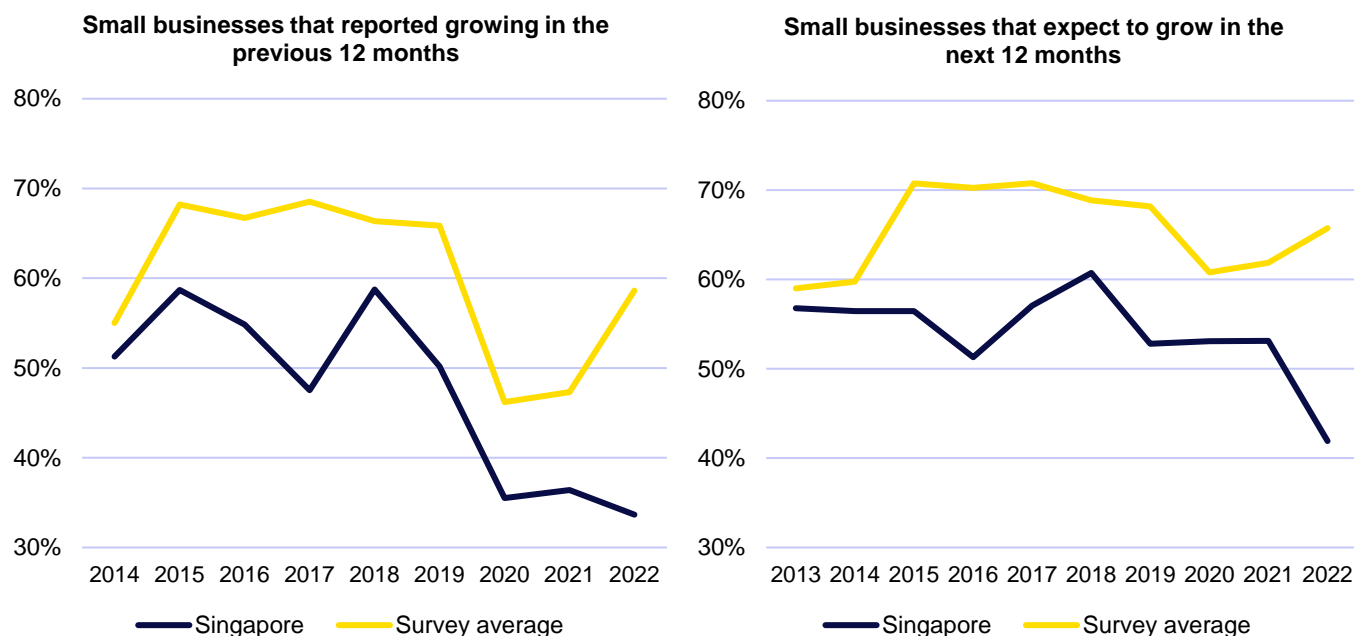


CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2022-2023

Singapore market summary

Singapore

Business and economic conditions



	Singapore 2022	Survey average 2022	Rank 2022	Singapore 2021	Rank 2021	Singapore 2020	Singapore 2019	Singapore 2018
Businesses that grew in the last 12 months	33.7%	58.6%	11/11	36.4%	9/11	35.5%	50.2%	58.7%
Businesses that expect to grow in the next 12 months	41.9%	65.7%	11/11	53.1%	8/11	53.1%	52.8%	60.7%
Businesses that expect the local economy to grow in the next 12 months	52.8%	62.5%	8/11	52.3%	5/11	46.3%	39.0%	53.1%
Satisfied or very satisfied with the financial return of the business¹	53.3%	68.9%	8/11	N/A	N/A	N/A	N/A	N/A

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

2022 was a challenging year for most small businesses in Singapore. Only 33.7 per cent reported that they grew last year, down slightly from 36.4 per cent in 2021. This was the lowest result among the 11 markets surveyed and the lowest on record for Singapore.

2023 is expected to be another difficult year for Singapore's small businesses. Only 41.9 per cent expect to grow. This is the lowest among the 11 markets surveyed and the lowest on record for Singapore.

Rising costs, COVID-19 and a slowing global economy appear to be major contributors to these results. However, the strong focus of many of Singapore's small businesses on e-commerce, improved customer satisfaction, new payment technologies and entering new markets should result in a quick recovery. The well-targeted small business support offered by Singapore's government should also help the sector to rebound quickly. More of Singapore's small businesses should be taking advantage of the generous government support offered in technology and innovation, such as the [SMEs Go Digital programme](#).

