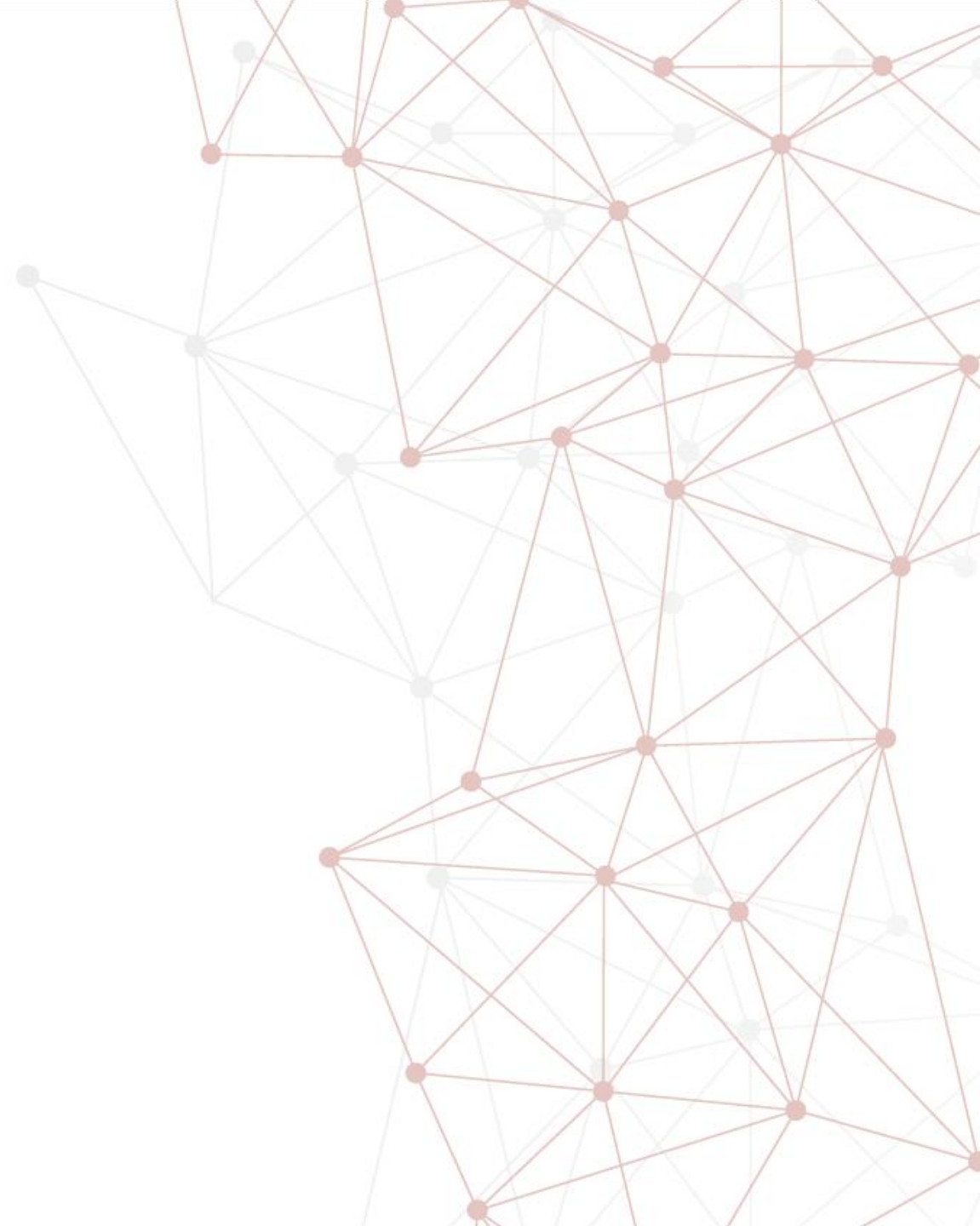


In collaboration with  
**Blackbox Research**

# National Business Survey 2021/2022

Businesses More Optimistic than a Year Ago



## ABOUT THE STUDY



The **Singapore Business Federation (SBF)** commissioned independent business and policy research advisory, **Blackbox Research**, to conduct its National Business Survey (NBS) 2021/2022.

NBS 2021/2022 is the 14<sup>th</sup> edition of the annual survey. This survey aims to provide a good sense of the state and sentiment of the Singapore business community as well as its key concerns. The survey was carried out from **26 July to 1 October 2021** and drew responses from **1,096 businesses** across all key industries.

# Report Outline

1

Business Sentiments & Impact of COVID-19

2

Business Outlook: Priorities & Challenges

3

Business Transformation & Innovation

4

Singapore Government Budget & Business Support

5

Internationalisation

6

Annex

# Respondent Profile By Sector

% of respondents

	2016	2017	2018	2019	2020	2021
Wholesale Trade	19%	15%	18%	18%	20%	19%
Manufacturing	15%	17%	16%	13%	16%	17%
IT & Professional Services	14%	17%	11%	11%	10%	11%
Construction & Civil Engineering	11%	12%	13%	12%	14%	15%
Other Services (e.g. Education, Repair & Servicing etc.)	11%	11%	11%	13%	17%	15%
Retail, Real Estate, Hotels, Restaurants & Accom.	10%	8%	11%	10%	10%	11%
Logistics & Transportation	8%	8%	7%	6%	5%	6%
Banking & Insurance	5%	4%	3%	3%	3%	3%
Others (e.g. Holding & Investment Companies, Water Supply, Sewerage & Waste Management etc.)	7%	6%	11%	14%	5%	3%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	n=1,131	n=1,019	n=705	n=1,018	n=1,075	n=1,096

The sample included both SMEs (80%) and larger companies (20%), and largely mirrors SBF's membership base. This year's sample is comparable with that of previous years.

Definitions of note...

## PRODUCTION & TRADE

Manufacturing

Construction & Civil Engineering

Logistics & Transportation

Wholesale Trade

## SERVICES

IT & Professional Services

Other Services

Retail, Real Estate, Hotels, Restaurants & Accommodations

Banking & Insurance

# Key Highlights

## Business Sentiments & Impact of COVID-19



- After **considerable disruption** from COVID-19 pandemic, business satisfaction with **local, regional, and global** economic climate are on the rebound in 2021.
- Nearly **half (47%)** of businesses are **confident** that the **economy will improve** in the next year, compared to 31% of businesses in the previous survey.
- Proportion of **businesses negatively impacted** by the pandemic **declined to 32%** from 63% in 2020.
- Growing optimism as **8 in 10 firms** are **confident** about **sustaining** their **operations** in the next year, compared to 7 in 10 firms in the previous survey.
- Businesses adopt a **cautious outlook** towards **global and regional economic climate**.

## Business Outlook: Priorities & Challenges



- **Manpower cost** and **availability** are key challenges faced by businesses along with **demand uncertainty, travel restrictions, and changing regulatory environment**.
- However, 2022 will expect to see **more job openings & better compensations** as businesses look to **build** up their **human capital**.

## Business Transformation & Innovation



- Companies are focusing on **digitalisation, re-engineering of work processes, and diversifying supply chains** as key areas of business transformation.
- Even though most firms are aware of the importance for digitalisation, many **lack manpower and resources** to **transform** their businesses.

# Key Highlights

## Singapore Government Budget & Business Support



- Businesses need government support in **technology adoption** and **development of human capital** as they push towards a more digitalised future.
- Assistance with **digitalisation** remains the top area of support reported by businesses, with **43%** desiring government help in this aspect.
- Support towards **human capital development** rose to be among the **top 3** areas of business support needed in 2022, with **37%** of businesses reporting a need for such assistance.

## Internationalisation



- The level of business **internationalisation remains consistent** with 2020. There is no evident drop off even in the face of travel restrictions.
- **China, Vietnam, Indonesia & Malaysia** continue to be the popular destinations for expansion.

**SECTION 1**

**Business Sentiments &  
Impact of COVID-19**

# Improvement in business sentiment.

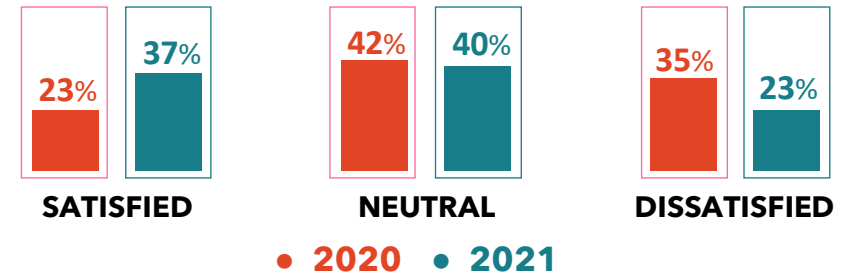
**Business sentiment is improving, and more businesses are satisfied with the current business climate.**

**Nearly half (47%) of all businesses are confident that the economy will improve in the next 12 months.**

As we transit to living with endemic COVID-19, 1 in 4 businesses reported that the Singapore business climate improved this year compared to 2020. 45% of companies felt that the climate remained the same while 30% reported that it was worse than in 2020 (a significant drop from the 70% in the last survey).

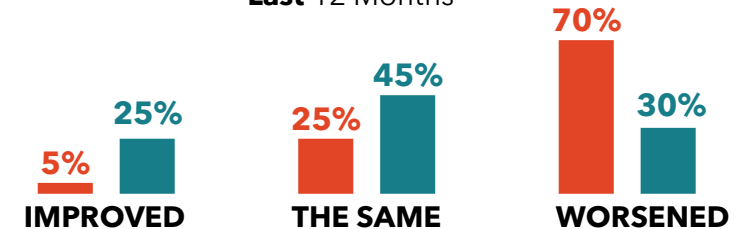
Looking to the future, 87% of businesses do not foresee any worsening of local economic conditions over the next 12 months.

## Current Business Climate in Singapore



## Singapore Economy

Last 12 Months



Next 12 Months



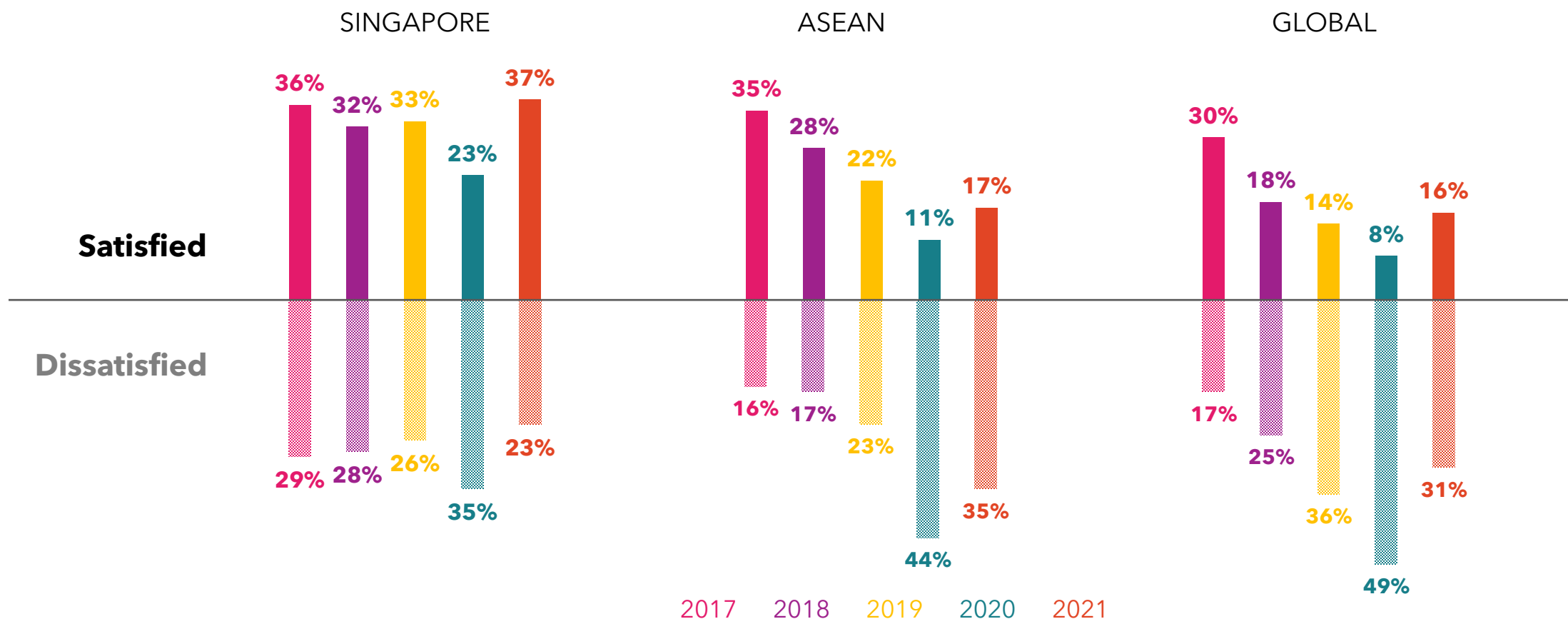
● 2020 ● 2021

Decimal points have been rounded up. The total may not add up to 100%.



