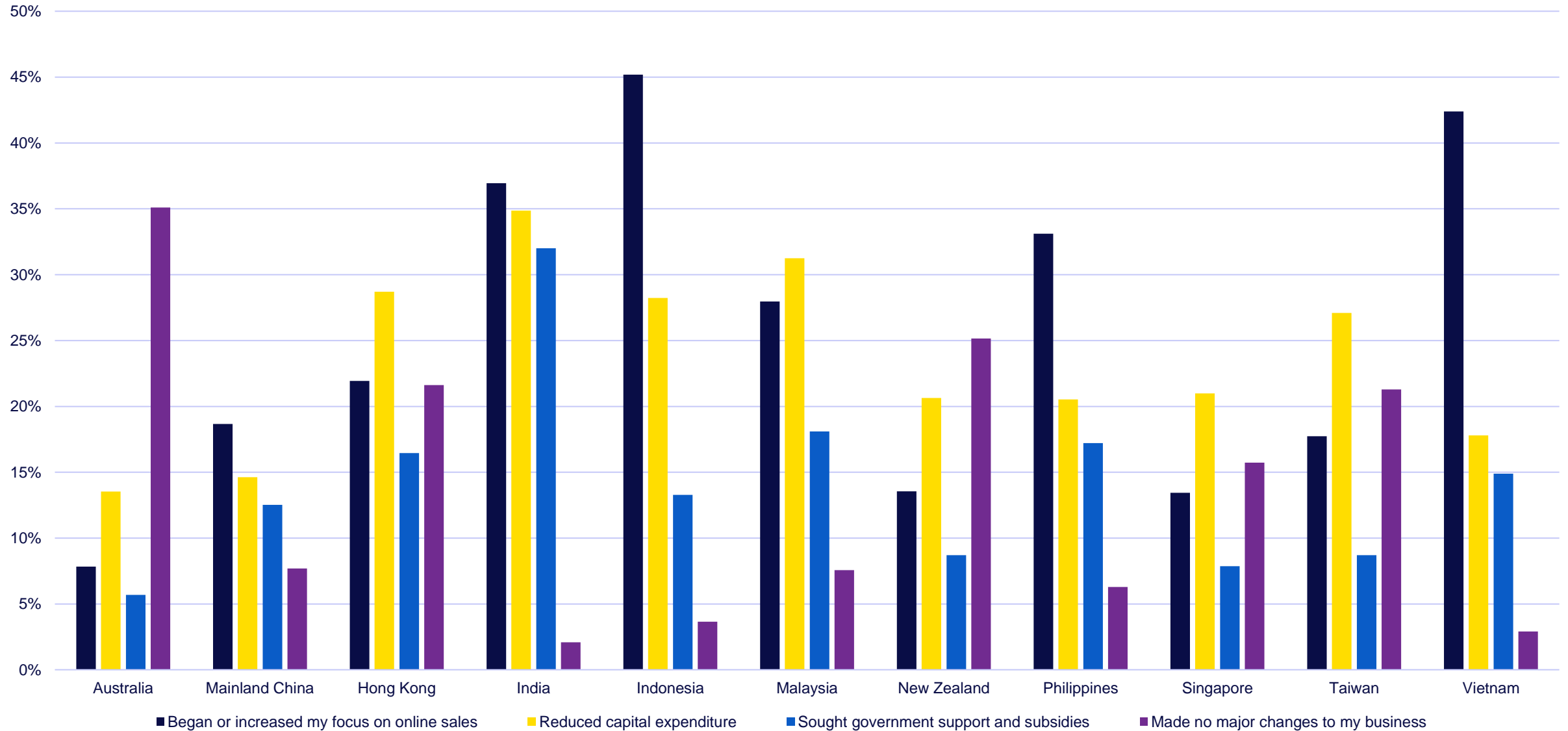
1. Public administration and safety – 32.2%
2. Banking, finance or insurance – 39.9%
3. Health care and social services – 40.9%
4. Administrative and support services – 44.2%
5. Transport and warehousing – 54.0%

Major actions undertaken by small business in response to COVID-19 – grew strongly in comparison to unchanged / shrank – all markets



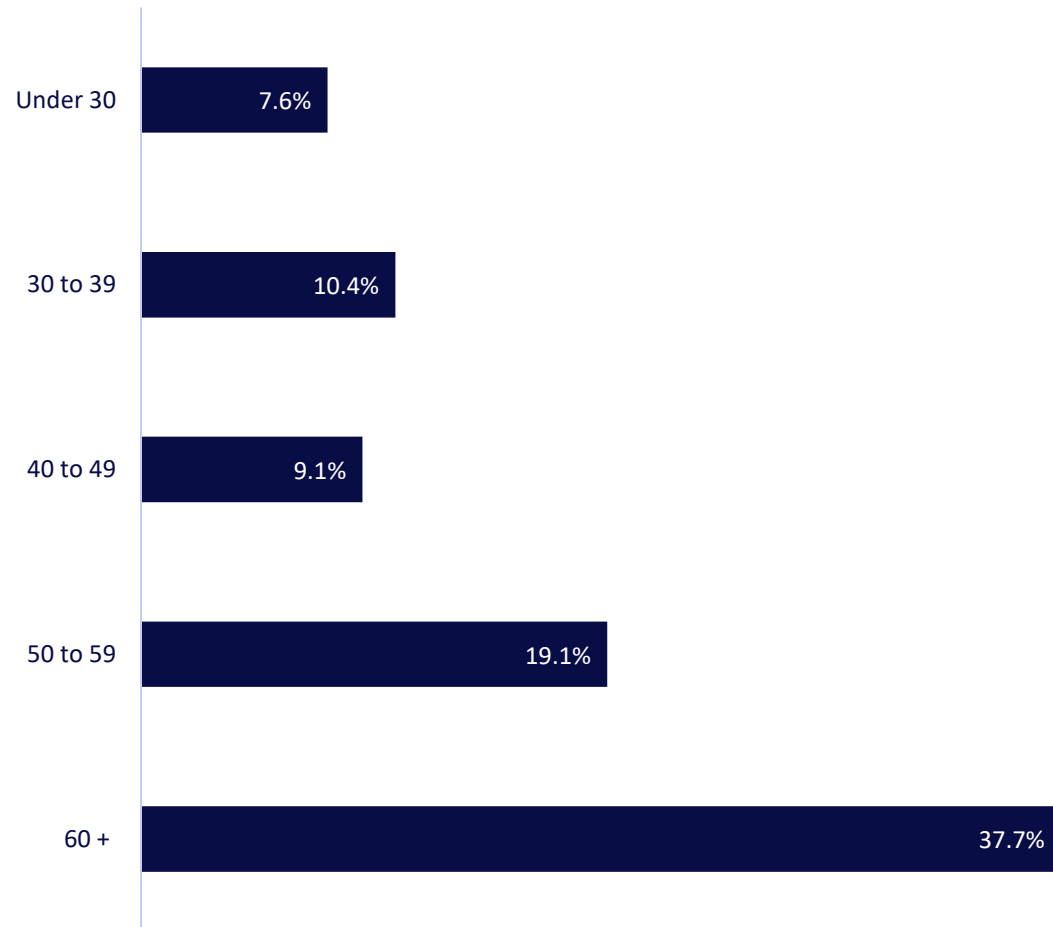
As with 2020, businesses that were unchanged or shrank in 2021 were more likely to take no action in response to COVID-19. This possibly ties with some of those businesses not seeking advice.

Major actions your business undertook in response to COVID-19 – by market

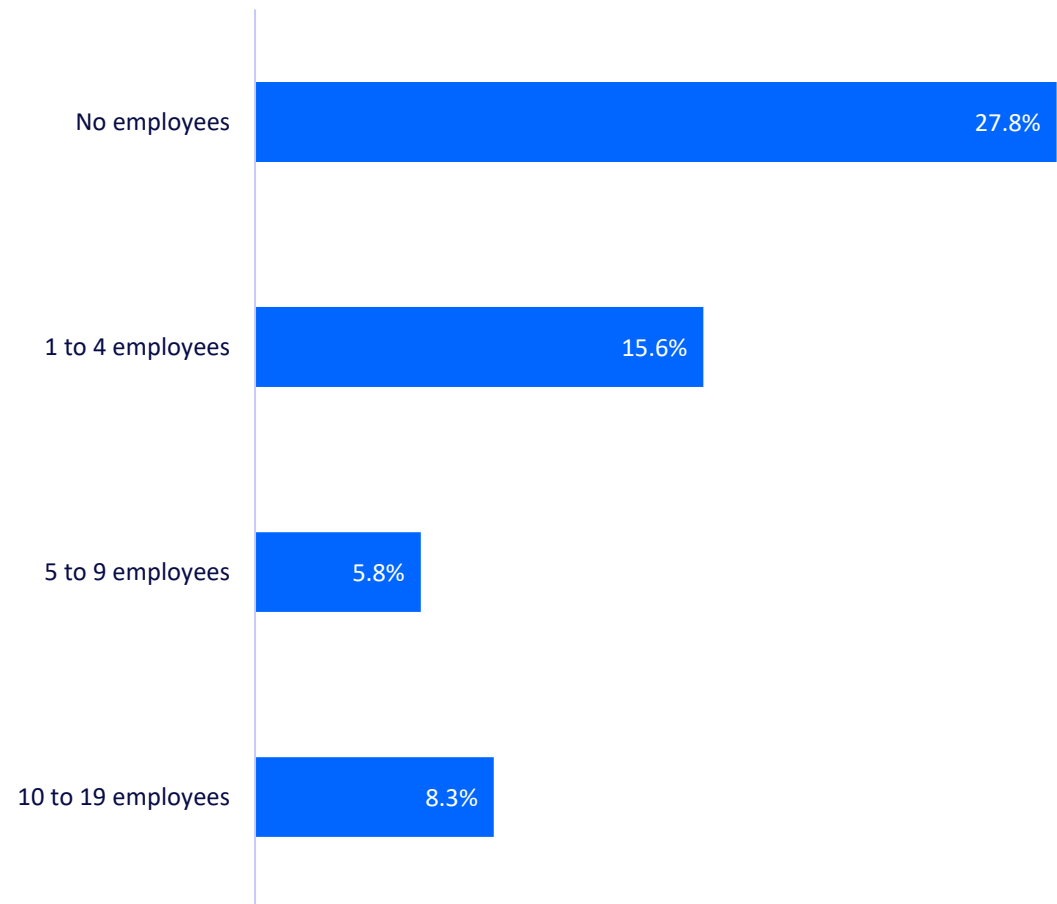


Businesses with older respondents and less employees were much more likely to take no action in response to COVID-19 in 2021

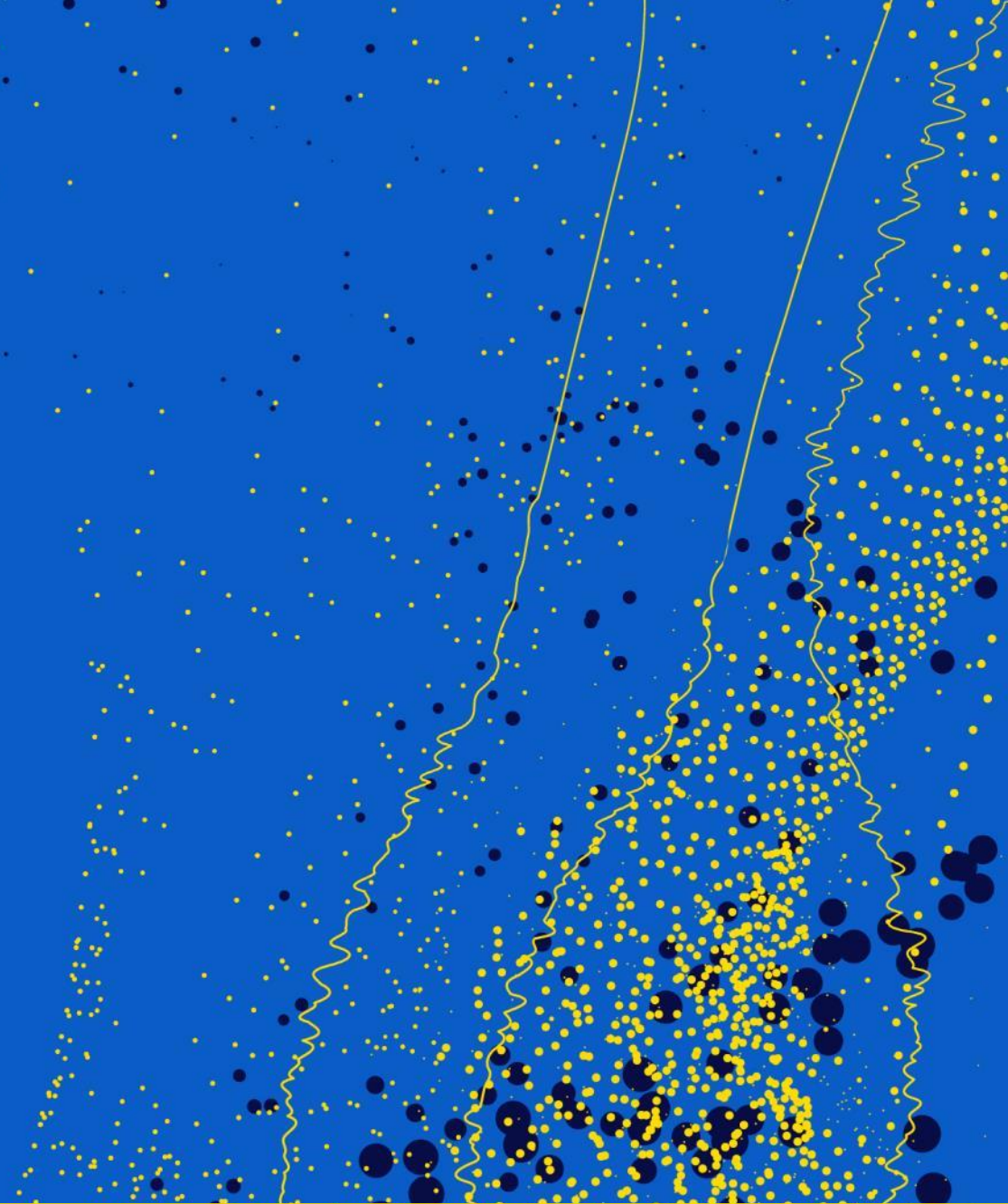
Business that didn't act in response to COVID-19 in 2021 – by age of respondent



Businesses that made no major change to their business in response to COVID-19 in 2021 – by number of employees



Small business and technology



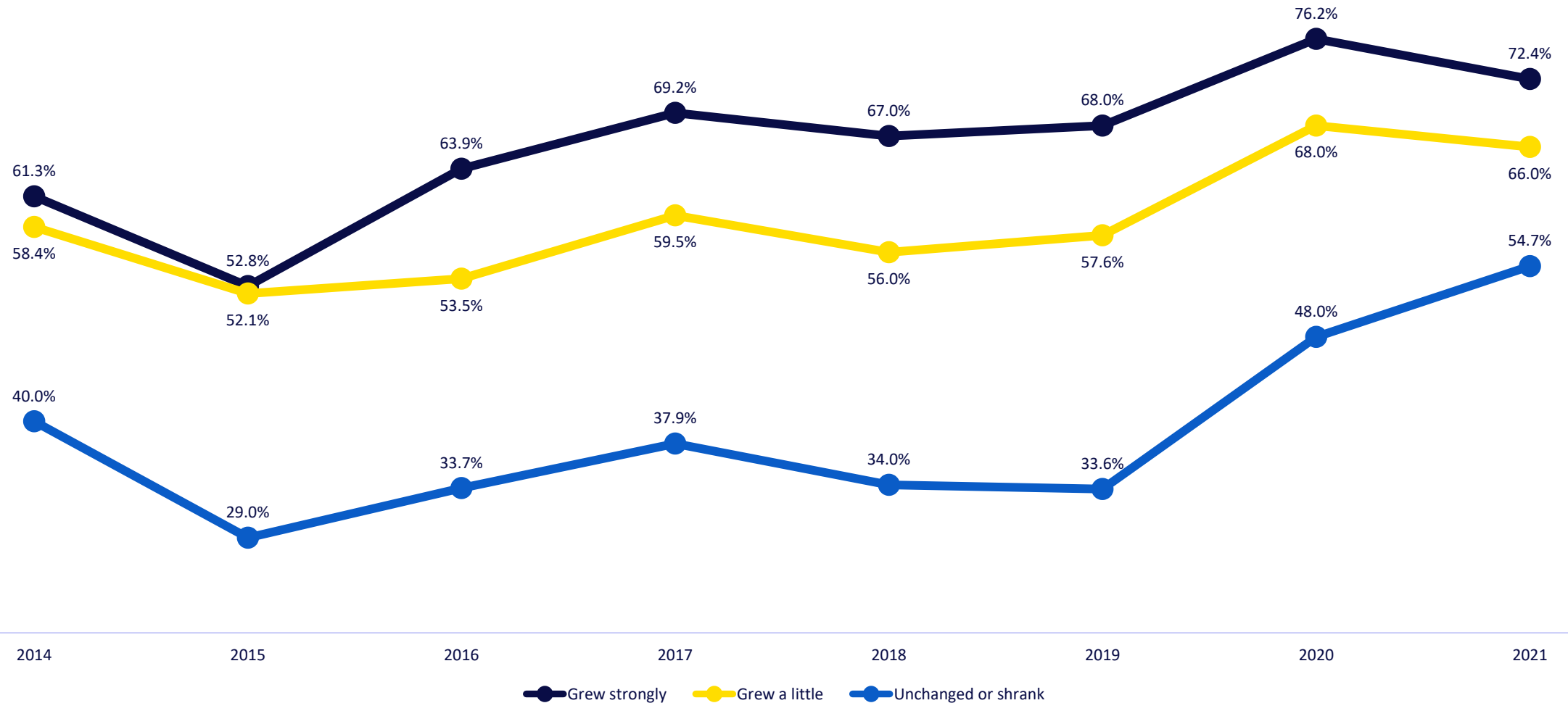
SELLING ONLINE

Impact of selling online

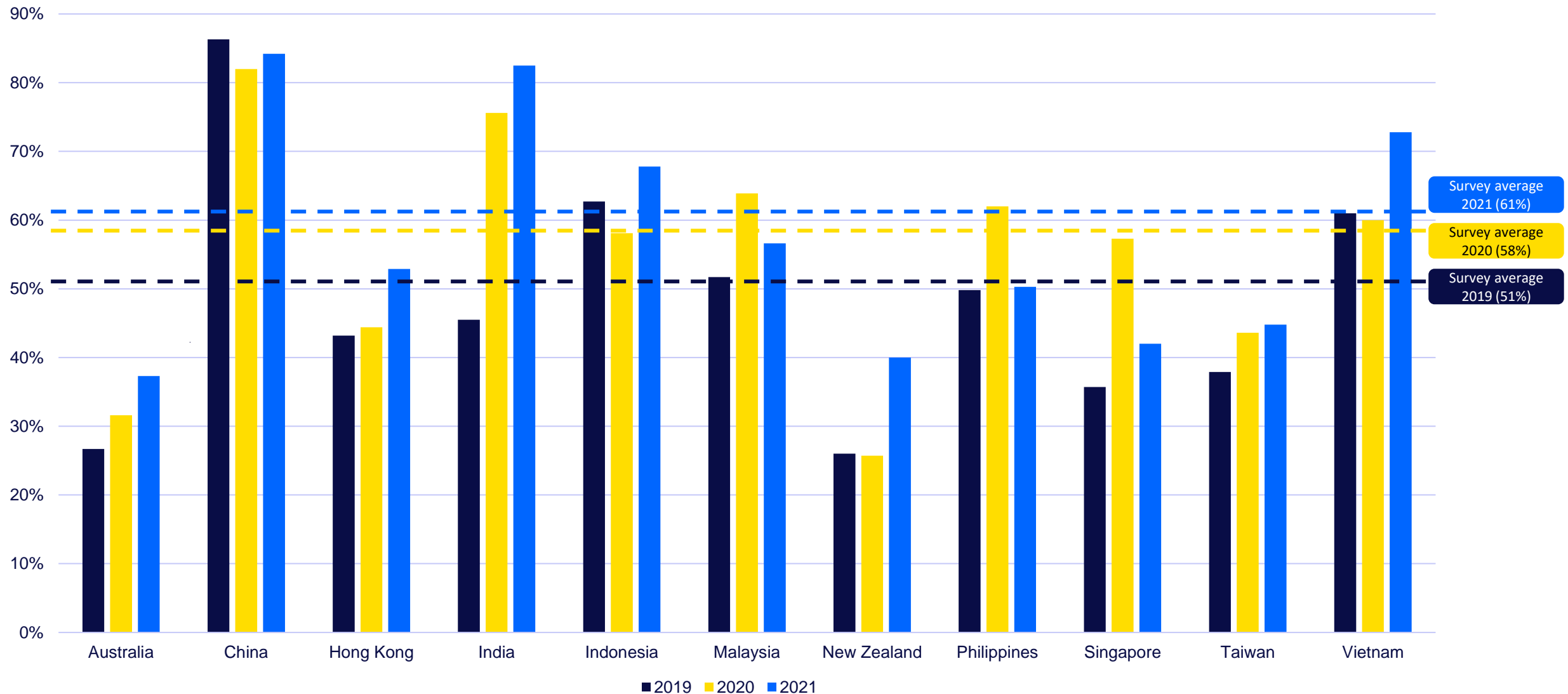
- High growth businesses remain much more likely than other businesses to generate at least 10 per cent of their sales through selling online. However, COVID-19 has encouraged small businesses that aren't growing to sell online.
- Mainland China's small businesses continue to lead the region in selling online, with India and Vietnam close behind.
- Australian and New Zealand small businesses continue to be the least likely to generate online sales, however both markets experienced an increase in the number of businesses embracing this channel in 2021.
- Older respondents, older businesses and businesses with no or few employees continue to be significantly less likely to sell online. This may be due to a lack of knowledge on how to apply this technology.
- There are opportunities for professional services firms and education and training businesses to explore how they can sell more online.
- Businesses that didn't grow in 2021 are much more reliant on online sales than they were pre-pandemic. It's likely that online sales for such businesses have only partially or fully replaced traditional sales lost due to the pandemic.

COVID-19 has encouraged a jump in the percentage of small businesses earning at least 10 per cent of their revenue from online sales

Percentage of businesses earning more than 10 per cent of revenue online – by whether they grew or not and over time

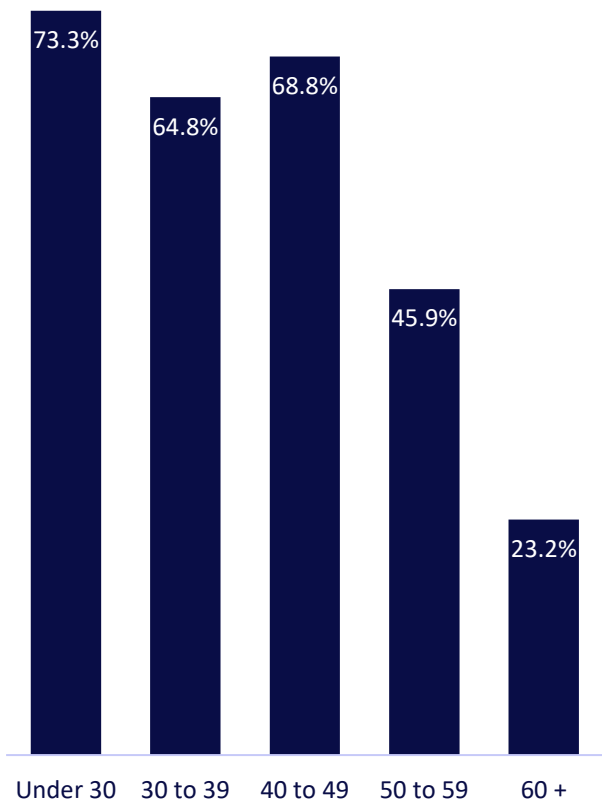


Percentage of business earning more than 10 per cent of revenue online – by market in 2021 compared with 2020 and 2019

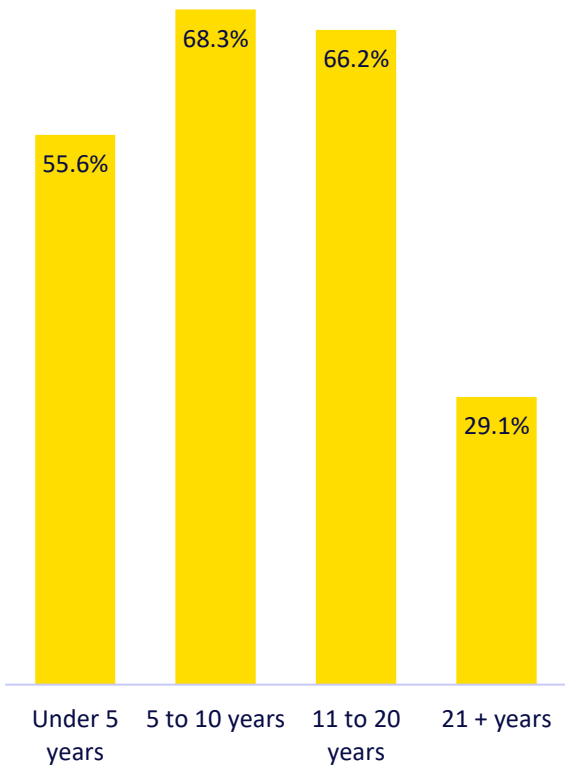


Younger respondents, younger businesses and small businesses with more employees are far more likely to be selling online

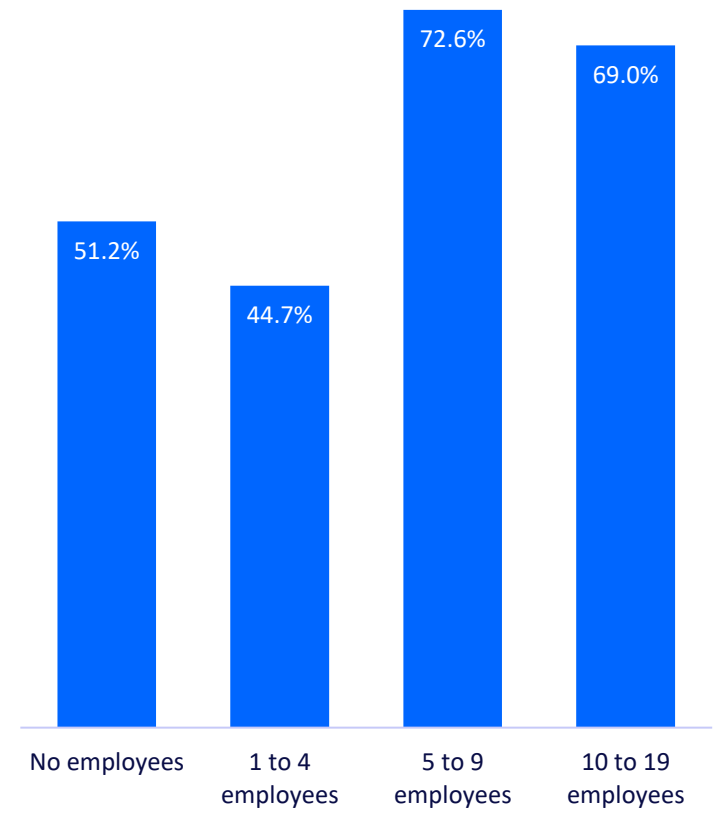
Percentage of businesses receiving more than 10 per cent of their revenue through online sales – by respondent's age in 2021



Percentage of businesses receiving more than 10 per cent of their revenue through online sales – by age of business in 2021



Percentage of businesses receiving more than 10 per cent of their revenue through online sales – by number of employees in 2021



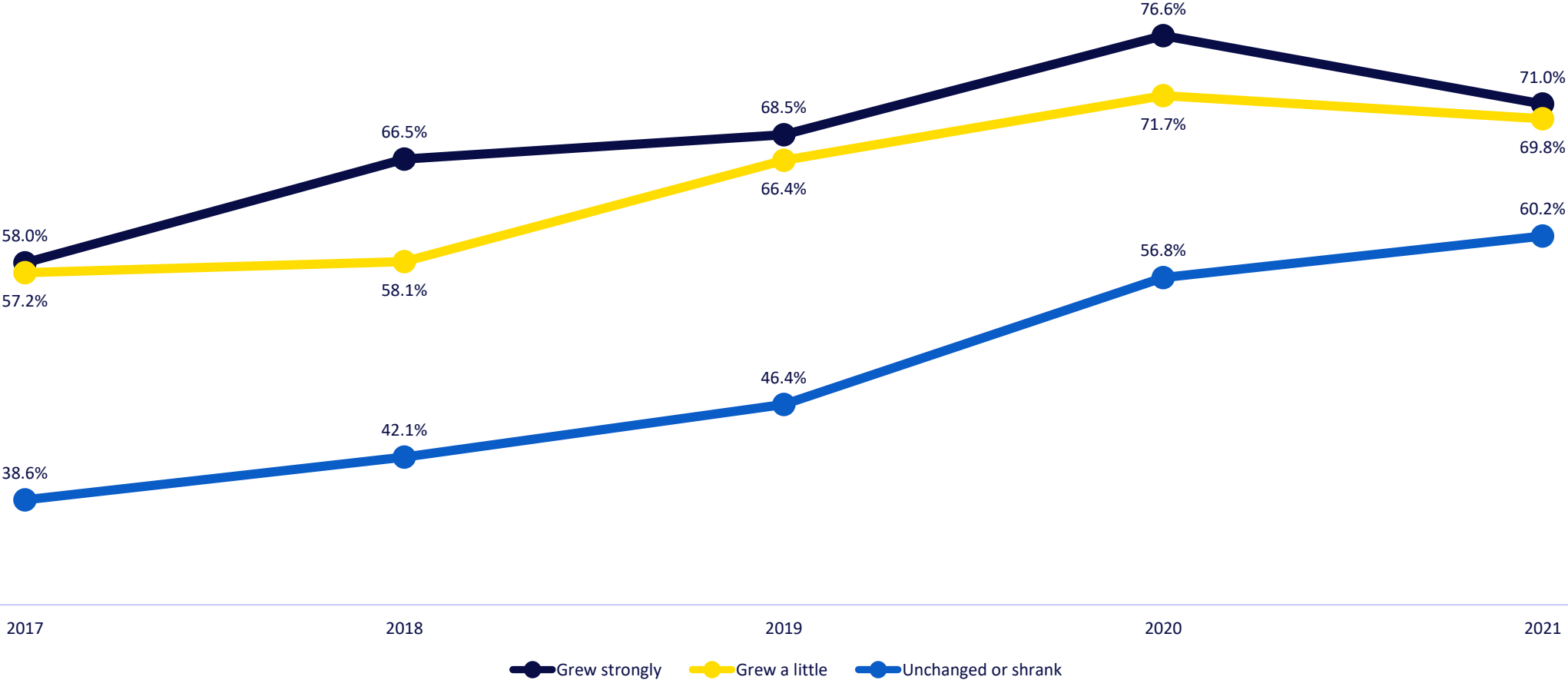
NEW PAYMENT TECHNOLOGIES

Offering new payment technologies

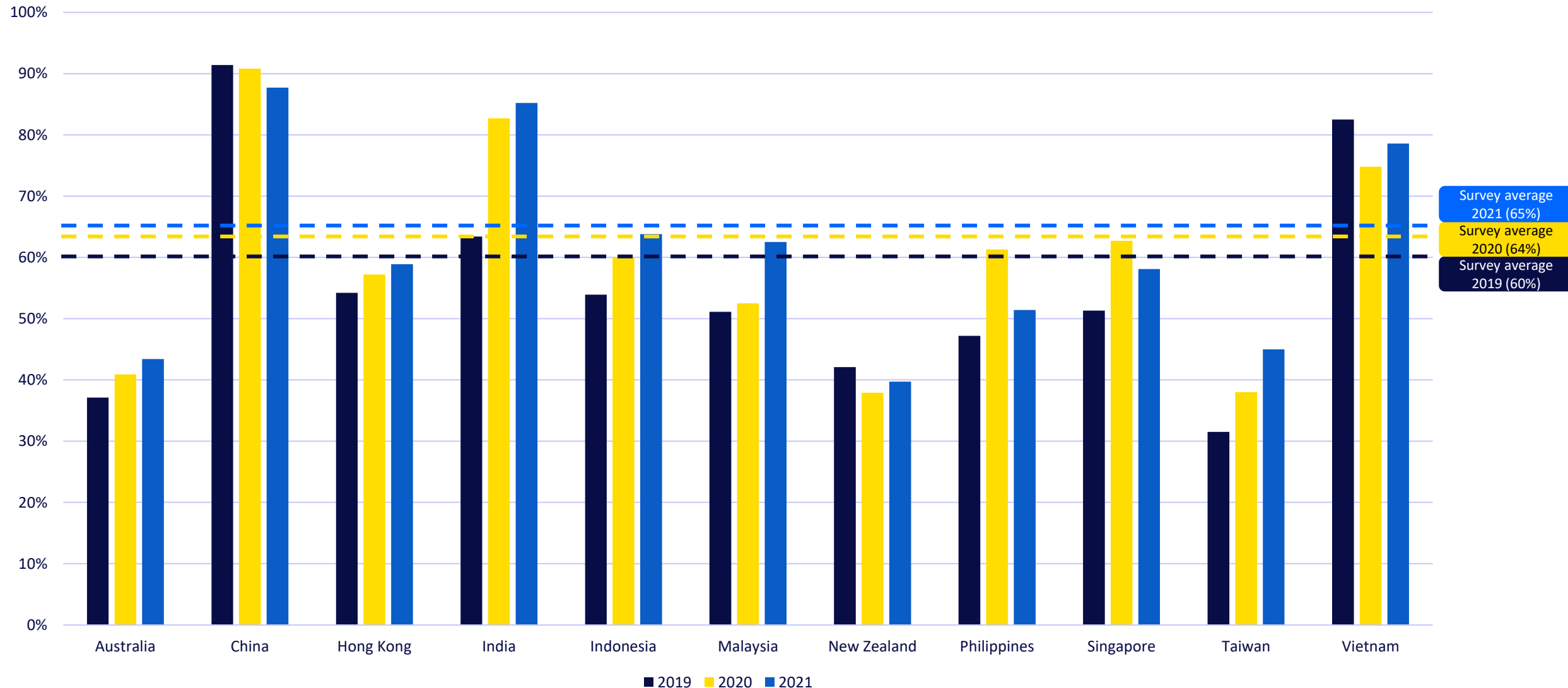
- High growth businesses remain more likely than other businesses to receive more than 10 per cent of their sales through new payment technologies such as PayPal, WeChat Pay, Apple Pay and buy now pay later. However, an increase in online sales due to COVID-19 has encouraged a jump in the percentage of small businesses that aren't growing to offer such payment options to customers .
- As with selling online, Mainland China's small businesses continue to lead the region in offering new payment technologies to their customers, with India and Vietnam close behind.
- New Zealand, Australian and Taiwanese small businesses continue to be the least likely to offer new payment options to customers.
- As with selling online, older respondents, older businesses and businesses with no or few employees continue to be significantly less likely to offer new payment technologies to their clients. This may be due to a lack of knowledge of how to apply such technologies in their business.

