

Standard Chartered Hong Kong SME Leading Business Index

Results

Q3 2023



Background

- The “Standard Chartered Hong Kong SME Leading Business Index” is independently implemented by Hong Kong Productivity Council and sponsored by Standard Chartered Bank (Hong Kong) Limited.

Survey Objectives



- To analyse Hong Kong SMEs' confidence in the recent business environment

- To explore the recruitment of talent by SMEs

Standard Chartered Hong Kong SME Leading Business Index

Results

Q3 2023



Key Findings of This Quarter



Overall Index retreated by 6.1 to **46.7** for Q3 2023, returning to the level in Q1 2023



88% of SMEs that need to hire reported difficulties in staff recruitment



Over half of SMEs considering to recruit non-local talent considered “Supplementary Labour Scheme” helpful for attracting and recruiting non-local talent

Overall Index in Q3 2023

Quarter-over-quarter
decrease

46.7

-6.1



Overall Index

60

Q2 2023
52.8

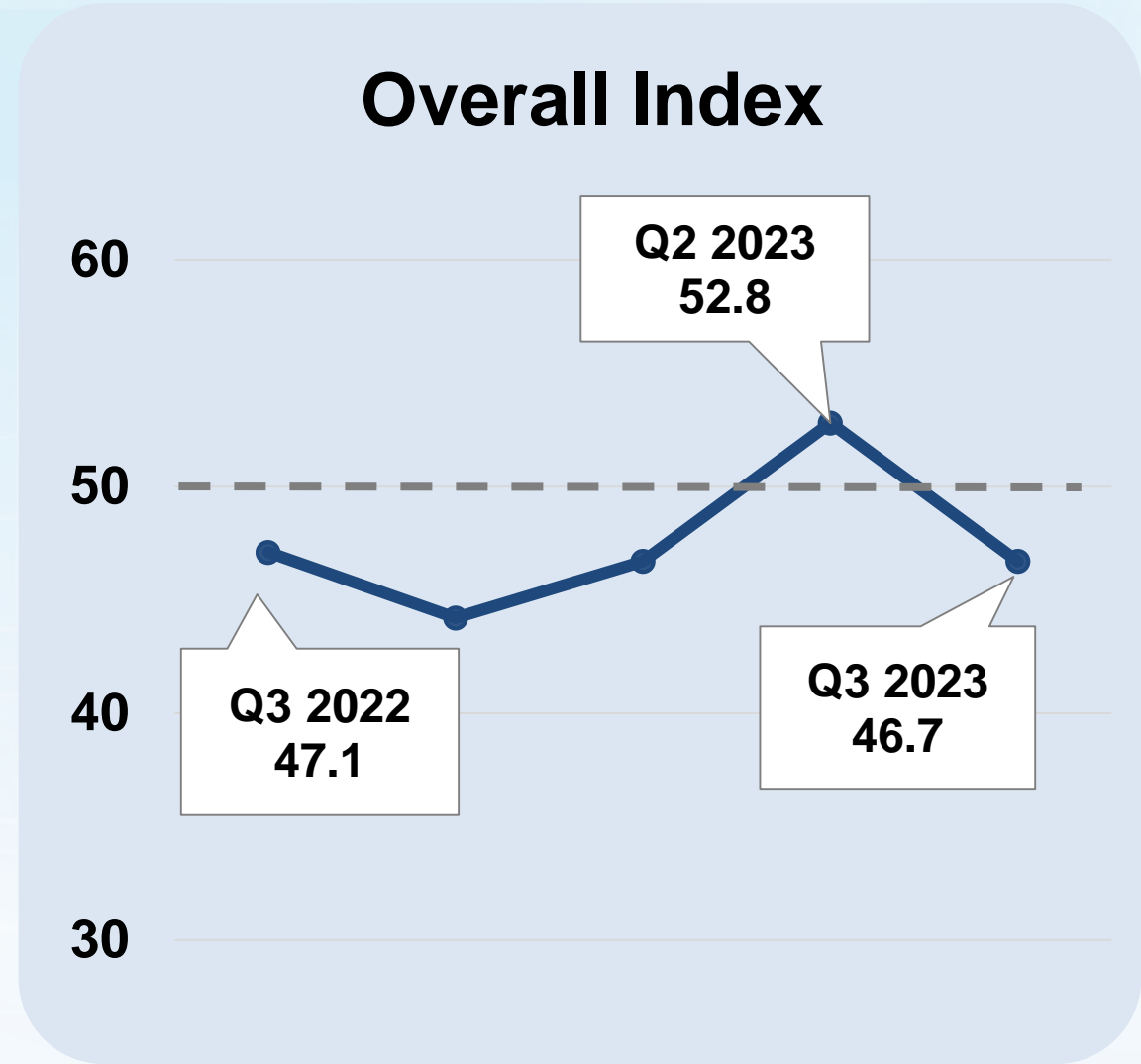
50

40

Q3 2022
47.1

Q3 2023
46.7

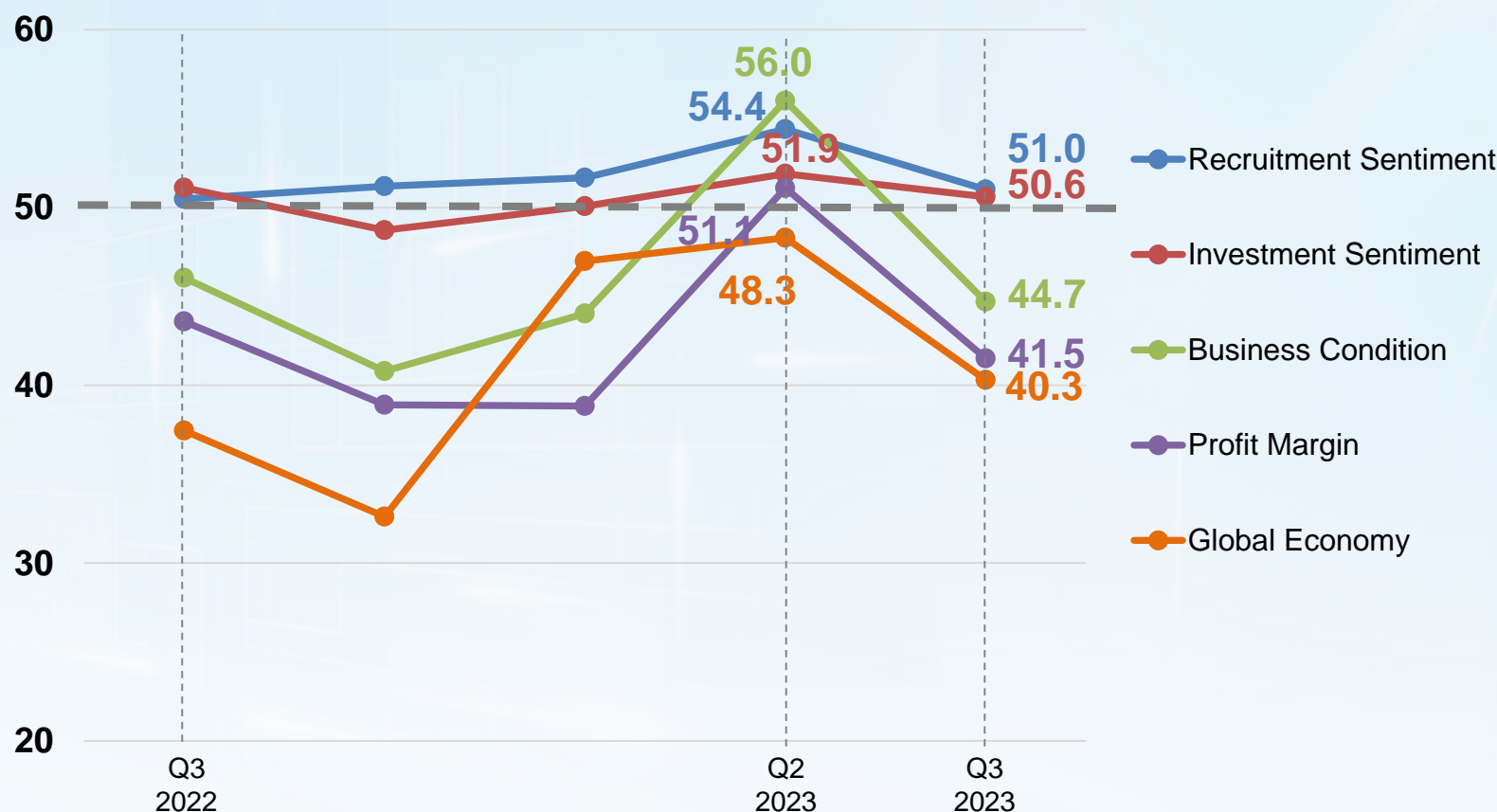
30



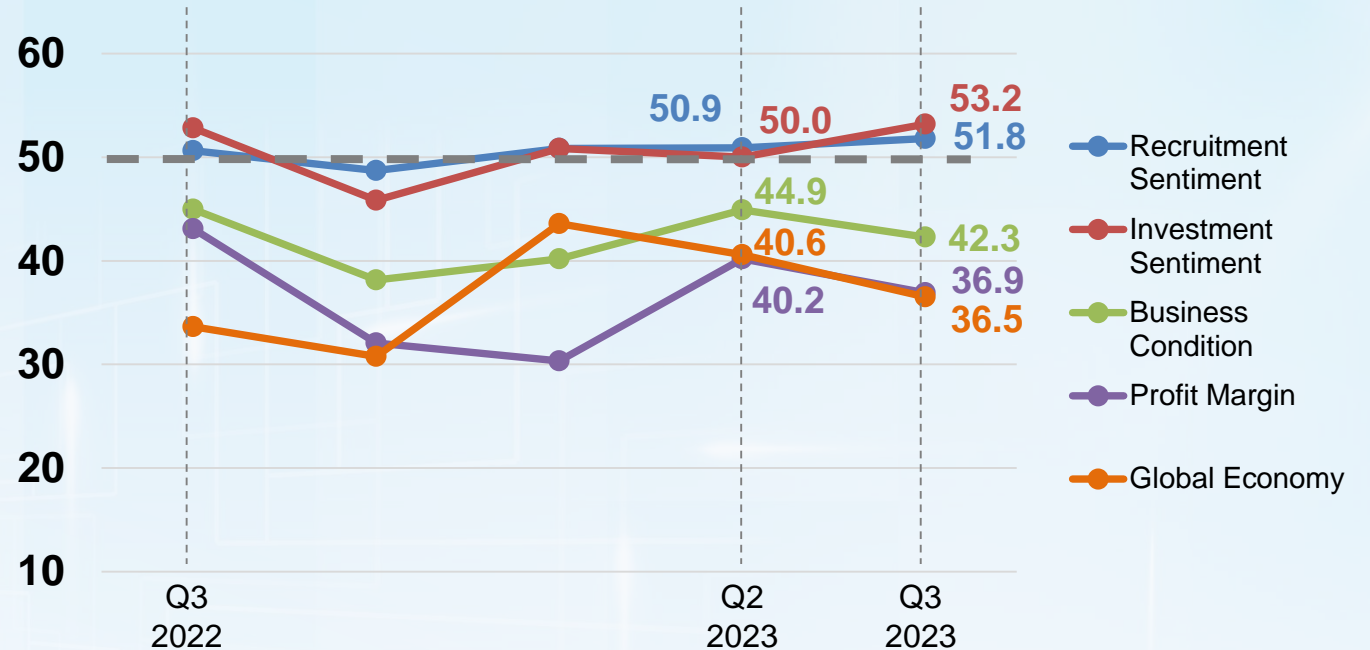
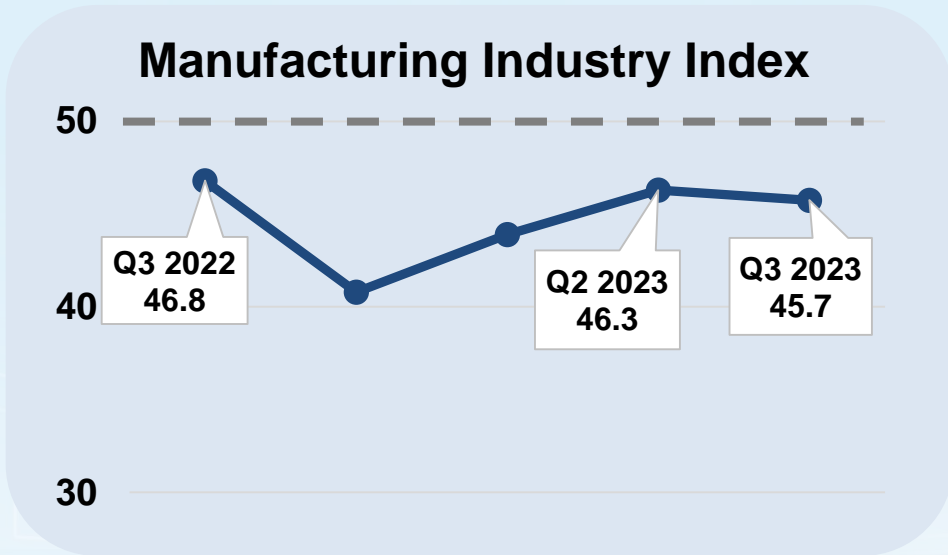
Five Component Sub-Indices of Overall Index

