CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2024-2025

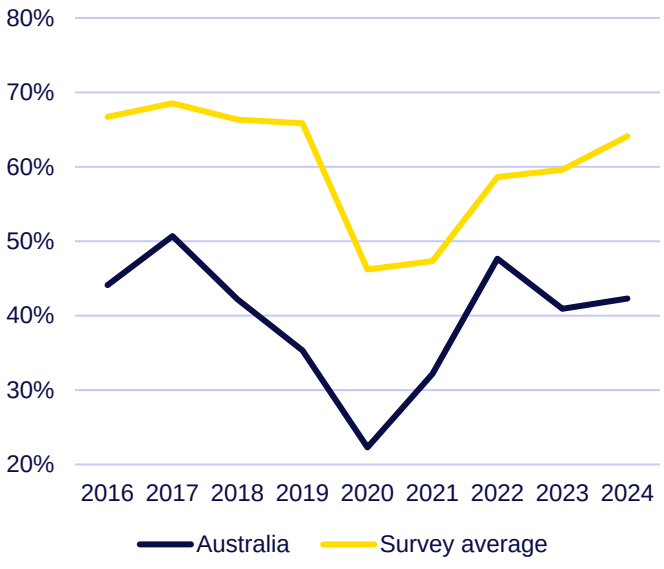
Australia market summary

Key findings

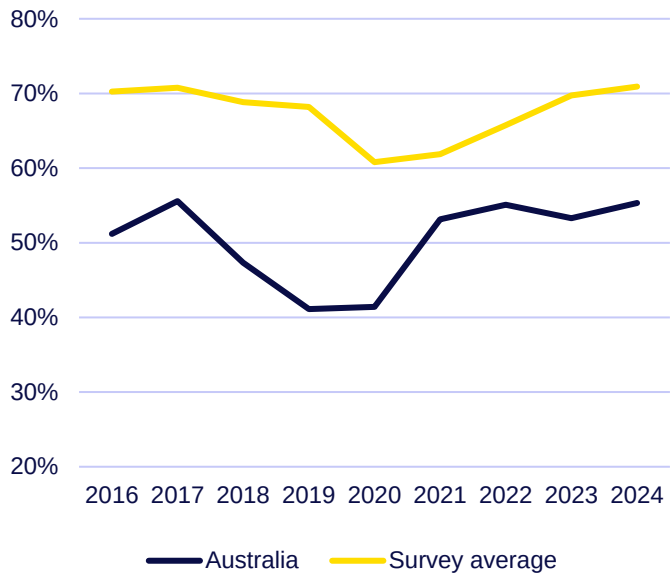
- Business growth in 2024 was low, with only a slight improvement expected in 2025
- Small business confidence in Australia's economic outlook is negative
- Innovation levels remain low amongst Australian small businesses
- Technology adoption and investment show little improvement, with Australian small businesses ranking low across all technology uptake indicators
- Technology investment is generally not improving profitability
- Cybersecurity incidents declined slightly in 2024
- Increasing costs remain the major concern, squeezing margins and slowing growth
- Hiring activity remains minimal
- Businesses continue to be domestically focused
- Limited demand/need for external finance
- Not heavily investing in ESG activities
- Favouring defensive strategies such as customer loyalty and cost control
- Business owners and businesses are ageing, with Australian small business owners most likely to be over 50
- A risk-averse mindset prevails among Australian small business owners
- Despite poor overall business performance, business owners remain satisfied with owning a small business

Business and economic conditions

Small businesses that reported growing in the previous 12 months



Small businesses that expect to grow in the next 12 months



	Australia 2024	Survey average 2024	Rank 2024	Australia 2023	Rank 2023	Australia 2022	Australia 2021	Australia 2020	Australia 2019
Businesses that grew in the last 12 months	42.3%	64.1%	10/11	40.9%	11/11	47.6%	32.2%	22.3%	35.3%
Businesses that expect to grow in the next 12 months	55.3%	70.9%	9/11	53.3%	11/11	55.1%	53.1%	41.4%	41.1%
Businesses that expect the local economy to grow in the next 12 months	34.6%	66.9%	11/11	29.5%	11/11	43.3%	55.1%	44.2%	29.3%

The 2024 results show a slight improvement compared to 2023, with 42 per cent of Australian small businesses reporting growth, up two percentage points from 2023. However, this remains significantly lower than the survey average of 64 per cent, positioning Australia as second lowest among the 11 markets surveyed.

