

THE CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2017

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

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ACN 008 392 452

Level 20, 28 Freshwater Place

Southbank Vic 3006

Australia

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OVERVIEW

CPA Australia Asia-Pacific Small Business Survey 2017 is the eighth in a series of annual surveys conducted by CPA Australia measuring:

- small business conditions in the preceding 12 months
- small business confidence in the coming 12 months
- the drivers of small business growth
- technology uptake
- innovation
- access to finance.

The data presented in this report is compared across the eight markets included in the survey and over time.

In total, 2952 participants completed the survey, including:

- 511 from Australia
- 606 from Mainland China
- 310 from Hong Kong
- 304 from Indonesia
- 309 from Malaysia
- 306 from New Zealand
- 305 from Singapore
- 301 from Vietnam.

Of the 606 participants from Mainland China:

- 158 were from Beijing
- 139 were from Chongqing
- 152 were from Guangzhou
- 157 were from Shanghai.

The online survey was conducted with a random sample of small business owners/managers between 13 October 2017 and 10 November 2017. The sample was obtained through panel providers.

To qualify for the survey, participants were required to be an owner, a senior manager (defined as a director, principal, CEO, managing director, CFO or a senior manager) or a qualified accountant of a business with fewer than 20 employees.

Care was also taken to ensure that the survey sample for each market broadly represents the industry profile for that market.

EXECUTIVE SUMMARY

CPA Australia's eighth annual Asia-Pacific Small Business Survey¹ found that overall, business conditions were slightly more positive in 2017 than in 2016, with a minor increase in the number of businesses reporting that they grew. These improved small business conditions are likely to continue into 2018, where a moderately higher number of businesses expect to grow than was the case in 2017.

As this and previous editions of the survey have shown, businesses with a focus on technology (including e-commerce, social media and cybersecurity), innovation and exporting are significantly more likely to be growing and creating jobs than those that are not.

Key highlights of the survey include:

- It would be difficult to find a small business in Asia – especially Mainland China, Indonesia and Vietnam – that does not use social media or sell online, whereas in Australia and New Zealand, many small businesses do not use these technologies.
- Small businesses from Mainland China are the leaders in the adoption of new payment technologies, such as AliPay, ApplePay and WeChat Pay, with nearly two-thirds stating that they offered at least one of these as a payment option to their clients. This technology is already an important part of many Mainland small business, with 34.2 per cent stating that payments via these digital platforms made up over 30 per cent of their sales.
- One explanation for the faster uptake of technology in Asia in comparison to Australia and New Zealand is the higher likelihood that a business's investment in technology will be profitable sooner in Asia. For example, 85.5 per cent of Indonesian small businesses stated that their investment in technology in 2017 was already profitable, with 76.4 per cent of Vietnamese, and 74.1 per cent of Mainland Chinese small businesses, stating the same. By comparison, 26.6 per cent of Australian businesses stated that their investment in technology in 2017 was already profitable, as did 26.8 per cent of New Zealand small businesses.
- Cryptocurrencies, such as bitcoin, are not a popular means of payment in most markets, except Vietnam, where 32.9 per cent of respondents said they accepted it as a means of payments, and Indonesia, where 24.0 per cent said the same. Whether the fast adoption of this technology will be positive for those businesses in 2018 and beyond remains to be seen.
- Small businesses in Asia are again significantly more likely to expect to innovate through the introduction of a totally new product, process or service (to their market or the world) than Australian and New Zealand small business, especially business from Indonesia and Vietnam.
- The survey results once more show that businesses that are focused on technology, exporting and innovation are significantly more likely to have grown in 2017 and expect to grow in 2018, regardless of which market they are operating in.
- Even where businesses do not believe they will be cyberattacked in 2018, the majority are still taking action to protect their systems, with the most common cybersecurity actions being:
 - Running regular anti-virus, anti-spyware and malware scans
 - Performing regular backups and storing the backup offsite or in the cloud
 - Using a spam filter on their email accounts.

The least common cybersecurity actions were:

- Having insurance covering cyber risks

¹ The survey was of 2952 businesses with fewer than 20 employees from Australia, Mainland China, Hong Kong, Indonesia, Malaysia, New Zealand, Singapore and Vietnam. While Hong Kong is a Special Administrative Region of the People's Republic of China, for the purpose of this report data, Hong Kong is shown separately from Mainland China. The survey was conducted online from 13 October to 10 November 2017.

- Engaging a specialist to advise on cybersecurity
- Having an application whitelist to ensure only approved software can run on their system.
- The level of satisfaction with owning or working for a small business is reasonably high, with 71.7 per cent of business owners expressing some level of satisfaction, while 80.0 per cent of CEOs expressed satisfaction.
- Respondents were most likely to be satisfied with owning or working for a small business if they stated their business grew strongly in 2017. However, even in businesses that stagnated in 2017, or shrunk a little, respondents were still more likely than not to be satisfied.
- Small businesses from Indonesia and Vietnam were again the most likely to report that they grew, while businesses from Singapore and Australia were the least likely.
- Only small businesses from Malaysia and Singapore reported a fall in the percentage of businesses that reported growing in 2017 from 2016.
- The markets recording the highest percentage of businesses that expect to grow in 2018 were, again, Indonesia and Vietnam, while the lowest results were recorded in Australia and Singapore.
- Increases in the percentage of businesses that expect to grow in 2018 from the previous survey were recorded in Australia, Mainland China, Hong Kong and Singapore; the results for Indonesia were unchanged, Malaysia and Vietnam recorded a minor fall and New Zealand recorded the largest fall.
- The strongest small business confidence in their local economy was recorded in Vietnam and Indonesia, while small businesses from New Zealand and Australia were the least confident in their local economy.
- Singapore recorded a substantial increase in the percentage of businesses that expect Singapore's economy to grow, while New Zealand recorded a large fall in the percentage of businesses that expect the New Zealand economy to grow.
- Small businesses in Indonesia and Vietnam continue to be strong creators of jobs, with a large majority of respondents in both markets reporting that they increased staff numbers in 2017 and expect to increase staff numbers in 2018.
- Respondents were most likely to choose customer loyalty, good staff and improved customer satisfaction as having the most positive impact on their business in 2017. Meanwhile, respondents were most likely to select increased costs and increasing competition as the factors most detrimental to their business in 2017. Staff costs (especially in Mainland China), materials, rent (especially in Hong Kong) and utility costs were chosen as the costs most detrimental to business.
- As in previous years, small businesses from Australia and New Zealand are much less likely to have required external finance in 2017 than businesses from Asia. However, financing conditions in both markets are some of the easiest in the survey.
- While small businesses remain most likely to nominate banks as their main source of finance, in Mainland China, the focus on fintech is flowing through to where businesses source their finance, with over a quarter (25.2 per cent) of respondents stating that their main source of finance in 2017 was peer-to-peer lending and crowd-sourced funding.
- Businesses were again most likely to source external finance in 2017 to fund growth, however large numbers of businesses from Singapore and Hong Kong stated that they accessed finance in 2017 to cover increasing expenses.
- The demographics of the respondents seem to have considerable influence on the survey results. For example:
 - Respondents aged under 50 are more likely to have reported their business grew in 2017, and expect their business to grow in 2018, than respondents aged 50 or over.
 - Respondents aged under 50 are more likely to expect their local economy to grow in 2018 than respondents aged 50 or over.
 - Respondents aged 50 or over are significantly more unlikely to use social media for business purposes than younger respondents, nor earn any revenue from online sales.
 - Likewise, respondents aged 50 or over are less likely to expect that their business will innovate in 2018 and much less likely to expect that they will sell in overseas markets than younger respondents.

MAJOR FINDINGS

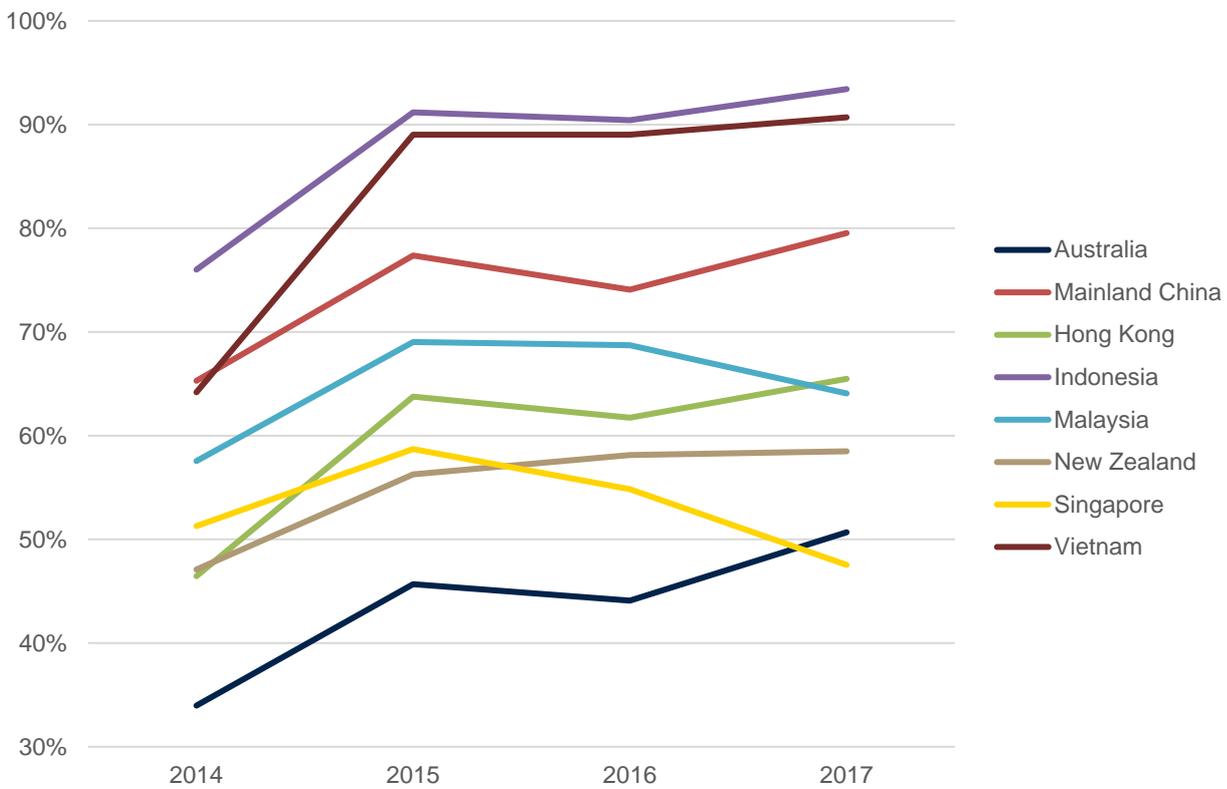
MAJOR FINDING 1

Small business conditions in 2017 improved slightly in most markets

Small businesses from Indonesia, Vietnam and Mainland China were again the most likely to have grown in 2017, while businesses from Singapore, Australia and New Zealand were the least likely.

The number of businesses that reported growing was up slightly in most markets, except Singapore and Malaysia.

Small businesses that reported growing in 2017– a comparison over time and by market



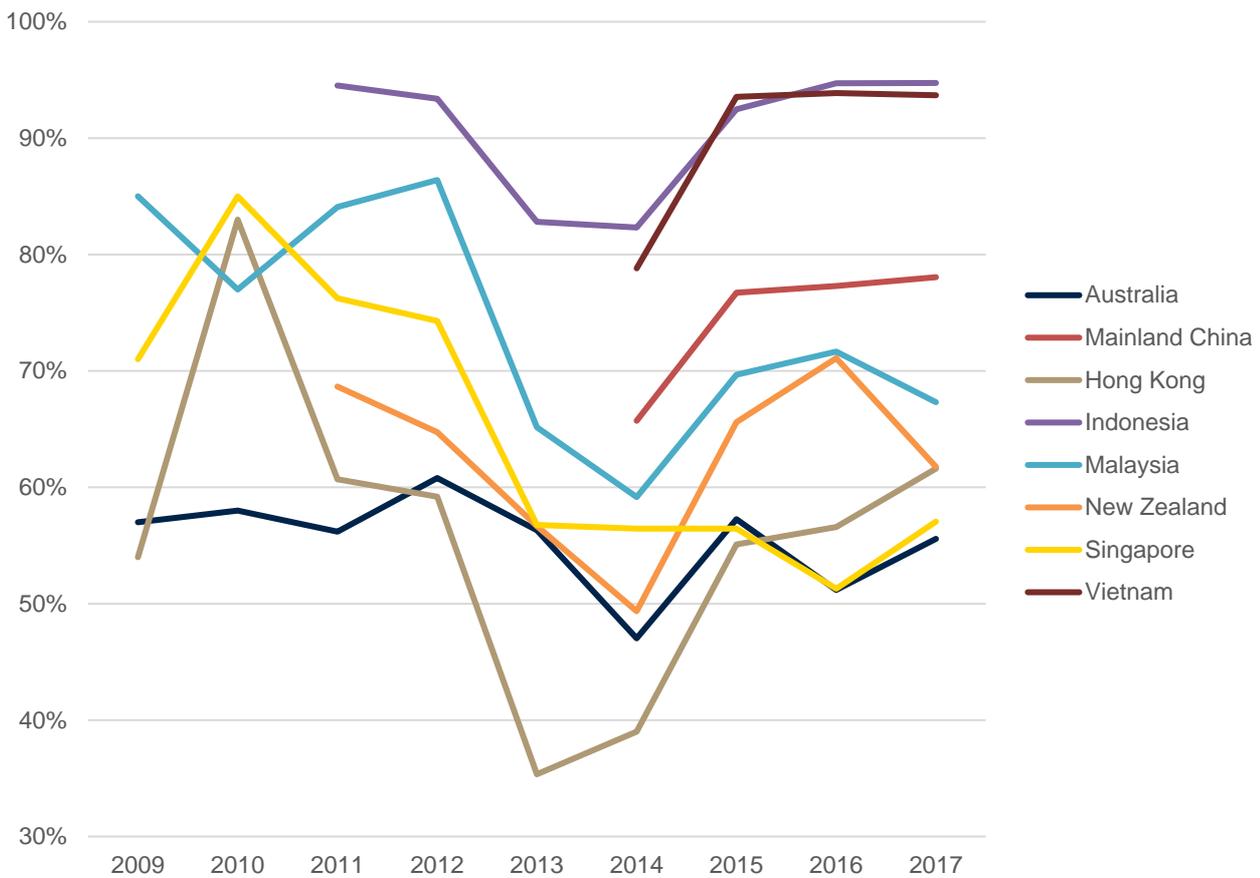
MAJOR FINDING 2

Modest improvement in small business confidence in 2018 in most markets

Small business confidence in their expected performance in 2018 is highest once again in Indonesia, Vietnam and Mainland China and lowest in Australia, Singapore and Hong Kong.

The percentage of small businesses that expect to grow in 2018 has risen the most in Singapore, Australia and Hong Kong and is down in New Zealand and Malaysia,

Small businesses that expect to grow in 2018 – a comparison by market and over time



MAJOR FINDING 3

Undertaking certain activities increases the chances of a business growing strongly

Small businesses that grew strongly in 2017, and expect to grow strongly in 2018, are much more likely to be focussing on technology, innovation, exporting and improving business strategy and management.

Business owners and employees are significantly more likely to be satisfied if they own or work for a business experiencing strong growth.

Drivers of growth – businesses that grew strongly in 2017 are much more likely to have experienced the following:

	Grew strongly in 2017	Unchanged or shrank in 2017
Found their investment in technology in 2017 was already profitable	78.3%	22.3%
Earned 11 per cent or more of their revenue from online sales	69.2%	37.9%
Received 11 per cent or more of their sales through new payment technologies such as AliPa, ApplePay and WeChat Pay	58.0%	38.6%
Found technology was one of the most positive influences on their business	34.7%	14.5%
Improving business strategy was one of the most positive influences on their business	36.3%	12.4%
Improving business management was one of the most positive influences on their business	34.7%	10.8%
Respondent was very satisfied or somewhat satisfied with being a small business owner or working for a small business	94.5%	56.2%

Drivers of growth – businesses that expect to grow strongly in 2018 are much more likely to expect the following:

	Expect to grow strongly in 2018	Expect to remain unchanged or shrink in 2018
Expect to innovate through the introduction of a product, process or service totally new to their local market or the world in 2018	57.4%	5.4%
Expect revenue from overseas sales to grow strongly in 2018	50.9%	4.6%
Believe a cyberattack on their business is very likely or somewhat likely in 2018	65.2%	28.5%

MAJOR FINDING 4

Small businesses from Asia are much more likely to be undertaking activities associated with growth

Due to the stronger focus on activities that the survey finds are closely associated with growth, small businesses in Asia continue to grow faster than those in Australia and New Zealand, however satisfaction levels are similar.

The major differences in the survey average for Asia, Australia and New Zealand

	Australia	New Zealand	Asia average
Business grew in 2017	50.7%	58.5%	74.2%
Business expects to grow in 2018	55.6%	61.8%	75.7%
Businesses that expect local economy to grow in 2018	42.3%	39.9%	69.7%
Increased employee numbers in 2017	13.7%	14.1%	42.2%
Expect to increase employee numbers in 2018	18.8%	17.6%	49.4%

The major differences in the survey average for Asia, Australia and New Zealand – comparison of activities associated with growth

	Australia	New Zealand	Asia average
Expect to introduce a product, service or process new to their market or the world	7.4%	9.2%	29.1%
Expect revenue from overseas markets to grow strongly	6.7%	8.2%	24.6%
Did NOT use social media for business purposes	42.5%	40.8%	9.5%
Received 11 per cent or more of their sales through new payment technologies such as AliPay, ApplePay and WeChat Pay	33.3%	33.0%	58.4%
Earned 11 per cent or more of their revenue from online sales	30.3%	26.8%	63.8%
Found their investment in technology in 2017 was already profitable	26.6%	26.8%	63.3%
Improving business strategy was one of the most positive influences on their business	14.1%	12.7%	28.1%

Improving business management was one of the most positive influences on their business	11.7%	12.7%	27.7%
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The major differences in the survey average for Asia, Australia and New Zealand – other major differences

	Australia	New Zealand	Asia average
Believe a cyberattack on their business is very likely, or somewhat likely, in 2018	25.8%	19.6%	54.1%
Have 5 to 19 staff	34.1%	32.4%	78.3%
Business has been established less than 10 years	44.0%	51.6%	69.6%
Respondent is aged under 40	22.3%	24.8%	57.6%
Required external finance in 2017	31.7%	31.7%	72.6%
Expect to require external finance in 2018	11.4%	9.8%	35.6%

MAJOR FINDING 5

Age is a key factor influencing the survey results

Respondents aged under 40 are significantly more likely to state that their business is growing, creating jobs and focusing on innovation, technology and exporting. However, levels of business satisfaction are largely the same across age brackets.

Key differences in survey results between respondents aged under 40 and those aged 50 and over

	Percentage of respondents under 40 (n=1419)	Percentage of respondents 50 or over (n=679)
Reported growing in the past 12 months	78.5%	49.9%
Expect to grow in the next 12 months	79.1%	53.3%
Expect their local economy to grow in the next 12 months	70.5%	46.8%
Increased employee numbers in the past 12 months	43.8%	12.8%
Expect to introduce a new product, service or process unique to their market or the world	28.9%	9.7%
Expect revenue from overseas markets to grow strongly	23.9%	7.7%
Did NOT use social media for business purposes	9.8%	44.2%
More than 10 per cent of revenue comes from online sales	64.8%	23.4%
More than 10 per cent of sales received through digital online payment platforms, such as AliPay, ApplePay and WeChat Pay	58.9%	28.3%
Consider it likely that their business will be cyberattacked in 2018	51.0%	29.7%
Customer loyalty had the most positive impact on their business in the past 12 months	34.2%	45.4%
Required external finance in 2017	72.2%	26.1%
Investment in technology in 2017 has already increased the business's profitability	65.3%	27.8%

MAJOR FINDING 6

Personal satisfaction is strongest for those in businesses growing strongly

While satisfaction is highest in businesses that are growing strongly, the survey found that growth is not the only driver of satisfaction. Businesses from Australia and New Zealand, and older respondents, are typically satisfied despite their businesses not growing.

Respondents are more likely to be unsatisfied where increasing costs and increasing competition are having a major impact on the business.

Satisfied business owners and staff reported the following:

	Respondents who are very satisfied (n=687)	Respondents who are neutral or dissatisfied (n=681)
Grew in the past 12 months	80.6%	42.4%
Expect to grow in the next 12 months	84.3%	48.2%
Expect their local economy to grow in the next 12 months	76.0%	37.2%
Increased employee numbers in the past 12 months	50.5%	15.7%
Expect to introduce a new product, service or process unique to their market or the world	48.0%	8.5%
Expect revenue from overseas markets to grow strongly in 2018	38.7%	5.9%
Investment in technology in 2017 has already increased the business's profitability	63.8%	31.6%
Consider it likely that their business will be cyberattacked in 2018	53.0%	30.5%
Expect to increase employee numbers in 2018	57.4%	22.3%
More than 10 per cent of revenue comes from online sales	56.0%	40.8%
More than 10 per cent of sales received through digital online payment platforms, such as AliPay, ApplePay and WeChat Pay	52.4%	41.9%

MAJOR FINDING 7

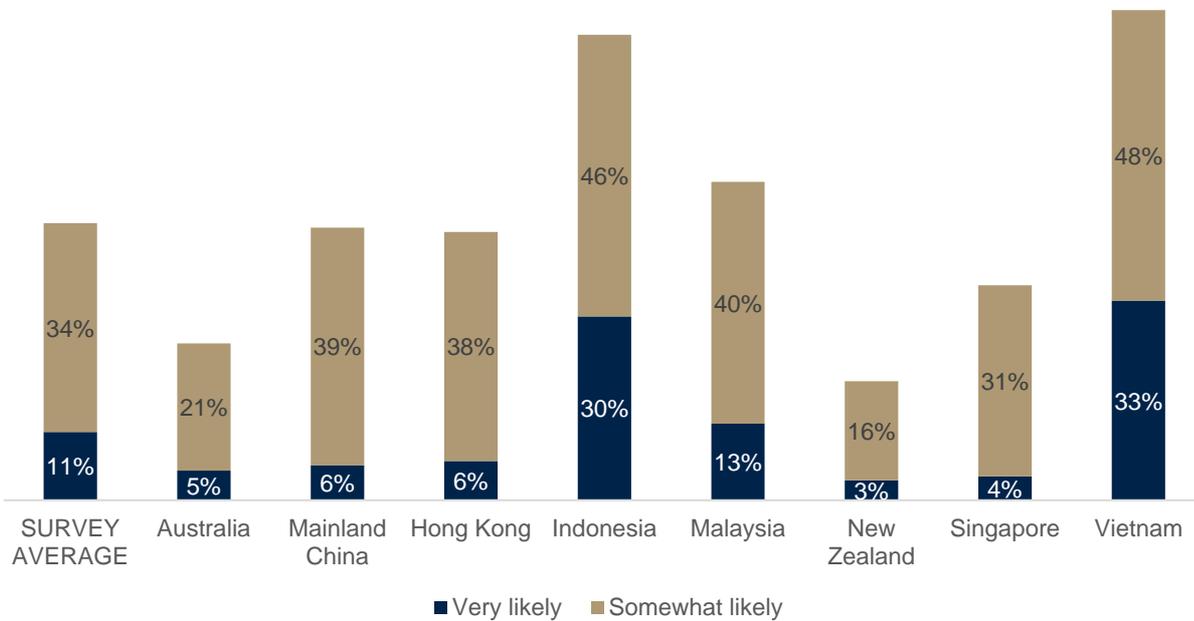
Most businesses are taking some form of action to protect their systems from cyberattack

The markets most likely to expect a cyberattack in 2018 are those that are experiencing the highest growth and are investing in innovation.

Most respondents who do not think a cyberattack on their business is likely are still taking some form of action to protect their business systems.

Businesses should, however, be taking stronger action to protect their systems.

Expected likelihood of a cyberattack in 2018



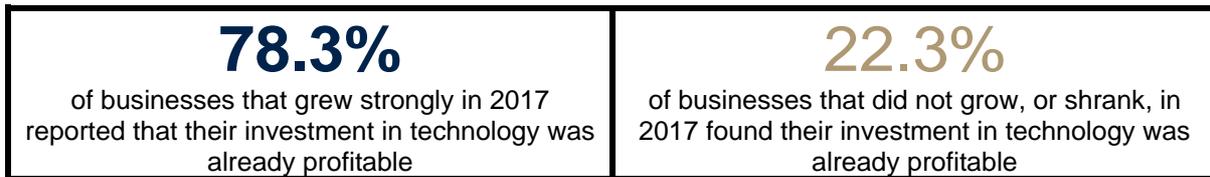
SURVEY RESULTS

WHAT DO GROWING BUSINESSES DO DIFFERENTLY?

