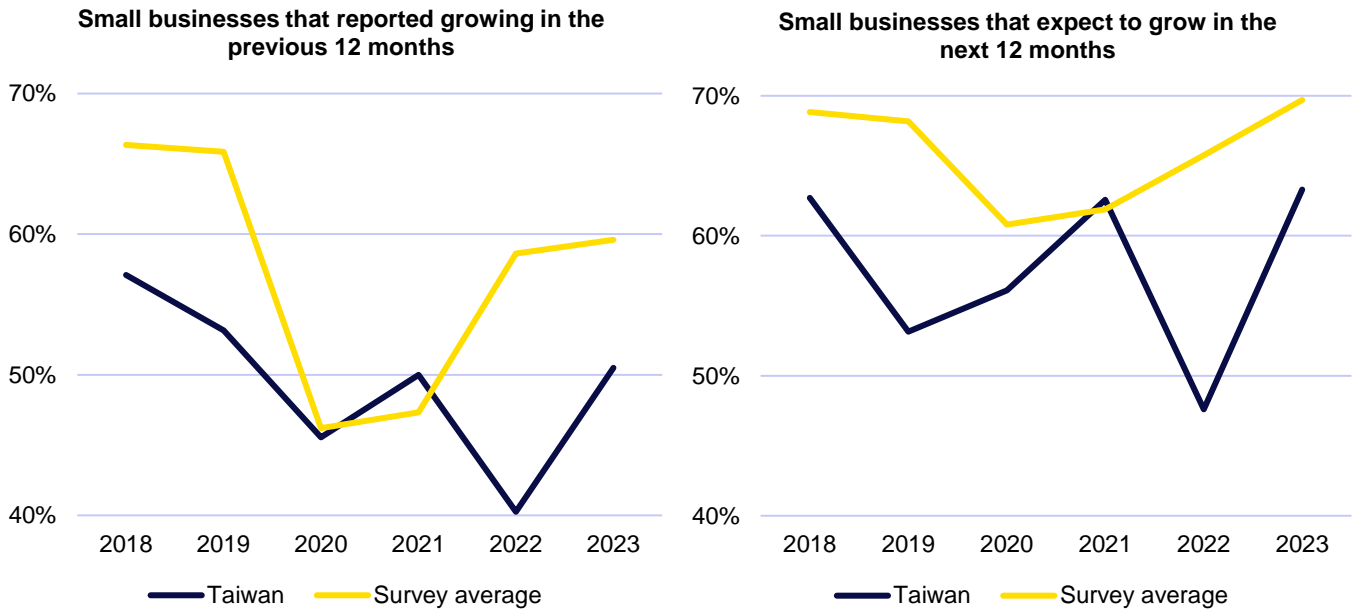


CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2023-2024

Taiwan market summary

Taiwan¹

Business and economic conditions



S

	Taiwan 2023	Survey average 2023	Rank 2023	Taiwan 2022	Rank 2022	Taiwan 2021	Taiwan 2020	Taiwan 2019
Businesses that grew in the last 12 months	50.5%	59.6%	8/11	40.3%	10/11	50.0%	45.5%	53.2%
Businesses that expect to grow in the next 12 months	63.3%	69.7%	7/11	47.6%	10/11	62.6%	56.1%	53.2%
Businesses that expect the local economy to grow in the next 12 months	58.2%	65.0%	9/11	38.7%	11/11	50.6%	45.9%	42.2%
Satisfied or very satisfied with the financial return of the business²	48.8%	65.3%	11/11	37.9%	11/11	N/A	N/A	N/A

¹ For the purpose of this survey, data collected from small businesses in Hong Kong and Taiwan are shown separately from the data collected for the rest of China.

² Limited to owner, director, CEO/managing director or principal.

2023 was a better year for Taiwan's small businesses. 51 per cent said they grew last year, up from 40 per cent in 2022. Despite this improvement, Taiwanese small business owners expressed relatively lower satisfaction with the financial returns compared to other surveyed markets.

2024 is expected to be a better year for Taiwan's small businesses. 63 per cent expect to grow. A stronger focus on technology, such as e-commerce and new payment technologies and on customer satisfaction and business strategy should help more of Taiwan's small businesses to grow.

One advantage that Taiwan has is the young age profile of their small business owners. According to our survey, only 20 per cent of Taiwan small business owners are aged 50 or over, compared with the survey average of 28 per cent and Australia's 55 per cent. Our survey data shows small business owners under 40 are much more likely to run businesses that grow, and use technology such as e-commerce and social media in their business. They are also much more likely to innovate or export and are less risk averse than older owners.

