



CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2025-2026

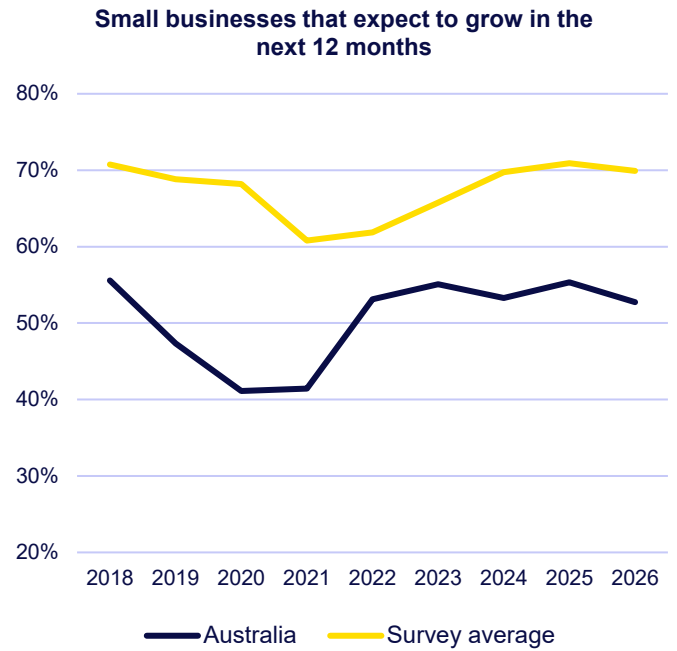
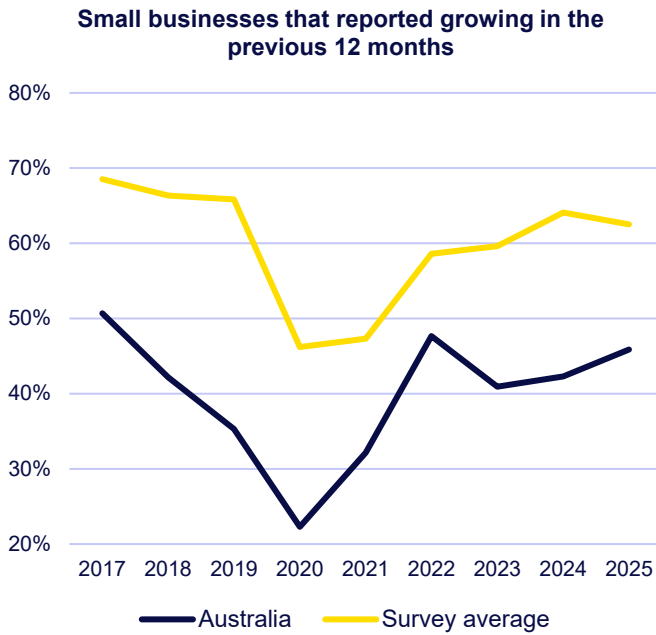
Australia market summary

Australia

Key findings

- Business growth remains low in 2025, with a modest improvement expected in 2026
- Small business confidence in Australia's economy is low
- Innovation activity among Australian small businesses remains limited
- Technology adoption shows little improvement, with Australian small businesses ranking poorly across all technology uptake indicators
- Investment in technology is generally not translating into improved profitability
- Reported cyber incidents remain relatively low, although a slight increase was observed
- Increasing costs remain the major business concern, squeezing margins and slowing growth
- Hiring activity remains low, although there has been a slight improvement
- Small businesses remain predominantly domestically focused, with limited international engagement
- There is limited demand/need for external finance
- Not heavily investing in ESG activities
- Businesses are favouring defensive strategies, particularly 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 many Australian small business owners
- Despite weak overall business performance, business owners continue to report high levels of personal satisfaction from owning a small business

