



# THE CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2015

GENERAL REPORT FOR AUSTRALIA, CHINA, HONG  
KONG, INDONESIA, MALAYSIA, NEW ZEALAND,  
SINGAPORE AND VIETNAM

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## OVERVIEW

*CPA Australia Asia-Pacific Small Business Survey 2015* is the sixth in a series of annual reports measuring small business confidence, the drivers of confidence, technology uptake and access to finance by small businesses. The data is compared across the eight economies included in this survey and over time.

In total, 2932 participants completed the survey, including 510 from Australia, 610 from Mainland China, 265 from Hong Kong, 306 from Indonesia, 310 from Malaysia, 311 from New Zealand, 310 from Singapore and 310 from Vietnam.

Of the 610 participants from Mainland China, 155 were from Beijing, 152 were from Chongqing, 147 were from Guangzhou and 156 were from Shanghai.

The online survey was conducted with a random sample of small business owners/managers between 24 September and 14 October 2015. The sample was obtained through panel providers. To qualify for the survey, participants were required to be an owner, a senior manager (defined as being a director, a principal, a CEO, a CFO, a senior manager or a managing director) or a qualified accountant of a business with fewer than 20 employees.

# EXECUTIVE SUMMARY

CPA Australia's sixth annual Asia-Pacific Small Business Survey<sup>1</sup> found that small businesses that are focusing on innovation, e-commerce, social media and exporting are significantly more likely to be growing and creating jobs than those that are not.

The survey results highlight that small businesses that grew and expect to grow are significantly more likely to:

- expect to increase employee numbers in the next 12 months (55.4 per cent of those that expect to grow compared with 9.3 per cent of those that do not expect to grow)
- expect to definitely undertake innovation in the next 12 months through the introduction of a new product, service or process unique to their market or the world (28.5 per cent of those that expect to grow compared with 6.5 per cent of those that do not expect to grow)
- intend to grow their e-commerce presence to a large extent over the next 12 months (40.7 per cent of those that expect to grow compared with 11.7 per cent that do not)
- expect revenue from overseas markets to grow strongly over the coming 12 months (25.3 per cent of those that expect to grow compared with 4.2 per cent that do not)
- have used social media in their businesses (89.5 per cent of businesses that reported growing in the past 12 months compared with 65.1 per cent that did not grow in the past 12 months)
- have found that improved business management had a major positive impact on their business (31.8 per cent of those that grew in the past 12 months compared with 12.0 per cent that did not).

Growing businesses are also significantly more likely to:

- have a business owner aged under 40 than 50 or over
- have between 5 and 19 staff rather than fewer than five
- have been established for less than 11 years than have been established for over 20 years
- expect their business to grow in the next 12 months
- expect their local economy to grow in the next 12 months
- expect to increase their spending on marketing and promotions significantly over the coming 12 months
- expect to grow their investments in assets strongly in the coming 12 months
- expect to seek external finance
- be from Indonesia, Vietnam or China than from Australia or New Zealand.

Small businesses from Asia are significantly more likely than Australian and New Zealand small businesses to have a focus on innovation, e-commerce, social media and exporting. The profile of small businesses in Australia and New Zealand are contributing to this difference – in comparison with small businesses from Asia, they are:

- significantly less likely to be owned by someone aged under 40
- significantly more likely to have been established for more than 10 years
- significantly more likely to have between zero and four employees.

The data from the survey shows that, regardless of market, small businesses that have such a profile are less likely to be focusing on innovation, e-commerce, social media and exporting than other businesses.

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<sup>1</sup> The survey was of 2932 businesses with fewer than 20 employees from Australia, Mainland China, Hong Kong, Indonesia, Malaysia, New Zealand, Singapore and Vietnam. All data for China excludes Hong Kong, which is shown separately. The survey was conducted online from 24 September to 14 October 2015.

The main factor that had a positive impact on businesses over the past 12 months was customer loyalty, whether or not the business grew. Businesses that grew, however, were significantly more likely to say that improved business management and strategy had a major positive impact on their business than those that did not grow.

The main factors that had a detrimental impact on businesses in the past 12 months were increasing costs (with staff costs and rent again being the costs most detrimental to business) and increasing competition, regardless of whether the business grew or not. Businesses from Asia, however, were more likely to nominate increasing competition as having a major detrimental impact on their business than businesses from Australia and New Zealand.

Such competitive pressure does come with a silver lining. Those that stated that increasing competition had a major negative impact on their business were more likely than those that did not experience such competitive pressure to indicate they intend to innovate and grow their e-commerce presence over the coming 12 months, most likely in part to counter this challenge.

Small business confidence for the next 12 months has picked up across the region in spite of there being no commensurate increase in economic confidence.

All markets surveyed showed an increase from the previous survey in the percentage of small businesses that grew in the past 12 months, with small businesses in the emerging economies of Indonesia, Vietnam, the mainland of China and Malaysia being the most likely to report growing. Australian small businesses were again the least likely to report growing in the past 12 months.

Access to finance became easier for many small businesses over the past 12 months, driven by easier access to finance in China and Hong Kong. Small businesses were most likely to access finance for growth in the past 12 months and banks were the main source of finance. Sources of finance were the most diffuse in China.

# MAJOR FINDINGS



## MAJOR FINDING #1

**Growing small businesses are significantly more likely to be creating jobs and focusing on innovation, e-commerce, social media and exporting.**

**Planned actions of businesses that are forecasting they will grow against those that are not expecting to grow**

| Planned action over next 12 months   | Percentage of those expecting to grow | Percentage of those expecting <u>not</u> to grow |
|--|---------------------------------------|--|
| Expect increase in employee numbers  | 55.4%                                 | 9.3%   |
| Definitely expect to introduce a new product, service or process unique to their market or the world | 28.5%                                 | 6.5%   |
| Intend to grow their e-commerce presence to a large extent   | 40.7%                                 | 11.7%  |
| Expect revenue from overseas markets to grow strongly  | 25.3%                                 | 4.2%   |

**Use of social media and online sales by those that are growing compared with those that are not**

|                                     | Percentage of those that reported growing | Percentage of those that reported <u>not</u> growing |
|-------------------------------------|---|--|
| Used social media in their business | 89.5%                                     | 63.3%  |
| Earned revenue from online sales    | 79.3%                                     | 45.6%  |



## MAJOR FINDING #2

Small businesses from Asia are significantly more likely than Australian and New Zealand small businesses to be growing, creating jobs and focusing on innovation, e-commerce, exporting and social media.

Small businesses from Australian and New Zealand compared with the survey average from Asia

|  | Australia | New Zealand | Asia average |
|--|-----------|-------------|--------------|
| Increased employee numbers in the past 12 months   | 11.8%     | 16.4%       | 40.7%        |
| Reported growing in the past 12 months   | 45.7%     | 56.3%       | 75.4%        |
| Expect to grow in the next 12 months   | 57.3%     | 65.6%       | 74.8%        |
| Definitely expect to introduce a new product, service or process unique to their market or the world | 5.1%      | 6.8%        | 28.3%        |
| Intend to grow their e-commerce presence to a large extent   | 8.2%      | 9.6%        | 41.3%        |
| Expect revenue from overseas markets to grow strongly  | 6.1%      | 7.1%        | 24.0%        |
| Used social media in their business  | 50.2%     | 56.5%       | 92.6%        |

## MAJOR FINDING #3

**Small businesses with younger owners are significantly more likely to be growing, creating jobs and focusing on innovation.**

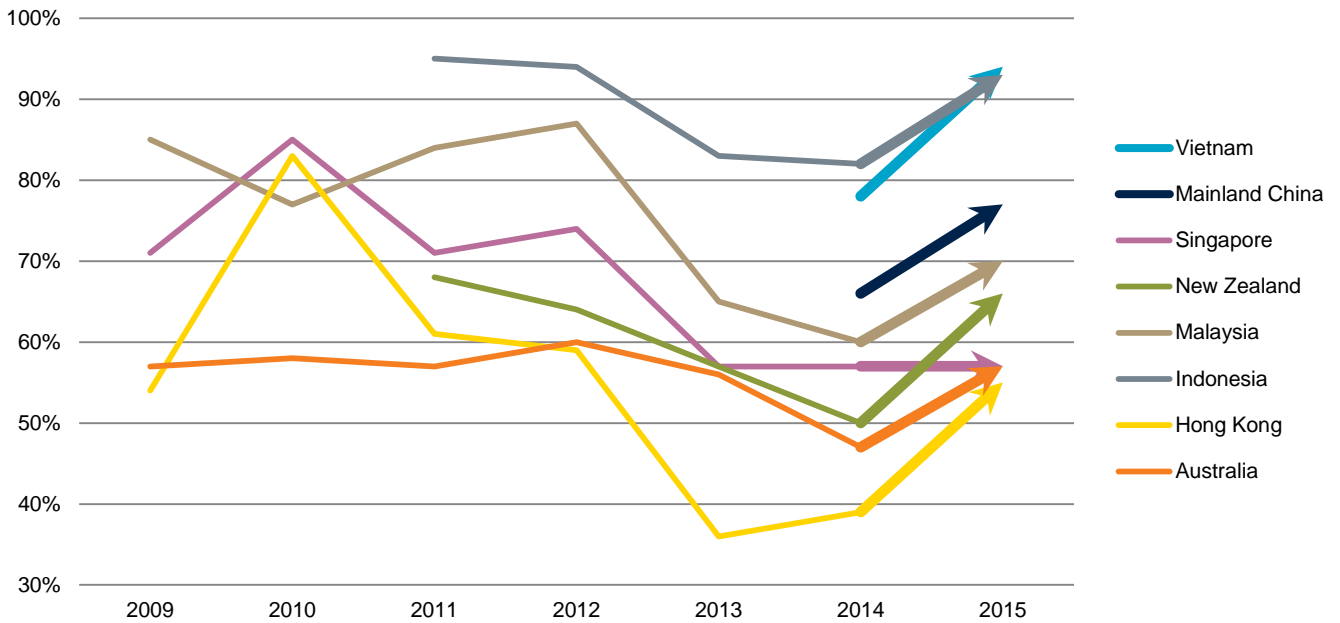
**Businesses where the respondent is aged under 40 compared with those that are aged 40 or over**

|  | Percentage of respondents under 40 | Percentage of respondents 40 or over |
|--|------------------------------------|--------------------------------------|
| Increased employee numbers in the past 12 months   | 45.1%                              | 19.7%                                |
| Reported growing in the past 12 months   | 80.1%                              | 54.7%                                |
| Expect to grow in the next 12 months   | 79.8%                              | 60.5%                                |
| Definitely expect to introduce a new product, service or process unique to their market or the world | 29.1%                              | 13.9%                                |
| Intend to grow their e-commerce presence to a large extent   | 43.3%                              | 19.6%                                |
| Expect revenue from overseas markets to grow strongly  | 25.9%                              | 11.3%                                |
| Used social media in their business  | 93.5%                              | 67.7%                                |

## MAJOR FINDING #4

**Small business confidence in the growth prospects of their business is up across region.**

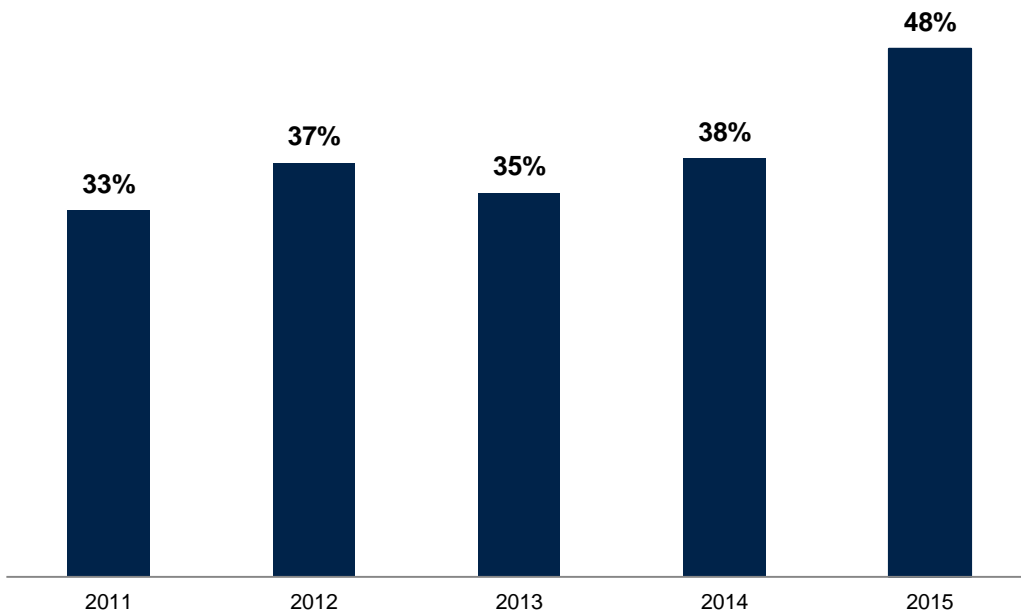
**Small businesses that expect their business to grow in the coming 12 months**