Coinciding with the increase in online sales, COVID-19 has encouraged a jump in businesses that were unchanged or shrank generating more than 10 per cent of their sales through new payment technology

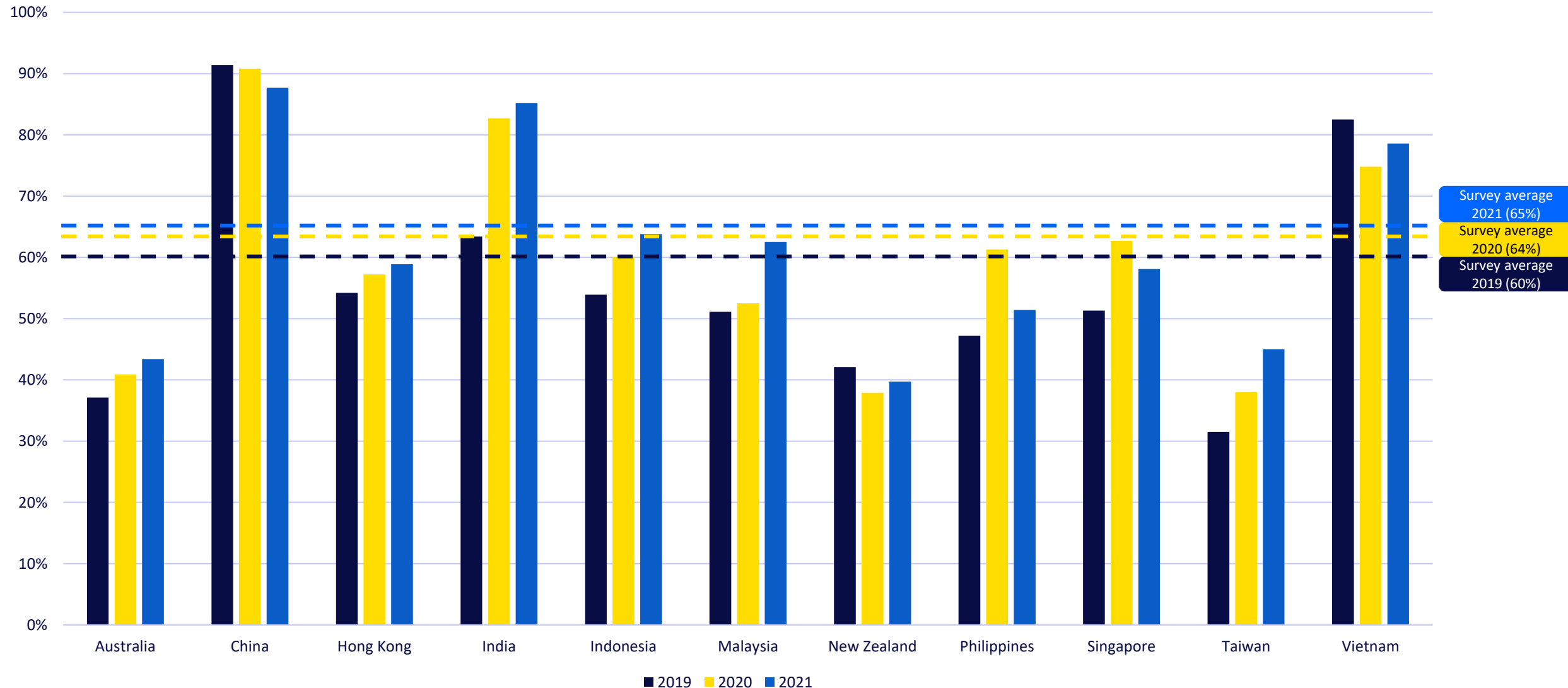
Percentage of businesses receiving more than 10 per cent of their sales through new payment technologies – by whether they grew or not, and over time



Percentage of businesses receiving more than 10 per cent of their sales through digital payment options – by market in 2021 compared with 2020 and 2019

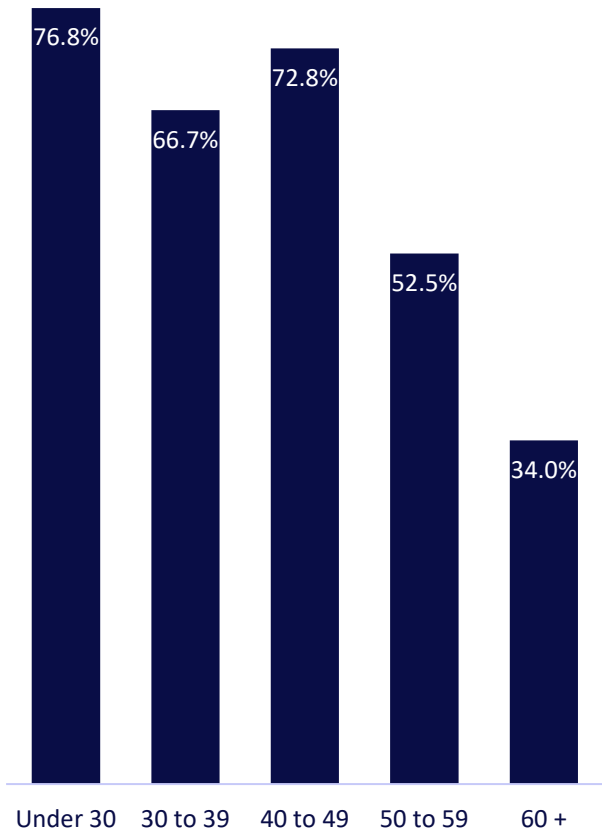


Percentage of businesses receiving more than 50 per cent or more of their sales through cash— by market in 2021 compared with 2020 and 2019

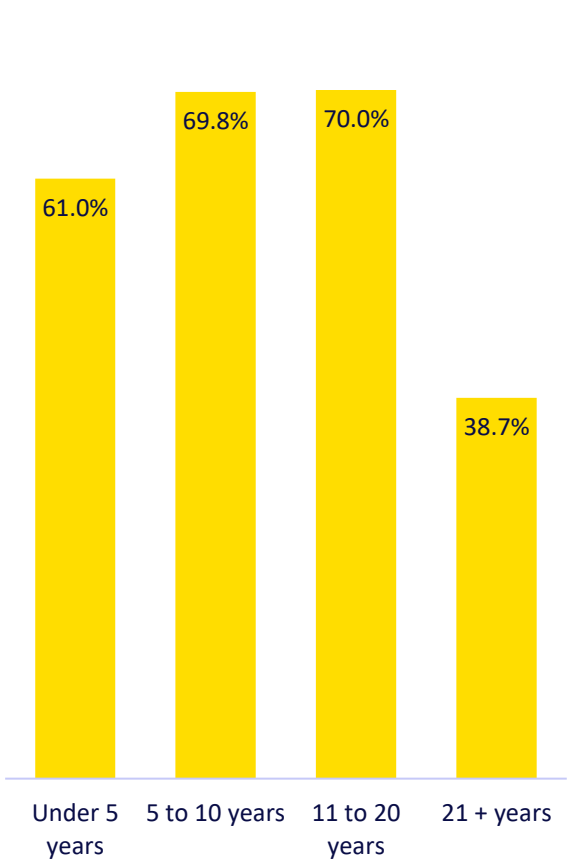


Older respondents, older businesses and businesses with fewer employees are far less likely to generating at least 10 per cent of their sales through new payment technologies

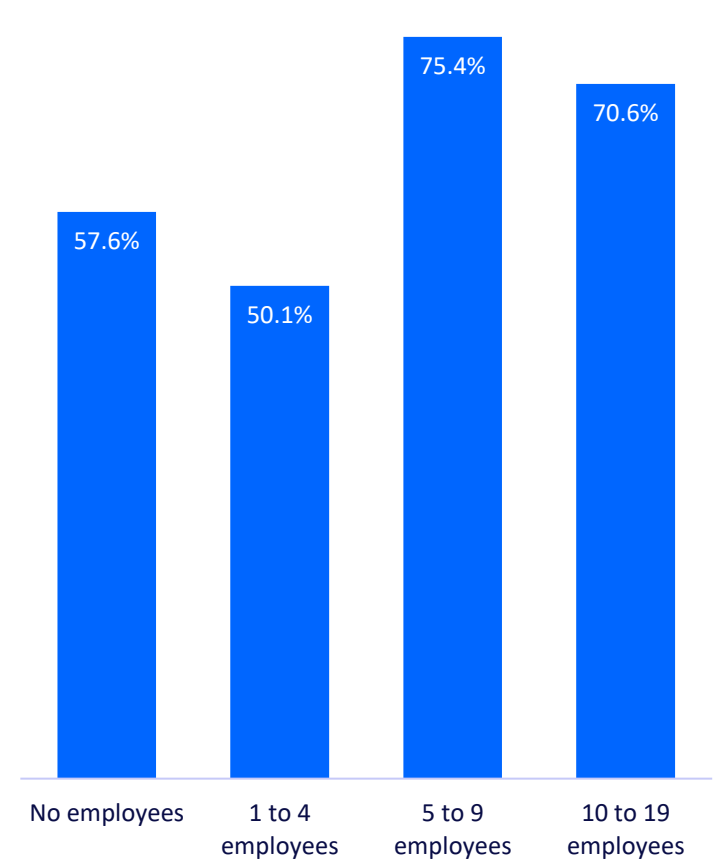
Percentage of businesses receiving more than 10 per cent of their sales through digital payment options – by respondent's age in 2021



Percentage of businesses receiving more than 10 per cent of their sales through digital payment options – by age of business in 2021



Percentage of businesses receiving more than 10 per cent of their sales through digital payment options – by number of employees in 2021

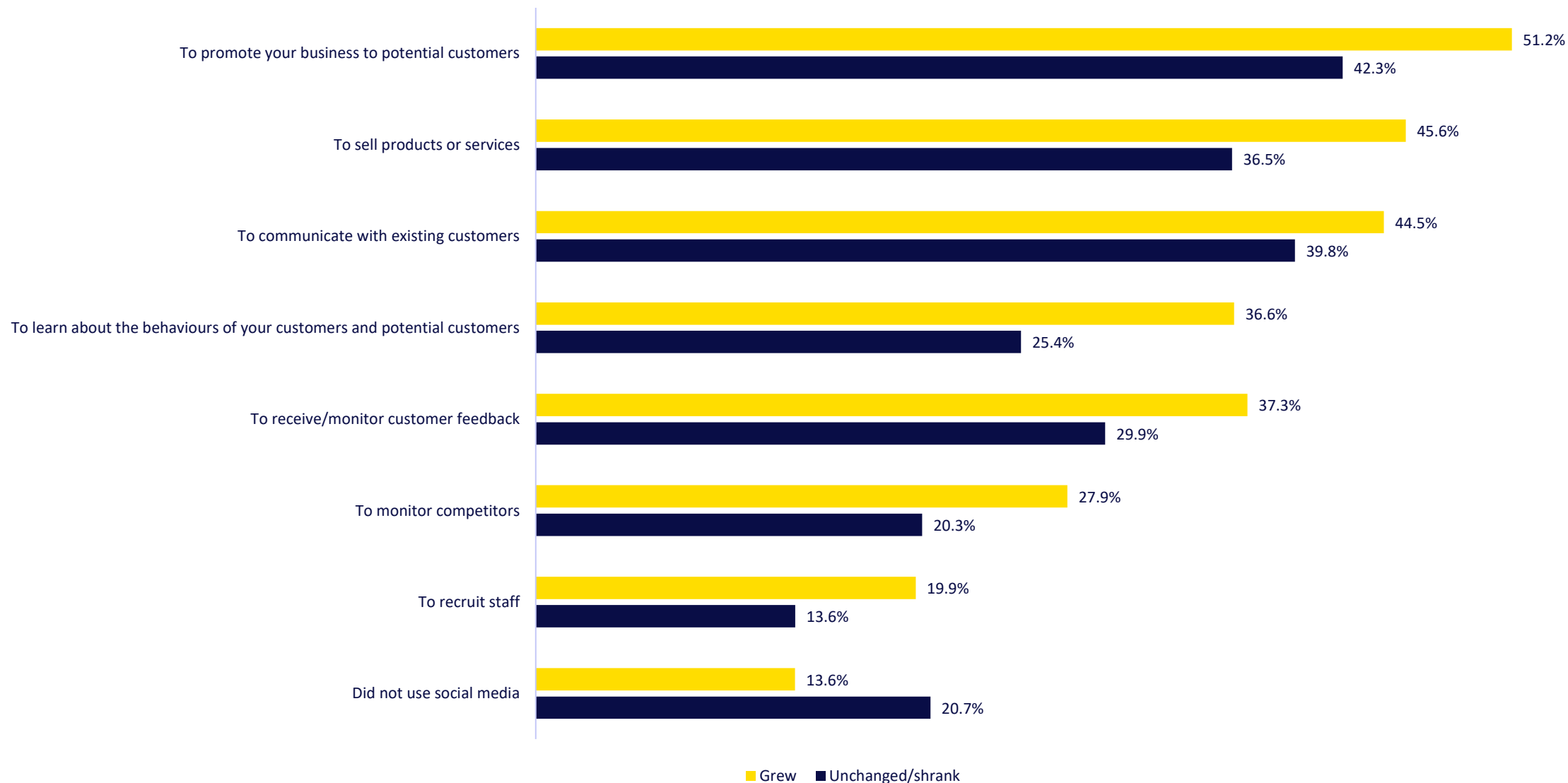


SOCIAL MEDIA USE

Using social media for business purposes

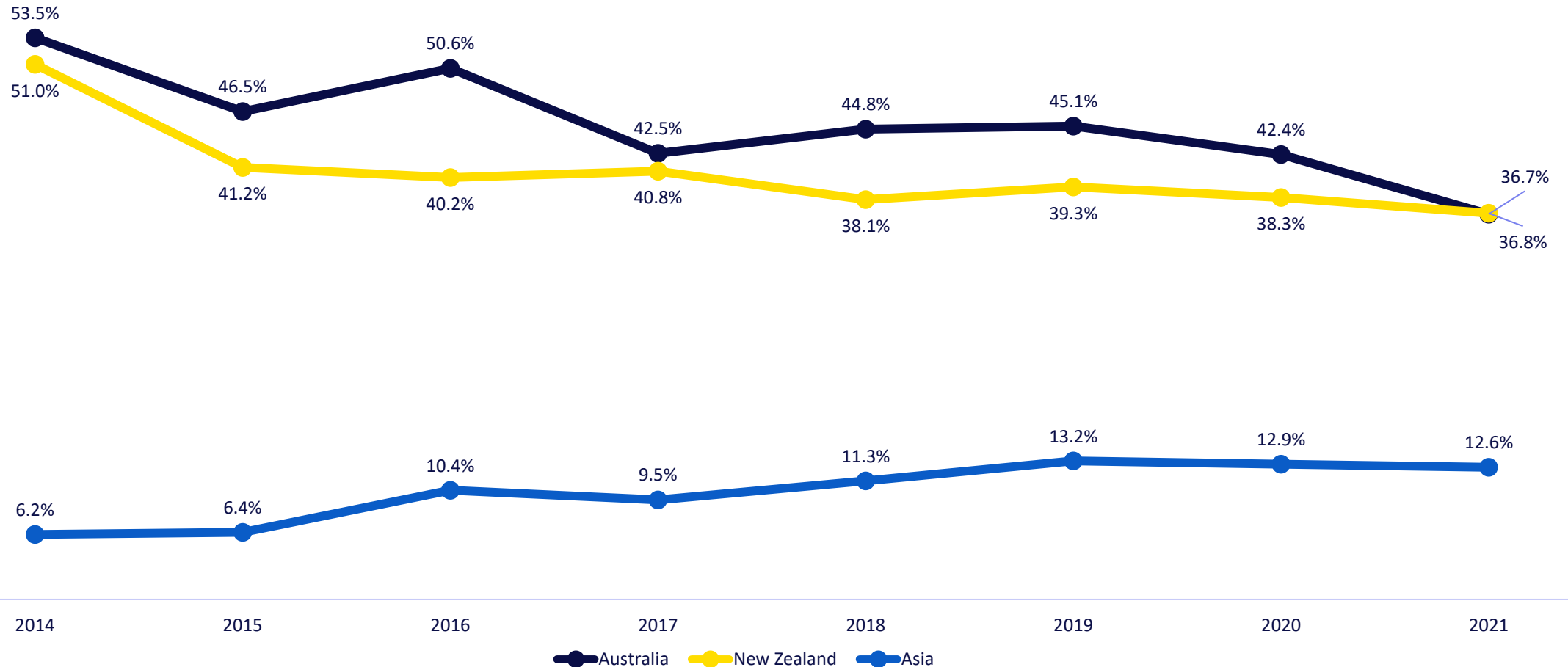
- Growing businesses continue to be more likely to use social media in their business and to use it in a variety of ways.
- It's common for most small businesses to use social media to market their business and communicate with customers and potential customers. High growth businesses are more likely to use social media for other purposes including:
 - learning about the behaviours of customers and potential customers
 - monitoring competitors
 - recruiting employees
- Australian and New Zealand small businesses continue to be significantly more likely to not use social media for business purposes.
- As with selling online, older respondents, older businesses and businesses with no or fewer staff continue to be significantly more likely to not use social media for business purposes. This may be due to a lack of knowledge of how to use social media in their business.

What small businesses use social media for – comparison of businesses that reported growing in 2021 with those that were unchanged or shrank



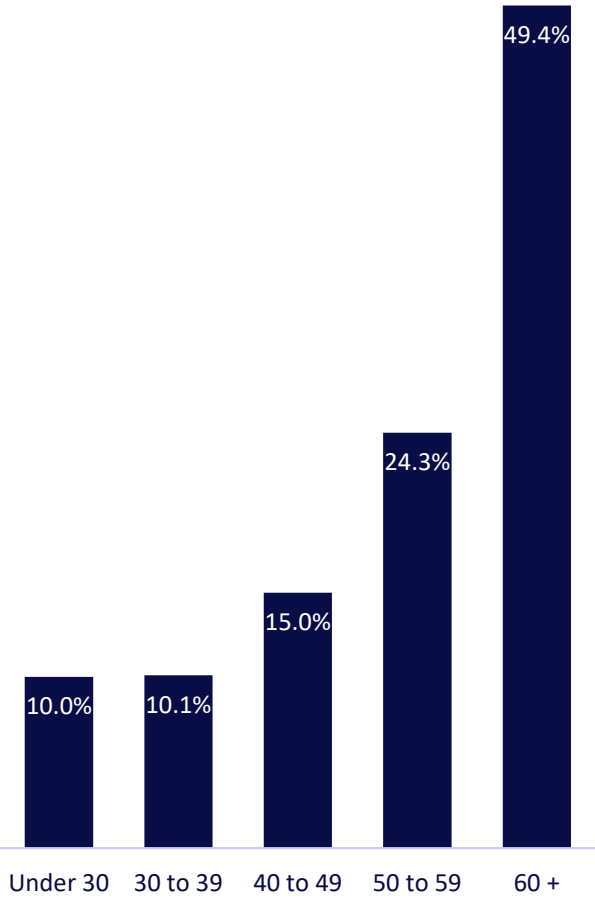
Australian and New Zealand small businesses remain far more likely to not use social media than their peers in Asia. As shown above, businesses not using social media are more likely to be not growing

Not using social media for business purposes – Australia and New Zealand compared with Asia

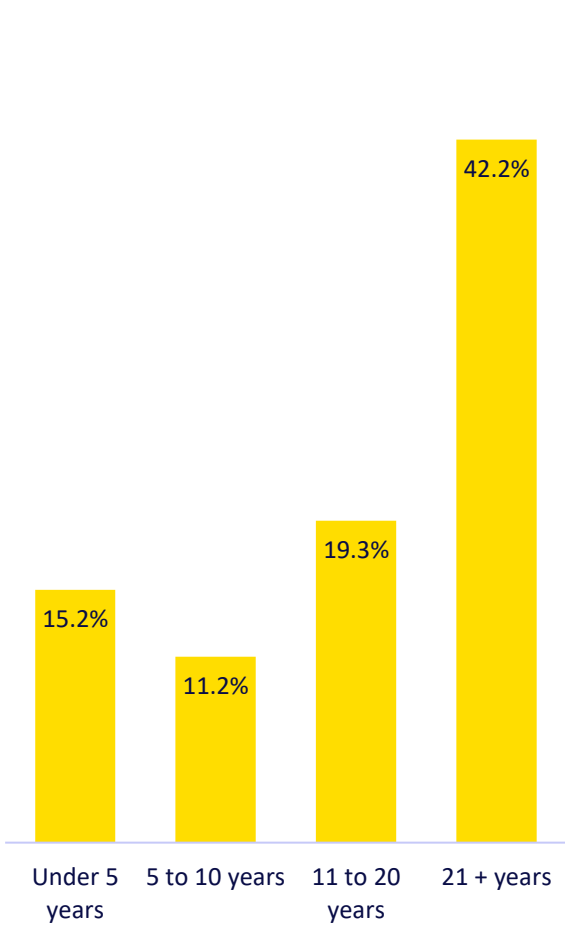


Older respondents, older businesses and businesses with fewer employees are significantly more likely not to be using social media for business purposes

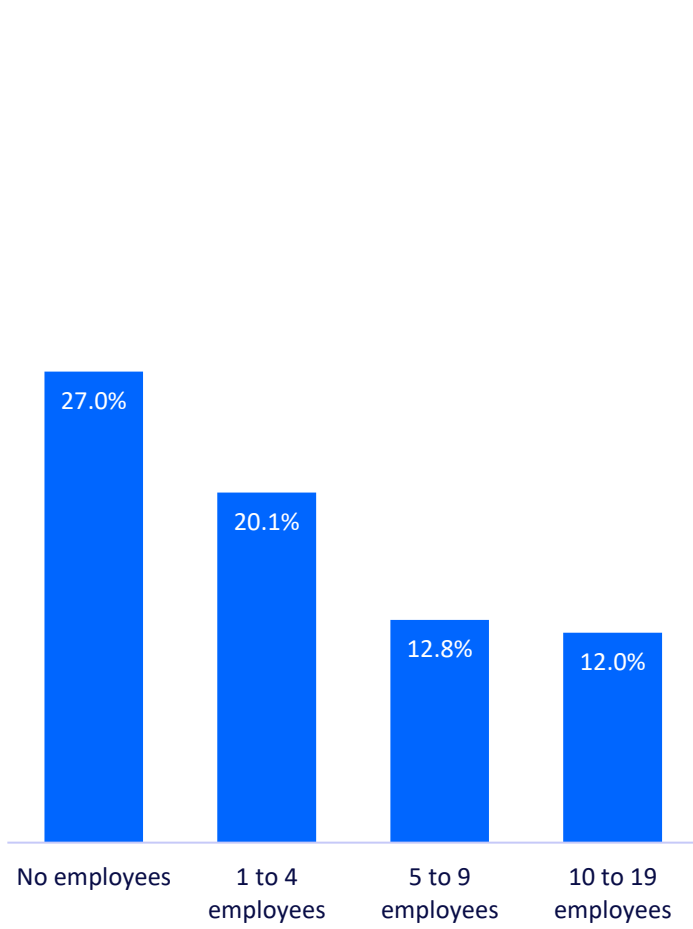
Not using social media for business purposes – by respondent's age in 2021



Not using social media for business purposes – by age of business in 2021



Not using social media for business purposes - by number of employees in 2021



CYBERSECURITY

Cyber risk and cybersecurity

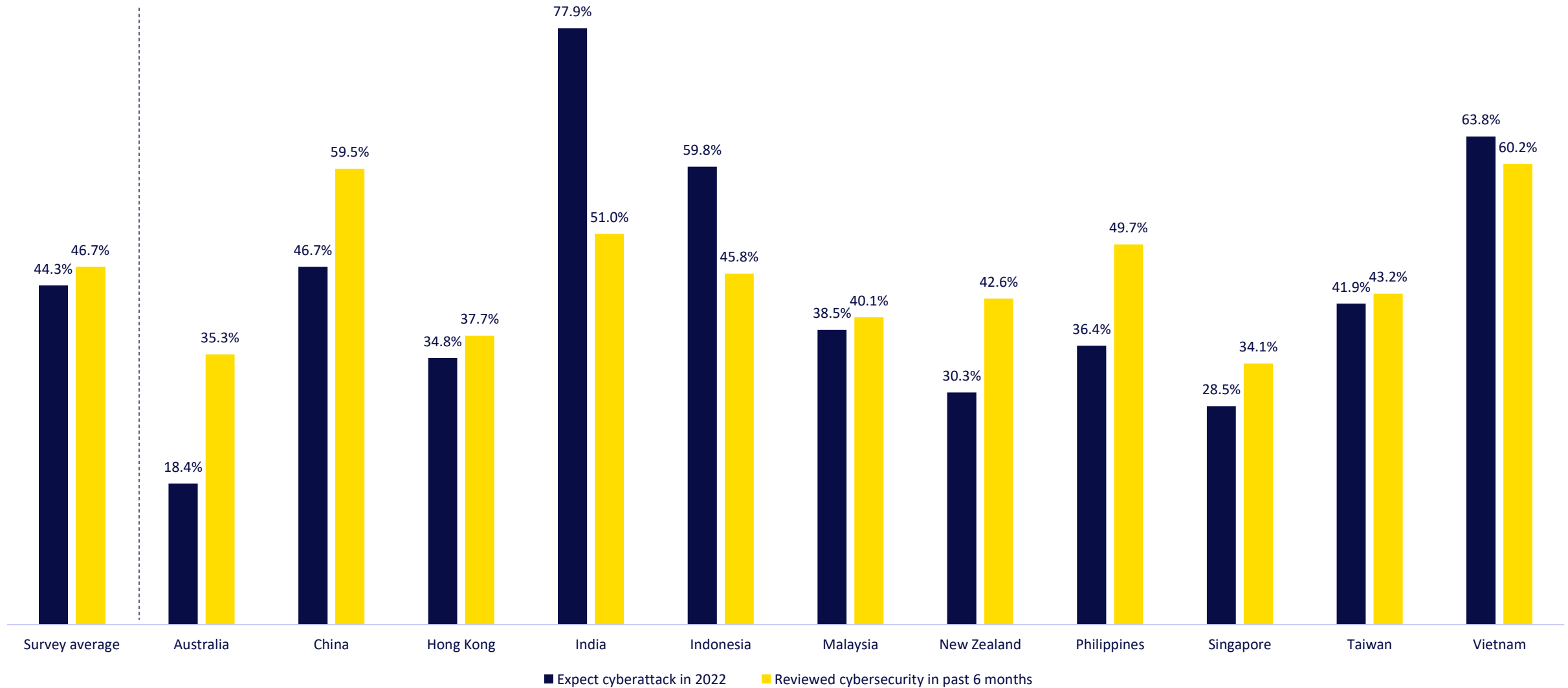
- With high-growth businesses more reliant on technology, it's not surprising they are significantly more likely to expect a cyberattack in 2022 than businesses that expect to remain unchanged or shrink in 2022.
- It's also not surprising that high-growth businesses are therefore significantly more likely to have reviewed their cybersecurity in the past six months.
- India's small businesses are the most likely to expect to be cyberattacked in 2022. Given the low digital uptake by many Australian businesses, it's not surprising that they are the least likely to expect a cyberattack this year.
- While India's small businesses are the most likely to expect a cyberattack, that doesn't mean that every one of those businesses are taking steps to protect their business. We would expect to see far greater numbers of India's small businesses reviewing their cybersecurity regularly.
- Older respondents and businesses with fewer employees are the least likely to expect a cyberattack this year and reviewed their cybersecurity in the past six months. Given their lower levels of digital uptake, this result is unsurprising.

