

# CPA AUSTRALIA'S ASIA-PACIFIC SMALL BUSINESS SURVEY 2019/20

MALAYSIA RESULTS

## SURVEY DESIGN & METHODOLOGY

- Online survey was conducted amongst a random sample of business owners / managers from businesses of fewer than 20 employees
- The survey was conducted between 18 November and 12 December 2019
- The findings from the survey come from **4,193** small businesses in **11 markets** across Asia Pacific. The markets surveyed were: Malaysia, Singapore, Indonesia, Philippines, Vietnam, India, Hong Kong, Mainland China, Taiwan, Australia and New Zealand
- There were a total of 300 respondents from Malaysia. The respondents came from all industries, with property and construction (12.7 per cent), retail trade (10.3 per cent), and information, media and telecommunication (9.0 per cent) being the industries with the largest representation



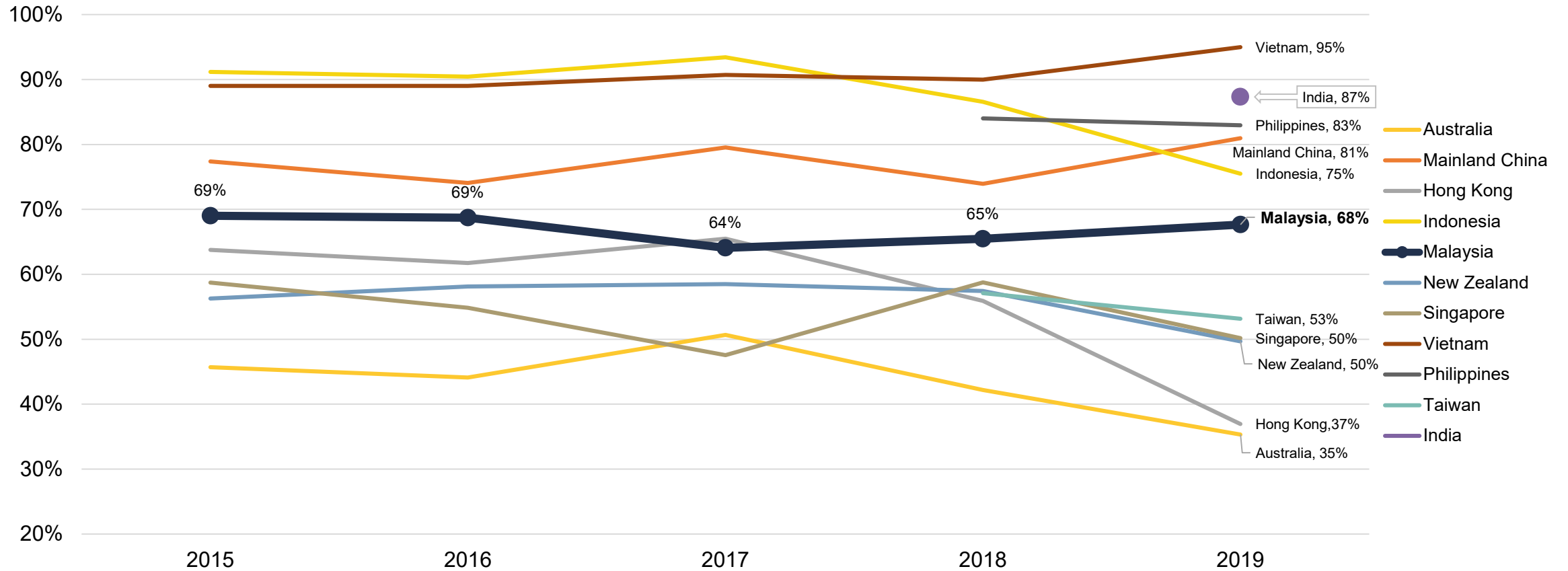
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# MALAYSIAN SMALL BUSINESS SENTIMENT



# MALAYSIA HAS RECORDED CONSISTENT GROWTH RATES FOR SMALL BUSINESSES OVER THE LAST 5 YEARS

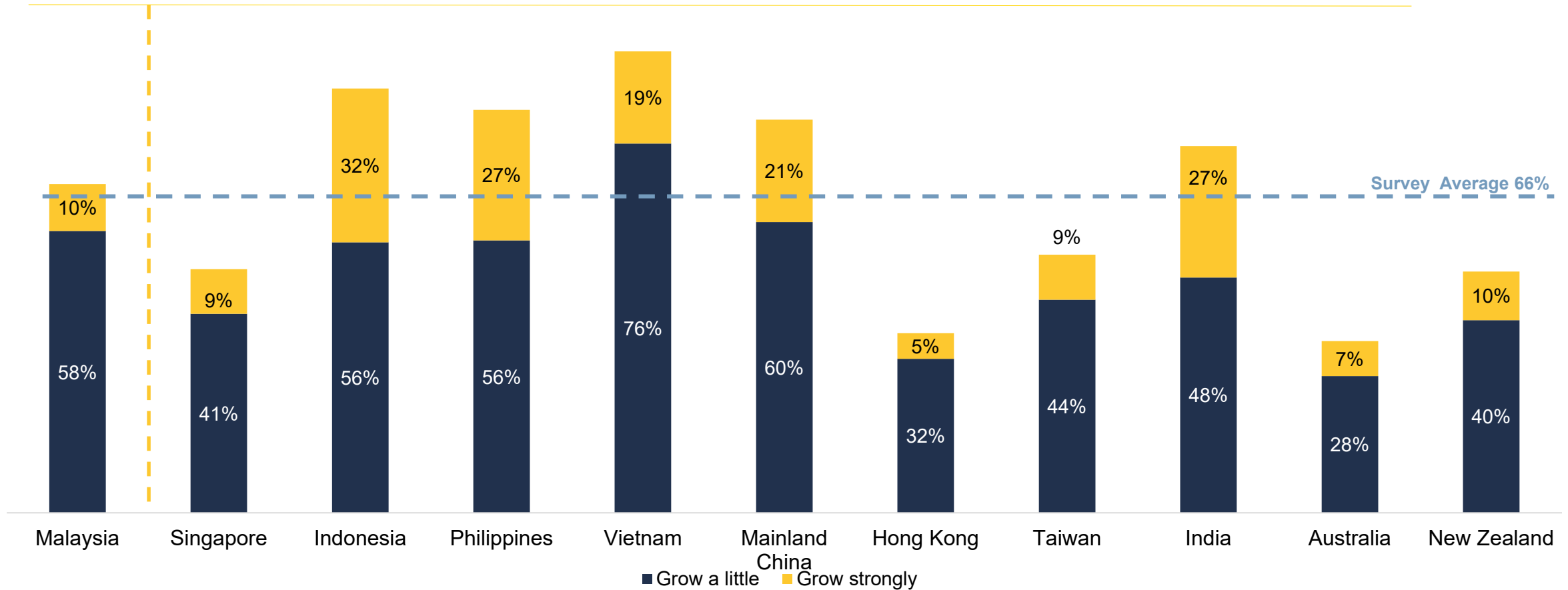
PERCENTAGE OF BUSINESSES THAT GREW, 2015 TO 2019



QUESTION: In the past 12 months has your business grown strongly, grown a little, not changed, shrunk a little, shrunk a lot or don't know

# OVER TWO THIRDS OF SMALL BUSINESSES IN MALAYSIA EXPERIENCED GROWTH IN 2019, MARGINALLY HIGHER THAN THE SURVEY AVERAGE

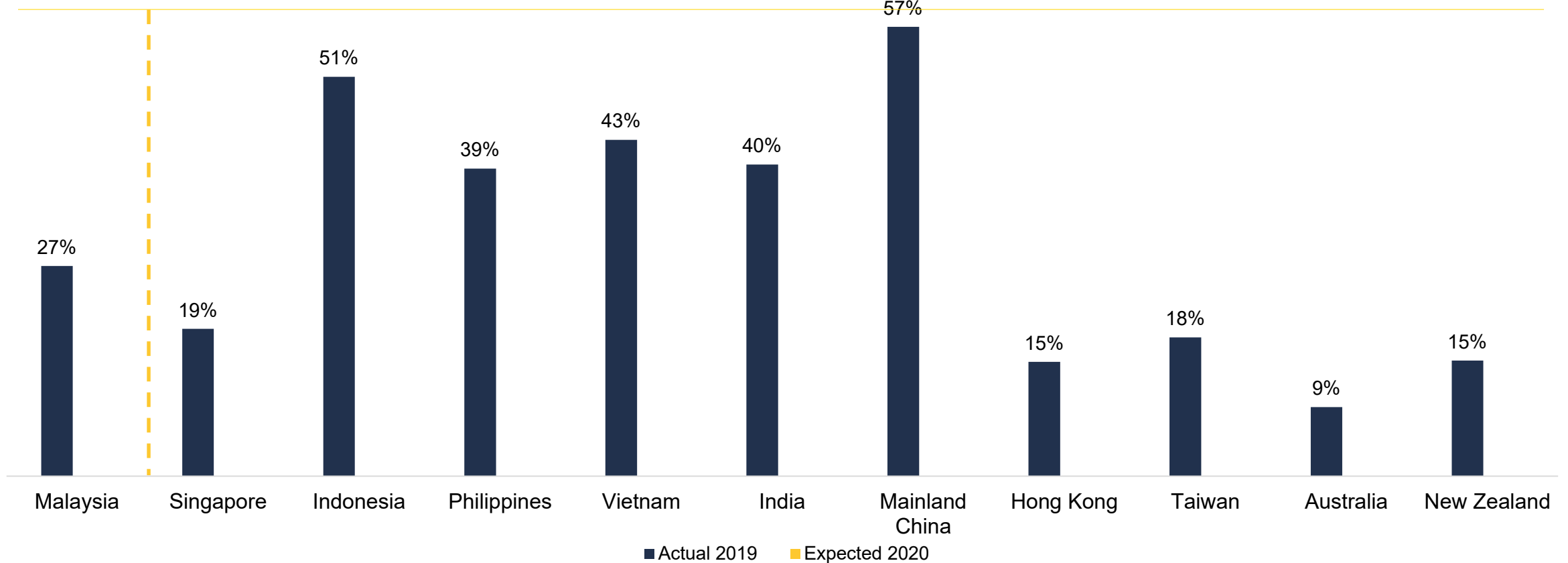
PERCENTAGE THAT REPORTED GROWING STRONGLY AND GROWING A LITTLE IN 2019 – BY MARKET