Technology use

	Taiwan 2023	Survey average 2023	Rank 2023	Taiwan 2022	Rank 2022	Taiwan 2021	Taiwan 2020	Taiwan 2019
More than 10 per cent of revenue came from online sales	59.2%	62.2%	9/11	52.4%	9/11	44.8%	43.6%	37.9%
Did <u>not</u> use social media for business purposes	12.9%	15.4%	5/11	22.7%	4/11	22.9%	14.2%	18.6%
Investment in technology by the business over the past 12 months has improved profitability	50.2%	52.8%	7/11	35.5%	10/11	38.7%	31.7%	38.5%
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	Computer equipment	Computer equipment	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	52.1%	44.2%	4/11	33.9%	8/11	41.9%	38.0%	33.9%
Reviewed the business' cybersecurity protections in past six months	53.1%	49.5%	4/11	34.2%	10/11	43.2%	38.9%	38.9%
Lost time and/or money due to a cybersecurity incident in the past 12 months	44.4%	40.7%	6/11	N/A	N/A	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as LINEpay, Apple Pay, JKOPay, Taiwan Pay, Alipay	57.5%	70.8%	9/11	51.8%	10/11	45.0%	38.0%	31.5%

Sought advice from IT consultants/specialists	24.8%	25.8%	5/11	16.6%	11/11	13.9%	10.2%	N/A
--	-------	-------	------	-------	-------	-------	-------	-----

Technology use by Taiwan’s small businesses improved in 2023 from 2022, however, they continue to be less likely to use technology than their counterparts across the region. The survey data shows:

- Taiwan’s small businesses could make greater use of e-commerce. 59 per cent generated more than 10 per cent of their revenue online, compared with 81 per cent of Hong Kong small businesses. However, this result is up from 38 per cent in 2019 (before COVID).
- Taiwan’s small businesses ranked third lowest in generating more than 10 per cent of their sales through digital and online payment technologies, such as LINEpay, Apple Pay and JKOPay (58 per cent compared with 90 per cent of small businesses from Mainland China).
- Taiwan’s small businesses made greater use of social media in 2023. 13 per cent did *not* use social media last year, down from 23 per cent in 2022.

The higher returns Taiwanese small businesses received from their investment in technology in 2023 may help explain their greater uptake of technology last year. 50 per cent found their investment in technology improved their profitability last year, marking a large increase from the 30 per cent range reported in previous years.

Taiwan’s small businesses have a large reliance on cash sales. 56 per cent received at least half of their sales in cash last year. Given the broad cross-section of industries represented in the Taiwan survey sample, we assume that many business-to-business transactions are conducted in cash.

In terms of cybersecurity, 44 per cent of Taiwan’s small businesses lost time and/or money due to cyber incident last year, slightly above survey average of 41 per cent. Over half (52 per cent) of Taiwan’s small businesses expect to be cyberattacked in 2024, while 53 per cent reviewed their cybersecurity in the past six months.

Business activity over the past 12 months

	Taiwan 2023	Survey average 2023	Rank 2023	Taiwan 2022	Rank 2022	Taiwan 2021	Taiwan 2020	Taiwan 2019
Increased employee numbers	31.2%	32.0%	7/11	18.5%	11/11	15.5%	12.5%	17.6%
Improved customer satisfaction had a major positive impact on the business	18.6%	28.6%	11/11	21.7%	8/11	17.1%	14.9%	18.6%
Improved business management had a major positive impact on the business	11.3%	23.5%	11/11	15.0%	10/11	11.6%	10.2%	11.3%
Increasing costs had a major negative impact on the business	31.8%	39.7%	8/11	30.7%	6/11	27.1%	20.5%	29.6%

Required funds from an external source	61.7%	62.7%	8/11	48.2%	7/11	46.1%	47.5%	40.5%
Sought external funds for business growth	42.2%	52.6%	10/11	42.4%	8/11	44.1%	39.6%	48.4%
Sought external funds for business survival	34.9%	39.7%	6/11	41.1%	5/11	44.8%	36.1%	30.3%
Found it easy or very easy to access external finance	56.8%	43.3%	3/11	29.8%	8/11	21.0%	21.5%	25.4%
A bank was the business' main source of external finance	37.5%	40.2%	7/11	47.0%	3/11	28.0%	31.3%	26.2%
Did <u>not</u> spend any time and resources on ESG practices	20.6%	19.9%	3/11	38.3%	3/11	N/A	N/A	N/A

Planned business activity over the next 12 months

	Taiwan 2024	Survey average 2024	Rank 2024	Taiwan 2023	Rank 2023	Taiwan 2022	Taiwan 2021	Taiwan 2020
Expect to increase employee numbers	41.2%	43.1%	8/11	21.4%	11/11	26.5%	22.8%	22.3%
Will introduce a new product, service or process unique to their market or the world	24.4%	28.7%	8/11	19.8%	10/11	18.7%	14.5%	13.3%
Expect revenue from overseas markets to grow strongly	22.2%	18.9%	4/11	15.7%	7/11	11.0%	6.9%	6.0%
Will seek external funds	25.4%	28.7%	8/11	27.2%	6/11	19.0%	16.2%	8.3%
Expect easy to very easy access to finance	50.2%	40.3%	3/11	24.3%	9/11	21.1%	20.0%	22.8%

Employment

Reflecting an increase in the number of Taiwanese small businesses that grew in 2023, there was an increase in those that added to their headcount. 31 per cent added to their employee numbers last year, up from 19 per cent in 2022.