Reflecting that high growth businesses are more reliant on technologies, it's not surprising they are more likely to expect to be cyberattacked and taking action to protect themselves from such attacks

Cybersecurity concerns and action - grew strongly in comparison to unchanged / shrank – all markets

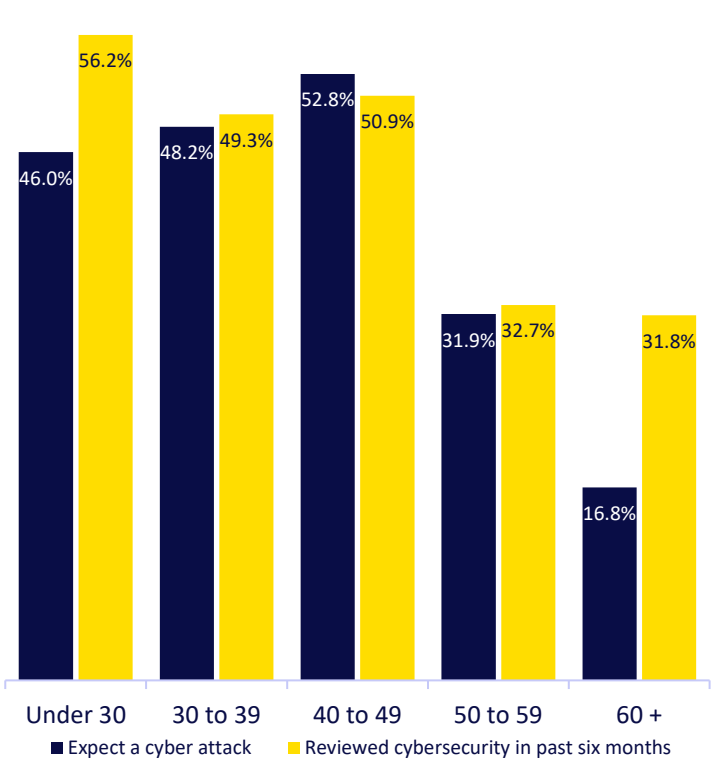


Comparison of those who believe a cyberattack is likely in 2022 against those that reviewed their cybersecurity in past six months – by market

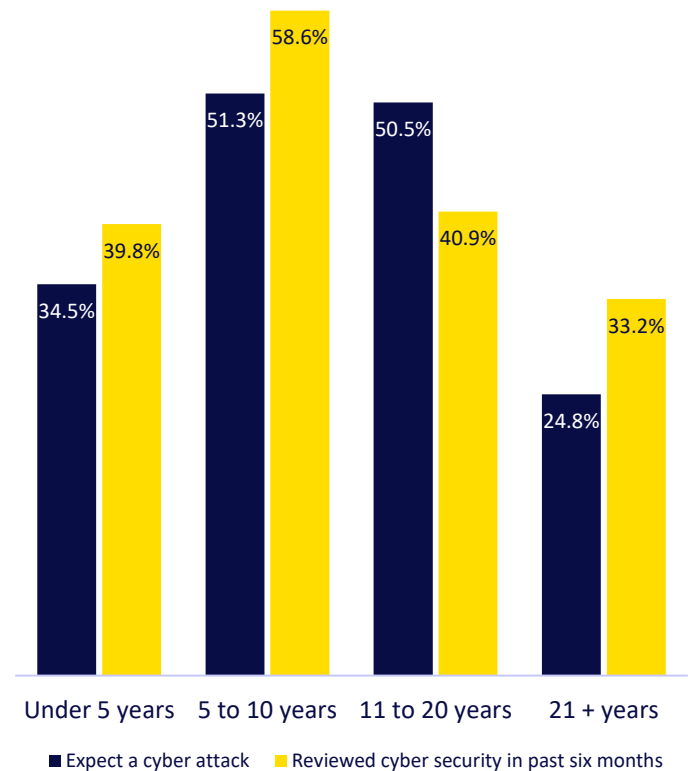


Small businesses with higher growth characteristics, including younger respondents, businesses with more employees and established for five to ten years are more likely to expect a cyber attack in 2022 and be taking action to protect their systems

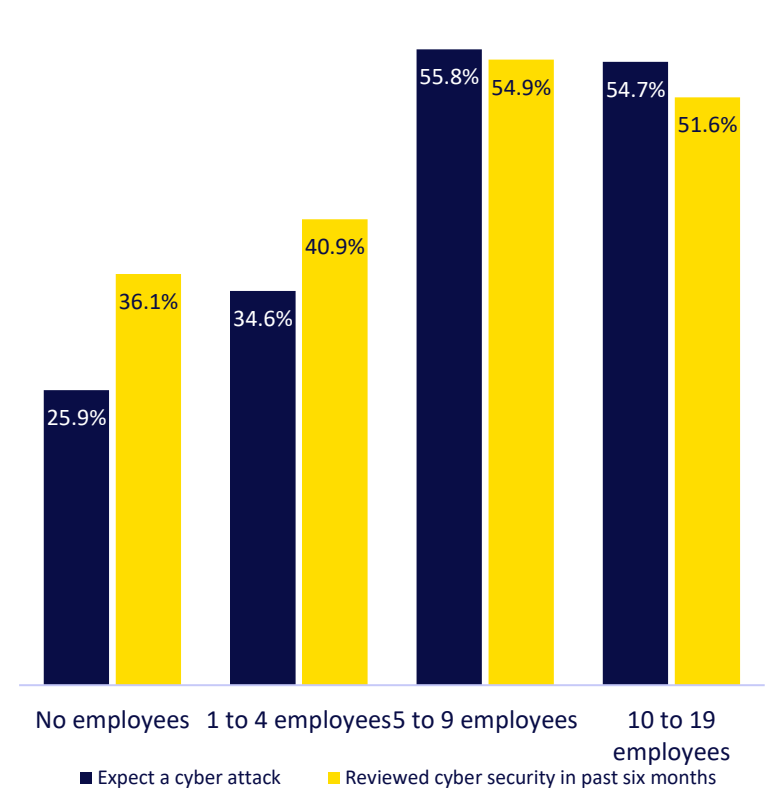
Comparison of those who believe a cyberattack is likely in 2022 against those that reviewed their cybersecurity in past six months— by respondent’s age



Comparison of those who believe a cyberattack is likely in 2022 against those that reviewed their cybersecurity in past six months— by age of business



Comparison of those who believe a cyberattack is likely in 2022 against those that reviewed their cybersecurity in past six months – by number of employees

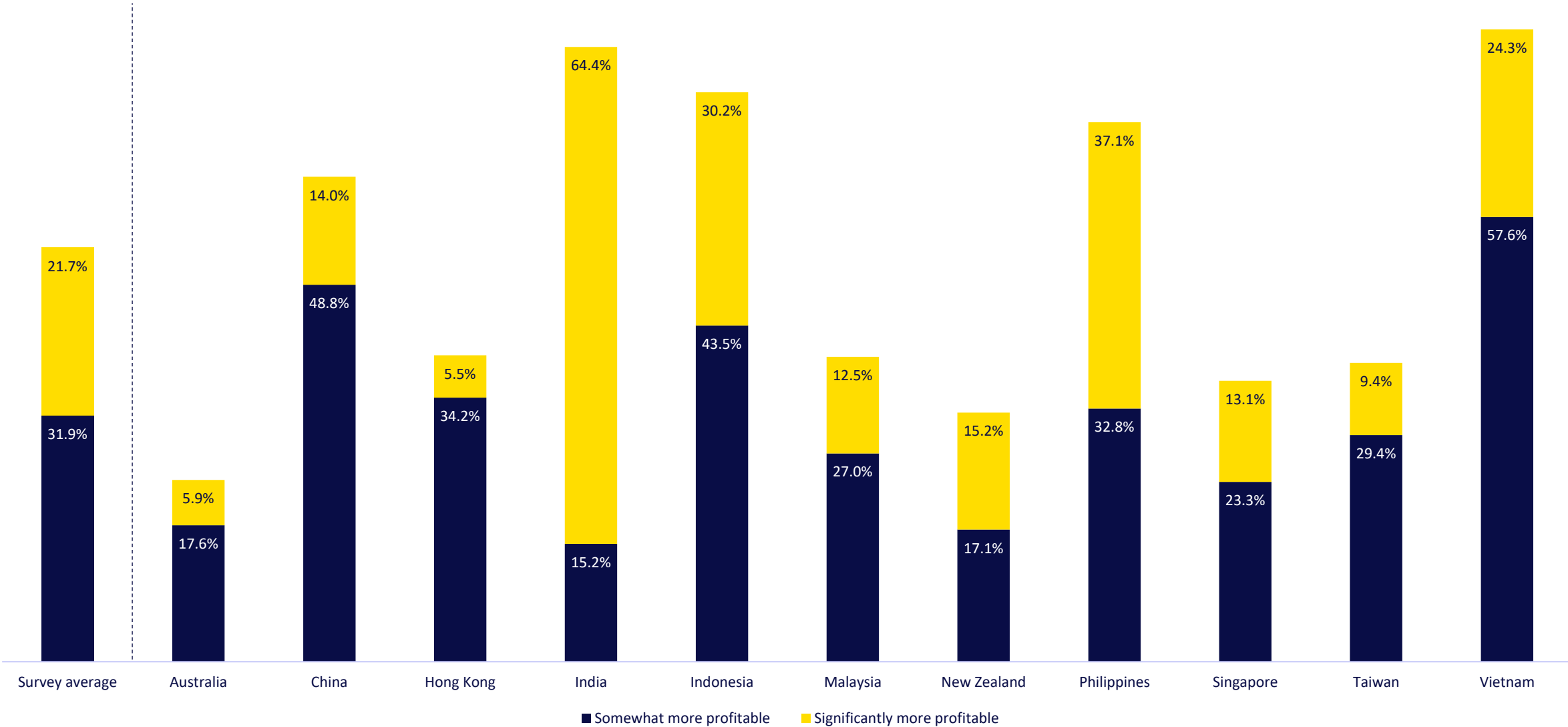


IMPACT OF TECHNOLOGY ON PROFITABILITY

Impact of technology on profitability in 2021

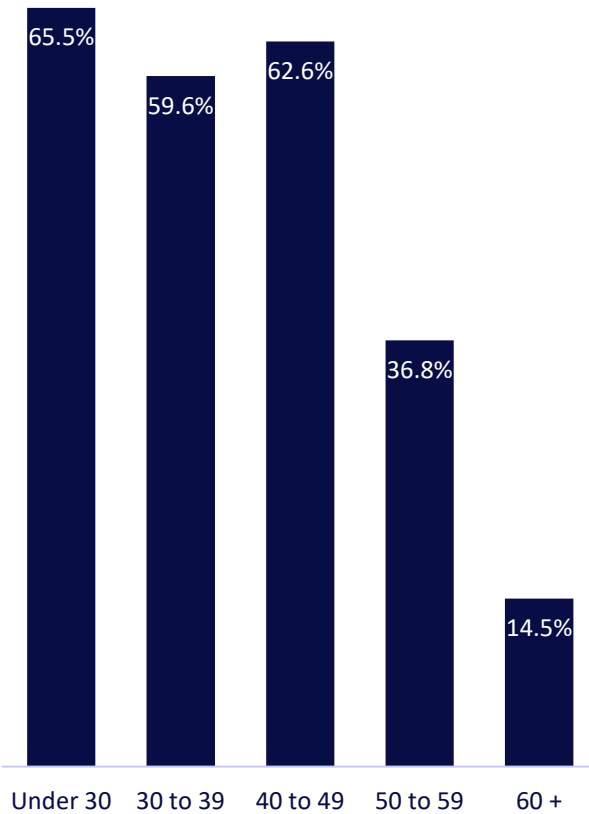
- Markets most likely to have high-growth small businesses were again the most likely to have small businesses that reported their investment in technology in 2021 improved their profitability.
- Overall, Vietnam's small businesses were the most likely to report that their investment in technology resulted in improved profitability. India's small businesses were however the most likely to report that such investment significantly improved their profitability.
- Given the lower technology adoption rates of Australian small businesses and their older profile, it's not surprising that they were the least likely to say their investment in technology increased their profitability. Even when Australian small businesses do invest in technology, they underperform their regional counterparts in selecting technology that improves profitability.
- As with selling online and using social media, older respondents, older businesses and businesses with no or few employees continue to be significantly less likely to be investing in technology that improves profitability. This possibly reflects a lack of knowledge of what technology options exists for their business and how best to apply it in their business.
- This data shows that technology can create a generation gap by its nature. Technology vendors should work harder at explaining their products or services to older markets. Governments have a role to play in providing more independent information on technology options available to older businesses and how they can be used.

Investment in technology in 2021 made the business more profitable – by market

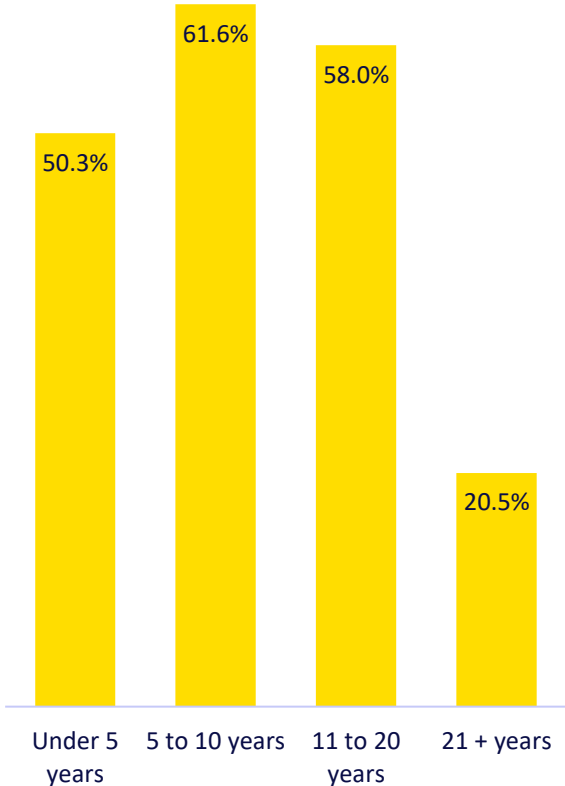


Younger respondents, younger businesses and small businesses with more employees were significantly more likely to report their investment in technology in 2021 improved their profitability

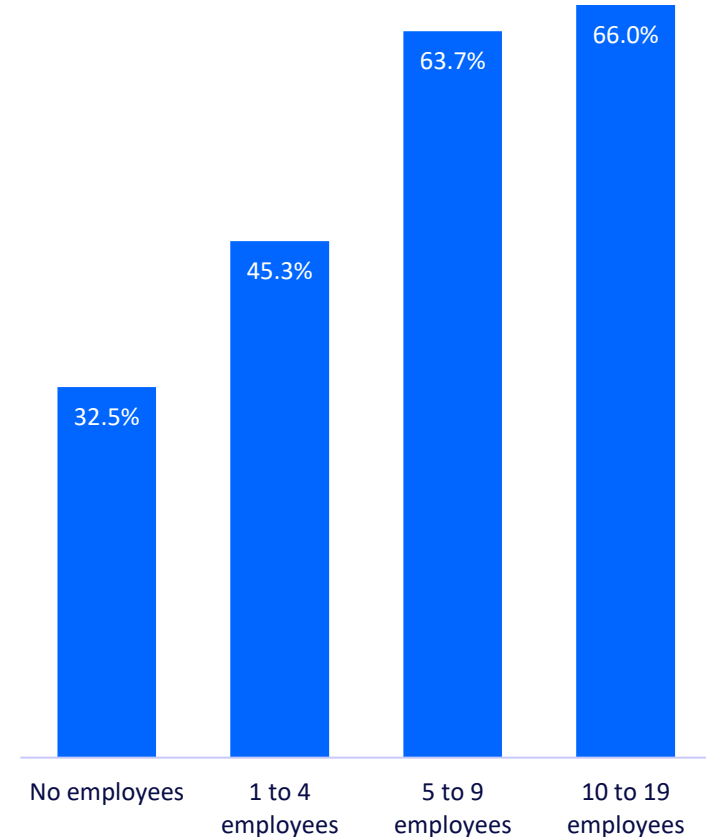
Investment in technology in 2021 made the business more profitable – by respondent's age



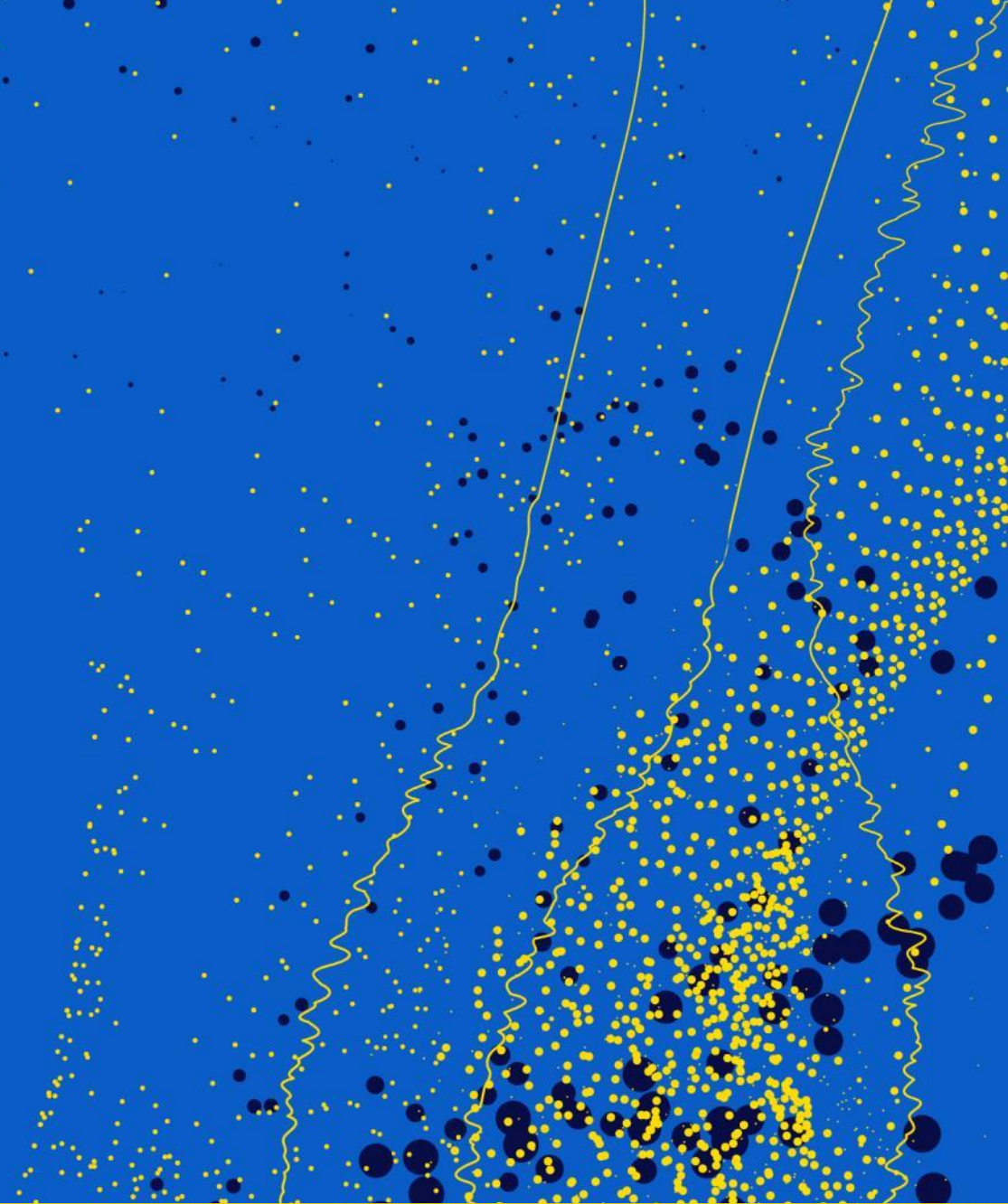
Investment in technology in 2021 made the business more profitable – by age of business



Investment in technology in 2021 made the business more profitable – by number of employees



Small business conditions in 2021

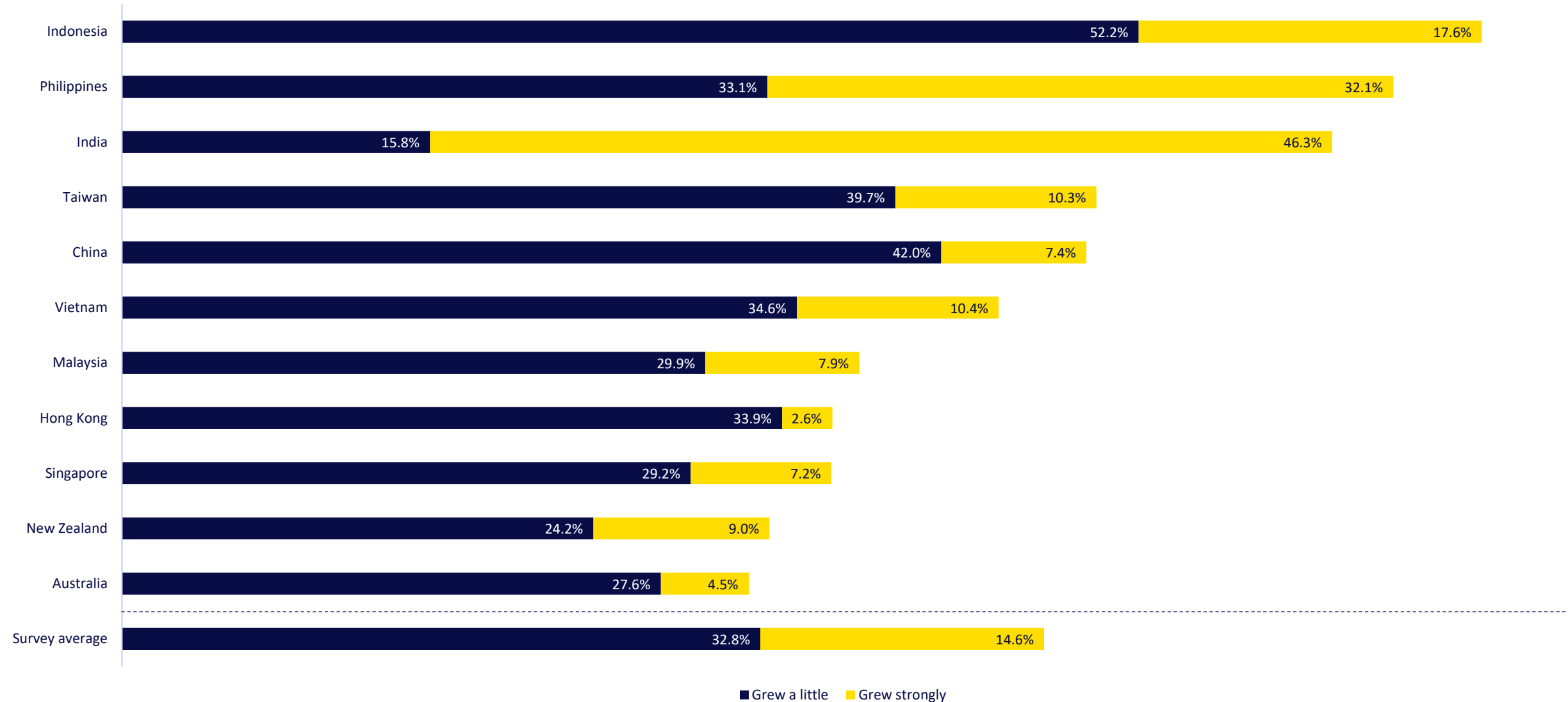


BUSINESS GROWTH IN 2021

Business growth in 2021

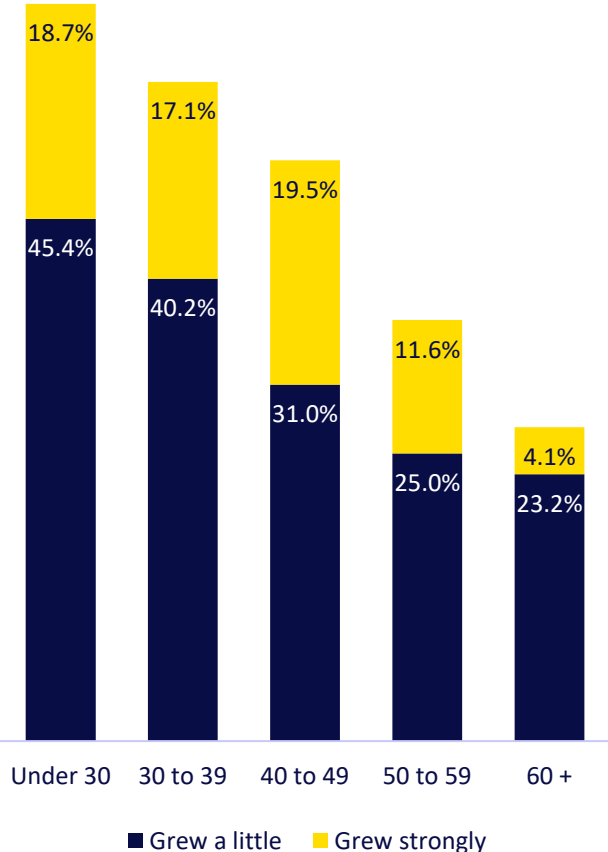
- Indonesia's small businesses were the most likely to grow in 2021, overtaking Philippines and India.
- Australian small businesses were back to the bottom of the list, with Hong Kong's small business having a better 2021. This is not surprising given that Hong Kong largely avoided the worst of COVID-19 in 2021, while Australia's largest states went through an extended lockdown.
- As in previous years, younger businesses, younger respondents and small businesses with more employees were much more likely to report growing last year. This isn't surprising as such businesses are more likely to be using technology, exporting and innovating - all important characteristics of high-growth businesses.

Businesses that grew in 2021 – by market

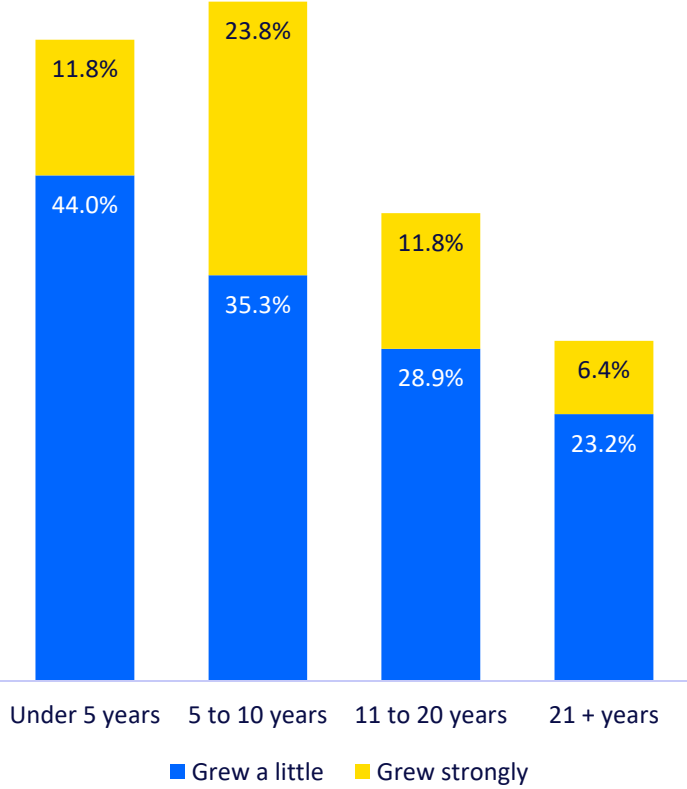


Younger respondents, younger businesses and small businesses with more employees were far more likely to grow in 2021

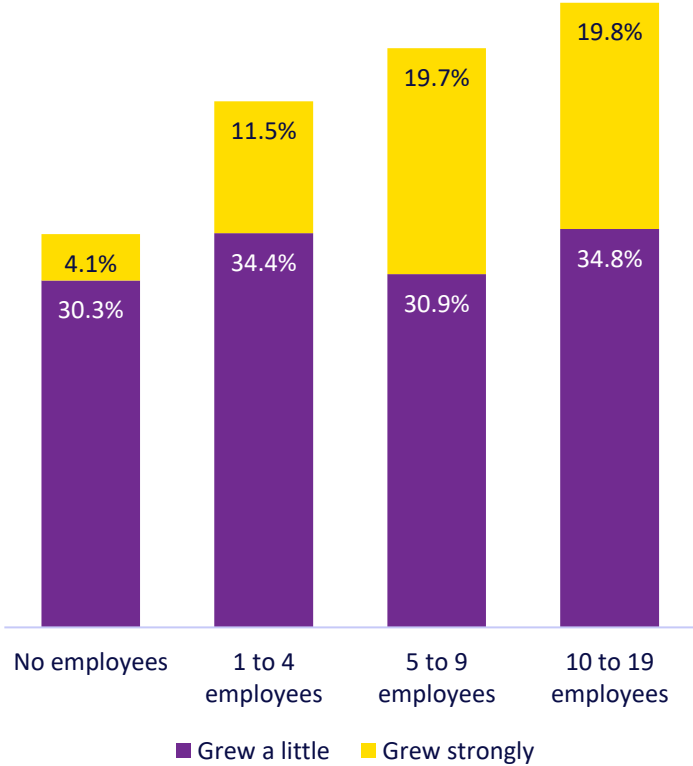
Businesses that grew in 2021 – by respondent’s age



Businesses that grew in 2021 – by age of business



Businesses that grew in 2021 – by number of employees

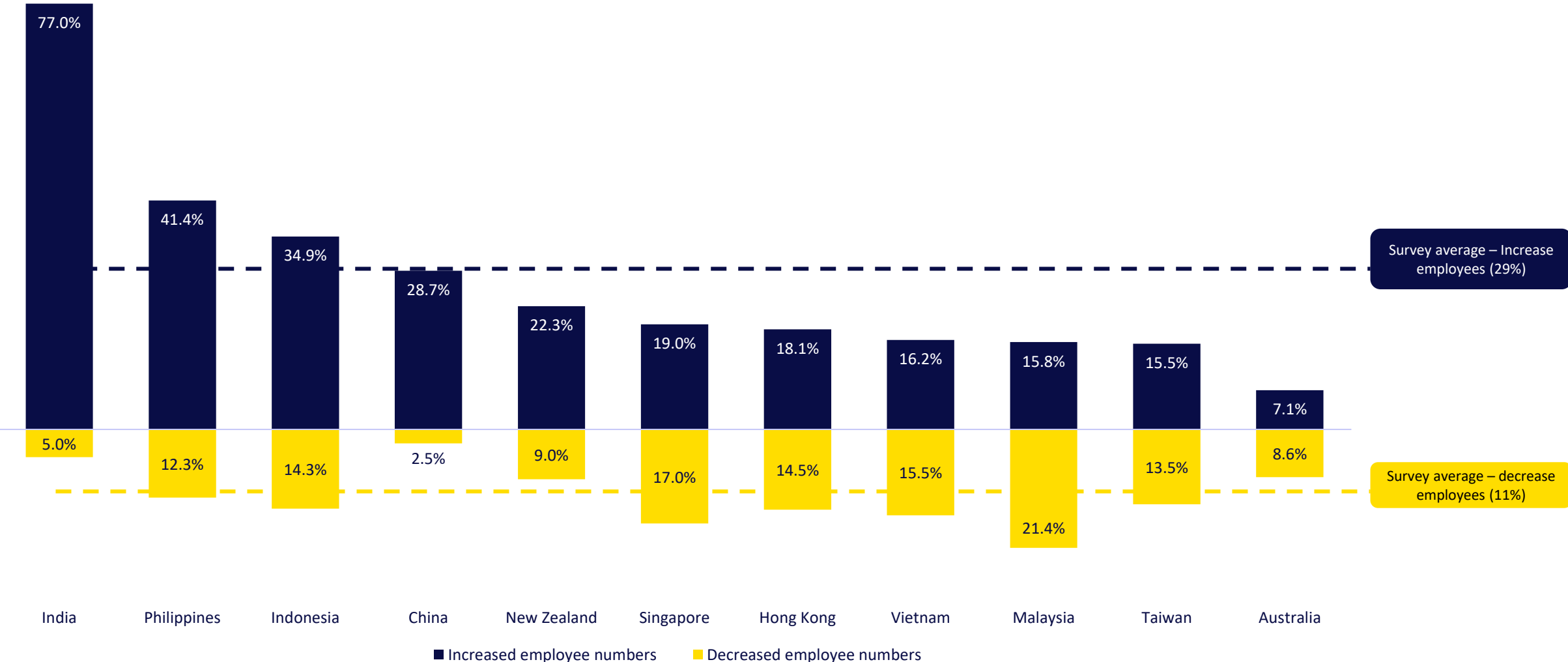


SMALL BUSINESS AND JOBS IN 2021

Small business impact on employment in 2021

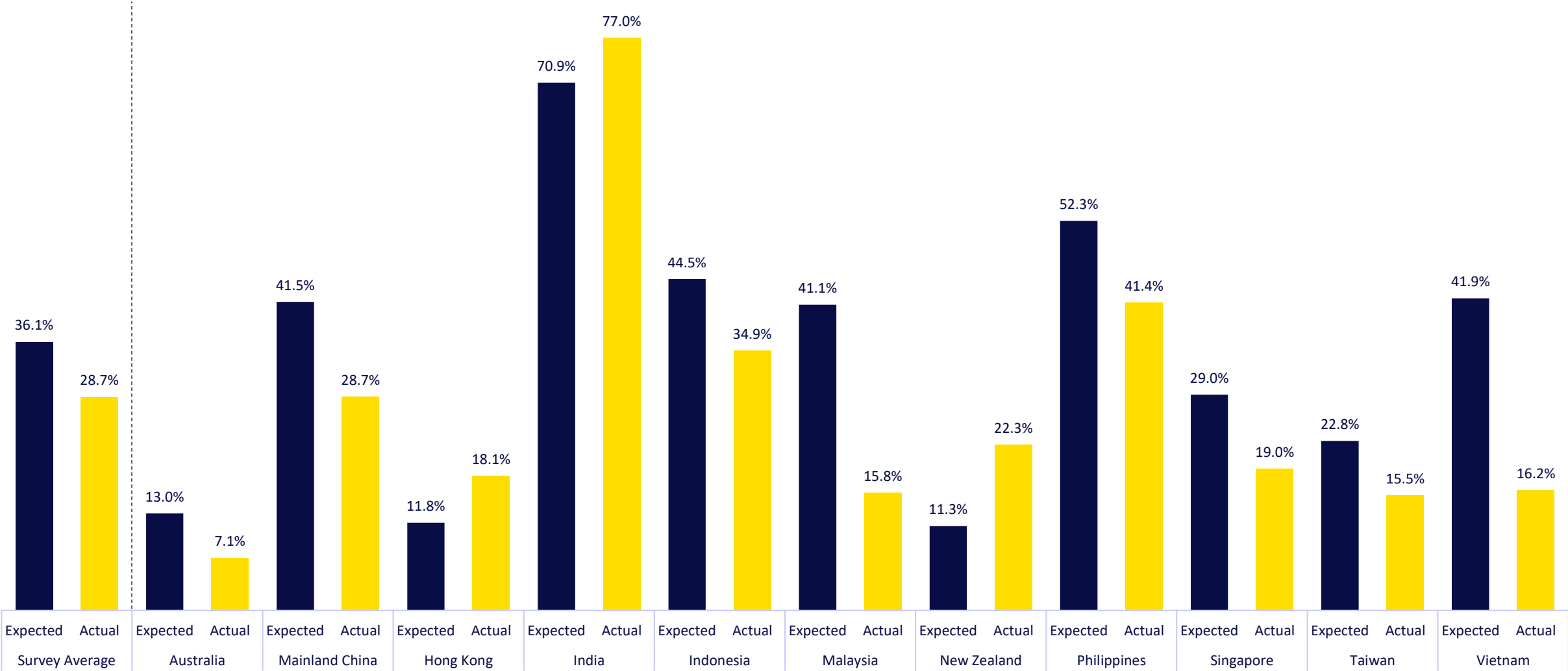
- Reflecting the large number of Indian small businesses that grew strongly in 2021, that market's small businesses were the most likely to increase their employee numbers in 2021, repeating the result from 2020.
- With Australian small businesses being the least likely to grow in 2021, it's not surprising that they were the least likely to add to their employee headcount. Australian small businesses have been the least likely to add additional employees since 2013.
- More Malaysian and Australian small businesses reduced their headcount in 2021 than increased it.
- Reflecting a higher likelihood of growing, younger businesses and younger respondents were significantly more likely to have increased employee numbers in 2021.
- Given that less small businesses grew in 2021 than was expected (mainly due to COVID-19), it's not surprising that for most markets, the actual number of businesses that increased employees didn't meet expectations, particularly for Malaysia and Vietnam