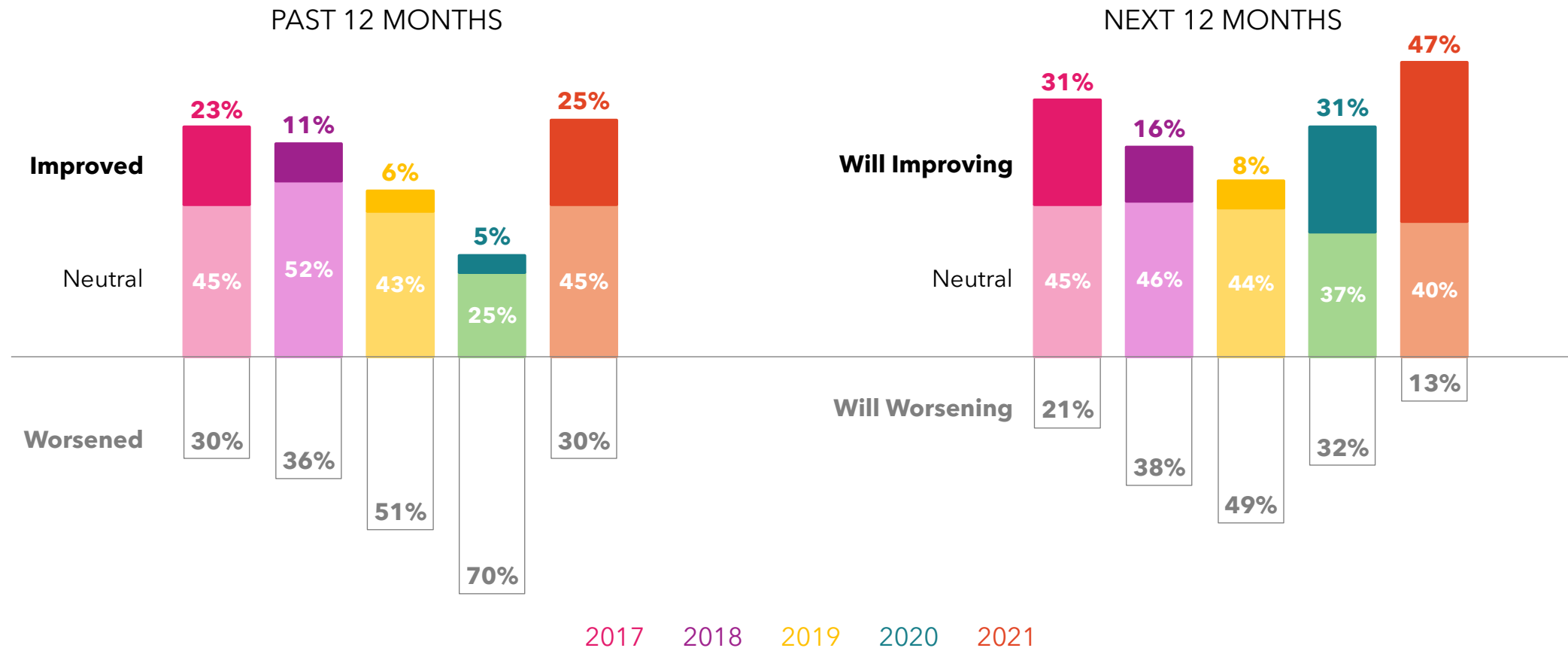
# Business outlook on economic climate.

After considerable disruption from the COVID-19 situation, business satisfaction with the local, regional, and global economic climate are on the rebound in 2021.



# Rising business sentiments over the horizon.

The onset of COVID-19 between 2019 to 2020 brought on a wave of business pessimism, but sentiments are on the upswing in 2021.



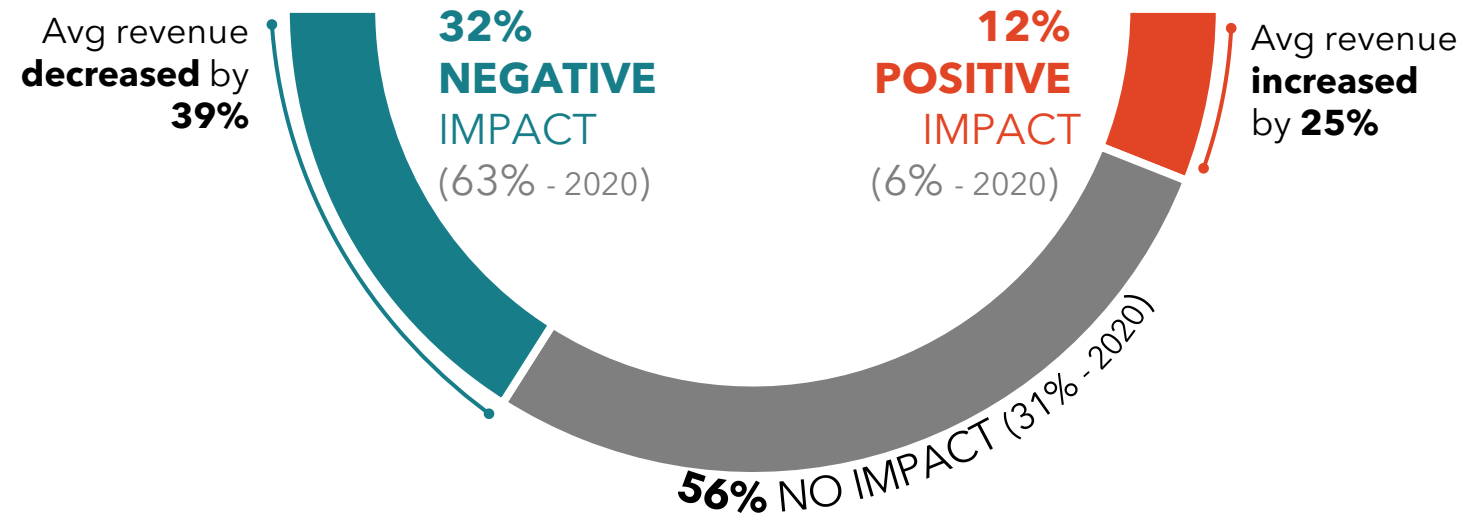
# Full impact of the COVID-19 situation is gradually waning.

The **winds of recovery** are evident, with **over half** of businesses reporting that they are **no longer** being **impacted** by the **COVID-19** situation.

The proportion of Singapore companies indicating that they are negatively impacted by the COVID-19 situation is now 32%, almost half of what it was a year ago (63% in 2020).

Decimal points have been rounded up. The total may not add up to 100%.

## COVID-19 Impact on Singapore Businesses



In 2021, businesses that indicate COVID-19 is still having a negative impact report an average revenue **decrease of 39%** while those reporting a positive impact claim an average revenue **increase of 25%**.

# Construction & Civil Engineering and Retail, Real Estate, Hotels, Restaurants & Accommodation are the top negatively impacted sectors.

## Top 2 Positively Impacted Industries

2020:  
Logistics & Transportation (11%)  
Banking & Insurance (11%)



**17%**  
Logistics & Transportation



**15%**  
Manufacturing

## Top 2 No Impact Industries

2020:  
Logistics & Transportation (51%)  
Other Services (39%)



**73%**  
Banking & Insurance



**64%**  
IT & Professional Services

## Top 2 Negatively Impacted Industries

2020:  
Construction & Civil Engineering (79%)  
Retail, Real Estate, Hotels, Restaurants,  
Accommodation (73%)



**42%**  
Construction &  
Civil Engineering



**38%**  
Retail, Real Estate, Hotels,  
Restaurants & Accommodation

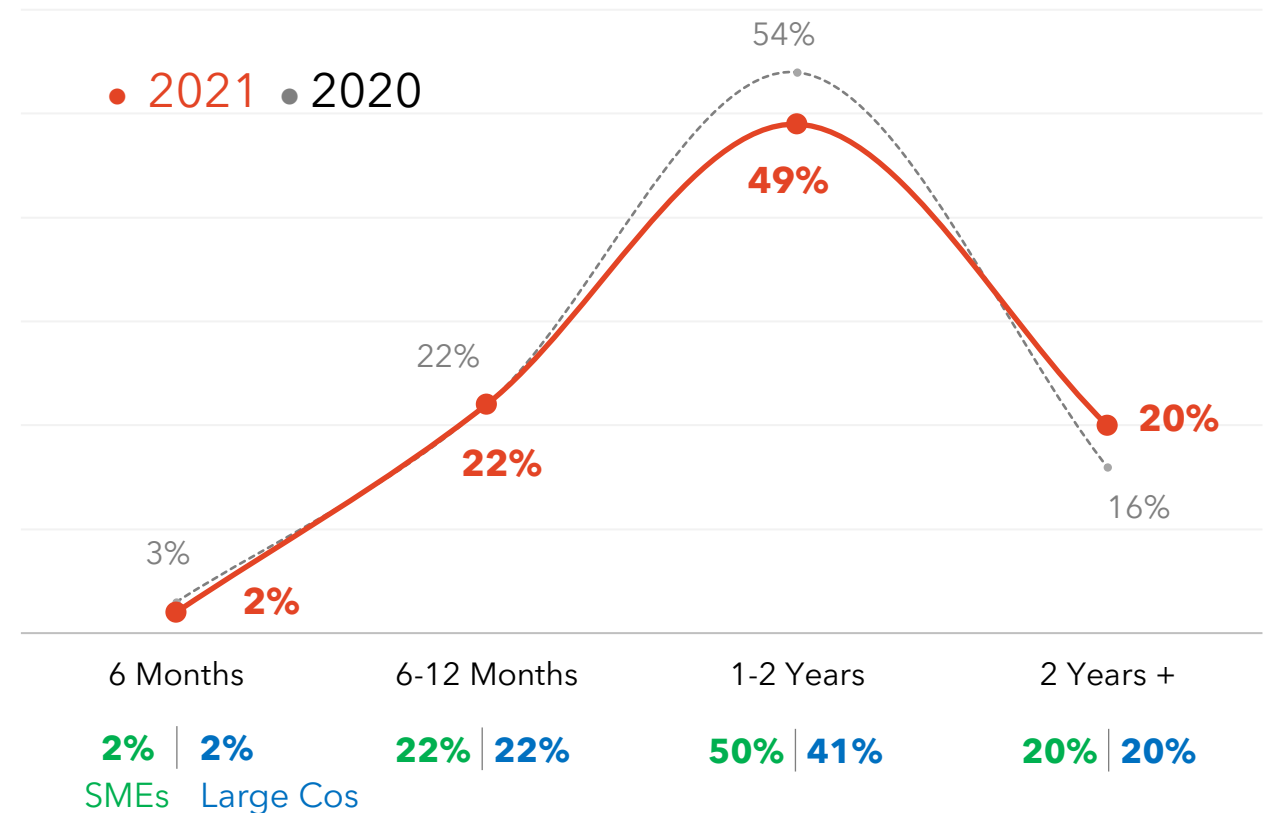
# Businesses expect full recovery to take another 1 to 2 years.

For businesses negatively impacted by the COVID-19 situation, nearly **70% of businesses** predict that they are likely to take **more than 1 year to fully recover**.

Only a quarter of businesses are confident in bouncing back within the next 6 to 12 months.

These predictions are consistent across both SMEs and larger companies.

My business will **fully recover** in...



