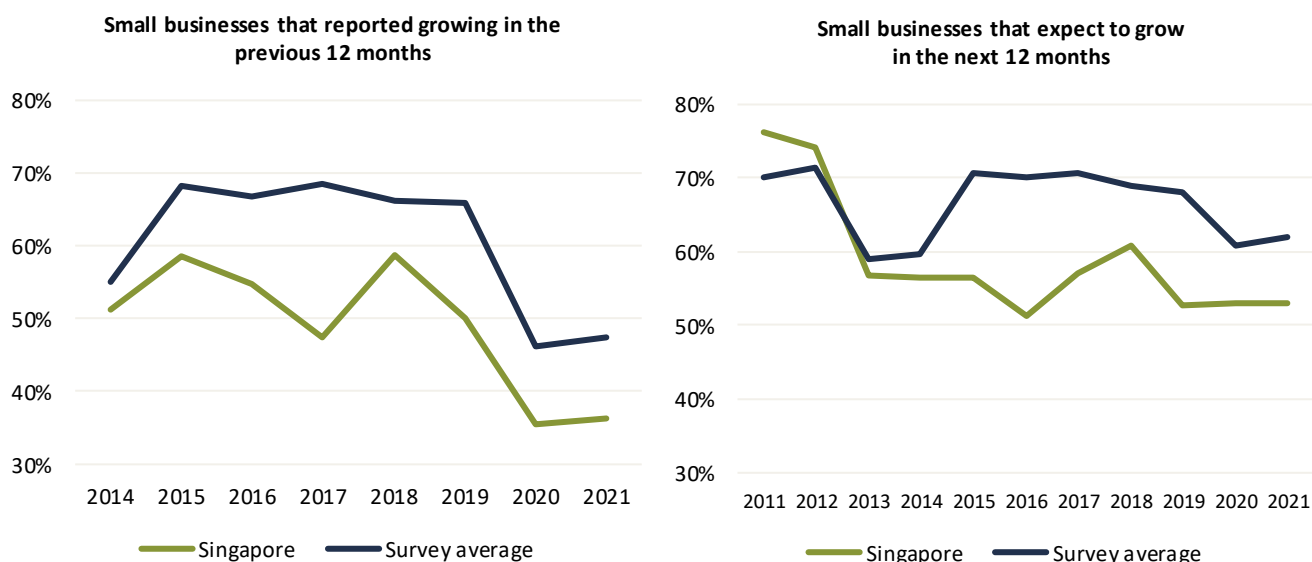


# CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2021-2022

SINGAPORE MARKET SUMMARY

# Singapore

## Business and economic growth



	Singapore 2021	Survey average 2021	Rank 2021	Singapore 2020	Rank 2020	Singapore 2019	Singapore 2018	Singapore 2017
<b>Businesses that grew in the last 12 months</b>	36.4%	47.3%	9/11	35.5%	8/11	50.2%	58.7%	47.5%
<b>Businesses that expect to grow in the next 12 months</b>	53.1%	61.9%	8/11	53.1%	8/11	52.8%	60.7%	57.0%
<b>Businesses that expect the local economy to grow in the next 12 months</b>	52.3%	60.6%	5/11	46.3%	7/11	39.0%	53.1%	55.1%

2021 was a challenging year for most small businesses in Singapore. Only 36.4 per cent of businesses grew last year, up slightly from 35.5 per cent in 2020. This result was third lowest among the 11 markets surveyed. Only New Zealand (33.2 per cent) and Australia (32.2 per cent) had a lower percentage of businesses that grew.

2022 is expected to be a better year for Singapore's small businesses. 53.1 per cent expect to grow. This is higher than Mainland China (51.6 per cent) and Hong Kong (39.7 per cent), and the same as Australia (53.1 per cent).

A stronger focus on e-commerce, new payment technologies and innovation should position more Singaporean small businesses for longer-term growth. More of Singapore's small businesses should therefore be taking advantage of the very generous support the government is providing to businesses to encourage them to invest in technology and innovation, such as the [SMEs Go Digital programme](#).

