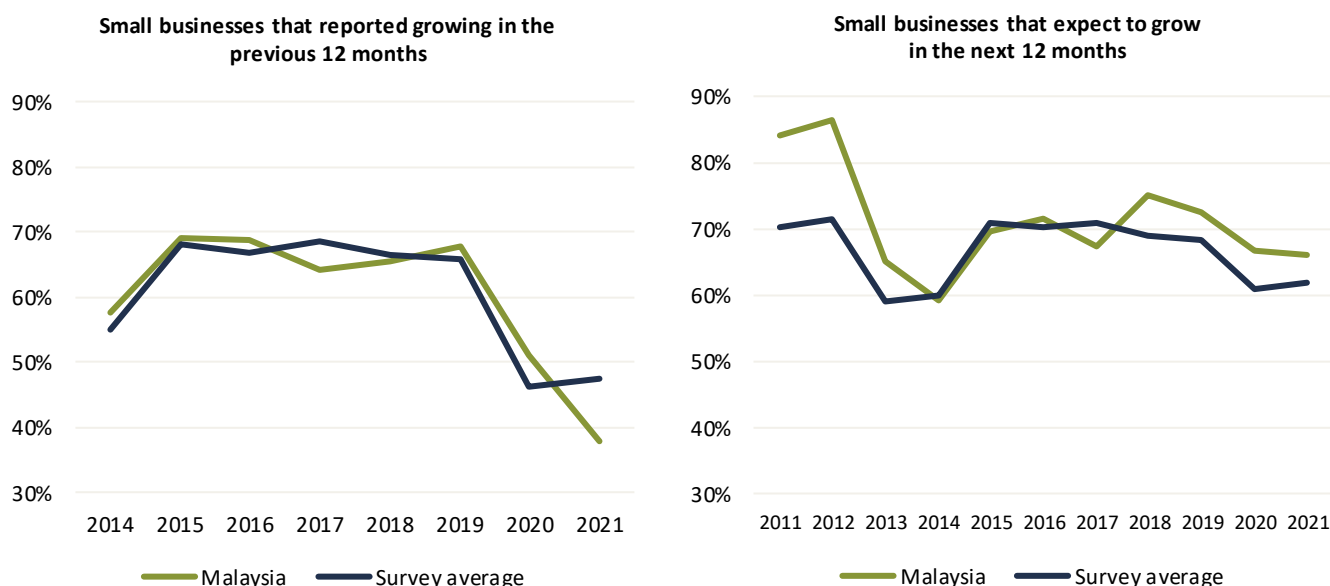


# CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2021-2022

MALAYSIA MARKET SUMMARY

## Malaysia

### Business and economic growth



	Malaysia 2021	Survey average 2021	Rank 2021	Malaysia 2020	Rank 2020	Malaysia 2019	Malaysia 2018	Malaysia 2017
<b>Businesses that grew in the last 12 months</b>	37.8%	47.3%	7/11	51.0%	6/11	67.7%	65.5%	64.1%
<b>Businesses that expect to grow in the next 12 months</b>	66.1%	61.9%	5/11	66.6%	5/11	72.3%	75.0%	67.3%
<b>Businesses that expect the local economy to grow in the next 12 months</b>	59.5%	60.6%	6/11	68.2%	4/11	55.3%	69.1%	53.7%

2021 was a weaker year for Malaysia's small businesses than 2020. 37.8 per cent grew last year, down from the 51 per cent in 2020. The result was better than fellow ASEAN member Singapore (where 36.4 per cent grew), but lower than Indonesia (69.8 per cent), the Philippines (65.2 per cent) and Vietnam (45.0 per cent). 2021 was the lowest result for Malaysia in the history of this survey, which given the impact of COVID-19 is not surprising.

2022 is expected to be a better year for Malaysia's small businesses. 66.1 per cent of businesses expect to grow, which is higher than the survey average of 61.9 per cent.

Despite the poor growth results for 2021, there are many positive aspects of the results from Malaysia. Many small businesses have characteristics strongly associated with growth, including a focus on:

- innovation
- e-commerce
- technology

We are therefore likely to see more Malaysia's small businesses to grow 2022 and beyond.