Small businesses that created new jobs in 2021 compared with reduced jobs – by market



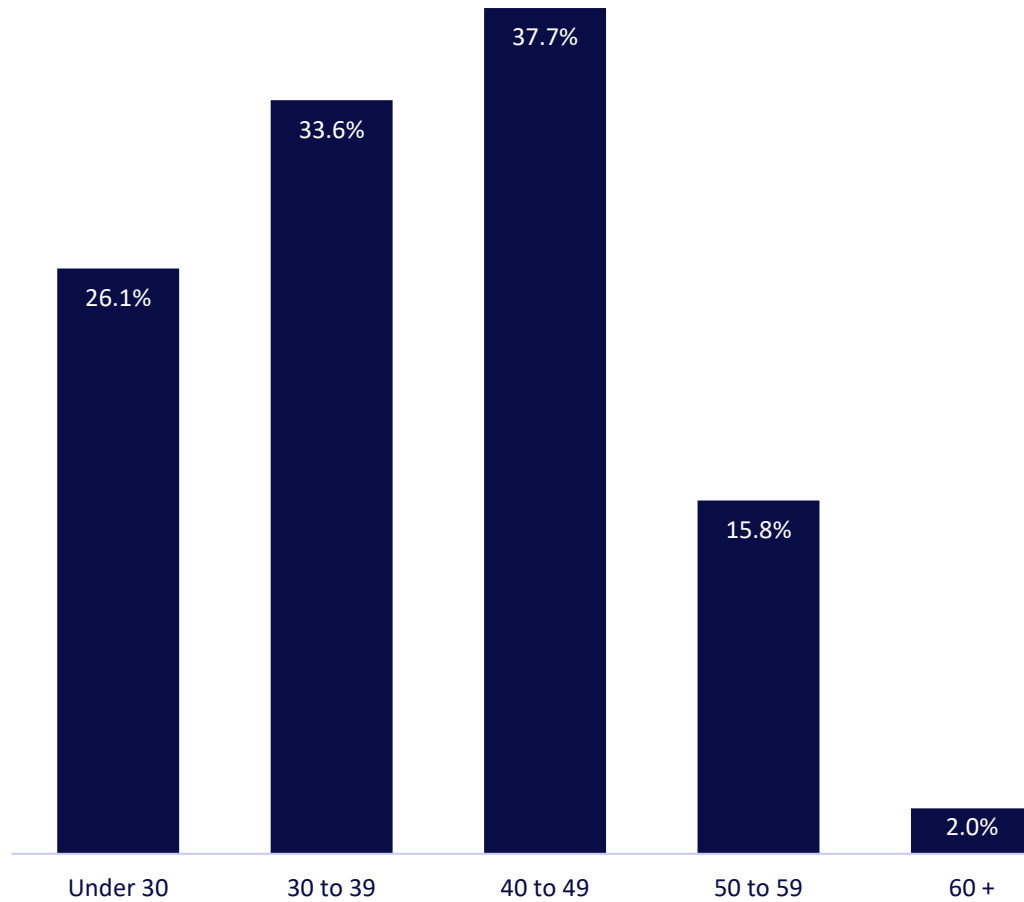
Reflecting a weaker than expected 2021, most markets did not meet their expectations for adding to their headcount

Actual increase in employee numbers in 2021 compared to expected increase

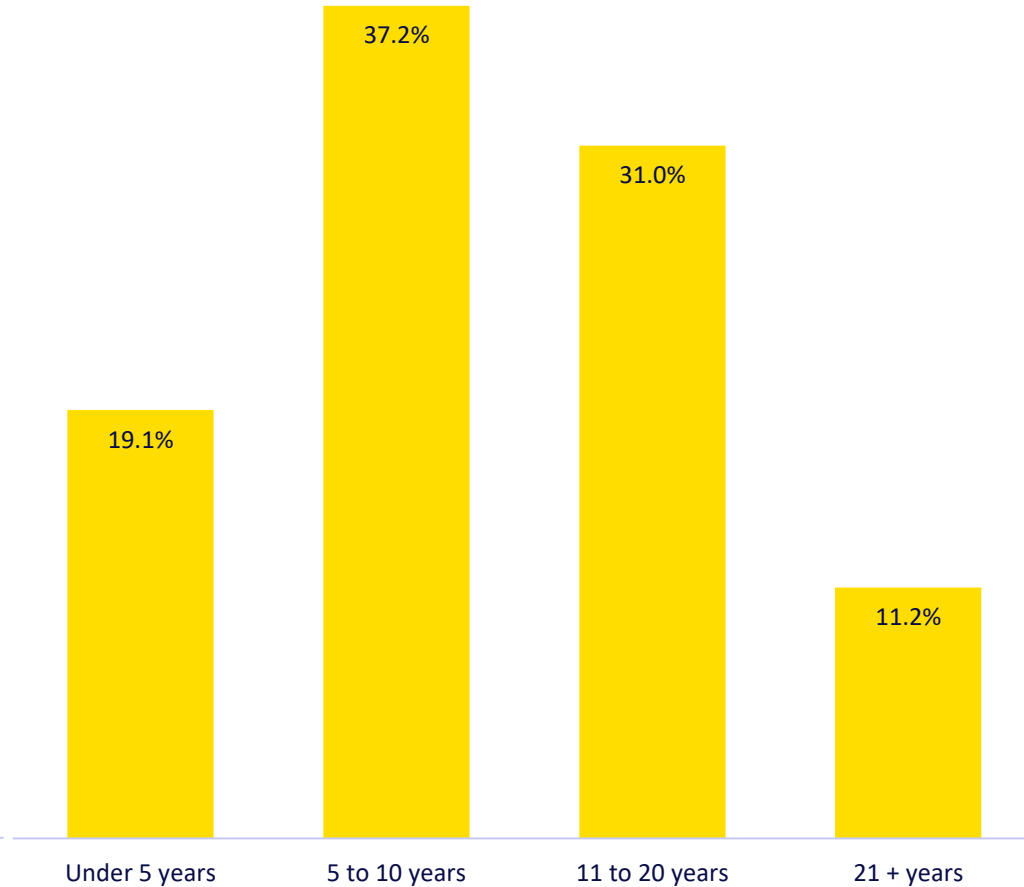


Small business with higher growth characteristics, including younger respondents, and established for five to ten years were more likely to increase employee numbers in 2021

Businesses that created new jobs in 2021 – by respondent's age



Businesses that created new jobs in 2021 – by age of business



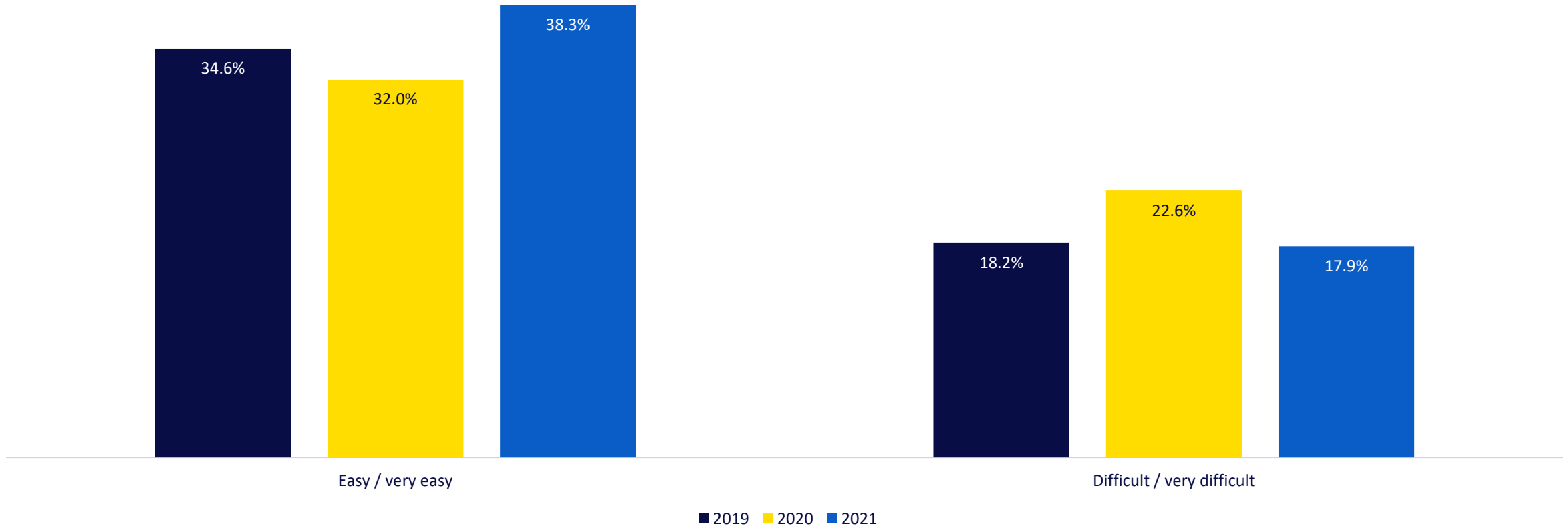
BUSINESS SOLVENCY

Small business' ability to pay debts as they fall due

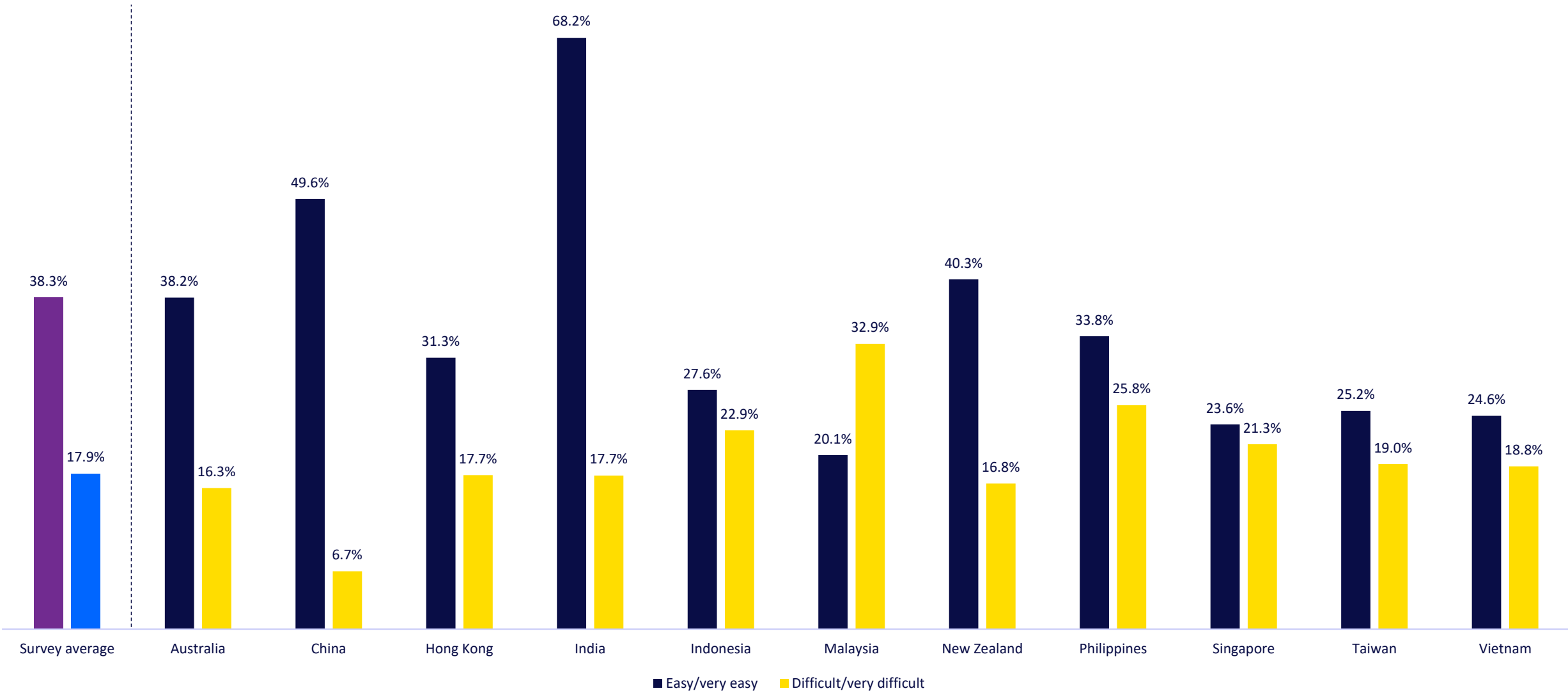
- There has been no material increase in the percentage of businesses that found paying debts difficult during the pandemic (2020 and 2021) compared with pre-pandemic (2019). This most likely reflects the significant financial assistance many governments offered small business during the pandemic. Loan moratoriums and easier credit terms from suppliers also eased the debt stress on many small businesses. It will be interesting to see how the withdrawal of such support in 2022 impacts business solvency.
- Small businesses in India were most likely to say that repaying debt was easy in 2021, while Malaysian small businesses were the most likely to say it was difficult. Malaysia was the only market where small businesses were more likely to find repaying debt more difficult in 2021 than easy, despite loan moratoriums

Many expected COVID-19 to lead to a significant decline in business solvency, however, major financial support of business by governments and loan moratoriums in many markets over the past two years has resulted in this not occurring

Business experience in paying debts – over time



Business experience in paying debts in 2021 – by market



POSITIVE AND NEGATIVE
INFLUENCES ON SMALL BUSINESS
IN 2021

Positive and negative impacts on Asia Pacific small businesses in 2021

- Many businesses, regardless of whether they grew or not, found customer loyalty important to their business in 2020 and 2021. In challenging periods, it's not surprising that businesses increase their focus on existing clients, rather than seeking new customers.
- High growth businesses maintained an emphasis on attracting new customers in 2021. They were much more likely to find improving customer satisfaction was a positive influence on their business last year than businesses that didn't grow. They were also more likely to find that improving business strategy and improving business management were positive influences on their business.
- Businesses that didn't grow were more likely to state they received positive benefits from defensive strategies such as cost control.
- Not surprisingly, most businesses reported that COVID-19 had a major negative impact on their business in 2021 (some also said it had a positive influence).
- Mainland China was the only market where COVID-19 has not the top challenge, instead citing increasing costs as their main barrier to growth. Given China's success in controlling COVID-19 in 2021, this result is not surprising.
- With higher inflationary expectations, it will be interesting to see how much increasing costs becomes a barrier to business growth in 2022.

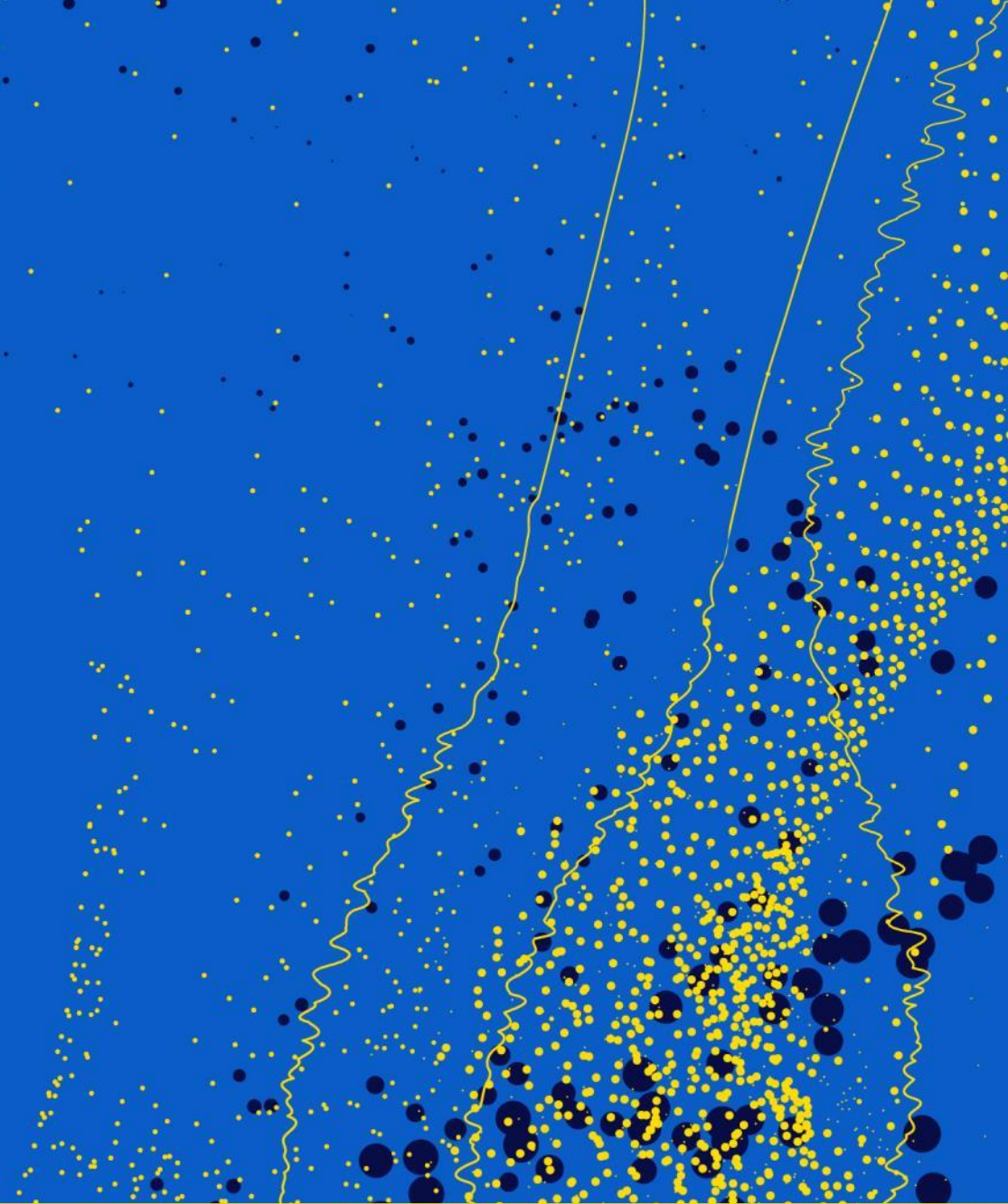
Most popular positive influences on business in 2021 – by market

	Most popular	Second most popular	Third most popular
High growth businesses	Improved customer satisfaction (30.0%)	Customer loyalty (27.5%)	Improved business strategy (26.2%) Improved business management (26.2%)
Businesses that were unchanged or shrank	Customer loyalty (28.5%)	COVID-19 (22.1%)	Cost control (21.9%)
Australia	Customer loyalty (37.8%)	COVID-19 (20.2%)	Good staff (21.2%)
China	Entering new markets (22.2%)	Improved customer satisfaction (22.2%)	Improved business management (20.5%)
Hong Kong	Cost control (36.1%)	Customer loyalty (32.9%)	Good staff (21.6%)
India	Improved customer satisfaction (38.7%)	COVID-19 (35.6%)	Cost control (34.7%)
Indonesia	Customer loyalty (37.2%)	Improved customer satisfaction (36.9%)	Improved business strategy (36.5%)
Malaysia	Customer loyalty (38.2%)	E-commerce (31.9%)	COVID-19 (28.3%)
New Zealand	Customer loyalty (38.7%)	Good staff (22.9%)	COVID-19 (17.1%) Improved business strategy (17.1%) Improved customer satisfaction (17.1%)
Philippines	Customer loyalty (37.4%)	Improved customer satisfaction (30.5%)	Good staff (30.1%)
Singapore	Government support/incentives (25.6%)	Customer loyalty (25.2%)	Cost control (23.3%)
Taiwan	COVID-19 (38.4%)	Customer loyalty (24.8%)	Cost control (21.9%)
Vietnam	Technology (46.0%)	Government support/incentives (34.0%)	E-commerce (32.7%)

Most popular negative influences on business in 2021 – by market

	Most popular negative influence	Second most popular negative influence	Third most popular negative influence
High growth businesses	COVID-19 (34.9%)	Increasing costs (27.1%)	Increasing competition (24.9%)
Businesses that were unchanged or shrank	COVID-19 (57.4%)	Poor overall economic environment (29.2%)	Increasing costs (28.8%)
Australia	COVID-19 (58.4%)	Increasing costs (24.9%)	Poor overall economic environment (22.5%)
China	Increasing costs (24.3%)	COVID-19 19.6(%)	Difficulty expanding into new markets (18.9%)
Hong Kong	COVID-19 (50.6%)	Increasing costs (31.0%)	Poor overall economic environment (30.3%)
India	COVID-19 (44.6%)	Increasing costs (39.4%)	Increasing competition (36.4%)
Indonesia	COVID-19 (72.4%)	Increasing competition (32.2%)	Increasing costs (24.9%)
Malaysia	COVID-19 (65.1%)	Poor overall economic environment (34.2%)	Increasing costs (33.2%)
New Zealand	COVID-19 (53.5%)	Increasing costs (28.7%)	Government regulation (21.3%)
Philippines	COVID-19 (56.0%)	Increasing costs (30.5%)	Increasing competition (28.5%)
Singapore	COVID-19 (58.4%)	Increasing costs (28.5%)	Poor overall economic environment (23,0%)
Taiwan	COVID-19 (51.6%)	Poor overall economic environment (31.3%)	Increasing costs (27.1%)
Vietnam	COVID-19 (78.0%)	Increasing costs (32.0%)	Poor overall economic environment (29.4%)

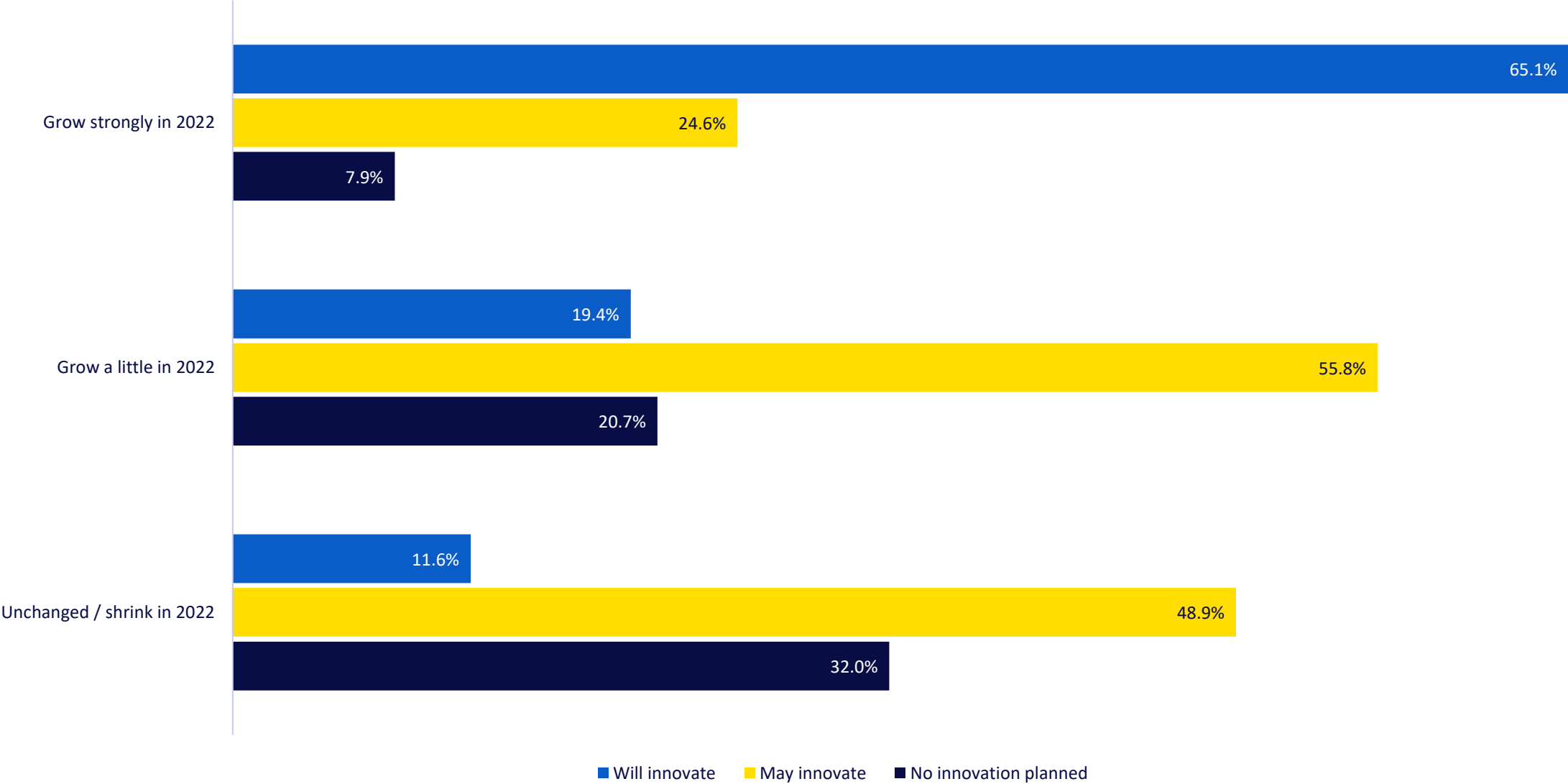
Small business and innovation



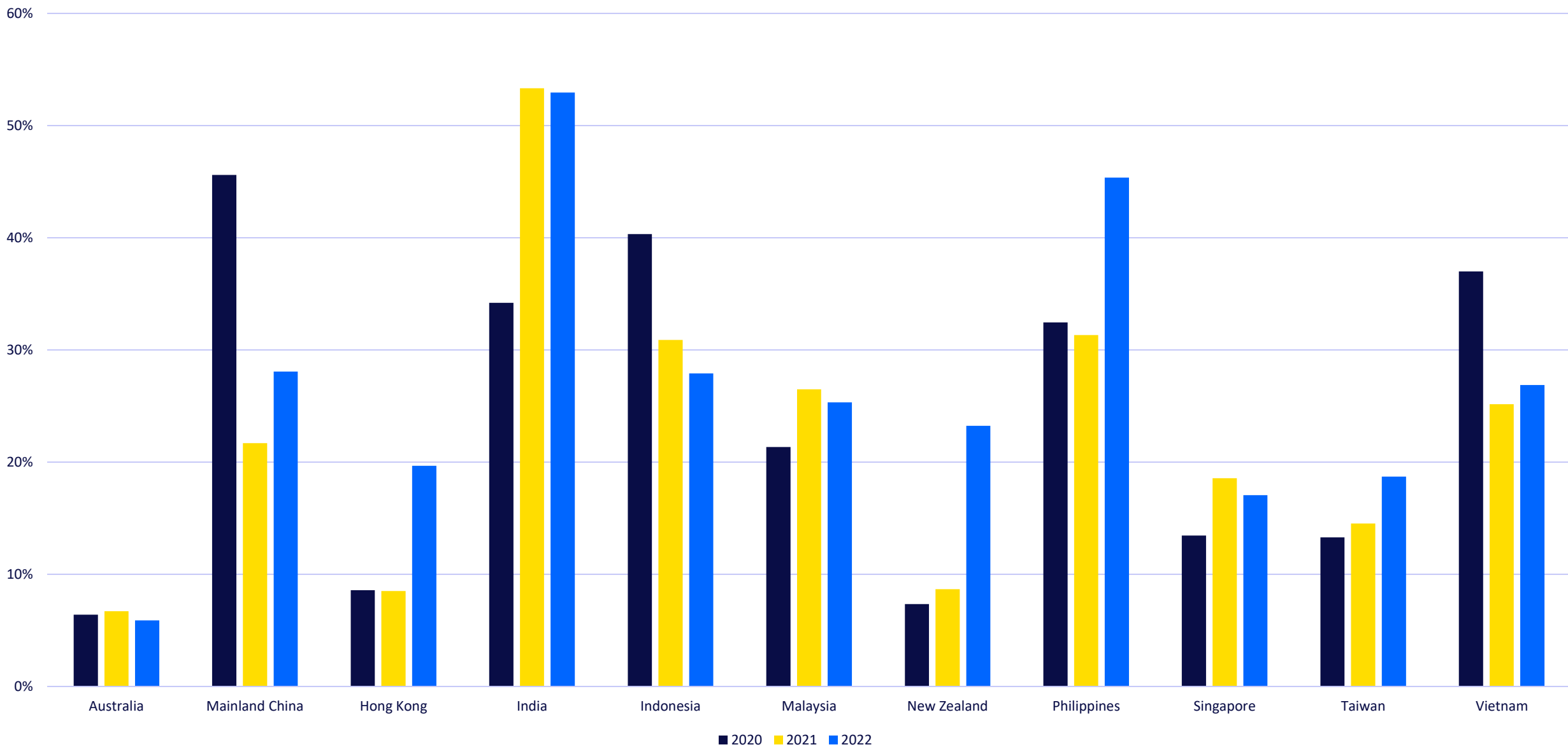
The impact of innovation on small business

- Small businesses that will introduce a product, service or process that is totally new to their market or the world in 2022 are significantly more likely to expect to grow this year.
- Consistent with their high growth expectations, India's small businesses expect to be the most innovative, while Australian small businesses are again the least likely to innovate.
- New Zealand and Hong Kong small businesses are more likely to expect to innovate in 2022 than they were last year or in 2020. This could be due to expected improvements in the business environment and government policies to encourage innovation.
- Consistent with the adoption of technologies, younger businesses, younger respondents and small businesses with more employees are more likely to say they will innovate this year.

