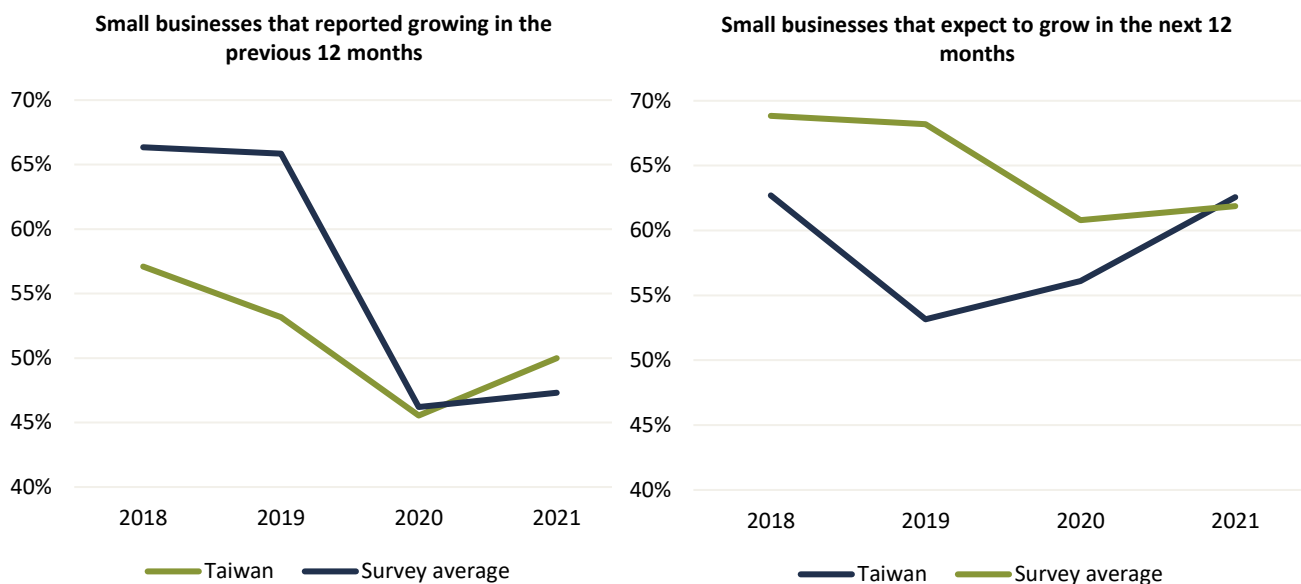


CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2021-2022

TAIWAN MARKET SUMMARY

Taiwan¹

Business and economic growth



	Taiwan 2021	Survey average 2021	Rank 2021	Taiwan 2020	Rank 2020	Taiwan 2019	Taiwan 2018
Businesses that grew in the last 12 months	50.0%	47.3%	4/11	45.5%	7/11	53.2%	57.1%
Businesses that expect to grow in the next 12 months	62.6%	61.9%	6/11	56.1%	7/11	53.2%	62.7%
Businesses that expect the local economy to grow in the next 12 months	50.6%	60.6%	10/11	45.9%	8/11	42.2%	44.2%

2021 was a stronger year for Taiwan's small businesses than 2020. Fifty per cent of Taiwanese businesses grew last year, up from 45.5 per cent in 2020. In further good news, this result was the highest of the advanced economies included in the survey (Australia, Hong Kong, New Zealand, Singapore and Taiwan).

2022 is expected to be a stronger year for Taiwan's small businesses. 62.6 per cent expect to grow. This result is also the highest of the advanced economies included in the survey.

Most of Taiwan's small businesses were affected by COVID-19 in 2021. However, a stronger focus on e-commerce, new payment technologies and customer satisfaction should position more Taiwanese businesses for longer term growth.

¹ For the purpose of this survey, data collected from small businesses in Taiwan and Hong Kong are shown separately from the data collected for the rest of China.

Impacts of COVID-19

	Taiwan 2021	Survey average 2021	Rank 2021	Taiwan 2020	Rank 2020
COVID-19 had a major negative impact on my business in the past 12 months	51.6%	51.0%	8/11	44.9%	11/11
My business' major reaction to COVID-19 was to begin or increase its focus on online sales	17.7%	24.3%	8/11	13.5%	9/11

51.6 per cent of Taiwan's small businesses reported the pandemic had a major negative impact on their business in 2021, up from 44.9 per cent.

Use of technology

	Taiwan 2021	Survey average 2021	Rank 2021	Taiwan 2020	Rank 2020	Taiwan 2019	Taiwan 2018
Did not earn any revenue from online sales	34.2%	19.0%	3/11	29.7%	3/11	32.2%	34.0%
Did not use social media for business purposes	22.9%	17.2%	4/11	14.2%	8/11	18.6%	16.8%
Investment in technology by the business over the past 12 months has improved profitability	38.7%	53.6%	8/11	31.7%	8/11	38.5%	33.0%
Technology your business invested in most heavily over the past 12 months	Computer equipment	Computer equipment	N/A	Computer equipment	N/A	Computer equipment	Computer equipment
Consider your business likely to be subjected to a cyberattack in next 12 months	41.9%	44.3%	5/11	38.0%	5/11	33.9%	37.3%
Reviewed your business' cybersecurity protections in last six months	43.2%	46.7%	6/11	38.9%	7/11	38.9%	42.2%
More than 10 per cent of sales is received through digital payment options such as PayPal, Alipay, WeChat Pay	45.0%	64.9%	9/11	38.0%	10/11	31.5%	31.4%

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

- Taiwan's small businesses could make greater use of e-commerce. 44.8 per cent generated more than 10 per cent of their revenue online, compared with 84.2 per cent of Mainland Chinese small businesses.
- Taiwan's small businesses are the third least likely to generate more than 10 per cent of their sales through digital and online payment technologies, such as PayPal, Apple Pay and WeChat Pay (45 per cent compared with 87.7 per cent of small businesses from Mainland China).
- Taiwan's small businesses were the fourth least likely to have begun or increased their focus on online sales as a reaction to COVID-19 (17.7 per cent compared to the survey average of 24.3 per cent).
- Taiwan's small businesses could make greater use of social media. 22.9 per cent do not use social media, compared with a mere 2.2 per cent of Mainland Chinese businesses.