## MAJOR FINDING #5

**Access to finance is improving, especially in China and Hong Kong.**

**Small businesses that experienced easy to very easy access to finance in the past 12 months – all markets averaged**



# SURVEY RESULTS

## WHAT DO GROWING BUSINESSES DO DIFFERENTLY?

Planned actions of businesses that are forecasting they will grow compared with those expecting NOT to grow

| Planned action over the next 12 months   | Expecting to grow | Expecting <u>NOT</u> to grow |
|--|-------------------|------------------------------|
| Definitely expect to introduce a new product, service or process unique to their market or the world | 28.5%             | 6.5%                         |
| Intend to grow their e-commerce presence to a large extent   | 40.7%             | 11.7%                        |
| Expect revenue from overseas markets to grow strongly  | 25.3%             | 4.2%                         |
| Increase spending on marketing and promotion significantly   | 30.2%             | 5.3%                         |
| Grow their investment in assets strongly   | 30.6%             | 5.1%                         |
| Definitely seek external funds   | 35.7%             | 14%                          |
| Increase employee numbers  | 55.4%             | 9.3%                         |

Actions taken by businesses that grew in the past 12 months compared with those that did not

| Action taken over the past 12 months                                       | Reported growing | Reported <u>NOT</u> growing |
|--|------------------|-----------------------------|
| Earned revenue from online sales   | 79.3%            | 45.6%                       |
| Used social media for business purposes                                    | 89.5%            | 63.3%                       |
| Increased employee numbers   | 45.7%            | 6.4%                        |
| Required funds from an external source                                     | 70.5%            | 38.0%                       |
| Improved business management had a major positive impact on their business | 31.8%            | 12.0%                       |

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## Differences between small businesses by demographics

|   | Expecting to grow | Expecting <u>NOT</u> to grow |
|---|-------------------|------------------------------|
| Respondent aged under 40                    | 79.8%             | 18.9%                        |
| Respondent aged 40 or over                  | 60.5%             | 37.2%                        |
| Business established for 10 years or less   | 75.0%             | 23.4%                        |
| Business established for more than 10 years | 63.2%             | 35.5%                        |

## Differences between businesses with fewer than 5 employees compared with those with 5 to 19 employees

|  | Percentage of respondents with 5 to 19 employees | Percentage of respondents with fewer than 5 employees |
|--|--|---|
| Increased employee numbers in the past 12 months   | 46.1%  | 11.7%   |
| Reported growing in the past 12 months   | 78.9%  | 50.6%   |
| Expect to grow in the next 12 months   | 78.4%  | 58.2%   |
| Definitely expect to introduce a new product, service or process unique to their market or the world | 29.2%  | 10.1%   |
| Intend to grow their e-commerce presence to a large extent   | 41.8%  | 16.4%   |
| Expect revenue from overseas markets to grow strongly  | 25.0%  | 9.3%  |
| Used social media in their business  | 93.3%  | 61.9%   |

Business growth is inherently linked to innovation, regardless of the market. The survey results show that businesses that forecast they will grow in the next 12 months are significantly more likely to expect to innovate through the introduction of a product, service or process that is new to their market or the world, especially businesses that expect to grow strongly.

Businesses that forecast they will grow in the next 12 months are also significantly more likely to expect they will:

- grow their revenue from exports
- increase employee numbers
- grow their e-commerce presence
- increase their spending on marketing
- increase their investment in assets.

Businesses that reported growing in the past 12 months are significantly more likely to state that improved business management and improved business strategy were major factors that had a positive influence on their business in the past 12 months than those that did not grow.

Of course, some of the differences between the actions of growing and not growing businesses are due to sound business decisions by non-growing business. For example, businesses that do not expect to grow should be cautious before proceeding with asset purchases where there is not a strong business case, and they should look to reduce their demand for external finance and increasingly fund their business from better cash flow. However, by being significantly less likely to undertake many of these activities, they are allowing those that are to build a competitive advantage over them. Good businesses, whether or not they are growing, should be looking to invest in innovation and e-commerce, and creating opportunities to export if possible.

Businesses that expect their local economy to grow and reported growing in the past 12 months are significantly more likely to expect to grow in the coming 12 months.

In short, confident businesses are significantly more likely to undertake the activity that will help them grow over the long term. For governments, creating the right environment that supports higher levels of business confidence should do much to support a more innovative, entrepreneurial and outward-looking small business sector. Helping businesses build their management capacity and technology know-how should also have a positive influence on business growth and jobs creation.

The profile of a small business also influences whether a business is growing or not. Other data from the survey also shows that younger business owners, younger businesses and those with 5 to 19 staff are significantly more likely to expect that they will increase employee numbers, innovate, grow their e-commerce presence, use social media for business purposes and export over the coming 12 months.

For governments wanting to encourage an innovative, tech-savvy and export-orientated small business sector, an important consideration is how to encourage and support more young people to start their own small businesses.

# SEVEN LESSONS FROM GROWING SMALL BUSINESSES

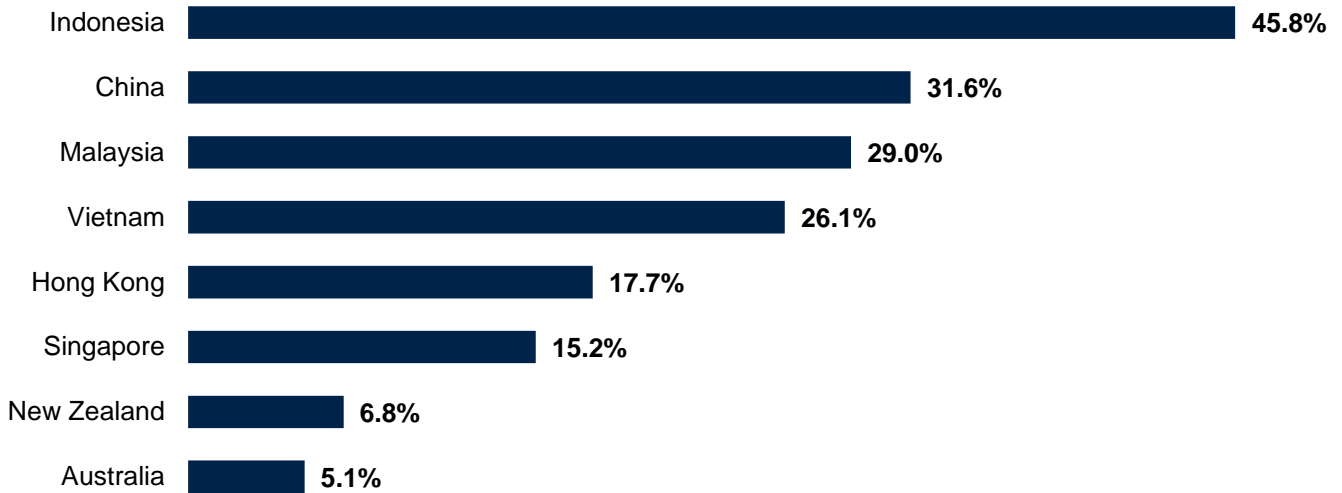
- 1 Innovate through products, services or processes that are new to your market or the world.
- 2 Strongly grow your e-commerce presence.
- 3 Seek to grow your revenue strongly from exports.
- 4 Focus on improving business management and strategy.
- 5 Use social media for business purposes.
- 6 Significantly increase your spending on marketing and promotions.
- 7 Significantly increase your investment in assets.



## INNOVATION

**Innovation<sup>2</sup> is a key driver of growth, job creation and exporting, and small businesses from Asia are much more likely to undertake it.**

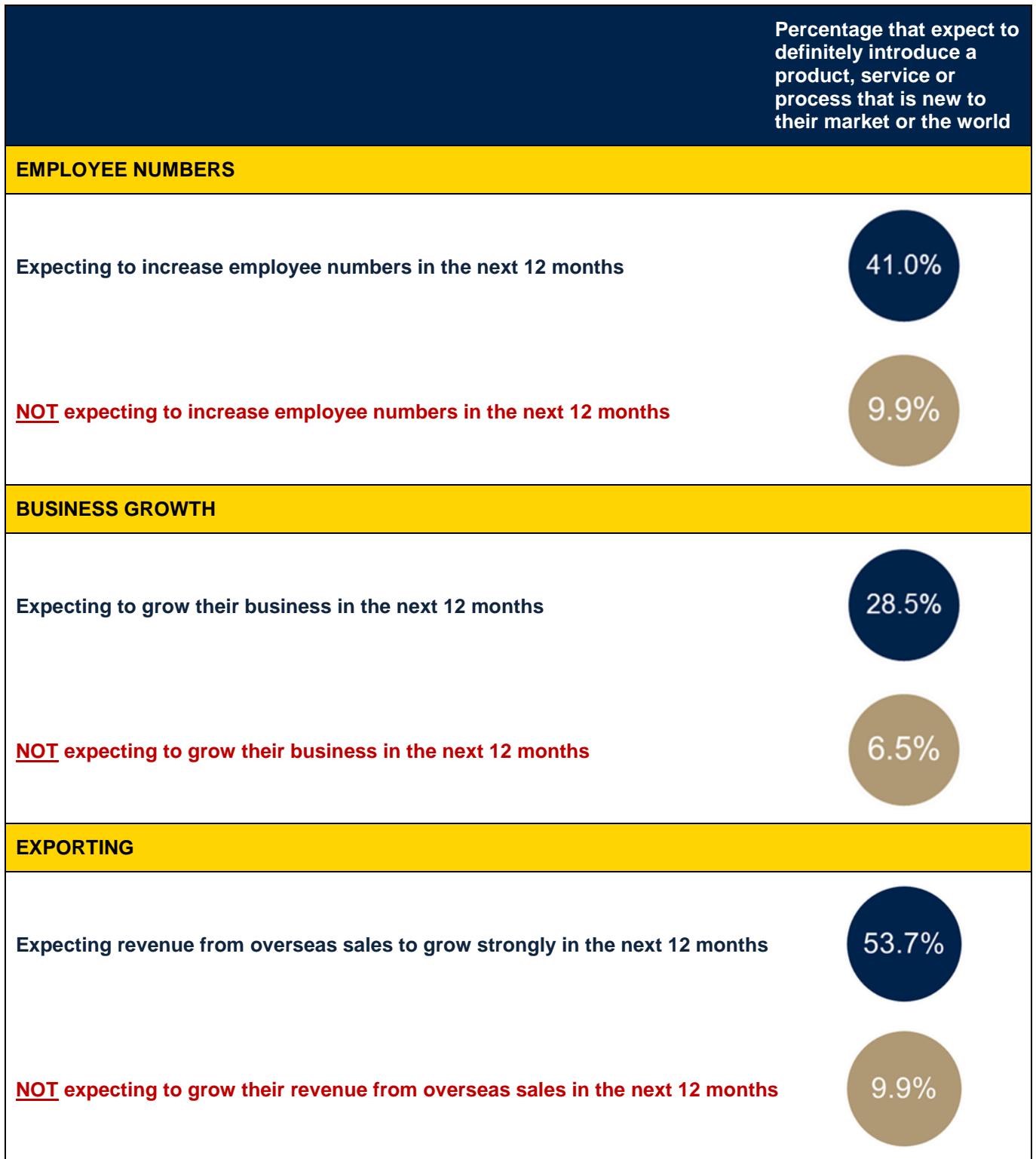
**Small businesses that in the next 12 months will definitely introduce a new product, service or process in the next 12 months that is unique to their market or the world<sup>3</sup>**



<sup>2</sup> Innovation, for the purpose of the survey, is taken to be the introduction of a new product, service or process that is unique to a market or the world.

<sup>3</sup> All data for China excludes Hong Kong, which is shown separately.

The relationship between innovation and jobs creation, business growth and exporting



The survey results demonstrate that innovation is a core driver of economic growth, business growth, job creation and exporting. Those small businesses with a strong focus on innovation are also developing a competitive edge, which will serve them well in the years to come.

With innovation supporting growth, exports and job creation, it is easy to see why governments from across the region have such a strong focus on promoting innovation.

While it is a core driver of growth, only a small percentage of small businesses in Australia and New Zealand indicated that they have an innovative culture in comparison with businesses from Asia, especially small businesses from Indonesia and China. It is likely that this lack of focus on innovation by small businesses is impacting economic growth, job creation and competitiveness in both countries.

The focus on innovation in Asia, particularly in Asia's emerging economies, should be providing strong benefits to business and those economies, both now and into the future. This is acknowledged by the OECD, which recently stated, 'in the long run, it is difficult to imagine growth without innovation'<sup>4</sup>. The OECD estimates that innovation can contribute up to 50 per cent of economic growth depending on the country, the level of economic development and the phase of the economic cycle.<sup>5</sup>

Businesses are also more likely to definitely expect to undertake innovation through the introduction of a new product, service or process that is unique to their market or the world in the next 12 months if they:

- have a business owner/manager aged under 40
- have between 5 and 19 staff
- are from the banking, finance and insurance sector, or the manufacturing sector.

### KEY FINDING

Innovation is a core driver of economic growth, business growth, job creation and exporting. We suggest that businesses consider having a greater focus on innovation and for governments across the region, especially in Australia and New Zealand, to continue their focus on innovation.

