‘What’s STPing You?’: Small business attitudes to technology take-up and barriers to change

New research finds one in five small businesses wrongly believe STP doesn’t apply to them

Melbourne, 11 June 2019 - In the lead-up to mandatory single touch payroll (STP) reporting from 1 July, global small business platform Xero has polled Australian small business owners on their attitudes to change management and technology adoption.

More than half of the small businesses surveyed (55 percent) said they did not know what STP was, with another one in five (20 percent) wrongly believing that STP did not apply to them and 11 percent revealing they’re not compliant yet. This lack of adoption of STP is contrasted with the positive attitudes small business owners have towards technology, with two in three (66 percent) agreeing that it gave them a competitive edge.

Key findings from the Xero ‘What’s STPing You?’ Survey (aka ‘What’s Stopping You?’), of small business owners of one to 19 employees, included:

- Seventy-five percent supported the idea that Australia should become a more innovative country.
- The word ‘digitisation’ prompted a mixed reaction, with 38 percent saying it made them feel excited, 33 percent saying it didn’t apply to them, 22 percent saying it made them feel left behind and seven percent saying it made them feel disengaged.
- The majority of the respondents (64 percent) said they would embrace any changes that would help them work smarter or faster.
- Respondents revealed a range of barriers to adoption of digital tools in their business, including a lack of understanding (40 percent), lack of resourcing (24 percent), lack of time (15 percent) and lack of trust (13 percent).
- Reflecting on the biggest changes introduced by the government in the past 30 years, small business owners nominated the introduction of GST (41 percent) as the most significant, followed by the introduction of compulsory superannuation (27 percent), and the arrival of the National Broadband Network (NBN).
- The most impactful technological changes coming were seen as Artificial Intelligence (30 percent), followed by STP at (17 percent), 5G (16 percent), and robots and driverless vehicles both at 14 percent.
- The most useful online technologies for running a business were nominated as cloud accounting software (25 percent), social media for marketing (21 percent), ecommerce (14 percent), and Customer Relationship Management software (8 percent).
Matthew Prouse, Head of Industry at Xero Australia, said it was the role of government, accountants and bookkeepers to help small businesses navigate regulatory changes and help them understand that switching to STP was not as complex as it may seem.

“Small business owners are run off their feet and often don’t have the bandwidth to stay on top of all of the new technologies. Our research found that there is a tension between small business owners being positive about the potential of technology and the barriers to adoption that stops them moving ahead. It’s a classic change management situation where we need to connect the need for change to a clear benefit they can achieve. This is particularly crucial in relation to boosting the uptake of STP.

“Advisors need to work with small business owners to help them navigate the process of understanding that STP adoption will provide them with a major boost to their business on a range of measures from efficiency to time saving and accuracy,” added Mr Prouse.

**Change management tips**

To support small business owners in adopting new technologies and facilitating change in their business, Xero’s Change Manager, Eve McKenzie, has shared her top tips:

1. **Keep it clear and simple:** Paint a clear, positive picture of where you and your team are heading. Simplify the project you’re about to introduce and break it down into ‘bite-sized chunks’ of achievable milestones.

2. **Stimulate relatable desire:** Consider what is important for your staff and how they will benefit from the change. Connect the reason for the change occurring to something you know is going to be appealing to them and that will stimulate their desire to want to change.

3. **Make sure there’s an owner:** Put someone in charge of the project to ensure it continues progressing. Not only does this help speed up the journey, it’s less uncomfortable staff if the change is structured, controlled and clear updates are provided to the impacted people.

4. **Prepare your people for change:** People are the common denominator of any change. They are either impacted by the change or playing a role in implementing the change (or both) so they need to be considered and protected to the best of your ability during a change period. Think about what they need to have, or need to be able to do, in order to be successful in the new state.

5. **Cater for some disruption:** Employees need time to learn or new systems and processes may need to be configured or adjusted. To help you through this period of disruption, best to think about what else is likely to occur during this period and try to avoid distractions or burn out. Be realistic about your business operations and
outputs during that time. If you can spend the time and energy integrating the change thoroughly, it will become operationalised much quicker and more efficiently.

ENDS

Notes to Editor: 300 small businesses owners, with one to 19 employees, from across Australia were surveyed in May 2019. Research was commissioned by Xero and conducted by Pureprofile.

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About Xero
Born in the cloud, Xero is a beautiful, easy-to-use platform for small businesses and their advisors. Xero provides its 1.8 million subscribers with connections to a thriving ecosystem of 700+ third party apps and 200+ connections to banks and financial service providers. On the inaugural 2018 Financial Times FT1000 High-Growth Companies Asia Pacific list, Xero was the fastest growing tech company in the $200 million+ segment. Xero won ‘Bookkeeping software of the year’ from the Institute of Certified Bookkeepers UK in 2018, and was rated by Canstar Blue as Australia’s best accounting software over four consecutive years, 2015-2018.