**Question:** In the past 12 months has your business grown strongly, grown a little, not changed, shrunk a little, shrunk a lot or don't know

# CONSISTENT WITH EXPECTATIONS FOR GROWTH, OVER A QUARTER OF SMALL BUSINESSES HIRED NEW STAFF IN 2019

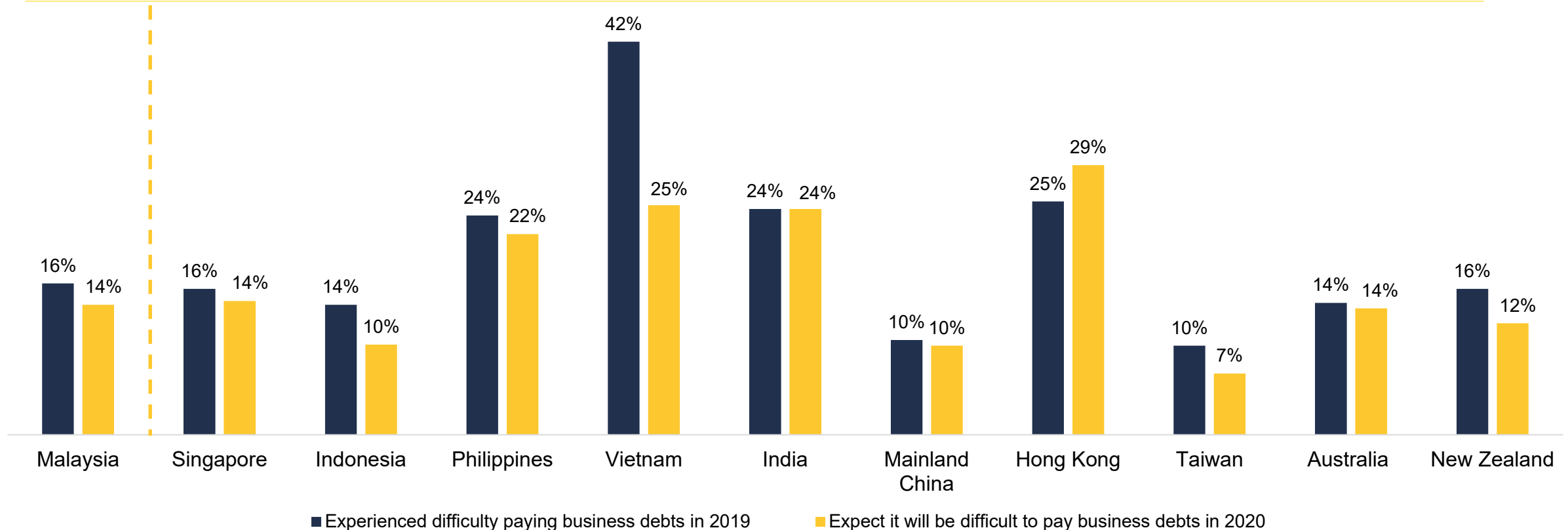
SMALL BUSINESSES THAT ADDED TO THEIR STAFF NUMBERS IN 2019 AND EXPECT TO ADD TO THOSE NUMBERS IN 2020



**QUESTION:** In the past 12 months, have you increased the number of employees in your business?

# BEFORE COVID-19, ONLY 14 PER CENT OF MALAYSIAN SMALL BUSINESSES EXPECT TO HAVE LIQUIDITY PROBLEMS IN 2020 DESPITE ECONOMIC CONCERNS

SMALL BUSINESSES THAT EXPERIENCED DIFFICULTY PAYING DEBTS IN 2019 AND EXPECT IT WILL BE DIFFICULT TO PAY DEBTS IN 2020 – BY MARKET



**QUESTION:** Using the scale below, please indicate how easy or difficult it was for your business to pay its debts in the past 12 months?

**QUESTION:** Using the scale below, please indicate how easy or difficult you believe it will be for your business to pay its debts in the next 12 months?



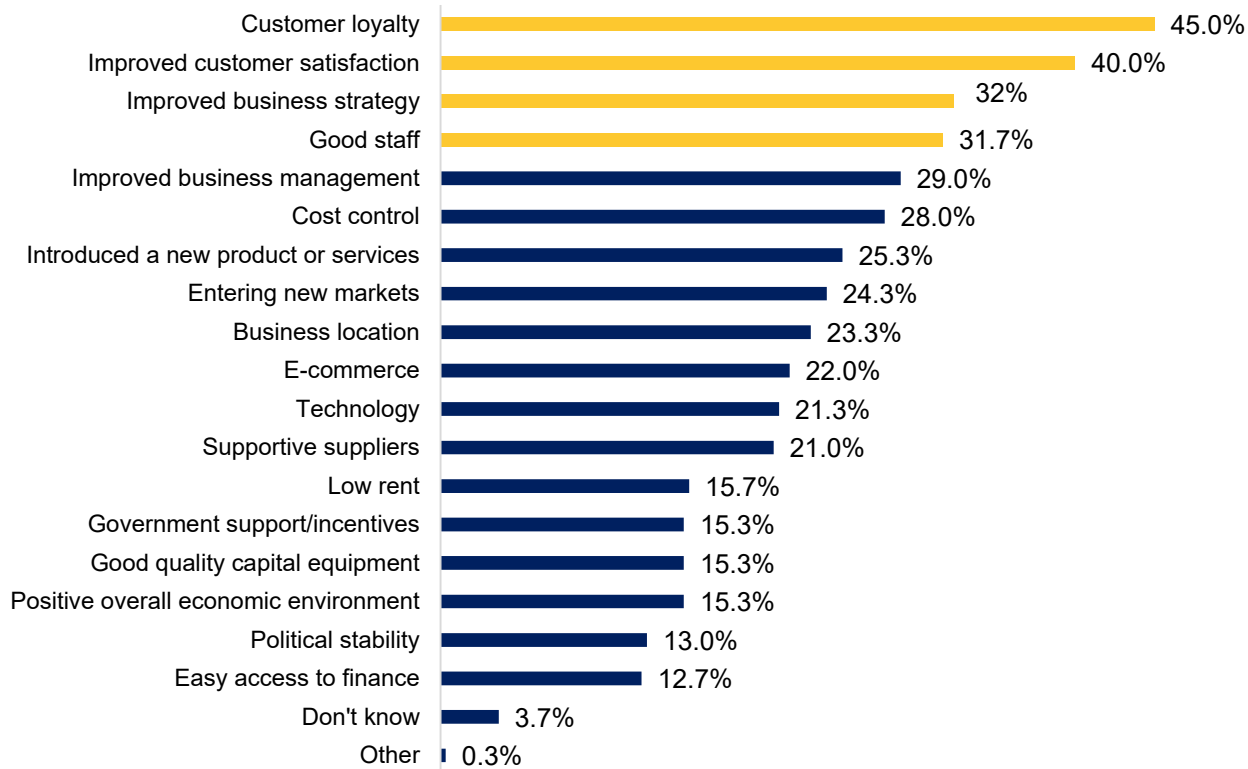
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# THE MOST POSITIVE AND NEGATIVE FACTORS IMPACTING MALAYSIAN SMALL BUSINESSES

