



22 March 2021

Australian small businesses stuck in digital dark ages

- CPA Australia publishes Asia-Pacific Small Business Survey.
- Australian businesses win “wooden spoon” for digital transformation.
- Significant public funding needed to help Australian small businesses go digital.

Australian small businesses are less likely to invest in, use, earn from or offer customers the use of digital technologies than their Asia-Pacific counterparts, according to CPA Australia.

CPA Australia surveyed 4,227 businesses in 11 markets about their operations and plans. Australian small businesses won the “wooden spoon” for digital transformation:

- Least likely to begin or increase online sales during COVID-19 – Australia
- Least likely to use social media for business – Australia
- Least likely to invest in technology in 2020 – Australia
- Least likely to profit from their investment in technology - Australia
- Least likely to review cyber-security in past six months – Australia

In addition, Australian small businesses were the second least likely to earn revenue from online sales and third least likely to offer customers the choice of digital payment technologies.

CPA Australia Chief Executive Officer Andrew Hunter labelled the results disappointing, saying; “Other markets made major in-roads on digital transformation during the pandemic. Clearly, Australian small businesses need more help than they’re getting to leave the digital dark ages behind.”

Unsurprisingly, most businesses in the region reported that COVID-19 had a major impact on their business. However, the consequences appear to have been felt slightly more strongly in Australia.

Only 22.3 per cent of Australian small businesses grew last year – the second lowest result of any market surveyed. Only 8.3 per cent of Australian small businesses added employees – the lowest result.

Despite the impact of COVID-19, 36.1 per cent of Australian small businesses reported they made no “major change” in response to the pandemic, the highest result of any market surveyed. They did not, for example, access government support, negotiate rent reductions or loan holidays, delay taxation payments or reduce capital expenditure.

Given that many Australian small businesses overlooked these relatively simple actions, it is unsurprising that more complex digital transformation did not occur. However, the consequences are profound.

Hunter said, “There is a clear link between innovation and performance. Our survey shows that growing businesses are more likely to use new technologies, e-commerce and social media. These are areas in which Australian small businesses performed poorly.”

“This digital divide will make Australia’s road to economic recovery longer and tougher than it needs to be. If Australian small businesses don’t transform, sales will go to more innovative competitors overseas.”



Australian small businesses expect to fare better in 2021, however, they may still underperform other Asia-Pacific businesses. Only 41.4 per cent of Australian small businesses expect to grow this year compared with the survey average of 60.8 per cent. Thirteen per cent expect to increase employees numbers, compared with the survey average of 35 per cent.

Failure to innovate is likely to continue to hold Australian businesses back. Only 6.7 per cent of Australian small businesses say they will introduce a product, process or service that is unique to their market or the world in 2021, compared with 23 per cent in other markets.

Hunter urged the government to show greater support for digital transformation, “While businesses should play an active role in digital transformation, the government needs to play a bigger role in helping businesses manage this change.”

“Ad hoc financial support for digital transformation isn’t sufficient. There needs to be a significant commitment of public funding to help Australian small businesses transform.”

CPA Australia called on the government to invest in improving the digital capability of small businesses in our [2021-22 Federal Budget submission](#).

On the question of how much is needed to fund digital transformation, Hunter said “Given how far behind Australian businesses are, the level of investment needed to bridge the digital divide is quite substantial. For example, last year Singapore announced an AU\$325 million program to support local businesses with digital transformation.”

Download [CPA Australia Asia-Pacific Small Business Survey 2020-2021](#).

Media contact: Dr Jane Rennie on +61 425 869 017 or jane.rennie@cpaaustralia.com.au

About CPA Australia

CPA Australia is Australia’s leading professional accounting body and one of the largest in the world. We have more than 168,000 members in over 100 countries and regions, supported by 19 offices globally. Our core services include education, training, technical support and advocacy. CPA Australia provides thought leadership on local, national and international issues affecting the accounting profession and public interest. We engage with governments, regulators and industries to advocate policies that stimulate sustainable economic growth and have positive business and public outcomes. Find out more at cpaaustralia.com.au

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BUSINESS AND ECONOMIC CONDITIONS