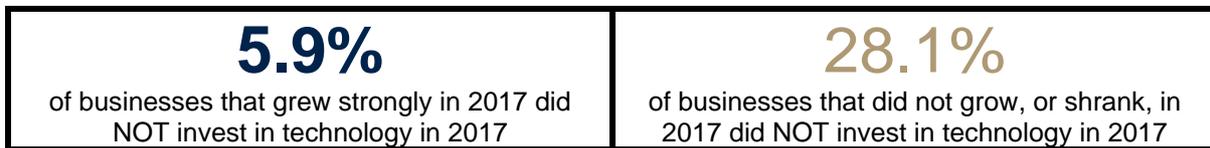
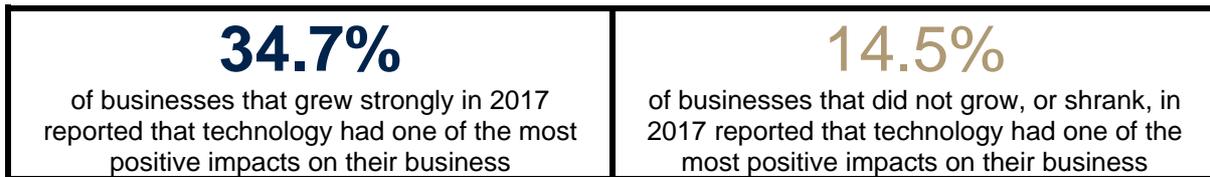
Small businesses that reported growing in 2017 are much more likely to have:

Invested in technology in 2017

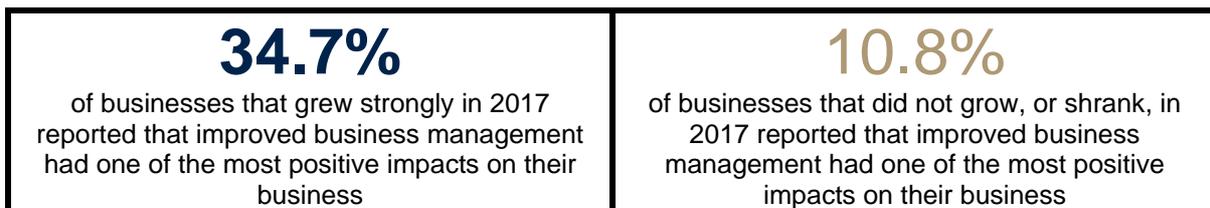
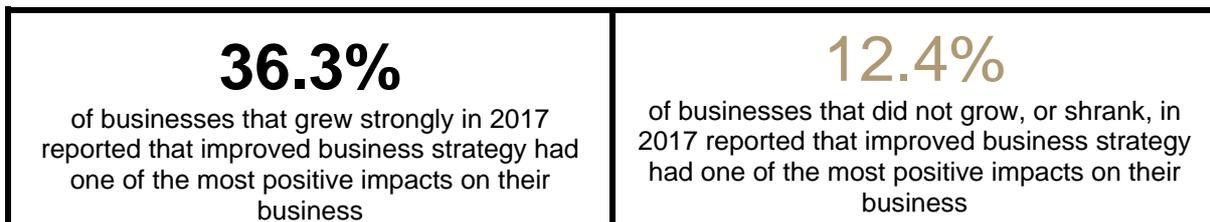
When growing businesses have invested in technology, they were much more likely to report that the investment was profitable and profitable sooner. That is, new investment in technology in 2017 helped businesses to grow:



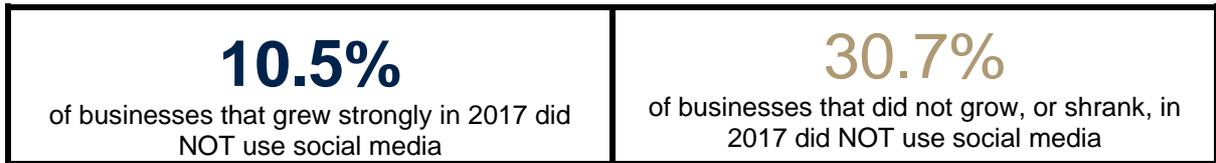
They also found technology was one of the most positive influences on their business in 2017:



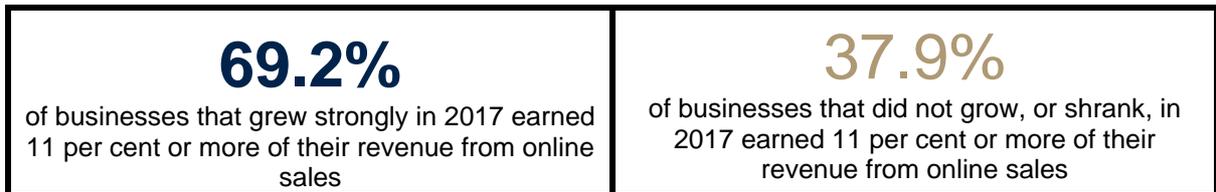
Focused on improving their business strategy and business management



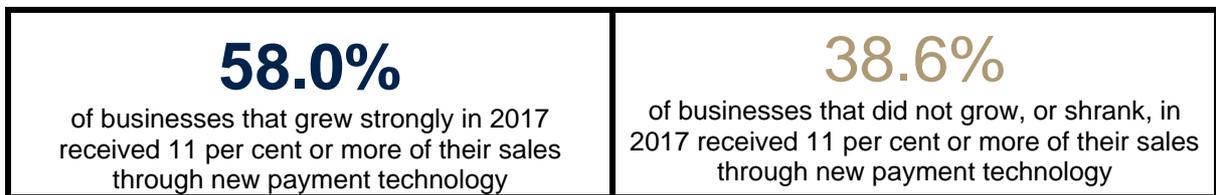
Used social media



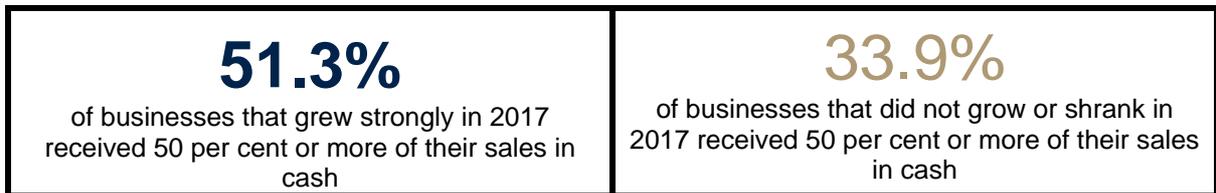
Sold online



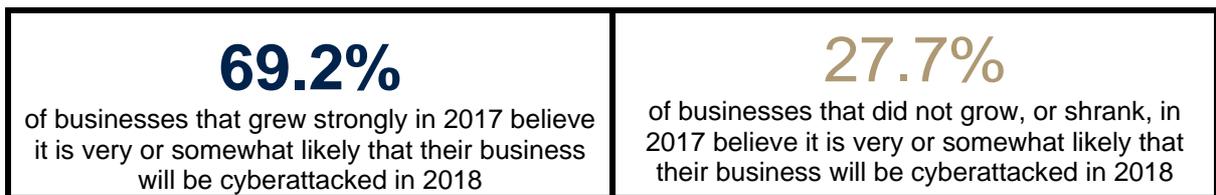
Allowed customers to pay with new digital payment technologies, such as PayPal, AliPay and WeChat Pay



Received payments in cash



Expected their business to be cyberattacked in 2018



While businesses that reported growing strongly in 2017 were more likely to have taken action to protect their systems from cyberattack than those that did not, a large majority of businesses that believe a cyberattack is unlikely still took action to protect their systems.

The top three cybersecurity actions of businesses that grew strongly in 2017 are:

- Backing up data regularly and storing that backup offsite or in the cloud
- Running weekly or more regular anti-virus, anti-spyware and malware scans
- Using a spam of their email system.

The top three cybersecurity actions of businesses that did not grow, or shrank, in 2017 are:

- Using a spam filter on their email system
- Running weekly or more regular anti-virus, anti-spyware and malware scans
- Making staff aware not to download programs or open attachments from untrusted sources

Personal satisfaction with owning or working for a small business



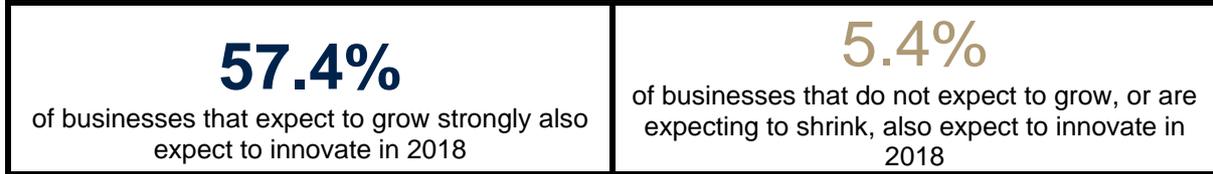
Those businesses that grew in 2017 were also much more likely to report that they:

- found access to external finance in 2017 easier than those businesses that did not grow, or shrank
- required external finance in 2017 than businesses that did not grow, or shrank
- increased employee numbers in 2017 than businesses that did not grow, or shrank.

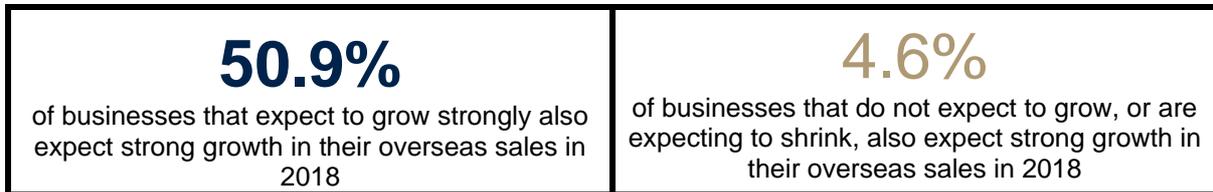
DIFFERENCES BETWEEN BUSINESSES THAT EXPECT TO GROW STRONGLY IN 2018 AND THOSE THAT DO NOT

The survey results highlight that small businesses that expect to grow in 2018 are much more likely to:

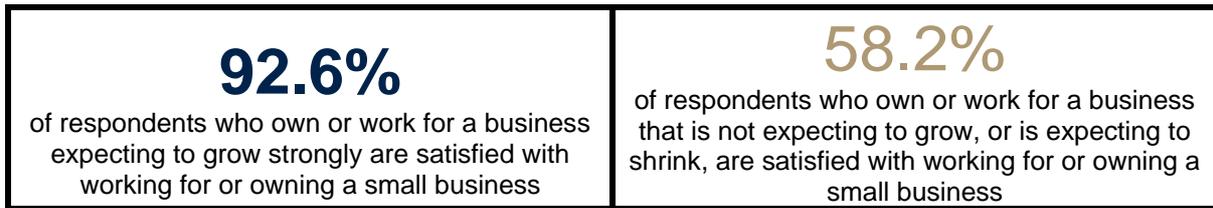
Expect to innovate through the introduction of a product, process or service that is new to their market or the world



Expect revenue from overseas sales to grow strongly



Have satisfied owners or employees



Be concerned about a cyberattack on their business



THE DEMOGRAPHICS OF GROWING SMALL BUSINESSES

Businesses that grew in 2017 and expect to grow in 2018 are:

- significantly more likely to be located in a developing market² than a developed market³
- significantly more likely to be located within an economy where small businesses expect to grow in 2018
- much more likely to have five to 19 staff than zero to four staff
- much more likely to have been established for less than 11 years than to have been established for over 20 years.

Respondents aged under 40 were also much more likely to report that their business grew in 2017, and expect to grow in 2018, than respondents aged 50 or over.

² Mainland China, Indonesia, Malaysia and Vietnam

³ Australia, Hong Kong, New Zealand and Singapore

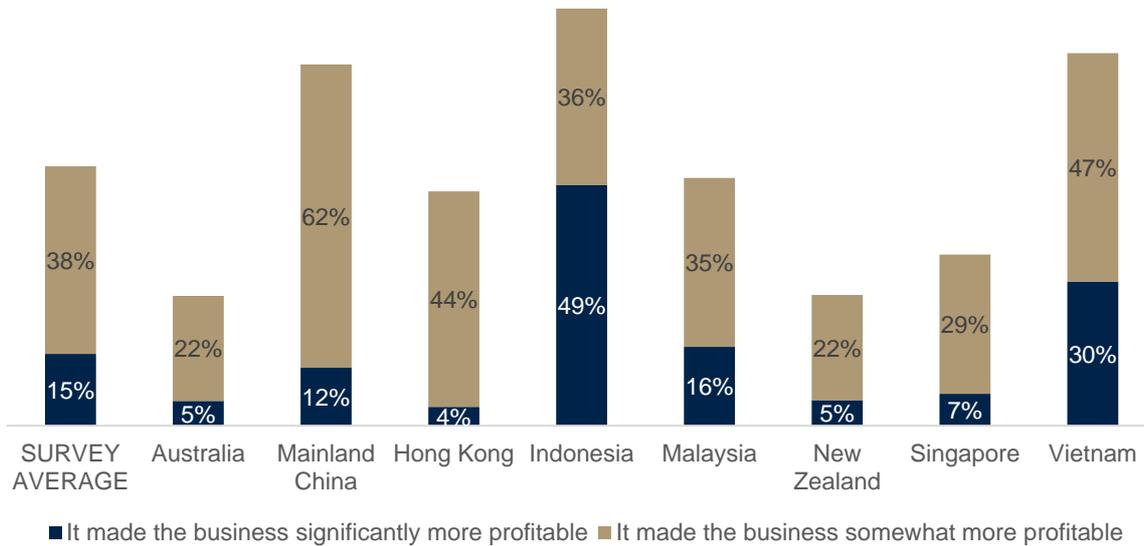
SIX LESSONS FROM SMALL BUSINESSES GROWING STRONGLY

- 1 Invest in technology, including new digital payment technology
- 2 Focus on innovation through new products, processes or services
- 3 Seek to grow your revenue from exports
- 4 Use social media for business purposes
- 5 Make online sales a more important part of your business
- 6 Focus on improving business strategy and management

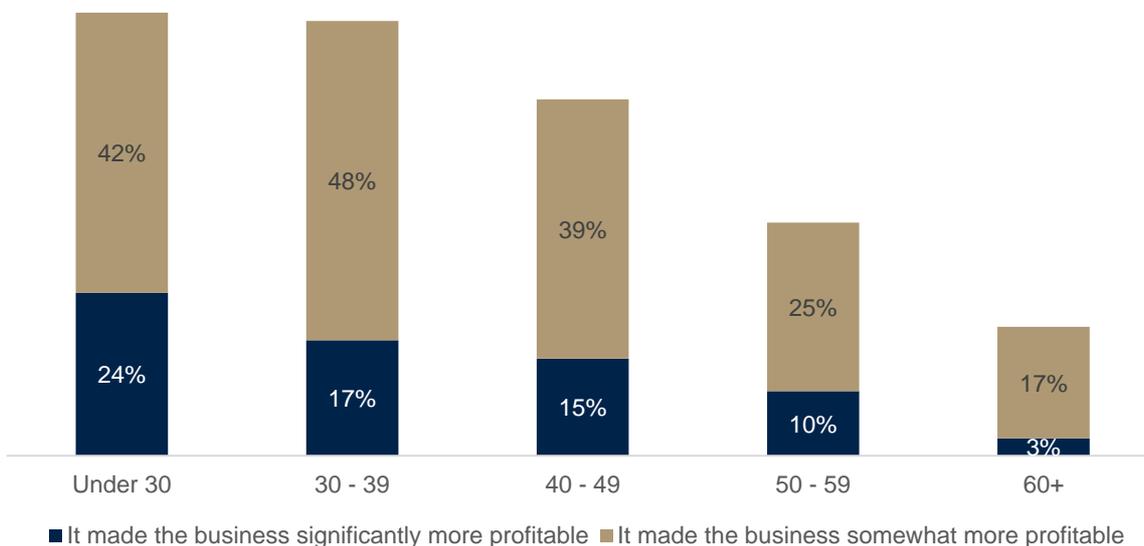
SMALL BUSINESS AND TECHNOLOGY

The impact of technology on small business profitability

Profitability of investment in technology in 2017 (by market)



Profitability of investment in technology in 2017 (by age of respondent)



Key findings

Most businesses that reported investing in technology in 2017 found that their investment already had a positive impact on their profitability (64.7 per cent). However, many businesses also stated that their investment in technology had no impact on profitability (28.1 per cent).

Small businesses from developing economies are much more likely to experience a boost in profits from an investment in technology. For example, of the respondents from Indonesia that reported making an investment in technology over the past 12 months, 92.9 per cent stated that it made their business more profitable or significantly more profitable. Meanwhile, only 38.7 per cent of Australian small businesses that made an investment in technology in 2017 believe it made their business more profitable.

The difference in the number of businesses experiencing an increase in profitability may be explained by the greater digital capability of small businesses in Asia. These businesses may be better positioned to choose technology that has a greater positive impact in a shorter time. As previous small business surveys have shown, Australian and New Zealand small businesses lag well behind their competitors from Asia when it comes to e-commerce and social media adoption.

Other findings

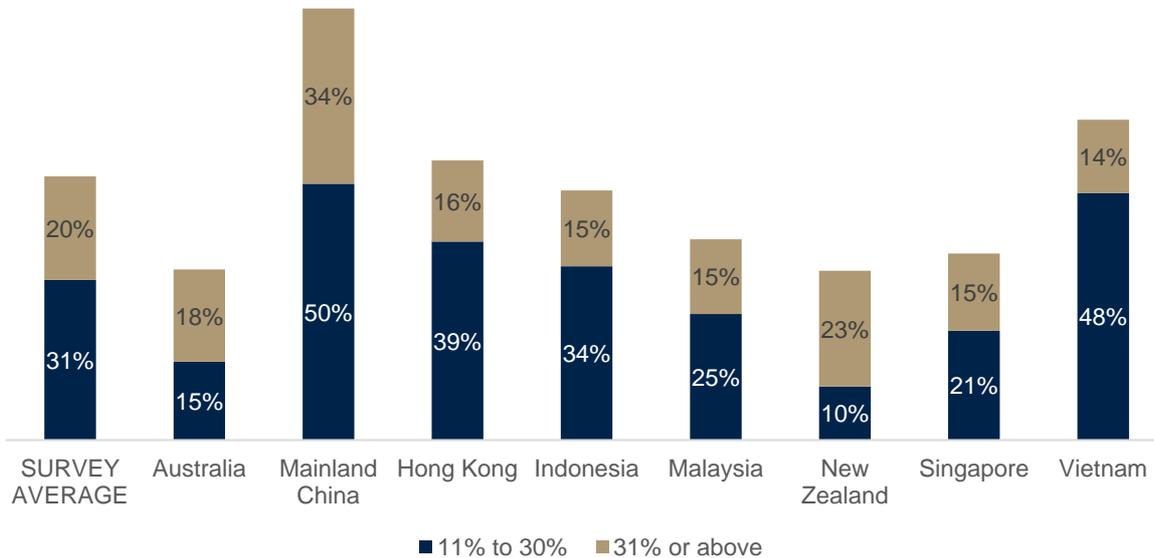
- Respondents aged under 40 are significantly more likely (73.3 per cent) to state that their investment in technology over the past 12 months has been profitable compared with respondents aged 50 and over (40.7 per cent).
- Businesses that didn't grow or shrank in the past 12 months are much less likely to have invested in technology over the past 12 months (28.1 per cent) than those that grew (8.4 per cent).
- The greater the number of employees, the more likely the business is to have reported that their investment in technology over the past 12 months was profitable (74.8 per cent of businesses with 10 to 19 employees, compared with 33.5 per cent of businesses with no employees).

Suggestions:

- Businesses should invest in their digital capability so that they are more likely to invest in technology that improves their profitability sooner.
- Governments should educate small businesses about improving their digital capability. Professional advisers can assist by targeting education materials to businesses needing to improve their understanding of technology.

Payment technologies

Percentage of businesses receiving more than 10 per cent of their sales through digital payment options, such as Alipay, Apple Pay, WeChat Pay etc (by market)



Key findings

The survey results show that small businesses typically offer clients a mix of payment options – with businesses being most likely to offer cash as a payment option (60.0 per cent).

Other payment options are also common. For example, 42.7 per cent of businesses offer clients the opportunity to pay through new digital payment technologies, such as Ali Pay, PayPal and Apple Pay.

These new payment technologies are proving popular with customers. Fifty-one per cent of respondents stated that they received over ten per cent of their sales through this technology.

It is not surprising, given Mainland China's very strong fintech sector, that small businesses from Mainland China are by far the most likely to accept payment through digital, online or mobile technologies such as Alipay (65.5 per cent). Australian small business are the least likely, with only 23.3 per cent accepting payment through this technology.

In fact, more small businesses in Mainland China indicated that they accept payment from digital payment technologies (65.5 per cent) than cash (51.8 per cent), and it is an important part of their business, with 84.2 per cent stating that payments through such technology make up more than ten per cent of their sales.

Other findings

- Businesses that reported growing strongly in 2017 are more likely than other businesses to report that they accept digital currencies.
- Digital payment options are much more popular for businesses with 10 to 19 employees (54.6 per cent), compared to businesses with no staff (29.4 per cent).

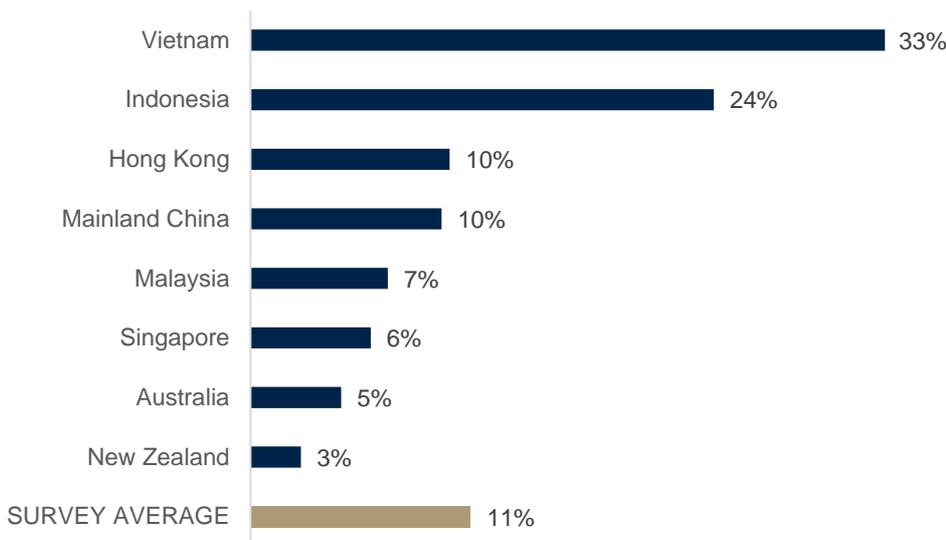
- Businesses that have been established for 21 years or more are significantly less likely than younger businesses (24.0 per cent) to offer a digital or mobile payment option, such as AliPay.
- Respondents aged 30 to 39 are much more likely (50.5 per cent) to accept payment through digital technologies than respondents aged 50 to 59 (32.4 per cent) and aged 60 and over (24.2 per cent).
- Businesses that reported earning no revenue from online sales are the least likely to report receiving digital or mobile payments (16.5 per cent, compared with the survey average of 42.7 per cent).
- Small businesses from Shanghai were the most likely to report earning more than 30 per cent of their sales through digital payments (46.5 per cent).

Suggestions:

- Businesses should consider new payment technologies, particularly online/digital/mobile payment methods.
- Governments have a role to play in explaining new payment technologies and their advantages.
- Governments should be encouraging the development and deployment of new fintech products that make payments as seamless as possible.

Cryptocurrencies

Percentage of businesses that accept payment through cryptocurrencies (by market)



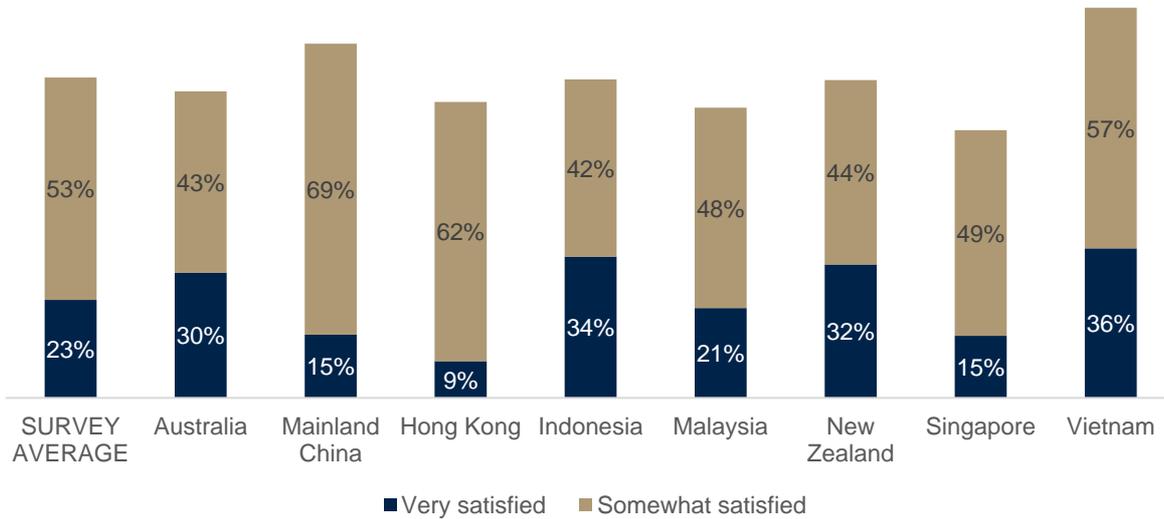
Key findings

Small businesses from Vietnam (32.9 per cent) and Indonesia (24.0 per cent) are the most likely to state that they accept digital currencies, such as bitcoin, as a means of payment (the survey average is 11.4 per cent). While there may be local issues influencing this result, businesses should be very cautious with digital currencies – they are highly-speculative (and risky) investment assets rather than a means of facilitating e-commerce.

