

MEDIA RELEASE

Malaysia's small businesses well-placed to recover from the economic impacts of COVID-19

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Kuala Lumpur, Malaysia

With many of Malaysia's small businesses reporting both reasonably strong finances and usage of digital technology in 2019, they are well-placed to manage through the COVID-19 crisis and to recover fairly quickly, according to a survey of small businesses across the Asia Pacific by CPA Australia, one of the world's largest accounting bodies.

CPA Australia's Asia-Pacific Small Business Survey 2019-20 found that many of Malaysia's small businesses entered the pandemic crisis in good financial health with over two-thirds (67.7 per cent) reporting that they grew in 2019, and only 16.3 per cent of businesses finding it difficult to pay business debts in 2019.

In addition, with over half (51.7 per cent) of Malaysia's small businesses in 2019 generating greater than 10 per cent of their sales online, they are well placed to offset at least some of their lost sales from traditional means, and to respond to significant shifts in consumer behaviour to online sales that the Movement Control Order (MCO) is driving, which is likely to continue well after the MCO is lifted.

CPA Australia's General Manager of External Affairs, Mr Paul Drum warned that while the results were on balance positive for Malaysia, past performance is no guarantee of future success.

"With this crisis, small businesses have little margin for error. Prudent management, focusing on the changing needs of customers and even greater adoption of technology, rather than good fortune, will be essential to business recovery and ongoing future success.

"The business you had before this pandemic hit will not be the same as the business you have after the pandemic abates and economic activity recovers. Small business owners face the challenge of adapting their businesses to 'a new normal' at a time when finances are tight, although stimulus measures by the government are easing that particular challenge," says Drum.

The survey results show that many of Malaysia's small businesses are well-managed and focused on their customers.

The top four factors that had a positive influence on Malaysia's small businesses in 2019 were:

- Customer loyalty
- Improved customer satisfaction
- Good staff
- Improved business strategy

“Our survey results continue to show year after year, through both good times and bad, businesses with a focus on their customer, technology and strategy are much more likely to be growing strongly than other businesses.

“While it is wise to focus on cash flow and financial health at this time, businesses should also be looking to how they can meet the fast-changing needs of customers, especially through increasing online sales.

“While over half of Malaysia's small businesses generate more than 10 per cent of their sales online, if a large proportion of Malaysia's small businesses are to recover, that result will need to be far higher by the time we run this survey again at the end of this year.

“Given that nearly all Malaysian businesses invested in technology in 2019 and that 45.7 per cent stated that such investment was already profitable, it looks as if many of Malaysia's small businesses have the digital capability to expand their online sales in 2020,” says Drum.

CPA Australia has the following suggestions for Malaysia's small business in this difficult period:

- Focus on improving cash flow and your financial health
- Utilise technology and online sales to meet changing consumer behavior
- Capitalise on your existing pool of loyal customers
- Investigate the SME relief measures announced by the government, especially as Malaysia's small business were the least likely to report easy access to finance in 2019
- Dedicate any spare time you may have to developing and implementing a recovery plan, and learning about industry trends and emerging technologies and how they can be applied to your business
- Ask staff with any downtime to undertake training so they are better skilled to meet the recovery needs of your business
- If you are in a relatively strong financial position, keep an open eye to any opportunities that may emerge in the recovery

- Seek professional advice.

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Key statistics for Malaysia from the small business survey

See annex

PowerPoint presentation of survey results

Available on request

Other CPA Australia resources to assist Malaysia's small businesses manage through COVID-19

- [CPA Australia's checklist on managing through COVID-19](#)
- [CPA Australia's summary of Malaysia's COVID-19 support for business](#)

About the CPA Australia Asia-Pacific Small Business Survey

The CPA Australia Asia-Pacific Small Business Survey provides annual insights into the views of small businesses across the region and forms part of a longitudinal study that began in 2009. The 11th CPA Australia annual survey comprised extensive surveying of 4,193 small business operators in eleven markets, including Malaysia, Australia, Hong Kong, India, Indonesia, Mainland China, New Zealand, Philippines, Singapore, Taiwan and Vietnam. The survey was conducted between 18 November and 12 December 2019 before Covid-19 pandemic.

About CPA Australia

CPA Australia is one of the world's largest accounting bodies with more than 166,000 members working in 100 countries and regions around the world, and with more than 25,000 members working in senior leadership positions. It has established a strong membership base of more than 10,000 in Malaysia.

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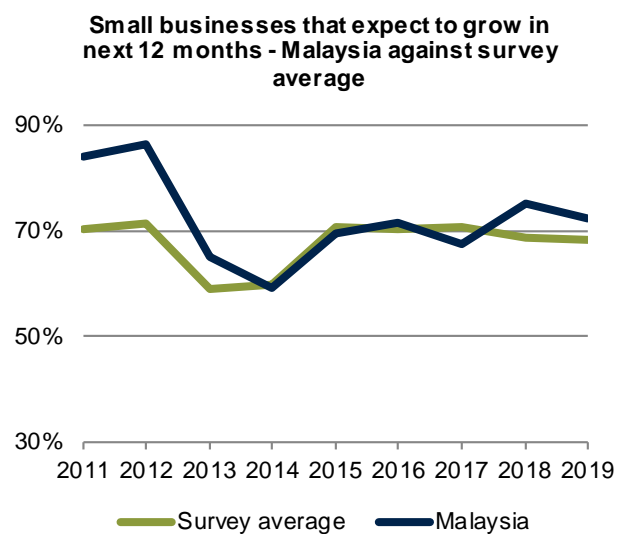
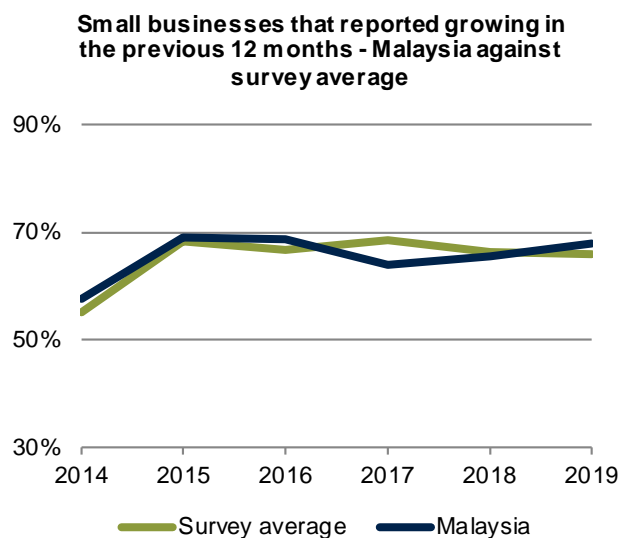
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ANNEX – CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2019-20

