

Singapore small businesses fall behind ASEAN countries – small business owners optimistic about growth in 2019

10 April 2019

Small businesses in Singapore grew less strongly than their counterparts in Southeast Asia, despite growing at their strongest pace in three years in 2018 and outperforming other developed economies like Australia, Hong Kong, New Zealand and Taiwan, according to a new survey released today.

Singapore business owners are also reporting an optimistic outlook on growth this year.

According to CPA Australia's 10th annual Asia-Pacific Small Business Survey, 58.7 per cent of small businesses in Singapore grew from 2017 to 2018, the best result since 2015.

This is much lower than the growth rates of 65.5 per cent and 86.6 per cent of small businesses in Malaysia and Indonesia respectively.

The survey gathered data from over 3000 small business operators in Malaysia, Vietnam, Indonesia, Hong Kong, Singapore, Australia, the Philippines, Taiwan, New Zealand and Mainland China.

Looking into 2019, despite challenging global economic conditions, 60.7 per cent of small businesses are expecting to grow this year; the best result for Singapore since 2013.

But their outlook is more cautious compared with other countries in the Association of Southeast Asian Nations (ASEAN) surveyed.

On a promising note, nearly one third of Singapore's small businesses expect to add staff in 2019, the highest since 2014.

Increasing costs remain one of the biggest challenges facing Singapore's small business with 45.9 per cent of those surveyed stating that increasing costs had a major negative impact on their business. Not surprisingly cost control was one of the major factors small business owners identified as having a positive impact on their business in 2018.

The survey found that Singapore's small businesses, like their counterparts in the rest of Asia, have demonstrated a strong focus on using digital technologies in their business, with 62 per cent of small businesses generating revenue from online sales. However, there is room for growth, as only 37.3 per cent of the small businesses surveyed generated more than 10 per cent of their sales online compared with the survey average of 50.3 per cent.

CPA Australia's manager of Business and Investment Gavan Ord says a stronger focus on online sales would be beneficial for Singapore's small businesses, as the survey shows there is a strong link between this and business growth.

"An overwhelming majority of small businesses in Singapore use social media for business purposes, with only 22.1 per cent who do not use social media for their business. The most popular use of social media is to promote their business, and the platform they get the most value from is Facebook.

"Some small businesses could consider expanding how they use social media, with the survey showing that businesses that use social media to learn about the behaviours of customers and potential customers, and to receive and monitor customer feedback, are much more likely to be growing strongly," Ord says.

Another challenge facing Singapore's small businesses is the relatively difficult financing facing the sector. Recent Budget announcements on improving small business access to finance may help ameliorate these concerns for some small businesses.

The threat of a major disruption to global trade because of trade disputes concerns many of Singapore's small businesses, with 38.9 per cent stating that they believe it will have a negative impact on their business in 2019.

"Despite uncertainties such as global trade tensions, it is heartening to see a more positive outlook from small businesses in Singapore. In Budget 2019, the Singapore Government introduced measures to support small businesses to develop their digital capability and enhance the skills of their workforce. This will go a long way to encourage the small business sector to adopt digital technology, which the survey shows, is an enabler for growth," says Mr Chng Lay Chew, Singapore Divisional President, CPA Australia.

The CPA Australia Asia-Pacific Small Business Survey provides annual insights into the views of small businesses across the region and forms part of a longitudinal study that began in 2009.

Market summary – Singapore

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/business-management/small-business-survey/small-business-survey-2018-market-summary-singapore.pdf?la=en>

Asia-Pacific Small Business Survey

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/business-management/small-business-survey/small-business-survey-2018.pdf?la=en>

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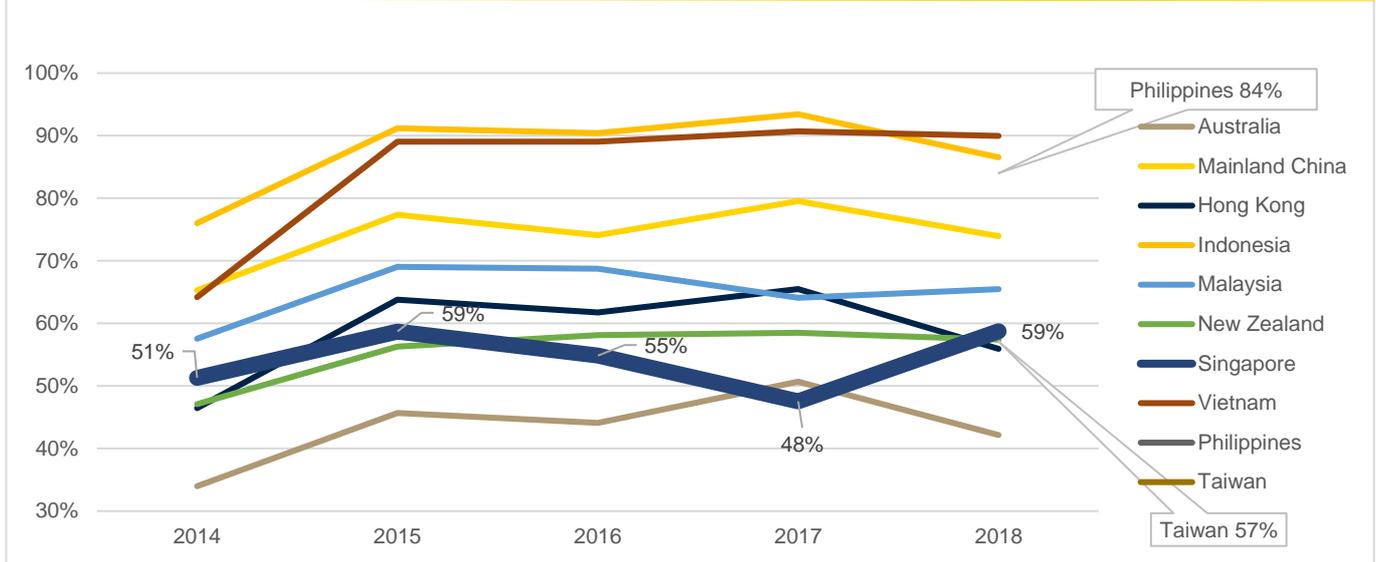
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Graphs

PERCENTAGE OF BUSINESSES THAT GREW IN THE PRECEEDING 12 MONTHS - 2014 TO 2018



BUSINESSES THAT EXPECT TO GROW IN THE COMING 12 MONTHS BY MARKET – 2010 TO 2019