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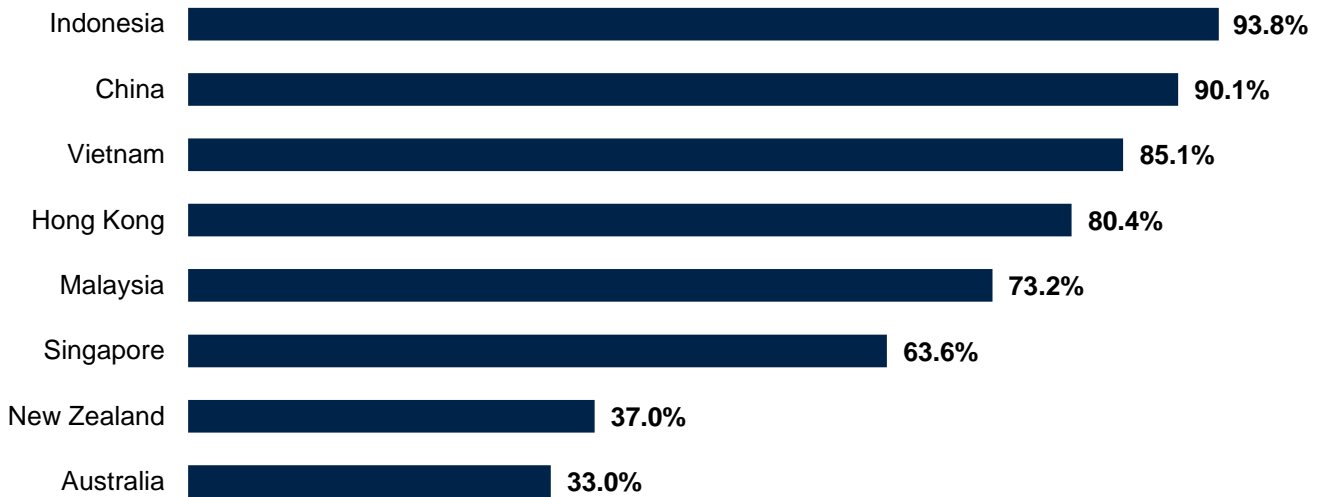
<sup>4</sup> *OECD Innovation Strategy An Agenda for Policy Action*, OECD Publishing, Paris, 2015, p. 4

<sup>5</sup> *Ibid.*

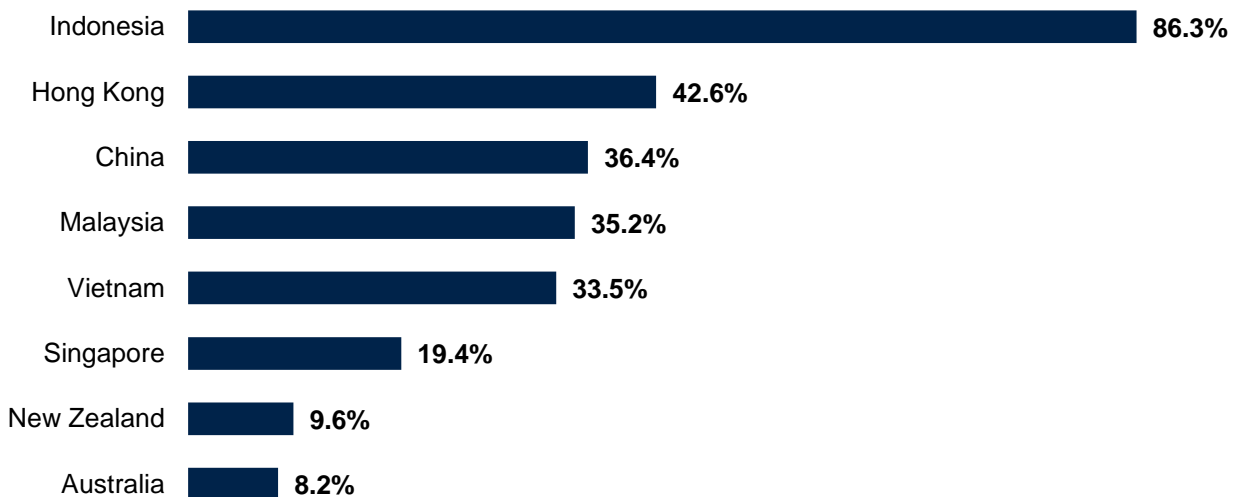
## E-COMMERCE

**Small businesses with an e-commerce presence are more likely to be growing and creating jobs and to be from Asia.**

**Small business that generated revenue from online sales – by market<sup>6</sup>**



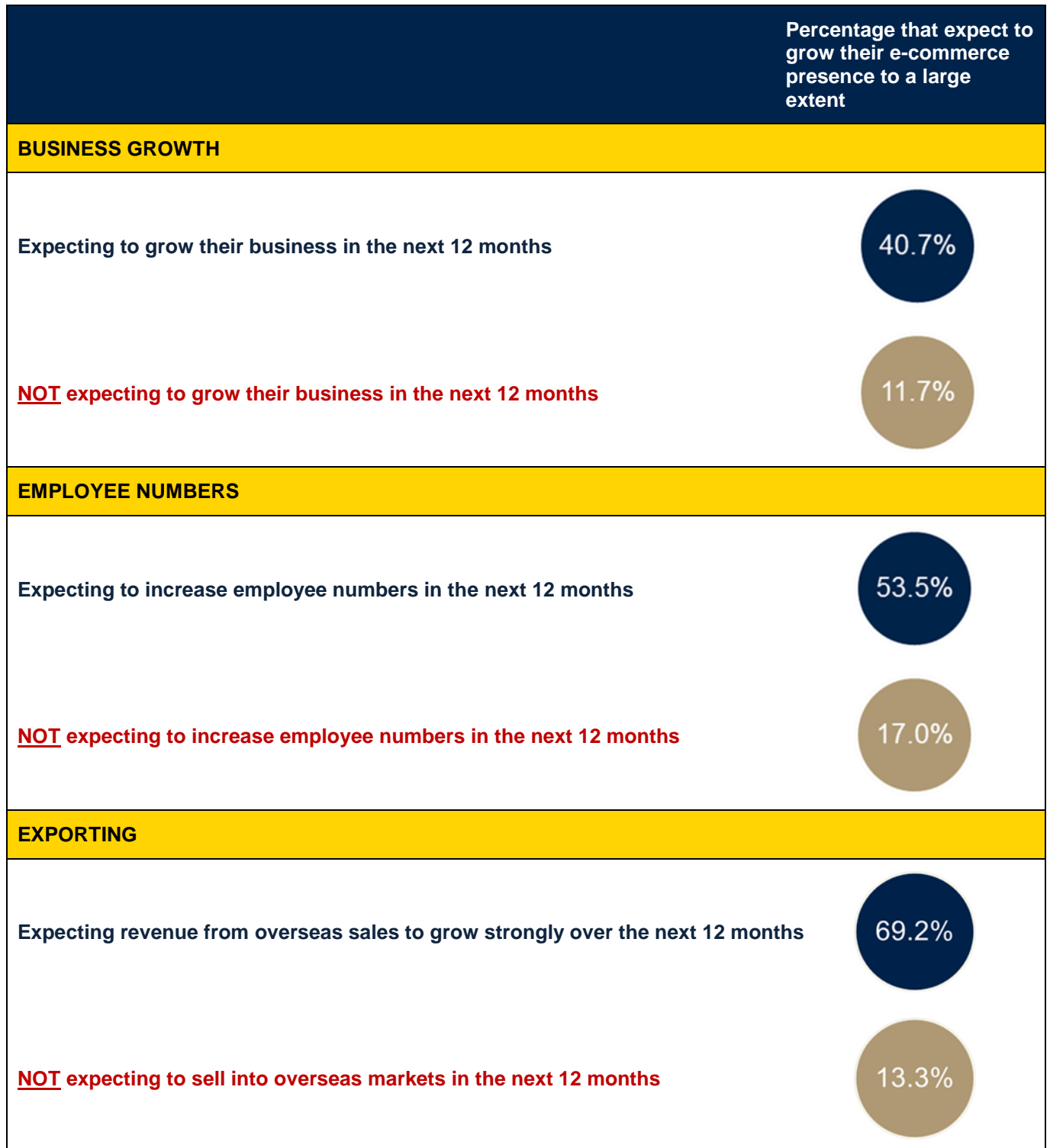
**Small businesses that intend to grow their e-commerce presence to a large extent in next 12 months – by market<sup>7</sup>**



<sup>6</sup> All data for China excludes Hong Kong, which is shown separately.

<sup>7</sup> All data for China excludes Hong Kong, which is shown separately.

The relationship between e-commerce and business growth, jobs creation and exporting



The survey results demonstrate that small businesses that are focusing on e-commerce are more likely to be growing, creating jobs and exporting. Like those small businesses with a focus on innovation, small businesses with a focus on e-commerce are also developing a competitive edge over those who do not, which should serve them well as more and more commerce moves into the digital environment.

Small businesses from Australia and New Zealand are well behind their peers and competitors from Asia, especially small businesses from Indonesia and China, on generating revenue from online sales. This digital gap is only likely to grow as small businesses in Asia are significantly more likely to expect to grow their e-commerce presence in the next 12 months than businesses from Australia and New Zealand.

Disappointingly, a very large percentage of businesses that do not generate any revenue from online sales do not intend to invest in establishing an e-commerce presence in the next 12 months. While online sales are not relevant for all businesses, when you combine the results that show a strong connection between e-commerce and growth, and growing digital penetration and literacy of customers, it would be wise for all businesses to investigate establishing and growing their e-commerce presence.

Small businesses are also more likely to earn income from online sales where:

- they have between 5 and 19 staff
- the business has been established for less than 21 years
- the respondent is aged under 40
- the business is from the manufacturing sector.

## KEY FINDING

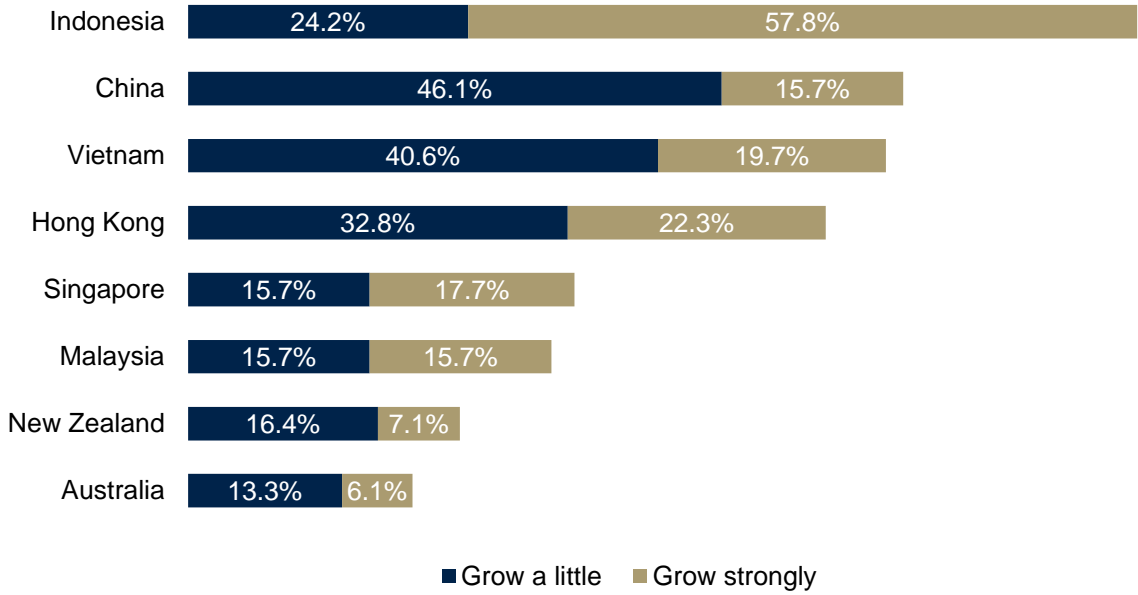
With the results showing businesses making online sales are significantly more likely to be growing and creating jobs, it is important for all businesses to at least consider making a larger investment in e-commerce.

Governments from across the region, especially in Australia and New Zealand, should continue to encourage and support businesses to develop and enhance their e-commerce presence.

## SMALL BUSINESS AND EXPORTING

Small businesses that expect to grow revenue from exporting are more likely to be growing and creating jobs and be from Asia.

Small business expecting revenue from overseas sales will grow in the next 12 months – by market<sup>8</sup>



<sup>8</sup> All data for China excludes Hong Kong, which is shown separately.

**The relationship between exporting, and jobs creation and business growth**



The survey results demonstrate that small businesses that are focusing on exporting are more likely to be growing and creating jobs. They are also developing a competitive edge, as they are less exposed to risks associated with concentrating on one market and they are being exposed to new ideas from outside their home market.

Australian and New Zealand small businesses rely significantly more on their domestic market than their competitors from Asia, especially small businesses from Indonesia and Hong Kong. This not only limits the growth potential of those businesses but increases their risks exposure should their domestic market fall on difficult times.

Exporting also has other benefits, including exposing businesses to new ideas from different markets. This lack of exposure to other markets may be contributing to a lack of innovation by Australian and New Zealand small businesses.

With the survey results showing that small businesses that are forecasting their revenue from exporting to grow are more likely to see their business growing and creating jobs, it is easy to see why governments across the region are taking action to support and encourage trade with initiatives such as the ASEAN Economic Community and the China-Australia Free Trade Agreement.

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Small businesses are also more likely to expect strong growth in their earnings from overseas in the next 12 months if:

- the business is from the manufacturing sector
- the businesses has between 5 and 19 employees
- the respondent is aged under 50
- the business has been established for less than 21 years.