- All sub-indices were down simultaneously, with “Business Condition” (-11.3) and “Profit Margin” (-9.6) recording the most significant drops, reflecting that SMEs have lower confidence on their turnover in this quarter
- “Global Economy” also dipped by 8.0 to 40.3, indicating that SMEs are facing challenges from the external environment
- Despite the declines in sub-indices, “Recruitment Sentiment” and “Investment Sentiment” stayed above 50 neutral line, indicating that SMEs remained optimistic towards the business prospects

Five Component Sub-Indices of Overall Index

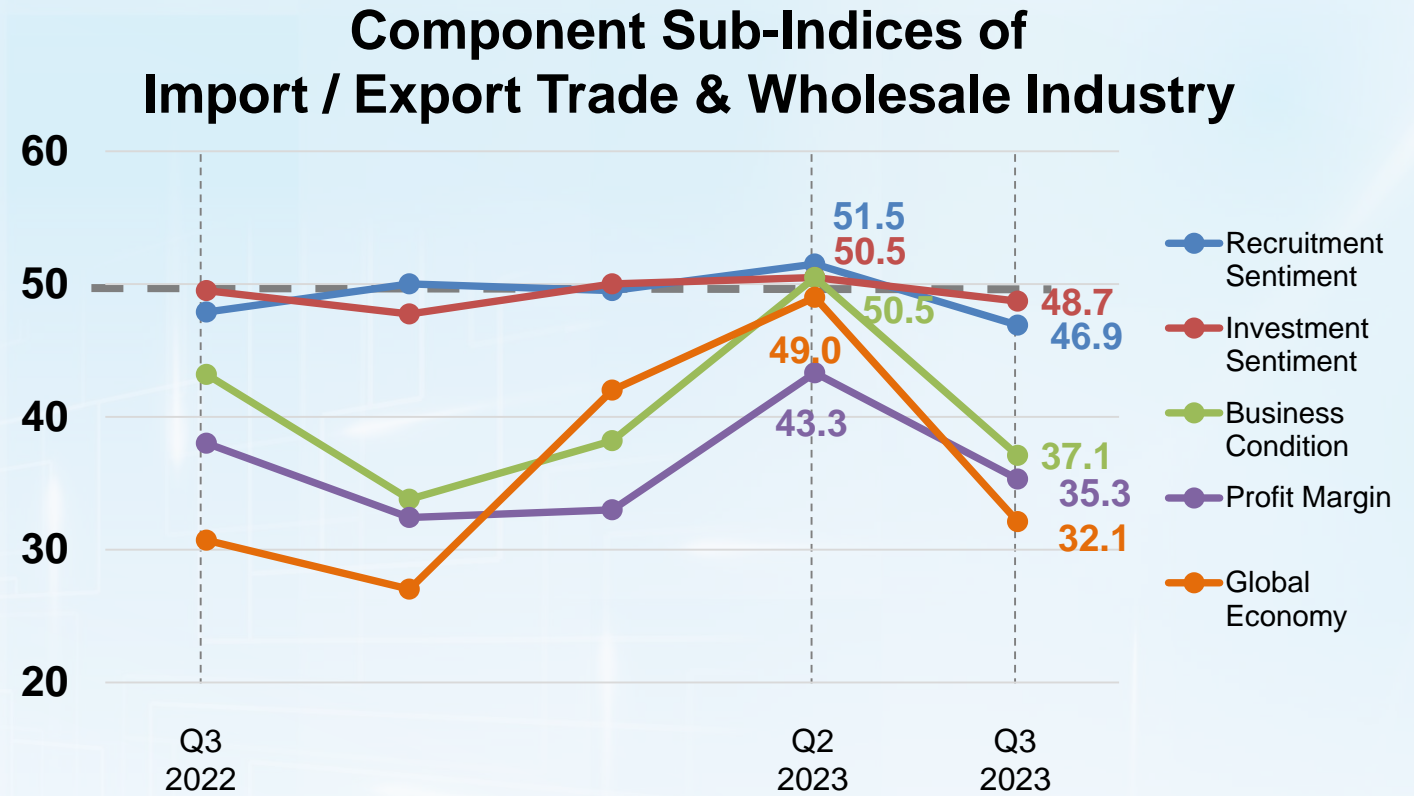
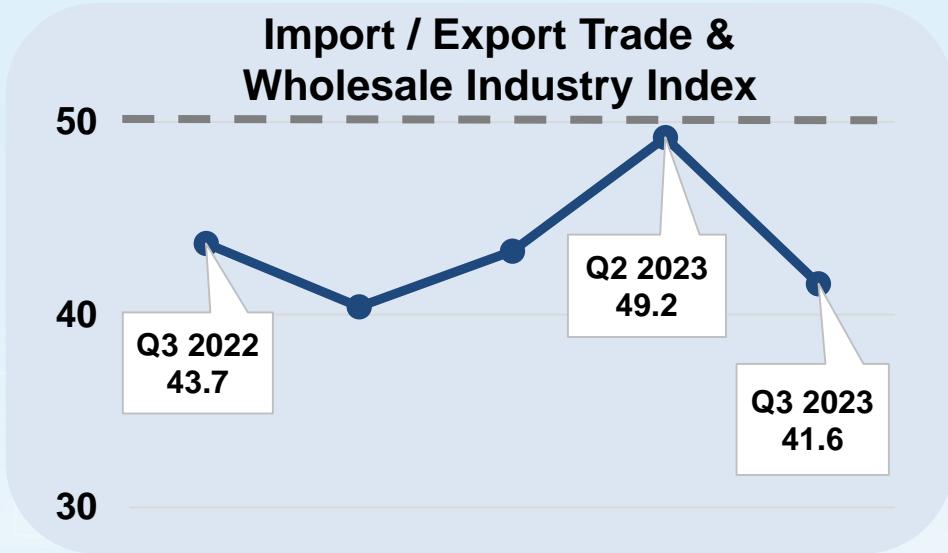