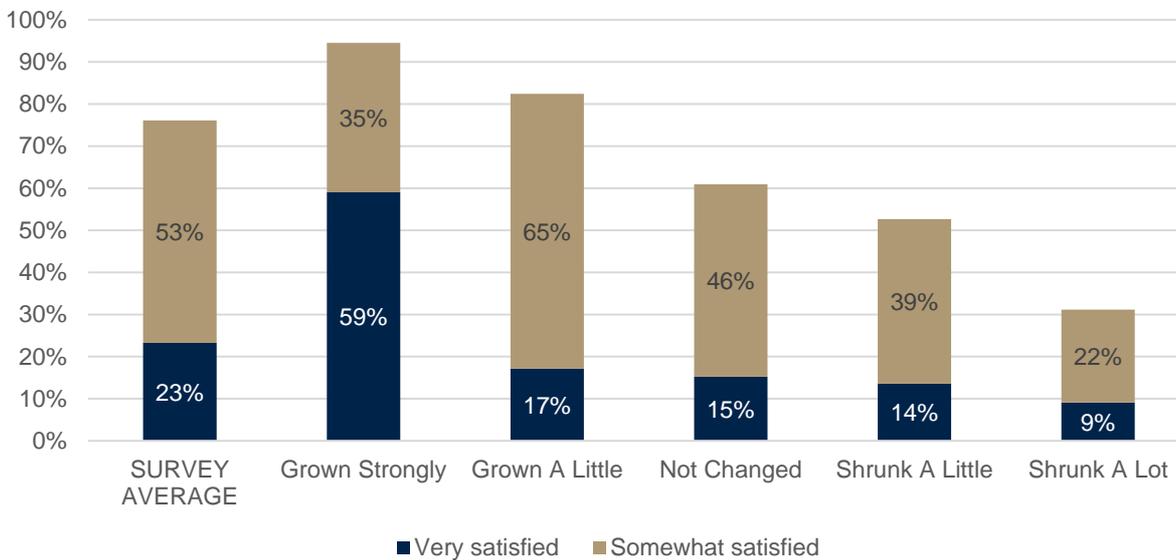
SMALL BUSINESS SATISFACTION

Level of satisfaction with being a small business owner or working for a small business

Respondents who are very satisfied, or somewhat satisfied, with working for, or owning, a small business (by market)



Respondents who are satisfied, or somewhat satisfied, with working for, or owning, a small business (by business growth in 2017)



BE HEARD.
BE RECOGNISED.



Key findings

A significant majority of respondents are 'somewhat satisfied' (52.8 per cent) or 'very satisfied' (23.3 per cent) with being a small business owner or working for a small business. Only 5.6 per cent of respondents expressed some level of dissatisfaction with working for or owning a small business.

The level of satisfaction with working for or owning a small business, however, reduces significantly where:

- the business has not grown, or has shrunk, in the past 12 months;
- there is an expectation that the business will not to grow, or will shrink, in 2018;
- the business cut employee numbers in the past 12 months; or
- the respondents do not expect their local economy to grow in the next 12 months.

Other findings:

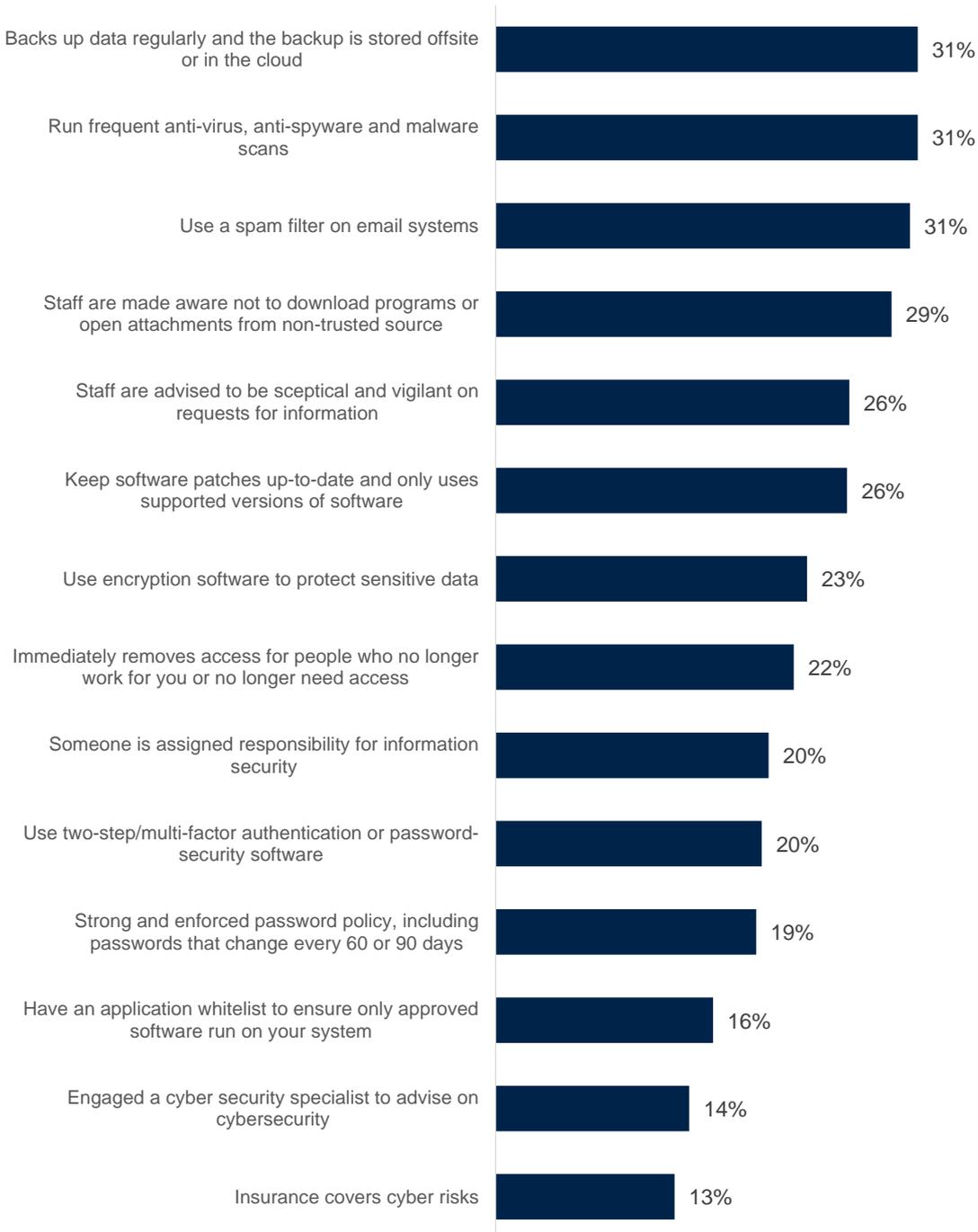
- The markets with the highest levels of satisfaction are:
 - Vietnam (92.7 per cent);
 - Mainland China (84.2 per cent); and
 - Indonesia (75.7 per cent).
- The market with the lowest level of satisfaction is Singapore (63.6 per cent).
- While directors, CEOs and CFOs are more likely to be satisfied than business owners, the difference is not significant.
- Respondents are more likely to be satisfied where they worked for or owned a small business with 5 to 19 staff, rather than a business with fewer than five staff.
- There is very little difference in the level of satisfaction when comparing the age of the business or the age of the respondent

Suggestion

- Governments may wish to develop and deploy programs that support the mental health and resilience of small business operators and their employees.

CYBERSECURITY

Actions small businesses are most likely to be taking to protect their systems (multiple response)



Key findings

The typical Asia-Pacific small business is aware that they need to take action to protect their systems from a possible cyberattack, even if many of them do not believe it is likely they will be cyberattacked in 2018.

However, the action some small businesses are taking to reduce cyber risk falls below what is considered best practice. While many are backing-up their data and running anti-virus software, they are unlikely to have a list of approved software that can only run on their system, or to use multifactor authentication, or have a strong password policy to restrict access to their systems.

Other findings:

- The percentage of businesses that think they are likely to be cyberattacked in the next 12 months varies significantly by market. In Vietnam, 80.7 per cent of businesses think it is likely that their business will be cyberattacked in the next 12 months. In New Zealand, only 19.6 per cent think an attack is likely and 25.8 per cent of Australian small businesses think the same way.
- Business owners were far less likely to expect their business will be cyberattacked in the next 12 months (29.5 per cent) than respondents who were CEOs (59.0 per cent), CFOs (61.2 per cent) or Directors (59.0 per cent).
- Businesses with 5 to 19 staff were far more likely to expect that their business will be cyberattacked in the next 12 months than those with fewer than five staff, especially those without staff, where only 18.1 per cent think their business is likely to be cyberattacked.
- Respondents aged 60 and over are significantly less likely to expect their business will be cyberattacked than respondents aged under 50.
- Businesses that expect to innovate in 2018 are significantly more likely to expect their business will be cyberattacked (75.9 per cent) than those that do not expect to innovate (17.2 per cent).
- Businesses that stated they did not use social media for business purposes were far less likely to expect their business will be cyberattacked in the next 12 months than those that do use social media for business purposes.
- Likewise, those small businesses that do not sell anything online are far less likely to believe that their business will be cyberattacked in the next 12 months than those that do sell online.

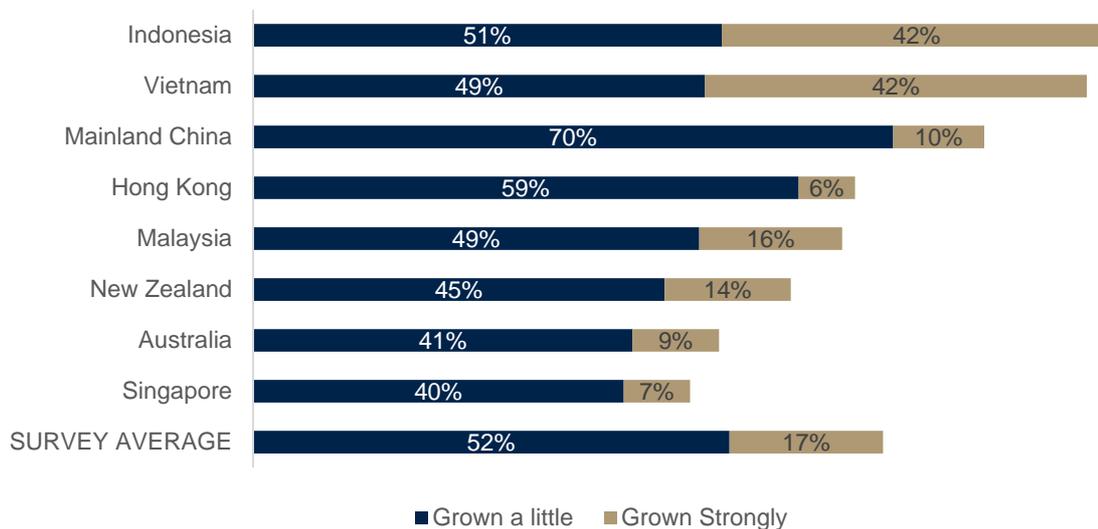
Suggestions:

- Businesses of all sizes – and using varying levels of technology – are potentially vulnerable to cyberattack. They should take appropriate action to reduce risk.
- Businesses should consider seeking professional advice on what action they should take to reduce their cyber risk.
- Businesses should consider following tips on improving cybersecurity provided by governments and other key organisations, such as these [tips](#) provided by the Australian government agency CERT Australia.
- Governments seeking to encourage innovation should be providing targeted cybersecurity resources to businesses to help them better manage their (perceived) increased risk of cyberattack.
- Governments and other key influences must continue to encourage small business to take action to reduce the risk of cyberattacks through tools, support and information on risks as they emerge.
- Assisting small business to improve cybersecurity may encourage greater investment in technology such as social media, online sales and new digital payment technologies.
- Governments and other key stakeholders should continue to advise that an appropriate cybersecurity process involves several steps.
- Businesses should ensure their backups are complete and secure.

SMALL BUSINESS CONDITIONS IN 2017

BUSINESSES THAT REPORTED GROWING

Businesses that grew over the past 12 months – by market



Key findings

Small business conditions were slightly better in 2017 than 2016 with a minor increase in the percentage of small businesses that reported growing (68.5 per cent) compared to with 66.7 per cent in 2016, 68.2 per cent in 2015 and 55.0 per cent in 2014)

Most markets experienced an increase in the number of businesses that reported growing, with Australia and Mainland China experiencing the biggest increase.

Only Malaysia and Singapore experienced a decrease in the number of businesses that reported growing. Singapore recorded the largest fall, from 54.8 per cent in 2016 to 47.5 per cent in 2017.

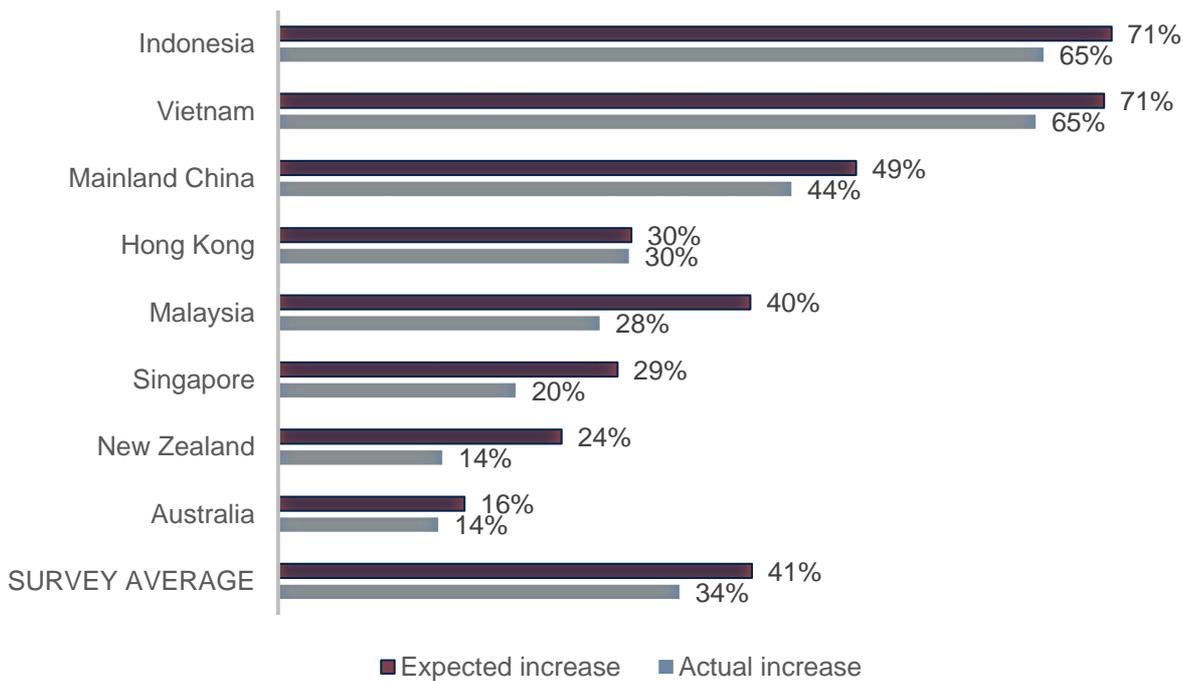
Other findings

- Small businesses with 10 to 19 staff (81.5 per cent) and 5 to 9 staff (70.8 per cent) were significantly more likely to state that they grew than businesses with no staff (40.5 per cent).
- Respondents who were CEOs or Chief Financial Officers (CFOs) were much more likely to state that their business grew in the past 12 months than businesses where the owner was the respondent (82.0 per cent of CFOs and 69.5 per cent of CEOs compared with 54.2 per cent of business owners)
- Respondents from the manufacturing sector were the most confident, with 83.9 per cent reporting that they grew in 2017. Businesses from the 'arts and recreation services' were the least likely to report growing, with 57.3 per cent reporting growing in 2017
- As in previous years, older businesses were less likely to report growing than younger businesses. For example, of businesses that have been established under five years, 72.4 per cent reported growing, compared to 49.9 per cent of businesses that have been established over 20 years.

- As in previous years, the age of the respondent has a big influence over whether the business experienced growth, with respondents aged under 50 much more likely to report that their business grew in 2017 (74.1 per cent) than respondents aged 50 or over (49.9 per cent)
- Businesses that reported that they did not use social media for business purposes were much less likely to report that their business grew in the past 12 months than businesses that used social media
- Likewise, businesses that reported not earning any income from online sales were much less likely to report that their business grew in the past 12 months than businesses that earned revenue from online sales.
- There is a very strong correlation between businesses that reported growing in 2017 and respondents who reported being satisfied with their small business. Seventy-seven per cent of businesses that reported being very satisfied, or somewhat satisfied, stated that their business grew in 2017, compared with 42.4 per cent that reported being neither satisfied or dissatisfied.
- Business growth in 2017 plays a very important part in shaping expectations for growth in 2018. For example, 95.0 per cent of businesses that expect to grow strongly in 2018 grew in 2017.

Small business as a creator of jobs

Actual increase in employee numbers in 2017 compared with expected increase – by market



Key findings

There is a slight increase in the percentage of businesses that added staff in 2017, with 34.3 per cent of small businesses across the region adding to their number of employees, up from 31.7 per cent in 2016. In fact, it is the best result for this question since it was first asked in 2011, however the result was still below expectations.

Indonesian small businesses remain the most likely to have added to their staff numbers in 2017, followed closely by small businesses from Vietnam. Australia and New Zealand remain the least likely to have increased staff numbers.

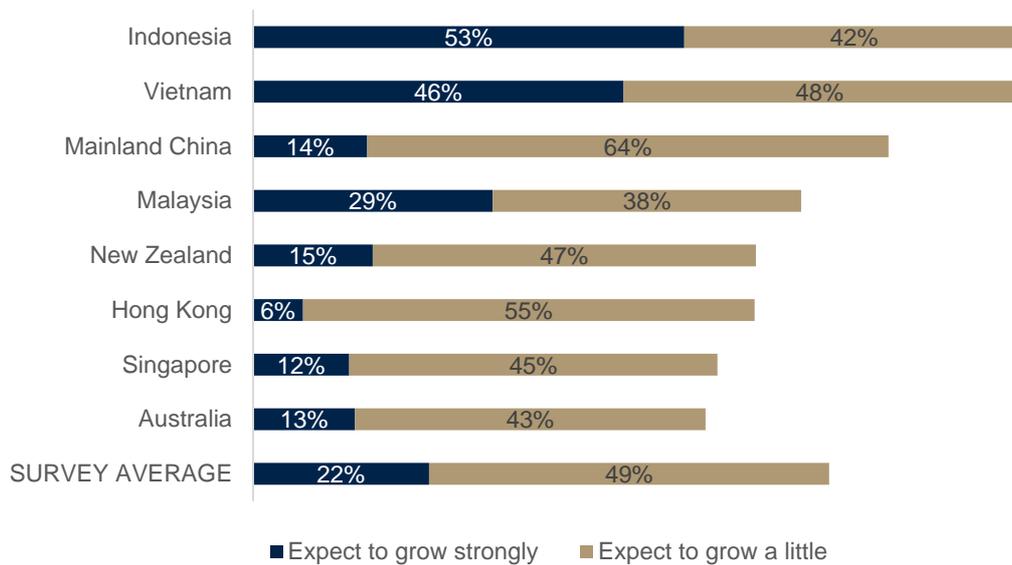
Other findings

- It is no surprise that businesses that reported growing strongly in 2017 were significantly more likely than other businesses to add staff in 2017 (72.4 per cent).
- As was the case in previous years, businesses with respondents aged under 40 were significantly more likely to be adding staff (43.8 per cent) than respondents aged over 50 (12.8 per cent).
- Manufacturing businesses were significantly more likely to report adding staff in 2017 compared to administrative and support services businesses. This is most likely linked to the strong growth experienced by manufacturing businesses in 2017.
- Small businesses in Shanghai were the most likely to increase staff numbers of the Mainland Chinese cities surveyed (49.0 per cent).
- Businesses that use social media are significantly more likely to report adding staff in 2017 than businesses that do not (only 11.4 per cent of businesses that do not use social media added to their staff numbers in 2017). A similar result was found for businesses that did not make online sales in 2017, with only 11.9 per cent of businesses that did not make online sales adding to their staff numbers.

SMALL BUSINESS EXPECTATIONS FOR 2018

Small business confidence is strongest in developing markets

Small businesses that expect to grow in 2018 (by market)



Key findings

Business growth expectations for 2018 are virtually unchanged from 2017 and 2016. 70.8 per cent of respondents expect their business to grow in 2018, compared with 70.7 per cent in 2017 and 70.2 per cent in 2016. This indicates a stable business environment across the region.

Indonesian and Vietnamese small businesses are the most confident in their own growth prospects. Small businesses in these markets have been the most confident in each of the last four annual surveys.

Other findings

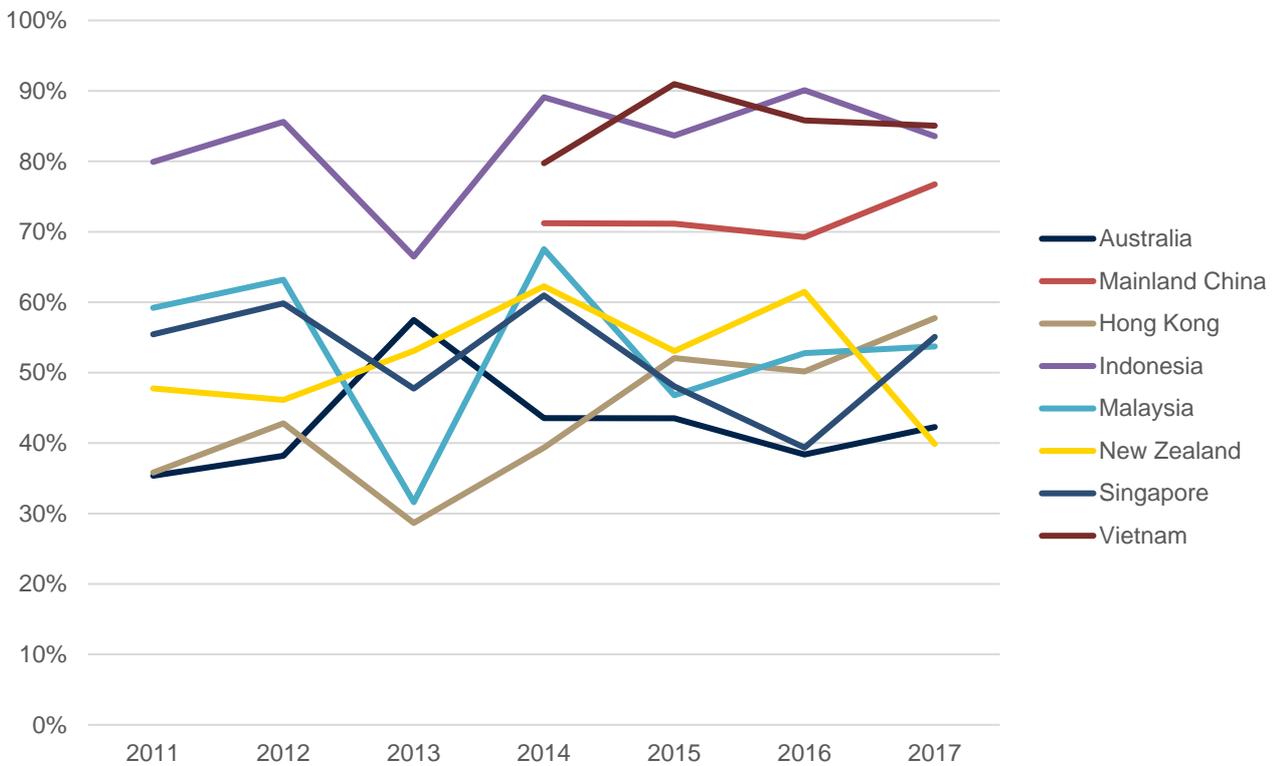
- The following markets recorded an increase in the percentage of businesses that expect to grow in 2018 from the previous survey:
 - Australia
 - Mainland China
 - Hong Kong
 - Indonesia
 - Singapore
- As in previous surveys, businesses with greater numbers of employees are more likely to expect that their business will grow than those with no employees or fewer than five. Fifty-seven per cent of businesses with fewer than five employees expect to grow in 2018, compared with 78.1 per cent of those with five to 19 employees.
- Businesses from the manufacturing sector are the most likely to expect to grow in 2018. 84.9 per cent of manufacturing businesses expect to grow in 2018, followed by businesses in the accommodation and food services sector (82.7 per cent). While businesses in the 'administrative and support services sector' (61.8 per

cent) and the ‘professional, scientific and technical services’ sector (63.5 per cent) are the least likely to expect to grow in 2018.

- Businesses that have been established for ten years or less are much more likely to expect to grow in 2018 than businesses established for more than 20 years (76.9 per cent compared with 54.8 per cent).
- Similarly, younger respondents were also much more likely to expect their small business to grow in 2018 than older respondents (79.1 per cent compared with 53.3 per cent of respondents aged 50 and over).
- Businesses that expect their overseas sales to grow strongly are also much more likely to expect their business to grow in 2018 than businesses that do not expect overseas sales to grow, or do not intend to sell overseas.
- Businesses that expect to innovate in 2018 are significantly more likely to expect to grow in 2018 (93.2 per cent) than businesses that do not expect to innovate (47.2 per cent).