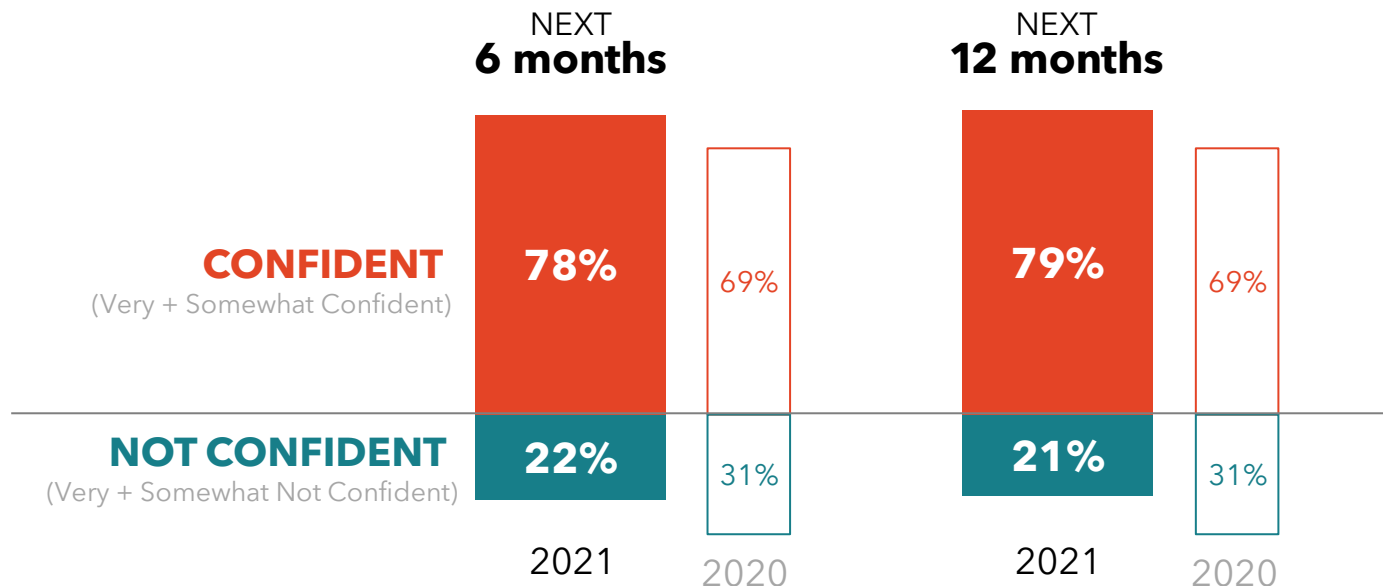
Not included: Businesses that have been impacted but have fully recovered (Total: 3%, SME: 2%, Large Cos: 13%) and businesses that are unlikely to recover (Total: 4%, SME: 4%, Large Cos: 2%)

# Confidence in sustaining business has risen.

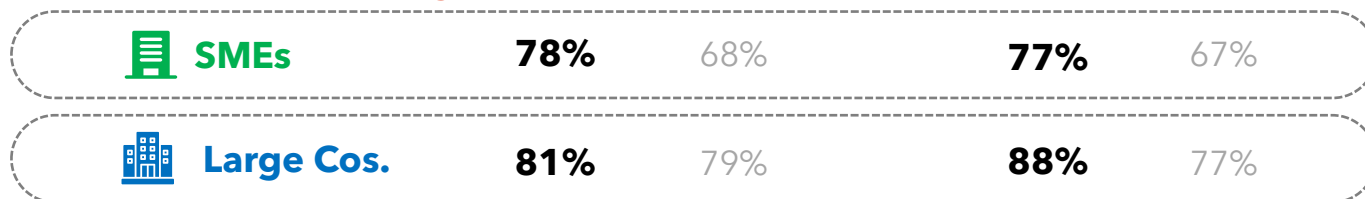
**Jump in confidence across businesses, with nearly 8 in 10 confident that they can sustain operations over the next 12 months.**

23% of SMEs, however, are not confident in sustaining businesses in the next 12 months.

## Confidence in Sustaining Business



### Confidence level amongst...

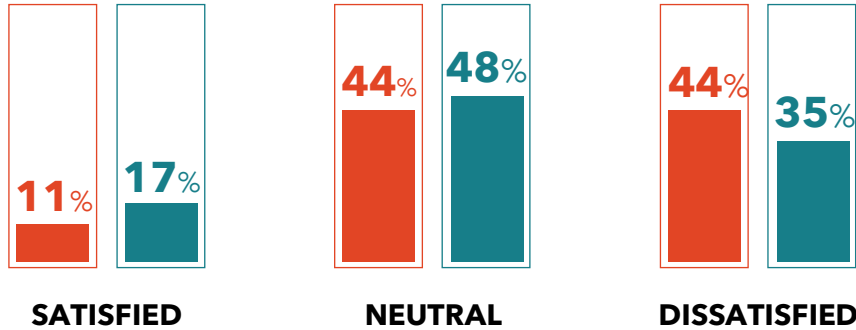


# Sentiments on international markets remain anemic.

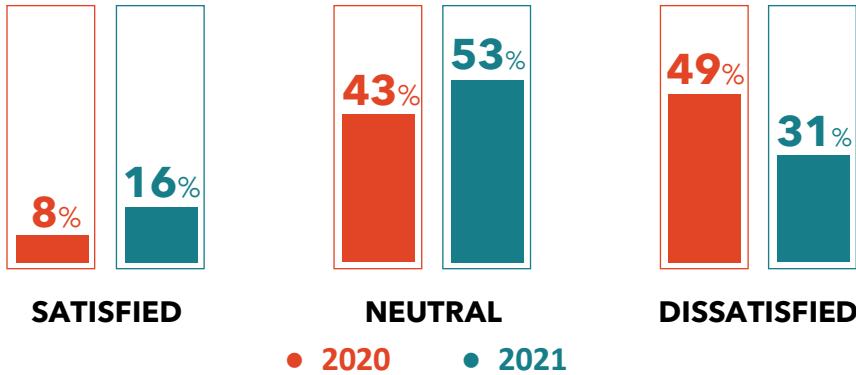
With the emergence of the COVID-19 Delta variant impacting the second half of 2021, businesses' confidence is still gloomy when looking beyond Singapore.

Despite improved local business sentiment, there is only a slight upswing in satisfaction with the ASEAN and global business climate compared to a year ago.

Current **ASEAN** Business Climate



Current **Global** Business Climate



Decimal points have been rounded up. The total may not add up to 100%.



**SECTION 2**

# **Business Outlook: Priorities & Challenges**





# Evolving business priorities.

Beyond commercial priorities, **attracting / retaining manpower** has emerged to become one of the **top priorities** for businesses in the next 12 months.

2020



49%  
Growing revenue



38%  
Ensuring positive cashflow



35%  
Reducing costs



29%  
Maintaining revenue



22%  
Growing market share



19%  
Streamlining processes



18%  
Attracting / Retaining talent



16%  
Maintaining market share



15%  
Offering new products / services



12%  
Digitalisation

2021



45%  
Growing revenue



29%  
Ensuring positive cashflow



29%  
Attracting / Retaining talent



26%  
Reducing costs



21%  
Growing market share



15%  
Training staff



15%  
Offering new products / services



14%  
Streamlining procedures



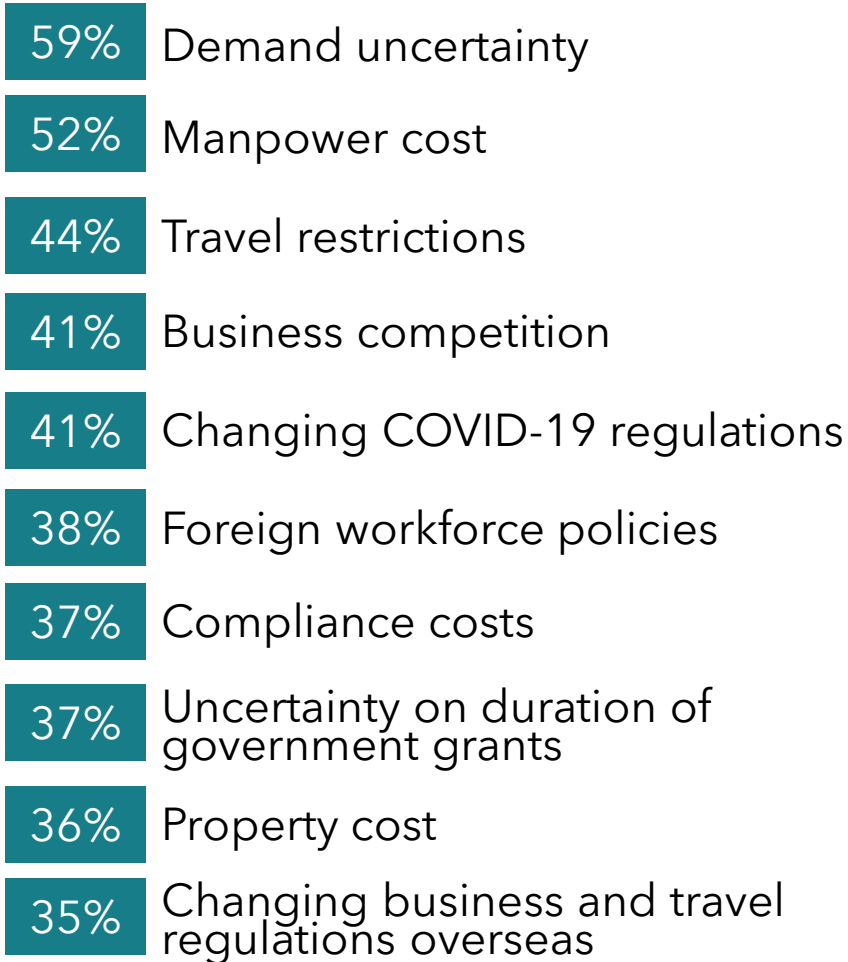
14%  
Maintaining revenue



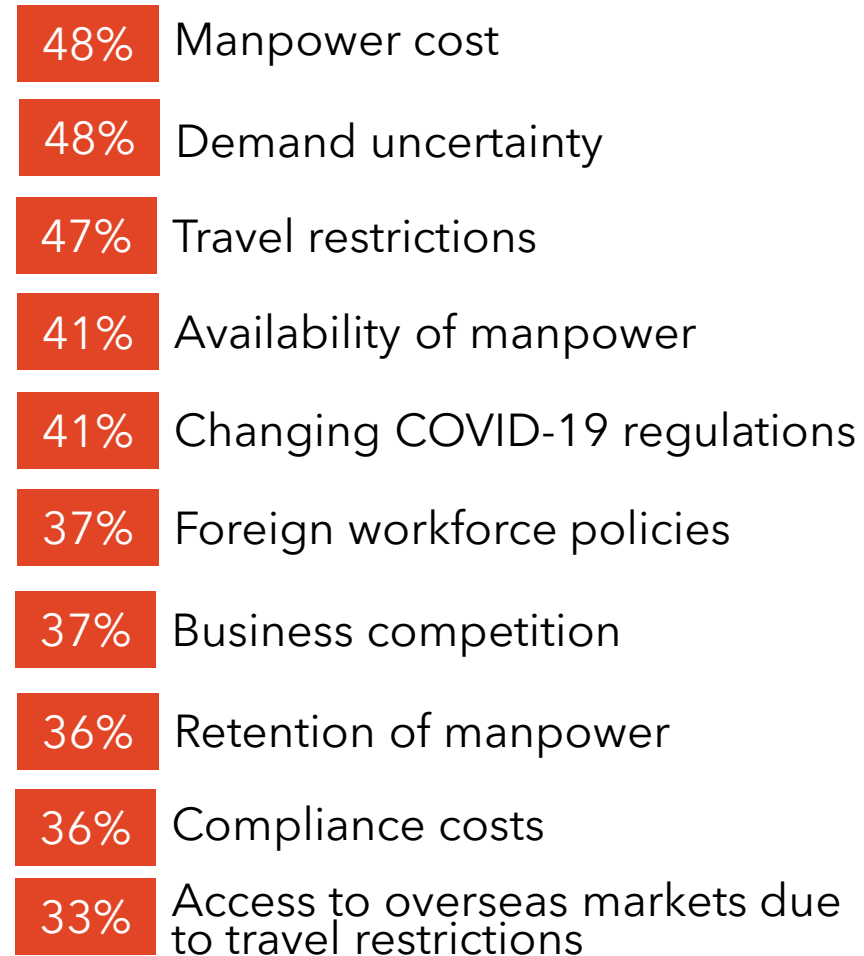
13%  
Maintaining market share

# Manpower cost emerges as the top business challenge.

## 2020



## 2021




**Manpower constraints continue to impact businesses. Manpower cost and availability are at the forefront of business challenges.**

Businesses also continue to grapple with demand uncertainty, travel restrictions, and changing regulatory environment.



SECTION 2.1

# A Closer Look at Financial Challenges



# Credit pressures remain across most sectors.

The **COVID-19** situation has dampened the liquidity position of many businesses, with **nearly half** of all businesses **facing credit issues**. This is **especially** so for **SMEs**.

More than half of businesses within the Construction, Civil Engineering, Retail, Real Estate, Food & Beverage (F&B) and Tourism sectors report that they are experiencing credit crunch.