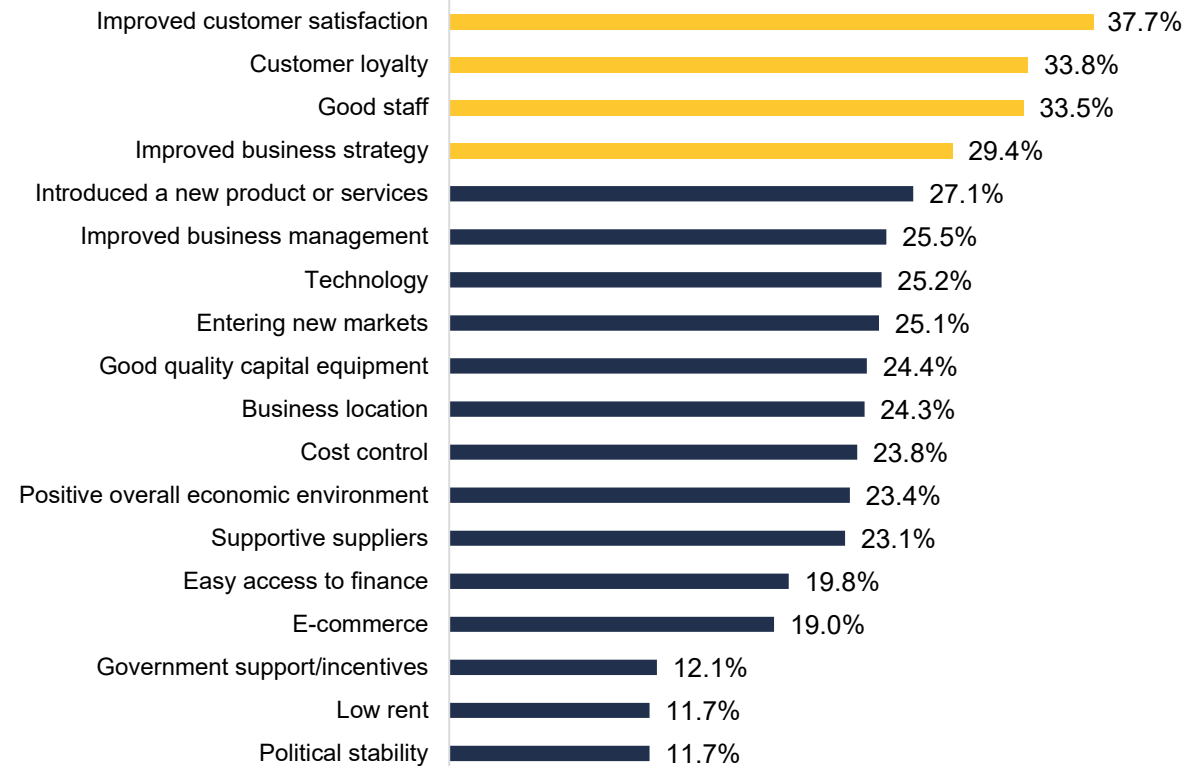


# BUSINESSES THAT GREW STRONGLY IN 2019 HAD FOCUSED ON GARNERING CUSTOMER LOYALTY, IMPROVING CUSTOMER SATISFACTION AND IMPROVING BUSINESS STRATEGY

FACTORS THAT HAD THE MOST POSTIVE IMPACTS ON BUSINESSES IN 2019 - **MALAYSIA**



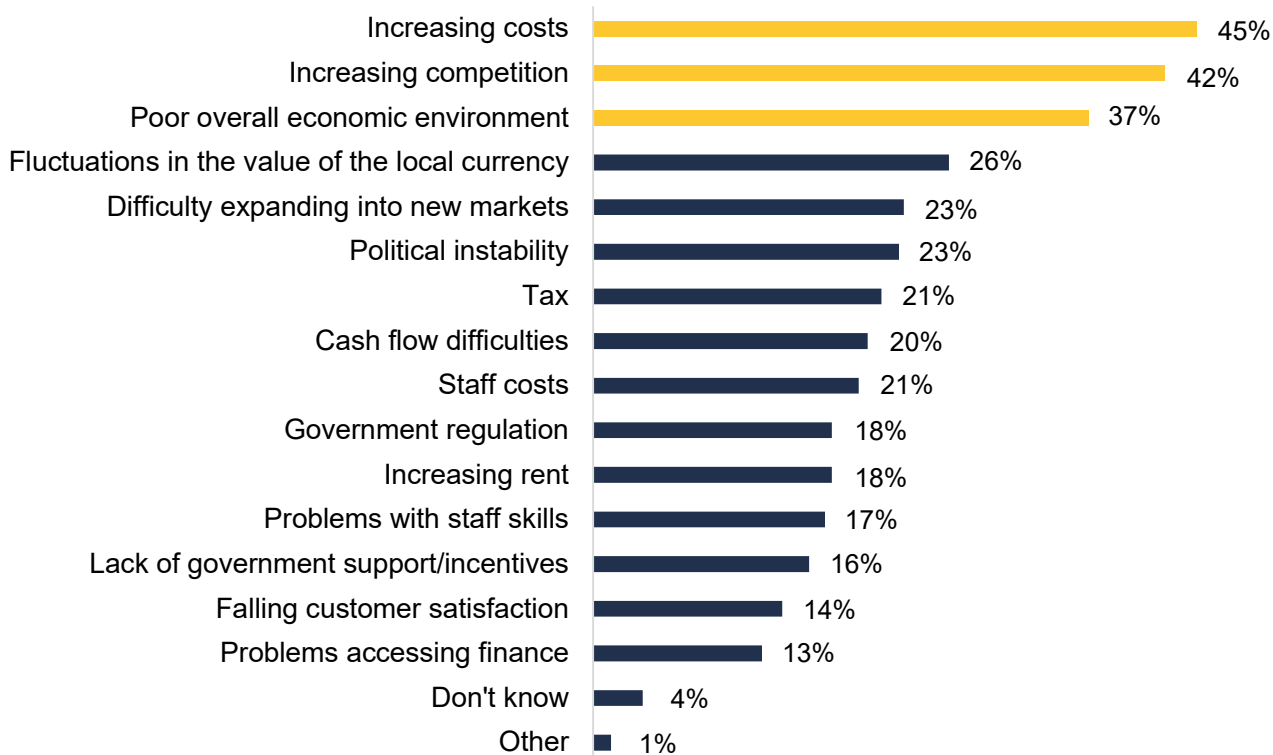
FACTORS THAT HAD THE MOST POSITIVE IMPACTS ON BUSINESSES IN 2019 – **GREW STRONGLY ALL MARKETS**



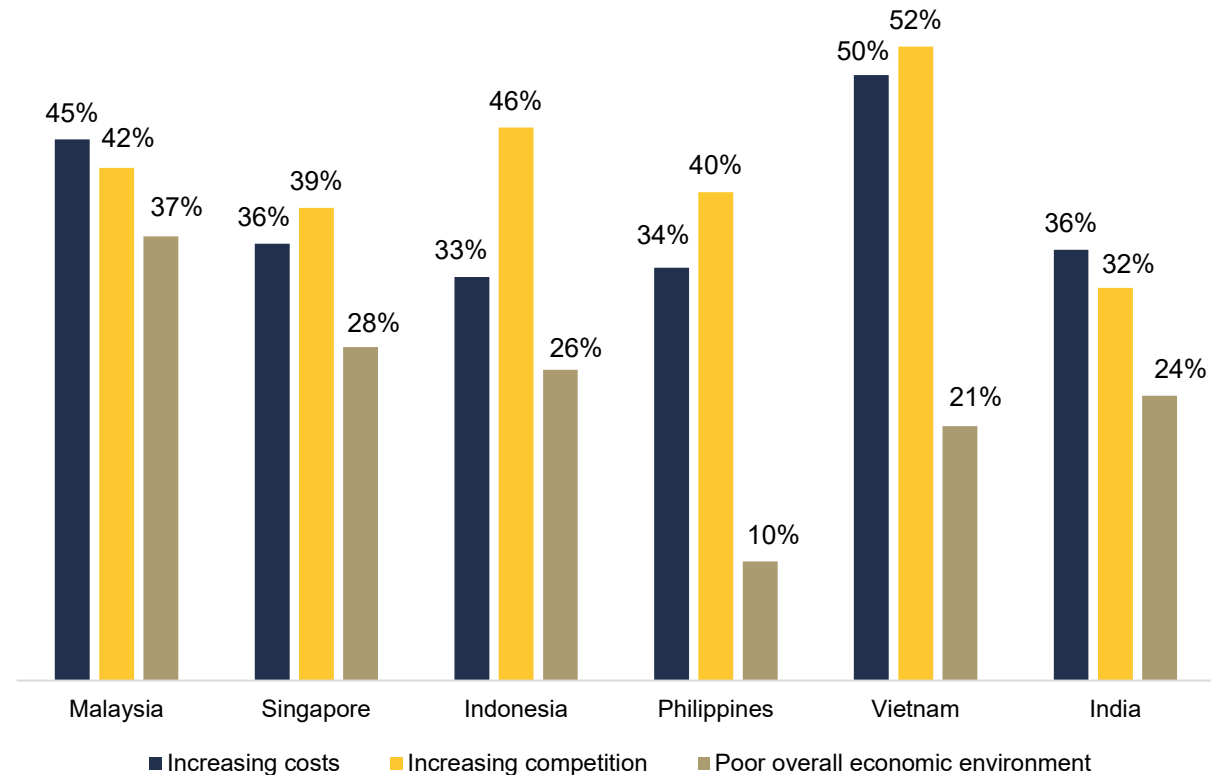
QUESTION: Positive influencers on businesses in 2019