Manufacturing



- Industry index of Manufacturing Industry was slightly down by 0.6 to 45.7 this quarter
- Except “Investment Sentiment” (53.2) and “Recruitment Sentiment” (51.8) which further increased, all other component sub-indices declined, particularly for “Global Economy” which dipped further by 4.1 to 36.5

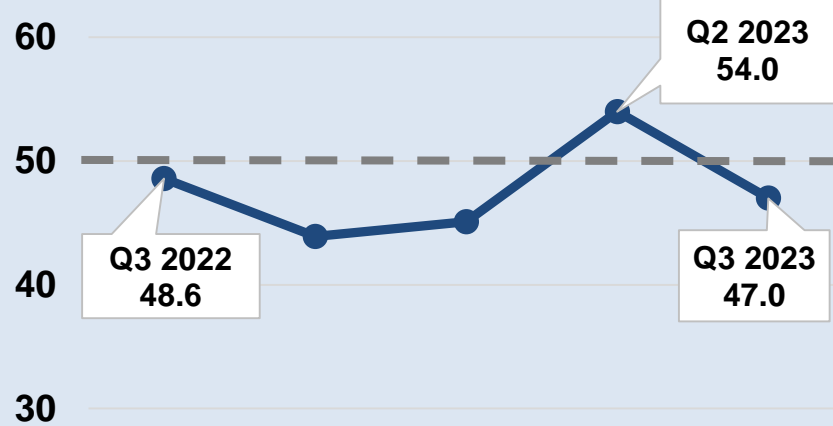
Import / Export Trade & Wholesale



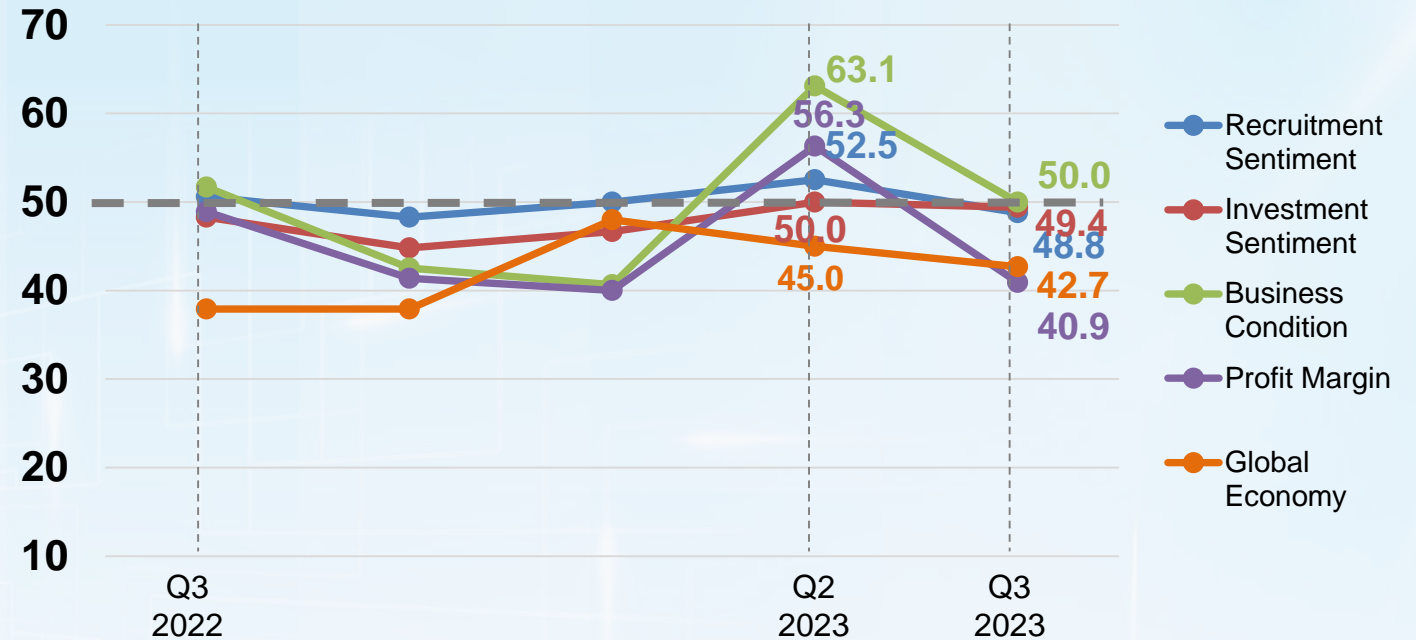
- Industry index of Import / Export Trade & Wholesale Industry dropped significantly by 7.6 to 41.6
- All component sub-indices were down, of which “Global Economy”, “Business Condition” and “Profit Margin” recorded more significant drops of 16.9, 13.4 and 8.0 respectively

Retail

Retail Industry Index



Component Sub-Indices of Retail Industry



- Industry index of Retail Industry retreated by 7.0 to 47.0, but it was still higher than 45.1 in Q1 2023
- All component sub-indices dropped simultaneously. Although “Profit Margin” (-15.4) and “Business Condition” (-13.1) recorded drops of over 10 points, the latter stayed above 50 neutral line, indicating that the industry was still optimistic towards their prospects

Industry Index

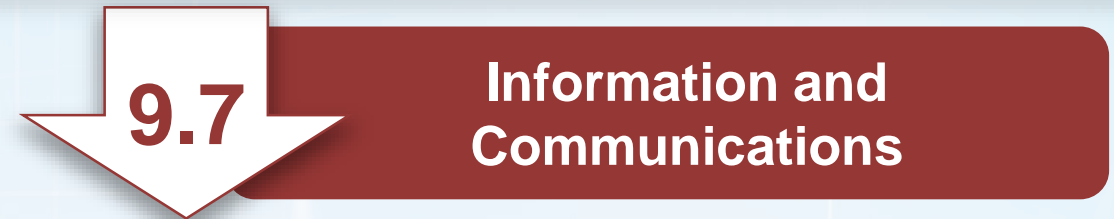
Industries with Index above 50 Neutral Line:



Industries with Index below 40:



Industries with the Largest Drops:



- Although Accommodation and Food Services Industry Index (55.4) suffered the largest drop of 11.8, it was still the highest among the 11 industries

Expectation towards Changes on Investment

91%

SMEs expected to maintain or increase on the overall investment

Top 5 Industries Expecting to Maintain or Increase on the Overall Investment

1 Accommodation and Food Services **96%**

2 Social and Personal Services **95%**

3 Financing and Insurance **94%**

3 Real Estate **94%**

3 Construction **94%**

3 Transportation, Storage and Courier Services **94%**



Expectation towards Changes on Investment

Most SMEs expected to maintain or increase investment on the following items:

1 Training Related to E-commerce or Digital Technology

2

IT System

3

Research & Development / Overall Staff Training

4

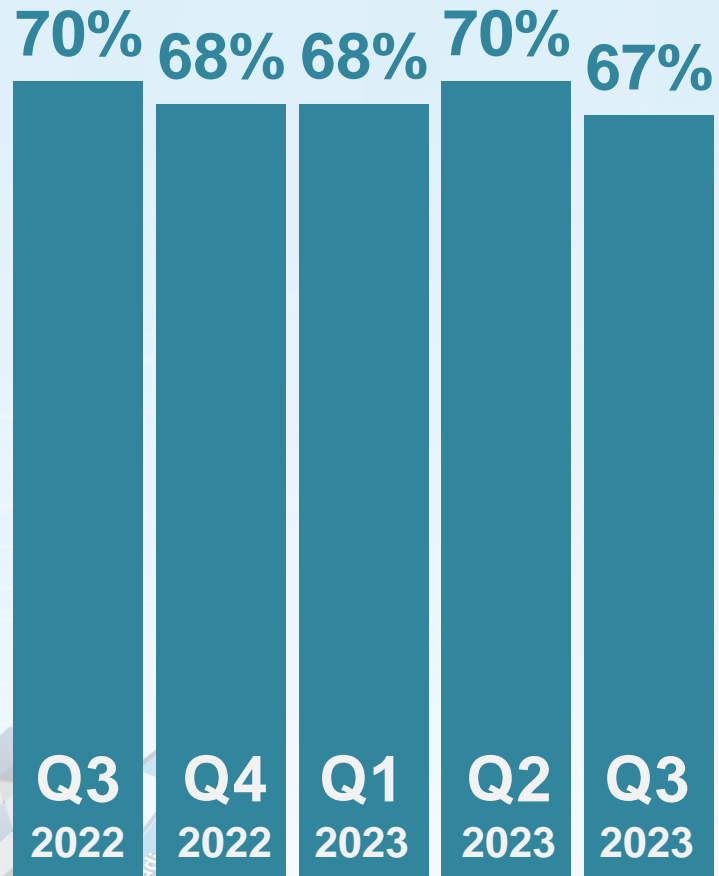
Online Marketing Promotion

5

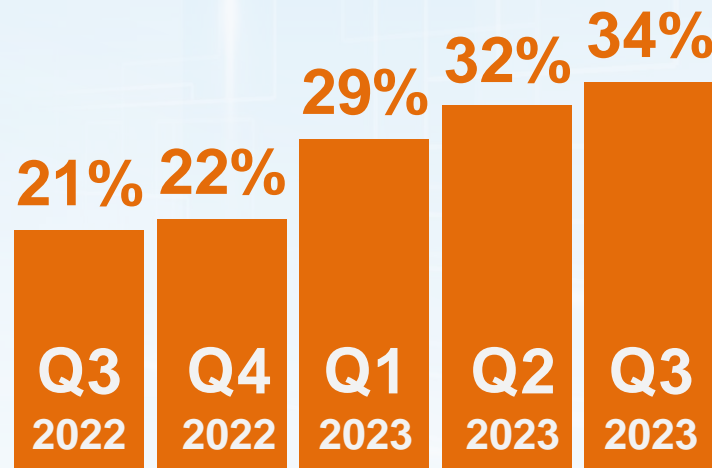
Offline Marketing Promotion



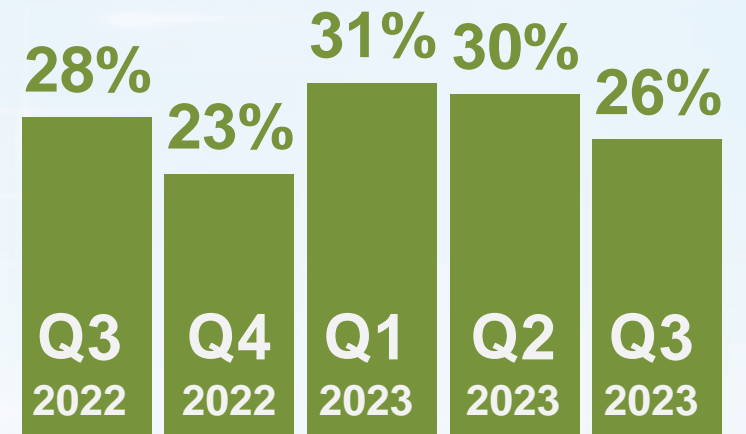