Looking ahead, 2025 is expected to be a better year for Australian small businesses. Fifty-five per cent expect to grow, though this is still well below the survey average of 71 per cent.

Among the 11 markets surveyed, Australian small businesses are the least likely to expect their economy to grow over the next 12 months. More small businesses expect the Australian economy to shrink (42 per cent) than grow (35 per cent), although this outlook is slightly improved compared to the previous survey.

The age of the business owner or another person leading the business appears to play a key factor

shaping business performance and expectations. Australian small business owners are much older, with more than half (55 per cent) aged 50 or over – well above the survey average of 24 per cent. Business growth rates vary significantly by age group, for example

- among Australian small business owners aged under 40, 58 per cent reported their business grew in 2024, and 70 per cent expect their business to grow in 2025
- for those aged 50 to 59, the figures drop to 38 per cent and 55 per cent, respectively
- owners aged 60 and over report the lowest growth rates, at 27 per cent experiencing growth in 2024 and 34 per cent expecting growth in 2025.

Our survey data shows that older owners are much less likely to adopt high-growth strategies such as e-commerce, innovation and improving customer satisfaction. However, the pessimistic outlook for the Australian economy is relatively consistent across all age groups.

Despite weak business performance and expectations, most Australian small business owners, directors and principals remain satisfied with running their business. Eighty per cent report some level of satisfaction, likely due to non-financial motivations for being in business. The survey shows the primary reasons why most Australians started their own business was to be their own boss, work-life balance and pursue a passion, with only 9 per cent citing financial gain as their main motivation.

Technology uptake

	Australia 2024	Survey average 2024	Rank 2024	Australia 2023	Rank 2023	Australia 2022	Australia 2021	Australia 2020	Australia 2019
More than 10 per cent of revenue came from online sales	39.3%	66.9%	10/11	38.7%	10/11	46.3%	37.3%	31.6%	26.7%
Did not use social media for business purposes	32.4%	12.8%	2/11	30.3%	2/11	30.4%	36.7%	42.4%	45.1%
Investment in technology by the business over the past 12 months has improved profitability	25.9%	55.6%	10/11	26.5%	10/11	32.2%	23.5%	18.9%	18.8%
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	Website	Computer equipment	Website	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	23.3%	40.7%	10/11	21.6%	10/11	26.7%	18.4%	17.8%	17.6%
Reviewed the business' cybersecurity protections in past six months	38.7%	50.8%	11/11	39.9%	10/11	44.3%	35.3%	32.5%	35.3%
Lost time and/or money due to a cybersecurity incident in the past 12 months	8.7%	39.6%	11/11	13.6%	10/11	N/A	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as PayPal, Apple Pay, Google Pay, Alipay, WeChat Pay	48.9%	75.1%	10/11	48.1%	10/11	55.2%	43.4%	40.9%	37.1%
Sought advice from IT consultants/specialists	18.0%	28.0%	10/11	16.8%	11/11	18.8%	9.6%	9.1%	N/A

Australian small businesses continue to lag their Asian counterparts in technology adoption. Survey data highlights the following key differences:

- **Lower online revenue.** Only 39 per cent of Australian small businesses generated more than 10 per cent of their revenue from online sales, compared to 96 per cent of Mainland Chinese small businesses.
- **Limited use of social media.** Australia's small businesses ranked the second least likely to use social media for business purposes, well behind other markets including Mainland China and Vietnam.
- **Limited adopted of new digital payment options.** Australia's small businesses ranked second last in receiving more than 10 per cent of sales through new digital and payment technologies such as PayPal and Apple Pay (49 per cent compared to 96 per cent of Mainland Chinese small businesses).