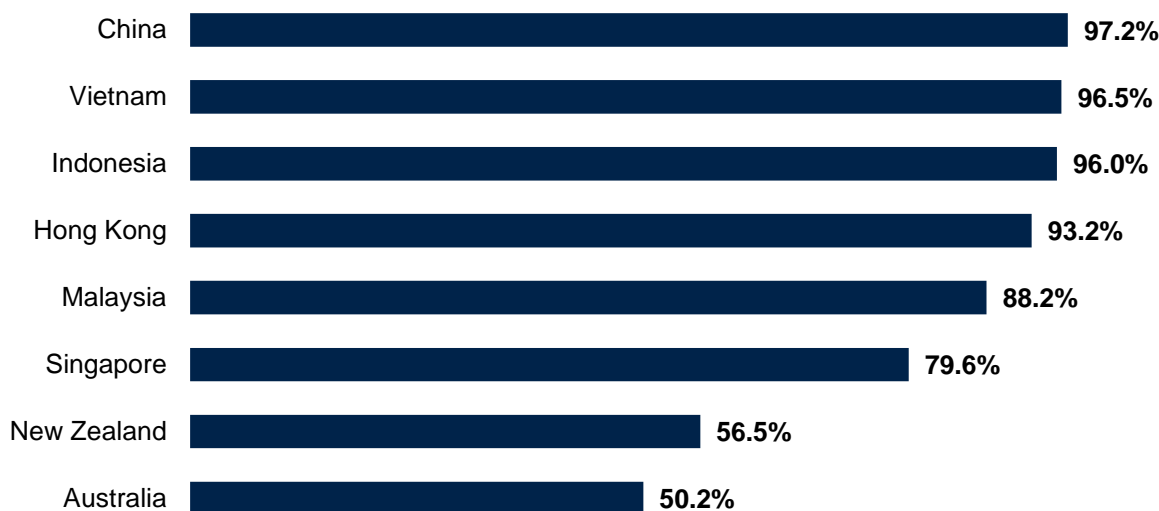
### KEY FINDING

With the results showing small businesses that expect revenue from exports to grow in the next 12 months are significantly more likely to expect their business to grow and increase employee numbers, it is important for businesses to consider exporting as part of their business strategy. Governments should consider policies that make exporting easier.

## SOCIAL MEDIA

**Small businesses that use social media for business purposes are more likely to have grown and be from Asia.**

**Small businesses that used social media in their business – by market<sup>9</sup>**



The survey results demonstrate that small businesses that use social media are significantly more likely to be growing. This outcome, plus customers being increasingly likely to seek to communicate and transact with businesses via social media, clearly shows that a lack of a social media presence is a potential risk. It impacts a business's ability to attract, retain and transact with customers, and it may impact their brand and their ability to grow their business.

Small businesses from Australia and New Zealand remain well behind their competitors from Asia when it comes to using social media in their business. While slightly more small businesses from both markets are using social media this year compared with last, the result is still disappointing.

Those that use social media use it for a variety of purposes including communicating with existing customers, promoting their business to potential customers, and selling their products or services.

Small businesses are significantly less likely to be using social media for business purposes where:

- the respondent is aged 50 or over
- the business has been established for over 20 years
- the business has four or fewer staff.

<sup>9</sup> All data for China excludes Hong Kong, which is shown separately.

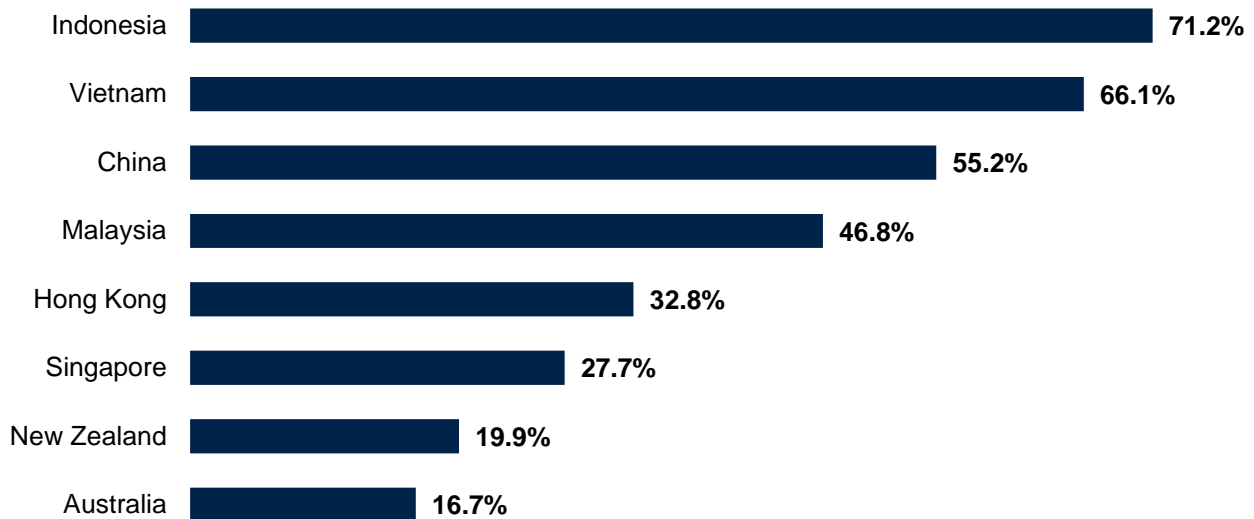
## KEY FINDING

With the results showing small businesses that are using social media are significantly more likely to be growing, it is important for business to consider creating or enhancing their social media presence. Governments from across the region, especially in Australia and New Zealand, should continue to encourage and support businesses to use social media.

## JOBS AND SMALL BUSINESSES

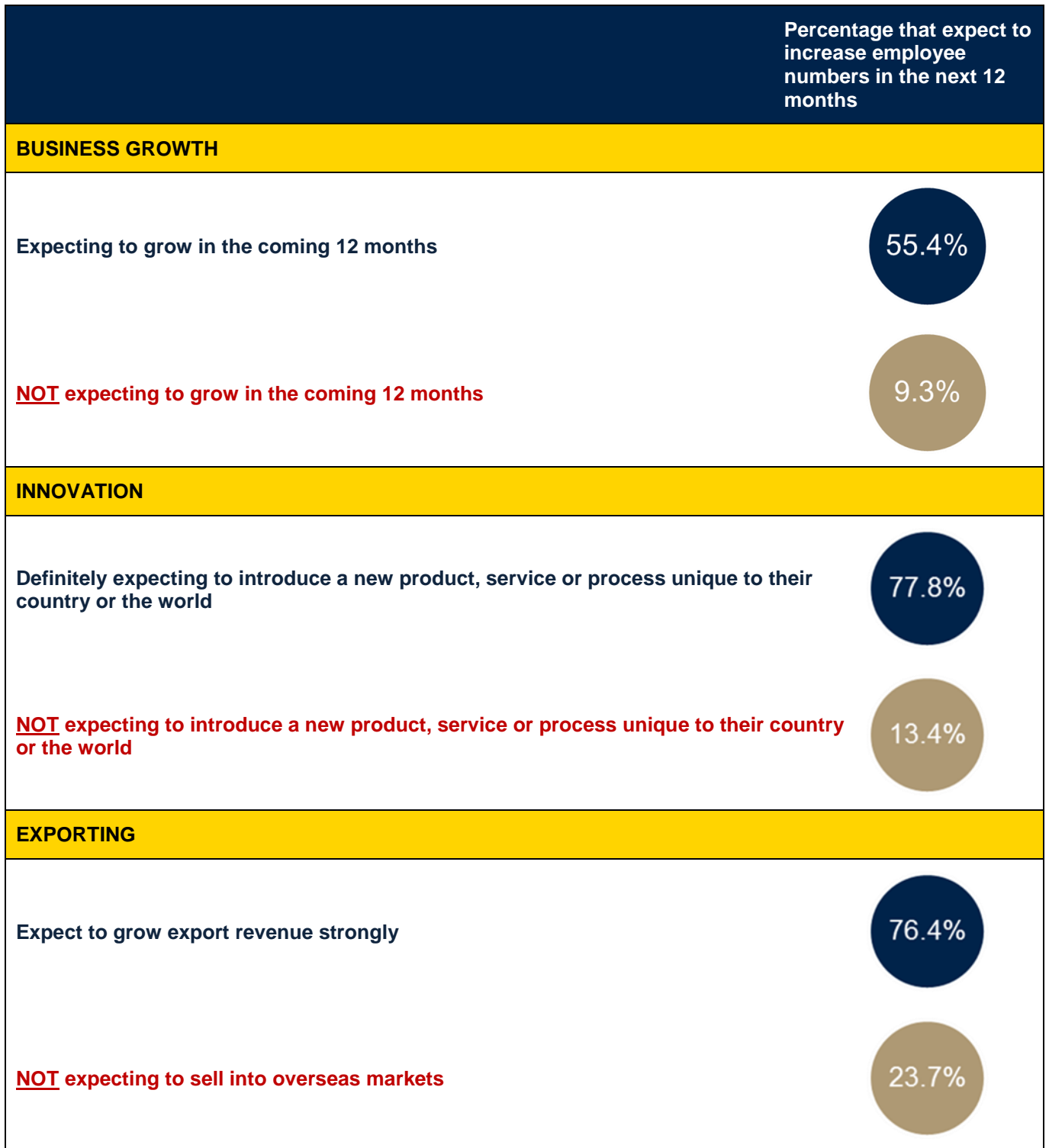
**Small businesses from Asia and small businesses that are innovating, using e-commerce, exporting and growing are significantly more likely to be creating new jobs.**

**Small businesses that increased employee numbers in the past 12 months – by market<sup>10</sup>**



<sup>10</sup> All data for China excludes Hong Kong, which is shown separately.

**Relationship between jobs creation and business growth, innovation, exporting and e-commerce**



**E-COMMERCE**

Expect to grow their e-commerce presence to a large extent

69.4%

**NOT** expecting to grow their e-commerce presence

11.8%

Not surprisingly, growing small businesses were significantly more likely to have increased employee numbers in the past 12 months, and businesses that reported shrinking are most likely to have not changed or to have decreased staff numbers.

Over the next 12 months, businesses that expect to increase employee numbers are also significantly more likely to:

- intend to significantly increase their e-commerce presence
- strongly grow their revenue from overseas sales
- innovate through definitely introducing a new product, service or process.

As in previous years, small business in Asia, particularly businesses from Indonesia, Vietnam and China, are significantly more likely to have increased employee numbers in the preceding 12 months than Australian and New Zealand small businesses. This trend is expected to continue in the next 12 months.

Small businesses are also more likely to expect to increase employee numbers over the next 12 months if:

- the business is in the manufacturing, accommodation or food services industry
- the business has between 5 and 19 staff
- the respondent is aged under 40.

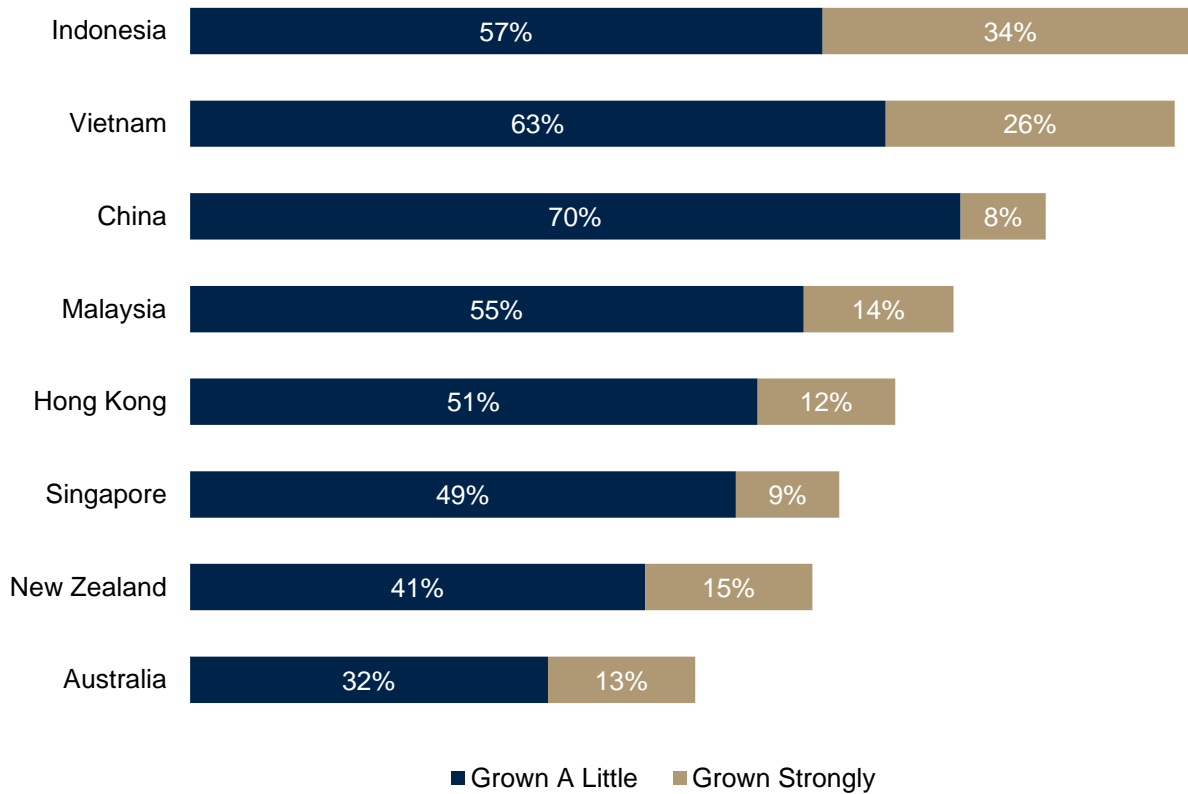
**KEY FINDING**

A stronger focus on innovation, e-commerce and exporting should lead to more small businesses creating jobs across the region.