Business and economic conditions



	Australia 2025	Survey average 2025	Rank 2025	Australia 2024	Rank 2024	Australia 2023	Australia 2022	Australia 2021	Australia 2020
Businesses that grew in the last 12 months	45.9%	62.5%	9/11	42.3%	10/11	40.9%	47.6%	32.2%	22.3%
Businesses that expect to grow in the next 12 months	52.8%	69.9%	10/11	55.3%	9/11	53.3%	55.1%	53.1%	41.4%
Businesses that expect the local economy to grow in the next 12 months	33.9%	64.6%	11/11	34.6%	11/11	29.5%	43.3%	55.1%	44.2%

The 2025 results show a slight improvement compared to 2024, with 46 per cent of Australian small businesses reporting growth, up four percentage points from 2024. However, this remains significantly lower than the survey average of 62 per cent, placing Australia as third lowest among the 11 surveyed markets.

Looking ahead, growth expectations remain low. In 2026, 53 per cent small businesses expect to grow, though again, this is still well below the survey average of 70 per cent and is the second lowest result among the surveyed markets.

Small business confidence in Australia’s economic outlook remains weak. Of the 11 markets surveyed, Australian small businesses are the least likely to expect economic growth in 2026. More

businesses anticipate a contraction in the Australian economy (38 per cent) than expansion (34 per cent), although sentiment has improved slightly compared with the previous survey.

The ageing profile of Australian small business owners appears to be a significant factor influencing business performance and expectations. Australian owners are markedly older than the survey average, with 54 per cent aged 50 or over, compared with just 26 per cent across the broader survey sample.

Our survey data shows that older owners are significantly less likely to adopt high-growth strategies including e-commerce, innovation and improving customer satisfaction and business strategy. Business performance also varies markedly by age:

- **Owners under 40:** 64 per cent reported business growth in 2025
- **Owners 50 to 59:** the percentage that reported growing in 2025 drops to 40 per cent
- **Owners aged 60 and over:** only 32 per cent experienced growth in 2025.

Despite weak business performance and subdued expectations, most Australian small business owners, directors and principals continue to report high levels of satisfaction with running their business, suggesting that non-financial factors play an important role in motivating business ownership. In 2025, 81 per cent of respondents reported some level of satisfaction. Survey results indicate that the primary motivations for starting a business are autonomy, work–life balance and the pursuit of a personal passion, with only 7 per cent citing financial gain as their main motivation.

Technology uptake

	Australia 2025	Survey average 2025	Rank 2025	Australia 2024	Rank 2024	Australia 2023	Australia 2022	Australia 2021	Australia 2020
More than 10 per cent of revenue came from online sales	43.6%	63.4%	10/11	39.3%	10/11	38.7%	46.3%	37.3%	31.6%
Did <u>not</u> use social media for business purposes	31.7%	12.0%	1/11	32.4%	2/11	30.3%	30.4%	36.7%	42.4%
Investment in technology by the business over the past 12 months has improved profitability	29.6%	56.3%	10/11	25.9%	10/11	26.5%	32.2%	23.5%	18.9%
Technology the business invested in most heavily over the past 12 months	Accounting software	Artificial intelligence	N/A	Computer equip	N/A	Computer equip	Website	Computer equip	Website
Consider the business likely to be cyberattacked in next 12 months	25.7%	42.3%	10/11	23.3%	10/11	21.6%	26.7%	18.4%	17.8%
Reviewed the business' cybersecurity protections in past six months	45.0%	52.0%	8/11	38.7%	11/11	39.9%	44.3%	35.3%	32.5%
Lost time and/or money due to a cybersecurity incident in the past 12 months	14.2%	36.7%	10/11	8.7%	11/11	13.6%	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, TenPay, WeChat Pay, Apple Pay	47.5%	71.8%	10/11	48.9%	10/11	48.1%	55.2%	43.4%	40.9%
Sought advice from IT consultants/specialists	17.0%	26.6%	10/11	18.0%	10/11	16.8%	18.8%	9.6%	9.1%

