

Hong Kong SMEs: New Challenges for a New Decade

As slowdown looms, tactics include less investment

62%

of SMEs expect the local economy to worsen in 2020, due to

63% deteriorating consumer confidence

52% trade disputes

51% decline in tourism



Cost control chosen by

37% to cut staff training

36% to cut capital spending

34% to scale back staff size

... while only **20%** look for **government support** / relief measures

65%

as primary measure to counter economic slowdown



Loss of appetite for overseas expansion

38%

of SMEs intend to expand overseas

down from 44% in 2018



Concerns over international expansion:



Top planned **destinations** for expansion:



Risk concerns grew, despite drop in encounters with business problems

66%

experienced at least one **business issue** in 2019

down from 73% in 2018



Top risk concerns:



64% **63%** **62%**

Loss of income due to business interruptions
Departure of key staff
Equipment breakdown

But only about **1 in 10** of SMEs have relevant insurance coverage



Lack of insurance coverage on key risk concerns

91%

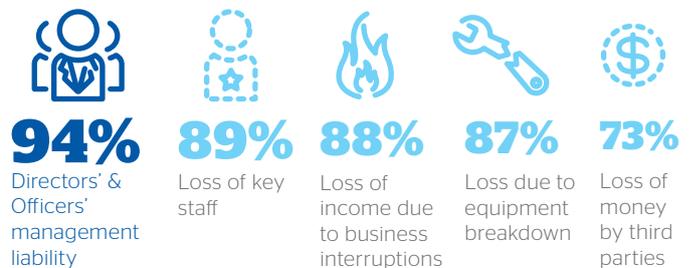
of SMEs have some sort of insurance protection

up from 86% in 2018



However, key risks concerns tend not to be covered

SMEs do not have insurance protection against



About the Research Study

The "SMEs: New Challenges for a New Decade" research study was conducted by ENGINE on behalf of QBE Hong Kong. The study drew on an online survey of 400 Hong Kong SMEs completed in December 2019. Among the SMEs surveyed, 76% were in the service industry offering wholesale/retail, health, arts and creation, IT, finance, education, real estate, professional services, transport, F&B, accommodation and more. The remaining 24% came from the non-service industry, mainly manufacturing, construction and engineering. The SMEs in manufacturing sector employ up to 99 employees, while the non-manufacturing ones have up to 49 employees.

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