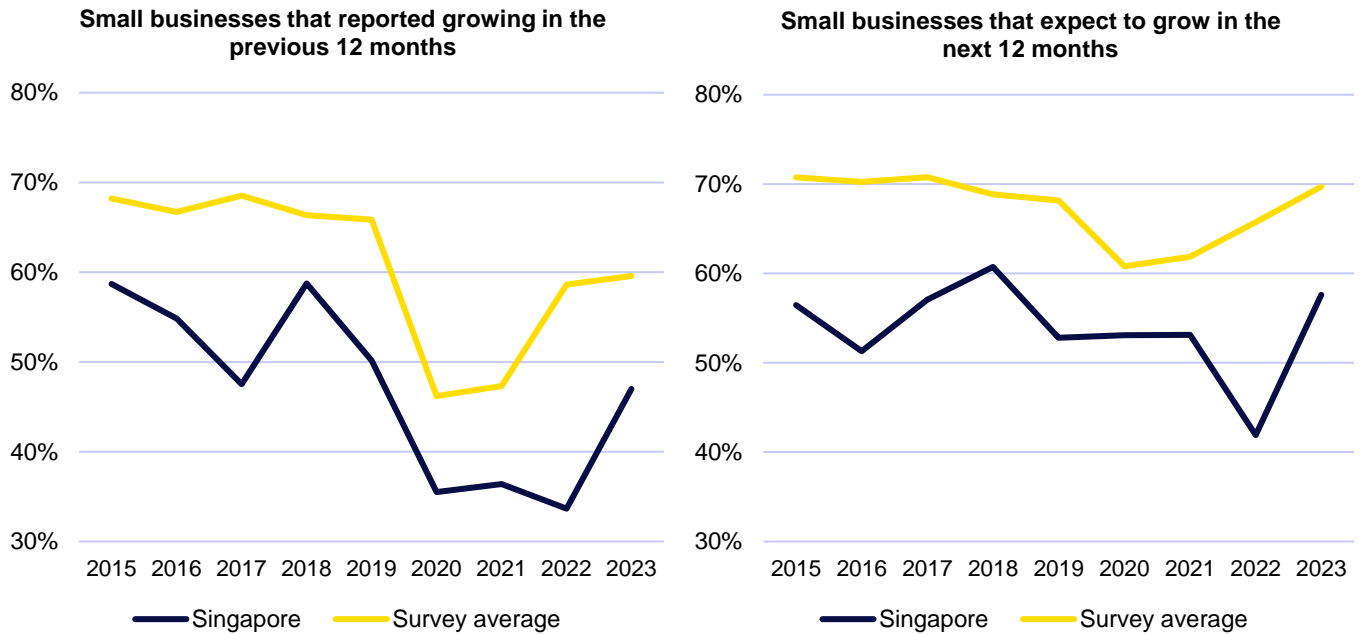


CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2023-2024

Singapore market summary

Singapore

Business and economic conditions



	Singapore 2023	Survey average 2023	Rank 2023	Singapore 2022	Rank 2022	Singapore 2021	Singapore 2020	Singapore 2019
Businesses that grew in the last 12 months	47.0%	59.6%	10/11	33.7%	11/11	36.4%	35.5%	50.2%
Businesses that expect to grow in the next 12 months	57.6%	69.7%	10/11	41.9%	11/11	53.1%	53.1%	52.8%
Businesses that expect the local economy to grow in the next 12 months	59.9%	65.0%	8/11	52.8%	8/11	52.3%	46.3%	39.0%
Satisfied or very satisfied with the financial return of the business¹	60.0%	65.3%	7/11	53.3%	8/11	N/A	N/A	N/A

¹ Limited to owner, director, CEO/managing director or principal.

2023 was a better year than 2022 for Singapore's small businesses. 47 per cent reported that they grew last year, up from 34 per cent in 2022. Adding to this somewhat positive result, the percentage of small businesses that grew last year was higher than expected.

Singapore's small businesses expect this year to be better. 58 per cent forecast their business will grow, the country's highest result since 2018. Notably, a quarter of the country's small businesses anticipate their business will "grow strongly" in 2024, the highest result for Singapore since just after the global financial crisis in 2011.

Major contributors to this positive result include growing small business confidence in the local economy, and the strong focus many Singaporean small businesses have on innovation and technology, improved customer satisfaction, and venturing into new markets. Our survey data shows these are the characteristics of high growth businesses.