## Impacts of COVID-19

	Malaysia 2021	Survey average 2021	Rank 2021	Malaysia 2020	Rank 2020
<b>COVID-19 had a major negative impact on my business in the past 12 months</b>	65.1%	51.0%	3/11	66.9%	3/11
<b>My business' major reaction to COVID-19 was to begin or increase its focus on online sales</b>	28.0%	24.3%	5/11	40.4%	2/11

As in 2020, Malaysian small businesses considered COVID-19 their biggest challenge in 2021. 65.1 per cent selected it as their biggest barrier to growth, the third highest result amongst the markets surveyed.

Twenty-eight per cent of Malaysia's small businesses began or increased their focus on online sales in 2021, higher than the survey average. As the survey results show a strong relationship between online sales and business growth, this focus on e-commerce will help many Malaysia small businesses navigate COVID-19 and be well-positioned for future growth.

## Use of technology

	Malaysia 2021	Survey average 2021	Rank 2021	Malaysia 2020	Rank 2020	Malaysia 2019	Malaysia 2018	Malaysia 2017
<b>Did not earn any revenue from online sales</b>	18.1%	19.0%	6/11	14.2%	7/11	18.0%	29.3%	52.6%
<b>Did not use social media for business purposes</b>	18.1%	17.2%	6/11	10.6%	9/11	11.3%	15.8%	40.8%
<b>Investment in technology by the business over the past 12 months has improved profitability</b>	39.5%	53.6%	7/11	42.4%	6/11	45.7%	41.4%	50.8%
<b>Technology the business invested in most heavily over the past 12 months</b>	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	Computer equipment	Computer equipment	N/A
<b>Consider the business likely to be cyberattacked in next 12 months</b>	38.5%	44.3%	6/11	46.7%	3/11	41.7%	45.4%	19.6%
<b>Reviewed the business' cybersecurity protections in last six months</b>	40.1%	46.7%	8/11	44.4%	3/11	45.0%	37.2%	N/A
<b>More than 10 per cent of sales is received through digital payment options such as Grabpay, Alipay and iPay88</b>	62.5%	64.9%	5/11	52.5%	8/11	51.1%	47.7%	33.0%

One factor driving growth of Malaysia's small business is their relatively strong use of digital technologies. Selling online is important for many Malaysia's small businesses. 56.6 per cent earned more than 10 per cent of their revenue from online sales in 2021. This is higher than in Singapore (50 per cent) but lower than the survey average of 60.6 per cent.

Further, an overwhelming majority of Malaysia's small businesses use social media. Only 18.1 per cent do not use social media in their business. 52.3 per cent use it to promote their business to potential customers.

Most of Malaysia's small businesses offer customers the choice of paying by new digital and mobile payment technologies to customers, such as Alipay, Grabpay and iPay88. 58.9 per cent received more than 10 per cent of their sales through such technology, which is however below the survey average of 64.9 per cent.

Malaysia's small businesses have a relatively strong focus on cybersecurity. 40.1 per cent reviewed their cybersecurity measures in the past six months, while 38.5 per cent expected their business will be cyberattacked in 2022. CPA Australia's [Business Technology Report](#) shows that respondents from high-growth businesses are more likely to nominate "increased investment in cybersecurity software" as a key technology-related project their business undertook than respondents from businesses that did not grow or shrank. There is however room to improve the digital skills and knowledge of Malaysia's small businesses. 39.5 per cent that invested in technology in 2021 reported such investments were already been profitable. However, this result is lower than the survey average and the lowest recorded in the survey's history for Malaysia.

### Business activity over the past 12 months

	Malaysia 2021	Survey average 2021	Rank 2021	Malaysia 2020	Rank 2020	Malaysia 2019	Malaysia 2018	Malaysia 2017
Increased employee numbers	15.8%	28.7%	9/11	15.6%	7/11	26.7%	25.7%	27.5%
Improved customer satisfaction had a major positive impact on my business	17.1%	23.0%	7/11	25.2%	6/11	40.0%	41.8%	33.7%
Increasing costs had a major negative impact on their business	33.2%	29.2%	2/11	27.8%	3/11	44.7%	51.6%	52.1%
Required funds from an external source	51.6%	60.2%	7/11	54.6%	7/11	52.7%	39.5%	54.7%
Sought external funds for business growth	39.5%	48.2%	7/11	43.6%	5/11	58.9%	55.0%	62.1%
Sought external funds for business survival	54.1%	49.0%	4/11	45.5%	4/11	25.3%	35.8%	33.1%
Found it easy or very easy to access external finance	21.0%	45.9%	9/11	13.9%	10/11	15.8%	16.7%	13.0%
A bank was the business' main source of external finance	36.3%	34.2%	5/11	28.5%	8/11	29.7%	35.8%	33.7%

