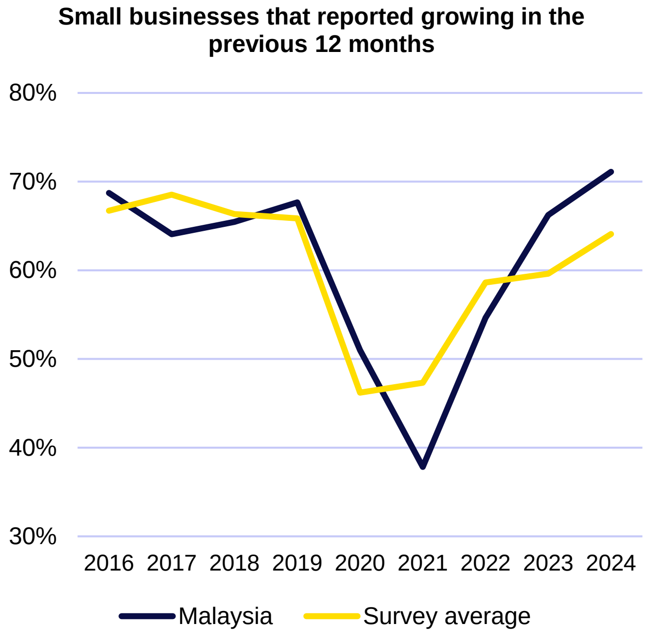
CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2024-2025

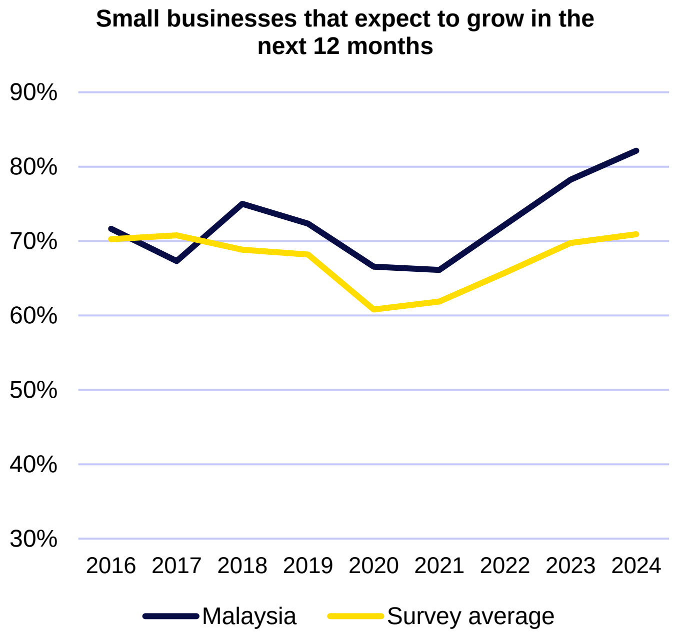
Malaysia market summary

Key highlights

- Business sentiment in 2024 reached its highest level in over a decade, with optimism expected to continue into 2025
- Small business confidence in Malaysia's economy is at its strongest since 2011
- Online sales have surged
- Investment in AI has risen sharply
- Malaysia leads all surveyed markets in small businesses that will innovate in 2025
- Rising costs remain their biggest challenge, with tax becoming an increasing barrier to growth
- More businesses sought external funding in 2024, primarily for growth
- Strong commitment to ESG activities
- Family and friends remain the most important source of business advice
- Most likely to have a considered approach to risk, developing risk strategies and contingency plans
- Overall, business owners are satisfied with owning a small business
- Malaysia has one of the youngest small business owner and business age profiles among the surveyed markets

Business and economic conditions





	Malaysia 2024	Survey average 2024	Rank 2024	Malaysia 2023	Rank 2023	Malaysia 2022	Malaysia 2021	Malaysia 2020	Malaysia 2019
Businesses that grew in the last 12 months	71.1%	64.1%	5/11	66.2%	5/11	54.6%	37.8%	51.0%	67.7%
Businesses that expect to grow in the next 12 months	82.1%	70.9%	5/11	78.2%	5/11	72.2%	66.1%	66.6%	72.3%
Businesses that expect the local economy to grow in the next 12 months	80.8%	66.9%	2/11	72.1%	6/11	72.5%	59.5%	68.2%	55.3%

2024 was a positive year for Malaysia's small businesses, reflecting continued post-pandemic recovery and growth. Seventy-one per cent of Malaysian small businesses grew last year, the highest result in over a decade. As in 2023, Malaysian small businesses outperformed fellow ASEAN member Singapore (51 per cent reported growing), but trailed Indonesia (83 per cent), the Philippines (77 per cent) and Vietnam (82 per cent).

Looking ahead, 2025 is expected to be an even more promising year for Malaysia's small businesses. Eighty-two per cent expect to grow, marking the country's best result since 2012 and exceeding the survey average of 71 per cent.

This optimism is also reflected in expectations for the local economy. More than three quarters (81 per cent) of Malaysian small businesses expect their economy to grow in 2025, well above the survey average of 67 per cent.