Small business confidence in local economy

Small businesses that expect their local economy to grow over the next 12 months (by market)



Key finding

The percentage of businesses that expect their local economy to grow in the coming 12 months is up slightly in this survey from the previous survey (61.9 per cent from 60.2 per cent). Since 2014, when Mainland China and Vietnam were added to the survey, the percentage of businesses that expect their local economy to grow has remained virtually unchanged, at just over 60 per cent.

Other findings

- Small business confidence in the local economy is up in the following markets:
 - Australia
 - Mainland China
 - Hong Kong
 - Malaysia
 - Singapore
- Small business confidence in Singapore's economy in 2018 is up from 2017, with 55.1 per cent of businesses expecting Singapore's economy to grow in 2018, compared with only 39.4 per cent in 2017. This more positive result reflects recent strong economic data coming out of Singapore.
- Small business confidence in New Zealand's economy is down heavily in 2018, with only 39.9 per cent of businesses expecting New Zealand's economy to grow in 2018, compared with 61.5 per cent in 2017. It should be noted that the survey was run at the same time that a change in government occurred in New Zealand and this uncertainty may have had an impact on the survey results.
- Professional managers such as CEOs and CFOs are significantly more likely to expect their local economy to grow in 2018 than respondents who are business owners. 70.2 per cent of CEOs and 73.4 per cent of CFOs expect their local economy to grow in 2018, compared with 46.3 per cent of business owners.
- Businesses with more employees are significantly more confident in the growth prospects of their local economy. 74.1 per cent of business with 10 to 19 staff expect their local economy to grow in 2018, compared with 36.9 per cent of those with no employees.
- Businesses from the manufacturing sector are the most likely to expect their local economy to grow (80.1 per cent), while businesses in the 'arts and recreation services' sector were the least likely (48.7 per cent).
- Businesses that have been established for more than 20 years are much less likely to expect their local economy to grow than younger businesses.
- Further, respondents aged 50 or over are much less confident in their local economy than younger respondents, with only 46.8 per cent of respondents aged 50 or over expecting their local economy to grow in 2018, compared with 70.5 per cent of respondents aged under 40.
- Expected weakness in local markets is not necessarily translating through to businesses looking to grow offshore. Of those that expect their local economy to remain unchanged or shrink in 2018, 39.4 per cent expect to increase their overseas sales. In fact, businesses that are confident their local economy will grow are significantly more likely to expect to see their revenue from exports grow (77.3 per cent).
- Businesses that expect to innovate are significantly more likely to expect their local economy to grow (84.0 per cent) than those that do not expect to innovate (38.4 per cent).

Expected changes in employee numbers in 2018

Key findings

The percentage of respondents that expect their business to increase employee numbers over the coming year is 40.8 per cent. This result is virtually identical to the results received in the 2014, 2015 and 2016 surveys.

It is not surprising given the very positive business growth expectations in Indonesia and Vietnam that small businesses in those markets are far more likely to expect to increase employee numbers in 2018 (75.3 per cent and 67.4 per cent respectively). Businesses from both markets have been the most likely to expect to increase employee numbers in the coming 12 months in this, and the three preceding, annual surveys.

At the other end of the scale, small businesses from New Zealand and Australia are again the least likely to expect to add to their employee numbers (17.6 per cent and 18.8 per cent respectively).

The results this year affirm our findings from previous years – that businesses that are tech savvy, innovative and externally focused are significantly more likely to expect their employee numbers to grow than businesses that are not.

Other findings

- It is not surprising that businesses that expect to grow in 2018 are significantly more likely to expect to add employees in 2018 compared with businesses that do not expect to grow. 54.1 per cent of businesses that expect to grow in 2018 expect to add to their headcount, while only 8.6 per cent of businesses that do not expect to grow, expect to add to their headcount.
- Businesses in the manufacturing sector are the most likely to expect to increase employee numbers in 2018 (60.6 per cent), while businesses in the labour intensive 'health care and social assistance' sector are the least likely to expect to increase their headcount (30.0 per cent expect to increase employee numbers).
- Businesses established for ten years or less are much more likely to expect to add employees in 2018 (45.1 per cent) than businesses established for more than 20 years (24.6 per cent).
- Likewise, younger respondents are significantly more likely to expect to increase employee numbers in 2018 than respondents aged 50 or over. 52.1 per cent of respondents aged under 40 expect to increase employee numbers in 2018, while only 17.5 per cent of respondents aged 50 or over expect to increase employee numbers.
- Only 13.8 per cent of businesses that do not use social media expect to increase employee numbers in 2018, compared with the survey average of 40.8 per cent. A similar response was received from those not selling online, with only 16.1 per cent expecting to add staff in 2018.
- Businesses that expect to grow their overseas sales in 2018 are significantly more likely to expect to grow their employee numbers (58.2 per cent) than those that do not expect to sell into overseas markets (24.2 per cent).
- Businesses that expect to innovate in 2018 (74.7 per cent) are significantly more likely to expect to increase employee numbers than those businesses not expecting to innovate (12.8 per cent).

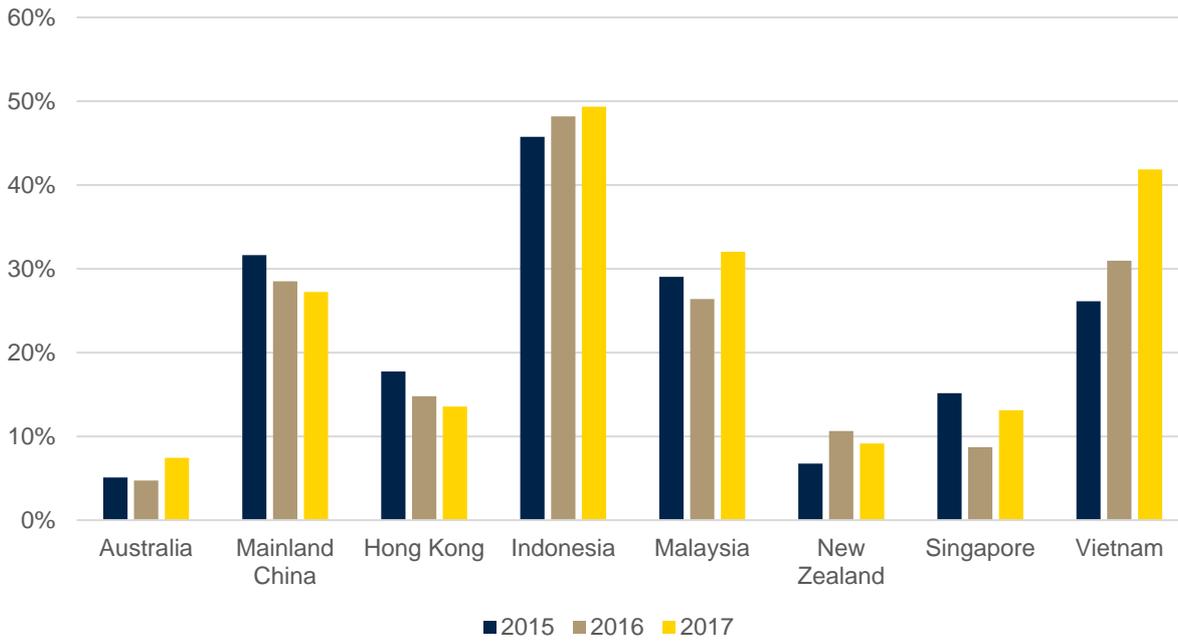
Suggestion

- Governments should implement policies and consider investments that encourage and support small businesses to focus on the economic drivers that create jobs – technology, innovation and exporting.

SMALL BUSINESS AND INNOVATION

Innovation is a key driver of business growth and job creation, and small businesses from Asia are much more likely to undertake it

Small businesses that will innovate through the introduction of a new product, service or process that is unique to their market or the world in the next 12 months (by market and over time)



Key findings

The percentage of businesses that expect to innovate through the introduction of a totally new product or service to their market or the world remains relatively unchanged over the past three years, with 23.3 per cent of businesses expecting to innovate in the coming 12 months (in 2016, 21.2 per cent expected to innovate).

The consistent results may reflect that there has not been any significant change in technology, or new policy incentives, to encourage innovation.

Other findings:

- Businesses that expect their business to grow strongly in 2018 are significantly more likely than other businesses to innovate in 2018. For example, of the businesses that expect to grow strongly in 2018, 57.4 per cent expect to innovate, compared with 19.0 per cent of businesses that expect to 'grow a little'.
- Businesses that expect to increase employee numbers in 2018 are significantly more likely to expect to innovate than businesses that either expect no change in employee numbers, or expect to decrease employee numbers.
- Businesses from Indonesia and Vietnam remain the most likely to expect to innovate in 2018, while businesses from the advanced economies are, again, the least likely to expect to innovate.

- Vietnam has recorded the greatest increase in businesses expecting to innovate over the past three surveys, increasing from 26.1 per cent in 2015 to 41.9 per cent in 2017. This jump may reflect the strong growth that Vietnam's small businesses are experiencing; government policies aimed at encouraging innovation; Vietnam's increasing economic integration with ASEAN nations and China, and the increasing knowledge flows those linkages encourage; and improvements in the capabilities of Vietnam's workforce.
- Of the four Mainland Chinese cities surveyed, businesses in Shanghai were the most likely to state they will innovate in the coming 12 months (35.0 per cent), while for this year, Chongqing was the least likely (17.3 per cent) – it was the most likely in the last survey.
- Businesses remain much more likely to expect to innovate in 2018 if they have five to 19 employees than if they have fewer than five employees (29.2 per cent of businesses with five or more employees compared with 11.9 per cent of those with fewer than five employees).
- Businesses that have been established more than 20 years are significantly less likely to expect to innovate in the next 12 months than younger businesses (58.7 per cent of businesses established for more than 20 years do NOT expect to innovate in the next 12 months, compared with 22.0 per cent of businesses established for 20 years or less).
- Respondents aged 50 and over are significantly less likely to expect to undertake innovation in the next 12 months than respondents aged under 50 (60.4 per cent of respondents aged 50 or over do NOT expect to innovate in the next 12 months, compared with 16.0 per cent of respondents aged under 50).
- Businesses that expect their overseas sales revenue to grow strongly are significantly more likely to expect to innovate in 2018 than other businesses. It is likely that these businesses' exposure to overseas markets and competition is encouraging them to focus more on innovation.
- Businesses that believe it is very likely that their business will be cyberattacked are significantly more likely to expect to innovate in 2018 than other businesses. For example, businesses that believe that their business will be cyberattacked in the next 12 months are much more likely to expect to innovate (38.8 per cent), compared with 11.2 per cent of businesses that believe a cyberattack is unlikely.

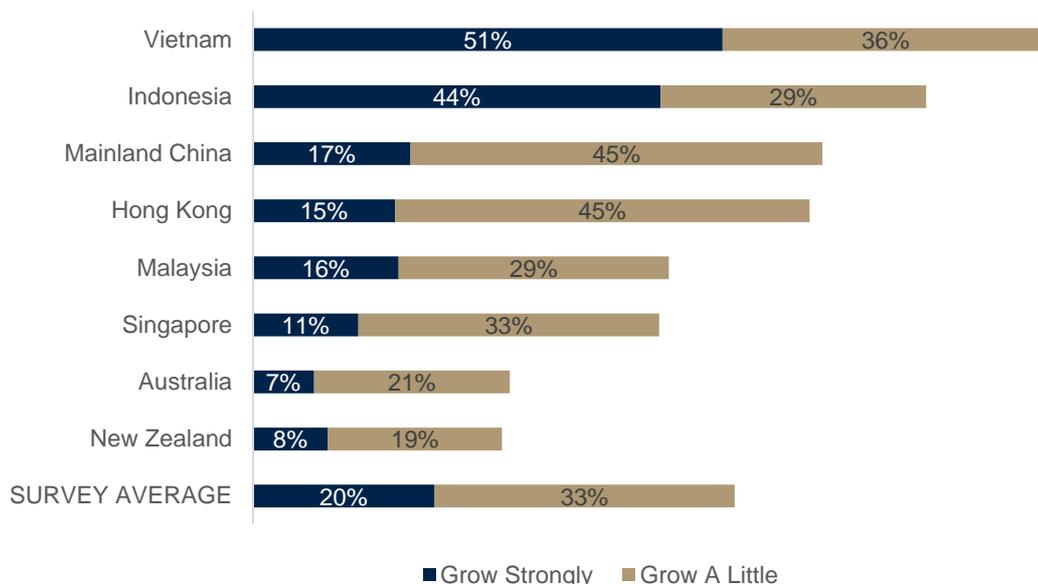
Suggestions:

- Policy makers wanting to encourage innovation should consider ways to support young people in starting their own small business, or to buy an existing one. Governments could conduct research into the factors that influence why young people do and do not go into business, and determine how best to influence those factors.
- Innovative businesses need to invest more in cybersecurity, and governments should be offering information to assist them.

SMALL BUSINESS AND EXPORTING

Small businesses that expect to grow their revenue from exports are more likely to be growing, creating jobs and be from Asia

Small businesses expecting revenue from overseas sales will grow in 2018 (by market)



Key findings

The percentage of respondents that do not expect to sell overseas in the coming 12 months has changed little from 2015, as has the percentage of businesses that expect their overseas sales to grow.

Small businesses from Australia and New Zealand are much less likely to expect to sell into overseas markets in the next 12 months (44.4 per cent and 41.8 per cent respectively) than small businesses from other markets surveyed. With Australia and New Zealand small businesses having the weakest level of confidence in their local economy, it would be prudent for these businesses to explore opportunities outside of their home markets, particularly in the fast-growing markets of Asia.

Other findings

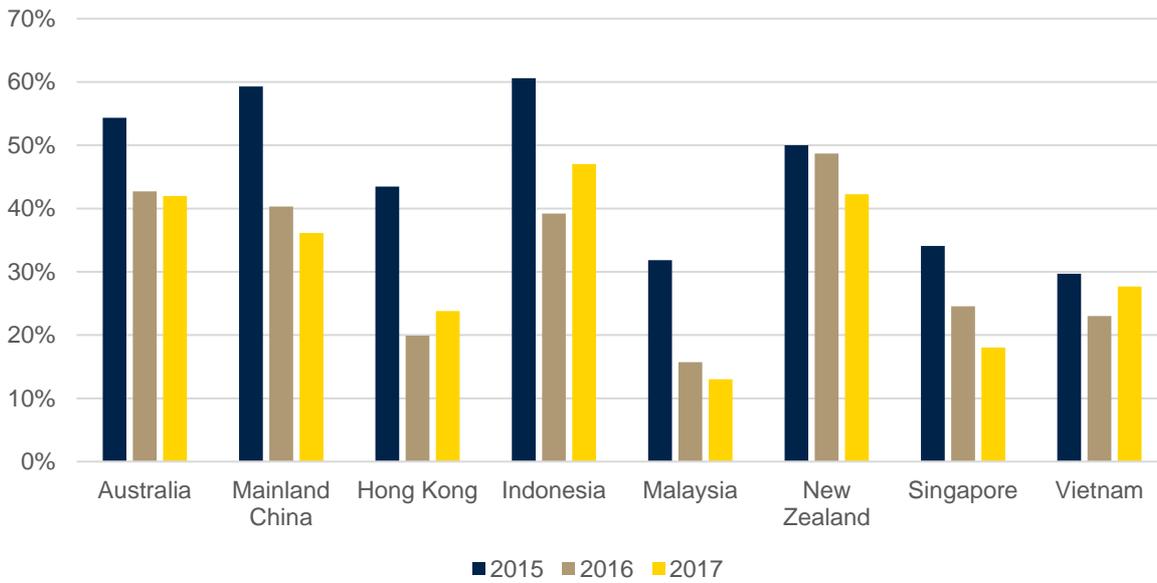
- Small businesses from Vietnam and Indonesia were much more likely to expect their overseas sales to grow strongly in 2018 than the other markets surveyed. This result, combined with robust growth expectations for their local economies, points to a very positive 2018 for small businesses from those markets.
- The percentage of small businesses from Vietnam that expect their overseas sales to grow strongly in 2018 (51.2 per cent) is up strongly from 26.8 per cent in the previous survey.
- Businesses with no staff are significantly less likely to expect to sell overseas in the coming 12 months (49.8 per cent do not expect to sell overseas) than businesses with five to nine staff (20.3 per cent) and 10 to 19 staff (12.5 per cent). Larger businesses may have greater capacity and capability to seek new export markets and exploit those opportunities.

- Older respondents are much more less likely to expect to sell into overseas markets in the next 12 months than younger respondents. Of respondents aged 50 or over, 44.3 per cent do not expect to sell to overseas markets in 2018, compared with 18.5 per cent of respondents aged under 40.
- Businesses that do not expect to innovate in the next 12 months are significantly less likely to expect to sell overseas (53.4 per cent of those that do not expect to innovate), compared with businesses that expect to innovate (only 10.0 per cent of businesses that expect to innovate do not expect to sell overseas)

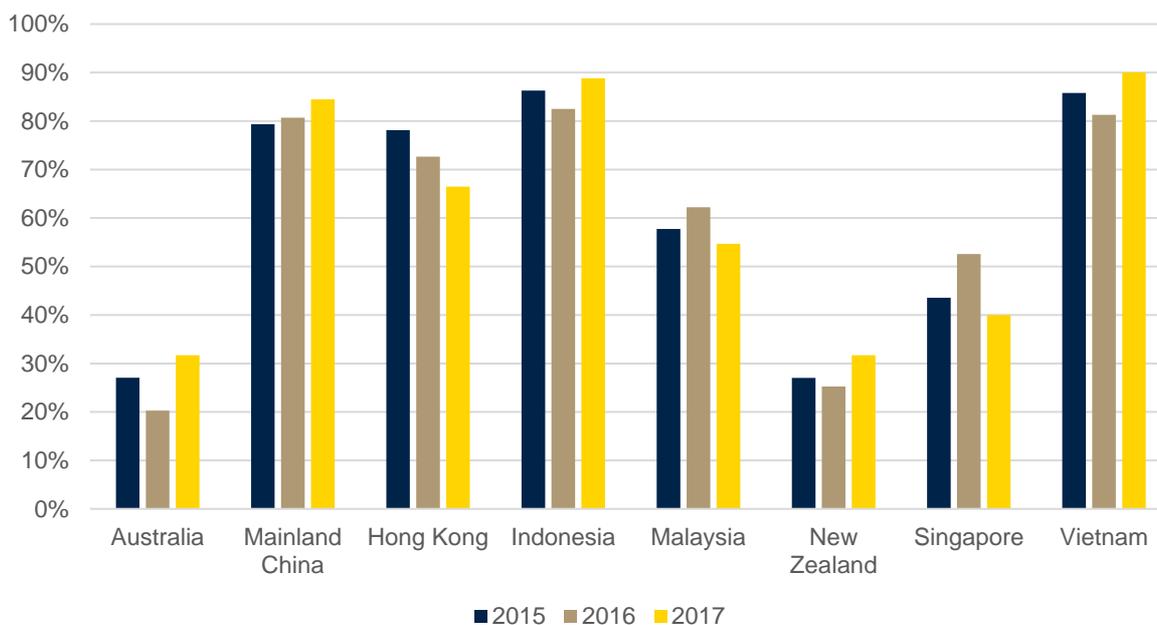
ACCESS TO FINANCE

The ease with which businesses access finance continues to vary significantly between markets

The percentage of businesses that experienced easy to very easy financing conditions in the past 12 months (by market and year)



The percentage of businesses that required external finance in the past 12 months (by market and year)



Key finding

The percentage of businesses that required external finance in 2017 is up slightly from 2016 (61.3 per cent in 2017, compared with 59.3 per cent in 2016), in line with the modest increase in the number of businesses that reported growing. The 2017 result is the highest result since 2014.

Small businesses in Vietnam were the most likely to access external finance in 2017, followed by Indonesia. Australian and New Zealand small businesses were the least likely to access external finance in 2017.

Other findings

- The following markets experienced an increase in the number of businesses requiring external finance since 2016:
 - Australia (up 11.4 percentage points)
 - Mainland China (up 3.8 percentage points)
 - Indonesia (up 6.3 percentage points)
 - New Zealand (up 6.5 percentage points)
 - Vietnam (up 8.7 percentage points)
- Businesses with a higher number of employees are significantly more likely to have required external finance in 2017. For example, 83.8 per cent of respondents with 10 to 19 employees required external finance in 2017, compared with 14.7 per cent of respondents with no employees and 40.9 per cent with one to four employees.
- Businesses that have been established five to 20 years are the most likely to seek external finance. This may reflect the life cycle of business, with businesses in that period experiencing a growth stage before they begin to decline.
- As respondents age, they become significantly less likely to have required external finance in 2017. For example, while 73.4 per cent of respondents aged 30 to 39 stated they required finance in 2017, only 16.0 per cent of respondents aged 60 and over needed external finance. This may reflect the changing needs and motivations of respondents as they age. Many in the 60 and over age bracket may have begun to wind down their business in preparation for retirement and may not want to carry extra debt into retirement.
- The most common reason for seeking finance is business growth, followed by business survival.
- Growing businesses are, not surprisingly, significantly more likely to have required external finance in 2017, compared with businesses that are not growing.
- Borrowing costs are the costs most detrimental to businesses requiring external finance.

Main sources of external finance

Key findings

Banks remain the most common source of external finance, with 41.0 per cent of respondents that required external finance in 2017 stating that a bank was the main source of those funds. The next most popular source was an investor (16.0 per cent).

Banks are the main source of finance in all markets surveyed, with small businesses from Indonesia being the most likely to nominate banks as their main source of finance (55.2 per cent). Small businesses from Mainland China remain the least likely to state that a bank was their main source of external finance (31.3 per cent).

Small businesses from Mainland China are the most active in using new technologies to access funding, with a survey high of 18.2 per cent nominating peer-to-peer lending as their main source of external finance in 2017. This is consistent with other data in this survey showing small businesses in Mainland China are the most active in adopting new payment technologies. Small businesses from Mainland China are also the most likely to nominate a venture capital fund or angel finance (13.3 per cent) and crowd-sourced funding (7.0 per cent) as their main source

of funding. Added together, small businesses in Mainland China are more likely to state that these three 'new' sources of external funding are their main source of funding, rather than banks.

Other findings

- Within the four cities surveyed in Mainland China, peer-to-peer lending is most popular in Beijing and Shanghai.
- Business owners are more likely to have stated that a bank was their main source of external finance (43.2 per cent) compared with respondents who are CEOs (28.8 per cent). CEOs are more likely to have sought funding from an investor, peer-to-peer lender or a venture capital fund. Professional managers may be more willing to seek external finance from a variety of sources than business owners, and have the expertise to do so.
- Businesses that have been established less than five years are the least likely to nominate a bank as their main source of finance (31.4 per cent, compared with the survey average of 41.0 per cent), and the most likely to nominate an investor as their main source of finance (20.7 per cent, compared with the survey average of 16.0 per cent). The results, however, were not different enough to indicate a strong trend.
- Likewise, respondents aged under 40 were less likely to state that a bank was their main source of finance than older respondents. 36.4 per cent of respondents aged under 30 stated that the bank was their main source of finance, as did 36.8 per cent of respondents aged between 30 to 39, compared with a survey average of 41.0 per cent – and were more likely than older respondents to state that an investor was their main source of finance. This is not surprising given that younger respondents may have less asset backing and experience.
- Not surprisingly, respondents that found access to finance easy or very easy were much more likely to have accessed finance from a bank than those that found it difficult or very difficult. 50.9 per cent of respondents that found access to finance easy or very easy stated that a bank was their main source of finance, compared with 31.2 per cent of respondents that found accessing finance difficult or very difficult.

Reasons for seeking external finance

Key finding

Business growth remains the most popular reason given for requiring external finance in 2017, with 59.4 per cent of respondents stating that it was one of the main reasons they required external finance. Other reasons for requiring external finance include to purchase capital assets (40.1 per cent), and for business survival (34.1 per cent).

Other findings:

- The percentage of businesses that required external finance to purchase capital assets is at its highest since the survey began.
- Small businesses from the developing markets (Mainland China, Indonesia, Malaysia and Vietnam) were much more likely to have required external finance for growth (65.4 per cent) than their counterparts from the developed markets (46.8 per cent).
- Large numbers of businesses in Singapore (45.9 per cent) and Hong Kong (42.2 per cent) have borrowed to cover increasing expenses. Businesses should look for other ways of managing increasing expenses, such as cost control.
- Over one third (34.3 per cent) of small businesses from Vietnam borrowed in the past 12 months to cover late payments from debtors. A stronger focus on debt collection and debtor management is far better than borrowing to cover late payment.

Ease or difficulty of accessing finance

Key findings

The percentage of businesses that found accessing finance easy or very easy is up slightly from 31.4 per cent in 2016 to 32.6 per cent in 2017, but is still the second lowest percentage since 2011.

As has been the case throughout this survey series, ease or difficulty of accessing finance appears to have little impact on the percentage of businesses that required external finance. For example, small businesses in Vietnam were the most likely to report difficult financing conditions but were the most likely to require external finance. Australian small businesses are highly likely to report easier financing conditions but are unlikely to have required external finance.