Taiwan's small businesses have a reasonably strong focus on cybersecurity. 43.2 per cent of Taiwan's small businesses reviewed their cybersecurity measures in the past six months and 41.9 per cent expect to be cyberattacked in 2022. Taiwan's small business may however benefit from an even stronger focus on cybersecurity.

One possible explanation for Taiwan's underperformance on technology is the relatively poor short-term returns they achieve on their technology investment. Of those that invested in technology last year, 38.7 per cent found their investment improved their profitability. This compares with the survey average of 53.6 per cent.

Business activity over the past 12 months

	Taiwan 2021	Survey average 2021	Rank 2021	Taiwan 2020	Rank 2020	Taiwan 2019	Taiwan 2018
Increased employee numbers	15.5%	28.7%	10/11	12.5%	8/11	17.6%	20.8%
Improved customer satisfaction had a major positive impact on my business	17.1%	23.0%	8/11	14.9%	7/11	18.6%	19.5%
Increasing costs had a major negative impact on their business	27.1%	29.2%	8/11	20.5%	7/11	29.6%	29.4%
Required funds from an external source	46.1%	60.2%	8/11	47.5%	8/11	40.5%	37.3%
Sought external funds for business growth	44.1%	48.2%	6/11	39.6%	8/11	48.4%	46.0%
Sought external funds for business survival	44.8%	49.0%	6/11	36.1%	9/11	30.3%	26.5%
Found it easy or very easy to access external finance	21.0%	45.9%	10/11	21.5%	8/11	25.4%	21.2%
A bank was the business' main source of external finance	28.0%	34.2%	7/11	31.3%	5/11	26.2%	29.2%

Planned business activity over the next 12 months

	Taiwan 2021	Survey average 2021	Rank 2021	Taiwan 2020	Rank 2020	Taiwan 2019	Taiwan 2019
Expect to increase employee numbers	26.5%	39.9%	9/11	22.8%	8/11	22.3%	29.4%
Will introduce a new product, service or process unique to their market or the world	18.7%	27.0%	9/11	14.5%	8/11	13.3%	13.9%
Expect revenue from overseas markets to grow strongly	11.0%	19.3%	10/11	6.9%	8/11	6.0%	10.6%
Will seek external funds	19.0%	27.3%	8/11	16.2%	9/11	8.3%	11.9%
Expect easy to very easy access to finance	21.1%	40.6%	9/11	20.0%	8/11	22.8%	19.5%

Innovation

Taiwan's small businesses are currently unlikely to innovate. Only 18.7 per cent state they will introduce a new product, process or service that is unique to their market or the world in 2022, compared with the survey average of 27 per cent.

Employee growth

The slight increase in the number of Taiwanese small businesses that grew in 2021 is reflected in a small increase in the number of small businesses that created new jobs in 2021. 15.5 per cent added to their headcount in 2021, up from 12.5 per cent in 2020.

An expected pick up in business activity in 2022 should see the sector create more jobs this year. 26.5 per cent

of Taiwan's small businesses expect to add to their headcount in 2022.

Access to finance

Taiwan's small businesses were less likely to have accessed external finance in 2021 than 2020. 46.1 per cent needed external finance last year compared with 47.5 per cent in 2020. Of the Taiwanese small businesses that accessed finance, 44.1 per cent sourced that finance for business growth and 44.8 per cent accessed it for survival.

Respondents from Taiwan didn't find accessing external finance easy in 2021. Only 21 per cent found accessing finance last year was easy or very easy, lower than the survey average of 45.9 per cent. Banks were the most likely source of that finance.

Factors that had positive and negative influences on business

Top four factors that had a positive influence on Taiwan small business in 2021	Top four factors that had a positive influence on Taiwan small business in 2020	Top four factors that had a positive influence on Taiwan small business in 2019
COVID-19	COVID-19	Customer loyalty
Customer loyalty	Cost control	Cost control
Cost control	Customer loyalty	Good staff
Improved customer satisfaction	Technology	Introduced a new product or service

Top four factors that had a negative impact on Taiwan small business in 2021	Top four factors that had a negative impact on Taiwan small business in 2020	Top four factors that had a negative impact on Taiwan small business in 2019
COVID-19	COVID-19	Increasing costs
Poor overall economic environment	Poor overall economic environment	Poor overall economic environment
Increasing costs	Difficulty expanding into new markets	Staff cost
Increasing competition	Increasing costs	Increasing competition

Taiwan's small businesses found that "poor overall economic environment" and "increasing costs" also had negative impacts on their business. Materials and stock costs were the costs most detrimental to Taiwan's small business in 2021.

Demographics

	Taiwan 2021	Survey average 2021	Rank 2021	Taiwan 2020	Rank 2020	Taiwan 2019	Taiwan 2018
Business has been established for 10 years or less	58.7%	62.8%	6/11	58.7%	8/11	56.5%	60.4%
Respondent is aged under 40	34.5%	45.2%	8/11	54.8%	7/11	44.2%	44.9%
Respondent is the business owner	14.8%	39.0%	10/11	16.8%	10/11	13.6%	14.2%
Business has 10 to 19 employees	15.2%	30.1%	10/11	21.8%	8/11	23.9%	21.5%