Some of the factors driving this positive outlook include the sector's strong focus on innovation and technology, including e-commerce, and the relatively young age profile of Malaysia's small business owners. Our survey data shows that younger owners are much more likely to adopt high-growth strategies such as using e-commerce, investing in innovation, and enhancing customer satisfaction.

Technology uptake

	Malaysia 2024	Survey average 2024	Rank 2024	Malaysia 2023	Rank 2023	Malaysia 2022	Malaysia 2021	Malaysia 2020	Malaysia 2019
More than 10 per cent of revenue came from online sales	73.7%	66.9%	4/11	61.7%	6/11	63.9%	56.6%	63.9%	51.7%
Did not use social media for business purposes	8.1%	12.8%	6/11	11.7%	7/11	13.6%	18.1%	10.6%	11.3%
Investment in technology by the business over the past 12 months has improved profitability	50.3%	55.6%	7/11	49.4%	8/11	53.0%	39.5%	42.4%	45.7%
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Mobile apps	N/A	Mobile apps	Computer equipment	Computer equipment	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	43.5%	40.7%	5/11	46.1%	6/11	48.0%	38.5%	46.7%	41.7%
Reviewed the business' cybersecurity protections in past six months	50.0%	50.8%	4/11	51.6%	5/11	48.0%	40.1%	44.4%	45.0%
Lost time and/or money due to a cybersecurity incident in the past 12 months	32.1%	39.6%	8/11	38.0%	8/11	N/A	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as GrabPay. Touch n' Go, Boost, iPay88, PayPal	78.0%	75.1%	5/11	68.3%	6/11	72.9%	62.5%	52.5%	51.1%
Sought advice from IT consultants/specialists	22.4%	28.0%	6/11	22.1%	7/11	19.5%	14.5%	18.5%	N/A

A key factor driving the growth of Malaysia’s small business is their relatively strong adoption of digital technologies. E-commerce plays a crucial role, with 74 per cent of small businesses earning more than 10 per cent of their revenue from online sales in 2024. This is up from 62 per cent in 2023.

Related to e-commerce, digital and mobile payment technologies are also widely embraced. In 2024, 78 per cent of small businesses received more than 10 per cent of their sales through platforms like GrabPay, Touch ‘n Go and Boost - a sharp increase from 51 per cent in 2019.

Social media is another key digital tool, with its widespread use among Malaysia’s small businesses. In 2024, only 8 per cent reported *not* using social media in 2024, underscoring its broad adoption.

Technology investment is also a priority, with half of Malaysian small businesses reporting that their investments in technology last year improved their profitability. While computer equipment was the most common investment, interest in artificial intelligence (AI) has surged. In 2024, 27 per cent of small businesses identified AI as their primary technology investment, up from 11 per cent in 2023

Cybersecurity continues to be a focus, with 50 per cent of Malaysian small businesses reviewing their cybersecurity measures in the past six months, slightly down from 52 per cent in 2023. This proactive approach may have contributed to Malaysia ranking as the fourth least likely market to report losses from a cyber incident. Looking ahead, 44 per cent of Malaysian small businesses expect to be cyberattacked in 2025, compared to 46 per cent in 2024.

Business activity over the past 12 months

	Malaysia 2024	Survey average 2024	Rank 2024	Malaysia 2023	Rank 2023	Malaysia 2022	Malaysia 2021	Malaysia 2020	Malaysia 2019
Increased employee numbers	35.1%	32.8%	6/11	28.2%	8/11	30.5%	15.8%	15.6%	26.7%
Improved customer satisfaction had a major positive impact on the business	29.9%	27.2%	5/11	28.9%	5/11	18.2%	17.1%	25.2%	40.0%
Improved business management had a major positive impact on the business	27.6%	23.4%	4/11	28.9%	3/11	16.6%	19.1%	21.2%	29.0%
Increasing costs had a major negative impact on the business	47.4%	38.1%	3/11	49.7%	3/11	29.7%	33.2%	27.8%	44.7%
Required funds from an external source	67.2%	66.4%	7/11	64.6%	7/11	73.2%	51.6%	54.6%	52.7%
Sought external funds for business growth	69.6%	56.0%	2/11	58.8%	4/11	60.7%	39.5%	43.6%	58.9%
Sought external funds for business survival	29.0%	38.6%	8/11	25.6%	9/11	50.4%	54.1%	45.5%	25.3%
Found it easy or very easy to access external finance	36.7%	41.7%	8/11	31.2%	8/11	42.3%	21.0%	13.9%	15.8%
A bank was the business' main source of external finance	33.3%	40.2%	9/11	46.2%	3/11	30.8%	36.3%	28.5%	29.7%
Did not spend any time and resources on ESG practices	14.3%	20.0%	6/11	17.2%	6/11	29.1%	N/A	N/A	N/A