Another likely contributing factor is the younger age profile of Singapore's small business owners. According to our survey, 53 per cent of respondents were aged under 40, compared with the survey average of 46 per cent. Our survey data shows younger owners 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 uptake

	Singapore 2023	Survey average 2023	Rank 2023	Singapore 2022	Rank 2022	Singapore 2021	Singapore 2020	Singapore 2019
More than 10 per cent of revenue came from online sales	62.6%	62.2%	5/11	67.7%	5/11	42.0%	57.3%	35.7%
Did not use social media for business purposes	16.2%	15.4%	4/11	13.2%	6/11	26.6%	14.7%	27.9%
Investment in technology by the business over the past 12 months has improved profitability	47.0%	52.8%	9/11	39.9%	8/11	36.4%	38.4%	35.1%
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Artificial intelligence, machine learning and chatbots	N/A	Computer equipment	Website	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	44.7%	44.2%	7/11	45.2%	6/11	28.5%	36.5%	29.5%
Reviewed the business' cybersecurity protections in past six months	43.0%	49.5%	7/11	51.8%	3/11	34.1%	39.4%	31.1%

Lost time and/or money due to a cybersecurity incident in the past 12 months	54.3%	40.7%	3/11	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 PayPal, GrabPay, Stripe, DBS PayLah!, Apple Pay	75.3%	70.8%	5/11	71.6%	6/11	58.1%	62.7%	51.3%
Sought advice from IT consultants/specialists	24.5%	25.8%	6/11	29.4%	4/11	12.1%	17.6%	N/A

Singapore’s small businesses continued to demonstrate strong technology uptake in 2023. For example:

- Most Singaporean small businesses generated revenue through online sales. 63 per cent made over 10 per cent of their revenue from e-commerce last year, up from 36 per cent in 2019 (pre-COVID).
- Allied to online sales, three in four Singaporean small businesses generated more than 10 per cent of their sales from digital and online payment technologies, such as PayPal, Apple Pay and GrabPay in 2023. This beats the survey average and is well above the 2019 result of 51 per cent.
- Most Singaporean small businesses use social media. Last year, only 16 per cent said they did *not* use social media.

The good return many Singaporean small businesses generate from their investment in technology is helping to drive this focus on technology. Nearly half (47 per cent) reported that their technology investments in the past 12 months improved their profitability, up from 40 per cent the previous year.

Over half (53 per cent) of Singapore’s small business reported lost time and/or money due to a cybersecurity incident in the past 12 months. This was higher than the survey average of 40 per cent. This in part is due to the high levels of technology uptake by Singapore’s small businesses. Furthermore, 45 per cent of small businesses expect to be cyberattacked in 2024. Despite these results, 43 per cent told us they reviewed their cybersecurity measures in the past six months. Given this, Singapore’s small businesses should consider having a stronger focus on cybersecurity. We encourage them to visit the website of [Cyber Security Agency](#), which offers support programmes to enterprises, such as the [PSG Cybersecurity Solutions](#) and the [Cyber Safe Programme](#).

Business activity over the past 12 months

	Singapore 2023	Survey average 2023	Rank 2023	Singapore 2022	Rank 2022	Singapore 2021	Singapore 2020	Singapore 2019
Increased employee numbers	37.7%	32.0%	3/11	25.1%	8/11	19.0%	22.1%	18.7%
Improved customer satisfaction had a major positive impact on the business	23.2%	28.6%	8/11	23.8%	6/11	16.4%	13.4%	26.2%
Improved business management had a major positive impact on the business	20.5%	23.5%	8/11	21.5%	6/11	10.5%	14.3%	14.1%
Increasing costs had a major negative impact on the business	31.1%	39.7%	9/11	28.4%	8/11	28.5%	20.5%	36.1%
Required funds from an external source	54.3%	62.7%	9/11	46.5%	9/11	35.7%	47.2%	31.5%
Sought external funds for business growth	43.9%	52.6%	8/11	51.8%	6/11	36.7%	45.5%	45.8%
Sought external funds for business survival	47.6%	39.7%	3/11	36.2%	7/11	31.2%	43.4%	15.6%
Found it easy or very easy to access external finance	60.4%	43.3%	2/11	56.7%	3/11	20.2%	42.8%	29.2%
A bank was the business' main source of external finance	27.4%	40.2%	10/11	11.3%	11/11	27.5%	33.8%	28.1%
Did <u>not</u> spend any time and resources on ESG practices	19.9%	19.9%	4/11	14.2%	7/11	N/A	N/A	N/A

Planned business activity over the next 12 months

	Singapore 2024	Survey average 2024	Rank 2024	Singapore 2023	Rank 2023	Singapore 2022	Singapore 2021	Singapore 2020
Expect to increase employee numbers	47.0%	43.1%	5/11	31.4%	9/11	29.8%	29.0%	31.1%
Will introduce a new product, service or process unique to their market or the world	36.8%	28.7%	3/11	20.8%	9/11	17.0%	18.6%	13.4%
Expect revenue from overseas markets to grow strongly	26.5%	18.9%	3/11	19.5%	6/11	12.8%	13.4%	12.8%
Will seek external funds	37.1%	28.7%	3/11	25.1%	7/11	15.7%	23.1%	9.2%
Expect easy to very easy access to finance	52.2%	40.3%	2/11	43.8%	4/11	14.2%	31.1%	23.4%

Employment

The higher number of small businesses that grew last year was also reflected in the rising number that hired additional staff. Over one-third (38 per cent) added to their headcount last year, up from 25 per cent in 2022.