KEY DATA - MALAYSIA

Business and economic growth



	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Businesses that grew in the last 12 months	67.7%	65.8%	6/11	65.5%	5/10	64.1%	68.7%	69.0%
Businesses that expect to grow in the next 12 months	72.3%	68.2%	6/11	75.0%	4/10	67.3%	71.7%	69.7%
Businesses that expect the local economy to grow in the next 12 months	55.3%	59.1%	6/11	69.1%	4/10	53.7%	52.8%	46.8%

Business activity over the past 12 months

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Increased employee numbers	26.7%	32.5%	6/11	25.7%	5/10	27.5%	33.6%	31.6%
Improved business management had a major positive impact on their business	29.0%	17.6%	1/11	28.3%	4/10	29.4%	27.0%	31.3%
Increasing costs had a major negative impact on their business	44.7%	33.8%	2/11	51.6%	1/10	52.1%	45.9%	48.7%
Required funds from an external source	52.7%	52.2%	7/11	39.5%	6/10	54.7%	62.2%	57.7%
Sought external funds for business growth	58.9%	54.0%	3/11	55.0%	6/10	62.1%	51.3%	51.4%
Found it easy or very easy to access external finance	15.8%	31.6%	11/11	16.7%	8/10	13.0%	15.7%	31.8%
A bank was the business's main source of external finance	29.7%	36.2%	7/11	35.8%	7/10	33.7%	40.8%	45.3%

Planned business activity over the next 12 months

	2020	Survey average	Rank 2020	2019	Rank 2019	2018	2017	2016
Expect to increase employee numbers	42.7%	42.7%	6/11	45.1%	5/10	40.1%	40.4%	46.8%
Will introduce a new product, service or process unique to their market or the world	21.3%	25.8%	6/11	29.3%	4/10	32.0%	26.4%	29.0%
Expect revenue from overseas markets to grow strongly	16.3%	17.1%	6/11	19.4%	4/10	15.9%	18.2%	18.7%
Will seek external funds	17.0%	23.3%	6/11	22.4%	5/10	31.1%	29.3%	29.7%
Expect easy to very easy access to finance	13.0%	27.4%	11/11	10.9%	10/10	10.2%	13.6%	27.6%

Social media, e-commerce and technology

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Did NOT earn any revenue from online sales	18.0%	26.2%	8/11	29.3%	6/10	52.6%	59.1%	58.2%
Did NOT use social media for business purposes	11.3%	18.9%	9/11	15.8%	7/10	40.8%	40.2%	41.2%
Social media platform the business gets most value out of	N/A	N/A	N/A	Facebook	N/A	N/A	N/A	N/A
Investment in technology by the business over the past 12 months has improved profitability	45.7%	48.9%	6/11	41.4%	5/10	50.8%	N/A	N/A
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	N/A	N/A	N/A
Consider the business likely to be cyberattacked in next 12 months	41.7%	37.5%	4/11	45.4%	4/10	19.6%	N/A	N/A
Reviewed the business's cybersecurity protections in last six months	45.0%	45.9%	4/11	37.2%	9/10	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay	51.1%	60.1%	7/11	47.7%	5/10	33.0%	N/A	N/A

Factors that had positive and negative influences on business

Top four factors that had a positive influence on small business in 2019	Top four factors that had a positive influence on small business in 2018
Customer loyalty	Customer loyalty
Improved customer satisfaction	Improved customer satisfaction
Good staff	Good staff
Improved business strategy	Improved business strategy

Top four factors that had a negative impact on small business in 2019	Top four factors that had a negative impact on small business in 2018
Increasing costs	Increasing costs
Increasing competition	Increasing competition
Poor overall economic environment	Poor overall economic environment
Fluctuations in the value of the local currency	Fluctuations in the value of the local currency

Impact of a trade war

	2019	Survey average 2019	Rank 2019	2018	Rank 2018
Possible trade war between the US and a range of other economies will have a negative impact on your business in next 12 months	39.3%	33.1%	4/11	33.6%	7/10

Demographics

	2019	Survey average 2019	Rank 2019	2018	Rank 2018	2017	2016	2015
Business has been established for 10 years or less	73.0%	65.4%	4/11	73.7%	4/10	70.2%	73.3%	73.9%
Respondent is aged under 40	64.0%	54.7%	5/11	61.5%	5/10	57.6%	76.9%	74.2%
Respondent is the business owner	51.3%	42.5%	6/11	55.6%	4/10	41.7%	33.2%	46.8%
Business has 10 to 19 employees	19.0%	34.6%	9/11	21.4%	8/10	32.0%	47.2%	31.9%