

# Hong Kong SMEs: New Challenges for a New Decade

## As slowdown looms, tactics include less investment

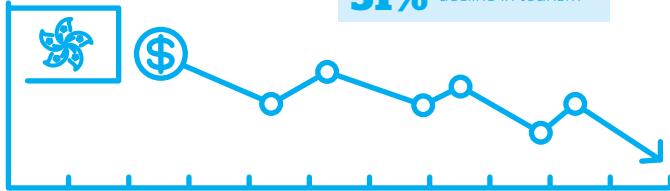
**62%**

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:



**28%**

insufficient staff or skills



**27%**

lack of knowledge of overseas markets



**27%**

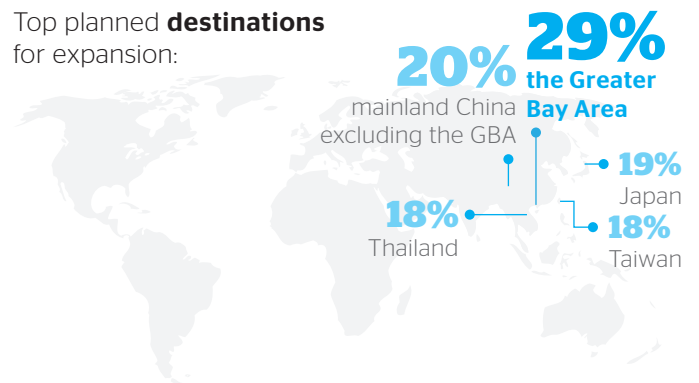
lack of local partners



**25%**

insufficient funds

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:



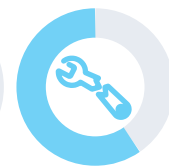
**64%**

Loss of income due to business interruptions



**63%**

Departure of key staff



**62%**

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



**94%**

Directors' & Officers' management liability



**89%**

Loss of key staff



**88%**

Loss of income due to business interruptions



**87%**

Loss due to equipment breakdown



**73%**

Loss of money by third parties

### 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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