## Impacts of COVID-19

	Singapore 2021	Survey average 2021	Rank 2021	Singapore 2020	Rank 2020
COVID-19 had a major negative impact on my business in the past 12 months	58.4%	51.0%	5/11	54.7%	5/11
My business' major reaction to COVID-19 was to begin or increase its focus on online sales	13.4%	24.3%	10/11	19.2%	7/11

As in 2020, Singapore's small businesses considered COVID-19 their biggest challenge in 2021. 58.4 per cent reported the pandemic had a major negative impact on their business last year, up from 54.7 per cent in 2020.

## Use of technology

	Singapore 2021	Survey average 2021	Rank 2021	Singapore 2020	Rank 2020	Singapore 2019	Singapore 2018	Singapore 2017
Did not earn any revenue from online sales	32.5%	19.0%	4/11	24.4%	5/11	39.0%	38.0%	37.7%
Did not use social media for business purposes	26.6%	17.2%	3/11	14.7%	5/11	27.9%	22.1%	20.3%
Investment in technology by the business over the past 12 months has improved profitability	36.4%	53.6%	9/11	38.4%	7/11	35.1%	31.4%	35.1%
Technology the business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Website	N/A	Computer equipment	Computer equipment	N/A
Consider your business likely to be cyberattacked in next 12 months	28.5%	44.3%	10/11	36.5%	6/11	29.5%	30.4%	35.4%
Reviewed your business' cybersecurity protections in last six months	34.1%	46.7%	11/11	39.4%	6/11	31.1%	34.0%	N/A
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay	58.1%	64.9%	7/11	62.7%	4/11	51.3%	42.7%	36.4%

There is room for Singapore's small businesses to have a stronger focus on technology:

- Singapore's small businesses could make greater use of e-commerce. Forty-two per cent generated more than 10 per cent of their revenue online, compared with 84.2 per cent of Mainland Chinese small businesses.
- 58.1 per cent of Singapore's small businesses generate more than 10 per cent of their sales through digital and online payment technologies, such as Alipay, Apple Pay and WeChat Pay, compared with 87.7 per cent of small businesses from Mainland China.
- Singapore's small businesses were the second least likely to have begun or increased their focus on online sales as a reaction to COVID-19 (13.4 per cent compared to the survey average of 24.3 per cent).
- Singapore's small businesses could make greater use of social media. 32.5 per cent do not use social media, compared with only 2.2 per cent of Mainland Chinese businesses.

Singapore's small businesses seem somewhat relaxed in their cyber risk assessment for 2022. Only 28.5 per cent believe an attack on their business is likely this year. This is the second lowest result of the markets surveyed. However, on a positive note, 34.1 per cent reviewed their cybersecurity measures in the past six months. Government programs such as [Go Safe for Business](#) can assist small business with their cybersecurity.

One possible explanation for the relatively lower levels of investment in technology by Singapore's small businesses is the poor short-term returns they achieve for many. Of those businesses that invested in technology in 2021, 36.4 per cent found their investment improved their profitability. This is the third lowest result of the 11 markets surveyed and significantly lower than the survey average of 53.6 per cent.

### Business activity over the past 12 months

	Singapore 2021	Survey average 2021	Rank 2021	Singapore 2020	Rank 2020	Singapore 2019	Singapore 2018	Singapore 2017
Increased employee numbers	19.0%	28.7%	6/11	22.1%	6/11	18.7%	21.1%	20.3%
Improved customer satisfaction had a major positive impact on my business	16.4%	23.0%	10/11	13.4%	8/11	26.2%	27.4%	23.0%
Increasing costs had a major negative impact on their business	28.5%	29.2%	7/11	20.5%	6/11	36.1%	45.9%	42.0%
Required funds from an external source	35.7%	60.2%	10/11	47.2%	9/11	31.5%	38.3%	40.0%
Sought external funds for business growth	36.7%	48.2%	8/11	45.5%	4/11	45.8%	62.9%	52.5%
Sought external funds for business survival	31.2%	49.0%	11/11	43.4%	6/11	15.6%	30.2%	27.9%
Found it easy or very easy to access external finance	20.2%	45.9%	11/11	42.8%	5/11	29.2%	14.7%	18.0%
A bank was the business' main source of external finance	27.5%	34.2%	8/11	33.8%	3/11	28.1%	42.2%	35.2%