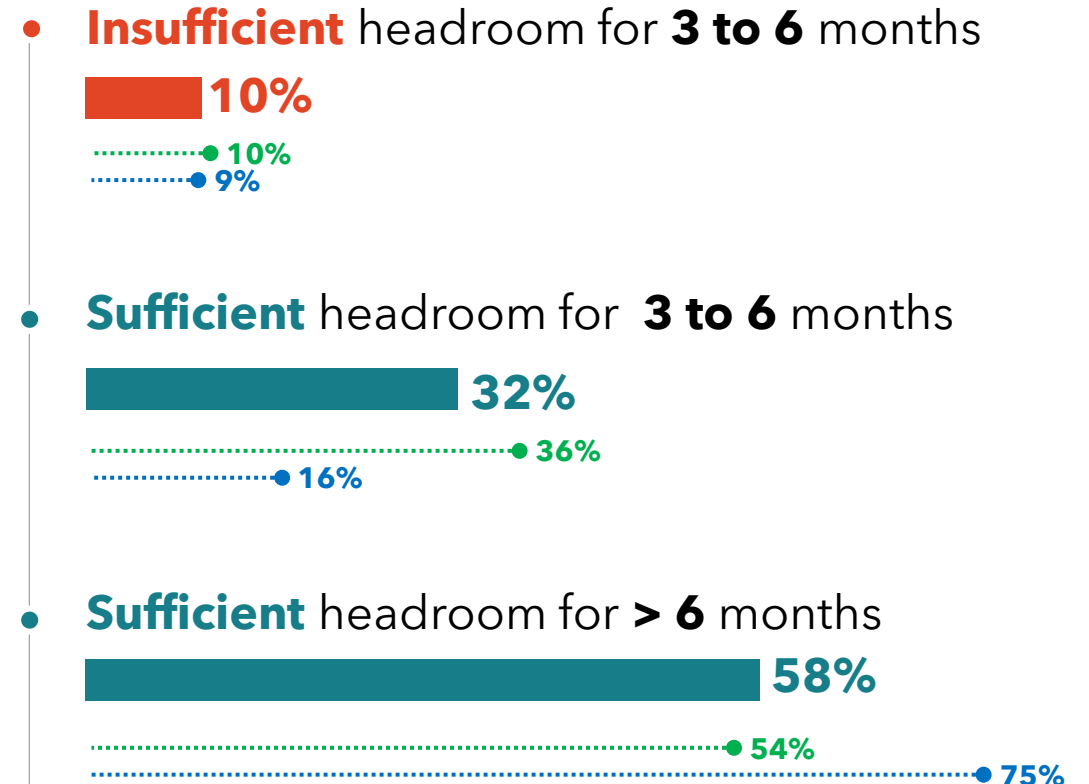
vs. 2019	YES	CREDIT PRESSURES	NO
	<b>46%</b>	<b>TOTAL</b>	<b>54%</b>
▲9%		<b>SMEs</b> (n=880)	50%
▲13%	<b>50%</b>	<b>Large Companies</b> (n=216)	<b>69%</b>
▲14%	<b>31%</b>	Construction & Civil Engineering	45%
▲17%	<b>55%</b>	Retail, Real Estate, Hotels, Restaurants & Accom.	47%
▲10%	<b>53%</b>	Manufacturing	54%
▲22%	<b>46%</b>	IT & Professional Services	55%
▲7%	<b>41%</b>	Wholesale Trade	59%
▼1%	<b>36%</b>	Logistics & Transportation	<b>64%</b>
▼7%	<b>13%</b>	Banking & Insurance	<b>87%</b>
▲25%	<b>52%</b>	Others	48%
▲3%	<b>50%</b>	Other Services	50%

# Limited liquidity headroom for nearly half of the businesses.

Six in ten businesses have sufficient **liquidity** in the next 6 months.

Cash flow will remain a key issue for some SMEs going into 2022.

## Cash and Liquidity Headroom

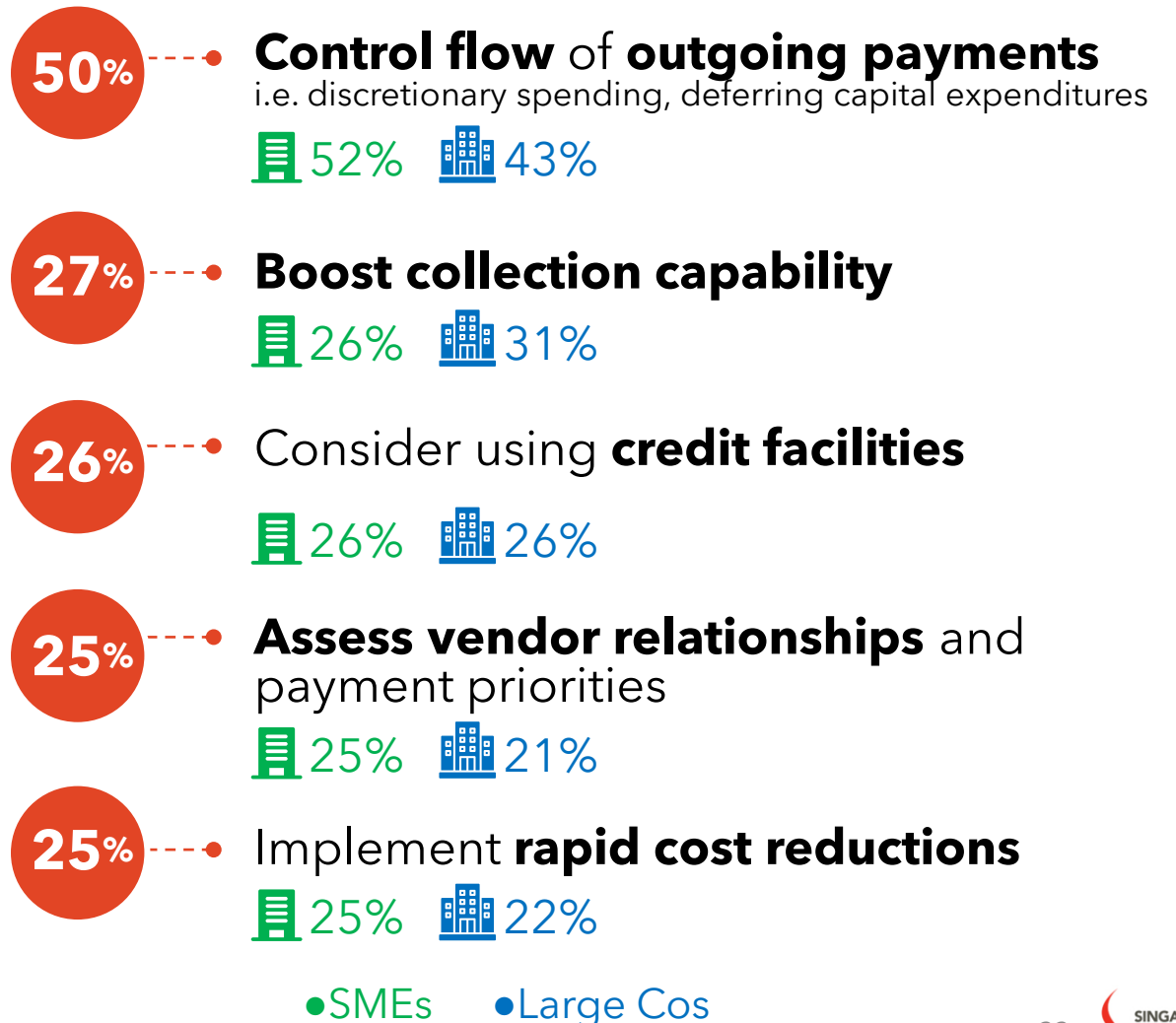


 SMEs  Large Cos

# Business spending and investment expected to remain weak in 2022.

In order to ease their liquidity issues, companies are looking to **control their flow of outgoing payments, boost collection capabilities and consider the use of credit facilities.**

## Top Solutions to Ease Liquidity Issues





SECTION 2.2

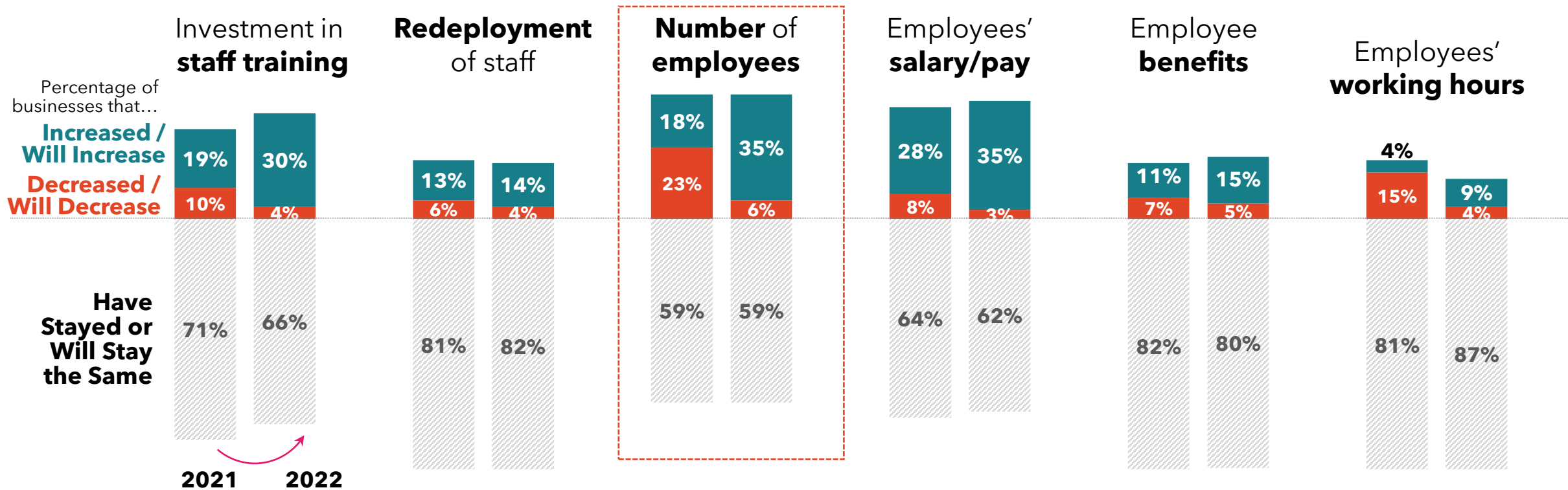
# Manpower: The Great Challenge Ahead



# Businesses show positive hiring outlook in 2022.

Businesses will continue **upgrading their teams' skills, knowledge and expertise**. 2022 will also see **more job openings** and **better compensations** as businesses look to build up their human capital.

## Steps Taken in the Workforce: 2021 vs 2022





# Businesses juggle high manpower cost & limited manpower supply.

**Rising manpower cost, attracting/retaining younger workers and policies that restrict the supply of foreign workers are the top manpower challenges.**

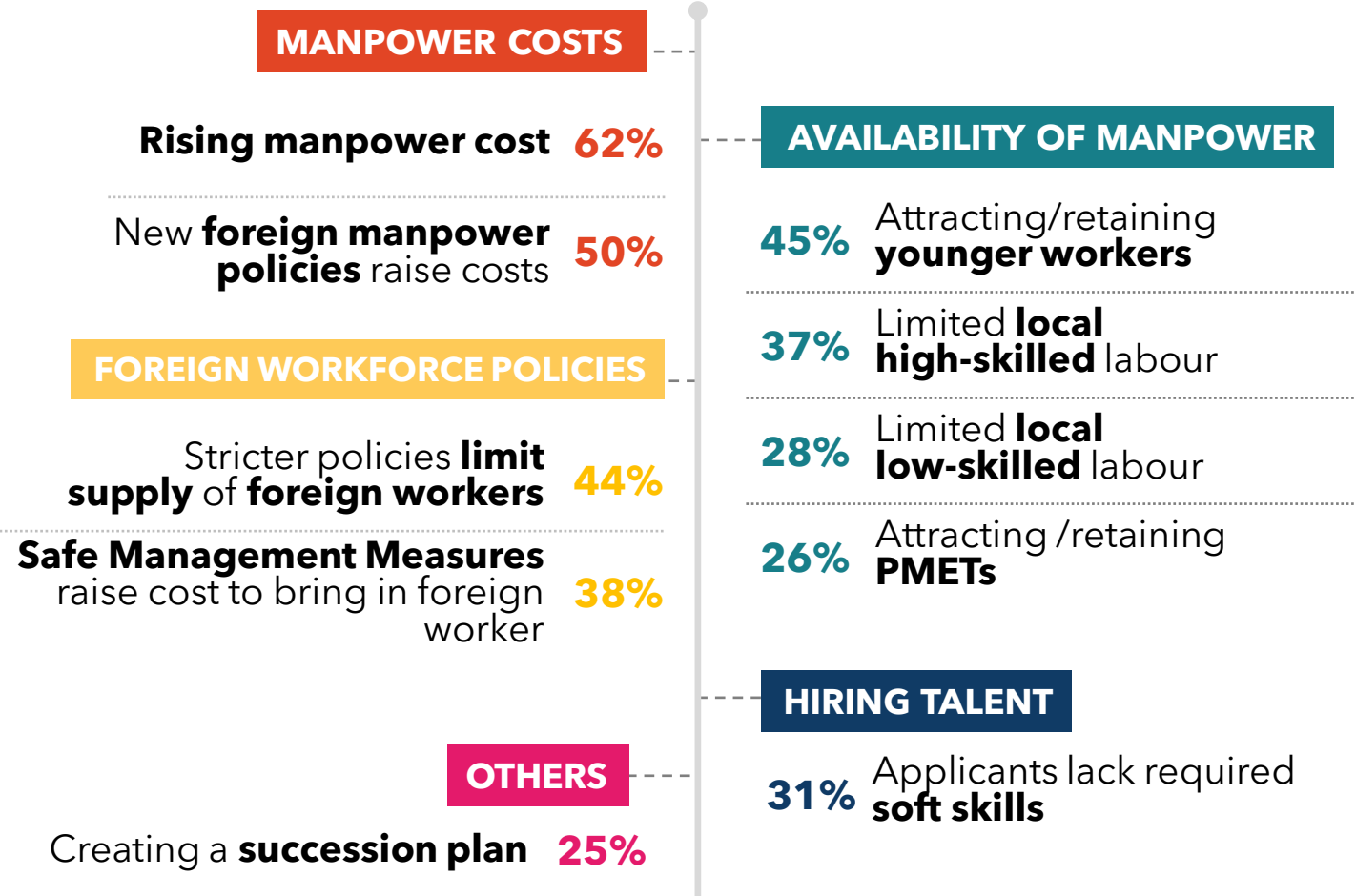
## Key Manpower Challenges in the Industry