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

- Lower online revenue. For Australian small businesses, 44 per cent report that more than 10 per cent of their revenue is generated through online channels. This is well below the survey average of 63 per cent and places Australia tenth out of the 11 markets surveyed.
- Limited use of social media. Australia's small businesses are the least likely to use social media for business purposes, well behind other markets including the Chinese Mainland and Vietnam.
- Limited adoption of new digital payment options. In 2025, 48 per cent of Australian small businesses report receiving more than 10 per cent of sales through digital payment methods such as PayPal, Alipay and Apple Pay. This compares with the survey average of 72 per cent, placing Australia second last among the surveyed markets

Positive near-term returns on technology investment remain limited among Australian small businesses. Only 30 per cent reported their technology investments in 2025 improved their profitability, significantly below the survey average of 56 per cent and the second lowest result among all markets surveyed. This suggests that technology investment is more frequently directed toward replacement or maintenance rather than productivity-enhancing or growth-oriented solutions.

This finding is consistent with broader productivity analysis emphasising that outcomes depend not only on the volume of capital investment, but also on its quality and effective use. As noted by Alex Robson, Deputy Chair of the Productivity Commission, in the [Annual productivity bulletin 2026](#) *'While the amount of capital is crucial, the quality of our capital matters too – it is important that we invest in the right types of assets and use new and existing capital effectively.'*

Cyber risks remain relatively low, reflecting lower levels of digital adoption. Just 14 per cent of Australian small businesses reported losing time or money due to a cyber incident in 2025. Despite this, 45 per cent reported reviewing their cybersecurity protections in the past six months, indicating a degree of precautionary behaviour even in the context of lower perceived risk.

Business activity over the past 12 months

	Australia 2025	Survey average 2025	Rank 2025	Australia 2024	Rank 2024	Australia 2023	Australia 2022	Australia 2021	Australia 2020
Increased employee numbers	13.3%	36.2%	10/11	9.3%	11/11	12.8%	21.6%	7.1%	8.3%
Improved customer satisfaction had a major positive impact on the business	21.6%	31.2%	10/11	20.4%	8/11	20.0%	18.4%	16.1%	13.2%
Improved business management had a major positive impact on the business	14.4%	24.6%	9/11	14.2%	10/11	11.6%	14.5%	9.2%	7.3%
Increasing costs had a major negative impact on the business	46.3%	38.8%	3/11	47.8%	2/11	50.3%	38.0%	24.9%	17.8%
Required funds from an external source	29.8%	61.3%	11/11	25.9%	11/11	25.3%	35.7%	27.1%	24.3%
Sought external funds for business growth	44.6%	56.1%	9/11	45.0%	8/11	36.2%	41.8%	25.4%	29.3%
Sought external funds for business survival	30.8%	39.0%	9/11	26.0%	9/11	28.3%	28.0%	43.5%	42.3%
Found it easy or very easy to access external finance	39.2%	53.1%	8/11	39.7%	5/11	33.9%	40.1%	37.0%	49.6%
A bank was the business' main source of external finance	46.9%	45.4%	5/11	46.6%	4/11	41.7%	30.8%	44.2%	38.2%
Did <u>not</u> spend any time and resources on ESG practices	48.9%	18.8%	2/11	54.2%	1/11	55.1%	44.3%	N/A	N/A

Planned business activity over the next 12 months

	Australia 2026	Survey average 2026	Rank 2026	Australia 2025	Rank 2025	Australia 2024	Australia 2023	Australia 2022	Australia 2021
Expect to increase employee numbers	20.2%	47.0%	10/11	16.2%	10/11	18.2%	27.8%	19.2%	13.0%
Will introduce a new product, service or process unique to their market or the world	11.7%	29.2%	10/11	8.1%	11/11	8.2%	14.3%	5.9%	6.7%
Expect revenue from overseas markets to grow strongly	8.5%	20.6%	10/11	4.3%	11/11	6.8%	10.4%	5.1%	6.3%
Will seek external funds	10.6%	25.4%	10/11	8.1%	10/11	8.0%	14.5%	5.7%	8.3%
Expect easy to very easy access to finance	35.7%	48.9%	8/11	24.9%	9/11	25.3%	33.6%	35.1%	31.1%

Employment

Australian small businesses continue to be limited contributors to job creation. In 2025, only 13 per cent expanded their workforce, well below the survey average of 36 per cent. While this represents a slight improvement on 2024, overall hiring activity remains subdued.