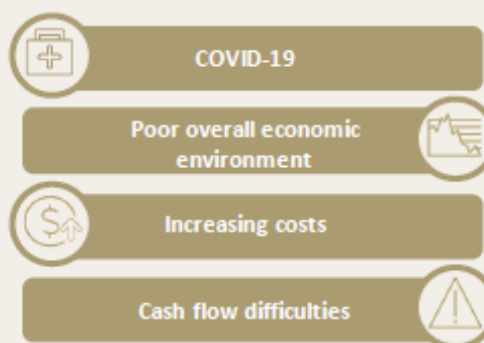
Australia 2020 | Survey average



POSITIVE FACTORS IN 2020

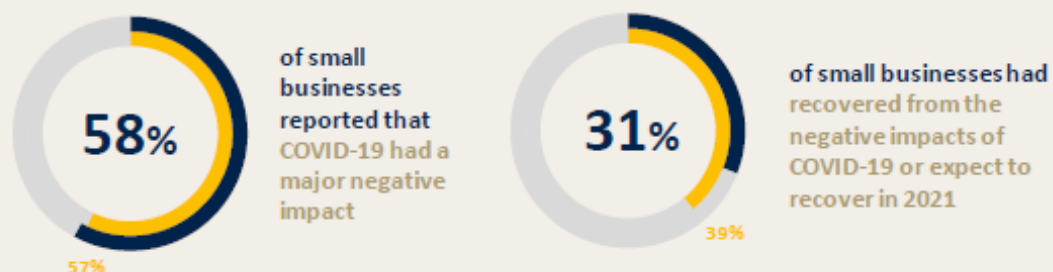


NEGATIVE FACTORS IN 2020

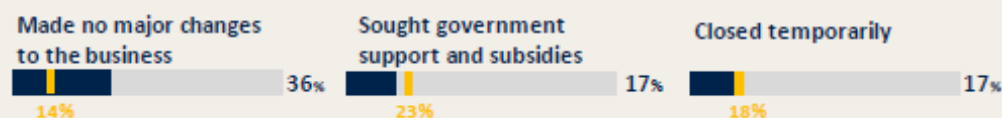


IMPACTS OF COVID-19

Australia 2020 | Survey average 2020



TOP-THREE ACTIONS IN RESPONSE TO COVID-19

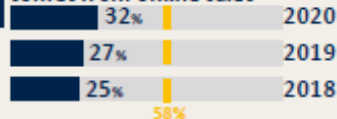


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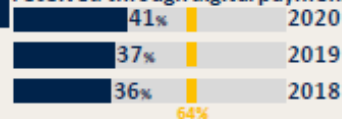
BUSINESS ACTIVITY IN 2020

Survey average

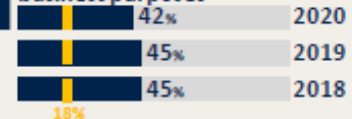
More than 10 per cent of revenue comes from online sales



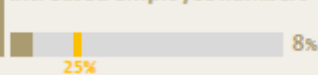
More than 10 per cent of sales is received through digital payment



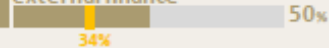
Did not use social media for business purposes



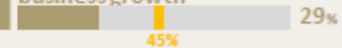
Increased employee numbers



Found it easy / very easy to access external finance



Sought external finance for business growth



PLANNED BUSINESS ACTIVITY IN 2021

EMPLOYEE NUMBERS

13%



of small businesses expect to increase employee numbers

(Survey average: 36%)

DEBT REPAYMENTS

39%



of small businesses expect repayment of debts to be easy or very easy

(Survey average: 32%)

EXTERNAL FINANCE

31%



of small businesses expect accessing external finance to be easy or very easy

(Survey average: 28%)

REVENUE

46%



of small businesses expect revenue to grow

(Survey average: 64%)

OVERSEAS REVENUE

19%



of small businesses expect overseas revenue to grow

(Survey average: 41%)

INNOVATION

7%



of small businesses will introduce a new product / service / process unique to Australia or the world

(Survey average: 23%)

RECOMMENDATIONS FOR SMALL BUSINESSES



Develop your capability to identify and implement the right technologies for your business



Expand your e-commerce presence and use new payment technologies to make it easier for customers to pay online



Invest in learning more about your customers and potential customers