## Planned business activity over the next 12 months

	Malaysia 2021	Survey average 2021	Rank 2021	Malaysia 2020	Rank 2020	Malaysia 2019	Malaysia 2018	Malaysia 2017
Expect to increase employee numbers	33.6%	39.9%	6/11	41.1%	6/11	42.7%	45.1%	40.1%
Will introduce a new product, service or process unique to their market or the world	25.3%	27.0%	6/11	26.5%	4/11	21.3%	29.3%	32.0%
Expect revenue from overseas markets to grow strongly	14.8%	19.3%	6/11	15.9%	4/11	16.3%	19.4%	15.9%
Will seek external funds	23.7%	27.3%	7/11	24.2%	5/11	17.0%	22.4%	31.1%
Expect easy to very easy access to finance	21.0%	40.6%	10/11	14.3%	11/11	13.0%	10.9%	10.2%

### ***Innovation***

Malaysia's small businesses continue to have a reasonable focus on innovation, particularly in comparison to small businesses from Australia, Hong Kong, New Zealand, Singapore and Taiwan. 25.3 per cent will introduce a totally new product, process or service to Malaysia or the world in 2022. This innovative culture should support long-term growth and improve the competitiveness of Malaysia's small businesses.

### ***Employee growth***

Reflecting a challenging 2021, only 15.8 per cent of Malaysian small businesses added to their employee numbers.

However, a more positive business outlook is reflected in expected jobs growth. 33.6 per cent of Malaysian small businesses expect to increase their employee numbers this year, which is higher than small businesses from Australia, Hong Kong, New Zealand, Singapore and Taiwan.

### ***Access to finance***

Most Malaysian small businesses needed external finance in 2021. 51.6 per cent sought external finance last year, down from 54.6 per cent in 2020. However, reflecting difficult trading conditions, 54.1 per cent sought that finance for business survival, compared with 45.5 per cent in 2020.

Respondents from Malaysia found accessing finance challenging. 46.5 per cent found accessing finance difficult or very difficult compared with 21 per cent that found it easy or very easy to access.

## Factors that had positive and negative influences on business

Top four factors that had a positive influence on Malaysia small business in 2021	Top four factors that had a positive influence on Malaysia small business in 2020	Top four factors that had a positive influence on Malaysian small business in 2019
Customer loyalty	Customer loyalty	Customer loyalty
E-commerce	Cost control	Improved customer satisfaction
COVID-19	Improved business strategy	Good staff
Cost control	Good staff <sup>^</sup>	Improved business strategy

<sup>^</sup> equal third

Top four factors that had a negative impact on Malaysian small business in 2021	Top four factors that had a negative impact on Malaysian small business in 2020	Top four factors that had a negative impact on Malaysian small business in 2019
COVID-19	COVID-19	Increasing costs
Poor overall economic environment	Increasing costs	Increasing competition
Increasing costs	Increasing competition	Poor overall economic environment
Cash flow difficulties	Poor overall economic environment <sup>^</sup>	Fluctuations in the value of the local currency

<sup>^</sup> equal third

As in 2020, COVID-19 was the major barrier to growth for Malaysia's small businesses in 2021, followed by the related "poor overall economic environment". Small businesses in Malaysia found that "increasing costs" was the third most likely barrier to growth in 2021. Utilities and materials were the costs that caused them the most detriment.

## Demographics

	Malaysia 2021	Survey average 2021	Rank 2021	Malaysia 2020	Rank 2020	Malaysia 2019	Malaysia 2018	Malaysia 2017
<b>Business has been established for 10 years or less</b>	74.7%	62.8%	3/11	82.8%	2/11	73.0%	73.7%	70.2%
<b>Respondent is aged under 40</b>	55.9%	45.2%	5/11	66.2%	4/11	64.0%	61.5%	57.6%
<b>Respondent is the business owner</b>	56.9%	39.0%	4/11	51.0%	5/11	51.3%	55.6%	41.7%
<b>Business has 10 to 19 employees</b>	21.1%	30.1%	8/11	25.8%	6/11	19.0%	21.4%	32.0%