A probable reason for this low investment in technology is the poor short-term returns. Only 26 per cent of Australian small businesses reported that their technology investments last year improved their profitability - the second-lowest result among the surveyed markets. In contrast, 88 per cent of Vietnamese small businesses saw profitability gains from their 2024 technology investments.

Most Australian small businesses are optimistic they won't be cyberattacked this year. Only 23 per cent expect an attack this year, compared to the survey average of 41 per cent. This result may be because only 9 per cent reported losses from cybersecurity incidents last year. However, despite this, 39 per cent of Australian small businesses proactively reviewed their cybersecurity measures within the past six months.

Business activity over the past 12 months

	Australia 2024	Survey average 2024	Rank 2024	Australia 2023	Rank 2023	Australia 2022	Australia 2021	Australia 2020	Australia 2019
Increased employee numbers	9.3%	32.8%	11/11	12.8%	11/11	21.6%	7.1%	8.3%	8.8%
Improved customer satisfaction had a major positive impact on the business	20.4%	27.2%	8/11	20.0%	10/11	18.4%	16.1%	13.2%	19.4%
Improved business management had a major positive impact on the business	14.2%	23.4%	10/11	11.6%	10/11	14.5%	9.2%	7.3%	8.2%
Increasing costs had a major negative impact on the business	47.8%	38.1%	2/11	50.3%	2/11	38.0%	24.9%	17.8%	32.5%
Required funds from an external source	25.9%	66.4%	11/11	25.3%	11/11	35.7%	27.1%	24.3%	22.6%
Sought external funds for business growth	45.0%	56.0%	8/11	36.2%	11/11	41.8%	25.4%	29.3%	30.1%
Sought external funds for business survival	26.0%	38.6%	9/11	28.3%	8/11	28.0%	43.5%	42.3%	27.4%
Found it easy or very easy to access external finance	39.7%	41.7%	5/11	33.9%	6/11	40.1%	37.0%	49.6%	46.9%
A bank was the business' main source of external finance	46.6%	40.2%	4/11	41.7%	4/11	30.8%	44.2%	38.2%	43.4%
Did not spend any time and resources on ESG practices	54.2%	20.0%	1/11	55.1%	1/11	44.3%	N/A	N/A	N/A

Planned business activity over the next 12 months

	Australia 2025	Survey average 2025	Rank 2025	Australia 2024	Rank 2024	Australia 2023	Australia 2022	Australia 2021	Australia 2020
Expect to increase employee numbers	16.2%	44.8%	10/11	18.2%	10/11	27.8%	19.2%	13.0%	10.6%
Will introduce a new product, service or process unique to their market or the world	8.1%	26.5%	11/11	8.2%	10/11	14.3%	5.9%	6.7%	6.4%
Expect revenue from overseas markets to grow strongly	4.3%	19.4%	11/11	6.8%	11/11	10.4%	5.1%	6.3%	4.8%
Will seek external funds	8.1%	27.1%	10/11	8.0%	10/11	14.5%	5.7%	8.3%	6.0%
Expect easy to very easy access to finance	24.9%	38.2%	9/11	25.3%	10/11	33.6%	35.1%	31.1%	35.6%

Employment

The modest growth of Australia's small businesses last year is reflected in a decline in the number that created new jobs. Only 9 per cent increased employee numbers last year, down from 13 per cent in 2023. This the lowest result of the markets surveyed.

The outlook for 2025 remains subdued, with just 16 per cent of Australian small businesses expecting to hire more employees, the second-lowest figure among the surveyed markets.

Innovation

Australian small businesses continue to show low levels of innovation. Only 8 per cent state they will introduce a new product, process or service that is unique to their market or the world in 2025 – the lowest result of the markets surveyed and well below the survey average of 27 per cent. This lack of innovation may hinder the growth of many Australian small businesses, as past survey results have consistently shown a strong correlation between innovation and business growth.

Access to finance

In 2024, 26 per cent of Australian small businesses sourced external funding, a slight increase from 2023. This is despite a rise in the number of businesses that found accessing external finance easy - 40 per cent in 2024 compared to 34 per cent in 2023.