Expectation towards Increase on Raw Materials Cost, Staff Salary and Price Factors



Raw Materials Cost Increase



Staff Salary Increase



Product / Service Price Increase

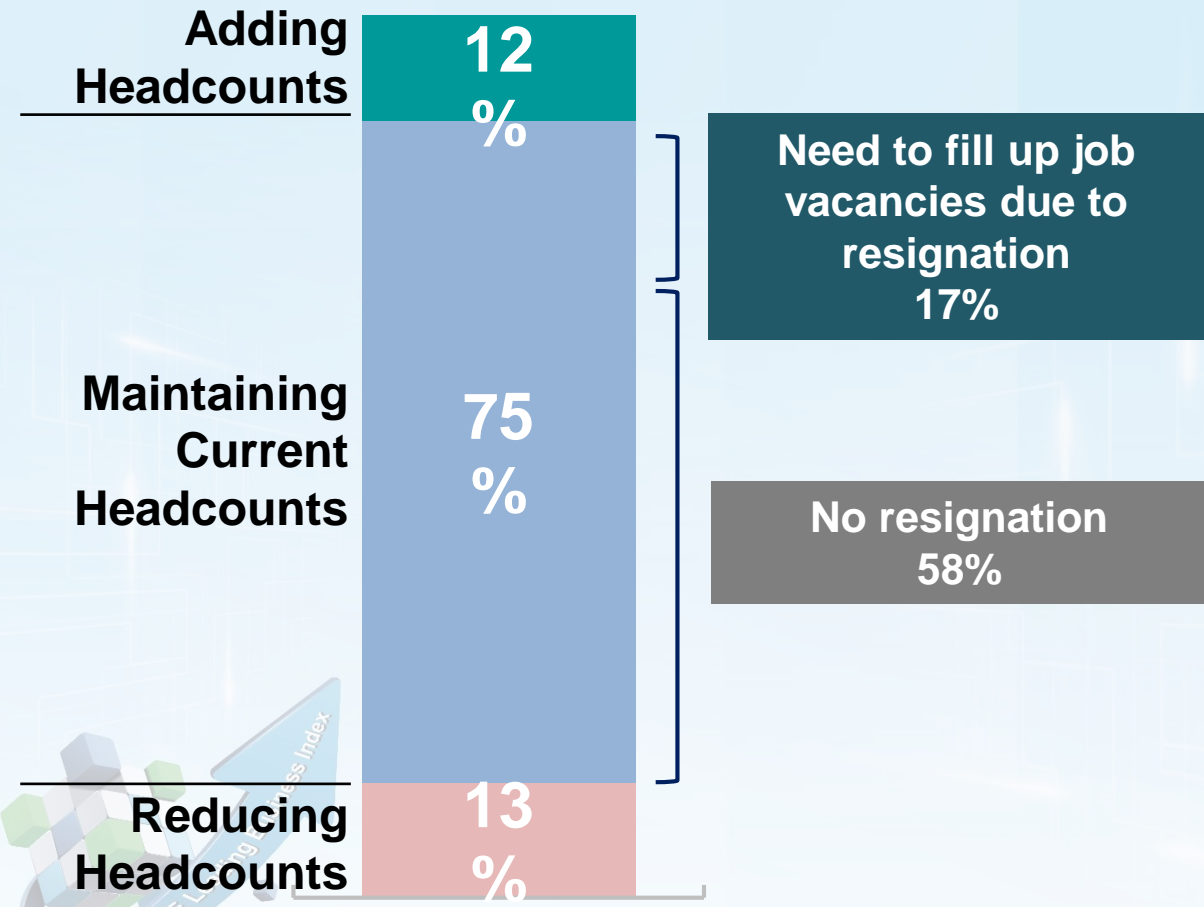
Standard Chartered Hong Kong SME Leading Business Index