## BUSINESS AND ECONOMIC CONDITIONS

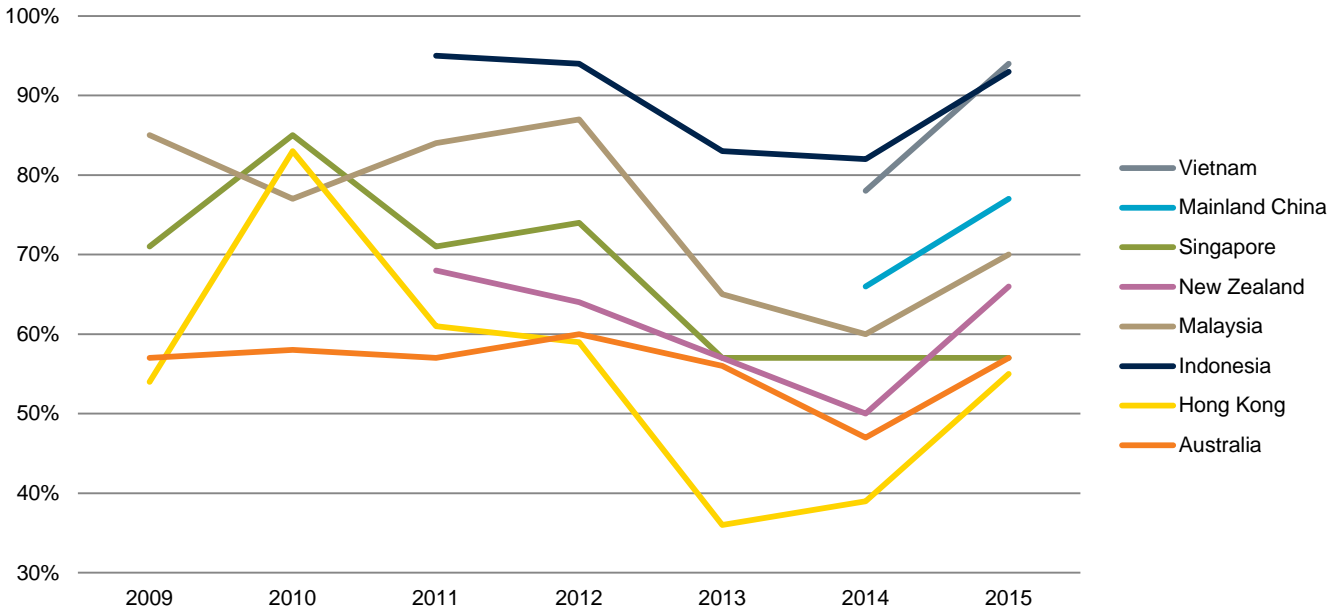
**Small businesses in Indonesia, Vietnam and China are the most likely to report their business grew, expect their business to keep growing and expect their local economy to grow.**

**Small businesses that grew over the past 12 months – by market<sup>11</sup>**

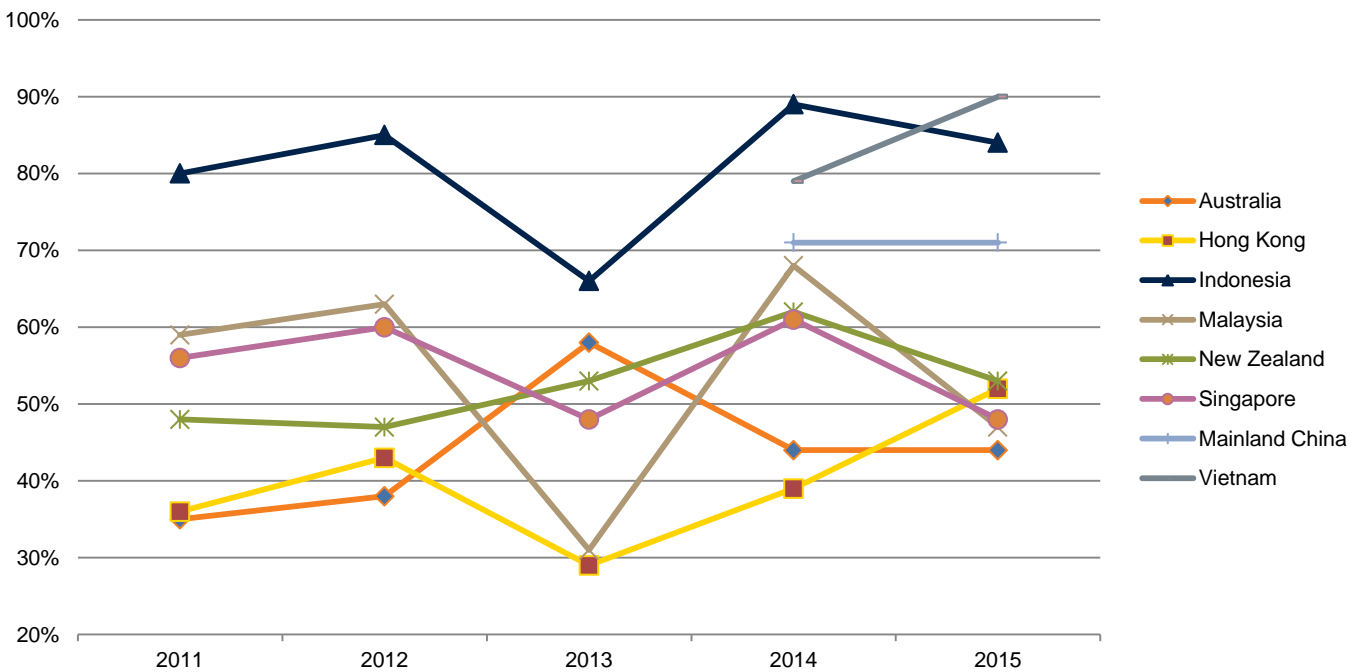


<sup>11</sup> All data for China excludes Hong Kong, which is shown separately.

**Small businesses that expect their business to grow in the coming 12 months – 2009 to 2015 – by market**



**Small businesses that expect their local economy to grow over the next 12 months – 2011 to 2015 – by market**





The survey results demonstrate that small businesses that expect to innovate, grow their e-commerce presence to a large extent, strongly grow revenue from exports and are from Asia are significantly more likely to expect their business to grow in the next 12 months.

Given that growth in many developed economies such as in Europe and Japan remains weak, the pace of the US economic recovery has not been as fast as expected and China's economy, although still growing quickly, is slowing, it is not surprising that economic growth expectations by small businesses in a number of markets has declined from last year.

It therefore reflects the resilience of the sector that all markets recorded a jump in the number of small businesses that reported growing in the past 12 months from the 2014 results, and a jump in the number of businesses that expect to grow in the coming 12 months (with the exception of Singapore).

Malaysian small businesses are significantly more optimistic about the growth prospects for their businesses than the local economy, which is reflected in the large number of Malaysian businesses that plan to innovate and invest in their e-commerce presence. This strong business confidence should flow through to the broader economy. It is therefore highly likely that Malaysia's economic performance will be far better than expected.

Australian small businesses were again the least likely to experience growth in the past 12 months, and the number that experienced growth was a very long way behind the leading markets. Indonesia and Vietnam were the most likely to experience growth.

Small businesses are also more likely to expect to grow if:

- they have between 5 and 19 employees
- the respondent is aged under 50
- the business reported growing in the past 12 months.

Small businesses are also more likely to expect their local economy to grow if:

- they have between 5 and 19 employees
- they are from the manufacturing, property or construction sector
- the respondent is aged under 40.

## KEY FINDING

A stronger focus on innovation, e-commerce and exporting should lead to more small businesses from across the region experiencing growth.

## ACCESSING FINANCE

**Accessing finance became easier in the past 12 months, especially in Mainland China and Hong Kong.**

**Access to finance – the percentage that experienced easy to very easy financing conditions in the previous 12 months<sup>12</sup>**

| 2015        |       | 2014        |       |
|-------------|-------|-------------|-------|
| Indonesia   | 60.6% | Indonesia   | 56.3% |
| China       | 59.3% | New Zealand | 53.7% |
| Australia   | 54.3% | Australia   | 48.1% |
| New Zealand | 50.0% | China       | 33.4% |
| Hong Kong   | 43.5% | Malaysia    | 32.3% |
| Singapore   | 34.1% | Vietnam     | 32.0% |
| Malaysia    | 31.8% | Singapore   | 30.9% |
| Vietnam     | 29.7% | Hong Kong   | 29.9% |

The survey results for the ease of access to finance were mixed. It became easier for a considerably greater number of small businesses from the mainland of China and Hong Kong since the last survey, while in Vietnam and Malaysia it got slightly less easy. For China, this improvement in access to finance is probably due in part to policies designed to encourage greater lending to the small business sector by the nation's banking sector and other sources.

Despite this, small businesses in China stand out as being significantly less likely to have a bank as their main source of finance. Instead, they are somewhat more likely to access finance from venture capital/angel financing and non-bank financial institutions.

Reflecting very strong business growth expectations, nearly all small businesses in Indonesia, Vietnam and China expect to seek external finance in the next 12 months, with business growth being the predominant driver of such demand.

For Australia and New Zealand, relatively easy access to finance continues to have little impact on the actual demand for finance – in short, business needs drive demand for finance.

<sup>12</sup> All data for China excludes Hong Kong, which is shown separately.

The Indonesian paradox of borrowing for both growth and survival continues in this survey. In contrast, fellow high growth nation Vietnam is also highly likely to have borrowed for growth over the past 12 months but very unlikely to have borrowed for survival.

Hong Kong small businesses were the most likely to borrow to cover increasing expenses and to service their business loans. For many Hong Kong businesses, an ongoing focus on cost control and cash flow, and a more sceptical approach to taking on new debt would be a better than taking on more debt to cover expenses and borrowing expenses.

Reflecting lower levels of business confidence, the number of small businesses in Malaysia and Singapore that borrowed in the past 12 months dropped from the previous survey; however, there is expected to be a strong pick-up in demand for external finance in the coming 12 months.

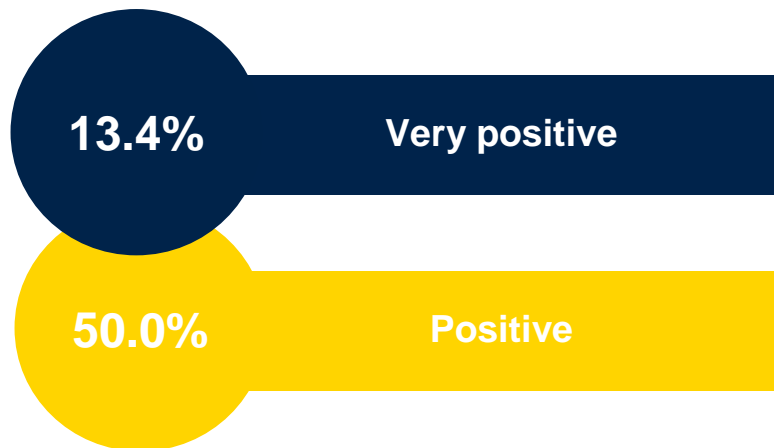
### KEY FINDING

Accessing finance became easier in many markets over the past 12 months, especially in the mainland of China and Hong Kong.

## SMALL BUSINESS AND THE ASEAN ECONOMIC COMMUNITY

**The ASEAN Economic Community expected to have a positive influence on small business across the ASEAN region.**

**Expected impact of the creation of the ASEAN Economic Community on small businesses in Indonesia, Malaysia, Singapore and Vietnam**



Small businesses in Indonesia, Malaysia, Singapore and Vietnam are most likely to expect the establishment of the ASEAN Economic Community (AEC) to have a positive impact on their business. Small businesses in Indonesia and Vietnam are especially positive over the AEC, while Singaporean small businesses were the most likely to believe it will have no impact or that it is too early to tell.

Larger small businesses, manufacturing businesses and businesses that have been established for between five and ten years are the most likely to see the formation of the AEC as having a positive impact on their business.

Businesses that are expecting strong growth in export revenue over the coming 12 months are significantly more likely to state that the AEC will have a very positive impact on their business.

Very few businesses think the AEC will have a negative impact on their business, while some are still undecided.

### KEY FINDING

The ASEAN Economic Community is a positive initiative for businesses across the ASEAN region and should improve business and economic performance for member nations.