# INCREASING COSTS, INCREASING COMPETITION & POOR OVERALL ECONOMIC ENVIRONMENT WERE THE TOP THREE MOST DETRIMENTAL FACTORS TO MALAYSIAN BUSINESSES

FACTORS THAT HAD THE MOST NEGATIVE IMPACT ON BUSINESS IN 2019 - MALAYSIA



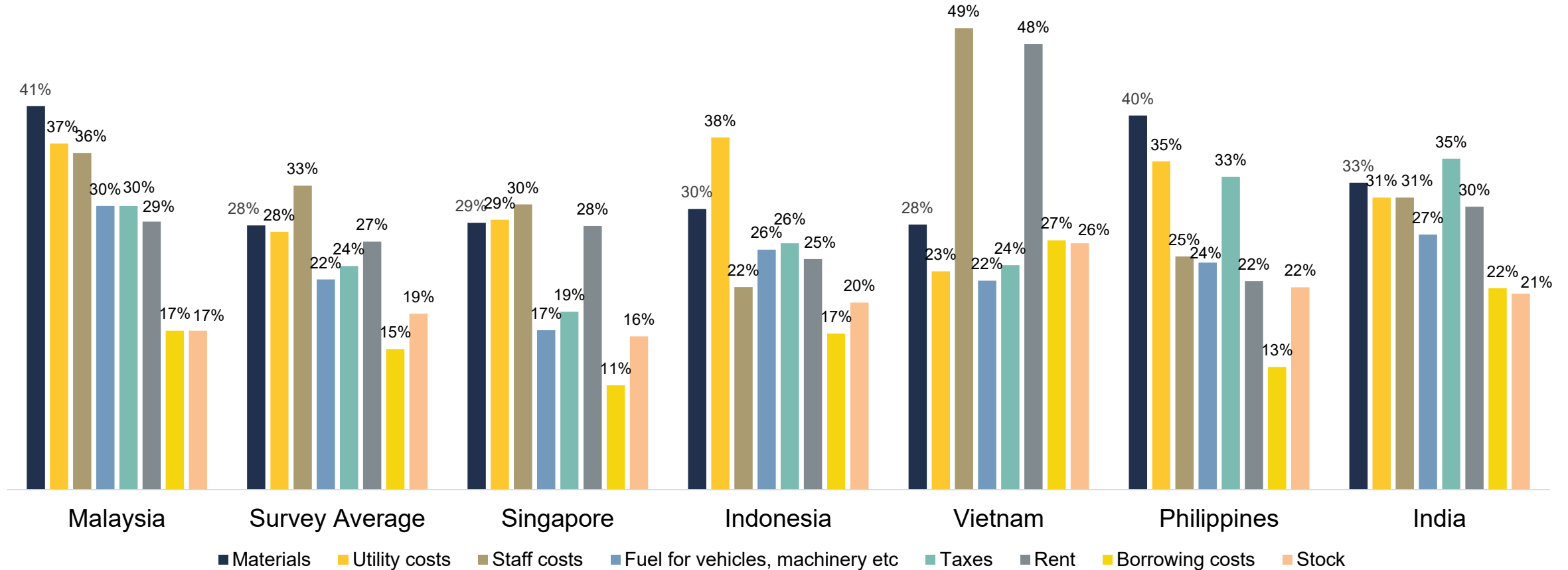
THE PERCENTAGE THAT CHOOSE INCREASING COSTS, COMPETITION AND POOR OVERALL ECONOMIC ENVIRONMENT AS HAVING THE MOST DETRIMENTAL IMPACT ON THEIR BUSINESS IN 2019



QUESTION: Negative influencers on businesses in 2019

# UNLIKE MANY OF ITS NEIGHBOURS, MALAYSIAN SMALL BUSINESSES FOUND INCREASING MATERIAL COSTS TO BE THE MOST DETRIMENTAL

COST INCREASES IN 2019 MOST DETRIMENTAL TO SMALL BUSINESSES IN THE ASEAN COUNTRIES SURVEYED



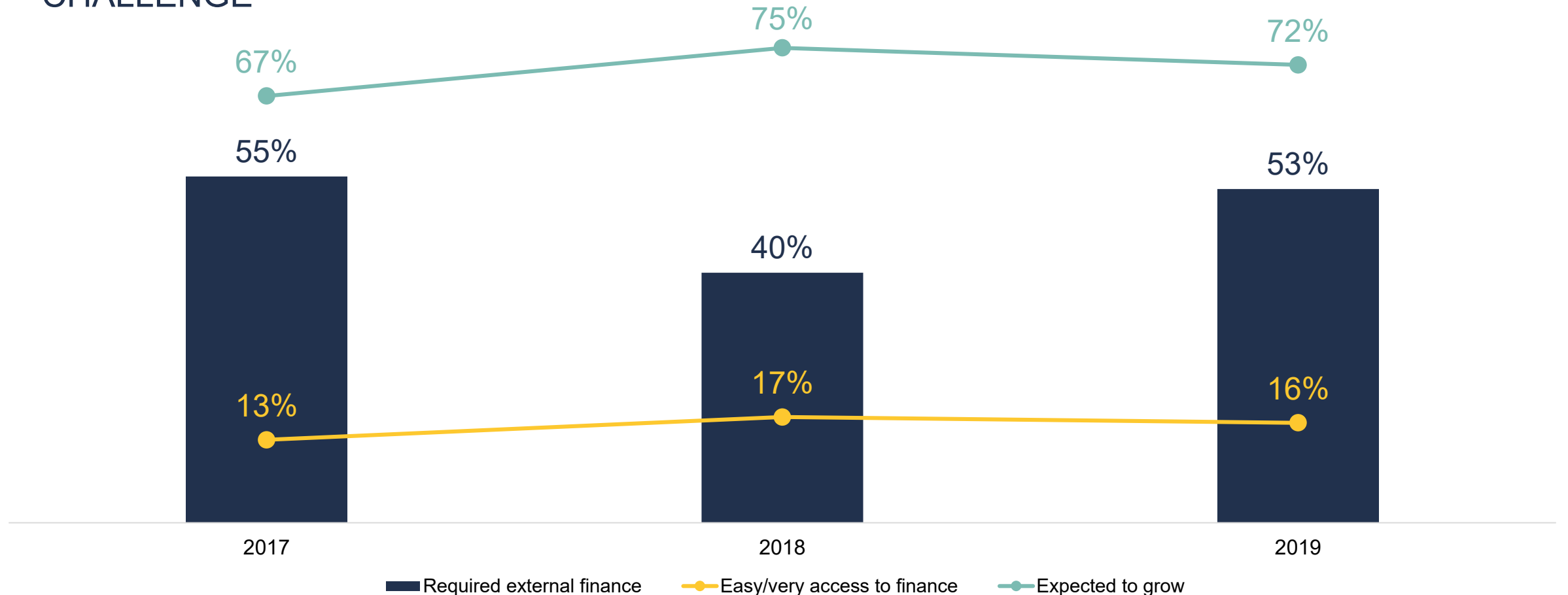
QUESTION: And what cost increases have been most detrimental to your business?