### 2019

01. Rising labour costs (78%)
02. Foreign manpower policies & regulations (48%)
03. Limited local high-skilled labour (44%)

### 2020

01. New foreign workforce policies (52%)
02. Reducing manpower cost (47%)
03. Stricter policies that limit supply of foreign workforce (44%)



# SMEs and large companies share similar set of manpower challenges.

## Key Manpower Challenges across Companies



### SMEs

Base: 752

- 62%** Rising manpower cost
- 50%** New **foreign manpower policies** raise costs
- 45%** Attracting /retaining **younger workers**
- 44%** Stricter policies limit **supply** of foreign workers
- 38%** **Safe Management Measures** raise cost to bring in foreign worker



### Large Companies

Base: 184

- 60%** Rising manpower cost
- 51%** New **foreign manpower policies** raise costs
- 46%** Attracting /retaining **younger workers**
- 43%** Stricter policies limit **supply** of foreign workers
- 43%** Limited pool **of local high-skilled** labour

# Strong local core essential to battle manpower challenges.

To navigate a tight labour market, businesses are turning towards **building a strong local core through enhancing recruitment efforts and offering competitive wages.**

Apart from adopting more aggressive hiring strategies, businesses are also investing in technological solutions to redesign business processes and reduce manpower needs.

## Key Responses to Foreign Workforce Challenges

### TOP 3 MEASURES TAKEN

- 43%** Enhance **recruitment** efforts to hire **locals**
- 39%** Increase **wages** of jobs to **attract locals**
- 36%** Invest in **technology / redesign** processes to **reduce manpower needs**

### OTHER MEASURES

- 30%** **Redesign jobs** to **attract** locals
- 25%** **Outsourcing** to **local** third-party **contractors**
- 22%** **Delay expansion** plans
- 17%** **Downsizing** business functions
- 16%** **Re-locate functions** to another country



SECTION 3

# Business Transformation & Innovation

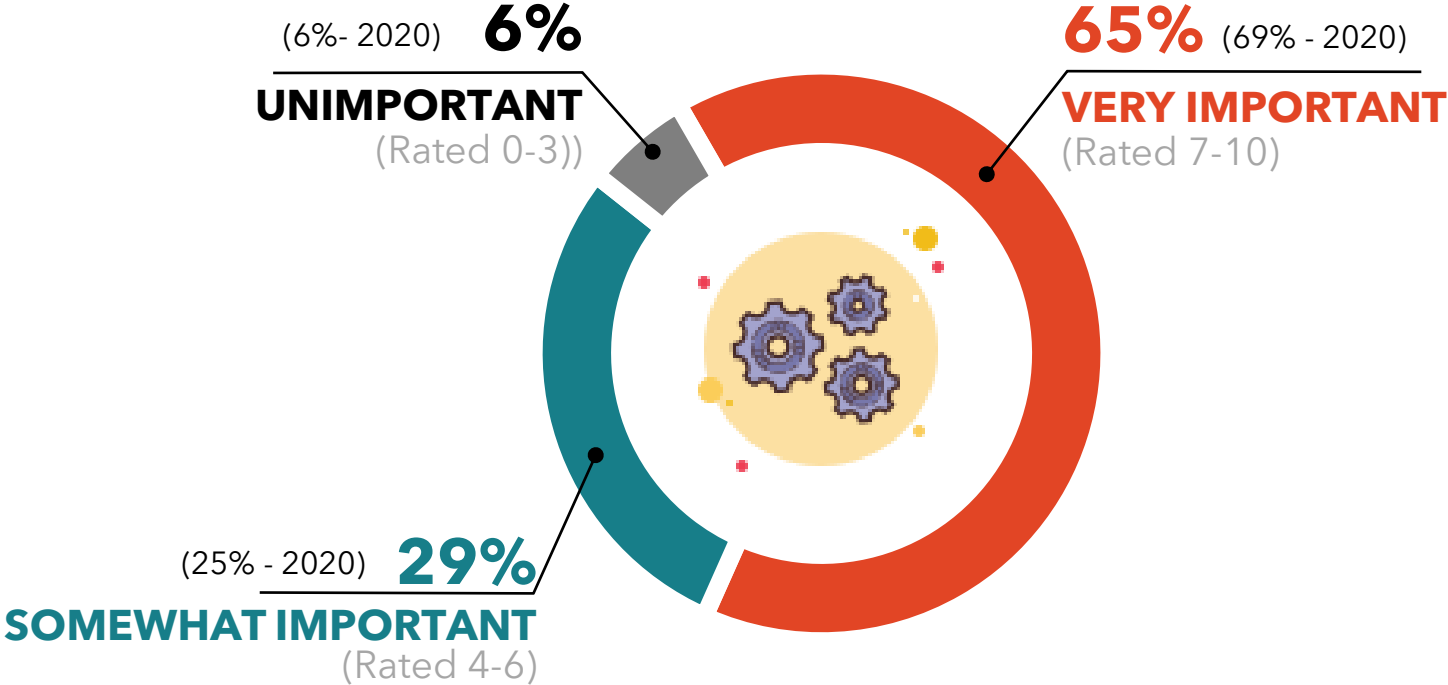


# Business transformation continues to be seen as critical in Singapore.

Given the government's initiatives in driving the adoption of digital tools, **willingness to adopt technology** for business transformation has remained **consistently high** for the last several years.

Building up digital literacy and encouraging businesses to better leverage on technological solutions remains crucial.

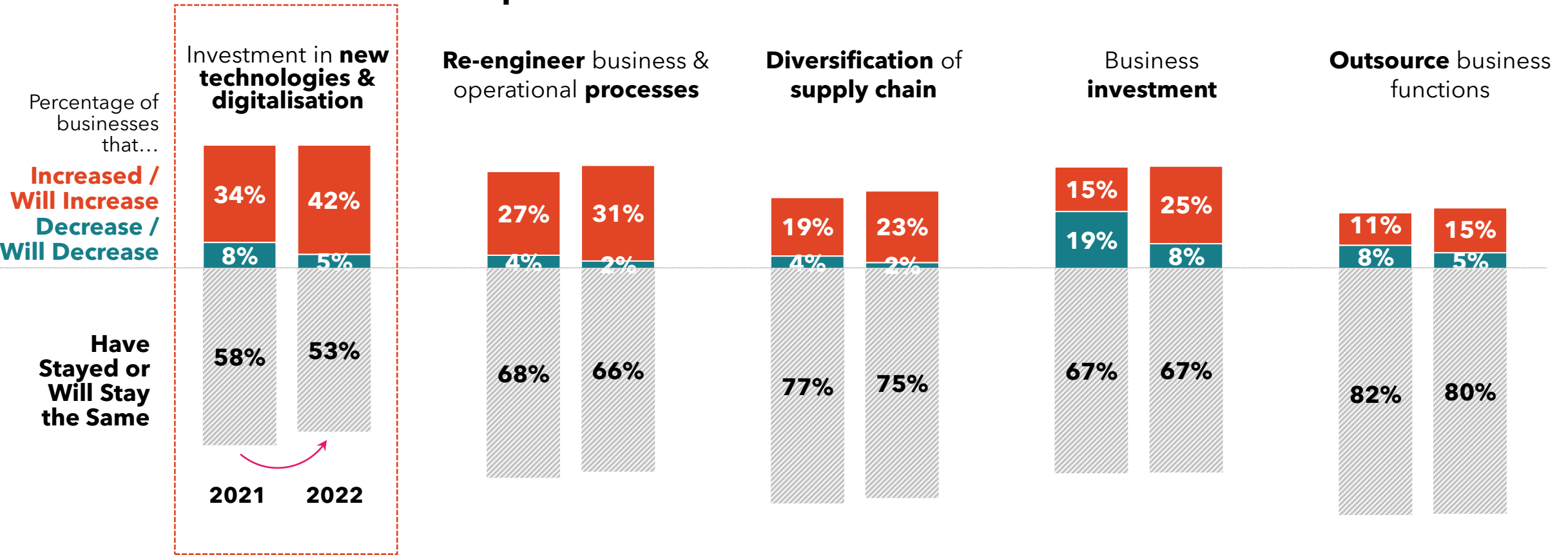
## IMPORTANCE OF BUSINESS TRANSFORMATION



# Technology investment will be key to business transformation.

In response to challenges arising from the COVID-19 situation, companies are focusing on digitalisation, re-engineering of work processes, and diversifying supply chains as the key areas of business transformation.

## Steps Taken in Process Innovation: 2021 vs 2022

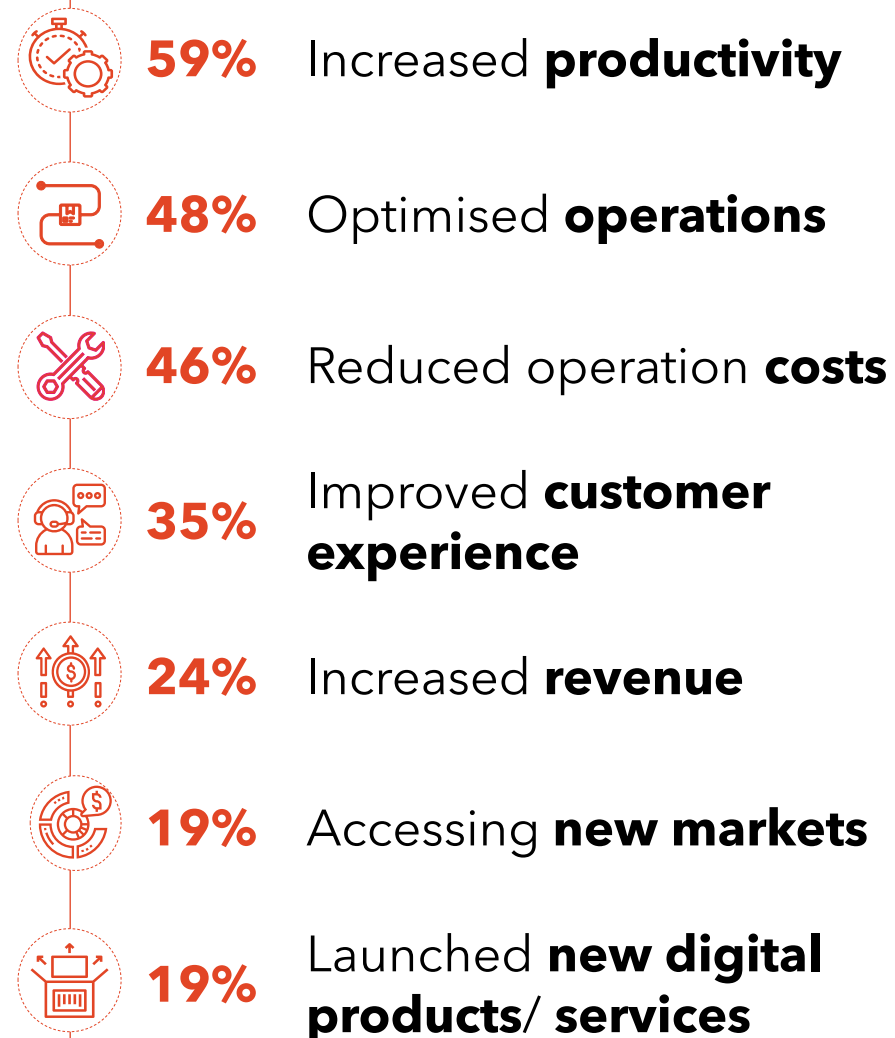


# Businesses look to digital transformation to gain a competitive edge.

**Digital transformation helps companies improve the way they run their businesses. Improved productivity, optimised operations and lower operation costs are key benefits of digital transformation observed by businesses.**

Apart from bringing about a positive impact on costs and operations, digital transformation also helps businesses to deliver better products and experiences, as well as increase their revenue and reach.