Other findings

- Small businesses in Indonesia are most likely to report easy to very easy financing conditions (47.0 per cent).
- Of the major sources of finance, respondents were most likely to find borrowing from a bank easy or very easy (40.5 per cent). Interestingly, businesses were the least likely to find borrowing from family and friends easy.
- Not surprisingly, businesses established for less than five years were less likely to experience easy financing conditions than older businesses (20.2 per cent, compared with the survey average of 32.6 per cent). Given their lower levels of experience, it is not surprising that lenders and investors may put younger businesses through more steps before qualifying for finance.
- Likewise, respondents aged under 30 were somewhat less likely to find access to finance easy or very easy than older respondents, however the difference was not material. Given their lack of business experience, it is not unreasonable that a potential lender or investor would not make it easy for younger business owners to access finance.
- Not surprisingly, businesses that reported growing strongly in 2017 were significantly more likely to find access to finance easy or very easy than other businesses. For example, 53.0 per cent of businesses that reported growing strongly found access to finance easy or very easy, compared with 21.0 per cent of businesses that reported their business was unchanged in 2017.
- There is a connection between business satisfaction and easy access to finance. Respondents that were very satisfied were significantly more likely to experience easy or very easy access to finance. For example, 51.2 per cent of businesses that were very satisfied experienced easy or very easy access to finance, compared with 15.7 per cent of respondents that were neither satisfied nor dissatisfied.

Expectations on requiring external funds in 2018

Key findings

In 2018, 28.8 percent of respondents expect to access external funds and 44.6 per cent say that it is possible that they will access external funds. The percentage that expect to access finance is up slightly from the 26.5 per cent that expected to access finance in 2017.

Small businesses from developed markets are significantly less likely to expect to access external finance in 2018 than businesses from developing markets. 13.5 per cent of businesses from the developed markets of Australia, Hong Kong, New Zealand and Singapore expect to access finance in 2018, compared with 43.1 per cent from the developing markets of Mainland China, Indonesia, Malaysia and Vietnam.

Other findings:

- As can be expected, businesses that expect to grow are more likely to expect to access finance in 2018. Fifty-six per cent of businesses that expect to grow strongly expect to access external finance, compared with 11.9 per cent of businesses that expect no change or to shrink.
- Businesses that expect easy or very easy access to finance in 2018 are more likely to expect to access external finance in 2018. For example, 50.6 per cent of businesses that expect easy access to finance in 2018 expect to access external finance compared with 33.9 per cent of businesses that expect neither easy nor difficult access to finance.
- Vietnam has the highest percentage of businesses that expect to access external finance in 2018 (54.8 per cent), closely followed by Indonesia (50.3 per cent). This percentage reflects the strong growth expectations in both markets.
- Businesses that have been established for over 20 years are much less likely to expect to require external finance in 2018 than less established businesses.
- Likewise, respondents aged 50 and over are significantly less likely to expect to access finance than younger respondents. Sixty-seven per cent of respondents aged 60 or over do NOT expect to access finance, compared with the survey average of 22.0 per cent.
- Businesses that expect their overseas sales to grow strongly in 2018 are significantly more likely to expect to need external finance in 2018 than other businesses (60.3 per cent of businesses that expect overseas sales to grow strongly in 2018 also expect to require external finance, compared with 13.2 per cent of businesses that do not expect to sell into overseas markets). This demand for finance is most likely to assist businesses in meeting the demands of export markets, for example, increasing their capacity to meet strong demand for products or services.
- Innovative businesses are also significantly more likely than other businesses to expect to require external finance in 2018. That is, 70.9 per cent of businesses that expect to innovate, compared with just 6.6 per cent of businesses that do not expect to innovate.

Expected ease or difficulty of accessing finance in 2018**Key findings**

The percentage of businesses that expect easy or very easy access to finance in 2018 (28.4 per cent) is very close to the result from the previous survey (29.0 per cent) but remains well down on the 43.3 per cent that expected easy access to finance in the 2015 survey.

Businesses with strong growth expectations for 2018 are more likely to expect easy or very easy access to finance than those that do not. 44.8 per cent of businesses that expect to grow strongly in 2018 expect easy or very easy access to finance, compared with 18.4 per cent of businesses that do not expect their business to change.

Other findings:

- Indonesia's small businesses expect the easiest access to finance in 2018, with 45.5 per cent of those expecting to access finance anticipating that access will be easy or very easy. Small businesses from Malaysia are the least likely to expect access to finance will be easy (10.2 per cent)
- Businesses with five or more staff are more likely to expect easy or very easy financing conditions in 2018. For example, 33.2 per cent of business with 10 to 19 staff expect easy or very easy financing conditions in 2018, compared with 12.1 per cent of businesses with no staff.
- Businesses that expect to strongly grow their export sales are also much more likely to expect easy or very easy access to finance, with 43.8 per cent of businesses expecting easy or very easy access to finance, compared with 19.3 per cent of businesses that do not expect to sell overseas.

- Likewise, businesses that expect to innovate are also much more likely to expect easy to very easy access to finance, with 42.1 percent of businesses expecting easy or very easy access to finance, compared with 18.1 per cent of businesses that do not expect to innovate.

Suggestion:

- Businesses should consider engaging a professional, such as an accountant or commercial finance broker, to assist the business meet the requirements of lenders and investors. An accountant can also provide guidance on the business case for external finance and may suggest other options.

OTHER SURVEY FINDINGS

Positive and negative influences on business in 2017

Key findings

Factors identified as having a positive impact on business in 2017 were:

- Customer loyalty (36.1 per cent)
- Good staff (29.7 per cent)
- Improved customer satisfaction (29.3 per cent)
- Cost control (27.1 per cent).

These were also the top four factors in 2016 (including in the same order).

Businesses that stated that they grew strongly in 2017 were significantly more likely to find the following factors had a positive influence on their business than other businesses:

- Technology
- Improved business strategy
- Improved business management
- Introduced a new product or service
- Good quality capital equipment.

Factors identified as having a detrimental impact on business in 2017 were:

- Increasing costs (35.8 per cent)
- Increasing competition (30.0 per cent)
- Poor overall economic environment (21.3 per cent)
- Increasing rent (20.3 per cent).

These were also the top four factors in 2016 (including in the same order).

Costs identified as having the most detrimental impact on business in 2017 were:

- Staff costs (36.7 per cent)
- Materials (33.5 per cent)
- Rent (32.1 per cent)
- Utility costs (31.8 per cent)

These were the same four costs identified in 2015 and 2016.

Other findings

- The positive and negative factors influencing small business in 2017 were fairly consistent when comparing results by:
 - the age of the business
 - the age of the respondents
 - number of staff employed.
- Businesses that stated that they shrunk a little or shrunk a lot in 2017 found the following factors were most likely to have a negative influence on their business (not in order of priority):

- Increasing costs
- Poor overall economic environment
- Increasing competition.
- Businesses that found accessing finance difficult or very difficult in 2017, were much more likely to state that cash flow problems had a negative influence on their business.
- As has been the case for some time, Hong Kong businesses were the most likely to identify rent as being the cost most detrimental to their business (51.0 per cent, compared with the survey average of 32.1 per cent).
- As businesses get larger in terms of number of employees, they are significantly more likely to identify rent, borrowing costs and materials as cost increases most detrimental to their business.

Succession and exit planning

Key finding

Over a third of respondents do not have a succession or exit plan in place. If they do have a plan, the most popular strategy is to pass their business on to their children.

Other findings

- Age of respondent appears to have some impact on the percentage of respondents not having an exit or succession plan. However, businesses that have been established more than ten years are somewhat more likely to have a plan.
- Small businesses from Hong Kong (53.4 per cent) and Mainland China (46.9 per cent) are the most unlikely to have an exit or succession plan, especially in comparison to Indonesia, where only 17.5 per cent of respondents do not have an exit or succession plan.
- Businesses with no employees are the most unlikely to have an exit or succession plan (47.3 per cent), however almost a third (31.0 per cent) of businesses with 10 to 19 employees also do not have an exit or succession plan.

Suggestions:

- All businesses, regardless of size and where the business is in its life cycle should have an exit or succession strategy in place.
- Businesses that do not have an exit or succession plan should consider consulting a professional.
- Governments can increase awareness of the importance of having an exit or succession plan through education material.

Cash as a method of payment

While the survey results show that cash is the most common payment method, the reliance on cash varies, with only 15.6 per cent of respondents stating that it makes up 75 per cent or more of their sales.

Interestingly, while Australia and New Zealand are laggards in terms of adoption of new payment technologies, small businesses from those markets are significantly more likely to have cash sales making up less than 25 per cent of sales than all the other markets (61.3 per cent of Australian respondents and 69.3 per cent of New Zealand respondents either do not receive any cash sales or cash sales make up less than 25 per cent of sales, compared with the survey average of 35.5 per cent).

Other findings:

- Small businesses from Indonesia (78.9 per cent) and Vietnam (71.8 per cent) were the most likely to accept cash as a method of payment, while businesses in Australia (50.5 per cent) and Mainland China (51.8 per cent) were the least likely to accept cash payments.
- Businesses in the 'accommodation and food services' sector and the 'retail sector' are the most likely to accept cash as a method of payment (74.5 per cent of businesses in each sector). While businesses in the 'administrative and support services' sector are the least likely to accept cash (41.8 per cent).

Suggestions:

- Small business should explore offering a variety of payment options to reduce risk and make it as easy as possible for customers to purchase their products or services.
- To reduce tax collection risks attached to the cash economy, governments could promote the benefits of other payment methods.

APPENDICES

AVERAGE SURVEY RESULTS FROM 2013 TO 2017

Business and economic growth

	2017 survey average	2016 survey average	2015 survey average	2014 survey average	2013 survey average
Businesses that grew in the last 12 months	68.5%	66.7%	68.2%	55.1%	N/A
Businesses that expect to grow in the next 12 months	70.8%	70.2%	70.7%	59.7%	59.0%
Businesses that expect the local economy to grow in the next 12 months	61.9%	60.2%	61.1%	63.8%	48.8%

Business activity over past 12 months

	2017 survey average	2016 survey average	2015 survey average	2014 survey average	2013 survey average
Increased employee numbers	34.3%	31.7%	33.1%	29.4%	25.3%
Required funds from an external source	61.3%	59.3%	59.9%	64.3%	53.2%
Sought external funds for business growth	59.4%	58.5%	56.3%	60.1%	43.3%
Found it easy or very easy to access external finance	32.5%	31.5%	47.6%	37.7%	34.6%
A bank was the business's main source of external finance	41.0%	40.9%	43.9%	N/A	N/A
Found that customer loyalty was major positive influence on the business	36.1%	39.2%	41.6%	N/A	N/A
Increasing costs had a major negative impact on the business	35.8%	36.1%	39.0%	N/A	N/A

Planned business activity over the next 12 months

	2017 survey average	2016 survey average	2015 survey average	2014 survey average	2013 survey average
Expect to increase employee numbers	40.8%	40.5%	41.8%	40.5%	34.8%
Will seek external funds	28.8%	26.5%	29.2%	28.4%	15.6%
Expected easy to very easy access to finance	28.4%	29.0%	43.3%	35.6%	26.6%
Expect to introduce a new product, service or process unique to their market or the world	23.3%	21.2%	22.0%	N/A	N/A
Expect revenue from overseas markets to grow strongly	19.8%	15.9%	19.1%	N/A	N/A

Social media, e-commerce and technology

	2017 survey average	2016 survey average	2015 survey average	2014 survey average	2013 survey average
Earned revenue from online sales	73.2%	69.4%	68.9%	70.4%	N/A
Did NOT use social media for business purposes	18.5%	20.3%	17.1%	19.0%	N/A
Business investment in technology over the past 12 months has improved profitability	53.1%	N/A	N/A	N/A	N/A
Consider your business likely to be cyberattacked in next 12 months	45.6%	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	42.7%	N/A	N/A	N/A	N/A
Allow payments through digital currencies such as bitcoin	11.4%	N/A	N/A	N/A	N/A

Other

	2017 survey average	2016 survey average	2015 survey average	2014 survey average	2013 survey average
Satisfied with being a small business owner or working for a small business	76.1%	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	36.2%	N/A	N/A	N/A	N/A

Demographics

	2017 survey average	2016 survey average	2015 survey average	2014 survey average	2013 survey average
Business has been established 10 years or less	63.3%	64.3%	65.6%	66.1%	63.8%
Respondent is aged under 40	48.1%	50.6%	53.1%	51.2%	42.7%
Respondent is the business owner	30.4%	32.1%	36.7%	38.9%	58.0%
Business has 11 to 19 employees	45.7%	47.3%	43.1%	48.0%	24.4%

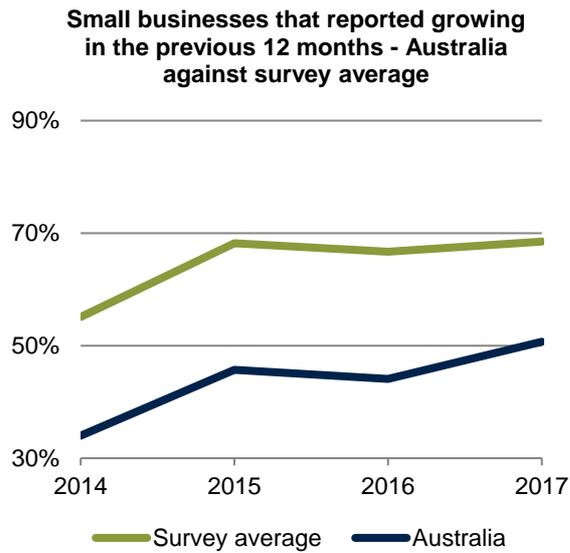
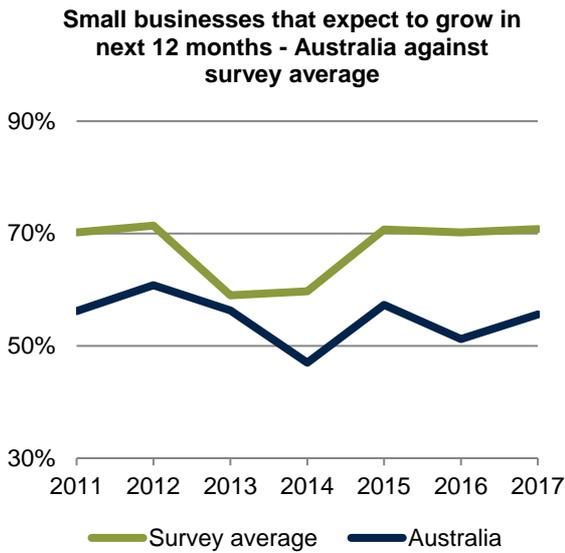
MARKET SUMMARY

AUSTRALIA



Data snapshot

Business and economic growth



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	50.7%	68.5%	7/8	44.1%	8/8	45.7%	8/8	34.0%	8/8
Businesses that expect to grow in next 12 months	55.6%	70.8%	8/8	51.2%	8/8	57.3%	6/8	47.0%	7/8
Businesses that expect the local economy to grow in next 12 months	42.3%	61.9%	7/8	38.4%	8/8	43.5%	8/8	43.5%	7/8

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Business activity over past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	13.7%	34.3%	8/8	11.2%	8/8	11.8%	8/8	9.0%	8/8
Improved business management had a major positive impact on their business	11.7%	23.4%	8/8	9.4%	8/8	10.4%	8/8	N/A	N/A
Increasing costs had a major negative impact on their business	29.5%	35.8%	7/8	28.1%	7/8	32.4%	7/8	N/A	N/A
Required funds from an external source	31.7%	61.3%	7/8*	20.3%	8/8	27.1%	7/8	31.0%	7/8
Sought external funds for business growth	40.7%	59.4%	7/8	33.0%	8/8	31.9%	7/8	41.1%	7/8
Found it easy or very easy to access external finance	42.0%	32.5%	3/8	42.78%	2/8	54.4%	3/8	48.1%	3/8
A bank was the business's main source of external finance	45.7%	41.0%	4/8	50.5%	2/8	52.2%	2/8	N/A	N/A
<i>*equal seventh with New Zealand</i>									

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	18.8%	40.8%	7/8	15.9%	8/8	16.7%	8/8	13.7%	8/8
Expect to introduce a new product, service or process unique to their market or the world	7.4%	23.3%	8/8	4.7%	8/8	5.1%	8/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	6.7%	19.8%	8/8	3.1%	8/8	6.1%	8/8	N/A	N/A
Will seek external funds	11.4%	28.8%	7/8	8.5%	8/8	9.0%	7/8	10.2%	8/8
Expect easy to very easy access to finance	25.5%	28.4%	4/8	30.7%	3/8	38.4%	5/8	41.6%	3/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	52.6%	24.8%	1/8	60.2%	1/8	64.3%	1/8	64.7%	1/8
Did NOT use social media for business purposes	42.5%	18.5%	1/8	50.6%	1/8	46.5%	1/8	53.5%	1/8
Investment in technology by the business over the past 12 months has improved profitability	26.7%	53.1%	8/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider the business likely to be cyberattacked in next 12 months	25.8%	45.6%	7/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	23.9%	42.7%	8/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	4.7%	11.4%	7/8	N/A	N/A	N/A	N/A	N/A	N/A

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Customer loyalty	Increasing costs
Good staff	Increasing competition
Improved customer satisfaction	Poor overall economic environment
Technology	Tax

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	72.8%	76.1%	6/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	38.6%	36.2%	3/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	44.0%	63.3%	8/8	41.3%	8/8	50.0%	8/8	44.9%	8/8
Respondent is aged under 40	22.3%	48.0%	8/8	11.4%	8/8	15.5%	8/8	11.0%	8/8
Respondent is the business owner	60.7%	30.4%	2/8	67.5%	7/8	61.0%	1/8	71.1%	1/8
Business has 10 to 19 employees	18.8%	45.7%	7/8	10.6%	8/8	12.2%	7/8*	9.9%	8/8
<i>*equal seventh with New Zealand</i>									

Summary

2017 was a marginally better year than 2016 for Australian small businesses, with just over half (50.7 per cent) of businesses stating that they grew – the highest percentage since at least 2014. 2018 is looking slightly better for Australia's small businesses, with over 55 per cent expecting to grow. However, of the markets surveyed, Australia's small businesses are the least confident of their growth prospects in 2018.

In comparison to the other markets surveyed, Australia's small businesses remain significantly less likely to have grown in 2017, and less likely to expect to grow in 2018 than the survey leaders of Indonesia and Vietnam (both recording over 90 per cent of businesses that grew in 2017 and expect to grow in 2018).

Small business confidence in the growth prospects for Australia's economy in 2018 remains weak, with only 42.3 per cent expecting it to grow, however, the result is up slightly from the previous survey. Small businesses in Indonesia and Vietnam remain around twice as likely as Australia's small businesses to expect their countries to grow in 2018.

While just over half of Australia's small businesses experienced growth in 2017, 72.8 per cent of respondents expressed some degree of satisfaction for owning or working in a small business, with nearly three in ten respondents stating they were very satisfied. This result implies that profit and growth, while important, are not the only factors motivating Australia's two million plus small businesses.

The relatively small number of Australian small businesses that experienced growth in 2017 is reflected in the small number that created new jobs, with only 13.7 per cent of respondents adding to their employee numbers in 2017 – the lowest result of the markets surveyed. Australian small businesses are also unlikely to be a major source of jobs growth in 2018, with nearly 80 per cent not expecting to increase or decrease employee numbers.

The long-term growth prospects of Australia's small business sector do not appear strong, with the survey results showing that only a comparatively small percentage of Australia's small businesses are undertaking activities and investments that characterise growing businesses – innovation, e-commerce, using social media and exporting. While there are examples of innovative, tech-savvy and outward-looking Australian small businesses, they represent only a very small number of Australia's small businesses, especially in comparison to small businesses from Mainland China, Indonesia and Vietnam.

While there are many areas in which Australia's small businesses lag behind their competitors from Asia, the utilisation of technology stands out. For example:

- Australia's small businesses continue to be significantly less likely to use social media for business purposes, compared with businesses from Asia, with over 40 per cent stating that they do NOT use social media for business purposes (compared with just 4.8 percent from Mainland China).
- Australia's small businesses continue to be significantly less likely to earn revenue from online sales, with over 50 per cent stating that they do NOT earn any revenue from online sales (compared with 6.8 per cent in Mainland China).
- Australia's small businesses were the most likely to state that they did not make any investment in technology over the past 12 months, with 27 per cent stating that they did not invest in technology (compared to only 1 per cent of respondents from Vietnam).
- When Australia's small businesses do invest in technology, they are significantly less likely than small businesses from Asia to have found the investment increased their profitability, with 26.7 per cent stating their investment in technology in 2017 improved their profitability (compared with 76.4 per cent of small businesses from Vietnam).
- While Australia's small businesses are the least likely to have cash as a payment option, this is not translating into the adoption of new digital payment technologies, such as Apple Pay and AliPay, with Australia's small businesses the least likely to make such payment technologies available to their customers. 23.9 per cent of Australia's small businesses have digital payment options available, compared with 65.5 per cent of businesses from Mainland China.
- Australia's small businesses seem somewhat relaxed in their assessment of the likelihood of their business being cyberattacked in the next 12 months, with only 25.8 per cent stating that an attack is likely, in comparison to the survey average of 45.6 per cent and 76.6 per cent of businesses from Indonesia.
- While most of Australia's small businesses believe a cyberattack on their business is unlikely in 2018, most are taking some form of action to protect their business from cyberattacks, with the most popular actions being:
 - using a spam filter on their emails accounts
 - running regular backups and storing those backups offsite or in the cloud
 - making staff aware not to open attachments or download programs unless they are from a trusted source.

More businesses should, however, be considering improving security around access to their systems, including multi-factor authentication before users are allowed onto their system, a stronger password policy (including changing passwords regularly) and immediately removing access for people who no longer work for the business or need access.

For policymakers and others seeking to promote stronger growth in Australia's small business sector and greater digital uptake, a stronger focus on increasing the digital literacy of small business should be considered. Such improvements should see more of them make profitable investments in technology.

Small businesses in Australia remain significantly less likely to expect to invest in innovation than small businesses from the Asian markets surveyed. Again, this may be impacting the growth of some Australian small businesses, with the survey results showing that businesses that expect to invest in a new product, process or service that is unique to their market or the world in 2018 are significantly more likely to expect to grow their business.

Australian small businesses remain much less likely to expect to be focused on growing their revenue from exporting than their peers from Asia. With small business confidence in the Australian economy relatively low, seeking alternative markets is one way of growing business in difficult conditions. The survey results show that businesses that are expecting to grow their revenue from overseas sales are significantly more likely to be growing.

Australian small businesses continue to remain significantly less likely to have sourced funds from an external source than small businesses from Asia. This can, in part, be explained by low growth expectations and limited need for finance to fund asset purchases, or invest in innovation or market expansion.

The evidence from this survey (and previous surveys) continues to demonstrate that there is little link between perceived difficulties in accessing finance and the small number of Australian small businesses accessing finance. Small businesses typically do not access finance because they don't need it. Further, the survey results show that Australia remains one of the easiest markets in which to access finance in the Asia Pacific.

Where Australian small businesses access external finance, banks continue to be the main source of that finance, with other forms of finance being significantly less popular.

While many Australian small business owners may be satisfied with their business, the lack of focus of many Australian small businesses on digital technologies, innovation and exporting may be reducing the value of their business.

With a significant percentage of Australian small business owners close to or at retirement age, this may have adverse impacts on their standard of living in retirement, particularly where they do not have large superannuation balances and are relying on the proceeds of the sale of their business to provide for them in retirement. Contributing to this concern is the fact that nearly four in ten Australian small businesses, including over a third of respondents aged 60 or over, do not have an exit or succession plan.

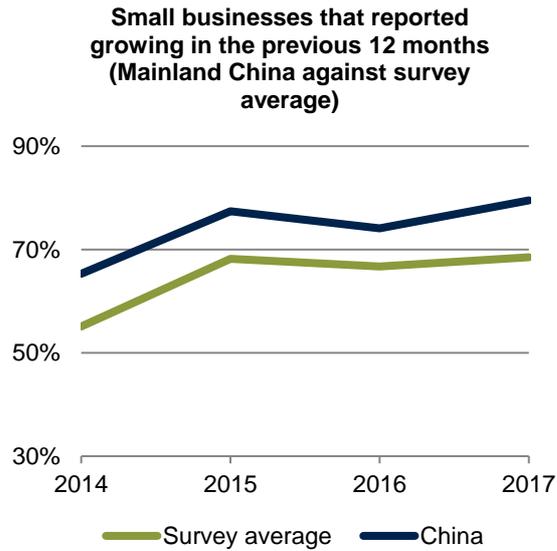
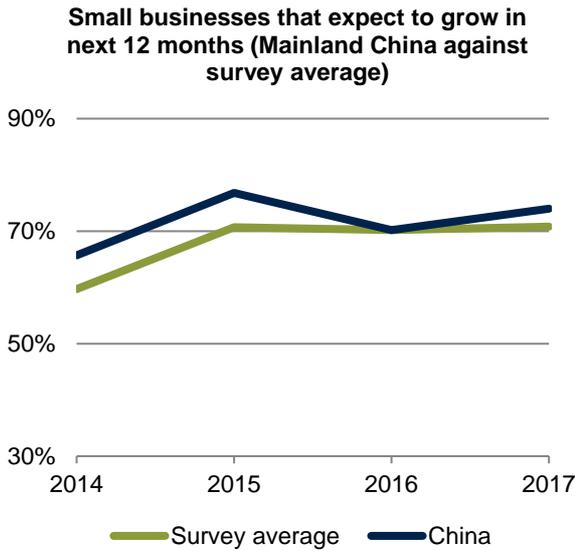
MARKET SUMMARY

MAINLAND CHINA⁴



Data snapshot

Business and economic growth



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	79.5%	68.5%	3/8	74.1%	3/8	77.4%	3/8	65.3%	2/8
Businesses that expect to grow in next 12 months	78.1%	70.8%	3/8	77.3%	3/8	76.7%	3/8	65.7%	3/8
Businesses that expect the local economy to grow in next 12 months	76.7%	61.9%	3/8	69.2%	3/8	71.1%	3/8	71.2%	3/8

⁴ All data for Mainland China excludes Hong Kong, which is shown separately for the purpose of this report.