# CONSIDERATIONS FOR GOVERNMENTS

The survey results identify a number of issues that governments may wish to consider, including:

| Issue for consideration |  |
|-------------------------|--|
| 1.                      | <b>Encourage the development of an innovative and entrepreneurial culture in the small business sector.</b> This should include a range of policies including tax incentives, increasing the funding available to support innovation by small businesses and encouraging stronger linkages between academics and research institutions and small business. |
| 2.                      | <b>Encourage the development of innovative financing for younger businesses, such as equity crowd funding and peer-to-peer lending.</b>  |
| 3.                      | <b>Provide information and training to small businesses on how to effectively use social media in their business.</b>  |
| 4.                      | <b>Provide information and training on how to make and increase online sales.</b> This should also include information on how to improve cyber-security.   |
| 5.                      | <b>Provide information, training and support on exporting.</b> This could include general and industry-specific information on different markets.  |
| 6.                      | <b>Promote trade through bilateral and multilateral preferential trade agreements.</b>   |
| 7.                      | <b>Investigate the motivations of and barriers to younger people establishing their own small businesses and develop appropriate policies in response.</b>   |
| 8.                      | <b>Provide information and training to improve the management capability of small businesses.</b>  |
| 9.                      | <b>Encourage fair competition.</b>   |

|            |  |
|------------|--|
| <b>10.</b> | <b>Reduce the regulatory burden businesses face in establishing and running their business.</b>  |
| <b>11.</b> | <b>Provide open access to a greater range of government data in a format that is easily useable.</b>   |
| <b>12.</b> | <b>Provide an internationally competitive tax regime that has low rates of tax, is broad-based and simple, and has only a few taxes.</b>             |
| <b>13.</b> | <b>Improve infrastructure so that goods, services, people and data can move more quickly, efficiently and at less cost to where they need to be.</b> |

# APPENDICIES

## 2015 SURVEY RESULTS COMPARED WITH 2013 AND 2014 RESULTS

### Business and economic growth

|  | 2015 survey average | 2014 survey average | 2013 survey average |
|--|---------------------|---------------------|---------------------|
| Businesses grew in the last 12 months                                  | 68.2%               | 55.1%               | N/A                 |
| Businesses that expect to grow in the next 12 months                   | 70.7%               | 59.7%               | 59.0%               |
| Businesses that expect the local economy to grow in the next 12 months | 61.1%               | 63.8%               | 48.8%               |

### Business activity over past 12 months

|   | 2015 survey average | 2014 survey average | 2013 survey average |
|---|---------------------|---------------------|---------------------|
| Earned revenue from online sales                      | 68.9%               | 70.5%               | N/A                 |
| Used social media for business purposes               | 81.4%               | 80.0%               | N/A                 |
| Increased employee numbers                            | 33.1%               | 29.4%               | 25.3%               |
| Required funds from an external source                | 59.9%               | 64.3%               | 52.3%               |
| Sought external funds for business growth             | 56.3%               | 39.9%               | 43.3%               |
| Found it easy or very easy to access external finance | 47.6%               | 37.7%               | 34.6%               |

### Planned business activity over the next 12 months

|  | 2015 survey average | 2014 survey average | 2013 survey average |
|--|---------------------|---------------------|---------------------|
| Will increase employee numbers                 | 41.8%               | 40.5%               | 34.8%               |
| Definitely will seek external funds            | 29.2%               | 28.4%               | 15.6%               |
| Expect to seek external finance to fund growth | 59.7%               | 61.5%               | 48.1%               |
| Expected easy to very easy access to finance   | 43.3%               | 37.6%               | 26.6%               |

### Demographics

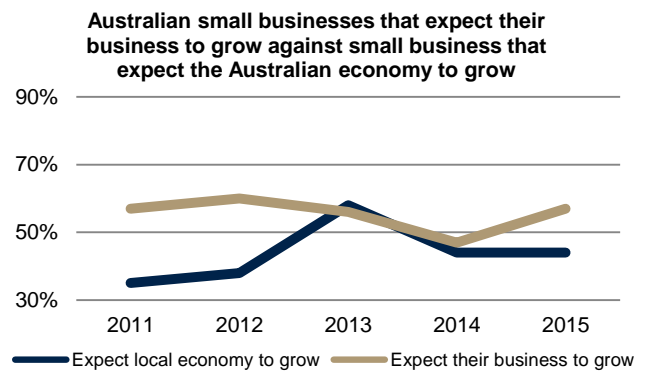
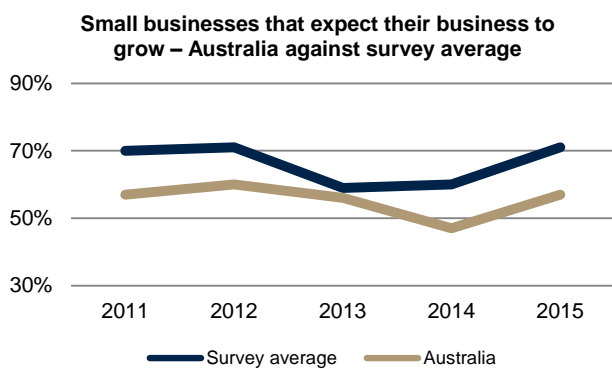
|                                     | 2015 survey average | 2014 survey average | 2013 survey average |
|-------------------------------------|---------------------|---------------------|---------------------|
| Business is 10 years old or younger | 65.6%               | 66.1%               | 63.8%               |
| Respondent is aged 39 or younger    | 53.1%               | 51.2%               | 42.7%               |

# MARKET SUMMARIES

## AUSTRALIAN DATA SNAPSHOT



### Business and economic growth



|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Businesses that grew in the last 12 months</b>                             | 45.7% | 8/8       | 34.0% | 8/8       | <b>68.2%</b>        |
| <b>Businesses that expect to grow in the next 12 months</b>                   | 57.3% | 6/8       | 47.0% | 7/8       | <b>70.7%</b>        |
| <b>Businesses that expect the local economy to grow in the next 12 months</b> | 43.5% | 8/8       | 43.6% | 7/8       | <b>61.1%</b>        |

### Business activity over past 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Increased employee numbers</b>   | 11.8% | 8/8       | 9.0%  | 8/8       | <b>33.1%</b>        |
| <b>Improved business management had a major positive impact on their business</b> | 10.4% | 8/8       | N/A   | N/A       | <b>25.4%</b>        |
| <b>Increasing costs had a major negative impact on their business</b>             | 32.4% | 7/8       | N/A   | N/A       | <b>39.0%</b>        |
| <b>Required funds from an external source</b>                                     | 27.1% | 7/8       | 31.0% | 7/8       | <b>59.9%</b>        |
| <b>Found it easy or very easy to access external finance</b>                      | 54.4% | 3/8       | 48.1% | 3/8       | <b>47.6%</b>        |
| <b>Sought external funds for business growth</b>                                  | 31.9% | 7/8       | 41.0% | 7/8       | <b>56.3%</b>        |

BE HEARD.  
BE RECOGNISED.





## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Increase employee numbers   | 16.7% | 8/8       | 13.7% | 8/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 5.1%  | 8/8       | N/A   | N/A       | 22.0%               |
| Grow their e-commerce presence to a large extent  | 8.2%  | 8/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 6.1%  | 8/8       | N/A   | N/A       | 19.1%               |
| Significantly increase spending on marketing and promotion  | 6.3%  | 8/8       | N/A   | N/A       | 22.8%               |
| Grow their investment in assets strongly  | 7.6%  | 8/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 9.0%  | 7/8       | 10.2% | 8/8       | 29.2%               |
| Expect easy to very easy access to finance  | 38.4% | 5/8       | 41.6% | 3/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 45.3% | 8/8       | 50.2% | 6/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Generated at least some revenue from online sales | 33.0% | 8/8       | 33.1% | 7/8       | 68.9%               |
| Used social media for business purposes           | 50.2% | 8/8       | 45.1% | 8/8       | 81.4%               |

## \$20,000 instant asset write-off

|  | 2015  |
|--|-------|
| The percentage of businesses that have been influenced to purchase an asset since the Budget                             | 30.8% |
| The percentage of businesses that expect the budget measure will influence them to purchase assets in the next 12 months | 35.9% |

## Demographics

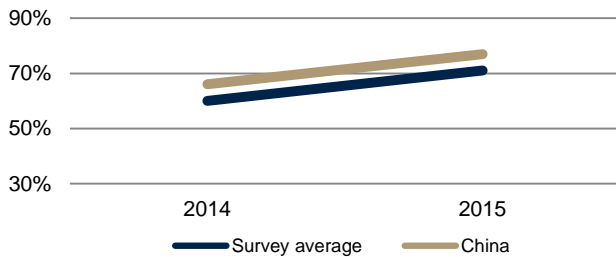
|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 50.0% | 8/8       | 44.9% | 8/8       | 65.6%               |
| Respondent is aged 39 or younger    | 15.4% | 8/8       | 11.0% | 8/8       | 53.3%               |

# CHINA<sup>13</sup> DATA SNAPSHOT

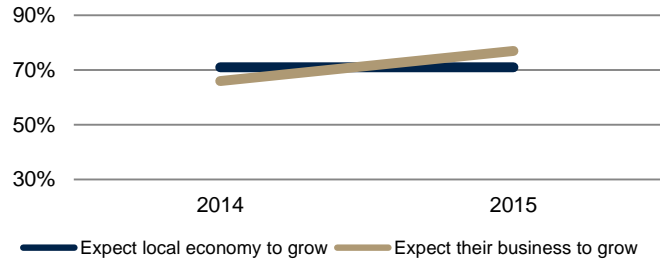


## Business and economic growth

Small businesses that expect their business to grow - China against survey average



Chinese small businesses that expect their business to grow against small business growth expectations for China's economy



|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Businesses that grew in the last 12 months</b>                             | 77.4% | 3/8       | 65.3% | 2/8       | <b>68.2%</b>        |
| <b>Businesses that expect to grow in the next 12 months</b>                   | 77.7% | 3/8       | 65.7% | 3/8       | <b>70.7%</b>        |
| <b>Businesses that expect the local economy to grow in the next 12 months</b> | 71.2% | 3/8       | 71.2% | 3/8       | <b>61.1%</b>        |

## Business activity over the past 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Increased employee numbers</b>   | 43.1% | 3/8       | 38.0% | 4/8       | <b>33.1%</b>        |
| <b>Improved business management had a major positive impact on their business</b> | 33.1% | 3/8       | N/A   | N/A       | <b>25.4%</b>        |
| <b>Increasing costs had a major negative impact on their business</b>             | 38.9% | 4/8       | N/A   | N/A       | <b>39.0%</b>        |
| <b>Required funds from an external source</b>                                     | 79.3% | 3/8       | 85.8% | 2/8       | <b>59.9%</b>        |
| <b>Sought external funds for business growth</b>                                  | 62.4% | 3/8       | 75.0% | 1/8       | <b>56.3%</b>        |
| <b>Found it easy or very easy to access external finance</b>                      | 59.3% | 2/8       | 33.4% | 4/8       | <b>47.6%</b>        |

<sup>13</sup> All data for China excludes Hong Kong, which is shown separately.

## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Expect to increase employee numbers   | 55.2% | 3/8       | 53.1% | 3/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 31.6% | 2/8       | N/A   | N/A       | 22.0%               |
| Expect to grow their e-commerce presence to a large extent  | 36.4% | 3/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 15.7% | 6/8       | N/A   | N/A       | 19.1%               |
| Expect to significantly increase spending on marketing and promotion                                  | 27.4% | 3/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly  | 21.6% | 5/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 45.2% | 3/8       | 51.6% | 1/8       | 29.2%               |
| Expect easy to very easy access to finance  | 55.2% | 2/8       | 33.9% | 5/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 61.9% | 3/8       | 69.8% | 1/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 90.1% | 2/8       | 90.8% | 2/8       | 68.9%               |
| Used social media for business purposes | 97.2% | 1/8       | 96.1% | 3/8       | 81.4%               |

## Demographics

|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 69.9% | 4/8       | 80.1% | 2/8       | 65.6%               |
| Respondent is aged 39 or younger    | 59.5% | 5/8       | 67.9% | 2/8       | 53.3%               |

**Key figures by city (excluding Hong Kong)**

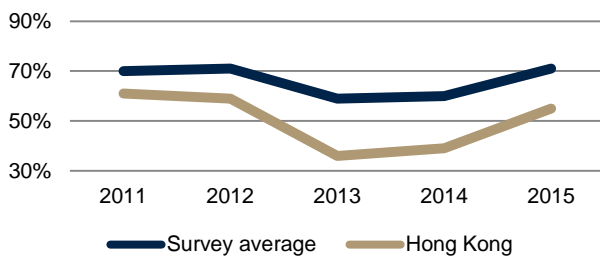
|  | Beijing | Chongqing | Guangzhou | Shanghai | China average |
|--|---------|-----------|-----------|----------|---------------|
| <b>Businesses that grew in the last 12 months</b>  | 76.1%   | 78.3%     | 75.6%     | 79.5%    | <b>77.4%</b>  |
| <b>Businesses that expect to grow in the next 12 months</b>  | 78%     | 76%       | 74.8%     | 76.9%    | <b>77.7%</b>  |
| <b>Businesses that expect the local economy to grow in the next 12 months</b>                                | 68.4%   | 71%       | 74.1%     | 71.1%    | <b>71.2%</b>  |
| <b>Increased employee numbers over the past 12 months</b>  | 47.7%   | 45.4%     | 39.5%     | 39.7%    | <b>43.1%</b>  |
| <b>Plan to increase employee numbers over the next 12 months</b>   | 58.1%   | 60.5%     | 57.1%     | 45.5%    | <b>55.2%</b>  |
| <b>Definitely will seek external funds over next 12 months</b>   | 60.0%   | 42.8%     | 41.5%     | 36.5%    | <b>45.2%</b>  |
| <b>Expect to grow their e-commerce presence to a large extent in the next 12 months</b>                      | 43.9%   | 38.2%     | 34.0%     | 29.5%    | <b>36.4%</b>  |
| <b>Expect revenue from overseas markets to grow strongly over the next 12 months</b>                         | 18.7%   | 13.8%     | 19.7%     | 10.9%    | <b>15.7%</b>  |
| <b>Definitely expect to introduce a new product, service or process unique to their country or the world</b> | 41.3%   | 28.3%     | 32.0%     | 25.0%    | <b>31.6%</b>  |
| <b>Used social media for business purposes</b>   | 96.8%   | 97.4%     | 98.6%     | 96.2%    | <b>97.2%</b>  |