Use of technology

	Singapore 2022	Survey average 2022	Rank 2022	Singapore 2021	Rank 2021	Singapore 2020	Singapore 2019	Singapore 2018
More than 10 per cent of revenue came from online sales	67.7%	67.9%	5/11	42.0%	9/11	57.3%	35.7%	37.3%
Did not use social media for business purposes	13.2%	15.4%	6/11	26.6%	3/11	14.7%	27.9%	22.1%
Investment in technology by the business over the past 12 months has improved profitability	39.9%	55.2%	8/11	36.4%	9/11	38.4%	35.1%	31.4%
Technology the business invested in most heavily over the past 12 months	Artificial intelligence, machine learning and chatbots	Computer equipment	N/A	Computer equipment	N/A	Website	Computer equipment	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	45.2%	47.2%	6/11	28.5%	10/11	36.5%	29.5%	30.4%
Reviewed the business' cybersecurity protections in past six months	51.8%	46.0%	3/11	34.1%	11/11	39.4%	31.1%	34.0%

More than 10 per cent of sales is received through digital payment options such as PayPal, GrabPay, Stripe, DBS PayLah!, Apple Pay	71.6%	73.7%	6/11	58.1%	7/11	62.7%	51.3%	42.7%
Sought advice from IT consultants/specialists	29.4%	28.6%	4/11	12.1%	10/11	17.6%	N/A	N/A
Business operation is frequently or very frequently affected by internet connectivity issues	39.3%	30.5%	2/11	N/A	N/A	N/A	N/A	N/A

Technology use by Singapore's small businesses improved significantly in 2022. For example:

- Singapore's small businesses made significantly greater use of e-commerce. Over two-thirds (67.7 per cent) generated more than 10 per cent of their revenue online last year compared to 42 per cent in 2021.
- Singapore's small businesses were more likely to receive payment via new payment technologies. 71.6 per cent generated more than 10 per cent of their sales through digital and online payment technologies, such as PayPal, Apple Pay and GrabPay. This is up 13.5 percentage points from 2021.
- More of Singapore's small businesses used social media. Last year, 13.2 per cent said they did *not* use social media, an improvement from 26.6 per cent in 2021.
- Many invested in technologies associated with high growth businesses, especially artificial intelligence. This suggests a desire among Singapore's small businesses to move up the value chain to help grow their business.

Government incentives to encourage Singapore's small businesses to make online sales are likely to have contributed to the higher use of e-commerce and new payment technologies. Changes in consumer behaviour due to COVID-19 are also likely to have encouraged such a shift.

Singapore's small businesses are concerned about cybersecurity in 2023. Nearly half (45.2 per cent) believe an attack on their business is possible this year. In response, 51.8 per cent reviewed their cybersecurity measures in the past six months, the third highest result of the markets surveyed. Singapore's [Cyber Security Agency](#) provides information and support to small business.

While Singapore's small businesses reported large improvements in the use of technology, they don't lead on any of the key measures listed above. One possible explanation for these middling results in comparison to other markets is the low short-term returns they achieve on their technology investment. Only 39.9 per cent of Singapore's small businesses found their investment in technology in 2022 improved their profitability. This is significantly lower than the survey average of 55.2 per cent and India's result of 82.7 per cent.

Business activity over the past 12 months

	Singapore 2022	Survey average 2022	Rank 2022	Singapore 2021	Rank 2021	Singapore 2020	Singapore 2019	Singapore 2018
Increased employee numbers	25.1%	35.0%	8/11	19.0%	6/11	22.1%	18.7%	21.1%
Improved customer satisfaction had a major positive impact on the business	23.8%	27.0%	6/11	16.4%	10/11	13.4%	26.2%	27.4%
Improved business management had a major positive impact on the business	21.5%	22.0%	6/11	10.5%	10/11	14.3%	14.1%	20.1%
Increasing costs had a major negative impact on the business	28.4%	31.1%	8/11	28.5%	7/11	20.5%	36.1%	45.9%
Required funds from an external source	46.5%	62.5%	9/11	35.7%	10/11	47.2%	31.5%	38.3%
Sought external funds for business growth	51.8%	52.1%	6/11	36.7%	8/11	45.5%	45.8%	62.9%
Sought external funds for business survival	36.2%	44.3%	7/11	31.2%	11/11	43.4%	15.6%	30.2%
Found it easy or very easy to access external finance	56.7%	45.9%	3/11	20.2%	11/11	42.8%	29.2%	14.7%
A bank was the business' main source of external finance	11.3%	38.2%	11/11	27.5%	8/11	33.8%	28.1%	42.2%
Did not spend any time and resources on ESG practices	14.2%	21.4%	7/11	N/A	N/A	N/A	N/A	N/A

Impacts of COVID-19

	Singapore 2022	Survey average 2022	Rank 2022	Singapore 2021	Rank 2021	Singapore 2020
COVID-19 had a major negative impact on the business in the past 12 months	26.4%	36.7%	11/11	58.4%	5/11	54.7%
My business' major reaction to COVID-19 was to begin or increase its focus on online sales	21.1%	24.8%	8/11	13.4%	10/11	19.2%
My business' major reaction to COVID-19 was to increase investment in technology	19.1%	19.1%	7/11	13.8%	8/11	21.2%