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Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	43.9%	34.3%	3/8	38.8%	3/8	43.1%	3/8	38.0%	4/8
Improved business management had a major positive impact on their business	29.2%	23.4%	3/8	32.2%	2/8	33.1%	3/8	N/A	N/A
Increasing costs had a major negative impact on their business	36.0%	35.8%	4/8	36.2%	5/8	38.9%	4/8	N/A	N/A
Required funds from an external source	84.5%	61.3%	3/8	80.7%	3/8	79.3%	3/8	85.8%	2/8
Sought external funds for business growth	69.3%	59.4%	2/8	66.5%	2/8	62.4%	3/8	74.9%	1/8
Found it easy or very easy to access external finance	36.1%	32.5%	4/8	40.3%	3/8	59.3%	2/8	33.4%	4/8
A bank was the business's main source of external finance	31.3%	41.0%	8/8	32.5%	8/8	27.7%	8/8	N/A	N/A
Rent was the most negative factor impacting their business	40.4%	32.1%	3/8	42.8%	2/8	40.0%	3/8	57.3%	2/8

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	51.5%	40.8%	3/8	49.4%	3/8	55.2%	3/8	53.1%	3/8
Expect to introduce a new product, service or process unique to their market or the world	27.2%	23.3%	4/8	28.5%	3/8	31.6%	2/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	17.2%	19.8%	3/8	16.6%	4/8	15.7%	6/8	N/A	N/A
Will seek external funds	39.8%	28.8%	3/8	37.0%	3/8	45.2%	3/8	51.6%	1/8
Expect easy to very easy access to finance	39.6%	28.4%	2/8	42.7%	1/8	55.4%	2/8	33.9%	5/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	6.8%	24.8%	8/8	7.7%	1/8	9.2%	7/8	8.6%	7/8
Did NOT use social media for business purposes	4.8%	18.5%	7/8	2.9%	8/8	2.3%	8/8	3.9%	6/8
Investment in technology by the business over the past 12 months has improved profitability	74.1%	53.1%	3/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider the business likely to be cyberattacked in next 12 months	44.9%	45.6%	4/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	65.5%	42.7%	1/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	9.9%	11.4%	4/8	N/A	N/A	N/A	N/A	N/A	N/A

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Improved customer satisfaction	Increasing costs
Good staff	Increasing rent
Introduced a new product or service	Staff costs
Cost control	Increasing competition

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	84.1%	76.1%	2/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	46.9%	36.2%	2/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	73.1%	63.3%	2/8	68.6%	5/8	69.8%	4/8	80.1%	2/8
Respondent is aged under 40	68.5%	48.0%	2/8	60.0%	4/8	59.5%	5/8	67.9%	2/8
Respondent is the business owner	6.1%	30.4%	8/8	9.5%	7/8	23.8%	6/8	30.4%	5/8
Business has 10 to 19 employees	77.9%	45.7%	1/8	68.8%	2/8	65.6%	2/8	77.2%	2/8

Key figures by city (excluding Hong Kong)

	Beijing	Chongqing	Guangzhou	Shanghai	Mainland China average
Businesses that grew in the last 12 months	69.6%	77.7%	85.5%	85.4%	79.5%
Businesses that expect to grow in the next 12 months	79.1%	73.4%	79.6%	79.6%	78.1%
Businesses that expect the local economy to grow in the next 12 months	73.4%	77.7%	76.3%	79.6%	76.7%
Increased employee numbers over the past 12 months	40.5%	41.7%	44.1%	49.0%	43.9%
Plan to increase employee numbers over the next 12 months	41.8%	51.1%	57.2%	56.1%	51.5%
Required external funds over the past 12 months	91.1%	73.4%	82.2%	89.8%	84.5%
Found access to external finance easy or very easy	25.7%	32.4%	41.6%	44.7%	36.1%
Banks were the main source of external funds	34.2%	22.2%	36.3%	39.7%	31.3%
Business growth was the main reason for seeking external finance	59.7%	73.5%	72.8%	73.0%	69.3%
Will seek external funds in next 12 months	38.6%	30.9%	41.4%	47.1%	39.8%
Expect revenue from overseas markets to grow strongly over the next 12 months	16.5%	15.1%	15.1%	21.7%	17.2%
Expect to introduce a new product, service or process unique to their market or the world	27.8%	17.3%	27.6%	35.0%	27.2%
Think it is LIKELY their business will be cyberattacked in 2018	50.0%	34.5%	44.1%	49.7%	44.9%
Did NOT use social media for business purposes	5.1%	8.6%	2.6%	3.2%	4.8%
Did NOT generate any sales online	7.0%	8.6%	3.9%	7.6%	6.8%

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Investment in technology by the business over the past 12 months has improved profitability	70.9%	71.9%	77.0%	76.4%	74.1%
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	72.2%	61.2%	64.5%	63.7%	65.5%
Staff costs were most detrimental to the business	43.7%	52.5%	50.7%	60.5%	51.8%
Somewhat or very satisfied with being a small business owner or working for a small business	84.8%	86.3%	82.2%	83.4%	84.1%
Do not have an exit or succession plan for their business	37.6%	59.2%	59.6%	38.1%	46.9%
Respondent aged under 40	58.2%	76.3%	71.1%	69.4%	68.5%

Summary

As with Mainland China's economy, 2017 was a very positive year for the Mainland's small business sector. 79.5 per cent of businesses stated that they grew, up from 74.1 per cent in 2016. This positive outlook is set to continue in 2018, with a similar number of businesses expecting to grow.

As in previous surveys, the number of small businesses from Mainland China that reported growing in 2017 was higher than most other markets included in this survey, bettering the survey average of 68.5 per cent, and well above other developed markets that reported growing, such as Singapore (47.5 per cent).

This strong result is likely to continue in 2018, with Mainland China's small businesses being one of the most optimistic small business sectors in the region. 78.1 per cent expecting to grow – again, much higher than the results for developed economies, such as Australia (55.6 per cent).

Small business confidence in 2018 is strong, with 76.7 per cent of small businesses expecting the local economy to grow, the highest result since Mainland China was included in the survey in 2014. Further, small business confidence in Mainland China's economy is significantly greater than small business confidence in the economies of developed markets included in this survey, especially New Zealand, where only 39.9 per cent of businesses expect their economy to grow in 2018.

Forty-four per cent of respondents from the Mainland stated that they added staff in 2017, reflecting the high and growing number of small businesses from Mainland China experiencing growth and a strong economy. Small businesses from Mainland China are likely to continue to make an important contribution to job creation in 2018, with a very healthy 51.5 per cent expecting to add additional staff members.

Small businesses from Mainland China continue to be leaders in using technology in their business. Of the eight markets surveyed, they were the most likely to have earned revenue from online sales and the second most likely to be using social media for business purposes. In fact, the percentage of Mainland Chinese small businesses making online sales and using social media is so high that it would be difficult to find businesses that are not. Further, they are not just dabbling in online sales – 80.5 per cent of them are earning over 10 per cent of their revenue from that channel.

Another area where Mainland China's small business sector is a clear leader is in the application of financial technology, or fintech. Small businesses from the Mainland are by far the most likely to offer clients the option of paying via new digital or mobile payment methods, such as AliPay, PayPal, WeChat Pay etc. Nearly two-thirds (65.5 per cent) of respondents offer this as a payment option, well above the survey average of 42.7 per cent. More

Mainland Chinese businesses offer this as a payment option than any other option, and it is the most popular payment option (only 51.8 per cent have cash as a payment option).

Fintech is not confined to new payment technologies. Mainland China's small businesses use fintech to access finance, with small businesses from Mainland China being the most likely to access funding from peer-to-peer lending (18.2 per cent stated that this was their main source of external finance in 2017) and crowd-sourced funding (7.0 per cent). Taken together, those two sources of funding are only marginally behind banks (31.3 per cent) as the main source of funding for small businesses in Mainland China.

Small businesses from Mainland China continue to have a strong focus on innovation through expected investments in totally new products, processes or services to the Mainland or the world in 2018. This reflects the fast uptake of fintech by Mainland China's small business sector.

The innovative culture of Mainland China's small business sector is supporting current and future growth and is helping to improve the competitiveness of Mainland China's businesses, both domestically and globally. It is most likely that the Chinese Government's strong focus on innovation is helping many small businesses to build and sustain an innovative culture.

With many Mainland Chinese small businesses having a focus on innovation, fintech, e-commerce and social media, we are likely to see several evolve to become large, successful global businesses in the next few years.

Of course, small businesses from Mainland China, like all the other markets, face several challenges – increasing costs, increasing rent and staff costs are the top three issues survey respondents identified as barriers to their growth. They were again most likely to nominate high staff costs as most detrimental to their business, followed by high rent.

Given concerns around costs, particularly staff costs, it is not surprising that Mainland Chinese businesses were most likely to select good staff as the factor that has had the most positive impact on their business in 2017. The next most popular choice is cost control – again, not surprising given many respondents identified increasing costs as a barrier to growth. Concerns over staff costs may also be contributing to the very strong use of technology among Mainland China's small businesses.

The high growth and strong focus on technology in Mainland China is flowing through to increasing numbers of businesses requiring external finance. 84.5 per cent of businesses accessed external finance in 2017, up from 80.7 per cent in 2016.

A significant majority of small businesses from Mainland China are taking action to protect their IT infrastructure. The most popular cybersecurity steps are:

- using encryption software
- backing up regularly and having that back-up stored offsite or in the cloud
- using two-step/multi-factor authentication or password security software.

Highlights of the four Mainland Chinese cities surveyed (Beijing, Chongqing, Guangzhou and Shanghai) include:

- Small businesses from Guangzhou and Shanghai were the most likely to report growing in 2017, while Beijing small businesses were the least likely.
- The positive outlook for business growth and Mainland China's economy in 2018 is fairly even amongst the four cities.
- Small businesses from Chongqing were the most likely to have required external finance, despite not as many stating that they grew in comparison to businesses from Guangzhou and Shanghai.

- Small businesses from Shanghai are the most likely to expect to require external finance in 2018, while in a reversal from 2017, Chongqing small businesses are the least likely to expect to require external finance in 2018.
- Businesses from Beijing are the least likely to expect to increase employee numbers in 2018.
- Businesses from Shanghai were more likely to find access to finance was easy in 2017 than businesses from Beijing.
- Chongqing was the only market in the survey where banks were not the main source of external finance for small business. Instead, businesses from Chongqing were slightly more likely to state that peer-to-peer financing was their main source of finance.
- Small businesses from Beijing were the least likely to have required external funds in 2017 to fund growth, reflecting the lower number of Beijing small businesses that grew in 2017 relative to the other Mainland Chinese cities.
- Shanghai small businesses are the most likely to expect to innovate in 2018 and are the most likely to expect to strongly grow their revenue from exports.
- Businesses from Shanghai are the most likely to nominate staff costs as being detrimental to their business in 2017.

Looking at the results for Mainland China's small businesses, there is a lot to be positive about. Increasing numbers of small businesses are experiencing growth, they are leading in the utilisation of technology and a good number are investing in innovation. These factors are contributing towards high levels of satisfaction, with 84.1 per cent of respondents from Mainland China saying they are satisfied with owning or working for a small business.

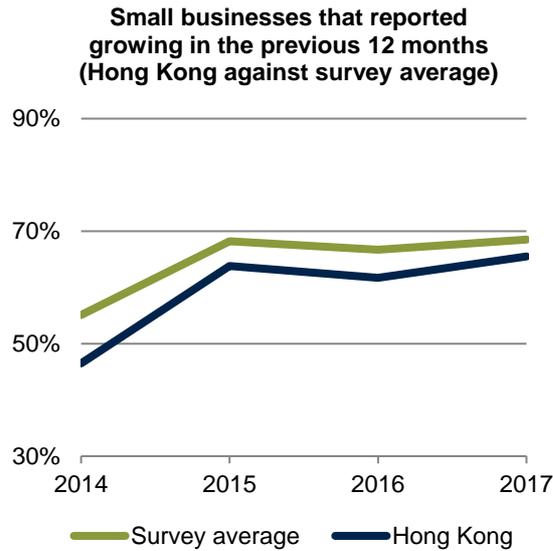
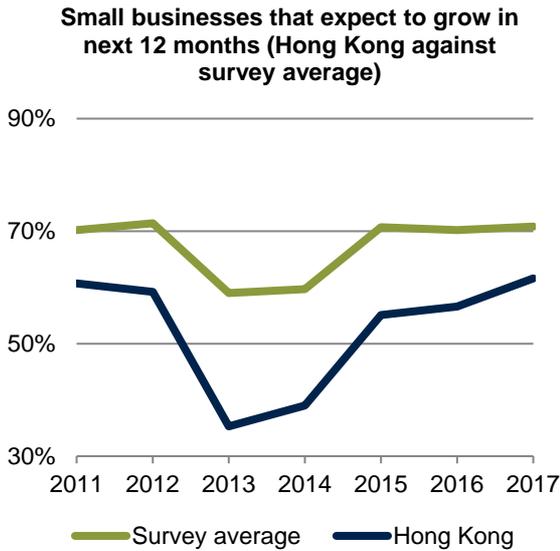
MARKET SUMMARY

HONG KONG⁵



Data snapshot

Business and economic growth



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	65.5%	68.5%	5/8	61.7%	5/8	63.8%	5/8	46.5%	7/8
Businesses that expect to grow in next 12 months	61.6%	70.8%	6/8	56.6%	6/8	55.1%	8/8	39.0%	8/8
Businesses that expect the local economy to grow in next 12 months	57.7%	61.9%	4/8	50.2%	6/8	52.1%	5/8	39.4%	8/8

⁵ For the purpose of this survey, data collected from small businesses in the Hong Kong Special Administrative Region of the People’s Republic of China is shown separately from the data collected for the rest of China

Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	30.0%	34.3%	4/8	19.6%	7/8	32.5%	4/8	18.1%	6/8
Improved business management had a major positive impact on their business	19.4%	23.4%	5/8	20.9%	5/8	20.4%	5/8	N/A	N/A
Increasing costs had a major negative impact on their business	37.7%	35.8%	3/8	37.3%	4/8	41.9%	3/8	N/A	N/A
Required funds from an external source	66.5%	61.3%	4/8	72.7%	4/8	78.1%	4/8	69.9%	5/8
Sought external funds for business growth	55.3%	59.4%	4/8	51.8%	5/8	50.2%	6/8	51.8%	6/8
Found it easy or very easy to access external finance	23.8%	32.5%	6/8	19.9%	7/8	43.5%	5/8	29.9%	8/8
A bank was the business's main source of external finance	43.2%	41.0%	5/8	31.4%	8/8	47.3%	8/8	N/A	N/A
Rent was the most detrimental factor impacting their business	51.0%	32.1%	1/8	52.4%	1/8	54.3%	1/8	61.7%	1/8

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	33.9%	40.8%	5/8	30.2%	5/8	32.8%	5/8	22.7%	6/8
Expect to introduce a new product, service or process unique to their market or the world	13.5%	23.3%	5/8	14.8%	5/8	17.7%	5/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	15.5%	19.8%	5/8	13.5%	5/8	22.3%	2/8	N/A	N/A
Will seek external funds	21.9%	28.8%	5/8	24.4%	5/8	31.3%	4/8	18.1%	5/8
Expect easy to very easy access to finance	21.5%	28.4%	6/8	19.3%	6/8	41.7%	3/8	27.3%	7/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	17.4%	24.8%	5/8	21.9%	5/8	18.5%	5/8	21.3%	4/8
Did NOT use social media for business purposes	11.3%	18.5%	5/8	11.6%	5/8	5.3%	5/8	9.9%	4/8
Investment in technology by the business over the past 12 months has improved profitability	48.1%	53.1%	5/8	N/A	N/A	N/A	N/A	N/A	N/A
Think their business is likely to be cyberattacked in next 12 months	44.2%	45.6%	5/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	52.9%	42.7%	3/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	10.3%	11.4%	3/8	N/A	N/A	N/A	N/A	N/A	N/A

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a detrimental impact on small business in 2017
Cost control	Increasing costs
Introduced a new product or service	Increasing competition
Customer loyalty	Increasing rent
Good staff	Staff costs

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	70.3%	76.1%	5/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	53.4%	36.2%	1/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	64.8%	63.3%	4/8	68.8%	4/8	58.9%	6/8	60.6%	5/8
Respondent is aged under 40	51.3%	48.0%	4/8	55.3%	5/8	63.4%	4/8	55.7%	6/8
Respondent is the business owner	7.4%	30.4%	6/8	8.4%	8/8	9.8%	8/8	31.9%	4/8
Business has 10 to 19 employees	58.4%	45.7%	3/8	60.5%	3/8	60.8%	4/8	52.1%	4/8

Summary

2017 was a relatively good year for small businesses from Hong Kong, with a record number stating that they grew. This positive result is set to continue into 2018, with the highest number of Hong Kong businesses expecting to grow since 2010, and small business confidence in Hong Kong's economy is at its highest level since the survey began in 2009.

While the number of Hong Kong businesses that reported growing in the previous 12 months (65.5 per cent) is at its highest level, the result is still some way behind the developing markets included in this survey, especially Indonesia, where 93.4 per cent of businesses reported growing. However, a more relevant comparison for Hong Kong is to the other developed markets⁶ included in this survey. On that comparison, Hong Kong's small business sector came out on top, with the number of businesses experiencing growth ahead of each of those markets, especially Singapore (47.5 per cent).

This positive result is likely to continue in 2018, with 61.6 per cent of Hong Kong's small businesses expecting to grow over the coming 12 months. The Hong Kong result is better than the result for Australia, where 55.6 per cent of businesses expect to grow, and Singapore, where 57.0 per cent of businesses expect to grow. It is the second consecutive year that Hong Kong's small business confidence has been greater than Australia and Singapore.

Small business confidence in the growth prospects for Hong Kong's economy in 2018 is growing and is at its highest level since this survey began in 2009. Fifty-eight per cent of small businesses expect the local economy to grow, bettering the results from the developed markets included in this survey, especially New Zealand, where only 39.9 per cent of small businesses expect their economy to grow in 2018. Further, given the interlinkages between the economies of Hong Kong and Mainland China, the strong and growing small business confidence in Mainland China's economy is also likely to have benefits for many of Hong Kong's small businesses.

There was a strong increase in the number of Hong Kong businesses adding to their staff numbers in 2017, with 30.0 per cent stating that they increased employee numbers, up from 19.6 per cent in 2016. Hong Kong's small business sector looks set to continue to be an important generator of jobs in 2018, with over a third expecting to increase their headcount.

Hong Kong small businesses, like their counterparts in the rest of Asia, are highly likely to be making online sales and using social media for business purposes, with 53.5 per cent of respondents stating that online sales makes up

⁶ Australia, Hong Kong, New Zealand and Singapore.

more than ten per cent of their revenue. With Mainland China being the most important market for Hong Kong, it is no surprise that there is such a large investment in digital technologies to interact with customers. That is, if Hong Kong businesses want to interact with customers on the Mainland there is an expectation that they will do so digitally.

Other factors that are most likely driving this investment in technology by Hong Kong small businesses are the high rents they face and concerns over staff costs. Technology can reduce the need for businesses to be located in high rent locations and can reduce the size of the property they need to rent (for example, they can better control stock, reducing their need for extra space to house it). Further, technology, such as automation, can reduce the need for staff or free up staff to perform higher value-added tasks.

Hong Kong small businesses are one of the strongest users of new payment technologies, such as AliPay, ApplePay and WeChat Pay. While businesses from Mainland China are the clear leaders in the uptake of this new technology, with 65.5 per cent offering these payment options, Hong Kong's small business sector is not far behind (52.9 per cent) and well ahead of Australia (23.9 per cent).

These payment options are proving quite popular, with 54.5 per cent of businesses stating that over ten per cent of their sales are received through digital payment platforms. However, cash is the most popular payment option, with 41.3 per cent of respondents stating that more than half of their sales are cash transactions.

Just under half of respondents (44.2 per cent) from Hong Kong believe that a cyberattack on their business is likely in 2018, which is consistent with the survey average of 45.6 per cent. Regardless of this result, the vast majority are taking action to protect their IT infrastructure. The most popular actions are:

- making staff aware not to download programs or open attachments from non-trusted sources;
- backing up regularly and having that back-up stored offsite or in the cloud; and
- run frequent anti-virus, anti-spyware and malware scans.

More businesses should be improving security around access to their systems, including multi-factor authentication before users are allowed on to their system; having a stronger password policy, including changing passwords regularly; and immediately removing access for people who no longer work for the business or need access.

The investment Hong Kong small businesses are making in technology is producing benefits for many, with 48.1 per cent of respondents stating that their investment in technology over the past 12 months has already resulted in improvements in profitability, and only 6.4 per cent stating that it resulted in a decline in their profitability.

Of course, Hong Kong businesses face several challenges, with increasing costs, increasing competition, and increasing rent the issues Hong Kong businesses are most likely to nominate as barriers to growth. Hong Kong businesses were most likely to nominate rent, followed by staff costs, as the cost most detrimental to their business. In each of the past four years, Hong Kong businesses were the most likely to nominate rent as the cost most detrimental to their business.

Given these concerns around costs, it is not surprising that Hong Kong businesses were most likely to select cost control as having the most positive impact on their business for the second consecutive year.

While Hong Kong's small businesses have adopted new technologies, such as digital payment options, relatively quickly, they would benefit from a stronger focus on innovation. Small businesses should take advantage of Hong Kong's close proximity to leading innovation centres, such as Shenzhen, its status as a global finance centre, and the Government's significant investment into innovation.

Despite an increase in the number of Hong Kong businesses reporting that they grew in 2017, there was a decrease in the number of businesses that required external finance (66.5 per cent in 2017, compared with 72.7

per cent in 2016). This decrease suggests that several of Hong Kong's small businesses grew by making better use of existing resources and without resorting to external finance.

There was an increase in the percentage of Hong Kong small businesses that sourced finance from a bank in 2017 (43.2 per cent in 2017, compared with 31.4 per cent in 2016). Hong Kong's small businesses were the most likely to nominate an investor as their main source of finance, with 23.8 per cent of businesses nominating this as their main source of finance, compared with the survey average of 15.3 per cent. Small businesses can also benefit from the broad expertise an investor might bring, that can help a business grow.

Not surprisingly, the most common reasons for requiring external finance in 2017 was business growth and to cover increasing expenses. We would, however, suggest that businesses first consider other ways to cover increasing expenses before borrowing.

2017 has been a positive year for Hong Kong small businesses, and 2018 looks equally positive. Not only are increasing numbers of small businesses experiencing growth, a significant majority are utilising new digital technologies. However, more small businesses should be investing in innovation and taking further steps to control costs. These factors, and the strong growth in Mainland China, are no doubt contributing towards relatively high levels of satisfaction, with 70.3 per cent stating they are satisfied with owning or working for a small business.