# HONG KONG DATA SNAPSHOT

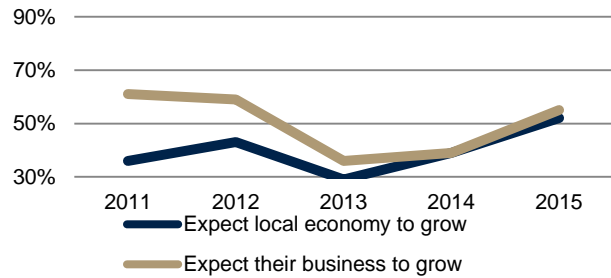


## Business and economic growth

Small businesses that expect their business to grow - Hong Kong against survey average



Hong Kong small businesses that expect their business to grow against small business growth expectations for Hong Kong's economy



|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Businesses that grew in the past 12 months                             | 63.8% | 5/8       | 46.5% | 7/8       | 68.2%               |
| Businesses that expect to grow in the next 12 months                   | 55.1% | 8/8       | 39.0% | 8/8       | 70.7%               |
| Businesses that expect the local economy to grow in the next 12 months | 52.1% | 5/8       | 39.4% | 8/8       | 61.1%               |

## Business activity over the past 12 months

|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Increased employee numbers   | 32.5% | 4/8       | 18.1% | 6/8       | 33.1%               |
| Improved business management had a major positive impact on their business | 20.4% | 5/8       | N/A   | N/A       | 25.4%               |
| Increasing costs had a major negative impact on their business             | 41.9% | 3/8       | N/A   | N/A       | 39.0%               |
| Required funds from an external source                                     | 78.1% | 4/8       | 69.9% | 5/8       | 59.9%               |
| Sought external funds for business growth                                  | 50.2% | 6/8       | 51.8% | 6/8       | 56.3%               |
| Found it easy or very easy to access external finance                      | 43.5% | 5/8       | 29.9% | 8/8       | 47.6%               |
| Rent was the most detrimental factor impacting their business              | 41.9% | 1/8       | N/A   | N/A       | 22.9%               |

## Planned business activity over the next 12 months

|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Increase employee numbers  | 32.8% | 5/8       | 22.7% | 6/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their market or the world | 17.7% | 5/8       | N/A   | N/A       | 22.0%               |
| Expect to grow their e-commerce presence to a large extent   | 42.6% | 2/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly  | 22.3% | 2/8       | N/A   | N/A       | 19.1%               |
| Expect to significantly increase spending on marketing and promotion                                 | 24.5% | 4/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly   | 23.4% | 4/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds  | 31.3% | 4/8       | 18.1% | 5/8       | 29.2%               |
| Expect easy to very easy access to finance   | 41.7% | 3/8       | 27.3% | 7/8       | 43.3%               |
| Expect to seek external finance to fund growth   | 51.9% | 6/8       | 49.5% | 7/8       | 59.7%               |

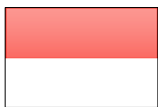
## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 80.4% | 4/8       | 75.5% | 5/8       | 68.9%               |
| Used social media for business purposes | 93.2% | 4/8       | 87.9% | 5/8       | 81.4%               |

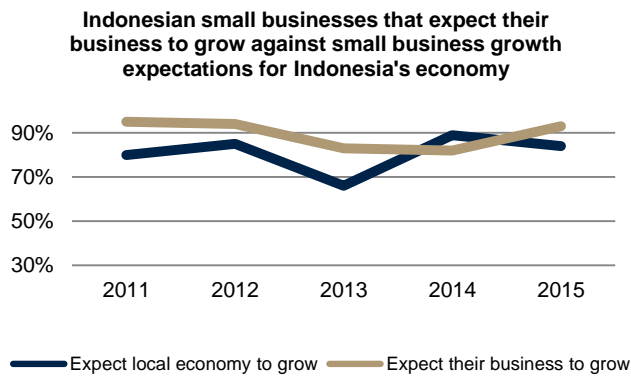
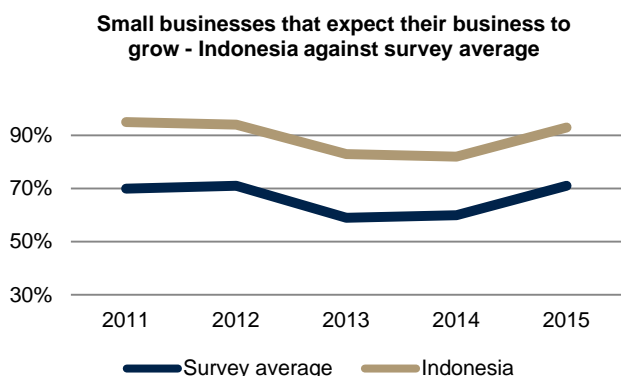
## Demographics

|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 58.9% | 6/8       | 60.6% | 5/8       | 65.6%               |
| Respondent is aged 39 or younger    | 63.4% | 4/8       | 55.7% | 6/8       | 53.3%               |

# INDONESIA DATA SNAPSHOT



## Business and economic growth



|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Businesses that grew in the last 12 months</b>                             | 91.2% | 1/8       | 76.0% | 1/8       | <b>68.2%</b>        |
| <b>Businesses that expect to grow in the next 12 months</b>                   | 92.5% | 2/8       | 82.3% | 1/8       | <b>70.7%</b>        |
| <b>Businesses that expect the local economy to grow in the next 12 months</b> | 83.7% | 2/8       | 89.1% | 1/8       | <b>61.1%</b>        |

## Business activity over the past 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Increased employee numbers</b>   | 66.3% | 1/8       | 48.9% | 2/8       | <b>33.1%</b>        |
| <b>Improved business management had a major positive impact on their business</b> | 33.3% | 2/8       | N/A   | N/A       | <b>25.4%</b>        |
| <b>Increasing costs had a major negative impact on their business</b>             | 36.9% | 5/8       | N/A   | N/A       | <b>39.0%</b>        |
| <b>Required funds from an external source</b>                                     | 86.3% | 1/8       | 78.4% | 3/8       | <b>59.9%</b>        |
| <b>Found it easy or very easy to access external finance</b>                      | 60.6% | 1/8       | 56.3% | 1/8       | <b>47.6%</b>        |
| <b>Sought external funds for business growth</b>                                  | 64.0% | 2/8       | 52.0% | 5/8       | <b>56.3%</b>        |

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## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Expect to increase employee numbers   | 71.2% | 1/8       | 69.4% | 1/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 45.8% | 1/8       | N/A   | N/A       | 22.0%               |
| Expect to grow their e-commerce presence to a large extent  | 86.3% | 1/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 57.8% | 1/8       | N/A   | N/A       | 19.1%               |
| Expect to significantly increase spending on marketing and promotion                                  | 49.7% | 1/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly  | 64.1% | 1/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 45.8% | 2/8       | 25.9% | 4/8       | 29.2%               |
| Expect easy to very easy access to finance  | 59.7% | 1/8       | 54.8% | 1/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 62.7% | 2/8       | 56.0% | 5/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 93.8% | 1/8       | 96.5% | 1/8       | 68.9%               |
| Used social media for business purposes | 96.0% | 3/8       | 98.1% | 1/8       | 81.4%               |

## ASEAN Economic Community

|  | 2015  | Rank 2014 | 2015 survey average |
|--|-------|-----------|---------------------|
| Creation of the ASEAN Economic Community will have a positive impact on their business | 84.0% | 1/4       | 63.4%               |

## Demographics

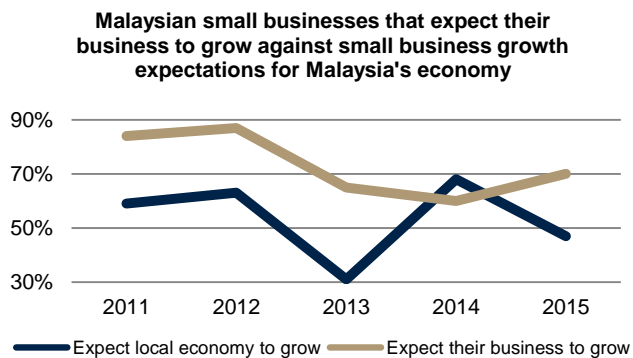
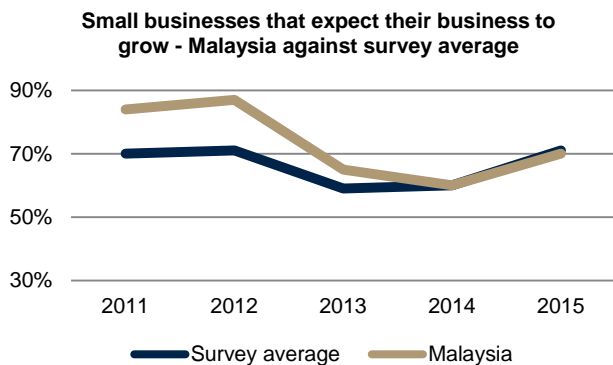
|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 75.2% | 2/8       | 58.6% | 6/8       | 65.6%               |
| Respondent is aged 39 or younger    | 79.4% | 2/8       | 61.9% | 4/8       | 53.3%               |



# MALAYSIA DATA SNAPSHOT



## Business and economic growth



|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Businesses that grew in the last 12 months</b>                             | 69.0% | 4/8       | 57.6% | 4/8       | <b>68.2%</b>        |
| <b>Businesses that expect to grow in the next 12 months</b>                   | 69.6% | 4/8       | 59.2% | 4/8       | <b>70.7%</b>        |
| <b>Businesses that expect the local economy to grow in the next 12 months</b> | 46.8% | 7/8       | 67.5% | 4/8       | <b>61.1%</b>        |

## Business activity over the past 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| <b>Increased employee numbers</b>   | 31.6% | 5/8       | 40.5% | 3/8       | <b>33.1%</b>        |
| <b>Improved business management had a major positive impact on their business</b> | 31.3% | 4/8       | N/A   | N/A       | <b>25.4%</b>        |
| <b>Increasing costs had a major negative impact on their business</b>             | 48.7% | 2/8       | N/A   | N/A       | <b>39.0%</b>        |
| <b>Required funds from an external source</b>                                     | 57.7% | 5/8       | 73.6% | 4/8       | <b>59.9%</b>        |
| <b>Found it easy or very easy to access external finance</b>                      | 31.8% | 7/8       | 32.3% | 6/8       | <b>47.6%</b>        |
| <b>Sought external funds for business growth</b>                                  | 51.4% | 5/8       | 64.2% | 3/8       | <b>56.3%</b>        |

## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Expect to increase employee numbers   | 46.8% | 4/8       | 52.4% | 4/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 29.0% | 3/8       | N/A   | N/A       | 22.0%               |
| Expect to grow their e-commerce presence to a large extent  | 35.2% | 4/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 18.7% | 4/8       | N/A   | N/A       | 19.1%               |
| Will significantly increase spending on marketing and promotion                                       | 23.9% | 5/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly  | 24.2% | 3/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 29.7% | 5/8       | 32.5% | 3/8       | 29.2%               |
| Expect easy to very easy access to finance  | 27.6% | 8/8       | 29.3% | 6/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 53.8% | 5/8       | 61.7% | 4/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 73.2% | 5/8       | 84.9% | 4/8       | 68.9%               |
| Used social media for business purposes | 88.2% | 5/8       | 93.2% | 4/8       | 81.4%               |

## ASEAN Economic Community

|  | 2015  | Rank 2014 | 2015 survey average |
|--|-------|-----------|---------------------|
| Creation of the ASEAN Economic Community will have a positive impact on their business | 51.0% | 3/4       | 63.4%               |

## Introduction of the GST

|   | 2015  |
|---|-------|
| GST had a major positive impact on their business | 12.3% |
| GST had a major negative impact on their business | 53.2% |

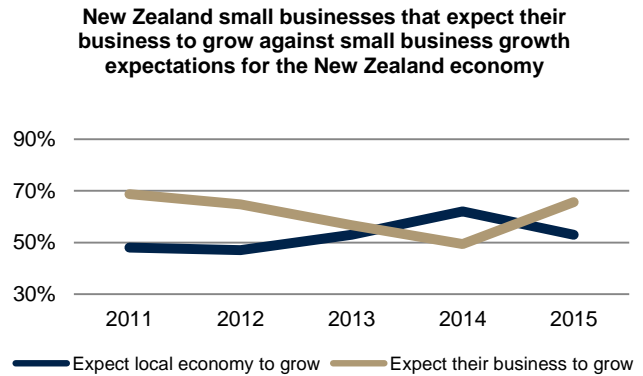
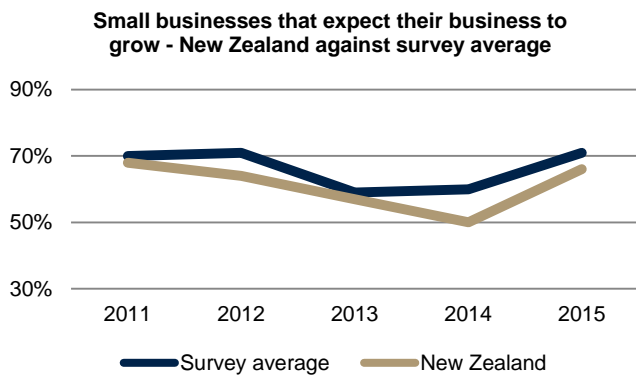
## Demographics

|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 73.9% | 3/8       | 75.9% | 3/8       | 65.6%               |
| Respondent is aged 39 or younger    | 74.2% | 3/8       | 77.5% | 1/8       | 53.3%               |