Reflecting expectations for a positive 2024, 47 per cent of Singapore's small businesses predict they will add to their headcount in 2024.

Innovation

Singapore's small businesses are highly likely to innovate this year. 37 per cent state they will introduce a new product, process or service that is unique to their market or the world in 2024, which is the third highest result of the 11 markets surveyed. This result is also well up from the 21 per cent that said they will innovate in 2023.

This emphasis on innovation is anticipated to yield positive outcomes for Singapore's small businesses, as survey results indicate a correlation between innovation and business growth.

Access to finance

Reflecting a more positive business environment, more Singaporean small businesses accessed external finance in 2023. 54 per cent needed external finance last year compared with 47 per cent in 2022. Despite more businesses reporting growth, 48 per cent sought external finance for business survival, up from 36 per cent in 2022.

On a positive note, respondents from Singapore found accessing external finance in 2023 slightly easier than 2022. 60 per cent found accessing finance last year was easy or very easy. Banks were the most likely source of that finance.

Exports

Compared to most of their Asian counterparts, Singapore's small businesses display a relatively positive outlook regarding their projected revenue from overseas sales in 2024. Exporting is not only good for revenue, it also exposes businesses to increased competition and ideas.

Environmental, social, and governance (ESG)

Singapore's small businesses have a strong focus on activities linked to ESG. The survey showed only 20 per cent did *not* spend any time or resources on activities linked to ESG in 2023. The activities linked to ESG that Singapore's small businesses were most likely to focus on were staff health and safety policies, supply chain sustainability and environmental management system (EMS) adoption.

Factors that had positive and negative influences on business

Top four factors that had a positive influence on Singaporean small business in 2023	Top four factors that had a positive influence Singaporean on small business in 2022	Top four factors that had a positive influence on Singaporean small business in 2021
Customer loyalty	Customer loyalty	Government support/incentives
Improved customer satisfaction [^]	Improved customer satisfaction	Customer loyalty
Cost control [^]	Improved business strategy	Cost control
Positive overall economic environment	Entering new markets	Technology

Top four factors that had a negative impact on Singaporean small business in 2023	Top four factors that had a negative impact on Singaporean small business in 2022	Top four factors that had a negative impact on Singaporean small business in 2021
Increasing costs	Increasing costs	COVID-19
Increasing competition	COVID-19	Increasing costs
Cash flow difficulties	Difficulty expanding new markets	Poor overall economic environment
Rising interest rates	Poor overall economic environment	Increasing competition

[^]equal rank

Singapore's small businesses once again selected "customer loyalty" and "improved customer satisfaction" as factors that had the most positive impact on their business in 2023. Survey results spanning many years demonstrates a strong correlation between "improving customer satisfaction" in particular, and being a high-growth small business.

For the second year running, Singaporean small businesses found "increasing costs" were their biggest barrier to growth in 2023. Given this, it is prudent that more of Singapore's small businesses found "cost control" an important factor for their business last year. The costs most detrimental to them were transportation and storage costs, staff costs and materials.

Entrepreneurship

Singapore 2023	
Primary reason 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	Adaptive risk manager

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

As adaptive risk managers, Singapore's small business owners are more likely to prefer to adjust their risk strategies to the circumstances, such as taking more risks in times of growth and less risks in difficult times.

Demographics

	Singapore 2023	Survey average 2023	Rank 2023	Singapore 2022	Rank 2022	Singapore 2021	Singapore 2020	Singapore 2019
Respondent aged under 40	53.0%	46.0%	3/11	40.6%	8/11	34.1%	47.6%	44.6%
Business established for less than 11 years	62.9%	61.15	6/11	61.1%	6/11	58.0%	59.3%	63.6%
Respondent is the business owner	29.8%	37.4%	7/11	13.9%	9/11	41.0%	36.5%	49.5%
Business has 10 to 19 employees	46.7%	38.3%	5/11	37.3%	4/11	27.2%	33.6%	21.3%

The demographics indicate that the age profile of Singapore's small business owners is relatively young. This is positive 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.

Policy suggestions

Policymakers should explore opportunities to enhance the sector's cybersecurity capabilities. They should also consider further measures that build small business management capabilities through incentivising them to access business advice from their chosen adviser.