MARKET SUMMARY

INDONESIA



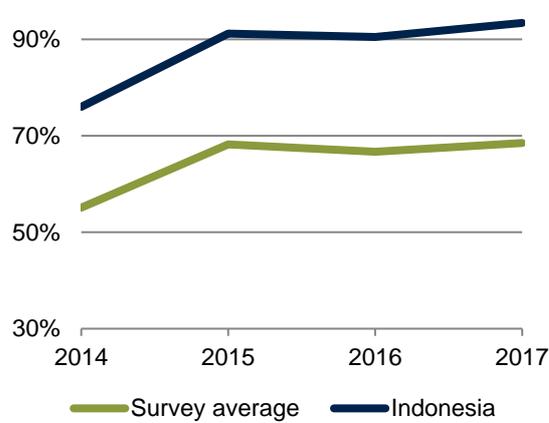
Data snapshot

Business and economic growth

Small businesses that expect to grow in next 12 months (Indonesia against survey average)



Small businesses that reported growing in the previous 12 months (Indonesia against survey average)



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	93.4%	68.5%	1/8	90.4%	1/8	91.2%	1/8	76.0%	1/8
Businesses that expect to grow in next 12 months	94.7%	70.8%	1/8	94.7%	1/8	92.5%	2/8	82.3%	1/8
Businesses that expect the local economy to grow in next 12 months	83.6%	61.9%	2/8	90.1%	1/8	83.7%	2/8	89.1%	1/8

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Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	65.5%	34.3%	1/8	63.4%	1/8	66.3%	1/8	48.9%	2/8
Improved business management had a major positive impact on their business	39.1%	23.4%	1/8	34.0%	1/8	33.3%	2/8	N/A	N/A
Increasing costs had a major negative impact on their business	35.5%	35.8%	5/8	34.3%	6/8	36.9%	5/8	N/A	N/A
Required funds from an external source	88.8%	61.3%	2/8	82.5%	1/8	86.3%	1/8	78.4%	3/8
Sought external funds for business growth	77.8%	59.4%	1/8	70.0%	1/8	64.0%	2/8	52.1%	5/8
Found it easy or very easy to access external finance	47.0%	32.5%	1/8	39.2%	4/8	60.6%	1/8	56.3%	1/8
A bank was the business's main source of external finance	55.2%	41.0%	1/8	50.0%	3/8	50.0%	3/8	N/A	N/A

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	75.3%	40.8%	1/8	71.3%	1/8	71.2%	1/8	69.4%	1/8
Expect to introduce a new product, service or process unique to their market or the world	49.3%	23.3%	1/8	48.2%	1/8	45.8%	1/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	44.4%	19.8%	2/8	39.6%	1/8	57.8%	1/8	N/A	N/A
Will seek external funds	50.3%	28.8%	2/8	43.9%	1/8	45.8%	2/8	25.9%	4/8
Expect easy to very easy access to finance	45.5%	28.4%	1/8	41.3%	2/8	59.7%	1/8	54.8%	1/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	6.9%	24.8%	6/8	14.9%	6/8	4.6%	8/8	3.1%	8/8
Did NOT use social media for business purposes	8.2%	18.5%	6/8	9.6%	6/8	3.3%	6/8	1.8%	8/8
Investment in technology by the business over the past 12 months has improved profitability	85.5%	53.1%	1/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider the business likely to be cyberattacked in next 12 months	76.6%	45.6%	2/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	53.9%	42.7%	2/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	24.0%	11.4%	2/8	N/A	N/A	N/A	N/A	N/A	N/A

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Improved customer satisfaction	Increasing competition
Customer loyalty	Increasing costs
Technology	Poor overall economic environment
Improved business strategy	Political instability

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	75.7%	76.1%	3/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	17.5%	36.2%	8/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	79.2%	63.3%	1/8	76.6%	2/8	75.2%	2/8	58.6%	6/8
Respondent is aged under 40	71.7%	48.0%	1/8	74.6%	2/8	79.4%	2/8	61.9%	4/8
Respondent is the business owner	26.0%	30.4%	5/8	32.3%	5/8	35.6%	4/8	18.3%	7/8
Business has 10 to 19 employees	43.4%	45.7%	4/8	59.1%	4/8	65.0%	3/8	68.8%	3/8

Summary

Conditions were very positive for Indonesia's small businesses in 2017, with nearly every Indonesian small business reporting that they grew. These very positive conditions look set to continue in 2018, with an extremely high number of Indonesia's small businesses expecting to grow and small business confidence in Indonesia economy remaining high.

For 2017, 93.4 per cent of Indonesia's small businesses reported growing, the highest result ever recorded for all markets surveyed. In comparison, 47.5 per cent of Singapore's small businesses stated that they grew in 2017.

In addition to the overall result, 42.4 per cent of businesses stated that their growth was very strong – again, the best result ever recorded for all markets surveyed. In comparison, only 6.1 per cent of Hong Kong's businesses recorded very strong growth in 2017.

This extremely positive result is likely to continue in 2018, with 94.7 per cent of Indonesia's small businesses expecting to grow over the coming 12 months – the best result of this survey, the equal best result since 2011, and significantly better than Australia, where 55.6 per cent of businesses expect to grow. Indonesia's small businesses have been the most confident in their growth prospects every year since 2011, except in 2015.

Nearly two-thirds (65.5 per cent) of Indonesia's small businesses stated that they added to their employee numbers in 2017. This reflects very strong growth and high levels of business confidence in Indonesia's economy. Indonesian small businesses are likely to continue to be important creators of jobs, with over three quarters (75.3 per cent) expecting to add additional staff in 2017.

Small businesses from Indonesia continue to be strong users of new technology in their business. Most Indonesian small businesses sell online and use social media in their business – in fact, it would be difficult to find an Indonesian small business that is not using social media or selling online. Further, online sales are an important part of many Indonesian small businesses, with 70.4 per cent earning over ten per cent of their revenue from that channel.

Indonesia's small businesses are the second largest users of new digital payment technologies, such as Go-Pay, PayPal, GrabPay and T-Cash. While businesses from Mainland China are the clear leaders in the uptake of this new technology (65.5 per cent), Indonesia's small business sector is not far behind (53.9 per cent) and well ahead of Australia (23.9 per cent).

This new payment technology is proving popular, with nearly half of respondents (48.7 per cent) stating that payments through digital technologies make up over 10 per cent of their sales.

Cash remains by far the most popular payment option for Indonesia's small businesses, however, with over three quarters (78.9 per cent) having it as a payment option – the highest result for all the markets surveyed. Further, cash makes up more than half of sales for 55.2 per cent of businesses, the third highest result of the markets surveyed. Given the broad cross-section of industries represented in Indonesia's survey sample, it can be assumed that many business-to-business transactions are still cash transactions.

It is very positive that cybersecurity is taken seriously in Indonesia and it is no surprise, given that just over three quarters of respondents (76.6 per cent) believe that a cyberattack on their business is likely in 2018 – the second highest result, just behind Vietnam. This concern is most likely driven by the increasing use of technology in Indonesia, not because of any identified risk factor.

The most popular cybersecurity measures Indonesia's small businesses undertake are:

- run frequent anti-virus, anti-spyware and malware scans
- use a spam filter on email systems
- back up regularly and have that back-up stored offsite or in the cloud
- staff are advised to be sceptical and vigilant on requests for information.

Given the high level of concern over the likelihood of a cyberattack in Indonesia, more businesses should be considering whether they need cyber insurance and whether they need to engage a cybersecurity specialist to review their measures and advise on improvements.

The strong investment in technology in Indonesia is producing benefits for the vast majority of Indonesia's small businesses. Eighty-six per cent of respondents stated that their investment in technology over the past 12 months has already resulted in improvements in profitability – the highest result of the markets surveyed. This result, plus Indonesia's strong business confidence, will no doubt encourage further investment in technology, which will further assist Indonesia's small business sector to become more globally competitive.

Indonesia's small business sector continues to be highly innovative, with just under half of respondents (49.3 per cent) expecting to introduce a totally new product, process or service to Indonesia or the world in 2018 – again, the highest result for the markets surveyed. This is likely to result in a stronger, more competitive small business sector.

Of course, while the survey results are overwhelmingly positive for Indonesia, businesses also report challenges, with increasing competition seen as the largest barrier to growth. However, competition is likely to have positive long-term implications, as it helps to drive innovation and expansion into new markets – essential ingredients to growth.

Another important factor driving growth in Indonesia's small business sector is exports, with 44.4 per cent of Indonesia's respondents expecting their revenue from overseas sales to increase strongly in 2018. Not only does such a focus on exporting assist increase revenue, it will also expose those small businesses to new ideas which can help to improve their competitiveness and profitability.

Nearly nine in ten (88.8 per cent) small businesses in Indonesia accessed external finance in 2017, with business growth by far the most likely reason for seeking finance. This reflects the high growth, high investment needs of many Indonesian small businesses. The percentage of Indonesian small businesses that required external finance for business growth is at a record high for this survey series. Further, respondents found it easier to access finance in 2017, with 47.0 per cent reporting easy or very easy access to finance, up from 39.2 per cent in 2016.

The future of Indonesia's small business sector is very positive, with significant numbers of small businesses having the characteristics strongly connected with growth – a focus on technology, e-commerce, exports and innovation. We are therefore likely to see several of Indonesia's current small businesses evolve to become large, successful global businesses in the next few years.

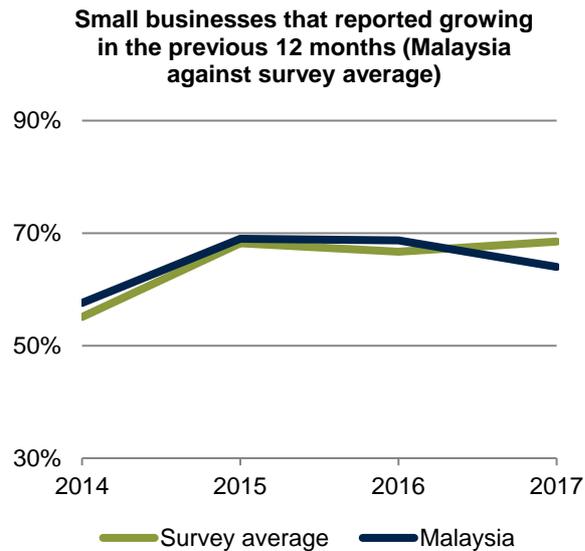
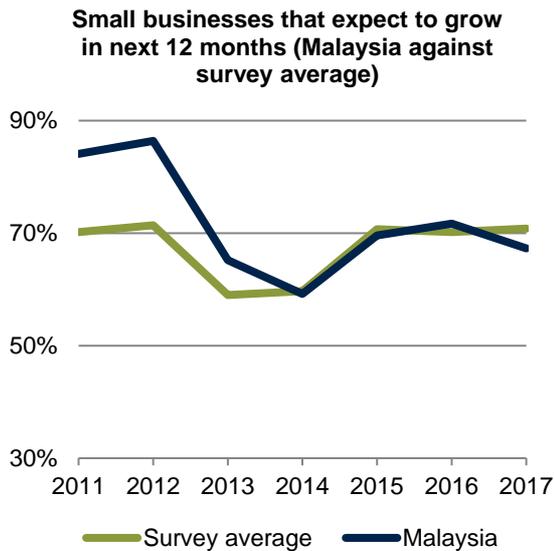
MARKET SUMMARY

MALAYSIA



Data snapshot

Business and economic growth



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	64.1%	68.5%	5/8	68.7%	4/8	69.0%	4/8	57.6%	4/8
Businesses that expect to grow in next 12 months	67.3%	70.8%	4/8	71.7%	4/8	69.7%	4/8	59.2%	4/8
Businesses that expect the local economy to grow in next 12 months	53.7%	61.9%	6/8	52.8%	5/8	46.8%	7/8	67.5%	4/8

Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	27.5%	34.3%	5/8	33.6%	4/8	31.6%	5/8	40.5%	3/8
Improved business management had a major positive impact on their business	29.4%	23.4%	2/8	27.0%	3/8	31.3%	4/8	N/A	N/A
Increasing costs had a major negative impact on their business	52.1%	35.8%	1/8	45.9%	1/8	48.7%	2/8	N/A	N/A
Required funds from an external source	54.7%	61.3%	5/8	62.2%	5/8	57.7%	5/8	73.6%	4/8
Sought external funds for business growth	62.1%	59.4%	3/8	51.3%	6/8	51.4%	5/8	64.2%	3/8
Found it easy or very easy to access external finance	13.0%	32.5%	8/8	15.7%	8/8	31.8%	7/8	32.3%	6/8
A bank was the business's main source of external finance	33.7%	41.0%	7/8	40.8%	6/8	45.3%	5/8	N/A	N/A

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	40.1%	40.8%	4/8	40.4%	4/8	46.8%	4/8	52.4%	4/8
Expect to introduce a new product, service or process unique to their market or the world	32.0%	23.3%	3/8	26.4%	4/8	29.0%	3/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	15.9%	19.8%	4/8	18.2%	3/8	18.7%	4/8	N/A	N/A
Will seek external funds	31.1%	28.8%	4/8	29.3%	4/8	29.7%	5/8	32.5%	3/8
Expect easy to very easy access to finance	10.2%	28.4%	8/8	13.6%	8/8	27.6%	8/8	29.3%	6/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	19.1%	24.8%	4/8	22.8%	4/8	24.5%	4/8	13.2%	5/8
Did NOT use social media for business purposes	14.9%	18.5%	4/8	15.3%	4/8	10.0%	4/8	5.8%	5/8
Investment in technology by the business over the past 12 months has improved profitability	50.8%	53.1%	4/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider the business likely to be cyberattacked in next 12 months	52.4%	45.6%	3/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	29.1%	42.7%	6/8*	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	7.1%	11.4%	5/8	N/A	N/A	N/A	N/A	N/A	N/A
<i>*equal sixth with New Zealand</i>									

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Customer loyalty	Increasing costs
Good staff	Increasing competition
Cost control	Poor overall economic environment
Improved customer satisfaction	<ul style="list-style-type: none"> • Cash flow difficulties • Fluctuations in the value of the local currency • Tax

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	68.9%	76.1%	7/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	30.7%	36.2%	7/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	70.2%	63.3%	3/8	73.3%	3/8	73.9%	3/8	75.9%	3/8
Respondent is aged under 40	57.6%	48.0%	3/8	76.9%	1/8	74.2%	3/8	77.5%	1/8
Respondent is the business owner	41.7%	30.4%	3/8	33.2%	3/8	46.8%	3/8	31.2%	5/8
Business has 10 to 19 employees	32.0%	45.7%	6/8	47.2%	6/8	31.9%	6/8	43.7%	5/8

Summary

Small business conditions were positive in Malaysia in 2017, with nearly two thirds of respondents stating their business grew. This positive outlook appears set to continue in 2018, with slightly more businesses expecting to grow.

While 2017 was a positive year for Malaysia's small business sector (with 64.1 per cent of businesses reporting that they grew) this result was down from 2016 (68.7 per cent). Despite this, small businesses in Malaysia remain more likely to have experienced growth in 2017 than businesses from Singapore (47.5 per cent) but much less likely than small businesses from Indonesia (93.4 per cent).

Malaysia's positive result is likely to continue in 2018, with over two-thirds (67.3 per cent) expecting to grow – ahead of Australia (55.6 per cent) and Singapore (57.0 per cent). However, Malaysia is again significantly behind Indonesia's small business sector, where 94.8 per cent of business expect to grow, including 53.0 per cent that expect to grow strongly.

Malaysia's small businesses may be overly conservative in their view of the local economy. While 53.7 per cent of small businesses expect Malaysia's economy to grow in 2018, recent economic data paints a much more positive outlook, with the International Monetary Fund forecasting the economy will expand between 5.0 and 5.5 per cent in 2018.

Of course, while the survey results are positive for Malaysia, businesses also report challenges, with increasing costs, especially the cost for materials, seen as the largest barrier to growth. Difficulty in accessing finance was also a challenge many Malaysian small businesses reported experiencing in 2017.

We do, however, expect that Malaysia's small businesses will overcome these challenges. Throughout the life of this survey, Malaysia's small businesses have shown they typically have a focus on factors that assist with long-term growth, including innovation, e-commerce and technology. They also show they have a strong focus on factors that help to drive growth, especially:

- customer loyalty
- good staff
- cost control
- improved business management.

More than a quarter (27.5 per cent) of Malaysia's small businesses stated that they added staff in 2017, reflecting strong growth for the sector. Malaysian small businesses are likely to be even stronger creators of jobs in 2018, with a healthy 40.1 per cent expecting to add additional staff members.

Small businesses from Malaysia continue to be relatively strong users of digital technologies in their business, particularly in comparison to their competitors from Australia, Singapore and New Zealand. Over half of Malaysian businesses surveyed (53.4 per cent) earned over ten per cent of their income from online sales, and over 80 per cent use social media for business purposes.

Malaysia's small businesses would however benefit from a stronger focus on new digital payment options, such as AliPay, SamsungPay and Vcash. Only 29.1 per cent allow customers to pay through this technology, well below Mainland China (65.5 per cent) and the survey average (42.7 per cent).

With more than half of Malaysia's small businesses (50.8 per cent) stating that their investment in technology in the past 12 months has already been profitable, we expect that they will move quickly to invest in new digital payment technology.

This relatively strong focus on technology is flowing through to concerns over the security of systems, with more than half (52.4 per cent) of respondents from Malaysia stating that they believe it is likely their business will be cyberattacked in 2018 – the third highest result of the markets surveyed. This concern is leading to action, with Malaysia's small businesses highly likely to be taking steps to improve their cybersecurity. The most common steps are:

- using a spam filter on their email systems
- making staff aware not to download programs or open attachments from untrusted sources
- run frequent anti-virus, anti-spyware and malware scans.

Given concerns over cybersecurity, and the high reliance many of Malaysia's small businesses place on their systems, businesses should consider a stronger focus on cybersecurity, especially multi-factor authentication before users are allowed onto their system, a stronger password policy (including changing passwords regularly) and immediately removing access for people who no longer work for the business or need access.

Small businesses from Malaysia continue to have a relatively strong focus on innovation through expected investments in new products, processes or services, particularly in comparison to Australia, Hong Kong, New Zealand and Singapore. This innovative culture will support long-term growth and help to improve the competitiveness of Malaysia's businesses. The Malaysian Government's strong focus on promoting innovation is no doubt important in fostering this innovative culture.

The reduced number of Malaysian small businesses that reported growing in 2017, and their continued difficulty accessing finance, has had an impact on the number of businesses requiring external finance in 2017 (54.7 per cent, down from 62.2 per cent in 2016).

The lower results in 2017, plus concerns over increasing costs and difficulty accessing finance, may be having an impact on business satisfaction. Sixty-nine per cent of Malaysian respondents stated that they were satisfied or very satisfied with working for or owning a small business – the second lowest result of the markets surveyed.

With high numbers of Malaysian small businesses having the characteristics associated with growth, such as a focus on innovation, e-commerce and technology, we are likely to see better results in 2018. An increasing number of Malaysia's small businesses are likely to evolve to become large, successful global businesses in the next few years.

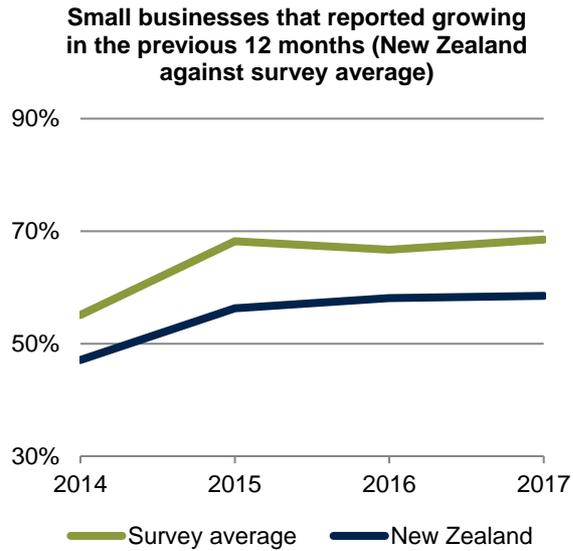
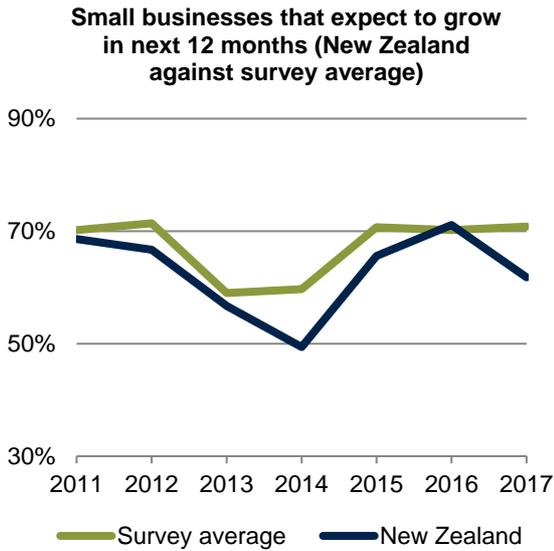
MARKET SUMMARY

NEW ZEALAND



Data snapshot

Business and economic growth



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	58.5%	68.5%	6/8	58.1%	6/8	56.3%	7/8	47.1%	6/8
Businesses that expect to grow in next 12 months	61.8%	70.8%	5/8	71.1%	5/8	65.6%	5/8	49.4%	6/8
Businesses that expect the local economy to grow in next 12 months	39.9%	61.9%	8/8	61.5%	4/8	53.1%	4/8	62.3%	5/8

Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	14.1%	34.3%	7/8	19.6%	7/8	16.4%	7/8	9.4%	7/8
Improved business management had a major positive impact on their business	12.7%	23.4%	7/8	15.6%	7/8	15.4%	7/8	N/A	N/A
Increasing costs had a major negative impact on their business	27.5%	35.8%	8/8	26.6%	8/8	25.1%	8/8	N/A	N/A
Required funds from an external source	31.7%	61.3%	7/8*	25.2%	7/8	27.0%	8/8	30.6%	8/8
Sought external funds for business growth	32.0%	59.4%	8/8	36.8%	7/8	25.0%	8/8	31.6%	8/8
Found it easy or very easy to access external finance	42.3%	32.5%	2/8	48.7%	1/8	50.0%	4/8	53.7%	2/8
A bank was the business's main source of external finance	45.4%	41.0%	4/8	48.7%	4/8	41.7%	6/8	N/A	N/A
<i>*equal seventh with Australia</i>									

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	17.6%	40.8%	8/8	24.3%	7/8	19.9%	7/8	14.5%	7/8
Expect to introduce a new product, service or process unique to their market or the world	9.2%	23.3%	7/8	10.6%	6/8	6.8%	7/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	8.2%	19.8%	7/8	6.0%	7/8	7.1%	7/8	N/A	N/A
Will seek external funds	9.8%	28.8%	8/8	8.6%	7/8	8.0%	8/8	10.6%	7/8
Expect easy to very easy access to finance	26.7%	28.4%	3/8	24.5%	4/8	39.1%	4/8	44.6%	2/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	52.6%	24.8%	1/8*	59.1%	2/8	58.2%	2/8	63.5%	2/8
Did NOT use social media for business purposes	40.8%	18.5%	2/8	40.2%	2/8	41.2%	2/8	51.0%	2/8
Investment in technology by the business over the past 12 months has improved profitability	26.8%	53.1%	7/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider your business likely to be cyberattacked in next 12 months	19.6%	45.6%	8/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	29.1%	42.7%	6/8#	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	2.6%	11.4%	8/8	N/A	N/A	N/A	N/A	N/A	N/A
* equal first with Australia # equal sixth with Malaysia									

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Customer loyalty	Increasing costs
Good staff	Increasing competition
Improved customer satisfaction	Tax
Cost control	Cash flow difficulties

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	75.5%	76.1%	3/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	32.6%	36.2%	4/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	51.6%	63.3%	7/8	50.8%	7/8	55.6%	7/8	52.9%	7/8
Respondent is aged under 40	24.8%	48.0%	7/8	17.9%	7/8	25.7%	7/8	17.7%	7/8
Respondent is the business owner	63.4%	30.4%	8/8	58.5%	7/8	57.6%	7/8	69.7%	7/8
Business has 10 to 19 employees	14.4%	45.7%	8/8	11.3%	8/8	12.2%	7/8*	10.0%	7/8
<i>*equal seventh with Australia</i>									

Summary

Small business conditions in New Zealand were generally positive in 2017, with the majority of respondents stating their business grew. However, 2018 is not looking as positive, with a drop in the percentage of businesses that expect to grow and a significant drop in the percentage of businesses that expect New Zealand's economy to grow.

With 58.5 per cent of businesses reporting that they grew, 2017 was the best result for New Zealand since 2014. New Zealand's small businesses remain more likely to have experienced growth in 2017 than businesses from Singapore (47.5%) and Australia (50.7%). However, New Zealand's small businesses are significantly less likely to have reported growing than small businesses from Indonesia (93.4 per cent).

New Zealand's positive business conditions may continue in 2018, with 61.8 per cent expecting to grow, ahead of Australia (55.6 per cent) and Singapore (57.0 per cent). However, the result is down from the previous survey, where 71.1 per cent expected to grow.

Small business confidence in New Zealand's economy in 2018 is down significantly from 2017. In 2018, 39.9 per cent of New Zealand's small businesses expect New Zealand's economy to grow, down from 61.5 per cent in 2017. The recent change in Government (which occurred while the survey was being conducted) may have contributed to this decline in economic confidence. This lower level of small business confidence in New Zealand's economy is not reflected in recent forecasts. New Zealand's Treasury is forecasting the economy to expand 3.0 per cent in 2018, as is the OECD.

Despite an increase in the number of New Zealand's small businesses that reported growing, only 14.1 per cent added to their employee numbers in 2017, compared with 19.6 per cent in 2016. Further, the result was below the 24.3 per cent of businesses that expected to increase employee numbers in 2017. New Zealand's small businesses are also unlikely to be a major source of jobs growth in 2018, with 17.6 per cent of businesses expecting to increase their employee numbers.

A greater number of New Zealand small businesses would experience growth if they increased their focus on innovation, e-commerce, using social media and exporting. While there are examples of innovative, tech-savvy and outward-looking New Zealand small businesses, the survey results show that they represent only a very small number of small businesses, especially in comparison to small businesses from Mainland China, Indonesia and Vietnam.

New Zealand's small businesses lag behind their competitors from Asia in the utilisation of technology. For example:

- New Zealand's small businesses continue to be significantly less likely to use social media for business purposes, compared with businesses from Asia, with 40.8 per cent stating that they do not use social media for business purposes (compared with only 4.8 per cent of businesses from Mainland China).
- New Zealand's small businesses continue to be significantly less likely to earn revenue from online sale, with 52.6 per cent stating that they do not earn any revenue from online sales (compared with only 6.8 per cent of businesses from Mainland China).
- While New Zealand's small businesses are one of the least likely to have cash as a payment option, this is not translating into the adoption of new digital payment technologies, such as Apple Pay, AliPay and WeChat Pay, with 29.1 per cent of businesses having new digital payment technologies available to customers compared with 65.5 per cent of businesses from Mainland China.
- New Zealand's small businesses are the most prudent in their adoption of bitcoin and other cryptocurrencies as a payment option, with only 2.6 per cent identifying cryptocurrencies payment options.
- New Zealand's small businesses are the least likely to believe that their business will be cyberattacked in the next 12 months, with only 19.6 per cent stating that an attack is likely, well below the survey average of 45.6 per cent.
- Despite this result, the majority are still taking some form of action to protect their business from cyberattack. The most popular actions are:
 - using a spam filter on their emails accounts
 - running regular anti-virus, anti-spyware and malware scans
 - running regular backups and storing those backups offsite or in the cloud.