Planned business activity over the next 12 months

	Malaysia 2025	Survey average 2025	Rank 2025	Malaysia 2024	Rank 2024	Malaysia 2023	Malaysia 2022	Malaysia 2021	Malaysia 2020
Expect to increase employee numbers	50.6%	44.8%	6/11	42.5%	7/11	50.0%	33.6%	41.1%	42.7%
Will introduce a new product, service or process unique to their market or the world	37.3%	26.5%	1/11	31.5%	5/11	34.1%	25.3%	26.5%	21.3%
Expect revenue from overseas markets to grow strongly	20.8%	19.4%	7/11	21.1%	6/11	27.5%	14.8%	15.9%	16.3%
Will seek external funds	32.8%	27.1%	4/11	27.6%	7/11	30.5%	23.7%	24.2%	17.0%
Expect easy to very easy access to finance	34.7%	38.2%	6/11	26.2%	8/11	39.9%	21.0%	14.3%	13.0%

Innovation

Malaysia’s small businesses lead the region in innovation. In 2025, 37 per cent say they will introduce a new product, process or service unique to Malaysia or the world, ranking them first among the surveyed markets. This innovative culture should drive long-term growth and improve the competitiveness of Malaysia’s small businesses.

Employment

Employment growth continued in 2024, with 35 per cent of Malaysian small businesses increasing their workforce, up from 28 per cent in 2023.

Looking ahead, optimism remains high, with 51 per cent of Malaysia’s small businesses expecting to expand their workforce in 2025.

Access to finance

Most Malaysian small businesses (67 per cent) required external finance in 2024. Reflecting a more positive environment in 2024, 70 per cent used those funds for business growth, up from 59 per cent in 2023.

Demand for external financing is expected to stay strong in 2025, with 85 per cent of businesses stating they will or may seek funding. Of those, 62 per cent plan to use it for business expansion. Confidence in securing that finance is also improving, with 35 per cent believing accessing finance will be easy in 2025, up from 26 per cent in the last survey.

Environmental, social, and governance (ESG)

Malaysia’s small businesses are actively engaged in ESG initiatives, with only 14 per cent reporting no investment of time or resources in ESG-related activities in 2024. The most common ESG activities were staff health and safety policies, supply chain sustainability and diversity and ethics and compliance policies.

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

Top four factors that had a positive influence on Malaysian small business in 2024	Top four factors that had a positive influence Malaysian on small business in 2023	Top four factors that had a positive influence on Malaysian small business in 2022	Top 4 source of advice for small business in 2024
Customer loyalty	Customer loyalty	Customer loyalty	Friends and family
Technology	Cost control	E-commerce	Business partner or mentor
Improved business strategy	E-commerce	Cost control	Business/management consultants
Cost control	Good staff	Positive overall economic environment	A bank or finance company

Top four factors that had a negative impact on Malaysian small business in 2024	Top four factors that had a negative impact on Malaysian small business in 2023	Top four factors that had a negative impact on Malaysian small business in 2022
Increasing costs	Increasing costs	COVID-19
Increasing competition	Increasing competition	Increasing costs
Tax	Poor overall economic environment	Fluctuations in the value of the local currency
Cash flow difficulties	Fluctuations in the value of the local currency	Increasing competition

Malaysia's small businesses once again identified 'customer loyalty' as the most positive influence on their business in 2024 – a consistent trend since 2015.

Malaysia ranked second among surveyed markets for the proportion of businesses reporting major benefits from technology in 2024. This likely reflects the growing importance of online sales and new payment technologies to Malaysian small businesses over the past year.

A strong focus on 'cost control' in 2024 was likely a direct response to increasing costs, which remained Malaysia's biggest barrier to growth. The most burdensome expenses were materials, utility costs, rent, and taxes.

Entrepreneurship

	Malaysia 2024	Malaysia 2023
Primary reason for starting their business	Be your own boss / independence	Be your own boss / independence
Biggest concern when first started a business	Uncertainty whether your business will succeed	Uncertainty whether your business will succeed
Most common attitude and approach to managing business risk of owner	Strategic risk manager	Risk averse
Overall satisfaction from owning or operating small business	Satisfied	N/A

When starting their businesses, Malaysian small business owners are, like their counterparts in most other surveyed markets, primarily motivated by the desire to be their own boss. Their biggest concern when starting out was uncertainty whether their business will succeed.

Demographics

	Malaysia 2024	Survey average 2024	Rank 2024	Malaysia 2023	Rank 2023	Malaysia 2022	Malaysia 2021	Malaysia 2020	Malaysia 2019
Respondent aged under 40	69.5%	50.5%	2/11	60.7%	1/11	65.2%	74.7%	82.8%	73.0%
Business established for less than 11 years	74.4%	66.1%	4/11	79.5%	3/11	65.9%	55.9%	66.2%	64.0%
Respondent is the business owner	45.1%	40.5%	6/11	44.2%	6/11	50.3%	56.9%	51.0%	51.3%
Business has 10 to 19 employees	33.1%	31.3%	5/11	40.3%	6/11	30.5%	21.1%	25.8%	19.0%

One significant advantage for Malaysia is the high percentage of people under 40 who own or hold key positions in small businesses. Data from this survey series consistently shows a strong correlation between this age group and a higher likelihood of adopting high-growth strategies such as e-commerce, innovation and improving customer satisfaction.