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# MALAYSIAN SMALL BUSINESS ACCESS TO FINANCE

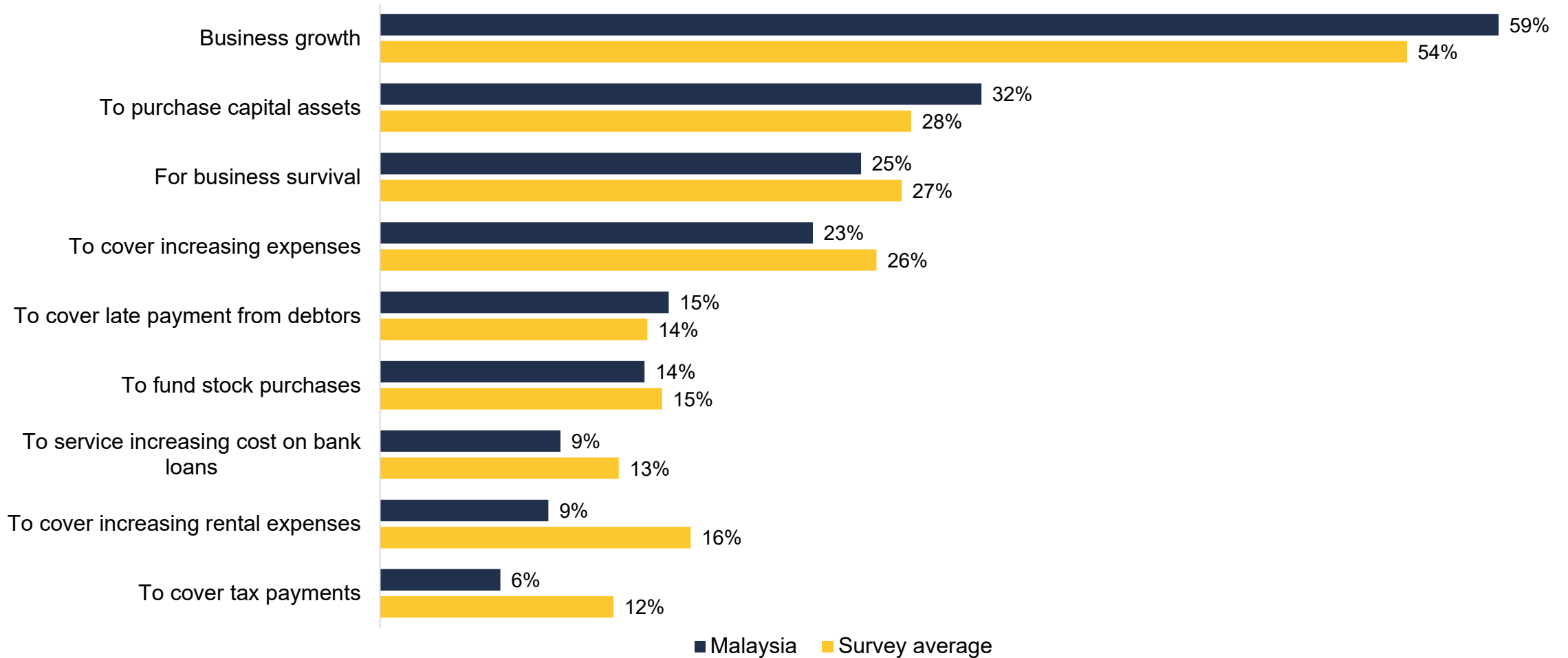
# DEMAND FOR EXTERNAL FINANCE IN MALAYSIA ROSE IN 2019 IN LINE WITH GROWTH EXPECTATIONS, HOWEVER ACCESS TO FINANCE REMAINED A CHALLENGE



**QUESTION:** Did you access external finance in past 12 months?  
**QUESTION:** How difficult was it to access the additional funding?  
**QUESTION:** Business growth expectations next year



# IN 2019, MALAYSIAN BUSINESSES WERE MUCH MORE LIKELY TO HAVE REQUIRED EXTERNAL FINANCE TO FUND BUSINESS GROWTH THAN THE SURVEY AVERAGE

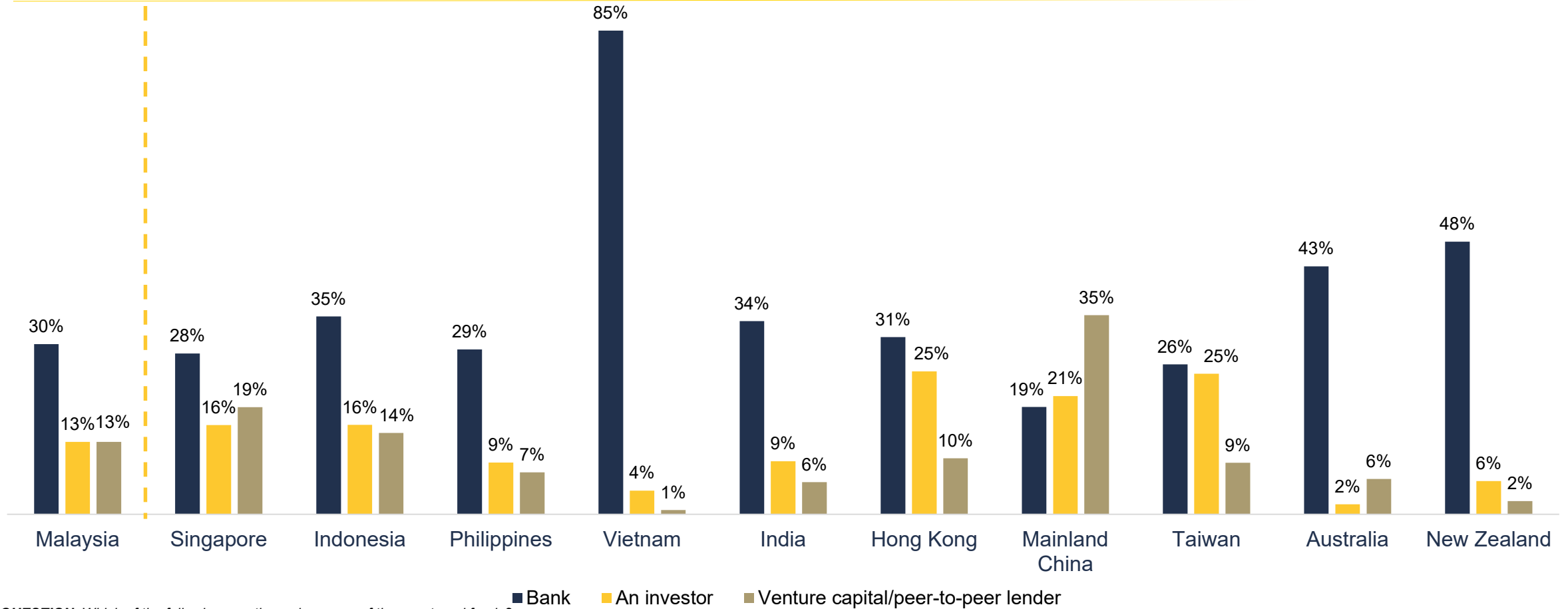


**QUESTION:** Which of the following best describes the reasons for requiring the external funds in the past 12 months?



# BANKS REMAIN THE MOST POPULAR SOURCE OF FINANCE FOR SMALL BUSINESS IN MALAYSIA, ALTHOUGH LESS SO THAN IN 2018

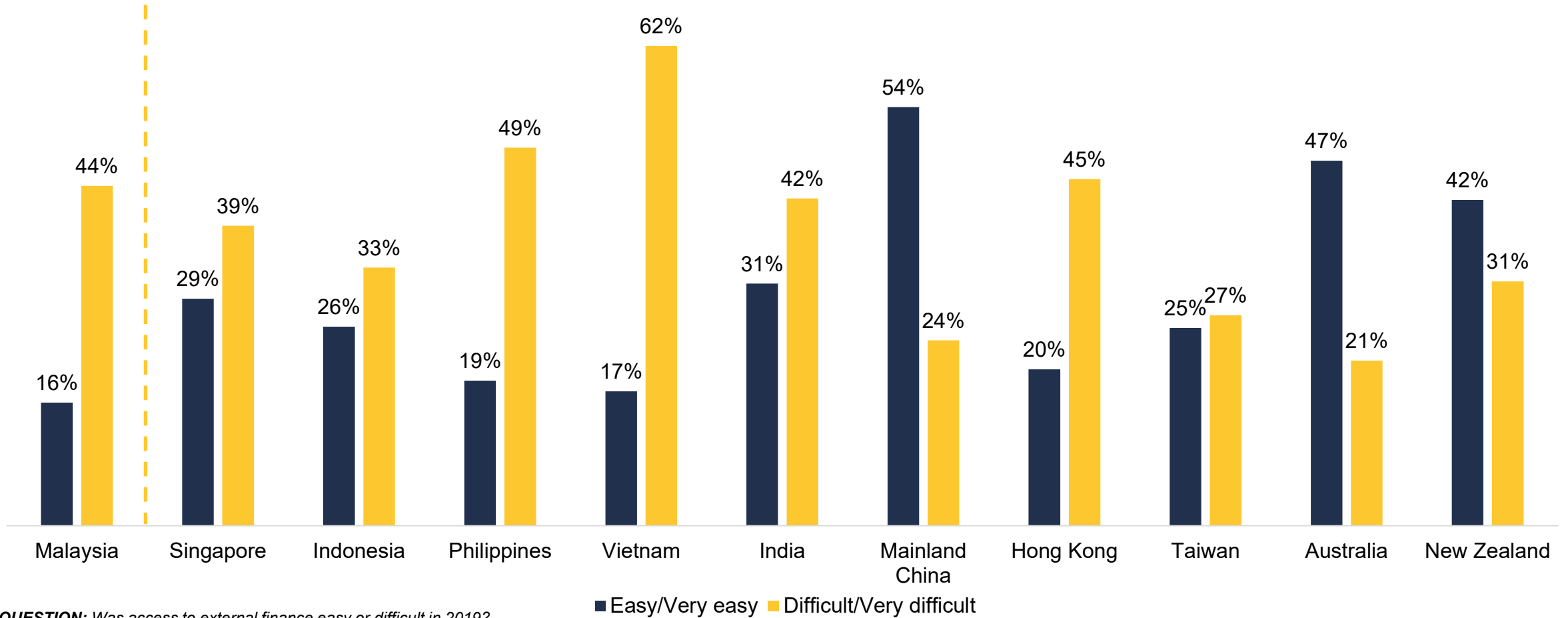
THE PERCENTAGE THAT SELECTED A BANK, INVESTOR OR VENTURE CAPITAL/PEER-TO-PEER LENDING AS THEIR MAIN SOURCE OF FINANCE IN 2019