Planned business activity over the next 12 months

	Singapore 2023	Survey average 2023	Rank 2023	Singapore 2022	Rank 2022	Singapore 2021	Singapore 2020	Singapore 2019
Expect to increase employee numbers	31.4%	44.9%	9/11	29.8%	7/11	29.0%	31.1%	32.0%
Will introduce a new product, service or process unique to their market or the world	20.8%	34.4%	9/11	17.0%	10/11	18.6%	13.4%	13.9%
Expect revenue from overseas markets to grow strongly	19.5%	23.7%	6/11	12.8%	7/11	13.4%	12.8%	18.2%
Will seek external funds	25.1%	33.6%	7/11	15.7%	10/11	23.1%	9.2%	16.2%
Expect easy to very easy access to finance	43.8%	42.3%	4/11	14.2%	11/11	31.1%	23.4%	12.0%

COVID-19

The negative impact COVID-19 had on Singapore's small businesses eased significantly in 2022. 26.4 per cent reported that the pandemic negatively affected their business last year, a considerable decrease from 58.4 per cent in 2021 and 54.7 per cent in 2020. This is the lowest result among the 11 markets surveyed.

Employment

Despite a small decrease in the number of Singaporean small businesses that grew in 2022 compared to 2021, there was an increase in the number that employed more staff. Over a quarter (25.1 per cent) added to their headcount last year compared with 19 per cent in 2021.

Reflecting a challenging year ahead, 31.4 per cent of Singapore's small businesses expect to add to their headcount in 2023. This is the third lowest among the 11 surveyed markets.

Innovation

Small businesses in Singapore expect to be slightly more innovative in 2023 compared to 2022. 20.8 per cent said they will introduce a new product, process or service that is unique to Singapore or the world this year, up from 17 per cent from 2021. However, this result is lower than the survey average of 34.4 per cent.

Access to finance

More Singaporean small businesses accessed external finance in 2022. 46.5 per cent needed external finance last year compared with 35.7 per cent in 2021. Reflecting the difficult business conditions in 2022, 36.2 per cent sought external finance for business survival, up from 31.2 per cent in 2021.

On a positive note, respondents from Singapore found accessing external finance in 2022 a lot easier than 2021. 56.7 per cent found accessing finance last year was easy or very easy, significantly up from 20.2 per cent in 2021. Peer-to-peer lending was the most likely source of that finance.

Factors that had positive and negative influences on business

Top four factors that had a positive influence on Singaporean small business in 2022	Top four factors that had a positive influence Singaporean on small business in 2021	Top four factors that had a positive influence on Singaporean small business in 2020
Customer loyalty	Government support/incentives	Government support/incentives
Improved customer satisfaction	Customer loyalty	COVID-19
Improved business strategy	Cost control	Cost control
Entering new markets	Technology	Technology

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	Top four factors that had a negative impact on Singaporean small business in 2020
Increasing costs	COVID-19	COVID-19
COVID-19	Increasing costs	Poor overall economic environment
Difficulty expanding new markets	Poor overall economic environment	Increasing competition
Poor overall economic environment	Increasing competition	Cash flow difficulties

With Singapore's government reducing business support as COVID-19 restrictions were eased, it's not surprising that the importance of government support/incentives also declined. The increasing focus on "improved customer satisfaction", "improved business strategy" and "entering new markets" is a big positive for the sector over the medium to long term. The results of this survey over many years show those factors are strongly associated with high-growth small businesses.

Small businesses in Singapore found "increasing costs" were the biggest barrier to growth in 2022. Transportation and storage costs, and foreign exchange rate fluctuations were the most detrimental costs.

Demographics

	Singapore 2022	Survey average 2022	Rank 2022	Singapore 2021	Rank 2021	Singapore 2020	Singapore 2019	Singapore 2018
Respondent aged under 40	40.6%	47.6%	8/11	34.1%	9/11	47.6%	44.6%	44.6%
Business established for less than 11 years	61.1%	61.1%	6/11	58.0%	8/11	59.3%	63.6%	64.4%
Respondent is the business owner	13.9%	36.9%	9/11	41.0%	7/11	36.5%	49.5%	37.6%
Business has 10 to 19 employees	37.3%	37.1%	4/11	27.2%	6/11	33.6%	21.3%	31.7%

There may be an opportunity to encourage more Singaporeans under 40 to buy or start their own small business. 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

Singapore's government support for small business is best practice. This targeted and ambitious support for small business in the areas of digital transformation and innovation will likely lead to a better and more competitive sector in the years to come. To aid small businesses struggling through current challenges, we suggest the government consider incentivising them to access business advice from their chosen adviser.