Featured Topic

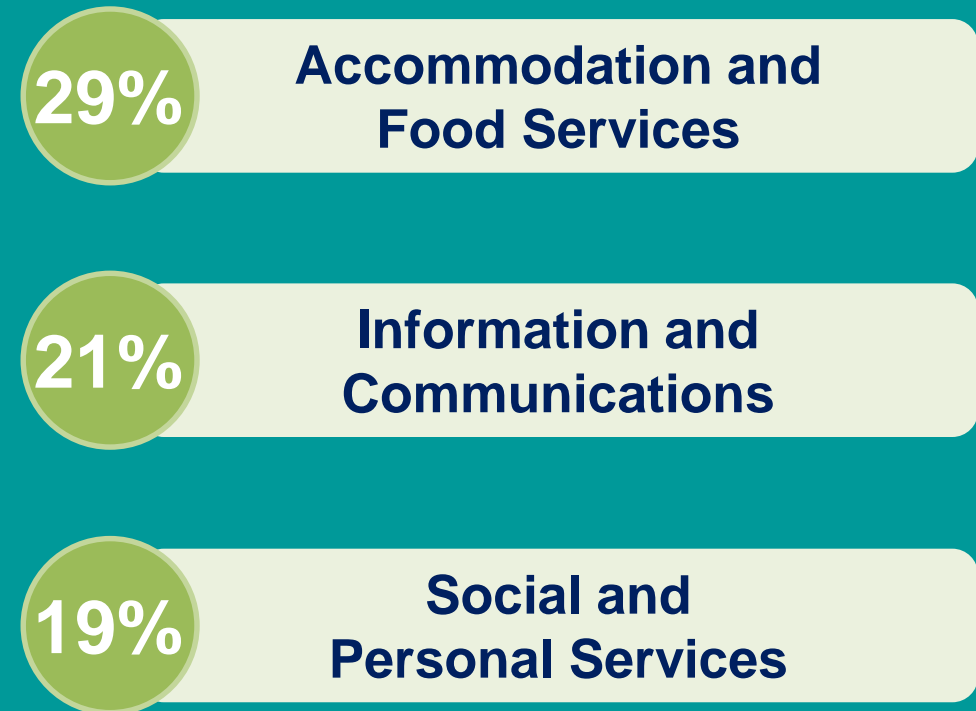
Recruitment of Talent by SMEs



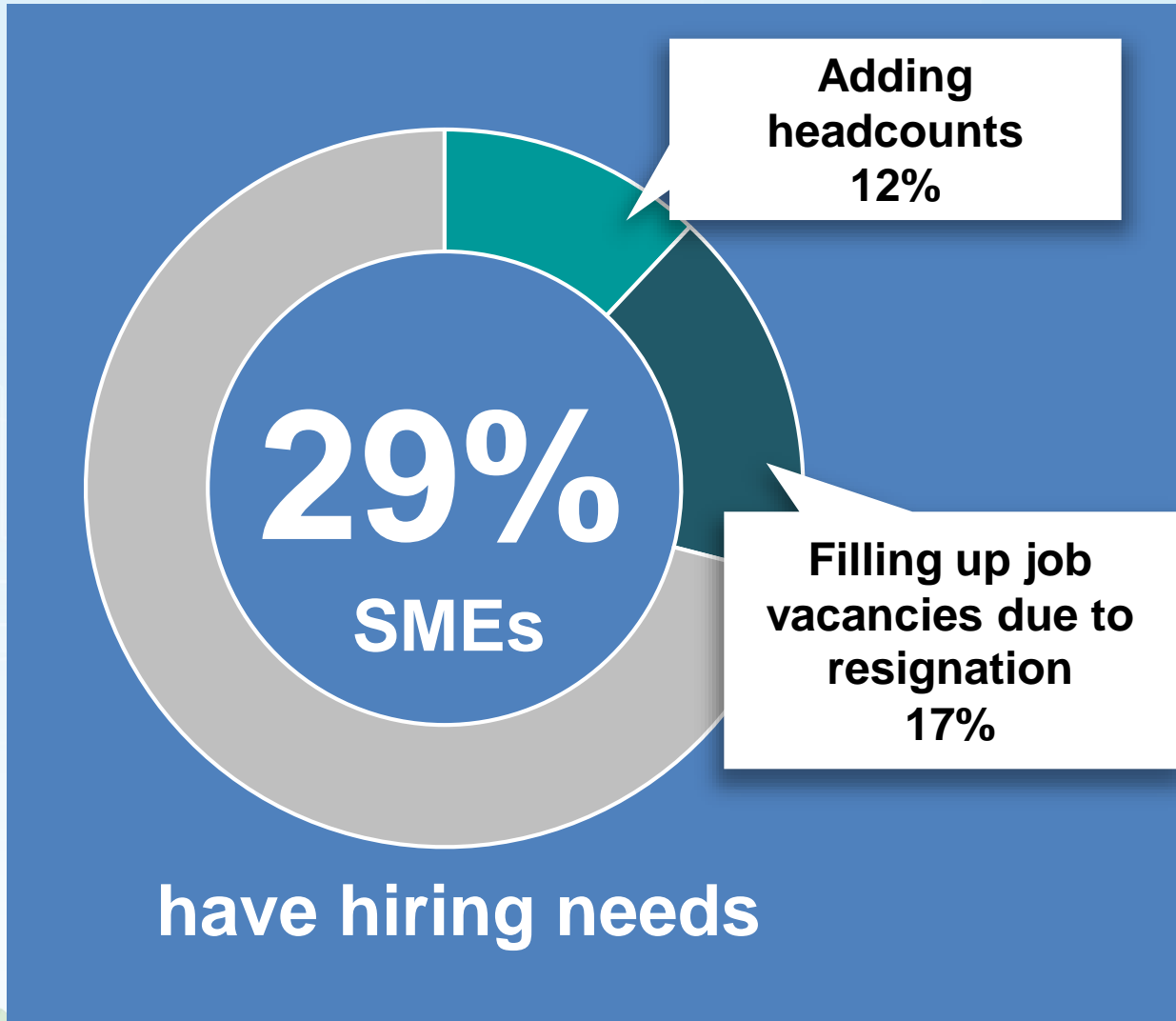
Current Job Vacancy Status among SMEs



Top 3 Industries with Needs to Add Headcounts



SMEs' Current Hiring Status



Job Nature with the Strongest Hiring Needs

- 1 Frontline Sales
- 2 Frontline Service
- 3 Finance and Accounting
- 4 Administration and Office Support
- 5 Engineers and Technicians

SMEs' Top 3 Difficulties During Staff Recruitment



reported difficulties
in staff recruitment

Top 3 Difficulties Encountered by SMEs During Staff Recruitment

1 Difficult to hire a right candidate **44%**

2 Less young people willing to join the industry **36%**

3 A shrinking workforce **27%**



SMEs' Measures in Handling Talent Shortage

31%

Recruiting non-local talent