**QUESTION:** Which of the following was the main source of those external funds?

# NEARLY HALF OF RESPONDENTS IN MALAYSIA EXPERIENCED DIFFICULT TO VERY DIFFICULT ACCESS TO FINANCE IN 2019

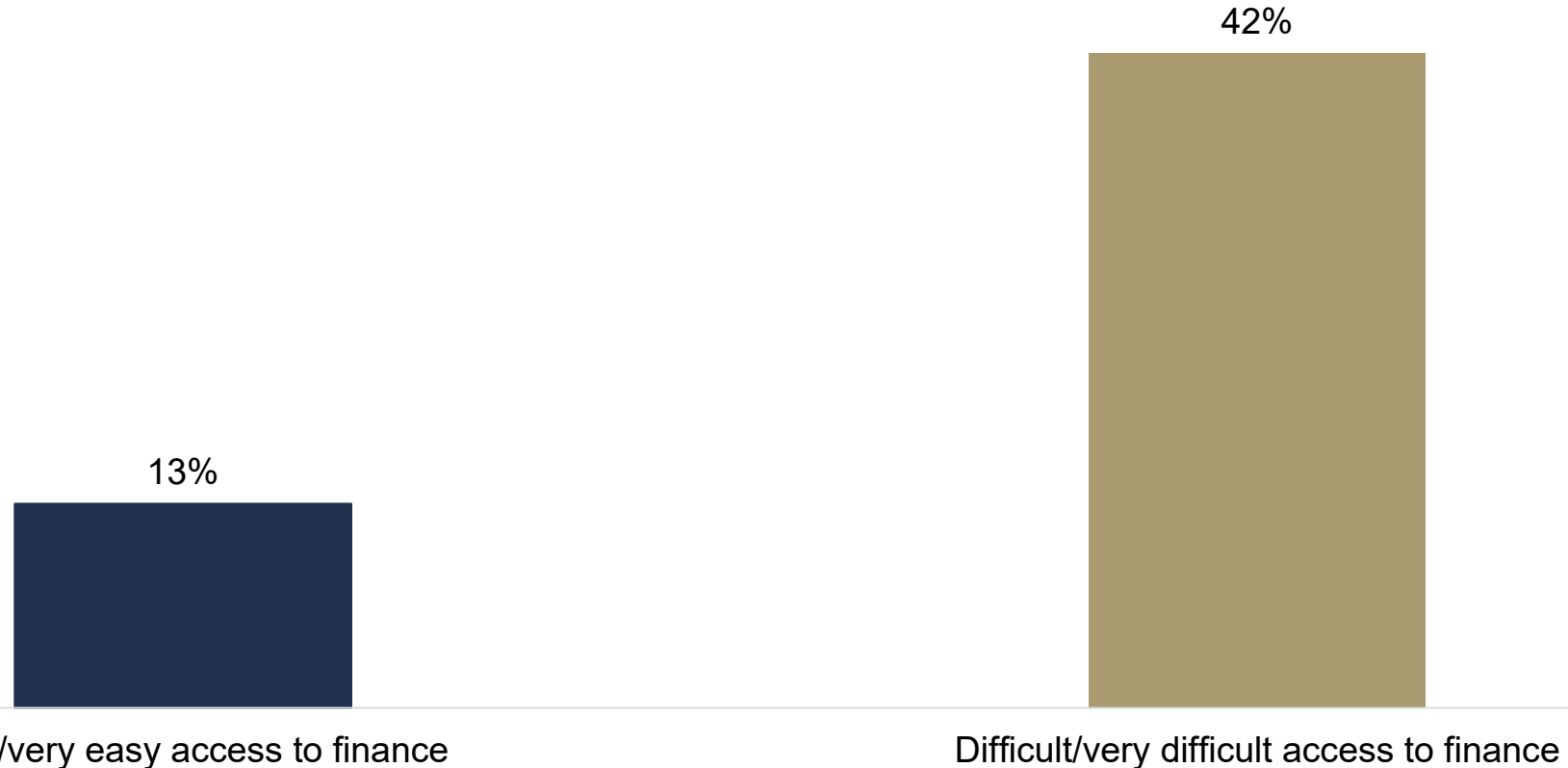
COMPARISON BETWEEN SMALL BUSINESSES THAT EXPERIENCED EASY ACCESS TO FINANCE IN 2019 TO THOSE THAT EXPERIENCED DIFFICULTY IN ACCESSING FINANCE



**QUESTION:** Was access to external finance easy or difficult in 2019?

# SEVENTY TWO PER CENT OF MALAYSIAN SMALL BUSINESSES EXPECT TO SEEK EXTERNAL FINANCE IN 2020 WHILE FORTY TWO PER CENT EXPECT DIFFICULTY IN ACCESSING FINANCE

MALAYSIAN SMALL BUSINESSES EXPECTED EASY OR DIFFICULT ACCESS TO FINANCE IN 2020



*QUESTION: Please indicate how easy or difficult you think it is going to be for your business to raise or borrow the external funds you need over the next 12 months*



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# SMALL BUSINESS AND TECHNOLOGY

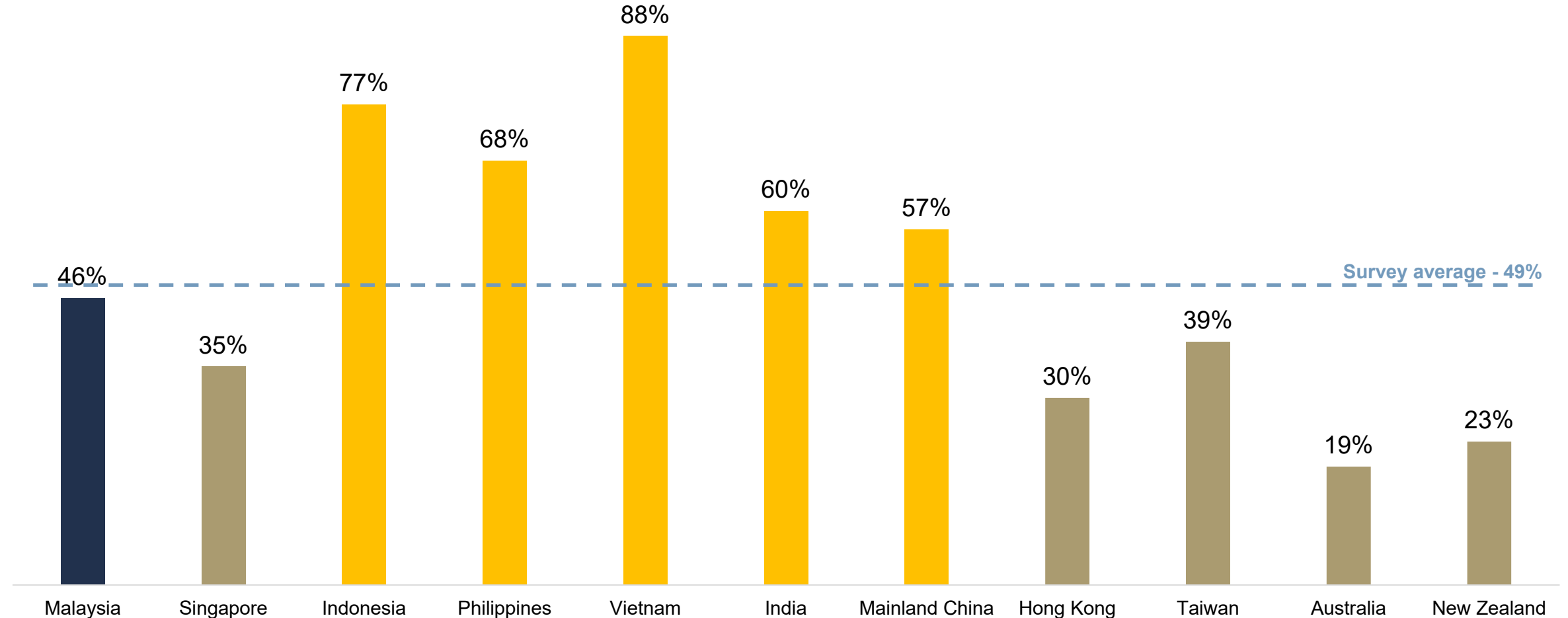


## THERE IS A SOLID LINK BETWEEN TECHNOLOGY AND STRONG BUSINESS GROWTH AND MALAYSIAN BUSINESSES COULD BE UTILISING TECHNOLOGY BETTER

	Business reported growing strongly in 2019 – all markets	Business did not grow or shrank in 2019 – all markets	Malaysia results in 2019
Technology had one of the most positive impacts on their business in 2018	25.2%	12.3%	21.3%
Used social media to sell products or services	47.2%	24.5%	48.0%
Used social media to learn about the behaviours of customers and potential customers	42.1%	17.5%	32.3%
Used social media to receive/monitor customer feedback	41.8%	17.4%	44.7%
Earned 11 per cent or more of their revenue from online sales in 2019	68.0%	33.6%	51.7%
Received 11 per cent or more of their sales through new payment technology in 2019	68.5%	46.4%	51.1%
Reviewed their cybersecurity protections in the past six months	54.1%	33.1%	45.0%
Their investment in technology in 2019 was already profitable	70.9%	22.8%	45.7%