With small business confidence expected to remain low in 2026, small business employment growth is also likely to remain constrained. Just 20 per cent of Australian businesses expect to increase employee numbers in 2026, less than half the survey average of 47 per cent.

Innovation

Innovation remains a low priority for Australia's small businesses. Only 12 per cent said they will introduce a new product, service or process unique to their market or the world in 2026, well below the survey average of 29 per cent. While this represents a slight improvement on the 2025 result, the overall level of innovation remains modest, indicating limited scope for innovation-led growth relative to international peers.

Access to finance

Australian small businesses remain unlikely to seek external finance. In 2025, only 30 per cent requiring it in 2025, the lowest result among surveyed markets, despite 39 per cent of those who accessed finance reporting that the process was easy.

The relatively low demand for external finance is likely driven by several factors. Limited growth, innovation and market expansion plans reduce the need for funding to support asset investment or increased working capital. In addition, many Australian small businesses are well established, potentially enabling them to meet financing needs through internal resources rather than external borrowing.

Exports

Australian small businesses remain largely domestically focused. Only 8 per cent expect strong revenue growth from overseas sales in 2026, compared with the survey average of 21 per cent. Expanding into new markets can help businesses grow and diversify, while exposing them to greater competition and new ideas. Our survey data consistently shows a correlation between exporting and higher levels of business growth, suggesting that limited international engagement may be constraining growth potential for Australian small businesses.

Environmental, social, and governance (ESG)

Australian small businesses are one of the least likely to engage in ESG-related activities. The top three ESG-related activities for Australian small businesses in 2025 were:

- staff health and safety (21 per cent)
- supply chain sustainability (15 per cent)
- ethics and compliance policy (13 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 2025	Top four factors that had a positive influence Australian on small business in 2024	Top four factors that had a positive influence on Australian small business in 2023	Top 4 source of advice for small business in 2025
Customer loyalty	Customer loyalty	Customer loyalty	Accountants
Good staff	Cost control	Good staff	Friends and family
Cost control	Good staff	Cost control	AI tools
Improved customer satisfaction	Improved business strategy	Improved customer satisfaction	IT consultants/specialists

Top four factors that had a negative impact on Australian small business in 2025	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
Increasing costs	Increasing costs	Increasing costs
Poor overall economic environment	Poor overall economic environment	Poor overall economic environment
Cash flow difficulties	Rising interest rates	Rising interest rates
Increasing competition	Increasing competition	Cash flow difficulties

Australian small businesses continue to prioritise defensive strategies such as ‘customer loyalty’, ‘good staff’ and ‘cost control’ over growth-oriented initiatives including improvements to business strategy, management capability and technology adoption. This pattern reflects a cautious operating environment and a high degree of risk aversion among business owners.

Rising costs remain the most significant challenge facing small business. In 2025, increasing costs continued to place pressure on already tight margins, with 'utility costs' and 'insurance' identified as the most burdensome expenses.

Entrepreneurship

	Australia 2025	Australia 2024
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	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	Satisfied
Most popular exit/succession plan for small businesses	Don't have a succession/exit plan	N/A

When starting their businesses, Australian small business owners are, like their counterparts in most other surveyed markets, are primarily motivated by a desire to be their own boss. Their greatest concern when starting out was uncertainty of success of their business.