Small businesses that state they will innovate in 2022 - by business growth expectations for that year

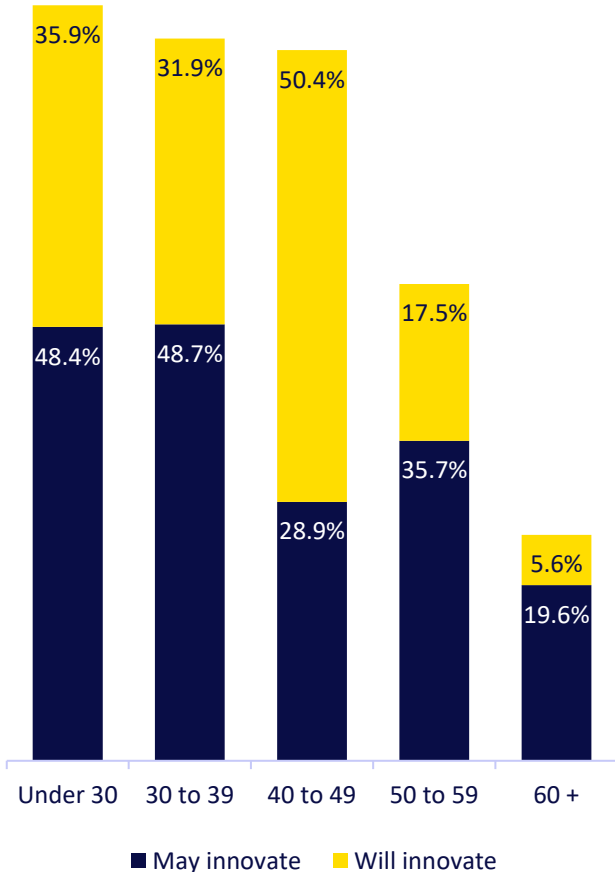


Small businesses that state they will innovate in the next 12 months - by market and year

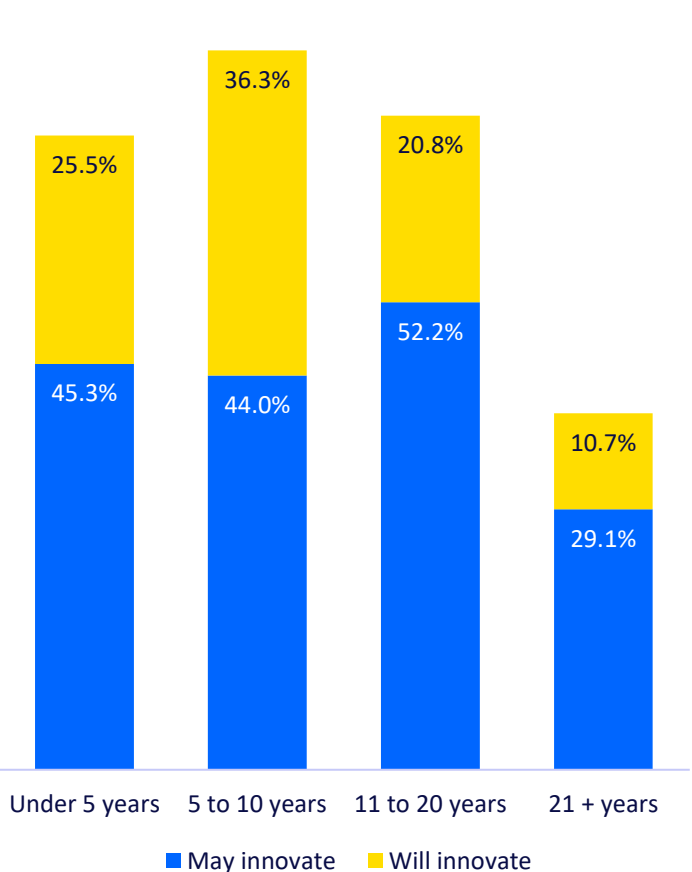


Younger respondents, younger businesses and small businesses with more employees are significantly more likely to innovate in 2022

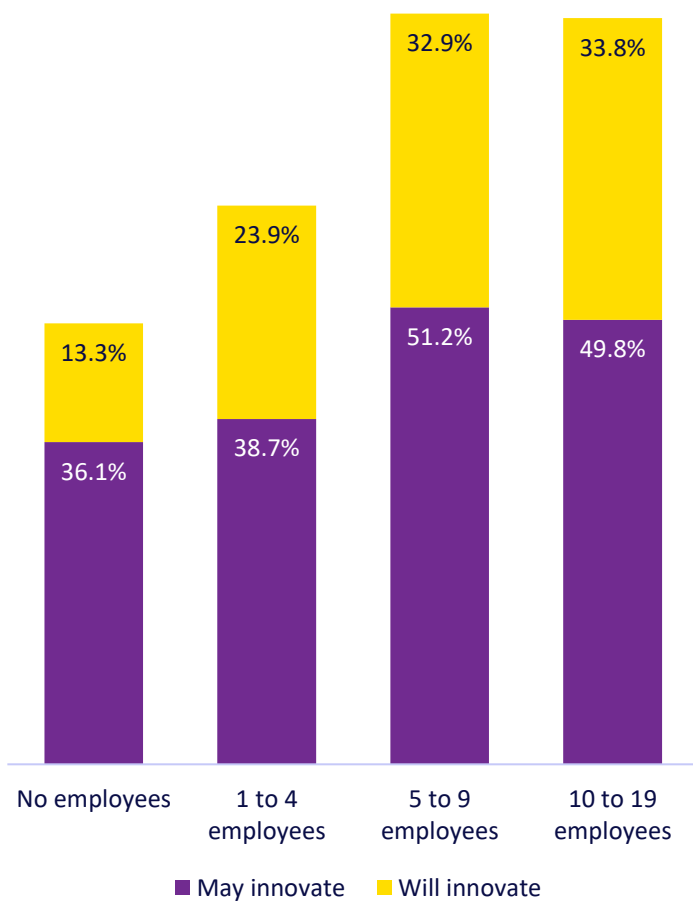
Businesses that will or may innovate in 2022 – by respondent's age



Businesses that will or may innovate in 2022 – by age of business



Businesses that will or may innovate in 2022 – by number of employees



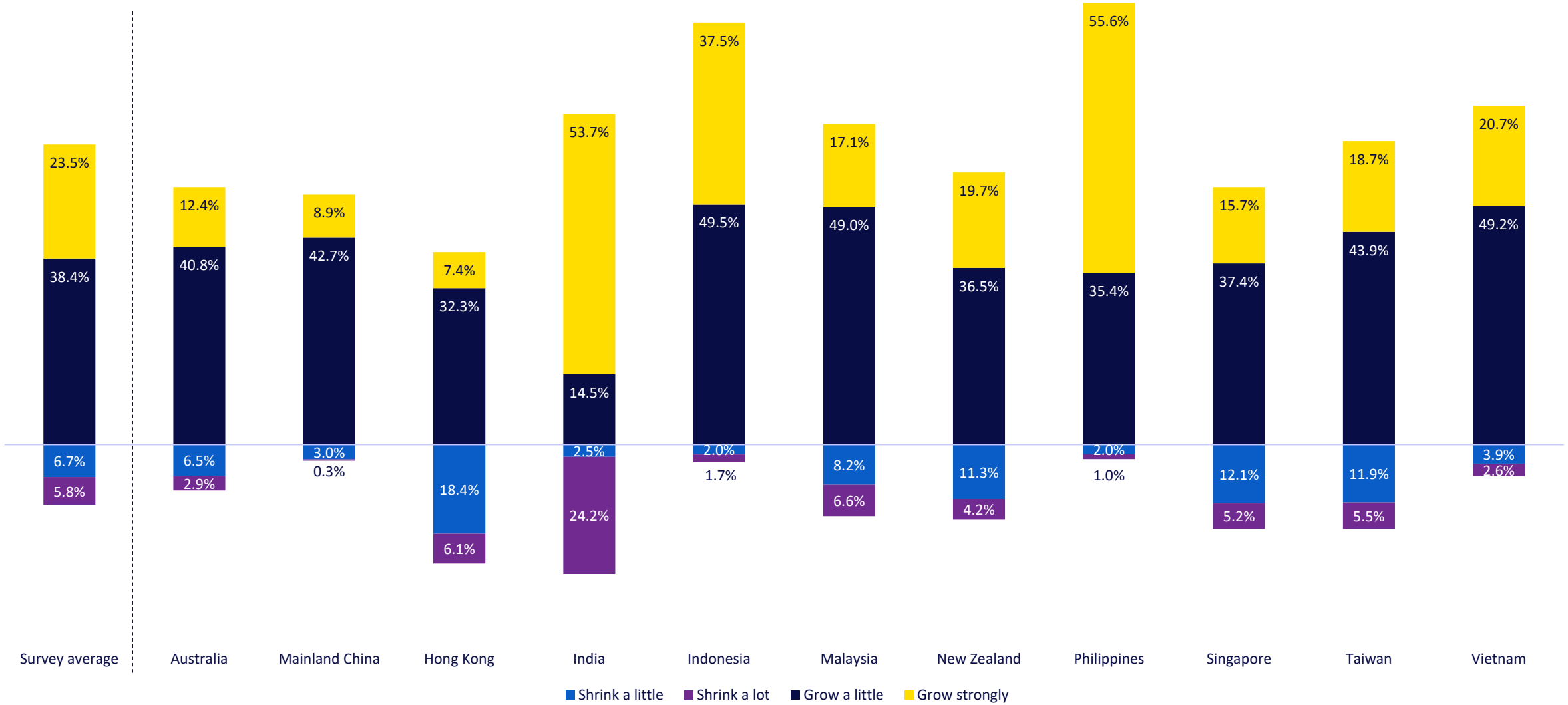
Small business expectations in 2022

GROWTH EXPECTATIONS

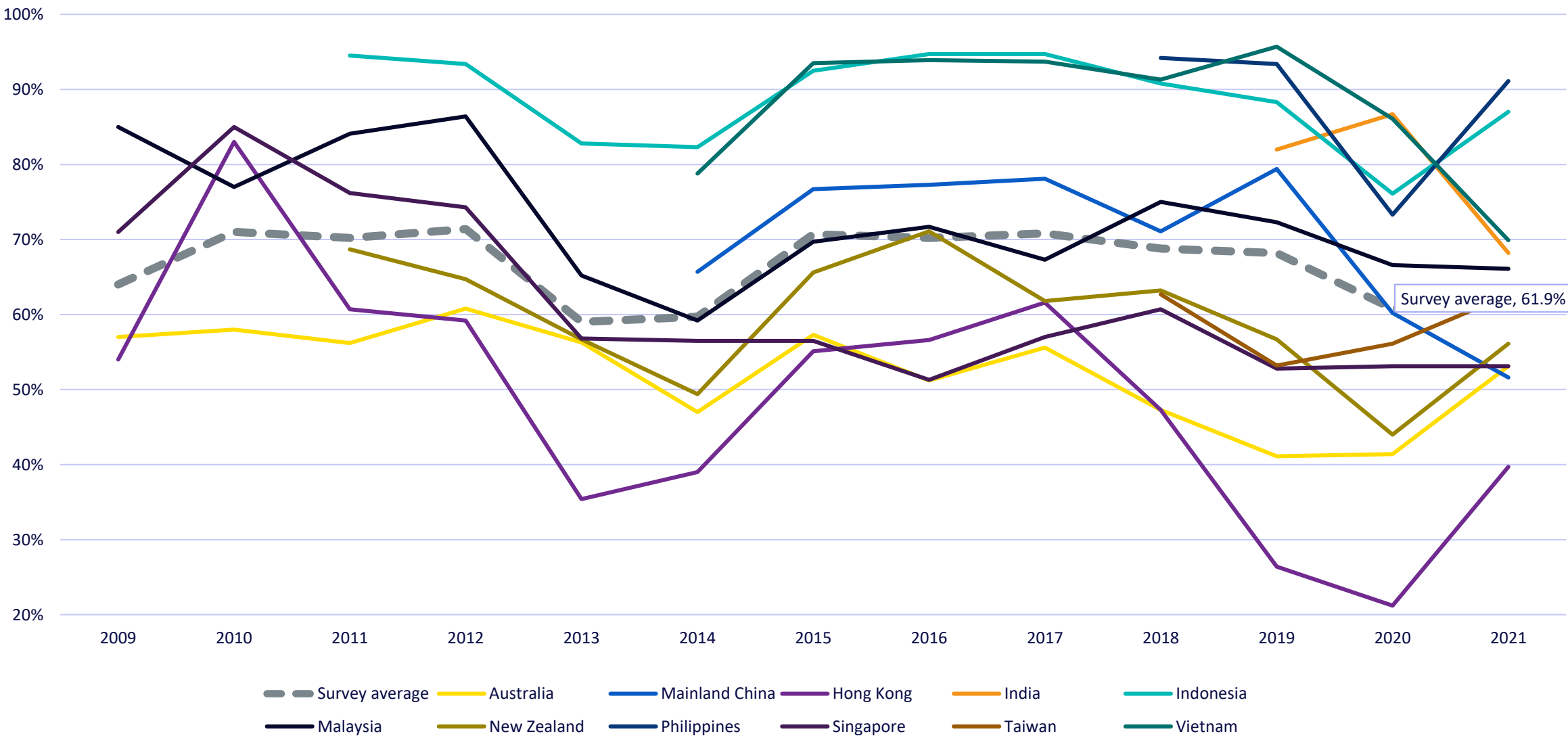
Small business growth expectations for 2022

- Small business growth expectations for 2022 are mixed. The survey results for some markets show a large increase in the number of small business that expect to grow this year, including Philippines, Hong Kong, New Zealand and Australia. While other markets expect a decrease, led by India and the Philippines (although both markets still have very large numbers of businesses that expect to grow).
- Filipino and Indonesian small businesses are the most likely to expect to grow in 2022, while Hong Kong's small businesses remain the least likely to expect to grow, despite the improved result for that market.
- Consistent with reported growth for 2021, younger businesses, younger respondents and larger small businesses are more likely to expect to grow in 2022.
- It should be noted that the survey was conducted before the war in Ukraine and COVID-19 outbreaks in several markets, and this may impact these results. Experiences with COVID-19 in other markets show that economic activity rebounds quickly following the lifting of restrictions, however the uncertainty created by the virus does have some lasting impacts on business confidence. It's harder to predict what impact the war in Ukraine will have on business growth, although it's likely to hit fuel dependent businesses harder due to a higher price for oil.

Small business growth expectations in 2022 – a comparison by market

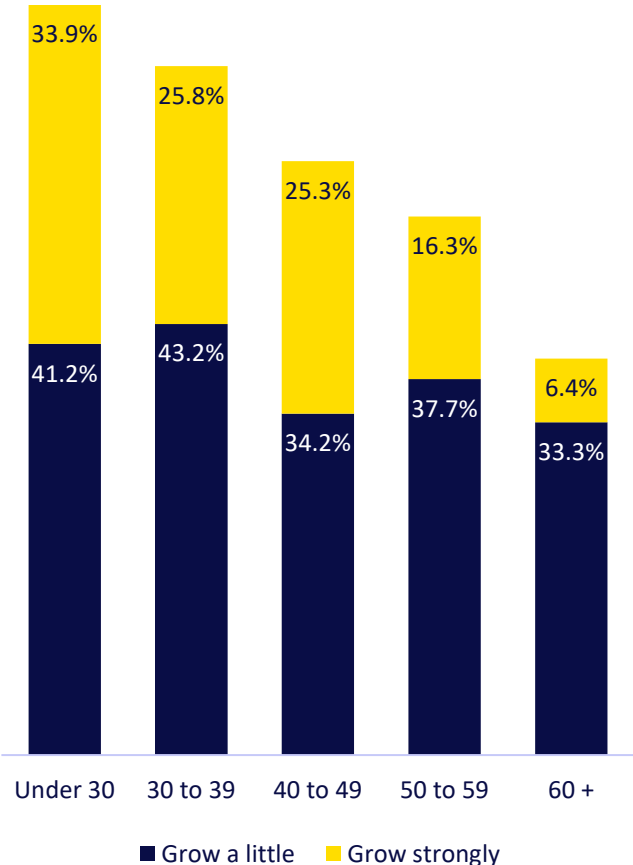


Small businesses that expect to grow in the next 12 months – a comparison by market and over time

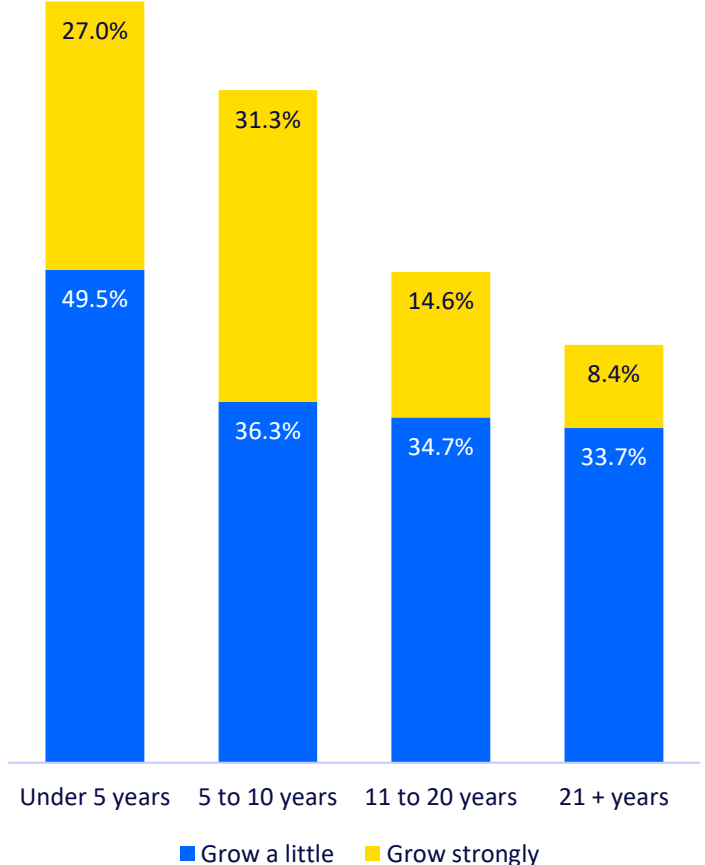


Younger respondents, younger businesses and small businesses with employees are far more likely to expect to grow in 2022

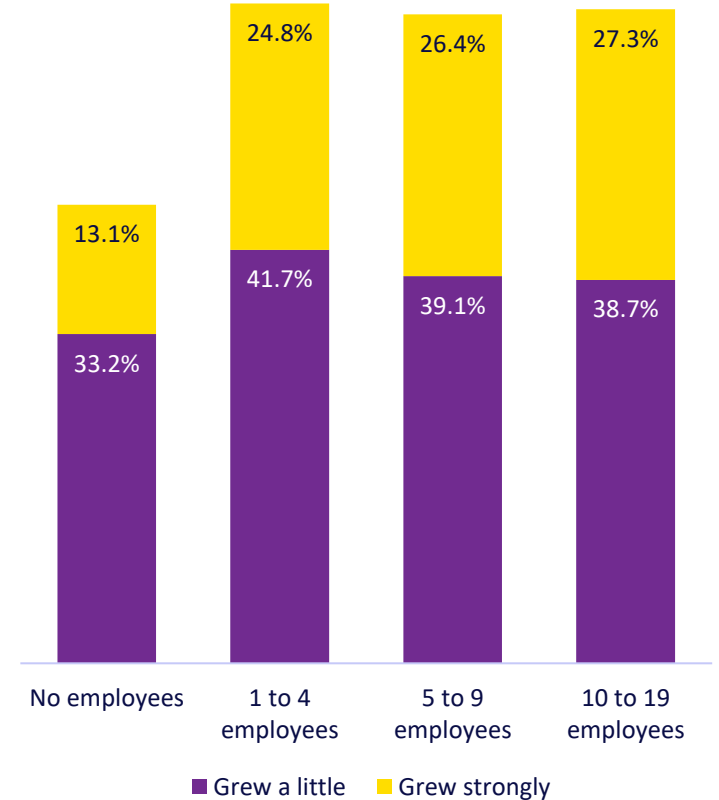
Businesses that expect to grow in 2022 – by respondent’s age



Businesses that expect to grow in 2022 – by age of business



Businesses that expect to grow in 2022 – by number of employees

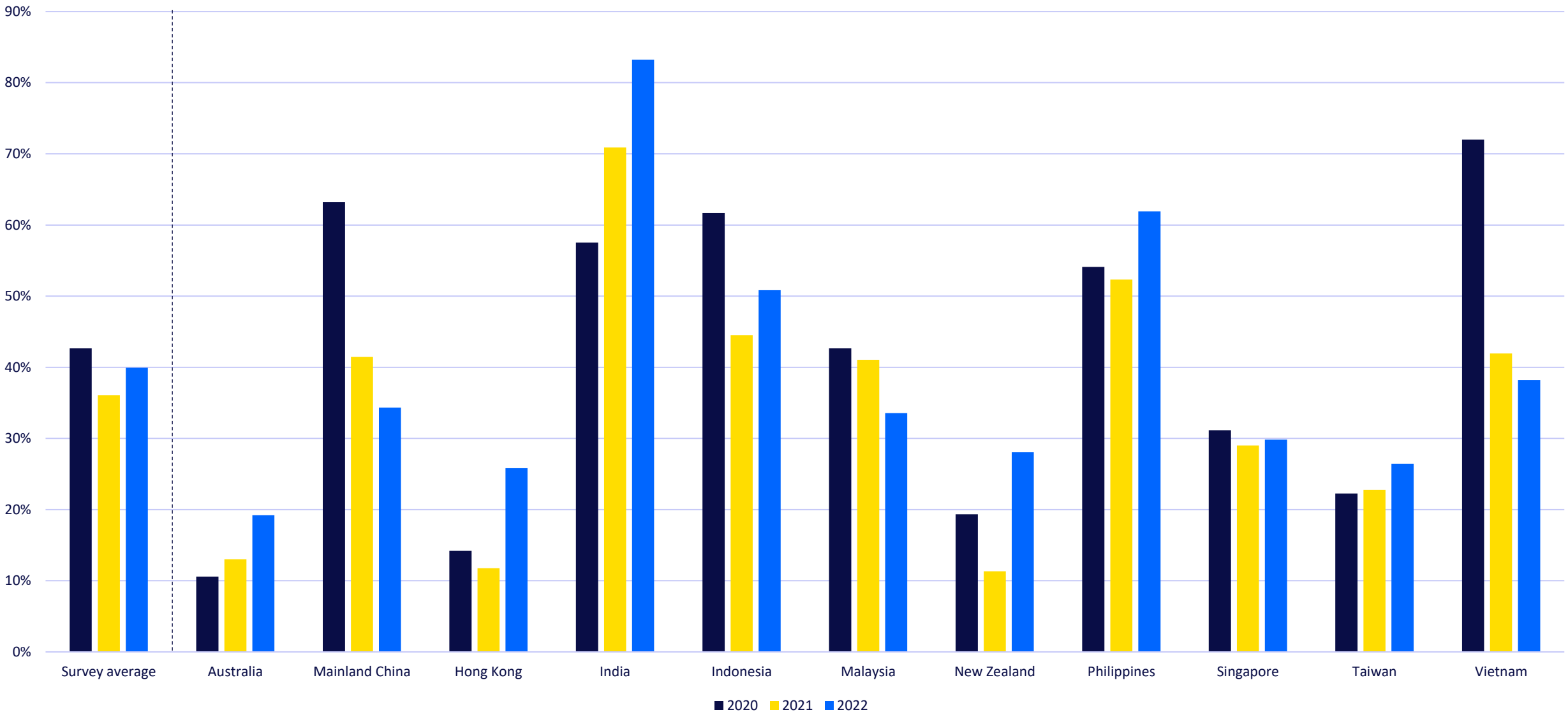


EXPECTATIONS FOR ADDING EMPLOYEES IN 2022

Small business job creation expectations for 2022

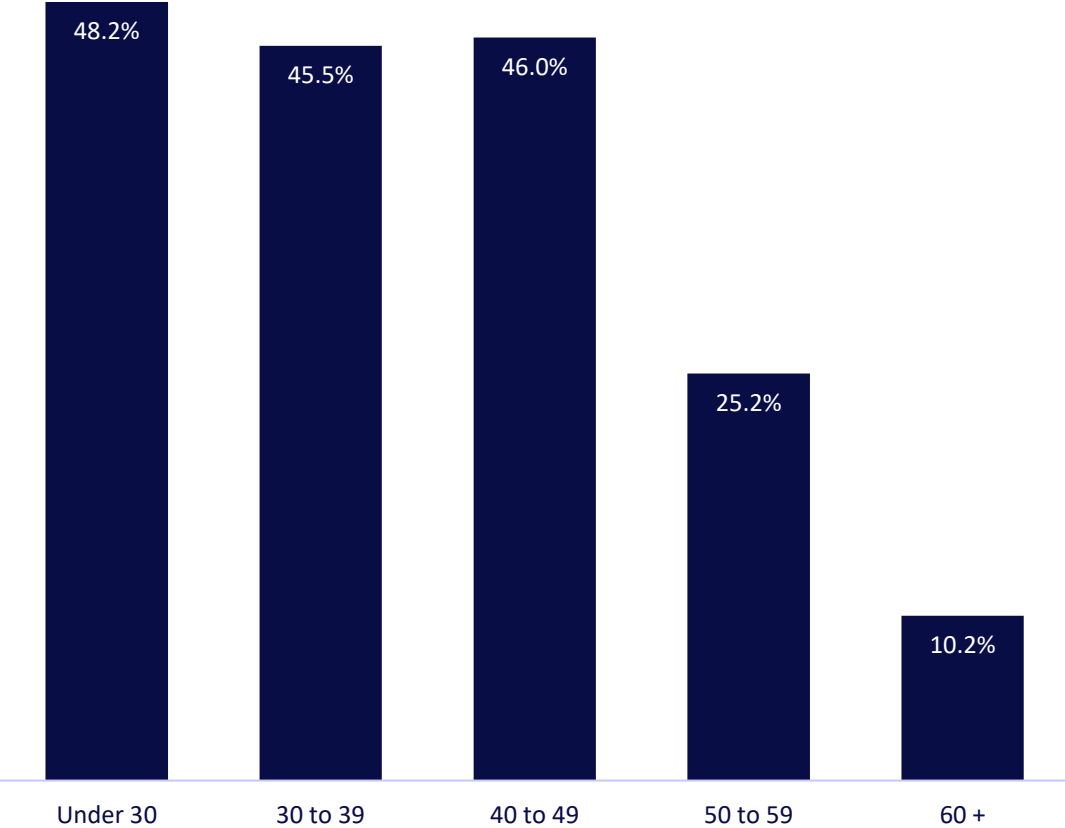
- India's small businesses are the most likely to expect to increase employee numbers in 2022. The number of Indian small businesses that expect to increase their headcount is up from 2021 despite a fall in the number that expect to grow this year.
- Australian small businesses are the least likely to expect to increase employee numbers. Australian small businesses are not big creators of new jobs in comparison to other markets in the region.
- Consistent with expected growth for 2022, younger respondents and younger businesses are far more likely to expect to increase their employee headcount this year.

Expect to increase employee numbers over the next 12 months from the previous 12 months – by market and over time

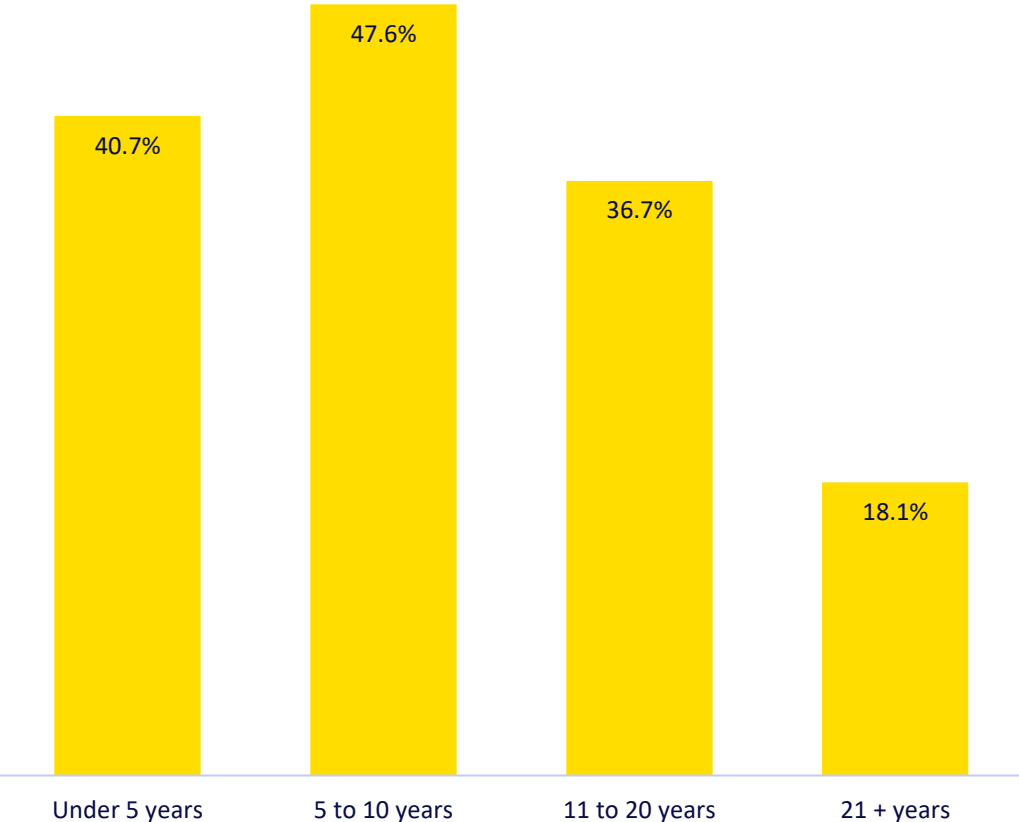


Younger respondents and younger businesses are far more likely to expect to add to their employee headcount in 2022

Businesses that expect to increase their employee headcount in 2022 – by respondent's age



Businesses that expect to increase their employee headcount in 2022 – by age of business

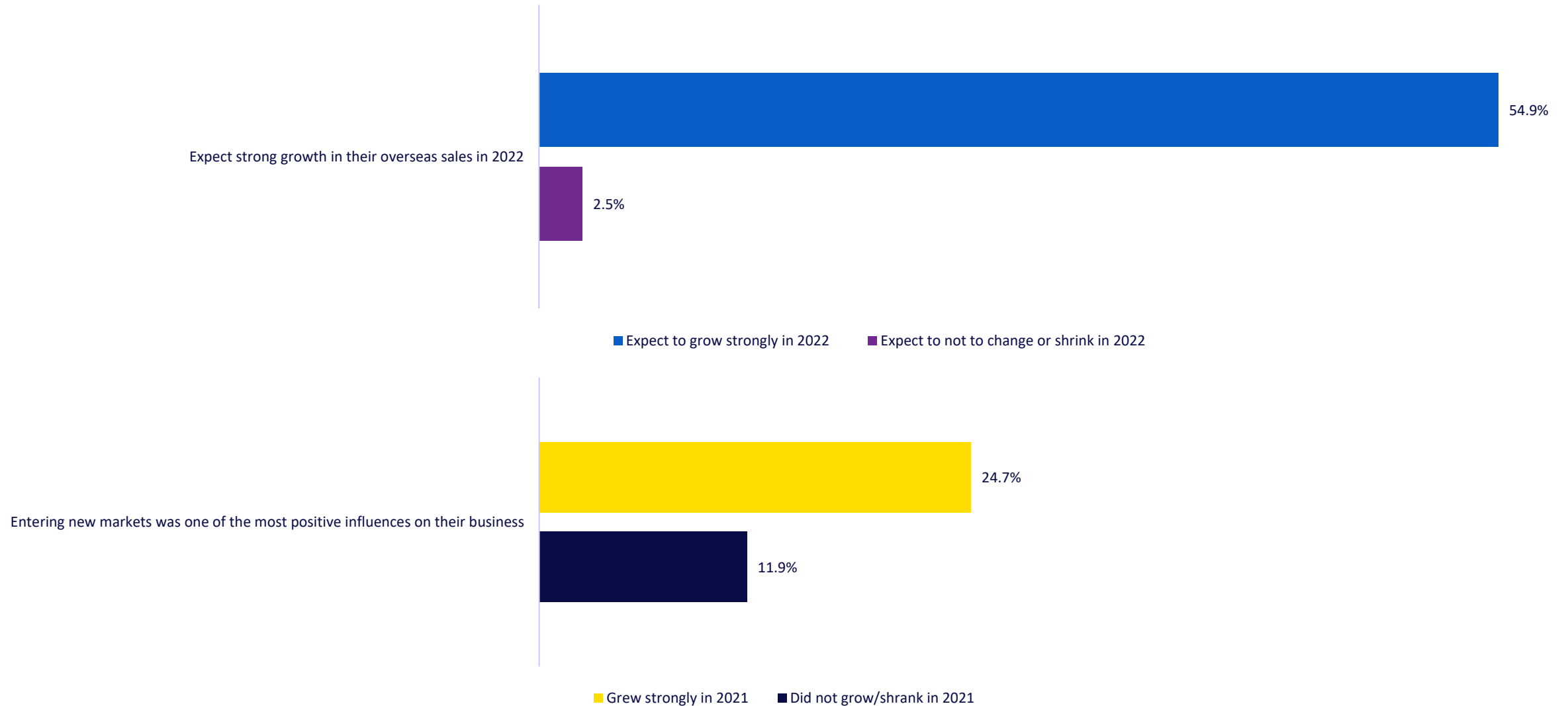


EXPECTED GROWTH IN REVENUE FROM OVERSEAS MARKETS

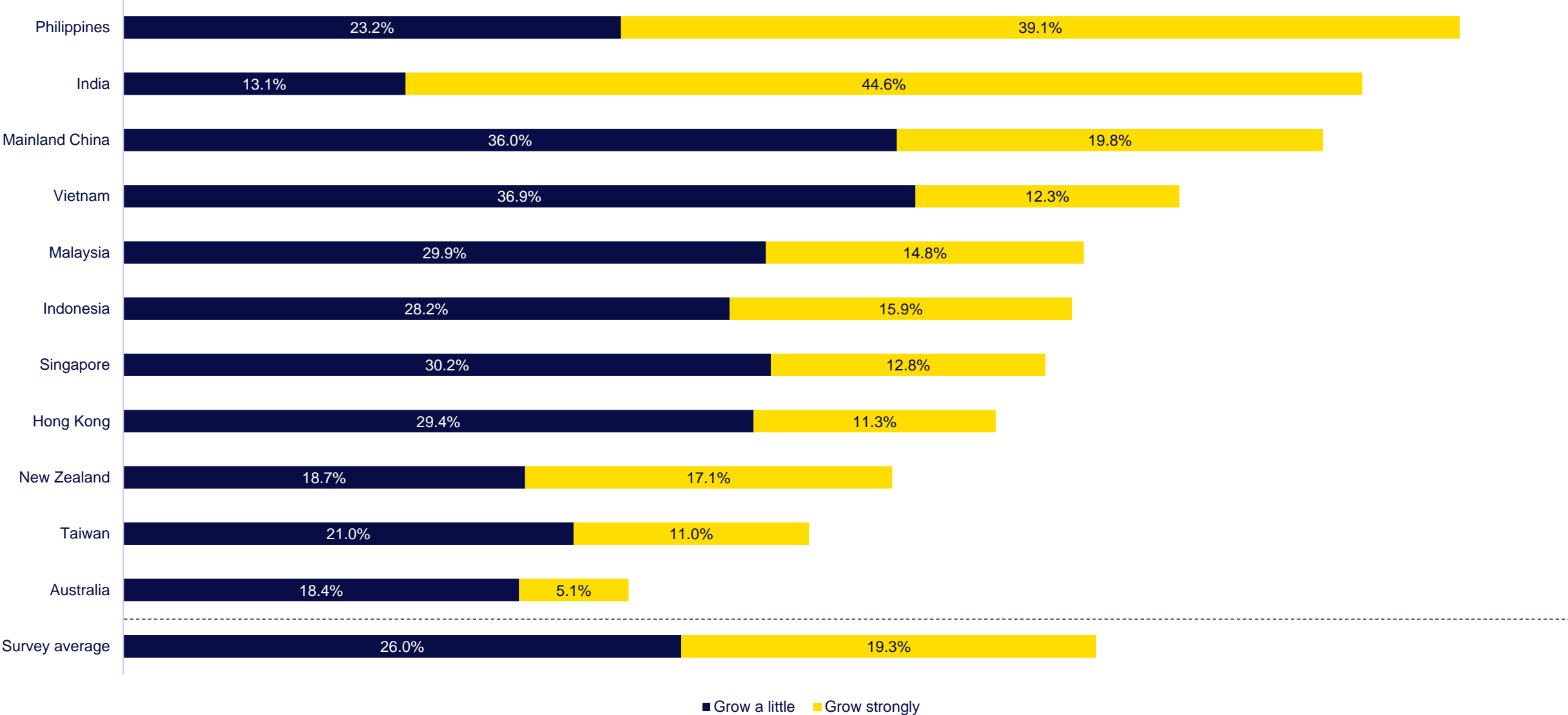
Small business and exporting

- Businesses that expect to grow strongly in 2022 are significantly more likely to expect their export sales to also grow strongly.
- Businesses that grew strongly in 2021 were more likely to state that entering new markets last year was one of the most positive influences on their business.
- Consistent with Filipino businesses being the most likely to expect to grow this year, they are also the most likely to expect their revenue from exporting to grow.
- Australian small businesses are the least likely to expect their export sales to increase this year. Further, Australian small businesses are the most likely to not expect to earn any revenue from exporting in 2022.
- Consistent with expected growth for 2022, younger respondents, younger businesses and small businesses with more employees are much more likely to expect to increase their export revenue this year.
- Exporting not only opens up new markets to assist small business to grow, it introduces them to new ideas and competition that can assist them to grow in their home market.