An expected improvement in business sentiment in 2024 is translating into more optimistic headcount expectations. 41 per cent of Taiwan's small businesses expect to add to their headcount this year.

Innovation

Taiwan’s small businesses are somewhat unlikely to innovate. 24 per cent state they will introduce a new product, process or service that is unique to their market or the world in 2024. This is the fourth lowest result of the markets surveyed. This may affect the growth of Taiwan’s small business sector as the survey results have shown over many years a correlation between innovation and business growth.

Access to finance

Reflecting a more positive small business environment in Taiwan last year, more local small businesses accessed external finance in 2023 (62 per cent) than 2022 (48 per cent). Of the Taiwanese small businesses that accessed finance, 42 per cent sourced that finance for business growth, while 35 per cent accessed it for survival.

Of those that sought external funds last year, 57 per cent said they found the experience easy or very easy, up significantly from 30 per cent in 2022. These relatively easy financing conditions are expected to continue this year, with 50 per cent predicting their experience at accessing external finance will be easy. This is higher than the survey average of 40 per cent.

Environmental, social, and governance (ESG)

Taiwan’s small businesses have a relatively strong focus on activities linked to ESG. The survey showed only 21 per cent did *not* spend any time or resources on activities linked to ESG in 2023. The activities linked to ESG that Taiwan’s small businesses were most likely to focus on were staff health and safety policies, diversity and inclusion policies and supply chain sustainability.

Factors that had positive and negative influences on business

Top four factors that had a positive influence on Taiwanese small business in 2023	Top four factors that had a positive influence Taiwanese on small business in 2022	Top four factors that had a positive influence on Taiwanese small business in 2021
Cost control	COVID-19	COVID-19
Customer loyalty	Cost control	Customer loyalty
Good staff [^]	Customer loyalty [^]	Cost control
Improved customer satisfaction [^]	Improved customer satisfaction [^]	

Top four factors that had a negative impact on Taiwanese small business in 2023	Top four factors that had a negative impact on Taiwanese small business in 2022	Top four factors that had a negative impact on Taiwanese small business in 2021
Increasing costs	COVID-19	COVID-19
Poor overall economic environment	Poor overall economic environment	Poor overall economic environment
Staff costs	Increasing costs	Increasing costs

[^]equal rank

Given that Taiwan’s small businesses were most likely to nominate increasing costs as a barrier to growth, it’s not surprising that cost control was the strategy that yielded the most positive benefits for local small business. However, a stronger focus on improving customer satisfaction, improving business strategy and improving business management should increase the number of Taiwanese

small businesses that are growing. Survey results spanning many years demonstrates a strong correlation between these strategies and being a high-growth small business.

Taiwan's small businesses found that "increasing costs" and "poor overall economic environment" had the largest negative impacts on their business. Staff costs, material costs and rent were the costs most detrimental to Taiwan's small businesses in 2023.

Entrepreneurship

Taiwan 2023	
Primary reason of for starting their business	Be your own boss / independence
Biggest concern when first started a business	Irregular income / cashflow
Most common attitude and approach to managing business risk of owner	Risk averse

When starting their businesses, Taiwanese entrepreneurs are most likely to be motivated by the desire to be their own boss. The biggest concern they had when starting their business was with irregular income and cashflow.

The greater propensity for Taiwanese small business owners to be risk averse may help explain their relatively lower inclination to adopt innovative technologies in comparison to small businesses from other markets in the region.

Demographics

	Taiwan 2023	Survey average 2023	Rank 2023	Taiwan 2022	Rank 2022	Taiwan 2021	Taiwan 2020	Taiwan 2019
Respondent aged under 40	44.7%	46.0%	8/11	50.8%	5/11	34.5%	54.8%	44.2%
Business set up for less than 11 years	64.6%	61.1%	4/11	54.0%	9/11	58.7%	58.7%	56.5%
Respondent is the business owner	17.4%	37.4%	9/11	11.8%	10/11	14.8%	16.8%	13.6%
Business has 10 to 19 employees	48.6%	38.3%	3/11	22.0%	8/11	15.2%	21.8%	23.9%

The survey demographics for Taiwan indicate their age profile is relatively young, especially in comparison to Australia and New Zealand. This is positive for Taiwan as the survey results have shown over many years that businesses with younger respondents are more likely to be growing, creating jobs, innovating, using emerging technologies and exporting.