## KEY BENEFITS OF DIGITAL TRANSFORMATION



# Cost burden is holding back digital transformation initiatives.

**Businesses are keen to adopt new technology to stay competitive and operationally effective. However, the perceived **cost** of adoption and **keeping staff abreast** continue to be key challenges.**

Aside from issues related to cost and the upskilling of staff, cybersecurity is another area of growing concern among businesses.

## 2020

01. High cost of tech adoption (58%)
02. Upskilling of staff to keep up with the new technologies (35%)
03. Expensive licensing of intellectual property (33%)

## KEY TECH ADOPTION CHALLENGES



**52%** High cost of tech adoption



**30%** Upskilling of staff to keep up with the new technologies



**30%** Cyber security risks



**27%** Lack of management expertise to drive tech change



Existing **staff not attuned/inclined** towards tech



**22%** Expensive licensing of intellectual property



# Confidence in cybersecurity rises alongside digital transformation.

While the COVID-19 situation has catapulted digital transformation, **4 in 5 businesses are confident that their cybersecurity measures are adequate in protecting them against cyber threats.**

With the shift towards remote working, businesses report that their key cybersecurity concerns arise from usage of third-party services, employee's lack of cybersecurity awareness, and the use of cloud services.

## Confidence in Cybersecurity Measures



**79%**  **76%** |  **87%**  
are **confident** that their **security measures** will protect their organisations against cyber threats.

## Top 5 Cybersecurity Threats

- 63%** Risks from third-party service providers & suppliers
- 52%** Employees' lack of awareness on cybersecurity
- 38%** Addressing security of multiple cloud services
- 33%** Lack of funding
- 28%** Compliance and government regulations

Base: n=1096

Q23. How confident are you that your security measures protect the organisation from cyber threats?

Q24. Please rank the 3 biggest cyber security challenges that your organisation is facing.



SECTION 4

# Singapore Government Budget & Business Support



# Businesses desire more assistance to upscale business capabilities.

**Businesses respond to ongoing workforce constraints by seeking government support in digitalisation, alongside building human capital and financial support.**

Among large companies, support for developing human capital is seen as the main area requiring assistance. SMEs seek greater support in managing business operations.

## 2020

01. Assistance on digitalisation/digital transformation (43%)
02. Financial support (37%)
03. Financial management strategy (33%)

## KEY AREAS OF SUPPORT NEEDED



# SMEs and large companies desire assistance in the area of digitalisation; large companies also look for greater support to enhance manpower competencies.

## Key Areas of Support Needed across Companies



### SMEs

Base: 880

- 42% Assistance on **digitalisation**
- 39% **Financial** support
- 38% Business **strategy development** advisory and consultancy services
- 38% **Improve service** through deeper understanding of customer's needs
- 37% **Financial management** to optimise performance



### Large Companies

Base: 216

- 51% **Human capital** development
- 46% Assistance on **digitalisation**
- 37% **Equip management** with the right competencies
- 35% **Financial management** to optimise performance
- 34% Developing **brand** and **marketing**



SECTION 5

# Internationalisation



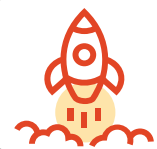
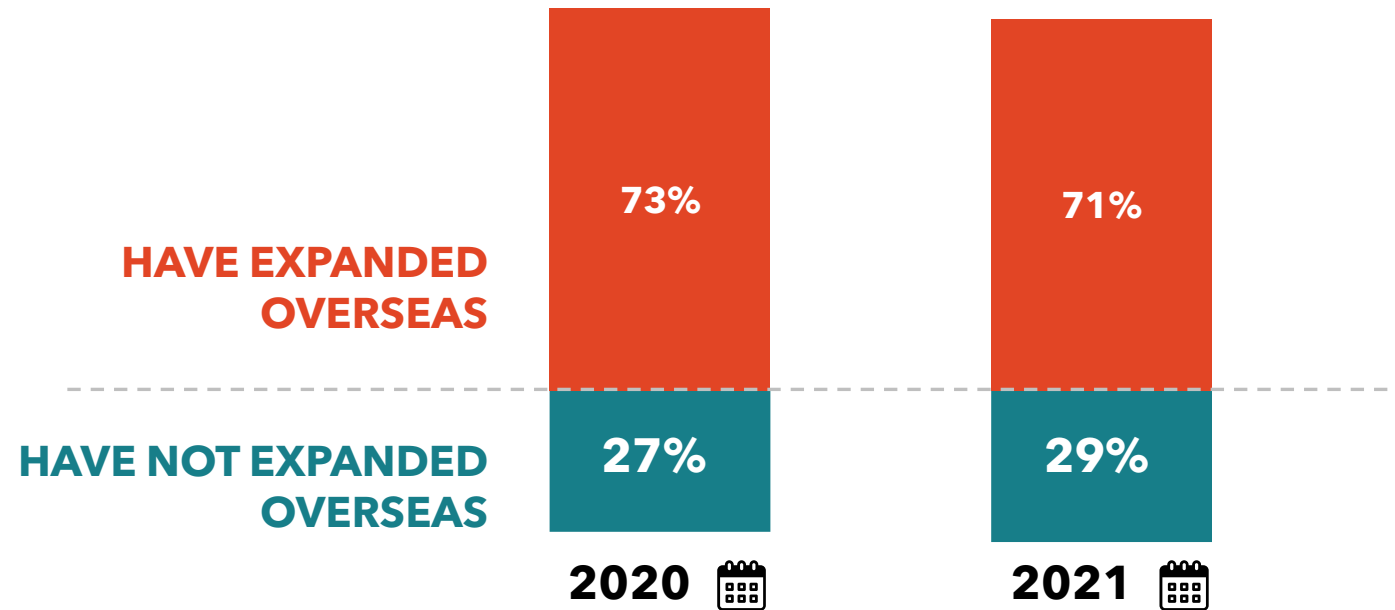
# Level of overseas expansion holding steady in second year of COVID-19 situation.

Despite travel restrictions, the level of **internationalisation** among businesses remains **consistent compared to 2020**.

Confidence in future overseas expansion has improved in 2021. Nearly 1 in 3 businesses indicate that they are confident in pursuing overseas expansion in the next 6 to 12 months.

The level of overseas expansion has remained consistent for SMEs, while a slight dip is observed among large companies.

## Overseas Business Presence

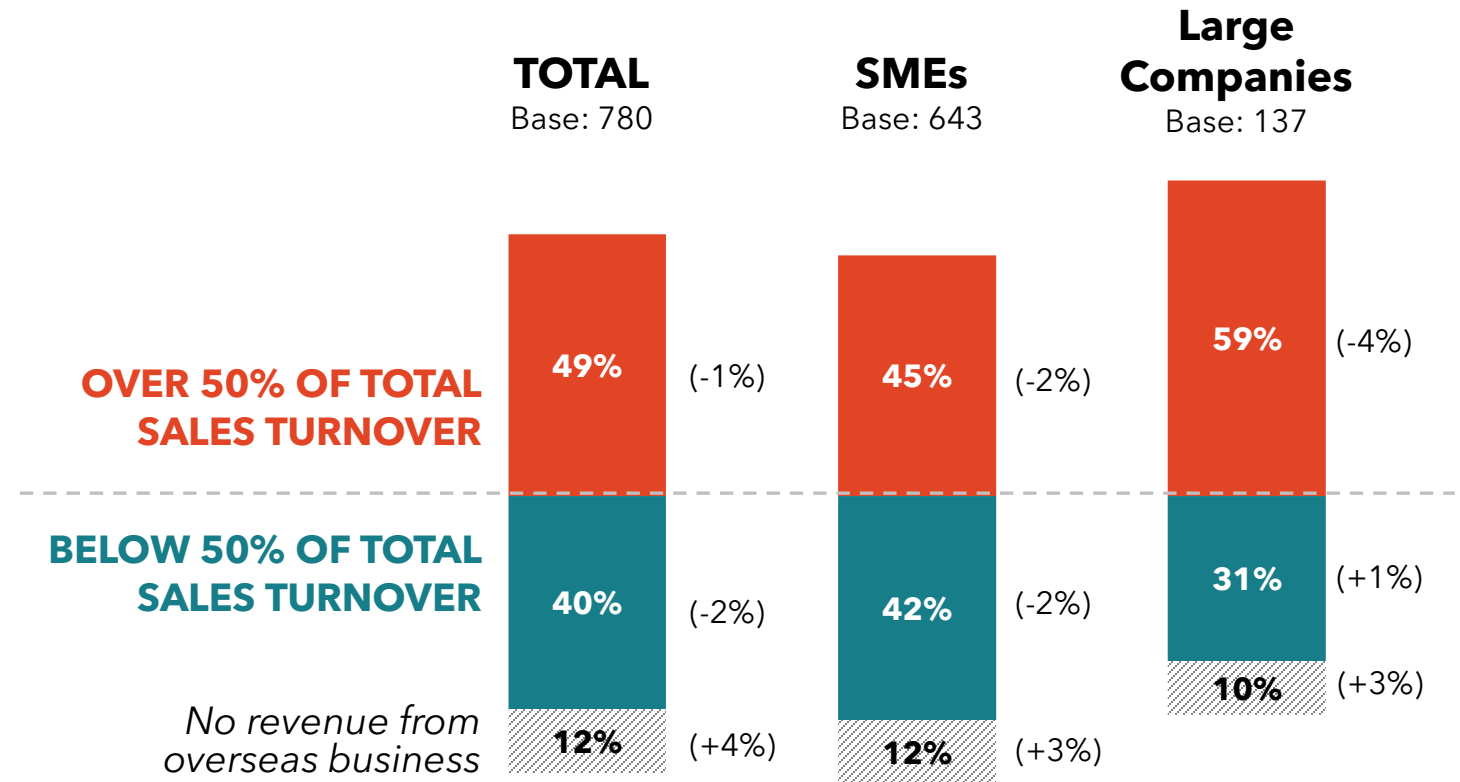


Looking towards the future, confidence in expanding to overseas markets grew from 27% in 2020 to **32% in 2021..**