High growth businesses are significantly more likely to consider exporting in 2022

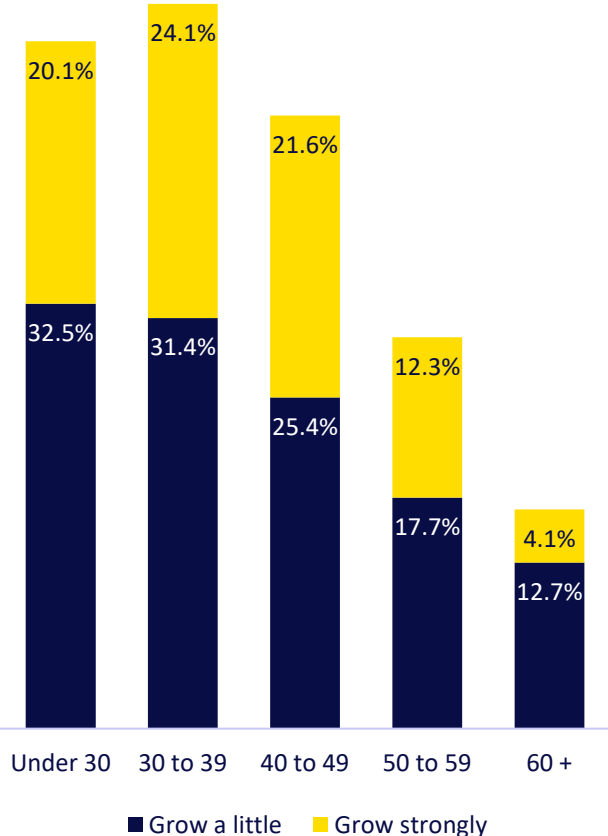


Small businesses expecting revenue from overseas sales will grow in 2022 - by market

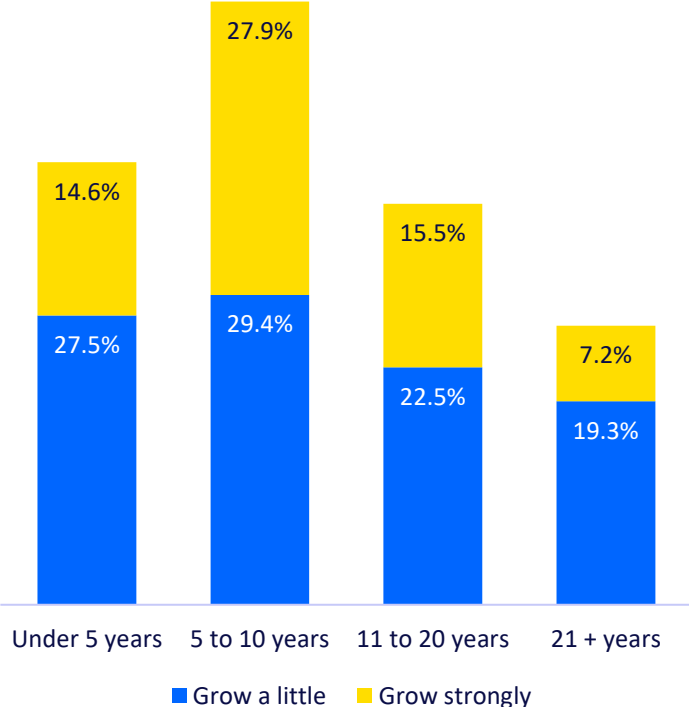


Businesses with high growth characteristics, including younger respondents, established for five to ten years and with more employees are far more likely to expect revenue from overseas sales to increase in 2022

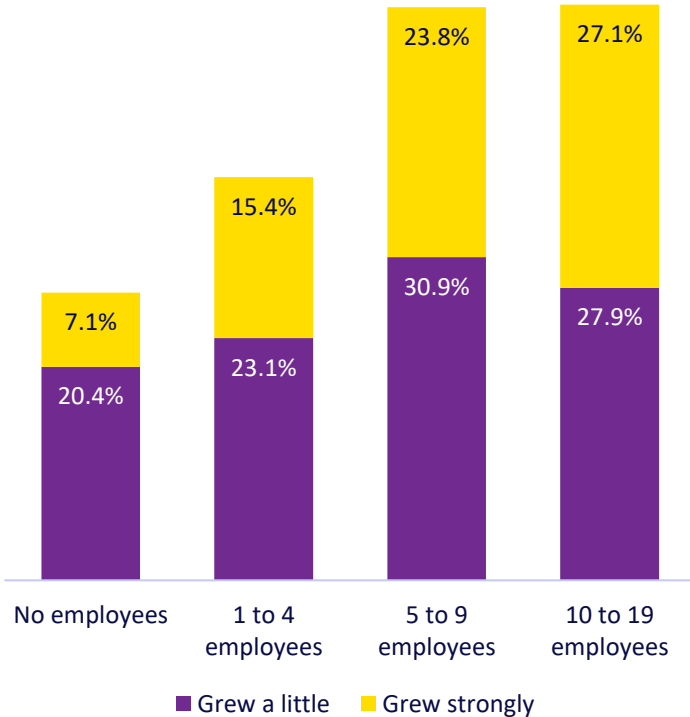
Businesses that expect revenue from overseas sales to grow in 2022 – by respondent's age



Businesses that expect revenue from overseas sales to grow in 2022 – by age of business



Businesses that expect revenue from overseas sales to grow in 2022 – by number of employees

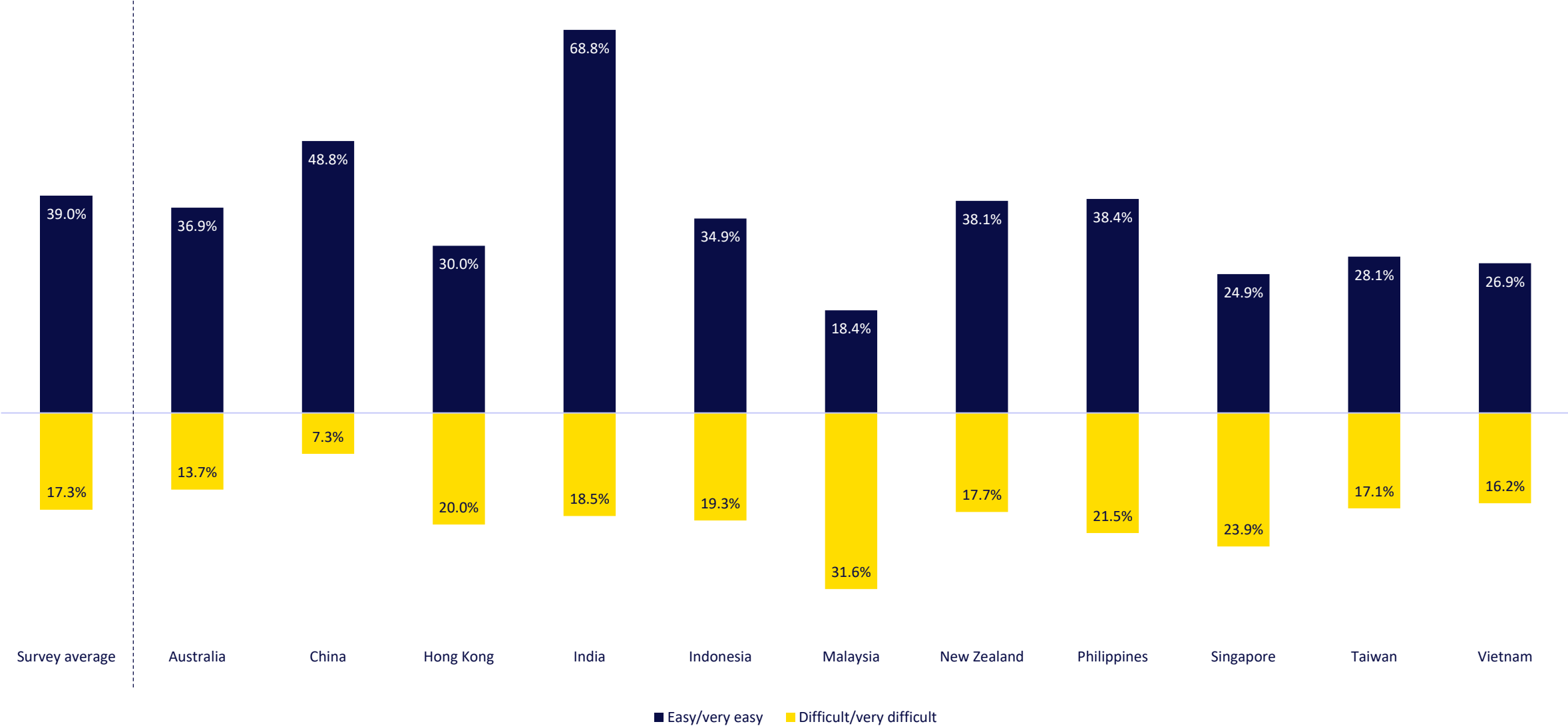


**BUSINESS SOLVENCY
EXPECTATIONS IN 2022**

Small business paying their debts in 2022

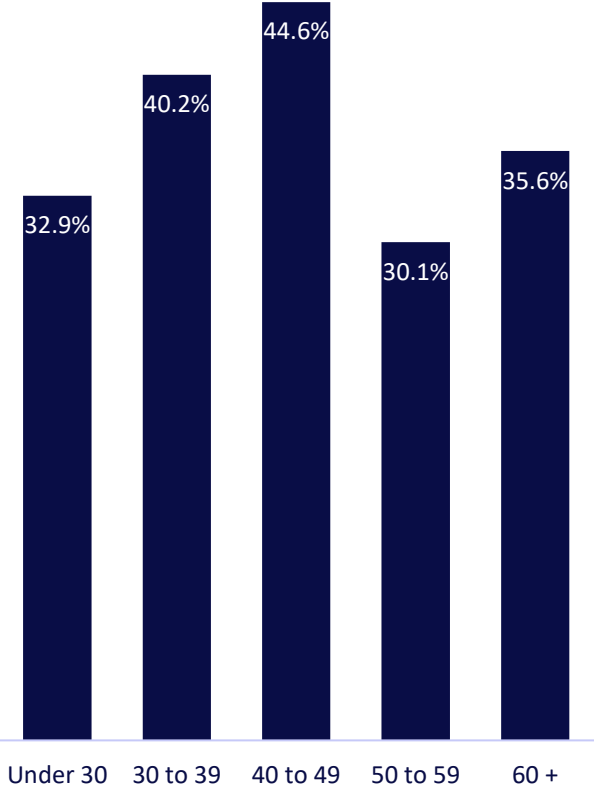
- Businesses are more likely to state that paying their debts in 2022 will be easy than difficult. This is especially so for India's small businesses.
- Malaysia is the only market where businesses are more likely to expect to face difficulty paying their debts than it being easy. This is similar to the experience of Malaysia's small businesses last year.
- The age of the respondent doesn't make much difference to whether they expect it will be easy or difficult to pay their debts this year. However, newly created businesses are less likely to believe that paying their debts will be easy. Businesses with under five employees are also less likely to believe that paying their debts will be easy than larger small businesses.

Business expectation for the ease of paying their debts in 2022 – by market

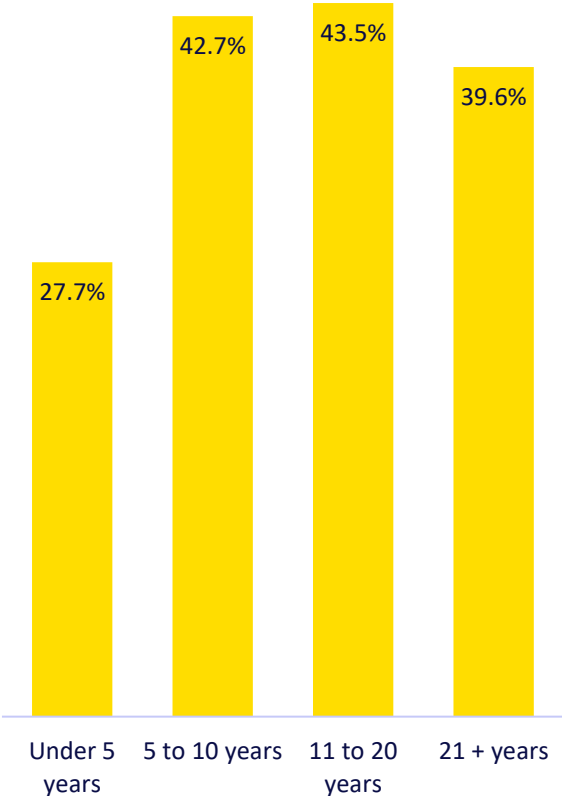


Younger businesses and small businesses with less employees are less likely to find it easy paying their debts in 2022

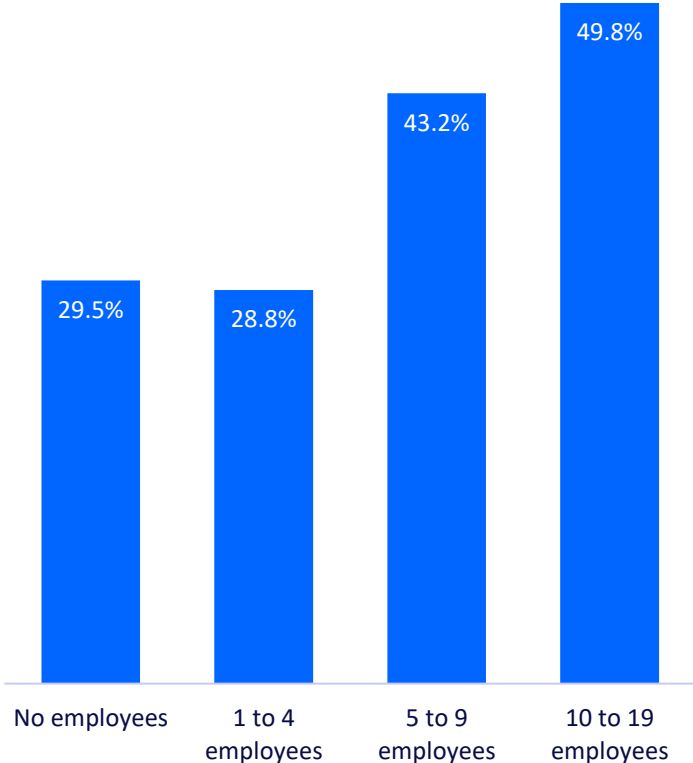
Businesses expect it will be easy or very easy to pay their debts in 2022 – by respondent's age



Businesses expect it will be easy or very easy to pay their debts in 2022 – by age of business



Businesses expect it will be easy or very easy to pay their debts in 2022 – by number of employees



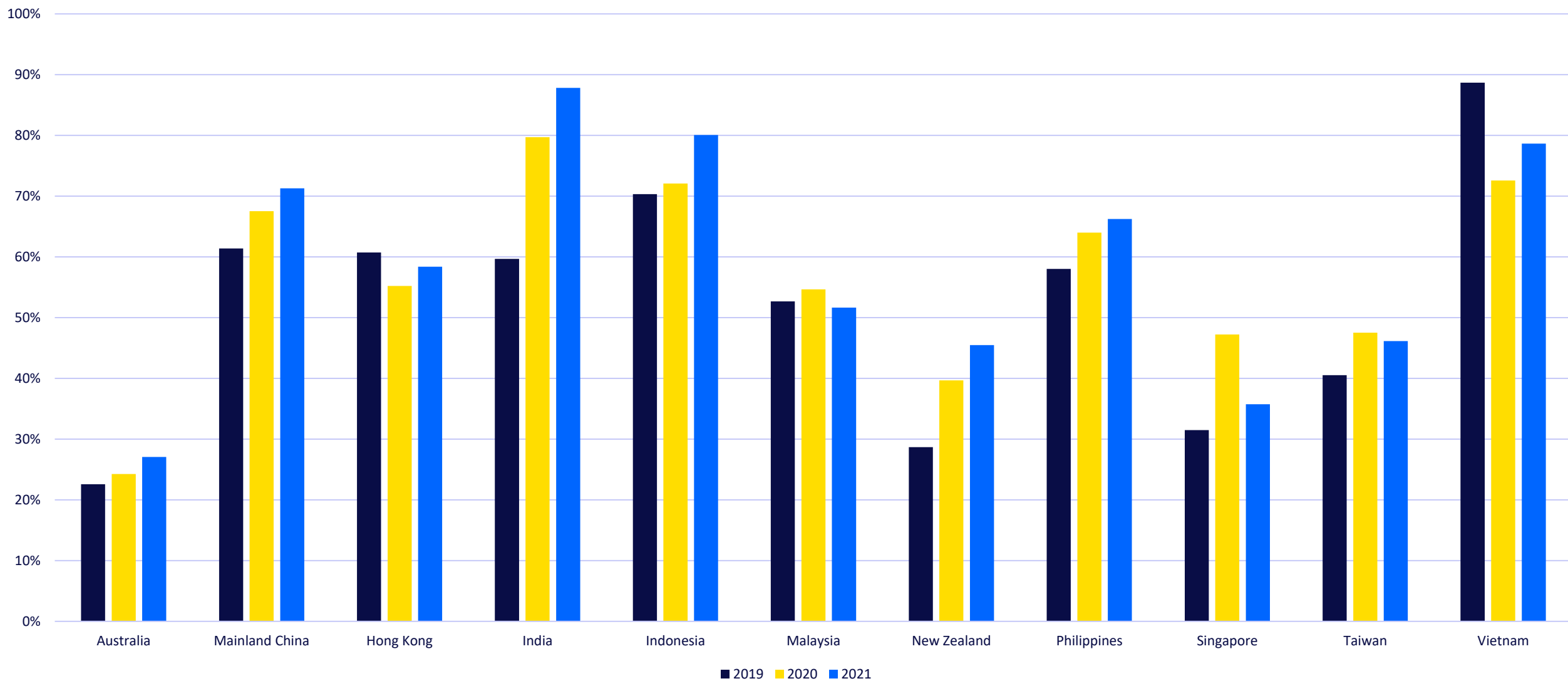
Access to finance

EXTERNAL FINANCE REQUIREMENTS IN 2021

Small businesses requiring finance in 2021

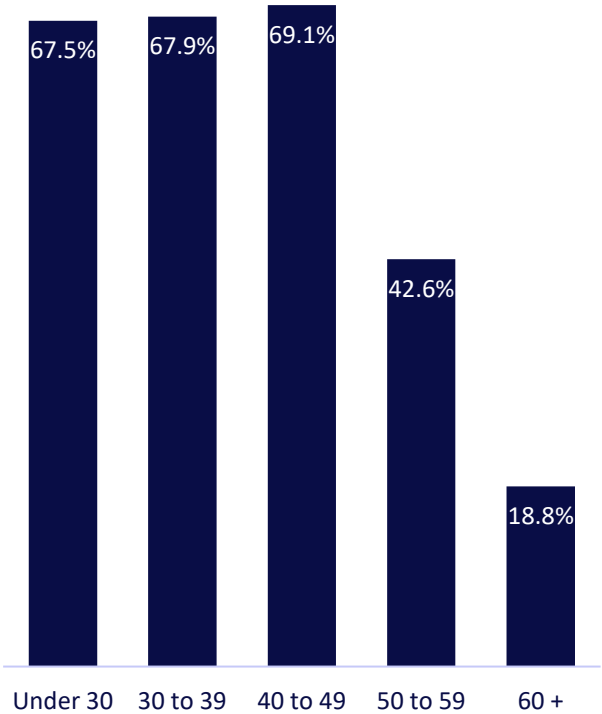
- Businesses from higher growth markets were more likely to have required finance last year. The exception is Hong Kong, with most businesses in the city still requiring external finance in 2021 despite low numbers reporting that they grew.
- Consistent with the characteristics of the businesses that grew last year, younger respondents, younger businesses and small businesses with more employees are much more likely to have required external finance in 2021.

Percentage of businesses that required external finance in the past 12 months – by market and year

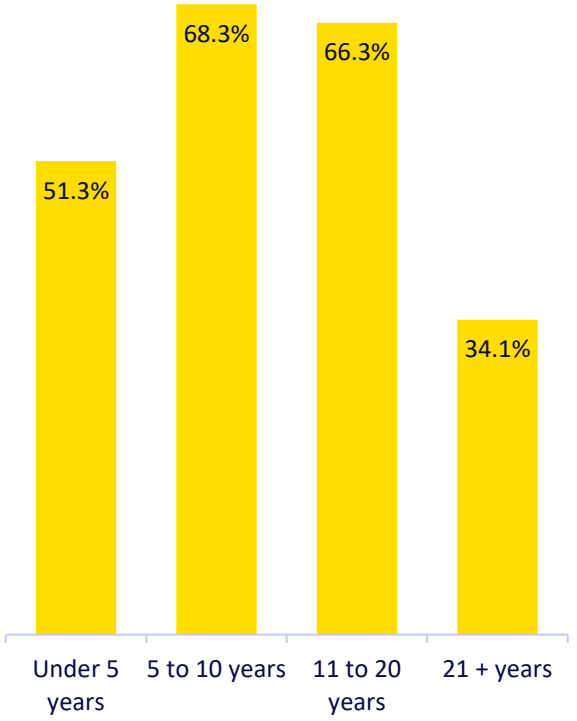


Businesses with high growth characteristics, including younger respondents, businesses established between five and 20 years and with more employees were significantly more likely to have required external finance in 2021

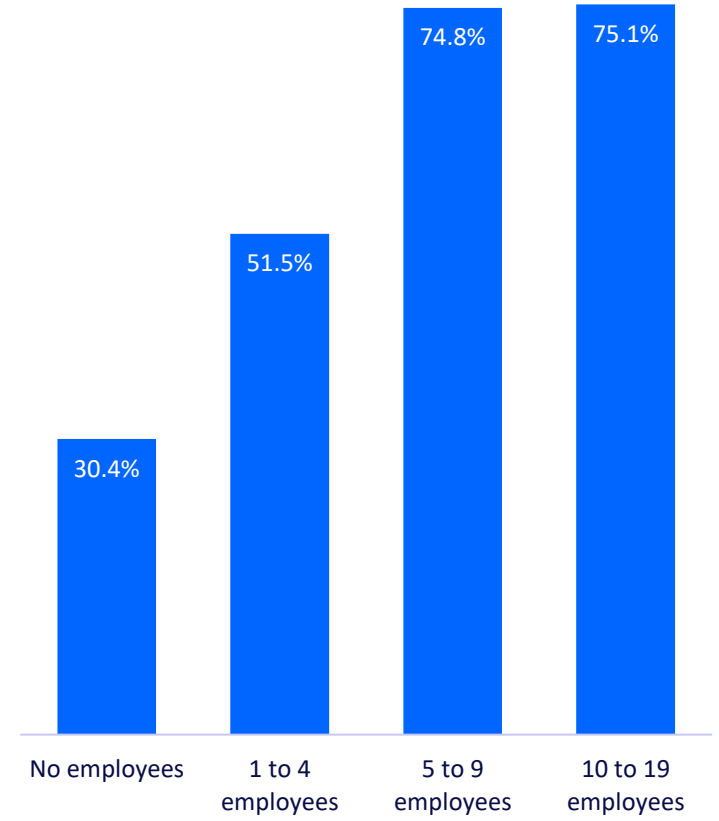
Businesses that required external finance in 2021 – by respondent's age



Businesses that required external finance in 2021 – by age of business



Businesses that required external finance in 2021 – by number of employees

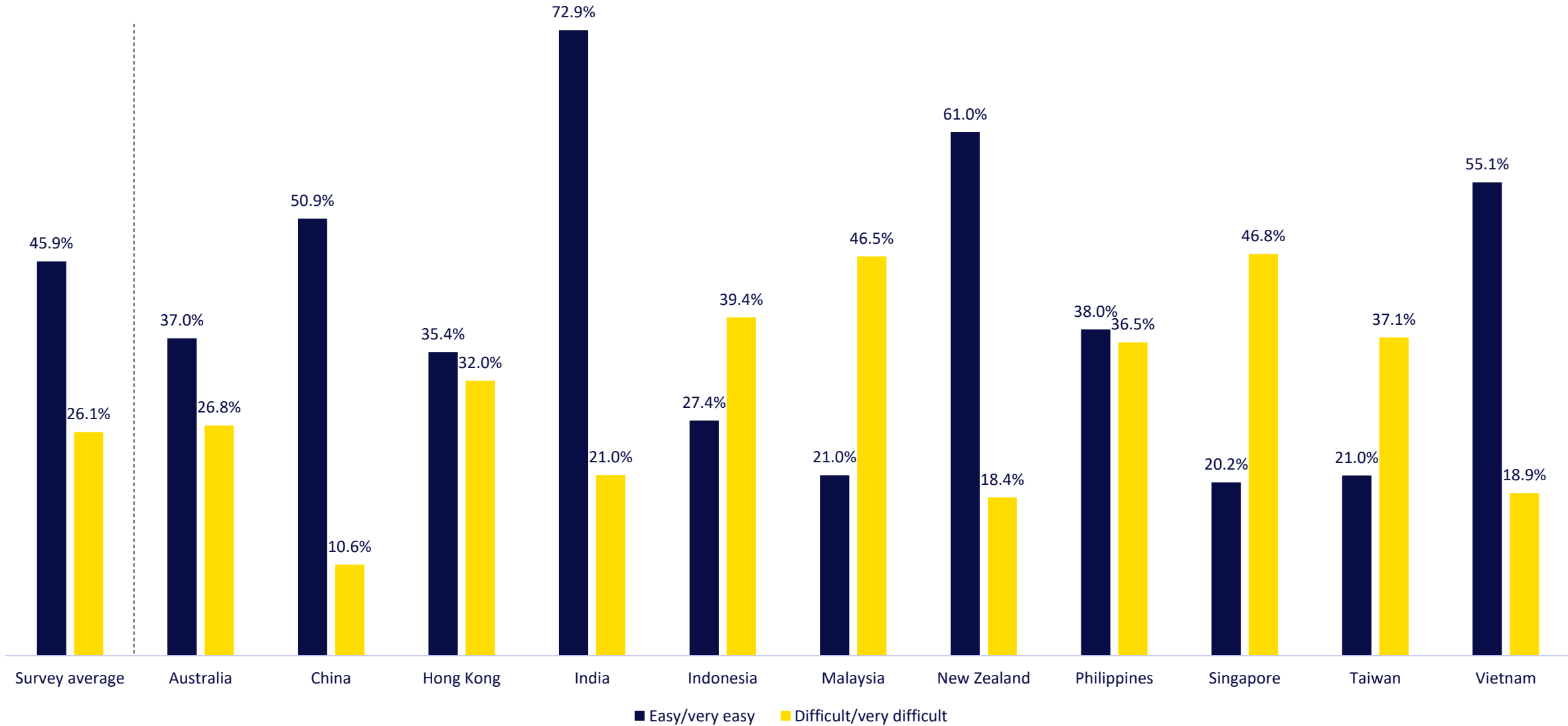


EASE OR DIFFICULTY OF
ACCESSING FINANCE IN 2021

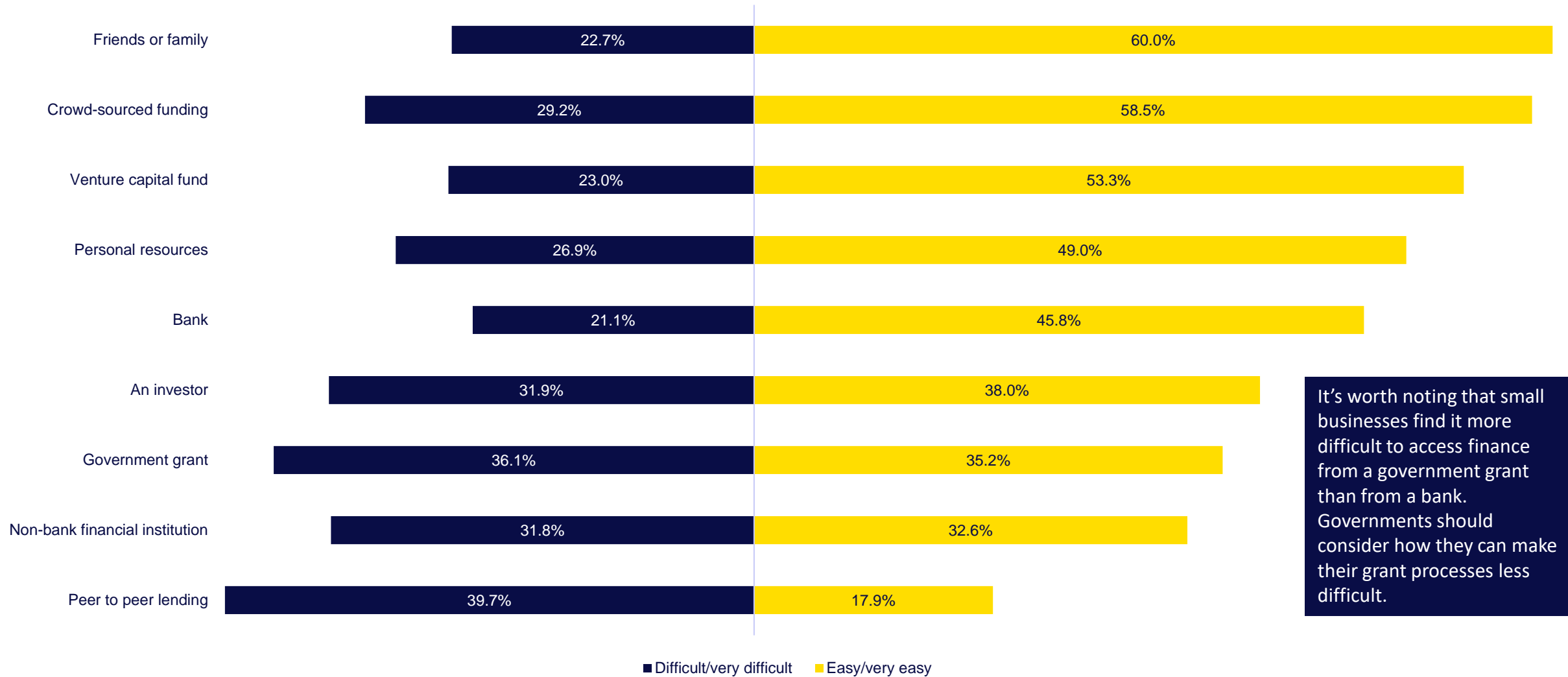
Ease or difficulty accessing finance in 2021

- Businesses were much more likely to report that accessing finance in 2021 was easy than difficult.
- The ease or difficulty in accessing finance doesn't appear to make a significant difference as to whether businesses sought finance. For example, Australian small businesses were the least likely to require finance in 2021 but businesses in that market were one of the most likely to report easy access to finance. Conversely, Indonesian small businesses were the second most likely to require external finance last year but also one of the most likely to report difficulty in accessing finance.
- Not surprisingly, younger respondents and younger businesses were less likely to report easy access to finance, even though they are often high growth businesses. Such businesses and respondents often lack the trading history and security that older businesses have, increasing the risk of providing them finance.
- Business that sourced their finance from family and friends were the most likely to report easy financing conditions. Interestingly, respondents reported it was much more difficult for them to source funds from government than it was from banks.