## Planned business activity over the next 12 months

	Singapore 2021	Survey average 2021	Rank 2021	Singapore 2020	Rank 2020	Singapore 2019	Singapore 2018	Singapore 2017
<b>Expect to increase employee numbers</b>	29.8%	39.9%	7/11	29.0%	7/11	31.1%	32.0%	26.6%
<b>Will introduce a new product, service or process unique to their market or the world</b>	17.0%	27.0%	10/11	18.6%	7/11	13.4%	13.9%	13.1%
<b>Expect revenue from overseas markets to grow strongly</b>	12.8%	19.3%	7/11	13.4%	6/11	12.8%	18.2%	11.5%
<b>Will seek external funds</b>	15.7%	27.3%	10/11	23.1%	6/11	9.2%	16.2%	12.5%
<b>Expect easy to very easy access to finance</b>	14.2%	40.6%	11/11	31.1%	4/11	23.4%	12.0%	12.4%

### ***Innovation***

Small businesses in Singapore are less likely to innovate. Seventeen per cent say they will introduce a new product, process or service that is unique to their market or the world in 2022, compared with 18.6 per cent last year.

### ***Employee growth***

Despite a small increase in the number of Singaporean small businesses that grew in 2021 from 2020, there was a decrease in the number that employed additional staff. Nineteen per cent added to their headcount last year compared with 22.1 per cent in 2020.

An expected pick up in business activity in 2022 should see the sector create many jobs. 29.8 per cent of Singapore's small businesses expect to add to their headcount in 2022.

### ***Access to finance***

Singapore's small businesses were less likely to have accessed external finance in 2021 than 2020. 35.7 per cent needed external finance last year compared with 47.2 per cent in 2020. Reflecting better business conditions in 2021 compared to 2020, 31.2 per cent sought external finance for business survival, down from 43.4 per cent in 2019.

Respondents from Singapore found accessing external finance in 2021 more difficult than 2020. 20.2 per cent found accessing finance last year was easy or very easy, down from 42.8 per cent in 2020. Banks were 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 Singapore's small business in 2021	Top four factors that had a positive influence on Singapore's small business in 2020	Top four factors that had a positive influence on Singapore's small business in 2019
Government support/incentives	Government support/incentives	Customer loyalty
Customer loyalty	COVID-19	Good staff
Cost control	Cost control	Improved customer satisfaction
Technology	Technology	Cost control

Top four factors that had a negative impact on Singapore's small business in 2021	Top four factors that had a negative impact on Singapore's small business in 2020	Top four factors that had a negative impact on Singapore's small business in 2019
COVID-19	COVID-19	Increasing competition
Increasing costs	Poor overall economic environment	Increasing costs
Poor overall economic environment	Increasing competition	Poor overall economic environment
Increasing competition	Cash flow difficulties	Difficulty expanding into new markets

Small businesses in Singapore found “increasing costs” and “poor overall economic environment” were the other major barriers to growth in 2021. Staff and materials costs were the costs that caused them the most detriment. A stronger focus on technology, such as automation, can reduce the need for staff or free up staff to perform higher value-added tasks.

## Demographics

	Singapore 2021	Survey average 2021	Rank 2021	Singapore 2020	Rank 2020	Singapore 2019	Singapore 2018	Singapore 2017
Business has been established for 10 years or less	58.0%	62.8%	8/11	59.3%	7/11	63.6%	64.4%	62.3%
Respondent is aged under 40	34.1%	45.2%	9/11	47.6%	8/11	44.6%	44.6%	43.6%
Respondent is the business owner	41.0%	39.0%	7/11	36.5%	7/11	49.5%	37.6%	35.4%
Business has 10 to 19 employees	27.2%	30.1%	6/11	33.6%	5/11	21.3%	31.7%	32.5%