# NEARLY HALF OF MALAYSIAN SMALL BUSINESSES GENERATED A QUICK RETURN FROM INVESTMENT IN TECHNOLOGY IN 2019

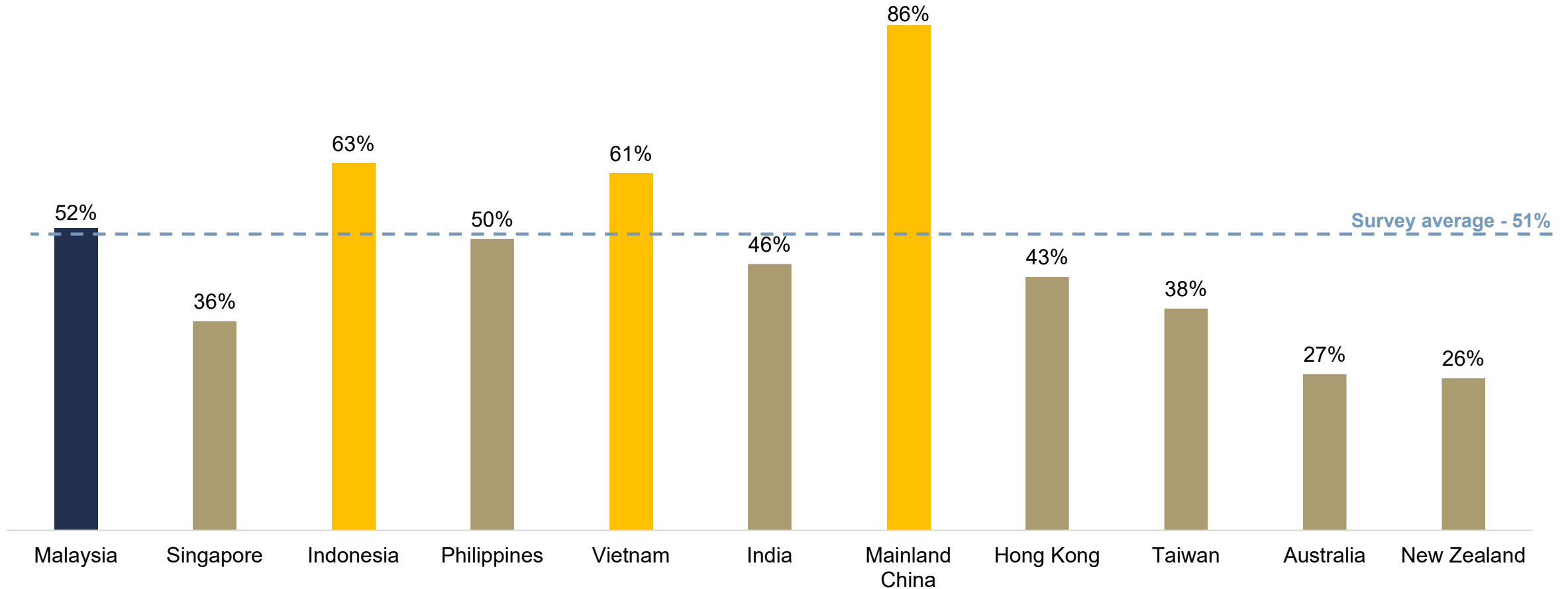
INVESTMENT IN TECHNOLOGY IN 2019 THAT HAS MADE THE BUSINESS MORE PROFITABLE



**QUESTION:** How has your business's investment in technology over the past 12 months affected profitability?

# MALAYSIAN SMALL BUSINESSES HAVE ROOM TO EXPAND THROUGH INCREASING ONLINE SALES

SMALL BUSINESSES THAT GENERATED MORE THAN 10 PER CENT OF THEIR INCOME THROUGH ONLINE SALES IN 2019

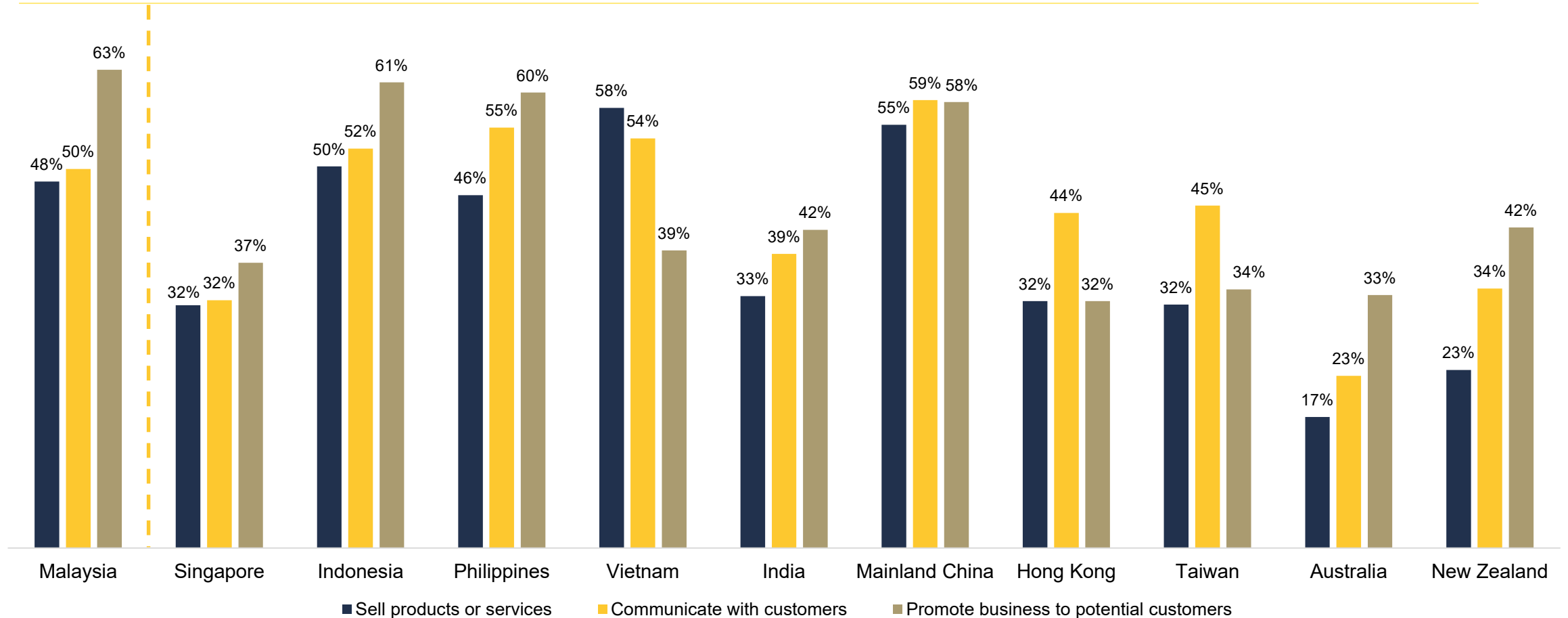


**QUESTION:** What percentage of your income comes through online sales?



# MORE MALAYSIAN BUSINESSES SHOULD CONSIDER USING SOCIAL MEDIA TO SELL THEIR PRODUCTS AND SERVICES

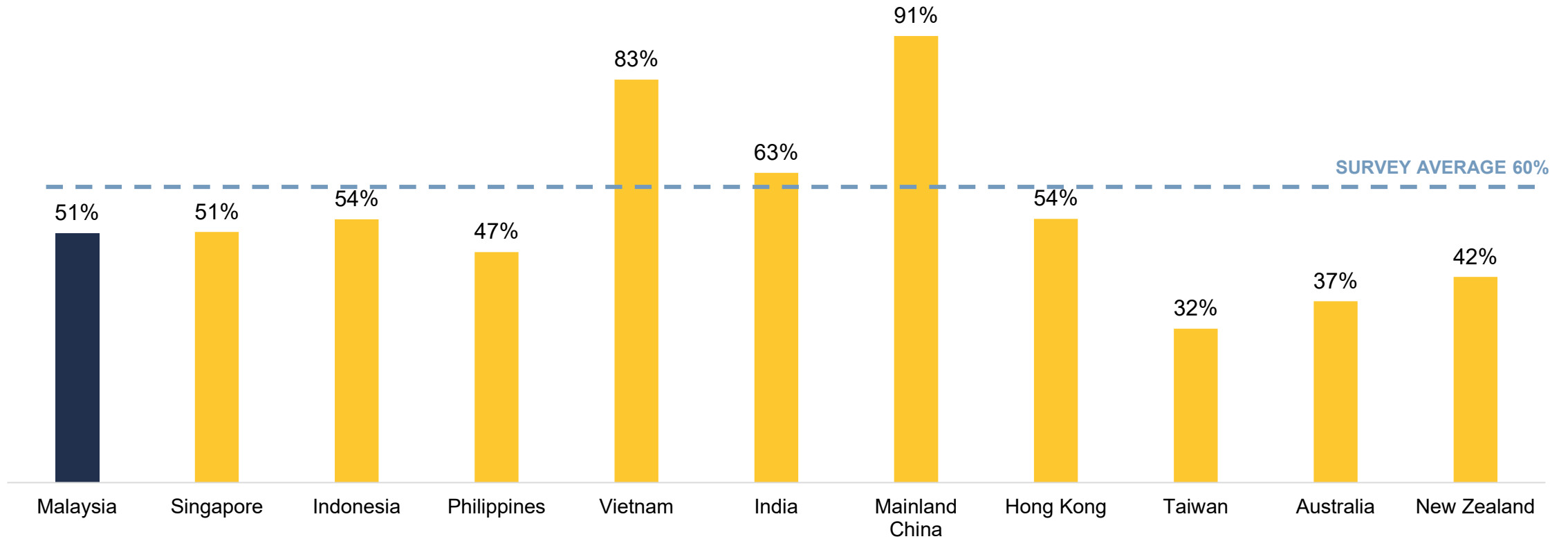
HOW SMALL BUSINESS USE SOCIAL MEDIA TO ENGAGE WITH CUSTOMERS AND POTENTIAL CUSTOMERS