More businesses should be considering improving security around access to their systems, including multi-factor authentication before users are allowed onto their system, a stronger password policy (including changing passwords regularly), and immediately removing access for people who no longer work for the business or need access.

A possible explanation for this relatively lower utilisation of technology is the lack of return many New Zealand's small businesses are receiving on their investment in technology. Only 26.8 per cent of New Zealand's small businesses reported that their investment in technology in the past 12 months had been profitable, compared with 76.4 per cent of small businesses from Vietnam. Another explanation could be the age profile of New Zealand's small businesses, with over half of respondents (54.9 per cent) aged 50 or over and a third aged 60 or over. Those aged 50 or over are significantly less likely to be using social media or selling online.

Policymakers and others seeking to promote growth in New Zealand's small business sector, and trying to encourage greater digital uptake, should consider a stronger focus on increasing the digital literacy of small business owners. Such improvements could lead to more of New Zealand's small business making profitable investments in technology.

Small businesses in New Zealand remain significantly less likely to expect to invest in innovation than small businesses from the Asian markets. Again, this may be impacting the growth of some of New Zealand's small businesses, with the survey results showing that businesses that expect to invest in a new product, process or service that is unique to their market or the world in 2018 are significantly more likely to expect their business to grow.

New Zealand's small businesses remain much less likely to expect to earn revenue from exporting than their peers from Asia. With small business confidence in New Zealand's economy falling in 2018, seeking new markets is one method to grow business in such expected conditions. The survey results show that business that are expecting to grow their revenue from overseas sales are significantly more likely to be growing.

New Zealand's small businesses continue to remain significantly less likely to have sourced funds from an external source than small businesses from Asia (31.7 per cent of New Zealand's small businesses, compared with the survey average of 61.3 per cent).

The low number of small businesses accessing external finance in 2017 is primarily driven by a lack of need for finance, and does not appear to be the result of difficult lending conditions. Forty-two per cent of New Zealand's businesses found access to finance easy or very easy (the second highest result of the markets surveyed). This lack of a need for external finance is most likely caused by the relatively low percentage of New Zealand businesses that reported growing in 2017 (in comparison to businesses from Asia) and the relatively limited focus on activities that may require external finance, such as innovation, exporting or asset purchases.

With over three quarters (75.5 per cent) of New Zealand's respondents indicating that they are satisfied or very satisfied owning or working for a small business, and only 58.5 per cent of respondents stating that their business grew in 2017, small business owners in New Zealand are obviously motivated by more than profit.

With a significant percentage of New Zealand's small business owners close to, or at, retirement age, the lack of focus on new technologies, innovation and new markets may have adverse impacts on the value of their business. This, in turn, may impact their standard of living in retirement, particularly where the owner is relying on the proceeds of the sale of their business to provide for them in retirement.

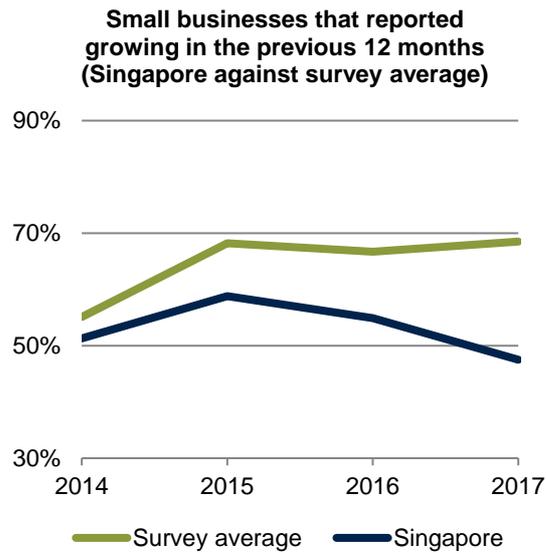
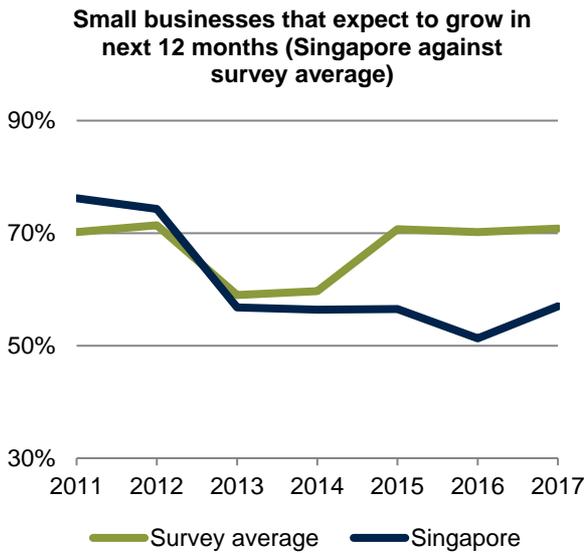
MARKET SUMMARY

SINGAPORE



Data snapshot

Business and economic growth



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in last 12 months	47.5%	68.5%	8/8	54.9%	7/8	58.7%	6/8	51.3%	6/8
Businesses that expect to grow in next 12 months	57.0%	70.8%	7/8	51.3%	7/8	56.5%	7/8	56.5%	5/8
Businesses that expect the local economy to grow in next 12 months	55.1%	61.9%	5/8	39.4%	7/8	48.1%	6/8	61.0%	6/8

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Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	20.3%	34.3%	6/8	19.7%	5/8	19.7%	6/8	23.2%	5/8
Improved business management had a major positive impact on their business	18.7%	23.4%	6/8	16.8%	6/8	20.3%	6/8	N/A	N/A
Increasing costs had a major negative impact on their business	42.0%	35.8%	2/8	41.9%	3/8	36.1%	6/8	N/A	N/A
Required funds from an external source	40.0%	61.3%	6/8	52.6%	6/8	43.5%	6/8	49.0%	6/8
Sought external funds for business growth	52.5%	59.4%	5/8	52.1%	4/8	52.6%	4/8	54.6%	4/8
Found it easy or very easy to access external finance	18.0%	32.5%	7/8	24.5%	5/8	34.1%	6/8	30.9%	7/8
A bank was the business's main source of external finance	35.2%	41.0%	6/8	41.4%	6/8	38.5%	7/8	N/A	N/A

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	26.6%	40.8%	6/8	29.0%	6/8	27.7%	6/8	35.5%	5/8
Expect to introduce a new product, service or process unique to their market or the world	13.1%	23.3%	6/8	8.7%	7/8	15.2%	6/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	11.5%	19.8%	6/8	11.3%	6/8	17.7%	5/8	N/A	N/A
Will seek external funds	12.5%	28.8%	6/8	16.1%	6/8	15.8%	6/8	15.5%	6/8
Expect easy to very easy access to finance	12.4%	28.4%	7/8	15.0%	7/8	28.3%	7/8	24.4%	8/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	37.7%	24.8%	3/8	35.5%	3/8	33.2%	3/8	31.0%	3/8
Did NOT use social media for business purposes	20.3%	18.5%	3/8	22.3%	3/8	18.1%	3/8	16.1%	3/8
Investment in technology by the business over the past 12 months has improved profitability	35.1%	53.1%	6/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider your business likely to be cyberattacked in next 12 months	35.4%	45.6%	6/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	30.2%	42.7%	5/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	6.2%	11.4%	4/8	N/A	N/A	N/A	N/A	N/A	N/A

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Customer loyalty	Increasing costs
Good staff	Increasing competition
Technology	Poor overall economic environment
Improved customer satisfaction	Staff costs

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	63.6%	76.1%	8/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	31.1%	36.2%	6/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	62.3%	63.3%	6/8	65.2%	6/8	65.5%	5/8	71.3%	4/8
Respondent is aged under 40	43.6%	48.0%	5/8	51.3%	6/8	47.7%	6/8	61.6%	5/8
Respondent is the business owner	35.4%	30.4%	4/8	32.6%	4/8	34.2%	5/8	40.6%	3/8
Business has 10 to 19 employees	32.5%	45.7%	5/8	48.4%	5/8	33.2%	5/8	38.4%	6/8

Summary

Small business confidence in Singapore in 2018 is positive, with most respondents expecting both their business and Singapore's economy to grow. This follows somewhat weak business conditions in 2017– with less than half of respondents stating their business grew, the lowest result of the eight markets surveyed. .

2017 was a relatively weak year for Singapore's small business sector, with 47.5 per cent of businesses reporting that they grew – the lowest result for Singapore since 2014. In comparison, 93.4 per cent of Indonesian small businesses reported growing, including 45.1 per cent of businesses that reported growing strongly.

2018 is, however, more positive, with 57.0 per cent of businesses expecting to grow – the best result for Singapore since the 2012 survey, and better than Australia's result (55.6 per cent).

Small business confidence in Singapore's economy in 2018 is up strongly from 2017. In 2018, 55.1 per cent of Singapore's small businesses expect the local economy to grow, up from 39.4 per cent in the last survey. Confidence in Singapore's economy is stronger than small business confidence in New Zealand's economy, Australia's economy and Malaysia's economy, however it is significantly below small business confidence in Indonesia's economy (93.6 per cent).

There has been little change in the percentage of Singaporean small businesses that added staff in 2017 from 2016, with just over one in five (20.3 per cent) adding to their staff numbers in 2017. The percentage of small businesses that expect to add to their staff numbers in 2018 (26.6 per cent) is up from 2017, consistent with a pick up in the growth expectations for business and Singapore's economy more broadly.

Singapore's small businesses reported facing several challenges, such as increasing costs and increasing competition. They were the second most likely of the markets surveyed to identify both of these issues as barriers to their growth. Singaporean small businesses were most likely to nominate high staff costs as having a negative financial impact on their business, followed by costs for materials.

Given concerns over increasing costs, it is no surprise that Singaporean small businesses were somewhat more likely than most other markets to have found cost control beneficial to their business in 2017.

Increasing competition may be beneficial to Singapore's small business sector over the long run, as it may focus more businesses on the activities and investments that create a competitive advantage – innovation, exporting and technology.

More of Singapore's small businesses expect to innovate through the introduction of a new product, service or process in 2018 than in 2017. This improved result reflects stronger confidence in Singapore's economy and small business environment in 2018, and concerns over increasing competition. The strong support Singapore's government gives to encourage innovation, and the typically strong management capabilities of Singapore's small businesses, has no doubt also contributed to more Singaporean small businesses focusing on innovation than markets reporting similar results (Australia and New Zealand).

Singapore's small businesses, like their counterparts in the rest of Asia, are highly likely to be making online sales and using social media for business purposes. Thirty-eight per cent of respondents stated that online sales make up over ten per cent of their revenue.

Singapore's small businesses would, however, benefit from a stronger focus on new digital payment options, such as AliPay, SamsungPay and WeChat Pay. Only 30.2 per cent allow customers to pay through this technology, well below Mainland China (65.5 per cent) and the survey average (42.7 per cent).

With Singapore's excellent communications infrastructure and world-leading support for small businesses wishing to grow their digital presence, we expect Singapore's small businesses to move quickly to adopt new payment technologies.

Singapore's small businesses typically do not believe that their systems will be cyberattacked in 2018, with only 35.4 per cent believing it likely that they will be cyberattacked, higher than New Zealand (19.6 per cent) but well behind Vietnam (80.7 per cent).

While a minority of Singaporean small businesses expect a cyberattack in 2018, a significant majority are acting to protect their systems. The most common steps businesses are taking to protect their systems are:

- regularly backing up data and storing that backup in the cloud or offsite
- making staff aware not to download programs or open attachments from untrusted sources
- using a spam filter on their email systems.

The least common cybersecurity actions that Singaporean small businesses are taking are:

- seeking specialist cybersecurity advice
- having insurance that covers cyber risks
- having an application 'whitelist' to ensure only approved software can run on their systems
- assigning a staff member with responsibility for cybersecurity.

This investment in technology is producing benefits for many of Singapore's small businesses, with 35.1 per cent of respondents stating that their investment in technology over the past 12 months has already resulted in improvements in profitability. Thirteen per cent stated that it resulted in a decline in their profitability.

Singapore's small businesses have typically responded to weaker growth prospects in 2017 by avoiding external finance. This reflects positively on the management capability of small businesses. In weaker growth periods, it is prudent to revisit business plans, including planned investments, and to have a greater reliance on internally-generated sources of finance through, for example, improved cash flow. At the same time, it is equally important to not forego opportunities that are aligned with your strategic plan.

Singapore's small businesses were the most likely to source finance to cover increasing expenses. We would suggest that businesses first consider other ways to cover increasing expenses than borrowing.

Demand for external finance in 2018 is expected to remain relatively low in comparison to small businesses from other Asian markets. This is a prudent approach by Singapore's businesses, as they emerge from a relatively weak 2017.

Singapore small businesses were the least likely of the markets surveyed to express satisfaction with owning or working for a small business, reflecting the less positive business conditions for 2017. With a more positive 2018 forecast, we expect the level of satisfaction to increase.

MARKET SUMMARY

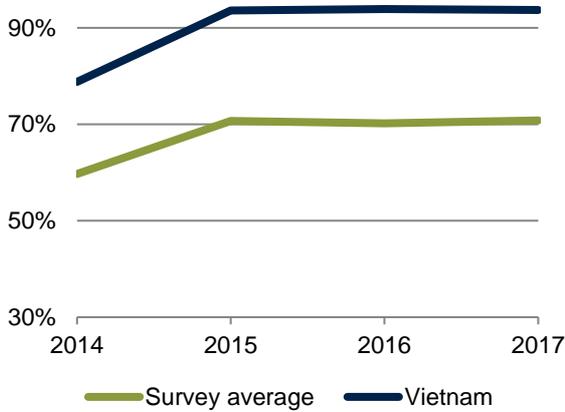
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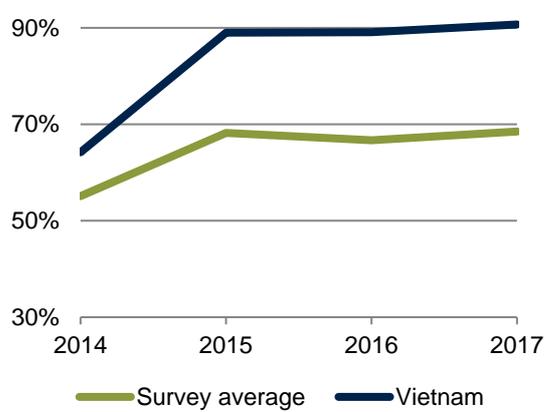
Data snapshot

Business and economic growth

Small businesses that expect to grow in next 12 months (Vietnam against survey average)



Small businesses that reported growing in the previous 12 months (Vietnam against survey average)



	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Businesses that grew in the last 12 months	90.7%	68.5%	2/8	89.0%	2/8	89.0%	2/8	64.2%	3/8
Businesses that expect to grow in the next 12 months	93.7%	70.8%	2/8	93.9%	2/8	93.5%	1/8	78.8%	2/8
Businesses that expect the local economy to grow in the next 12 months	85.0%	61.9%	1/8	85.8%	2/8	91.0%	1/8	79.7%	2/8

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Business activity over the past 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Increased employee numbers	64.8%	34.3%	2/8	53.9%	2/8	48.1%	2/8	51.2%	1/8
Improved business management had a major positive impact on their business	28.9%	23.4%	4/8	25.5%	4/8	41.0%	1/8	N/A	N/A
Increasing costs had a major negative impact on their business	29.6%	35.8%	6/8	43.2%	2/8	57.1%	1/8	N/A	N/A
Required funds from an external source	90.0%	61.3%	1/8	81.3%	2/8	85.8%	2/8	94.8%	1/8
Sought external funds for business growth	47.6%	59.4%	6/8	63.5%	3/8	70.3%	1/8	63.8%	2/8
Found it easy or very easy to access external finance	27.7%	32.5%	5/8	23.0%	6/8	29.7%	8/8	32.0%	6/8
A bank was the business's main source of external finance	46.1%	41.0%	2/8	50.8%	1/8	62.8%	1/8	N/A	N/A

Planned business activity over the next 12 months

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Expect to increase employee numbers	67.4%	40.8%	2/8	70.6%	2/8	66.1%	2/8	64.4%	2/8
Expect to introduce a new product, service or process unique to their market or the world	41.9%	23.3%	2/8	31.0%	2/8	26.1%	4/8	N/A	N/A
Expect revenue from overseas markets to grow strongly	51.2%	19.8%	1/8	26.8%	2/8	19.7%	3/8	N/A	N/A
Will seek external funds	54.8%	28.8%	1/8	44.5%	1/8	47.1%	1/8	48.7%	2/8
Expect easy to very easy access to finance	24.2%	28.4%	6/8	22.9%	5/8	22.9%	6/8	37.1%	4/8

Social media, e-commerce and technology

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Did NOT earn any revenue from online sales	4.3%	24.8%	8/8	12.6%	7/8	13.9%	6/8	11.8%	6/8
Did NOT use social media for business purposes	2.0%	18.5%	8/8	8.1%	7/8	3.2%	7/8	3.0%	7/8
Investment in technology by the business over the past 12 months has improved profitability	76.4%	53.1%	2/8	N/A	N/A	N/A	N/A	N/A	N/A
Consider the business likely to be cyberattacked in next 12 months	80.7%	45.6%	1/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital payment options, such as PayPal, Alipay, WeChat Pay	47.2%	42.7%	4/8	N/A	N/A	N/A	N/A	N/A	N/A
Allow payments through digital currencies, such as bitcoin	32.9%	11.4%	1/8	N/A	N/A	N/A	N/A	N/A	N/A

Factors that had positive and negative influences on business in 2017

Top four factors that had a positive influence on small business in 2017	Top four factors that had a negative impact on small business in 2017
Improved customer satisfaction	Increasing costs
Good capital equipment	Increasing competition
Introduced a new product or service	Increasing rent
Good staff	Cash flow difficulties

Other

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Satisfied with being a small business owner or working for a small business	92.7%	76.1%	1/8	N/A	N/A	N/A	N/A	N/A	N/A
Do NOT have an exit plan/succession plan for the business	32.9%	36.2%	4/8	N/A	N/A	N/A	N/A	N/A	N/A

Demographics

	2017	2017 survey average	Rank 2017	2016	Rank 2016	2015	Rank 2015	2014	Rank 2014
Business has been established for 10 years or less	64.5%	63.3%	5/8	80.3%	1/8	80.6%	1/8	82.5%	1/8
Respondent is aged under 40	41.9%	48.0%	6/8	72.2%	3/8	79.7%	1/8	65.1%	3/8
Respondent is the business owner	5.3%	30.4%	8/8	15.5%	6/8	17.7%	7/8	6.2%	8/8
Business has 10 to 19 employees	75.4%	45.7%	2/8	73.9%	1/8	65.5%	2/8	77.6%	1/8

Summary

Small business conditions were very positive in Vietnam in 2017, with nearly every small business reporting that they grew. These very positive conditions look set to continue in 2018, with an extremely high percentage of small businesses expecting to grow. Small business confidence in the growth prospects for Vietnam's economy also extremely high.

For 2017, 90.7 per cent of Vietnam's small businesses reported growing, the second highest result of the markets included in this survey, and the highest result for Vietnam since 2014. In comparison, 47.5 per cent of Singapore's small businesses stated that they grew in 2017, and 93.4 per cent of Indonesian small businesses stated they grew. Further, many Vietnamese businesses grew at a faster pace in 2017, with 41.5 per cent reporting that they grew very strongly – up from 23.9 per cent in 2016.

This extremely positive result is likely to continue in 2018, with 93.7 per cent of Vietnam's small businesses expecting to grow over the coming 12 months – the second highest result of this survey, just behind Indonesia (94.8 per cent), and significantly better than Australia (55.6 per cent).

Nearly two-thirds (64.8 per cent) of Vietnam's small businesses stated that they added to their employee numbers in 2017, up from 53.9 per cent in 2016. This reflects the very strong growth many businesses experienced in 2017. Vietnam's small businesses are likely to continue to be important creators of jobs, with 67.4 per cent expecting to add to their staff numbers in 2017.

Small businesses from Vietnam continue to be strong adopters of new technology. The vast majority of Vietnam's small businesses sell online and use social media in their business. In fact, it would be difficult to find a Vietnamese small business that is not using social media or selling online. Further, online sales are an important part of many Vietnamese small businesses, with over seven in ten (70.850.2 per cent) earning more than ten per cent of their revenue from that channel.

Nearly half (47.2 per cent) of Vietnam's small businesses offer their customers the opportunity to pay via new digital payment technologies, such as Momo, SamsungPay and AliPay. Small businesses from Mainland China are however the clear leaders in using this new technology, with 65.5 per cent offering it as a payment option to their customers.

New payment technologies are proving popular for those businesses offering it, with nearly two-thirds (62.5 per cent) stating that payments through digital technologies makes up over 10 per cent of their sales.

However, cash remains by far the most popular payment option for Vietnam's small businesses, with nearly three quarters (71.8 per cent) having it as a payment option – the second highest result of the markets surveyed. Further, it makes up 50 per cent or more of the sales for 65.5 per cent of businesses, the highest result of the markets surveyed. Given the broad cross-section of industries represented in Vietnam's survey sample, it can be assumed that many business-to-business transactions are still cash transactions in Vietnam.

We also note that Vietnam's small businesses are the most likely to state that they accept payment by a cryptocurrency, such as bitcoin. The high level of excitement around cryptocurrencies is creating a bubble in their value. It is therefore advisable to wait and see how this technology develops before adopting it.

Cybersecurity is taken seriously in Vietnam, and this is no surprise, given that 80.7 per cent of Vietnamese respondents believe that a cyberattack on their business is likely in 2018 – the highest result of the markets surveyed. This concern is most likely driven by the increasing use of technology in Vietnam, not because of any identified risk factor.

The most popular cybersecurity measures Vietnam's small businesses undertake are:

- backing up regularly and having that back-up stored offsite or in the cloud
- running frequent anti-virus, anti-spyware and malware scans
- immediately removing access for people who no longer work for the business or no longer need access.

The strong level of investment in technology in Vietnam is producing benefits for a clear majority of small businesses, with 76.4 per cent of respondents stating that their investment in technology over the past 12 months has already resulted in improvements in their profitability – the second highest result of the markets surveyed. This result, plus Vietnam's strong business confidence, will no doubt encourage further investment in technology and assist Vietnam's small business sector to become more globally competitive and successful.

Vietnam's small business sector continues to be highly innovative, with 41.9 per cent expecting to introduce a totally new product, process or service to Vietnam or the world in 2018 – again, the second highest result for the markets surveyed, and the highest ever result for Vietnam. This is likely to result in Vietnam having a more competitive small business sector and stronger economic growth.

Of course, while the survey results are overwhelmingly positive for Vietnam, businesses did also report challenges, with increasing competition and increasing costs being identified as the largest barriers to growth. However, the percentage of Vietnamese small businesses reporting these barriers has declined in 2017 from previous surveys.

A key factor driving expected growth in Vietnam's small business sector is exports, with 51.2 per cent of respondents expecting their revenue from overseas sales to increase strongly in 2018 – the highest result of the markets surveyed. Not only does such a focus on exporting assist revenue growth, it will also expose those small businesses to innovative ideas which can help to improve their competitiveness and profitability.

Nine in ten Vietnamese small businesses accessed external finance in 2017 – the highest result of the markets surveyed, with business growth being the most likely reason for seeking finance. This result reflects the high growth, high investment needs of Vietnamese small businesses. However, small businesses from Vietnam continue to find accessing finance more difficult than other markets, with 47.6 per cent of those who accessed finance reporting that it was difficult or very difficult, compared with the 27.7 per cent that found it easy.

With significant numbers of Vietnam's small businesses having characteristics strongly connected with growth, such as a focus on technology, e-commerce, exports and innovation, the future of Vietnam's small business sector is very positive. We are likely to see several Vietnamese small businesses evolve to become large, successful global businesses over the coming years.

ABOUT THE SURVEY

The CPA Australia Asia-Pacific Small Business Survey 2017 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 13 October and 10 November 2017.

Mainland China and Vietnam were first included in the survey in 2014. Indonesia and New Zealand were first included in 2011.

The survey in Mainland China was conducted in Beijing, Chongqing, Guangzhou and Shanghai. All data for Mainland China excludes Hong Kong, which for the purposes of this report 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, 2952 participants completed the survey, including 511 from Australia, 606 from Mainland China, 310 from Hong Kong, 304 from Indonesia, 309 from Malaysia, 306 from New Zealand, 305 from Singapore and 301 from Vietnam.

Of the 606 participants from Mainland China, 158 were from Beijing, 139 were from Chongqing, 152 were from Guangzhou and 157 were from Shanghai.

Questioning

The questions were largely drawn from previous surveys. Some slight modifications to wording were made to repeated questions. Questions on business satisfaction, cybersecurity, investment in technology and payment methods are new to 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, Mainland 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.