

### Asia- Pacific Small Business Survey 2022/23 Results

The latest survey results provided by CPA Australia in March 2023, provide some interesting trend insights into SME businesses in the Asia-Pacific region. The survey was conducted from 22 November to 5 December 2022. Some of the key results are detailed below.

#### **2022-23 Results**

Findings from the 14th annual Asia-Pacific small business survey provide valuable insights into the sector across 11 economies in Australia, New Zealand, and Asia. 2022 was a year of recovery for most small businesses, with most markets reporting an increase in the number of small businesses that grew in 2022 compared with 2021.

The survey results indicate that 2023 is expected to be a better year than 2022, with more small businesses across the region expecting to grow.

**The survey also uncovered some common characteristics of high-growth small businesses: -**

#### **(a) Technology is Critical**

High-growth small businesses continue to be significantly more likely to sell online, receive payments through new payment technologies, review their cybersecurity protections, and use social media in a variety of ways – including learning more about existing and potential customers.

#### **(b) Focus on the Customer Experience**

Small businesses experiencing strong growth are much more focused on improving customer satisfaction, business strategy and management.

#### **(c) Are Innovative**

High-growth small businesses are significantly more innovative through introducing new products, services or processes.

#### **(d) Are more Focused on Exporting**

High-growth small businesses are significantly more focused on entering new markets and growing export revenue.

#### **(e) Professional Advisers play an important role**

Fast growing small businesses are much more inclined to seek professional advice – especially from IT and business consultants.

#### **(f) Other Interesting Characteristics**

Small businesses experiencing strong growth are much more likely to have owners or managers under 50, have been established for five to 20 years, have between 10 to 19 employees, and are servicing developing markets.

## Factors that had positive and negative influences on business

Top four factors that had a positive influence on Australian small business in 2022	Top four factors that had a positive influence Australian on small business in 2021	Top four factors that had a positive influence on Australian small business in 2020
Customer loyalty	Customer loyalty	Customer loyalty
Good staff	COVID-19	Good staff
Cost control	Good staff	COVID-19
Improved business strategy	Cost control	Cost control

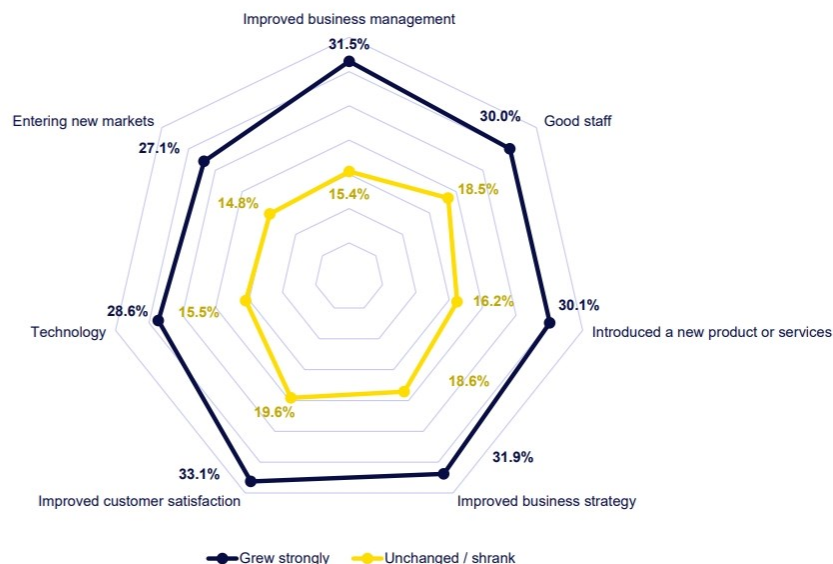
Top four factors that had a negative impact on Australian small business in 2022	Top four factors that had a negative impact on Australian small business in 2021	Top four factors that had a negative impact on Australian small business in 2020
COVID-19	COVID-19	COVID-19
Increasing costs	Increasing costs	Poor overall economic environment
Supply disruptions	Poor overall economic environment	Increasing costs
Rising interest rates	Cash flow difficulties	Cash flow difficulties