Business experience in accessing finance in 2021 – by market



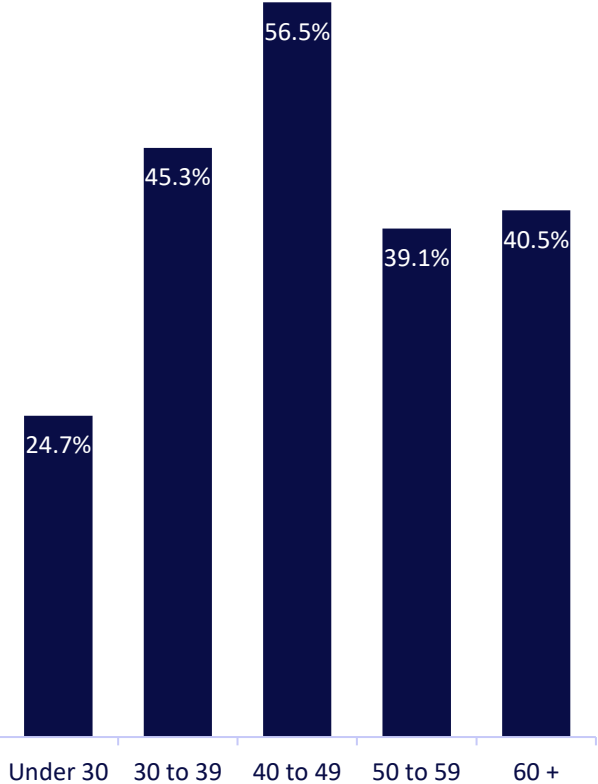
Ease or difficulty of accessing finance in 2021 – by source



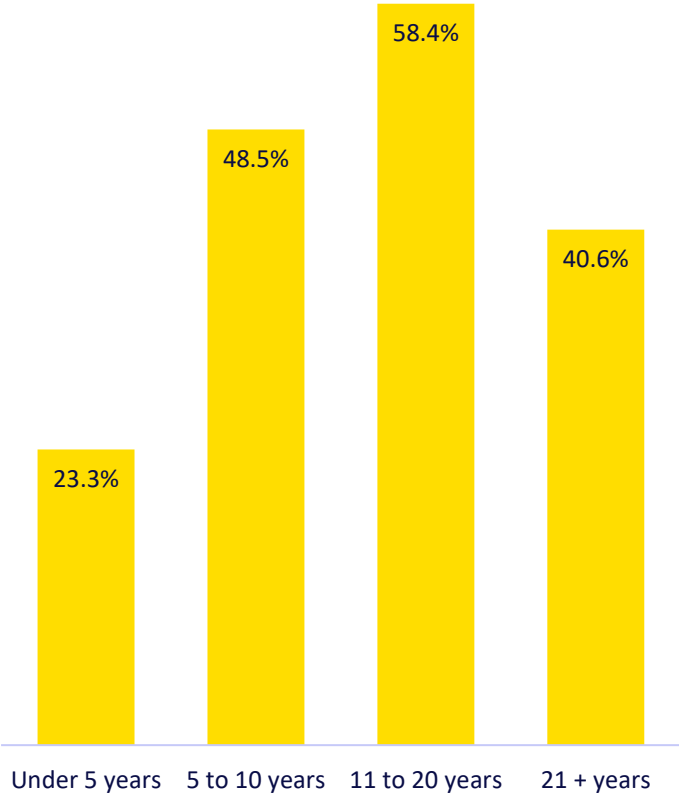
It's worth noting that small businesses find it more difficult to access finance from a government grant than from a bank. Governments should consider how they can make their grant processes less difficult.

Younger respondents, businesses established less than five years and with fewer employees were less likely to find it easy to access finance in 2021

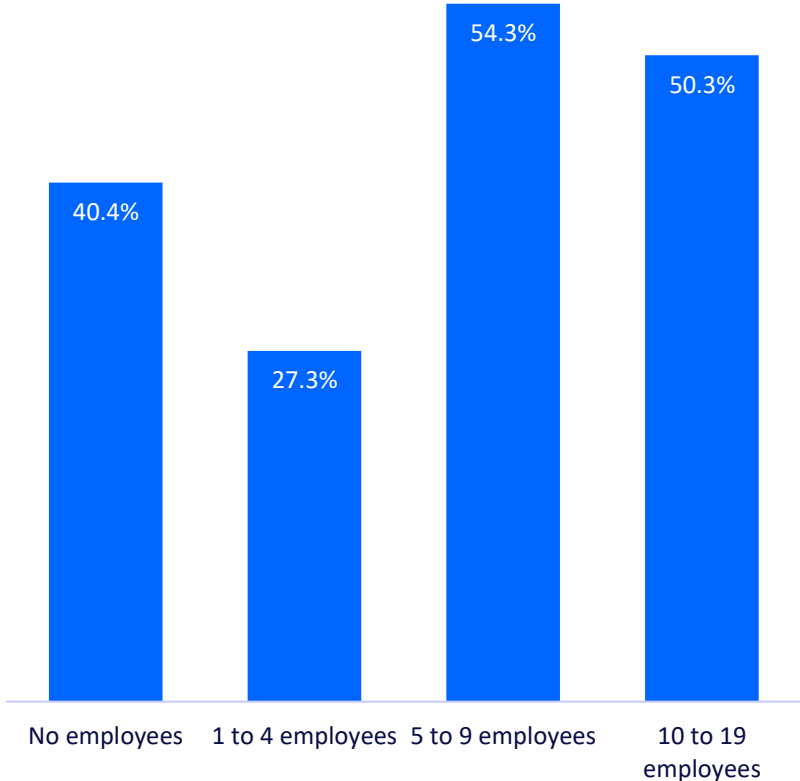
Of businesses that required external finance, percentage that experienced easy to very easy financing conditions in 2021 – by respondent's age



Of businesses that required external finance, percentage that experienced easy to very easy financing conditions in the past 12 months – by age of business



Of businesses that required external finance, percentage that experienced easy to very easy financing conditions in the past 12 months – by number of employees

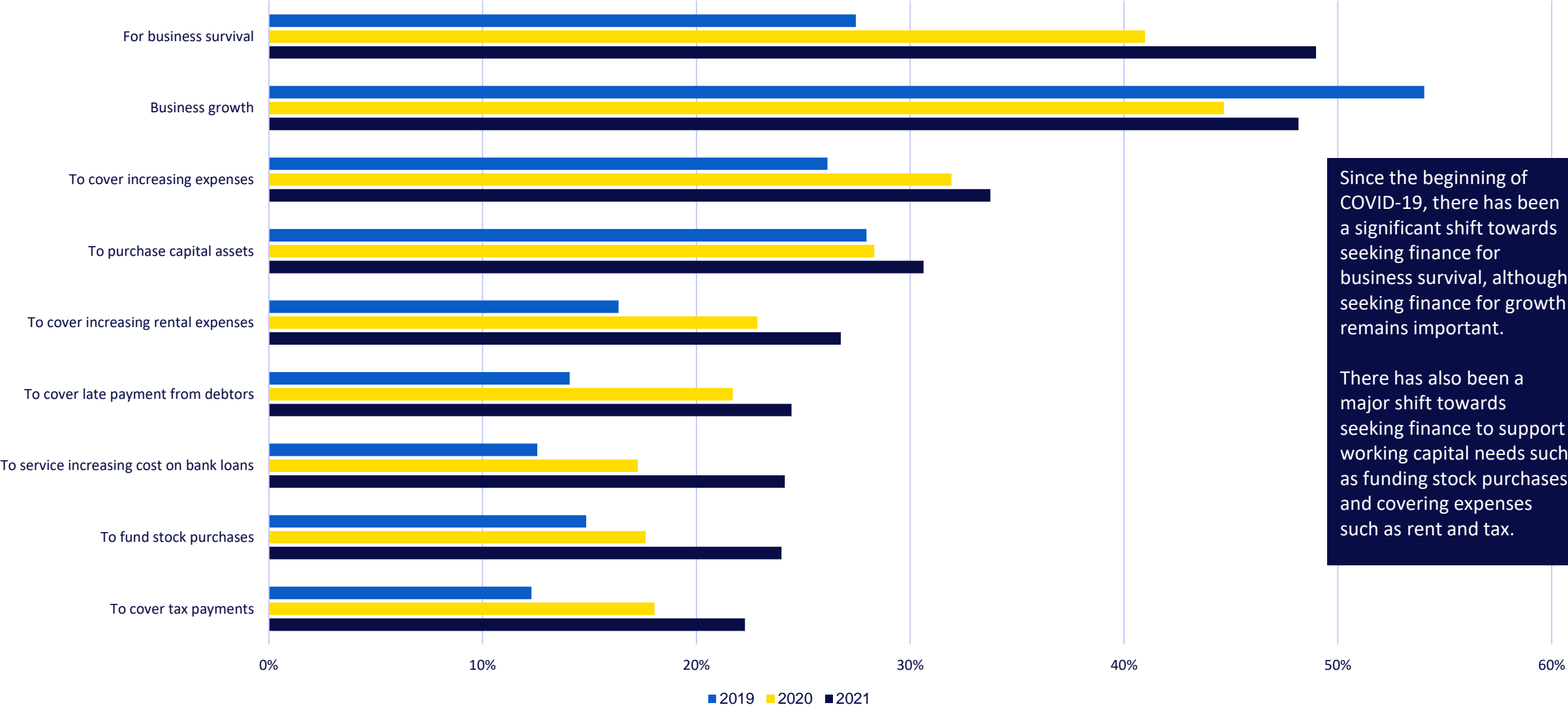


REASONS FOR SEEKING FINANCE IN 2021

Why small business required finance in 2021

- Reflecting a generally challenging environment in 2021, businesses were more likely to have required finance for business survival than growth last year. It's the first time in the history of this survey that small businesses were more likely to seek external finance for survival than growth.
- Since the pandemic was declared in 2020, there has been a strong shift towards businesses accessing finance for business survival and a move away from requiring it for growth.
- Reflecting that younger businesses and respondents are more likely to have grown in 2021, they are more likely to have sourced external finance for growth.

Reasons for seeking external finance in the past 12 months – by year

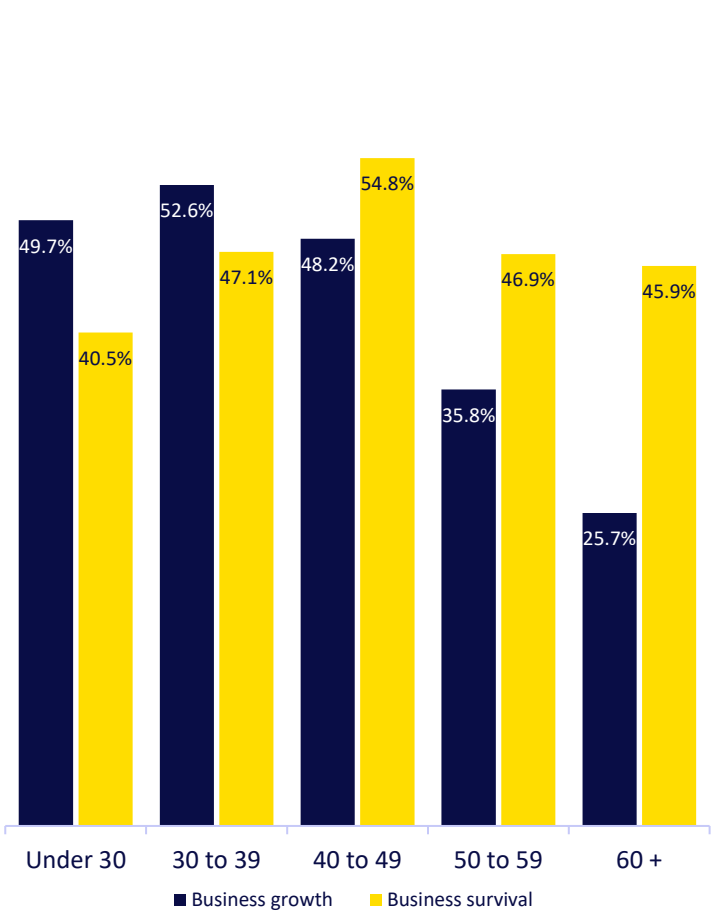


Since the beginning of COVID-19, there has been a significant shift towards seeking finance for business survival, although seeking finance for growth remains important.

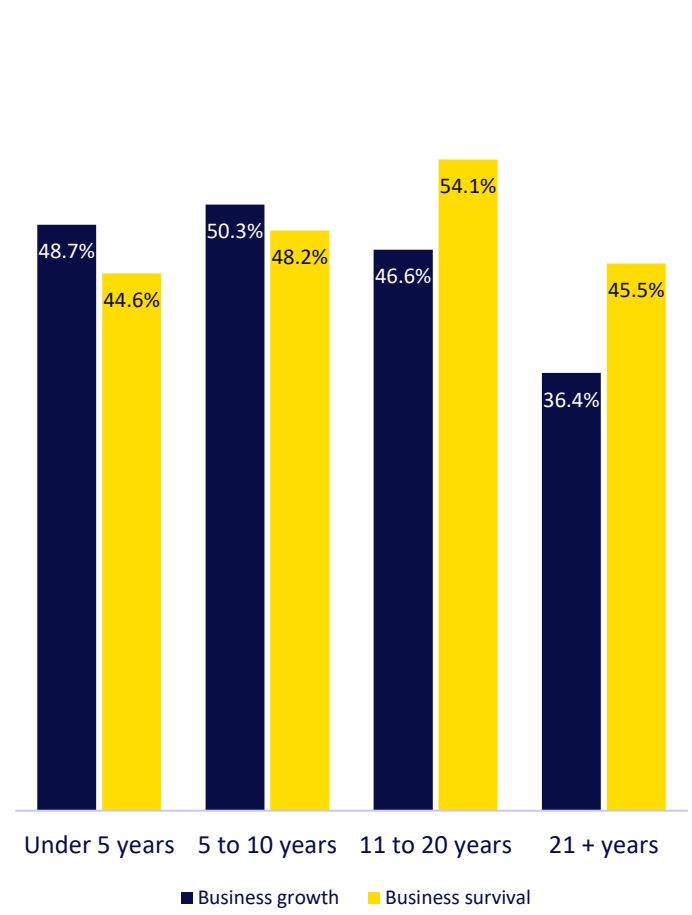
There has also been a major shift towards seeking finance to support working capital needs such as funding stock purchases and covering expenses such as rent and tax.

Older respondents and older businesses were more likely to source finance for business survival than growth in 2021

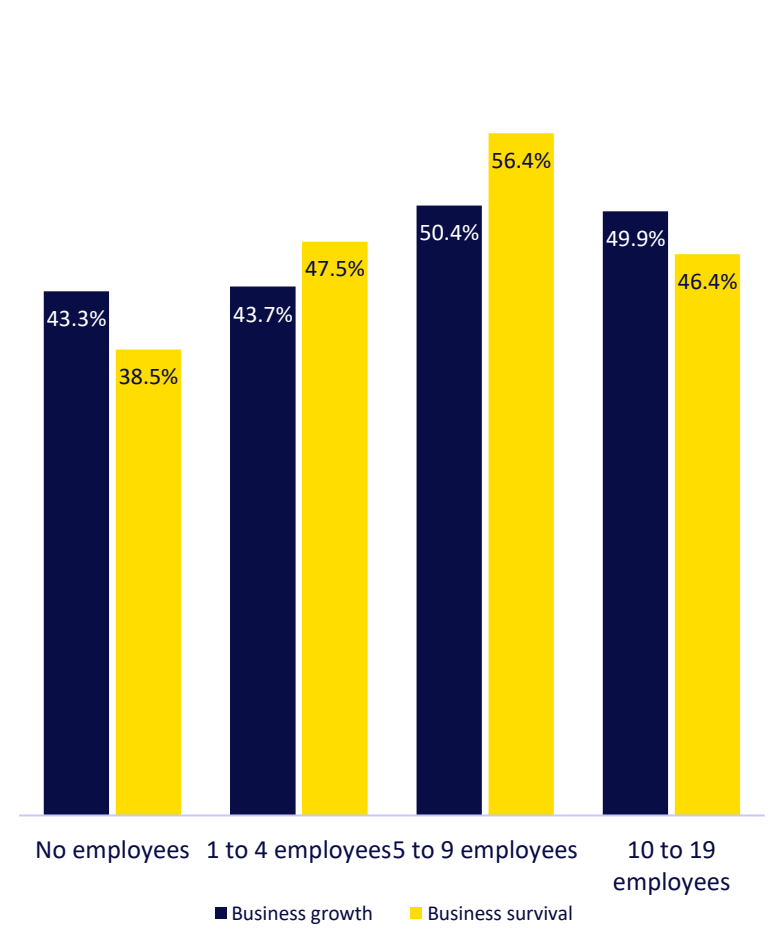
Comparison of those who sought finance in 2021 for growth against survival – by respondent’s age



Comparison of those who sought finance in 2021 for growth against survival – by age of business



Comparison of those who sought finance in 2021 for growth against survival – by number of employees



SOURCES OF FINANCE IN 2021

Where small business sourced their finance from in 2021

- Banks remained the most popular source of external finance in 2021 for the region's small businesses
- The high-growth markets of India and Philippines were, however, significantly more likely to source their external finance from family and friends than a bank.
- Interestingly, New Zealand's small businesses were more likely to have sourced external finance from government than any other source. This is no doubt mainly due to the significant increase in government assistance for business in response to COVID-19. As the government withdraws such support, it will be interesting to see what impact that has on New Zealand's small businesses.
- Younger businesses are somewhat less likely to source finance from a bank and in turn more likely to contribute their own resources to their business. With such businesses often having less trading history and security, this result isn't surprising.

Top three sources of external finance in 2021 by market

	Most popular	Second most popular	Third most popular
Survey average	Bank (34.2%)	Friends or family (15.8%)	Personal resources (13.8%)
Australia	Bank (44.2%)	Personal resources (15.9%) Government grant/funds (15.9%)	Friends or family (11.6%)
Mainland China	Bank (43.2%)	Investor (14.5%)	Non-bank financial institution (10.6%)
Hong Kong	Bank (39.8%)	Investor (19.9%)	Government grant/funds (13.8%)
India	Friends or family (36.7%)	Personal resources (25.8%)	Bank (16.5%)
Indonesia	Bank (34.0%)	Friends or family (14.5%)	Personal resources (13.7%)
Malaysia	Bank (36.3%)	Government grant/funds (17.8%)	Personal resources (12.1%)
New Zealand	Government grant/funds (28.4%)	Bank (24.1%)	Personal resources (10.6%)
Philippines	Friends or family (44.5%)	Personal resources (20.5%)	Bank (13.0%)
Singapore	Bank (27.5%)	Government grant/funds (17.4%)	Personal resources (13.8%)
Taiwan	Bank (28.0%)	Government grant/funds (18.2%)	Personal resources (16.1%)
Vietnam	Bank (66.3%)	Friends or family (10.3%)	Personal resources (5.3%) Investor (5.3%)

Younger businesses are somewhat less likely to source finance from a bank

Top three sources of external finance in 2021 – age of business

	Most popular	Second most popular	Third most popular
Survey average	Bank (34.2%)	Friends or family (15.8%)	Personal resources (13.8%)
Less than 5 years	Bank (29.4%)	Friends or family (18.7%)	Personal resources (17.4%)
5 to 10 years	Bank (34.8%)	Personal resources (14.0%)	Friends or family (11.8%)
11 to 20 years	Bank (36.1%)	Friends or family (21.3%)	Personal resources (11.6%)
21 + years	Bank (44.4%)	Government grant / funds (18.2%)	Personal resources (11.2%)

Top three sources of external finance in 2021 – age of respondent

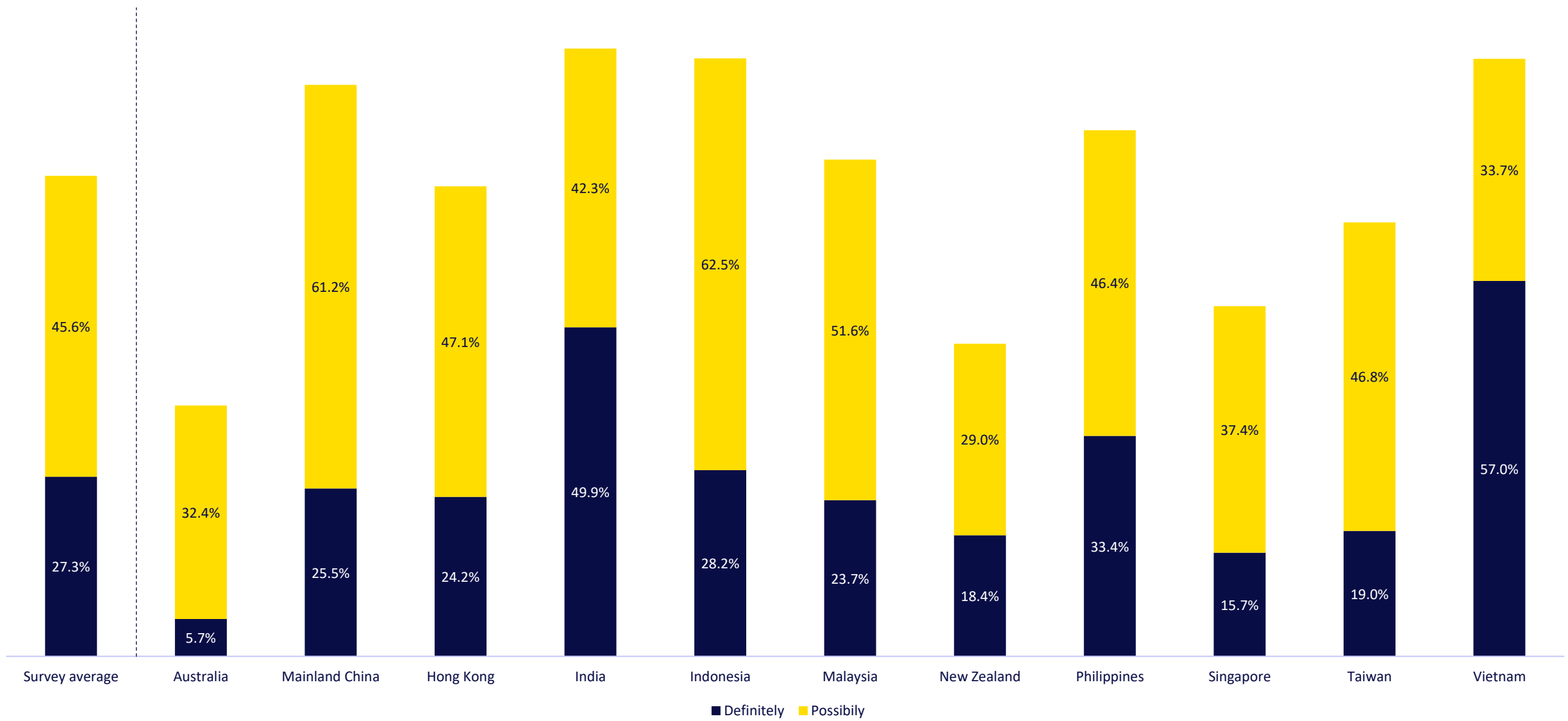
	Most popular	Second most popular	Third most popular
Under 30	Bank (33.0%)	Personal resources (15.5%)	Investor (14.0%)
30 to 39	Bank (36.0%)	Personal resources (13.3%)	Investor (11.9%)
40 to 49	Bank (33.7%)	Friends or family (21.3%)	Personal resources (12.4%)
50 to 59	Bank (31.7%)	Personal resources (18.9%)	Friends or family (17.7%)
60 + years	Bank (29.7%)	Government grants / funds (21.6%)	Personal resources (14.9%)

ACCESSING FINANCE IN 2022

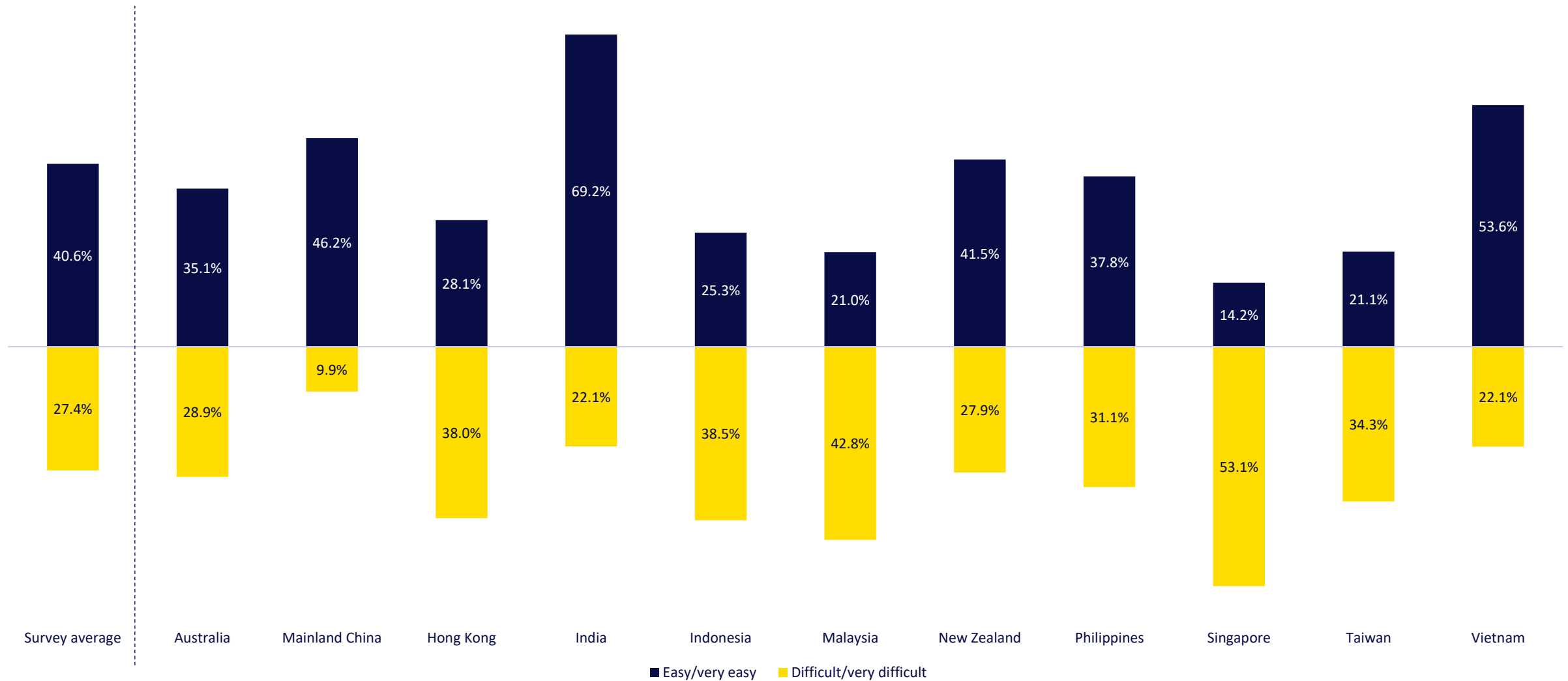
Small business expectations for accessing finance in 2022

- Most businesses expect to access finance in 2022, with the main reason being to support business growth. Businesses are more likely to expect easy access to finance in 2022 than difficulty accessing finance.
- Not surprisingly, businesses in high growth markets are more likely to expect to access finance in 2022. The exception is Hong Kong, with more than seven in ten businesses expecting to access external finance, substantially higher than all other low growth markets. Hong Kong's small businesses are most likely to expect to access that finance for business survival.
- Indian small businesses are most likely to expect easy access to finance, while Singapore's small businesses are most likely to expect difficulty accessing finance.