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 2025	Survey average 2025	Rank 2025	Australia 2024	Rank 2024	Australia 2023	Australia 2022	Australia 2021	Australia 2020
Business owners aged under 40	22.8%	38.0%	10/11	21.0%	10/11	28.3%	33.9%	26.9%	16.5%
Business established for less than 11 years	49.5%	57.8%	6/11	50.6%	10/11	52.9%	58.8%	50.6%	44.4%
Respondent is the business owner	66.5%	40.2%	2/11	66.8%	2/11	67.5%	53.9%	70.4%	66.3%
Business has 10 to 19 employees	19.3%	30.8%	10/11	16.0%	11/11	10.8%	18.8%	12.9%	13.6%

Australia has the second oldest age profile of small business owners among the surveyed markets. Our survey data consistently shows a strong correlation between older business owners and lower levels of growth, digital adoption, innovation and overseas market exposures.

For example, 31 per cent of Australian small business owners aged 50 to 59 reported not using social media for their business, rising to 48 per cent for those aged 60 and over. In contrast, 24 per cent of Australian small businesses owned or operated by someone under 40 did not use social media.

This result highlights a clear generational divide, with younger business owners more likely to use social media and adopt other technologies.

CPA Australia's observations and recommendations

Australia should move beyond the current [National Small Business Strategy](#) and prioritise developing a comprehensive strategy to lift small business performance as a core pillar of its growth and productivity agenda. The survey results show that Australia's small businesses continue to underperform both their counterparts in Asia as well as larger domestic firms. The performance gaps are most pronounced in technology adoption, innovation and growth. These structural weaknesses are likely to be constraining productivity, competitive intensity and economic growth.

The ageing of Australia's small business owners is likely a key contributor to this underperformance. Australia has the second highest percentage of small business owners aged 50 and over among surveyed markets. Our survey data consistently shows a strong association between older owners and lower rates of technology uptake, innovation and growth-oriented activity. While age itself is not determinative, the demographic composition of the small business sector appears to be constraining business dynamism and slowing diffusion of new technologies.

Increasing the participation of younger Australians in small business ownership should therefore be an important element of the government's productivity agenda. Survey findings indicate that younger small business owners, regardless of whether they start their own business or acquire an existing business, are more likely to operate growing businesses, create new jobs, adopt technologies, innovate and export. Policies that encourage younger Australians to start a business or buy an existing one should support stronger business dynamism, economic growth and productivity over time.

To achieve this, policymakers should develop a coordinated package of measures to increase participation of younger Australians in small business ownership, including:

- Capability-building incentives for younger prospective owners, focused on digital capability, business management skills and resilience to irregular income and cash-flow volatility.
- A "start-up apprenticeship" or mentoring program pairing new and aspiring young owners with experienced SME operators to build practical skills, networks and confidence.
- Improved access to finance and professional advice for younger owners, potentially through a "First Business Owners program" that connects participants with accredited advisers and possibly includes a SME loan guarantee component.
- Stronger signalling of business ownership as a viable career pathway, including through education-to-work transition initiatives that improve awareness of business ownership as an attractive career option.

While younger owners should be the central focus, similar support should also be available to older business owners seeking to lift capability, adopt new technologies or adopt more growth-oriented practices.

Lifting small business technology adoption must also be a reform priority. Australian small businesses continue to lag well behind both larger domestic firms and regional peers in digital adoption. This gap is likely contributing to weaker productivity performance and slower firm-level growth.

To address this, federal and state governments should consider designing business digital support programs that are more substantial than existing programs and structured with more deliberate bundling and sequencing of measures, drawing on approaches used in Singapore. This would improve program effectiveness, accelerate the diffusion of productivity-enhancing technology, and

promote more effective use of existing digital capabilities. Over time, this would support stronger firm-level productivity, greater business dynamism, and a more competitive small business sector.

Given the persistent underperformance of Australia's small business sector, and its significance to the economy (although its relative contribution to the economy is declining), there is a strong case for prioritising a focused, sequenced package of reforms aimed at lifting small business dynamism and productivity.