## NEW ZEALAND DATA SNAPSHOT



### Business and economic growth



|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Businesses that grew in the last 12 months                             | 56.3% | 7/8       | 47.1% | 6/8       | 68.2%               |
| Businesses that expect to grow in the next 12 months                   | 65.6% | 5/8       | 49.4% | 6/8       | 70.7%               |
| Businesses that expect the local economy to grow in the next 12 months | 53.1% | 4/8       | 62.3% | 5/8       | 61.1%               |

### Business activity over the past 12 months

|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Increased employee numbers   | 16.4% | 7/8       | 9.4%  | 7/8       | 33.1%               |
| Improved business management had a major positive impact on their business | 15.4% | 7/8       | N/A   | N/A       | 25.4%               |
| Increasing costs had a major negative impact on their business             | 25.1% | 8/8       | N/A   | N/A       | 39.0%               |
| Required funds from an external source                                     | 27.0% | 8/8       | 30.6% | 8/8       | 59.9%               |
| Sought external funds for business growth                                  | 25.0% | 8/8       | 32.0% | 8/8       | 56.3%               |
| Found it easy or very easy to access external finance                      | 50.0% | 4/8       | 53.7% | 2/8       | 47.6%               |

## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Expect to increase employee numbers   | 19.9% | 7/8       | 14.5% | 7/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 6.8%  | 7/8       | N/A   | N/A       | 22.0%               |
| Expect to grow their e-commerce presence to a large extent  | 9.6%  | 7/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 7.1%  | 7/8       | N/A   | N/A       | 19.1%               |
| Will significantly increase spending on marketing and promotion                                       | 6.4%  | 7/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly  | 8.0%  | 7/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 8.0%  | 8/8       | 10.6% | 7/8       | 29.2%               |
| Expect easy to very easy access to finance  | 39.1% | 4/8       | 44.6% | 2/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 45.5% | 7/8       | 37.6% | 8/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 37.0% | 7/8       | 32.6% | 7/8       | 68.9%               |
| Used social media for business purposes | 56.5% | 7/8       | 46.5% | 7/8       | 81.4%               |

## Demographics

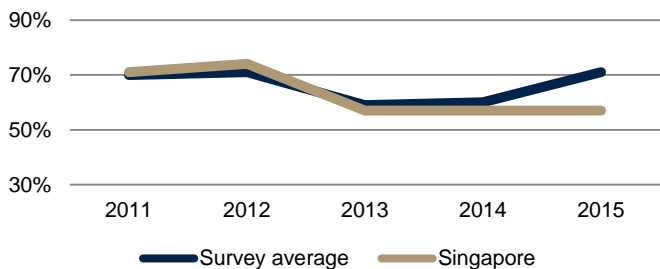
|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 55.6% | 7/8       | 52.9% | 7/8       | 65.6%               |
| Respondent is aged 39 or younger    | 25.7% | 7/8       | 17.7% | 7/8       | 53.3%               |

# SINGAPORE DATA SNAPSHOT

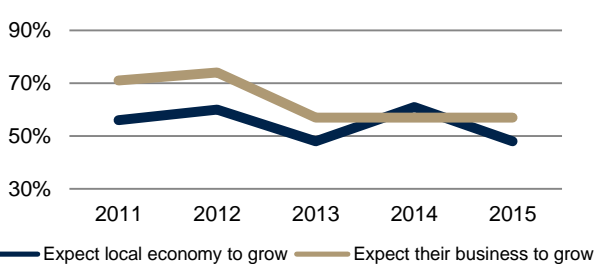


## Business and economic growth

Small businesses that expect their business to grow - Singapore against survey average



Singaporean small businesses that expect their business to grow against small business growth expectations for Singapore's economy



|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Businesses that grew in last 12 months                             | 58.7% | 6/8       | 51.3% | 5/8       | 68.2%               |
| Businesses that expect to grow in next 12 months                   | 56.5% | 7/8       | 56.4% | 5/8       | 70.7%               |
| Businesses that expect the local economy to grow in next 12 months | 48.1% | 6/8       | 61%   | 6/8       | 61.1%               |

## Business activity over the past 12 months

|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Increased employee numbers   | 19.7% | 6/8       | 23.2% | 5/8       | 33.1%               |
| Improved business management had a major positive impact on their business | 20.3% | 6/8       | N/A   | N/A       | 25.4%               |
| Increasing costs had a major negative impact on their business             | 36.1% | 6/8       | N/A   | N/A       | 39.0%               |
| Required funds from an external source                                     | 43.3% | 6/8       | 49.0% | 6/8       | 59.9%               |
| Sought external funds for business growth                                  | 52.6% | 4/8       | 55.0% | 4/8       | 56.3%               |
| Found it easy or very easy to access external finance                      | 34.1% | 6/8       | 30.9% | 7/8       | 47.6%               |

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## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Expect to increase employee numbers   | 27.7% | 6/8       | 35.5% | 5/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 15.2% | 6/8       | N/A   | N/A       | 22.0%               |
| Grow their e-commerce presence to a large extent  | 19.4% | 6/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 17.7% | 5/8       | N/A   | N/A       | 19.1%               |
| Expect to significantly increase spending on marketing and promotion                                  | 13.9% | 6/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly  | 15.2% | 6/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 15.8% | 6/8       | 15.5% | 6/8       | 29.2%               |
| Expect easy to very easy access to finance  | 28.3% | 7/8       | 24.4% | 8/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 58.1% | 4/8       | 67.1% | 3/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 63.6% | 6/8       | 65.8% | 6/8       | 68.9%               |
| Used social media for business purposes | 79.6% | 6/8       | 82.3% | 6/8       | 81.4%               |

## ASEAN Economic Community

|  | 2015  | Rank 2015 | 2015 survey average |
|--|-------|-----------|---------------------|
| Creation of the ASEAN Economic Community will have a positive impact on their business | 39.0% | 4/4       | 63.4%               |

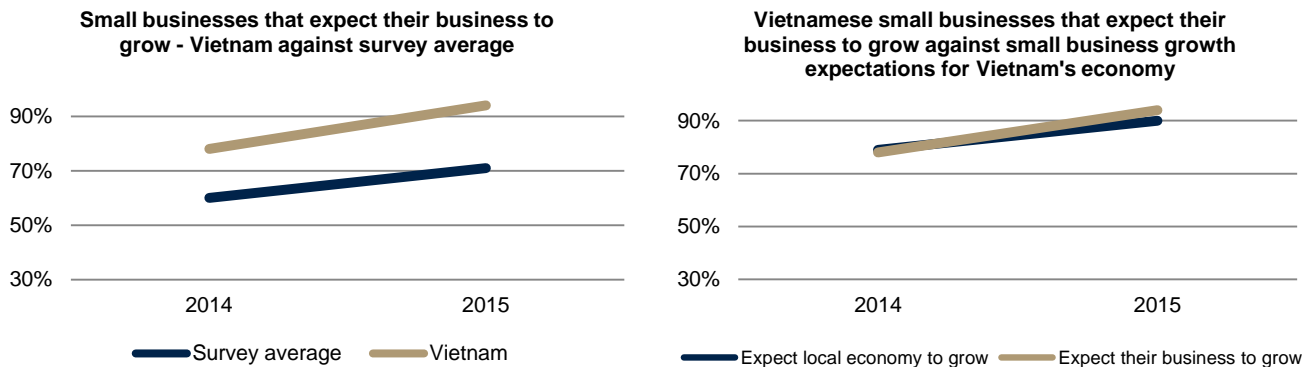
## Demographics

|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 65.5% | 5/8       | 71.3% | 4/8       | 65.6%               |
| Respondent is aged 39 or younger    | 47.7% | 6/8       | 61.6% | 5/8       | 53.3%               |

## VIETNAM DATA SNAPSHOT



## Business and economic growth



|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Businesses that grew in the last 12 months                             | 89.0% | 2/8       | 64.2% | 3/8       | 68.2%               |
| Businesses that expect to grow in the next 12 months                   | 93.6% | 1/8       | 78.8% | 2/8       | 70.7%               |
| Businesses that expect the local economy to grow in the next 12 months | 90.0% | 1/8       | 79.7% | 2/8       | 61.1%               |

## Business activity over the past 12 months

|  | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|--|-------|-----------|-------|-----------|---------------------|
| Increased employee numbers   | 48.1% | 2/8       | 51.2% | 1/8       | 33.1%               |
| Improved business management had a major positive impact on their business | 41.0% | 1/8       | N/A   | N/A       | 25.4%               |
| Increasing costs had a major negative impact on their business             | 57.1% | 1/8       | N/A   | N/A       | 39.0%               |
| Required funds from an external source                                     | 85.8% | 2/8       | 94.8% | 1/8       | 59.9%               |
| Found it easy or very easy to access external finance                      | 29.7% | 8/8       | 32.1% | 6/8       | 47.6%               |
| Sought external funds for business growth                                  | 70.3% | 1/8       | 64.0% | 2/8       | 56.3%               |

## Planned business activity over the next 12 months

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Expect to increase employee numbers   | 66.1% | 2/8       | 64.4% | 2/8       | 41.8%               |
| Definitely expect to introduce a new product, service or process unique to their country or the world | 26.1% | 4/8       | N/A   | N/A       | 22.0%               |
| Expect to grow their e-commerce presence to a large extent  | 33.5% | 5/8       | N/A   | N/A       | 32.2%               |
| Expect revenue from overseas markets to grow strongly   | 19.7% | 3/8       | N/A   | N/A       | 19.1%               |
| Expect to significantly increase spending on marketing and promotion                                  | 37.4% | 2/8       | N/A   | N/A       | 22.8%               |
| Expect to grow their investment in assets strongly  | 32.3% | 2/8       | N/A   | N/A       | 23.1%               |
| Definitely will seek external funds   | 47.1% | 1/8       | 48.7% | 2/8       | 29.2%               |
| Expect easy to very easy access to finance  | 32.9% | 6/8       | 37.1% | 4/8       | 43.3%               |
| Expect to seek external finance to fund growth  | 77.3% | 1/8       | 68.6% | 2/8       | 59.7%               |

## Social media and e-commerce

|   | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|---|-------|-----------|-------|-----------|---------------------|
| Earned revenue from online sales        | 85.1% | 3/8       | 87.1% | 3/8       | 68.9%               |
| Used social media for business purposes | 96.5% | 2/8       | 96.8% | 2/8       | 81.4%               |

## ASEAN Economic Community

|  | 2015  | Rank 2015 | 2015 survey average |
|--|-------|-----------|---------------------|
| Creation of the ASEAN Economic Community will have a positive impact on their business | 80.0% | 2/4       | 63.4%               |

## Demographics

|                                     | 2015  | Rank 2015 | 2014  | Rank 2014 | 2015 survey average |
|-------------------------------------|-------|-----------|-------|-----------|---------------------|
| Business is 10 years old or younger | 80.7% | 1/8       | 82.5% | 1/8       | 65.6%               |
| Respondent is aged 39 or younger    | 79.7% | 1/8       | 65.1% | 3/8       | 53.3%               |



## ABOUT THE SURVEY

*The CPA Australia Asia-Pacific Small Business Survey 2015* is part of a longitudinal annual study of small business conducted by CPA Australia since 2009. This report presents a cross-market comparison between the eight markets surveyed and, where applicable, a comparison of results from 2009 onwards. The survey was conducted between 24 September and 14 October 2015.

The mainland of China and Vietnam were included in the survey for the first time in 2014. Indonesia and New Zealand were included in 2011.

The survey in the mainland of China was conducted in Beijing, Chongqing, Guangzhou and Shanghai. All data for China excludes Hong Kong, which is shown separately.

### **Interview method**

In each market, the online survey was conducted amongst a random sample of small business owners/managers. The sample was obtained through online panel provider Research Now and their Asian panel partner iPanelonline. To qualify for the survey, participants were required to be an owner, a senior manager (defined as being a director, a principal, a CEO, a CFO, a senior manager or a managing director) or a qualified accountant of a business with fewer than 20 employees.

### **Sample**

In total, 2932 participants completed the survey, including 510 from Australia, 610 from the mainland of China, 265 from Hong Kong, 306 from Indonesia, 310 from Malaysia, 311 from New Zealand, 310 from Singapore and 310 from Vietnam.

Of the 610 participants from the mainland of China, 155 were from Beijing, 152 were from Chongqing, 147 were from Guangzhou and 156 were from Shanghai.

### **Questioning**

Questions on small business confidence, employment, social media, costs and access to finance were drawn from previous surveys. Some slight modifications to question wording were made to a number of those repeated questions. Questions on innovation, major influences on the business environment, e-commerce, spending on marketing and assets and exporting are new in this survey.

Questionnaires in Australia, Singapore and New Zealand were administered in English. The Hong Kong questionnaire was administered in traditional Chinese, the questionnaire for Malaysia was administered in both English and Bahasa Malaysia, Indonesia's questionnaire was administered in Bahasa Indonesia, China's questionnaire was administered in simplified Chinese, and Vietnam's questionnaire was administered in Vietnamese.

### **Rounding**

All percentage results shown in this report have been rounded.