The percentage of businesses that expect to require external finance in 2022 - by market



Of those that expect to access external finance in 2022, the percentage that expect easy or very easy financing conditions compared with those expecting difficult conditions



Top three anticipated reasons for seeking external finance in 2022 – by market

	Most anticipated reason	Second most anticipated reason	Third most anticipated reason
Survey average	Business growth (52.4%)	Business survival (42.7%)	Cover increasing expenses (33.6%)
Australia	Business growth (52.6%)	Cover increasing expenses (28.9%)	Business survival (26.8%)
Mainland China	Business growth (44.6%)	Business survival (32.4%)	Cover increasing expenses (28.0%)
Hong Kong	Business survival (53.8%)	Business growth (48.9%)	Cover increasing expenses (45.2%)
India	Business growth (63.4%)	Cover increasing expenses (53.7%)	Purchase capital assets (52.5%)
Indonesia	Business growth (68.1%)	Business survival (53.8%)	Purchase capital assets (28.2%)
Malaysia	Business growth (60.3%)	Business survival (45.4%)	Cover increasing expenses (32.4%)
New Zealand	Business survival (37.4%)	Cover increasing expenses (36.1%)	Business growth (35.4%)
Philippines	Business growth (53.1%)	Business survival (33.6%)	Cover increasing expenses (32.4%)
Singapore	Business growth (50.0%)	Business survival (35.2%)	Cover increasing expenses (34.0%)
Taiwan	Business growth (49.5%)	Business survival (41.7%)	Cover increasing expenses (22.5%)
Vietnam	Business survival (57.9%)	Business growth (44.3%)	Cover increasing expenses (22.1%)

Sources of business advice

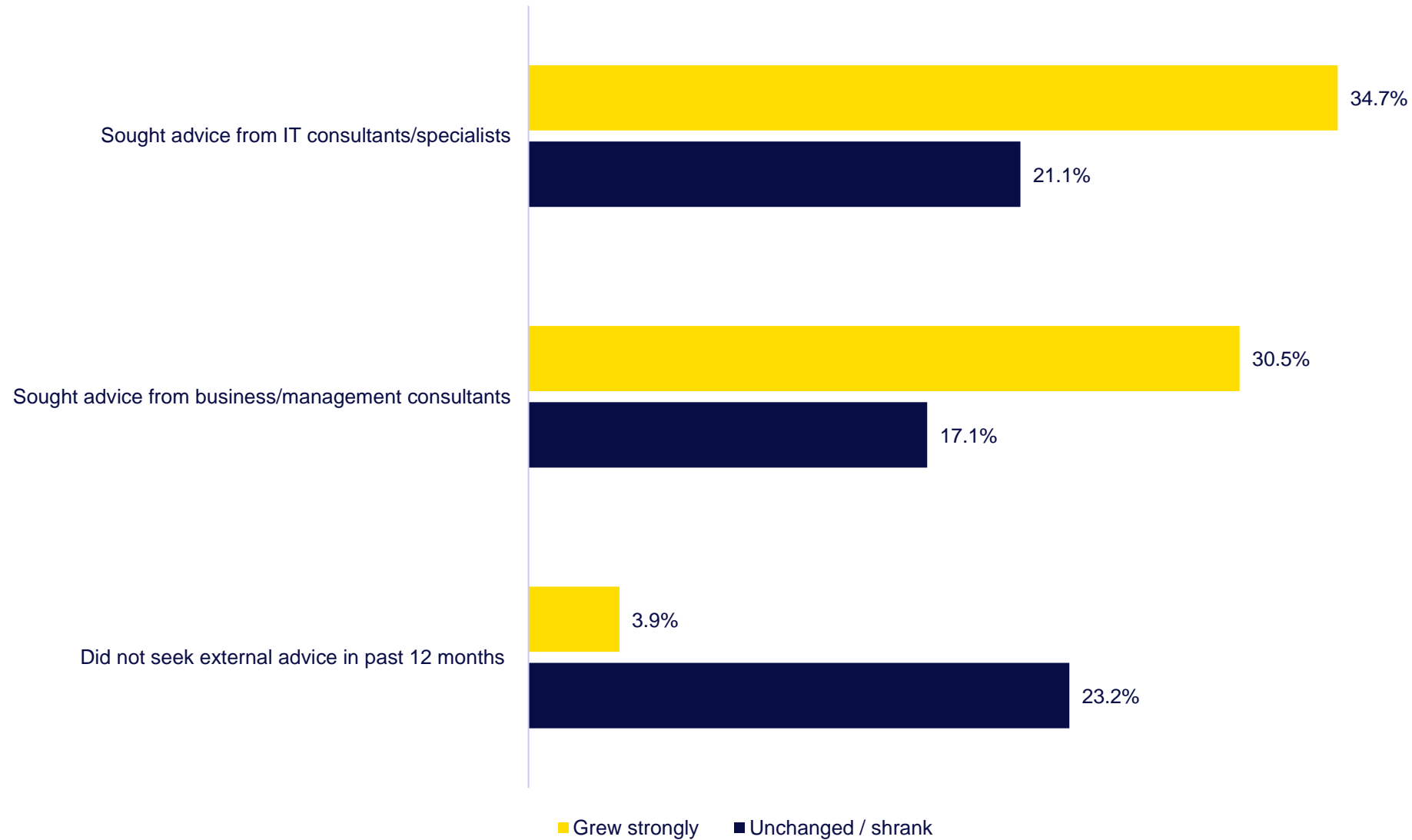
Where small business got their advice from in 2021

- Small business were most likely to get their advice in 2021 from family and friends. Family and friends are a common source of advice, regardless of whether the business grew or not.
- High growth small business were much more likely than small businesses that were unchanged or shrank to seek advice from IT specialists and business consultants. Given the strong link between technology and growth, and improved business strategy and management and growth, this result is not surprising.
- Nearly all high growth businesses sought advice in 2021, however the same can't be said for those that were unchanged or shrank. Such businesses were much more likely to not seek advice. Not seeking advice possibly made a bad situation worse for such businesses.
- Australian small businesses were the most likely to not seek advice.
- Older businesses, older respondents and micro businesses were also significantly less likely to seek advice. Business in these categories were also much more likely not to grow.
- Governments remain one of the least used sources of business advice.

Most popular sources of business advice in 2021 – by market

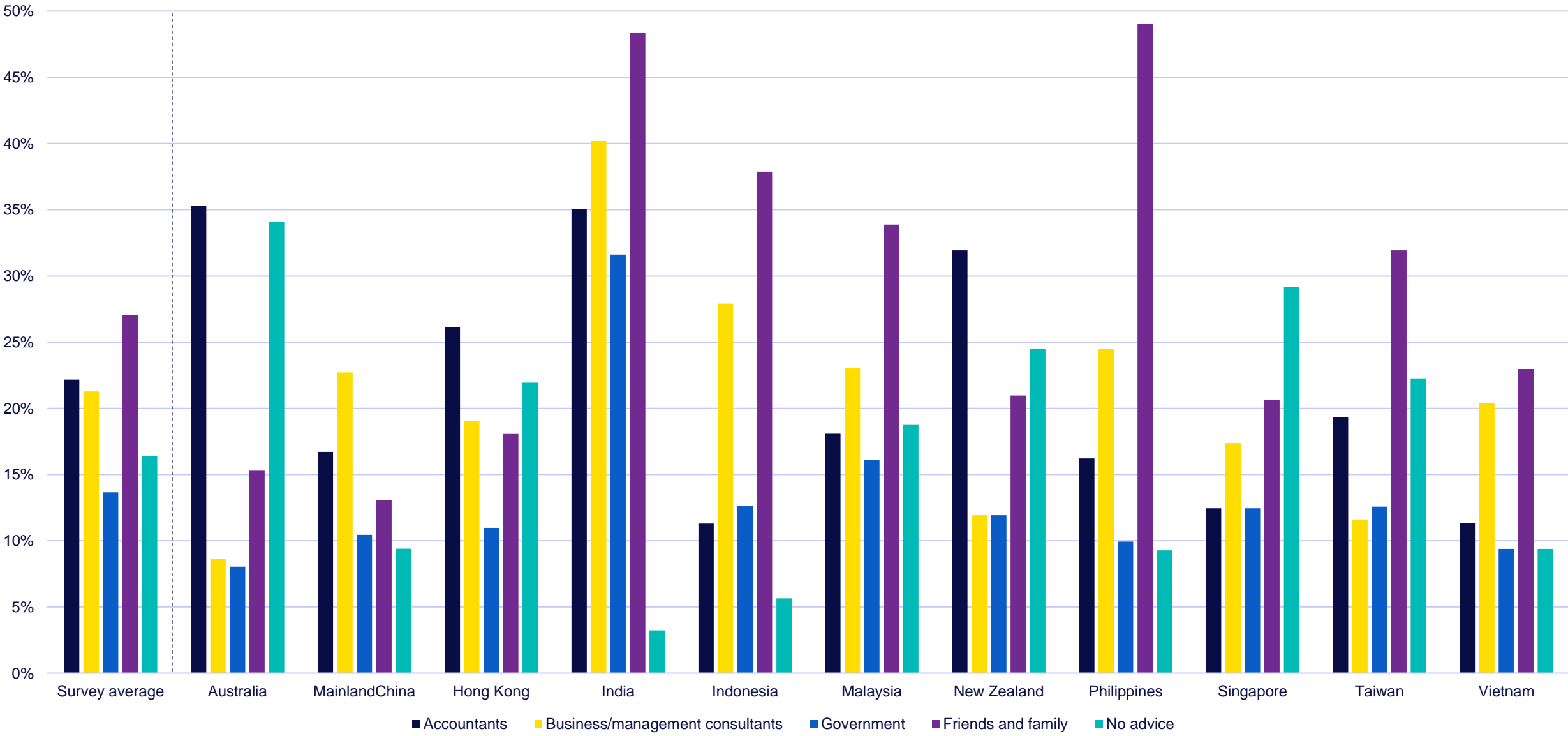
	Most popular	Second most popular	Third most popular	Did not seek advice
Survey average	Friends or family (27.1%)	Business partner or mentor (25.4%)	IT consultants/specialists (23.8%)	16.4%
Australia	Accountants (35.3%)	Friends and family (15.3%)	A bank or finance company (11.0%)	34.1%
Mainland China	IT consultants/specialists (29.5%)	A bank or finance company (26.0%)	Business partner or mentor (23.2%)	9.4%
Hong Kong	A bank or finance company (32.6%)	Accountants (26.1%)	IT consultants/specialists (21.6%)	21.9%
India	IT consultants/specialists (48.6%)	Friends and family (48.4%)	Business partner or mentor (41.9%)	3.2%
Indonesia	Business partner or mentor (42.2%)	Friends and family (37.9%)	Business/management consultants (27.9%)	5.6%
Malaysia	Friends and family (33.9%)	Business partner or mentor (31.6%)	A bank or finance company (27.0%)	18.8%
New Zealand	Accountants (31.9%)	Friends and family (24.5%)	Business partner or mentor (21.0%)	24.5%
Philippines	Friends and family (49.0%)	Business partner or mentor (31.8%)	Business/management consultants (24.5%)	9.3%
Singapore	Friends and family (20.7%)	Business partner or mentor (20.0%)	Business/management consultants (17.4%)	29.2%
Taiwan	Friends and family (31.9%)	Accountants (22.3%)	Business partner or mentor (19.0%)	22.3%
Vietnam	A bank or finance company (46.9%)	IT consultants/specialists (42.1%)	Business partner or mentor (24.9%)	9.4%

High growth businesses were more likely to seek professional advice



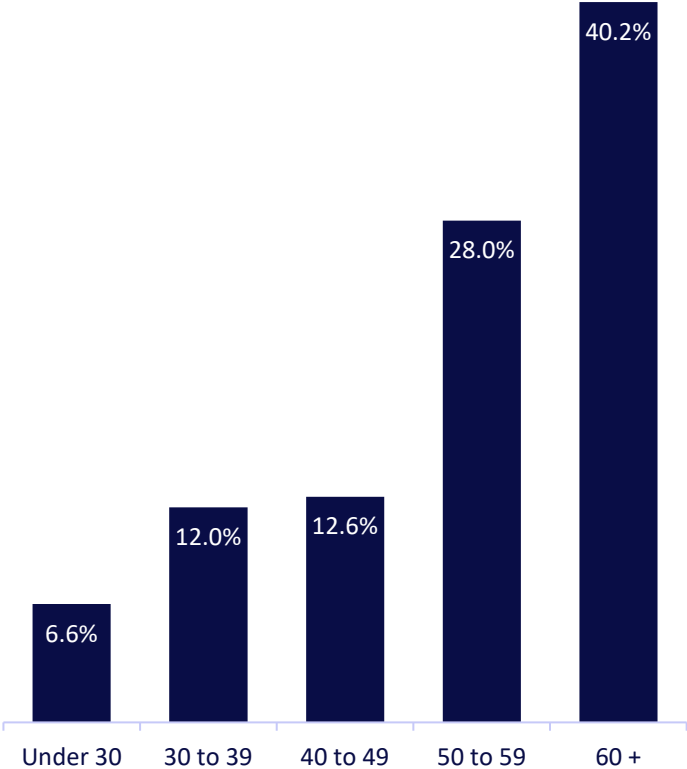
Small businesses that are not growing or shrinking are less likely to seek advice – right at the time they would benefit most from that advice.

Sources of business advice – by market

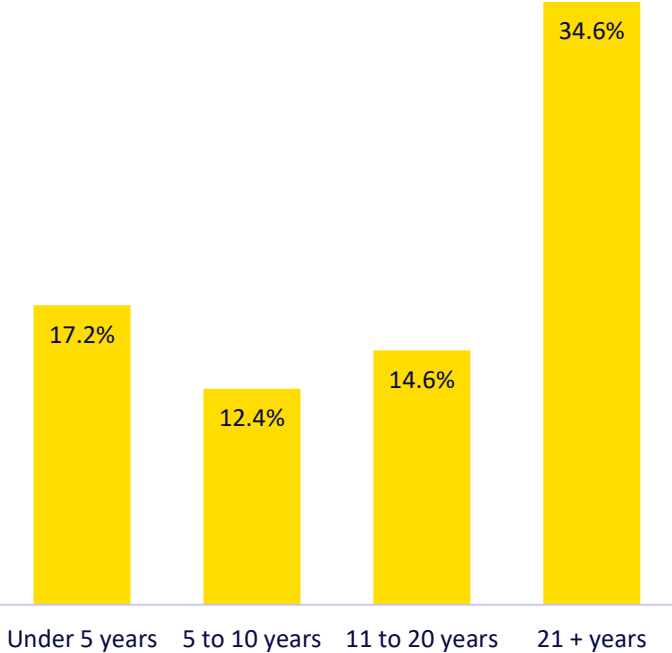


Older respondents, older businesses and businesses with no or few staff were more likely to not seek advice in 2021

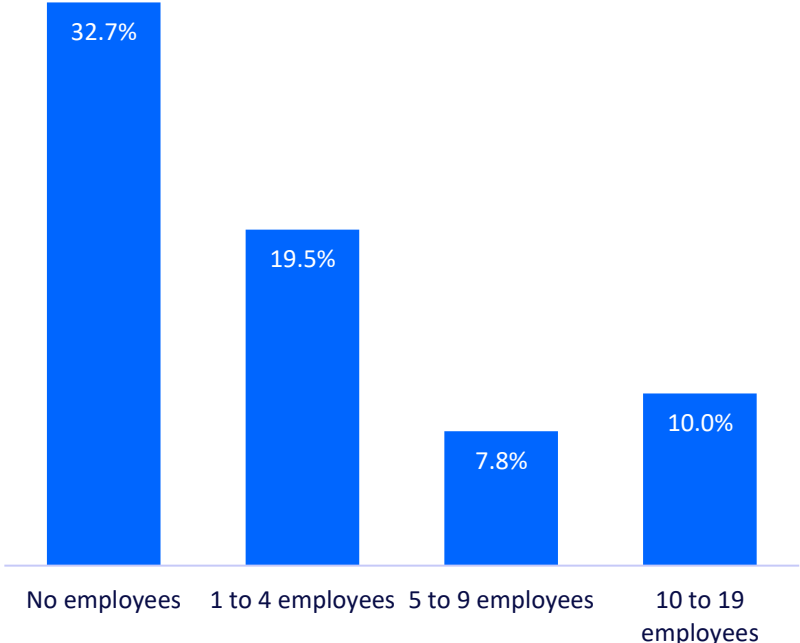
Did not seek advice in 2021 – by respondent’s age



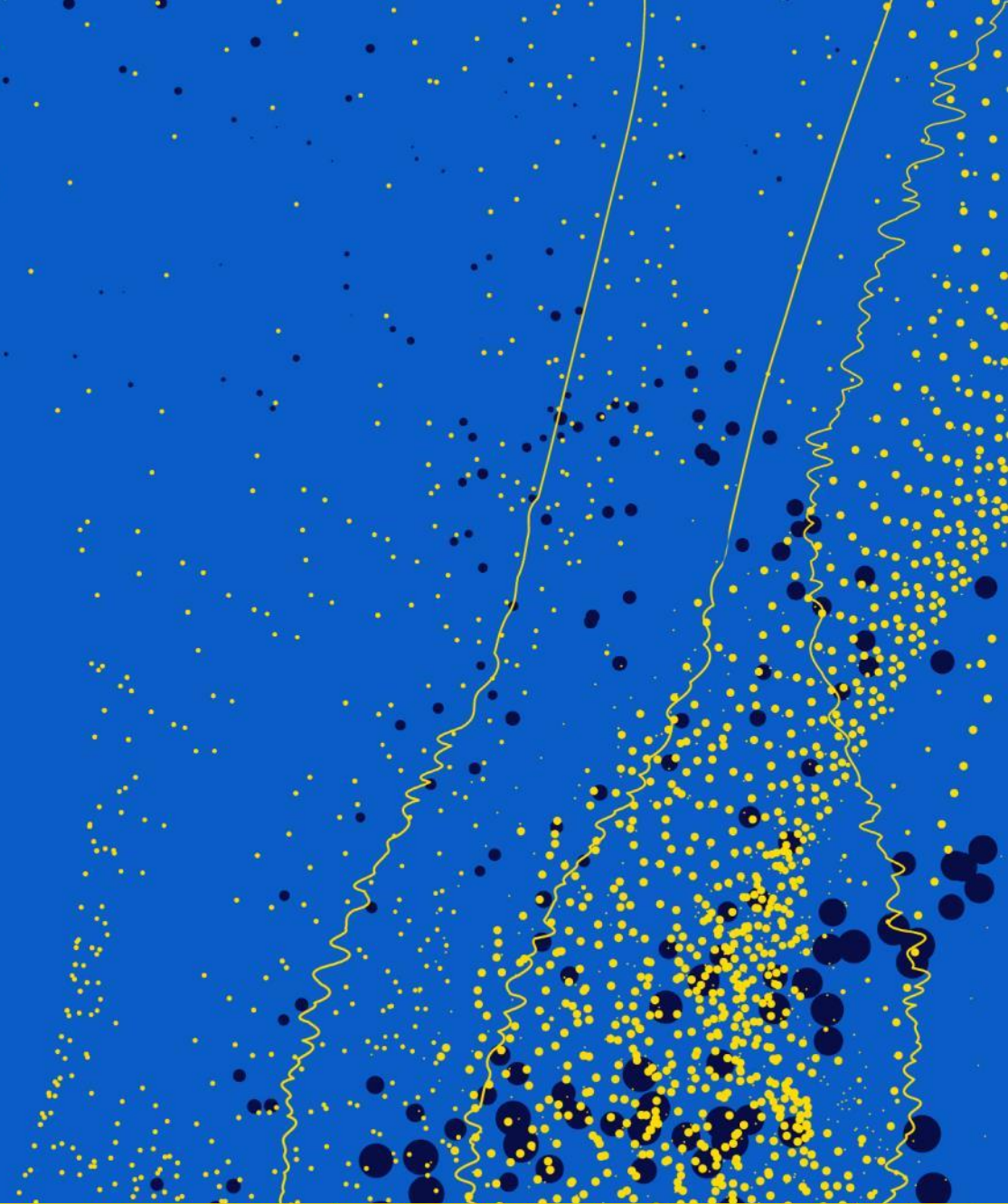
Did not seek advice in 2021 – by age of business



Did not seek advice in 2021 – by number of employees



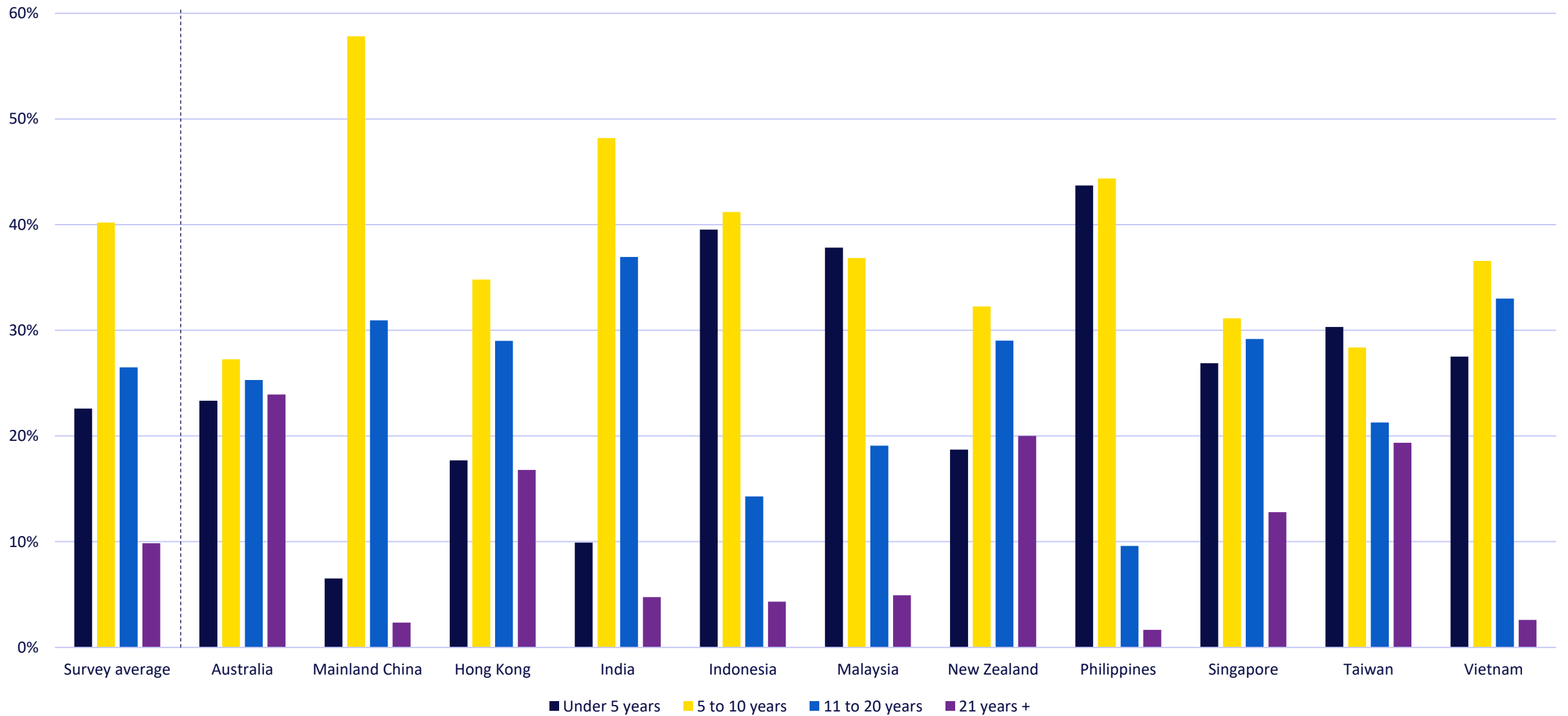
Small business demographics



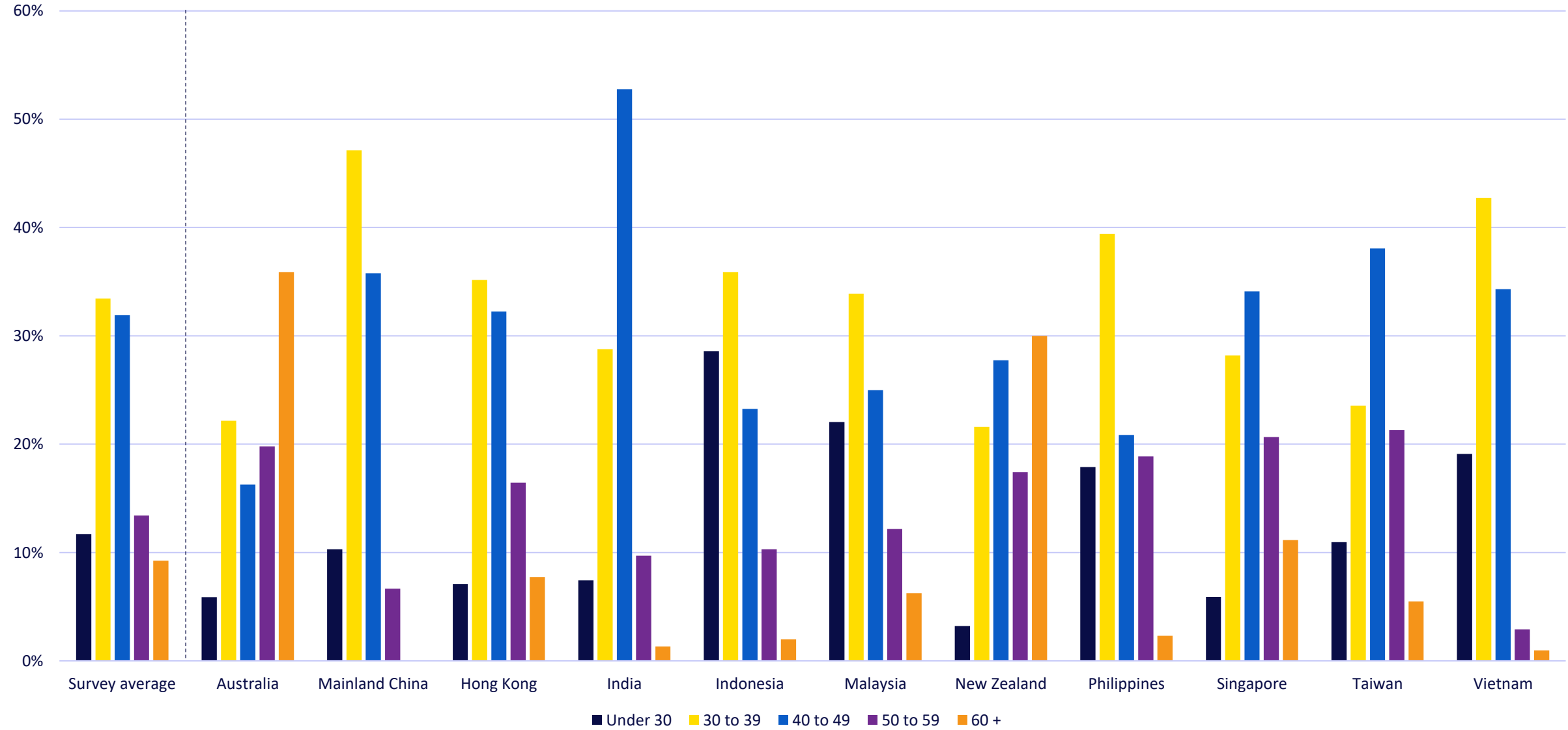
Small business demographics

- High growth markets such as India, Indonesia, Philippines and Vietnam are more likely to have younger businesses, young respondents and small businesses with more employees.
- Policymakers from lower growth markets such as Australia and New Zealand should consider how to attract younger people to start their own businesses or buy an existing business.
- Policymakers from lower growth markets should consider how they can better support current small businesses to focus more on the key drivers of growth; being technology, exporting, customer satisfaction and innovation.

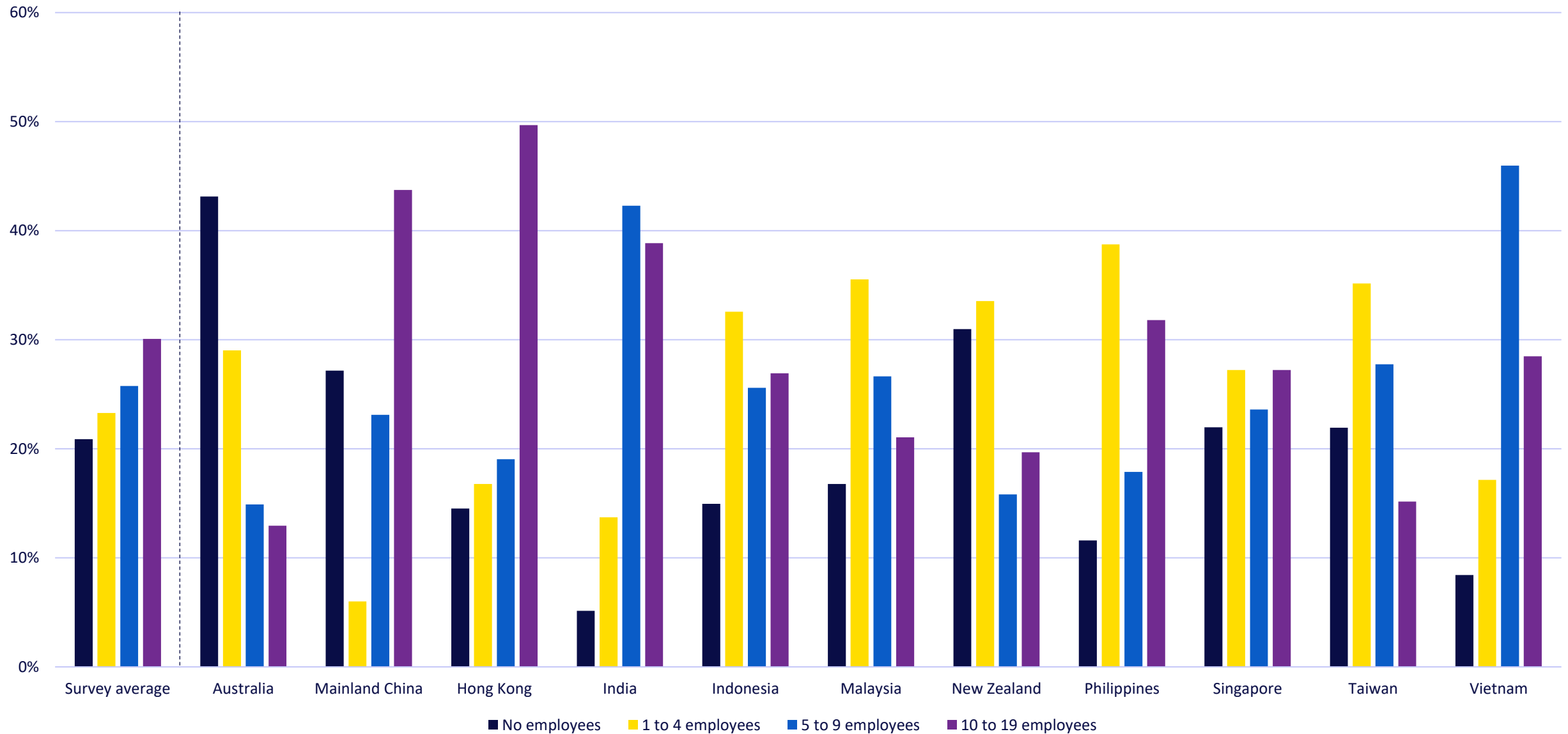
Age profile of business – by market



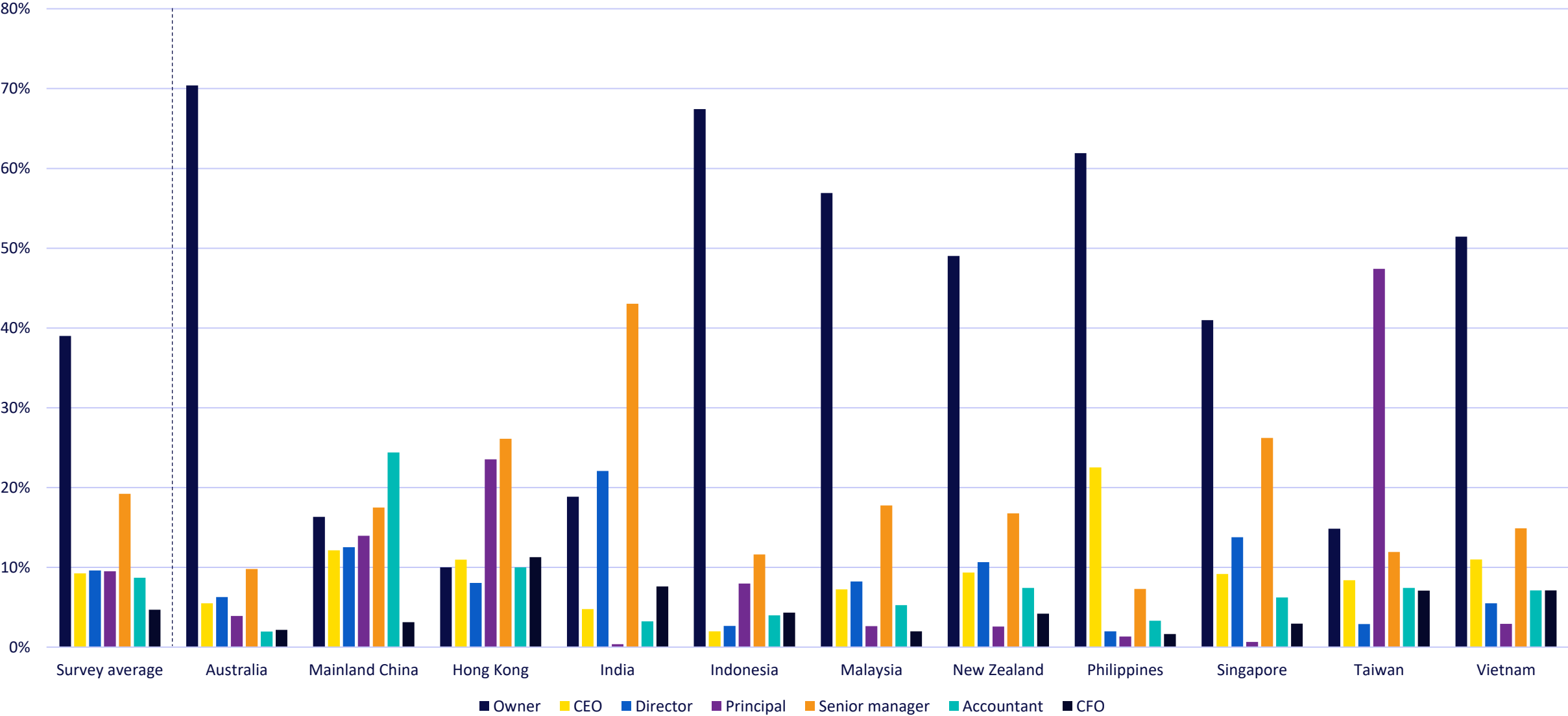
Age profile of respondents – by market



Number of employees – by market



Role of respondents – by market



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