## Planned business activity over the next 12 months

	Australia 2023	Survey average 2023	Rank 2023	Australia 2022	Rank 2022	Australia 2021	Australia 2020	Australia 2019
Expect to increase employee numbers	27.8%	44.9%	10/11	19.2%	11/11	13.0%	10.6%	14.5%
Will introduce a new product, service or process unique to their market or the world	14.3%	34.4%	11/11	5.9%	11/11	6.7%	6.4%	6.7%
Expect revenue from overseas markets to grow strongly	10.4%	23.7%	11/11	5.1%	11/11	6.3%	4.8%	4.6%
Will seek external funds	14.5%	33.6%	11/11	5.7%	11/11	8.3%	6.0%	6.9%
Expect easy to very easy access to finance	33.6%	42.3%	7/11	35.1%	6/11	31.1%	35.6%	26.5%

High-growth businesses are more focused on improving customer satisfaction, business management and strategy, and introducing new products/services

Focus areas of high-growth businesses compared to those that did not grow



## Small business expectations for accessing finance in 2023

- Most businesses expect to access finance in 2023, with the main reason being to support business growth
- More businesses expect easy access to finance in 2023 than difficult
- High-growth markets are more likely to expect to access finance in 2023
- Financing conditions in India and Hong Kong are expected to remain easy, reflecting positive business expectations
- India has the highest percentage of small businesses expecting easy access to finance, while New Zealand small businesses are the most likely to expect accessing finance will be difficult
- Funding growth is the key reason businesses expect to seek finance this year. Interestingly, businesses are somewhat more likely to cite increasing expenses, increasing rent and increasing interest expenses as reasons for seeking finance this year

## Top technologies small business invested in in 2022 – by market

	Most invested in	Second most invested in	Third most invested in
<b>High-growth businesses</b>	Business intelligence and analytical software (15.6%)	Computer equipment (14.1%)	Artificial intelligence (13.7%)
<b>Australia</b>	Website (18.2%)	Computer equipment (16.0%)	Accounting software (9.2%)
<b>Mainland China</b>	Computer equipment (13.0%)	Artificial intelligence (12.9%)	Enterprise resource planning software (9.7%)
<b>Hong Kong</b>	Artificial intelligence (14.0%)	Enterprise resource planning software (13.3%)	Computer equipment (9.8%)
<b>India</b>	Business intelligence and analytical software (20.9%)	Computer equipment (14.7%)	Customer Relationship Management software (14.4%)
<b>Indonesia</b>	Mobile apps (24.7%)	Computer equipment (21.4%)	Website (16.0%)
<b>Malaysia</b>	Mobile apps (18.2%)	Artificial intelligence (16.9%)	Computer equipment (15.7%)
<b>New Zealand</b>	Website (19.6%)	Computer equipment (17.8%)	Accounting software (15.9%)
<b>Philippines</b>	Computer equipment (29.1%)	Mobile apps (20.4%)	Customer Relationship Management software (8.3%)
<b>Singapore</b>	Artificial intelligence (12.7%)	Computer equipment (10.1%)	Business intelligence and analytical software (9.0%)
<b>Taiwan</b>	Computer equipment (20.0%)	Website (12.3%)	Artificial intelligence (8.2%)
<b>Vietnam</b>	Customer Relationship Management software (19.6%)	Computer equipment (16.5%)	Website (13.4%)

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## Conclusions

### Recommendations to small business



Seek professional advice such as from IT and business consultants



Save costs by improving procedures or investing in productivity enhancing technology



Focus on improving the customer experience



Explore opportunities to innovate through new products, services or processes



Increase revenue from overseas markets through e-commerce



Identify and adopt suitable technology to meet changing consumer needs



Tap into support measures and grants from government



Review cybersecurity measures regularly

Given six months have elapsed since the Asia-Pacific Report survey (“APR”) was completed, the following factors will likely negatively impact on Australian business activities, for the remainder of 2023:

- Logistical problems with staffing, low productivity, supply chain issues, higher working capital requirements, due to inflationary cost increases and increased fuel/energy prices;
- Higher interest rates for business lending needs – working capital & capital expenditure funding;
- Lower consumer sentiments due to cost-of-living pressures, mortgage stress, higher power costs and other economic/geo-political concerns.

In addition, Australian businesses have significantly lagged other countries results included in the APR, on positive business activities both in 2022 and in forecasts for 2023. Refer to the “**Planned business activity over the next 12 months**” table rankings and the comparisons to the average results for all countries surveyed to see the differences.

### **Additional Resources**

- For a copy of the full **Asia-Pacific Survey Report** - please click the link [HERE](#).
- For a copy of the **Australia Market Summary** extract from the full Asia-Pacific Report - please click the link [HERE](#).

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