However, the relatively low demand for external finance is likely attributed to several factors, including limited growth, innovation and market expansion plans, which reduce the need for financing asset purchases or boosting working capital. Additionally, many Australian small businesses have been operating for over a decade, potentially allowing them to finance growth initiatives internally.

Exports

Australian small businesses are the least likely to expect an increase in overseas sales revenue in 2025, with only 4 per cent expecting growth - well below the survey average of 19 per cent. Expanding into new markets can help businesses diversity and access new ideas. Our survey data has consistently shown a correlation between exporting and business growth.

Environmental, social, and governance (ESG)

Australian small businesses are the least likely to engage in ESG-related activities. The top three ESG-related activities for Australian small businesses are:

- staff health and safety (19 per cent)
- supply chain sustainability (13 per cent)
- energy and water use monitoring (12 per cent).

Factors that had positive and negative influences on business & Sources of advice

Top four factors that had a positive influence on Australian small business in 2024	Top four factors that had a positive influence Australian on small business in 2023	Top four factors that had a positive influence on Australian small business in 2022	Top 4 source of advice for small business in 2024
Customer loyalty	Customer loyalty	Customer loyalty	Accountants
Cost control	Good staff	Good staff	Friends and family
Good staff	Cost control	Cost control	Business partner or mentor
Improved business strategy	Improved customer satisfaction	Improved business strategy	IT consultants/specialists

Top four factors that had a negative impact on Australian small business in 2024	Top four factors that had a negative impact on Australian small business in 2023	Top four factors that had a negative impact on Australian small business in 2022
Increasing costs	Increasing costs	COVID-19
Poor overall economic environment	Poor overall economic environment	Increasing costs
Rising interest rates	Rising interest rates	Supply disruptions
Increasing competition	Cash flow difficulties	Rising interest rates

As in previous years, Australian small businesses found defensive strategies such as ‘customer loyalty’ and ‘cost control’ had the most positive influence on their business in 2024.

Increasing costs remained the most significant challenge facing Australian small businesses in 2024, although concerns eased slightly compared to 2023. These increasing costs are likely putting further pressure on the already tight margins of many Australian small businesses. Among these costs, ‘insurance’ and ‘utility costs’ were identified as the most detrimental.

Entrepreneurship

	Australia 2024	Australia 2023
Primary reason for starting their business	Be your own boss / independence	Be your own boss / independence
Biggest concern when first started a business	Irregular income / cashflow	Irregular income / cashflow
Most common attitude and approach to managing business risk of owner	Risk averse	Risk averse
Overall satisfaction from owning or operating small business	Satisfied	N/A

When starting their businesses, Australian small business owners are, like owners in most other surveyed markets, primarily motivated by a desire to be their own boss. Their biggest concern when starting out was irregular income and cashflow.

The greater risk aversion among Australian small business owners may help explain their relatively lower inclination to adopt innovative technologies compared to small businesses from other markets in the region.

Demographics

	Australia 2024	Survey average 2024	Rank 2024	Australia 2023	Rank 2023	Australia 2022	Australia 2021	Australia 2020	Australia 2019
Respondent aged under 40	22.3%	50.5%	10/11	30.1%	11/11	39.2%	28.0%	18.5%	17.6%
Business established for less than 11 years	50.6%	66.1%	10/11	52.9%	8/11	58.8%	50.6%	44.4%	38.1%
Respondent is the business owner	66.8%	40.5%	2/11	67.5%	1/11	53.9%	70.4%	66.3%	69.9%
Business has 10 to 19 employees	16.0%	31.3%	11/11	10.8%	11/11	18.8%	12.9%	13.6%	9.6%

Australia has the second highest percentage of respondents aged 50 and over. Data collected over the course of this survey series shows a strong correlation between this age group and lower levels of digital adoption by small business.

For instance, 42 per cent of small business owners aged 50 to 59 reported not using social media for their business, and this figure rises to 45 per cent for those aged 60 and over. In contrast, only 20 per cent of Australian small businesses owned or operated by someone under 40 did not use social media.