**QUESTION:** How do you use social media in your business?

# WHILE OVER HALF OF MALAYSIAN RESPONDENTS GENERATED MORE THAN 10 PER CENT OF THEIR SALES THROUGH NEW PAYMENT TECHNOLOGIES, THE RESULT WAS BELOW THE SURVEY AVERAGE

SMALL BUSINESSES THAT GENERATED MORE THAN 10 PER CENT OF THEIR SALES THROUGH NEW PAYMENT TECHNOLOGY SUCH AS PAYPAL, ALIPAY, TENPAY, WECHAT PAY AND APPLE PAY



**QUESTION:** What percentage of your sales is received through digital/online/mobile payment technologies such as PayPal, Alipay, TenPay, WeChat Pay, Apple Pay etc

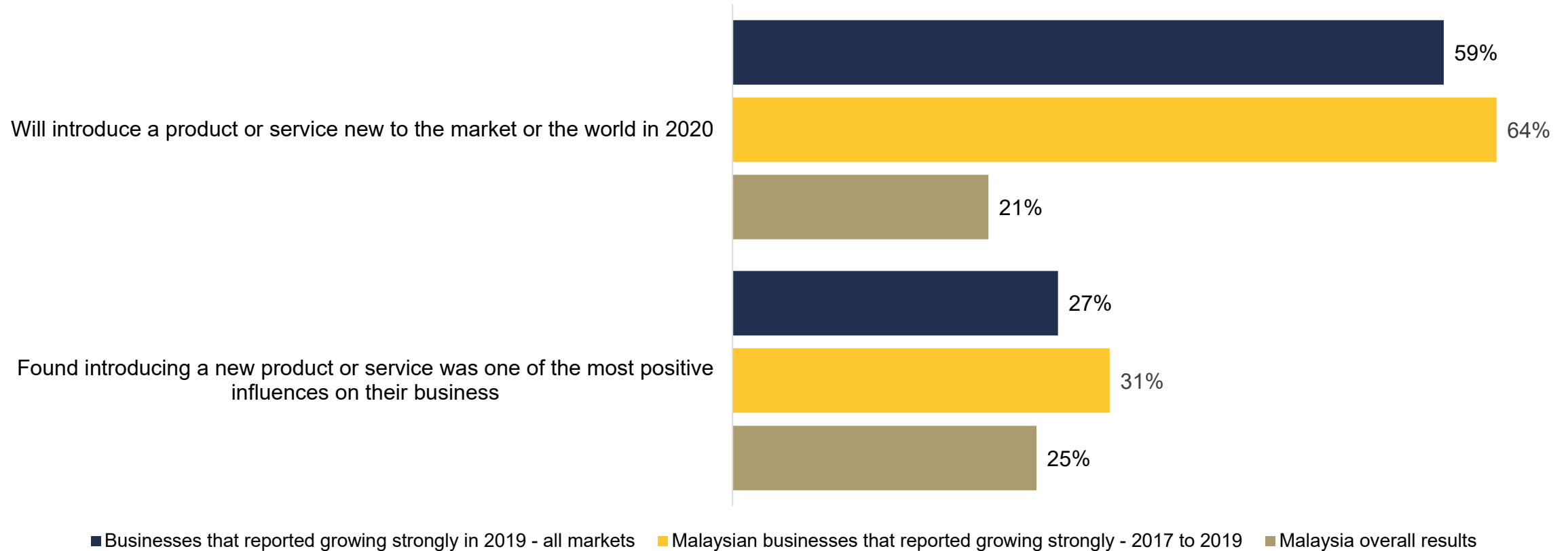


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# DRIVERS OF SMALL BUSINESS GROWTH

# MALAYSIAN SMALL BUSINESSES MAY BE MORE LIKELY TO GROW IF THEY HAVE A STRONGER FOCUS ON INNOVATION, INCLUDING LEARNING ABOUT INDUSTRY TRENDS AND EMERGING TECHNOLOGIES

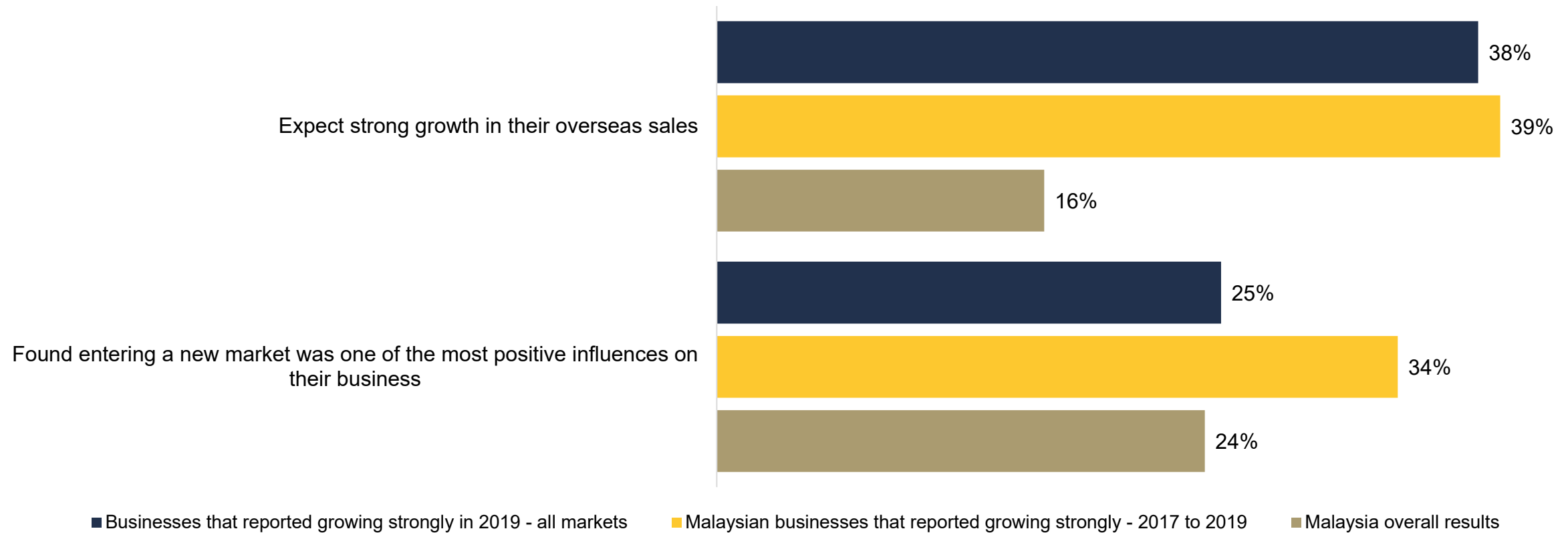
HOW IMPORTANT IS INNOVATION TO SMALL BUSINESS GROWTH – COMPARISON OF MALAYSIA RESULTS TO GROWING STRONGLY RESULTS





# MALAYSIAN SMALL BUSINESSES MAY BE MORE LIKELY TO GROW IF THEY FOCUS ON ENTERING NEW MARKETS, SUCH A FOCUS CAN ALSO ASSIST WITH INNOVATION AND TECHNOLOGY ADOPTION

HOW IMPORTANT IS EARNING REVENUE FROM EXPORTS TO SMALL BUSINESS GROWTH – COMPARISON OF MALAYSIA RESULTS TO GROWING STRONGLY RESULTS



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# RECOMMENDATIONS



# RECOMMENDATIONS FOR MALAYSIAN SMALL BUSINESSES FOR THIS DIFFICULT PERIOD

- Focus on improving cash flow and your financial health. 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
- Utilise technology and online sales to meet changing consumer behaviour and to transform business models
- Capitalise on your existing pool of loyal customers to generate revenue while seeking new markets to enter into
- 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

# RECOMMENDATIONS FOR MALAYSIAN SMALL BUSINESSES FOR THIS DIFFICULT PERIOD

- 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.