25%

Using outsource vendors

14%

Using artificial intelligence (AI) to perform manual tasks

Top Industries Considering to Recruit Non-Local Talent

1

Social and Personal Services

2

Professional and Business Services

3

Accommodation and Food Services

Sources of Non-Local Talent

Mainland

90%

Overseas

31%

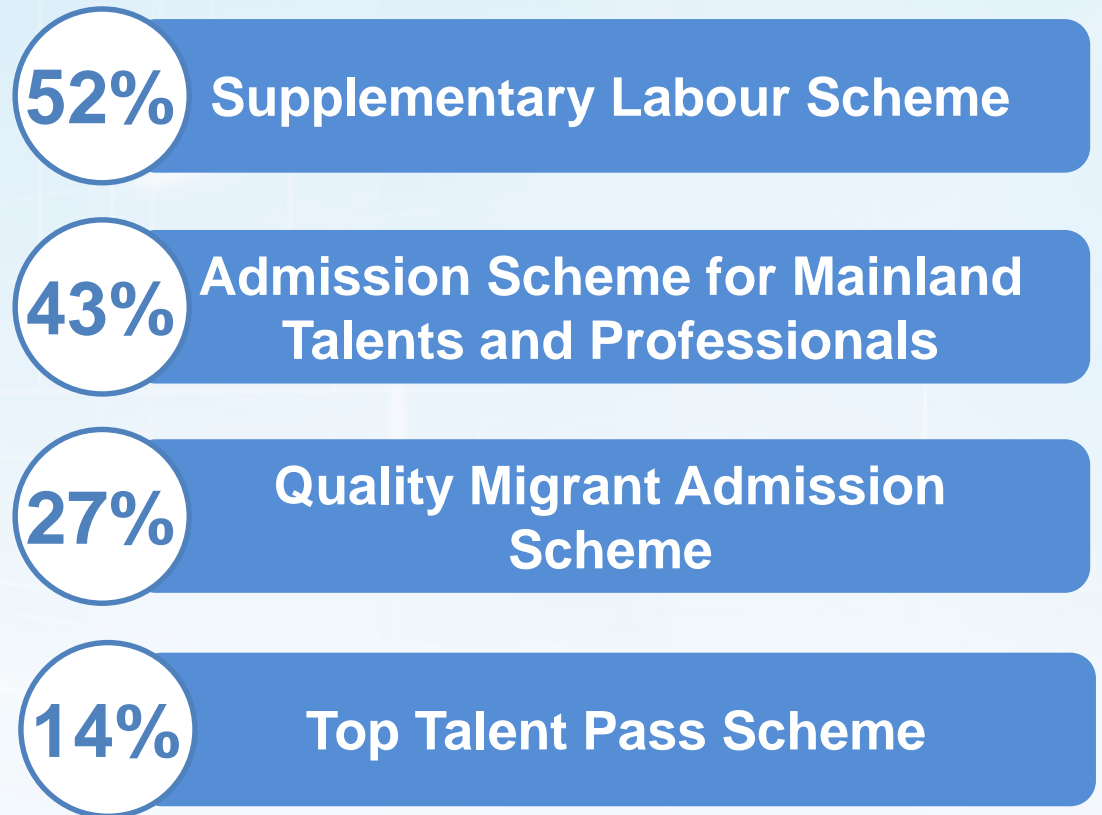
Talent Admission Schemes that Support SMEs

Among SMEs considering to recruit non-local talent

88%

considered Hong Kong's talent admission schemes helpful

Talent Admission Schemes that SMEs Considered Useful:



Standard Chartered Hong Kong SME Leading Business Index

Expert Analysis



Report Download

“Standard Chartered Hong Kong SME Leading Business Index”
Reports are available on HKPC website:

<https://u.hkpc.org/scbi-en>