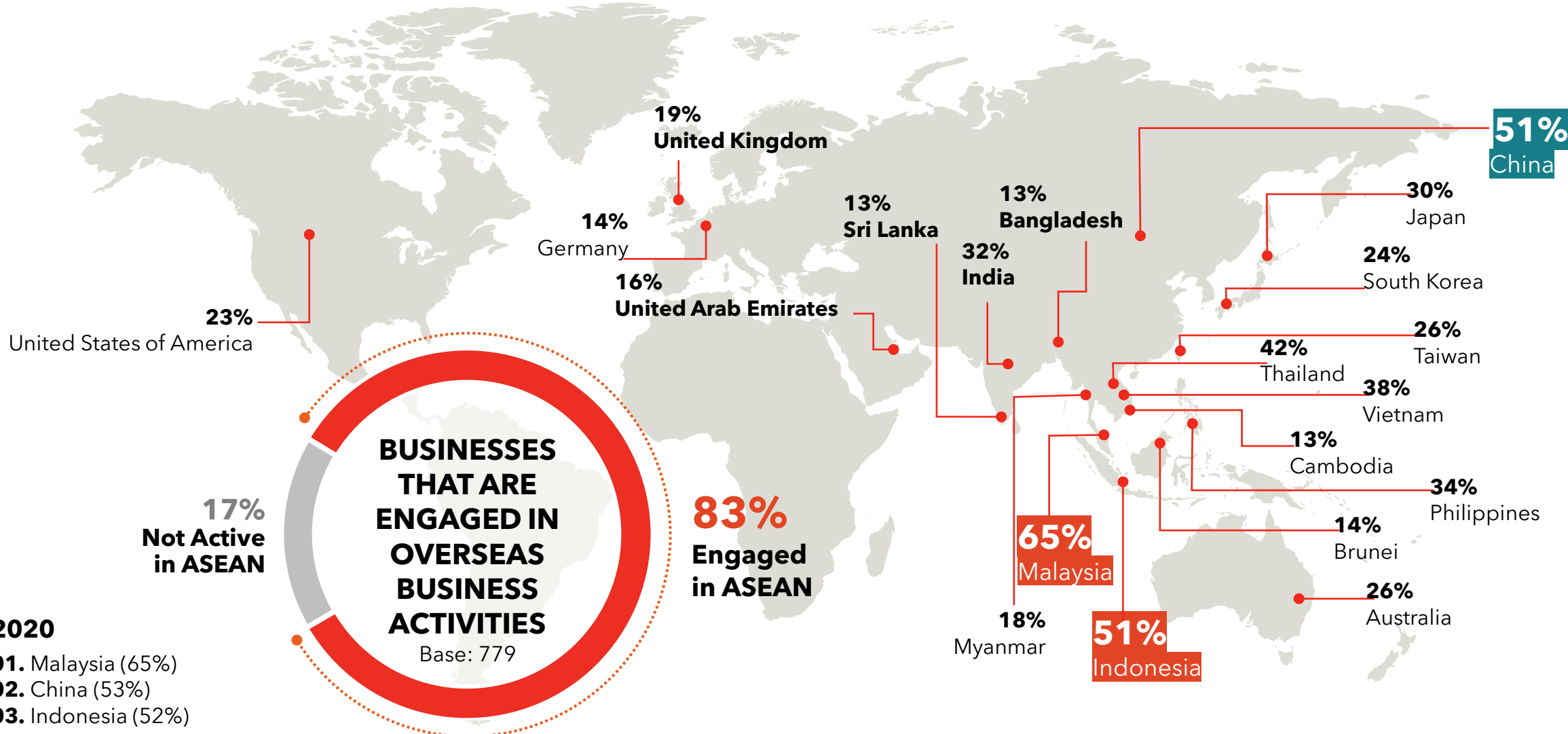
# International markets remain vital to Singapore businesses' success.

Amongst businesses with an overseas presence, nearly half of the businesses report that more than 50% of their sales turnover comes from international sales.

## Overseas Sales Turnover



# Main countries where companies are doing business.



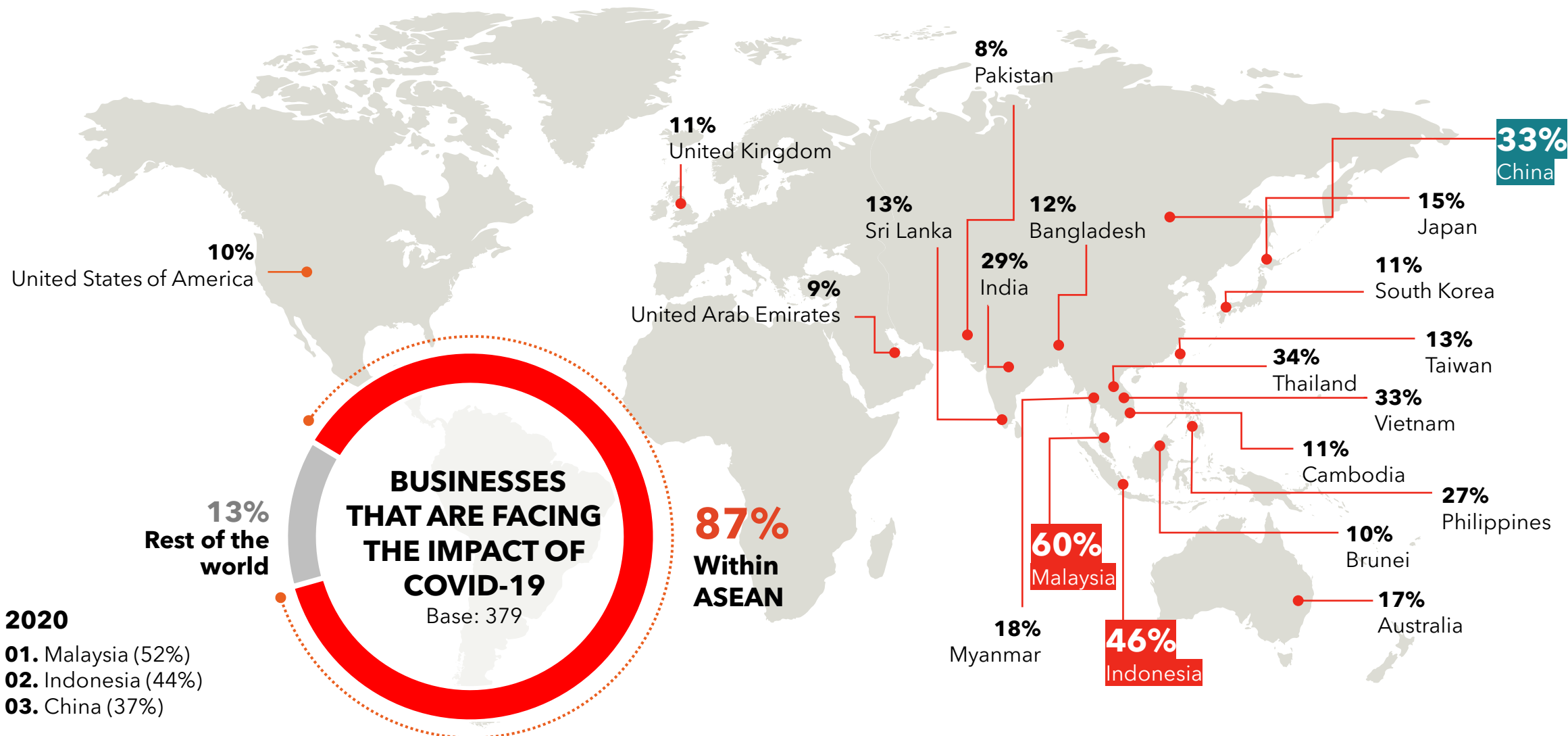
- 2020**
- 01. Malaysia (65%)
  - 02. China (53%)
  - 03. Indonesia (52%)



Base: n= 779 (Companies that answered 'currently engaged overseas' in 35(a))  
Q35a. Overall, would you say that your overseas business has expanded, contracted or remained the same as a result of the COVID-19 pandemic? | Current engaged in for overseas business activities



# Countries where impact of COVID-19 was most felt by businesses.



2020

01. Malaysia (52%)
02. Indonesia (44%)
03. China (37%)

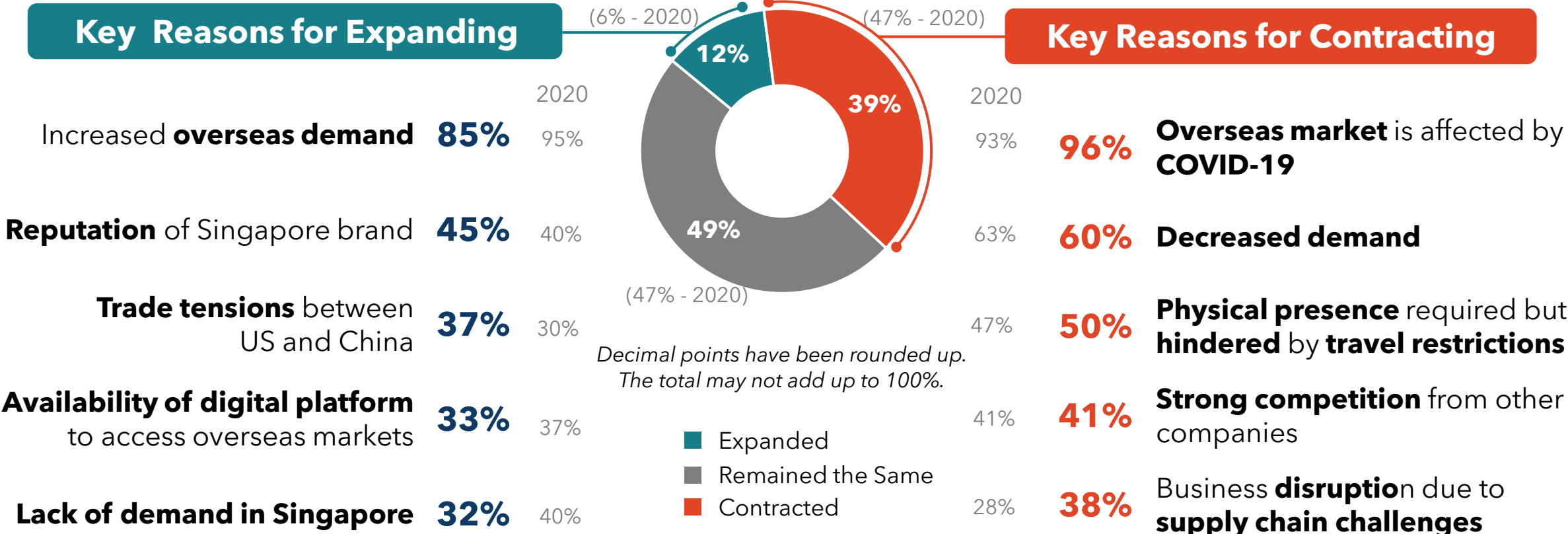
Base: n= 379 (Companies that answered 'currently engaged overseas' in 35(a) and 'facing difficulties with overseas business due to COVID-19' in 35(b).)

Q35b. Overall, would you say that your overseas business has expanded, contracted or remained the same as a result of the COVID-19 pandemic? | Which is of the following country(ies) is your company? facing difficulties with overseas business due to COVID-19.

# Overseas business climate remains challenging for businesses.

**39% of companies experienced a contraction in overseas business, while nearly half (49%) reported no growth in the past year.**

## Overseas Business Growth



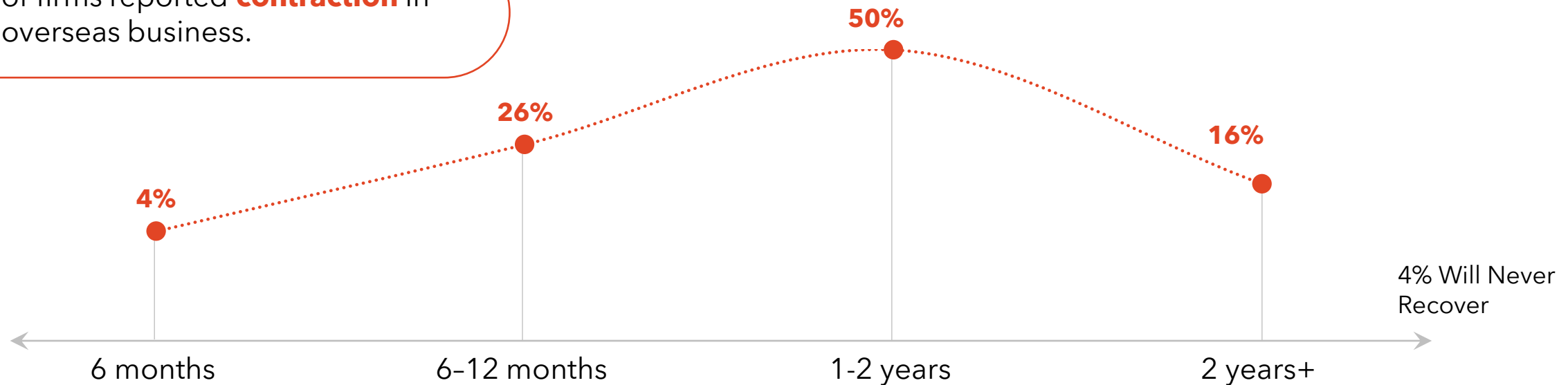
Base: n= 779 (Companies that answered 'currently engaged overseas' in 35(a)) Q37. In the last financial year, what percentage of your company's total sales turnover do you estimate was generated from business outside of Singapore?

# Companies predict slow recovery of overseas business.

Among companies whose overseas business has contracted, **2 in 3 companies** predict a long recovery period of **1 to 2 years or more**, while only a third foresee recovery within next 12 months.

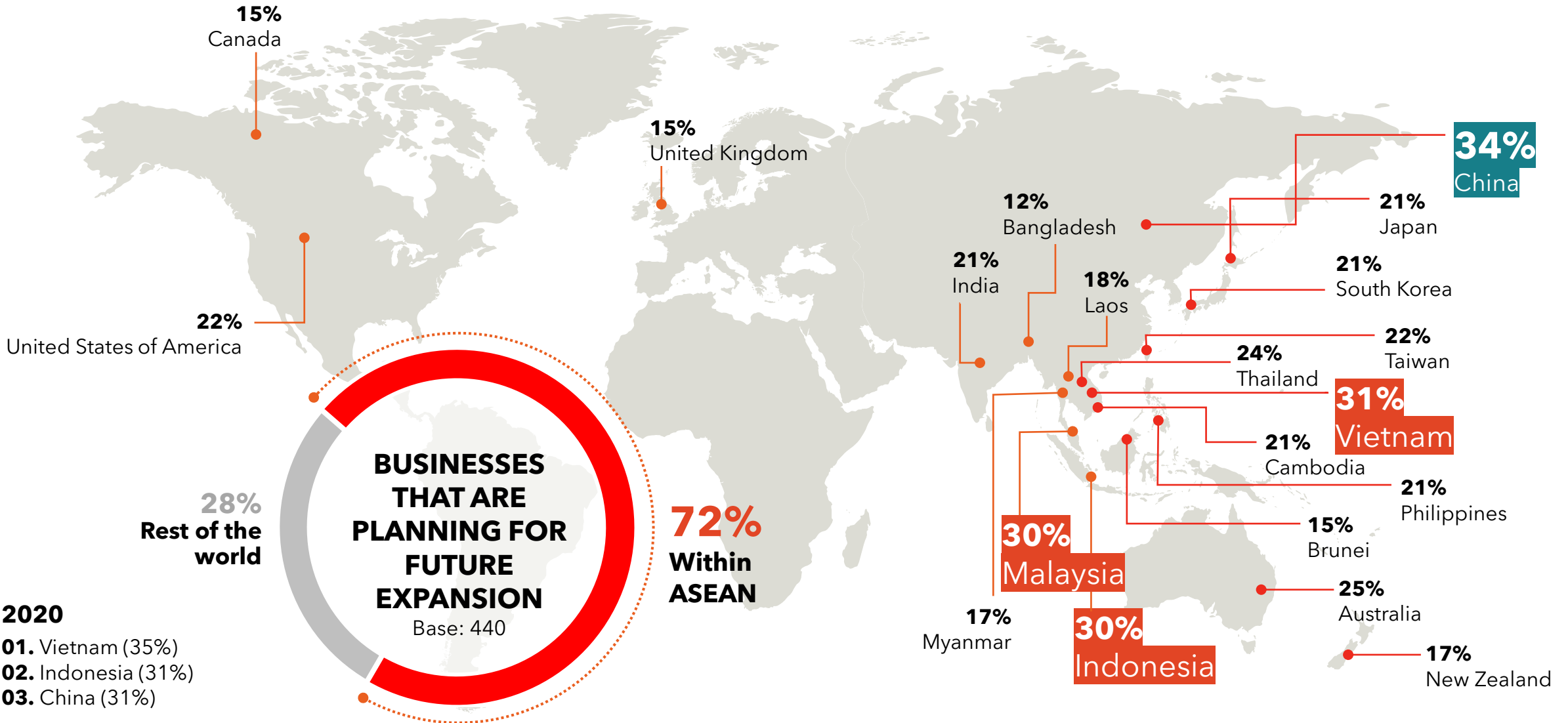
**39%** of firms reported **contraction** in overseas business.

## Overseas Business Recovery



TIME ESTIMATED FOR OVERSEAS BUSINESSES TO RECOVER FROM CONTRACTION

# Main countries for future expansion.



## 2020

01. Vietnam (35%)
02. Indonesia (31%)
03. China (31%)



Base: n= 440, Companies keen to venture overseas in the future

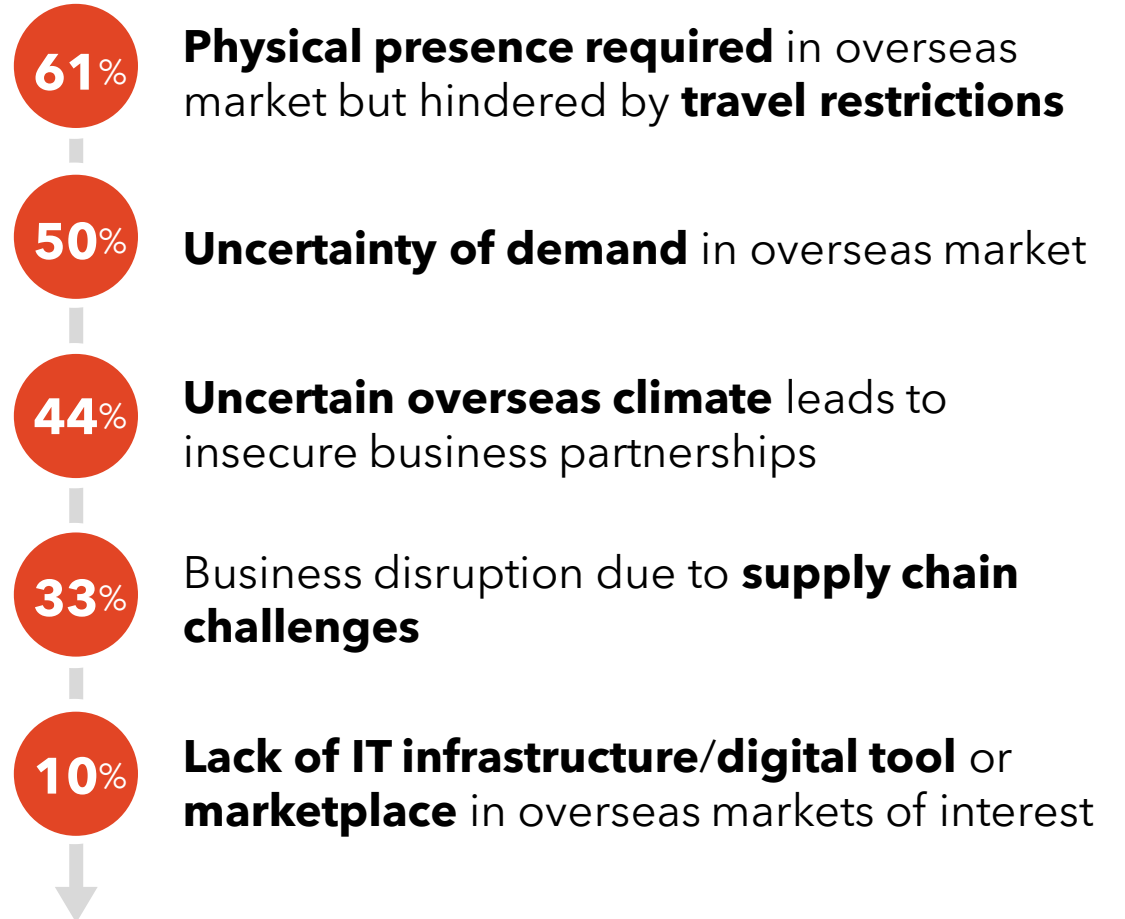
Q35c. Overall, would you say that your overseas business has expanded, contracted or remained the same as a result of the COVID-19 pandemic? | Which is of the following country(ies) is your company? keen to venture into for business expansion in the future.

# Restrictions and uncertainties still affecting business confidence towards internationalisation.

**Travel restrictions** limit both people and businesses from overseas ventures. The inability to establish physical presence is the **top concern** among businesses looking to **internationalise**.

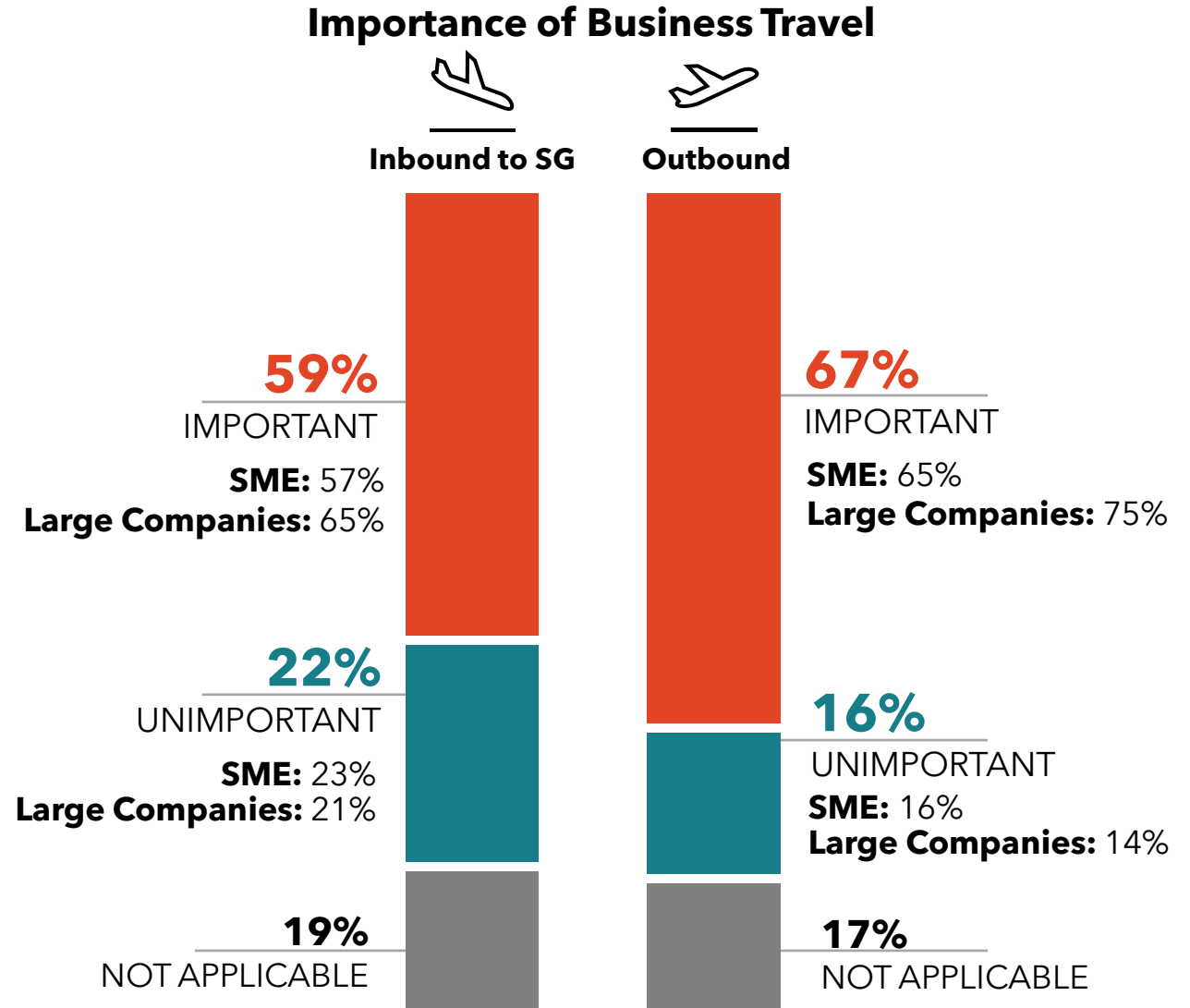
Uncertainty of overseas demand and market conditions also cast a shadow on internationalisation ventures. 1 in 3 businesses also report supply chain disruptions as a key concern for overseas business expansion.

## Key Internationalisation Constraints



# Despite temporary standstill, corporate travel remains relevant to businesses.

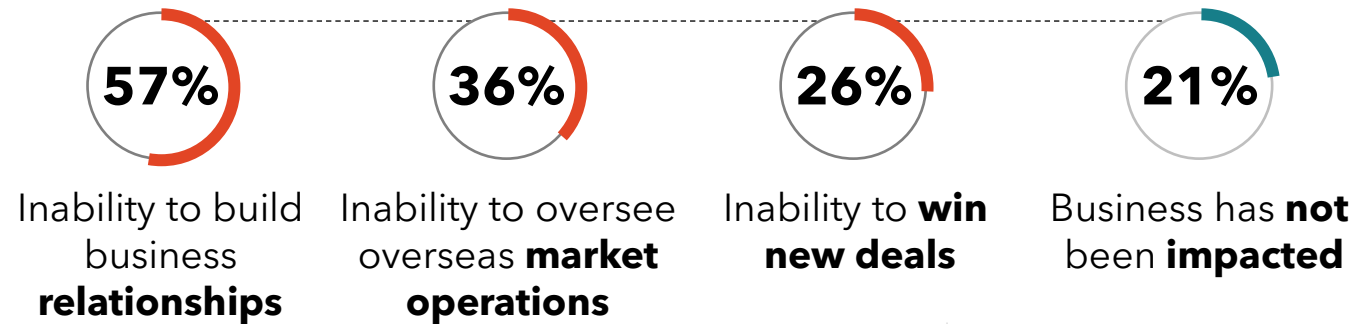
Though **business travel** is unlikely to return to pre-pandemic levels soon, it is still a **critical factor** as over half of companies consider travel to be a key driver for doing business overseas.



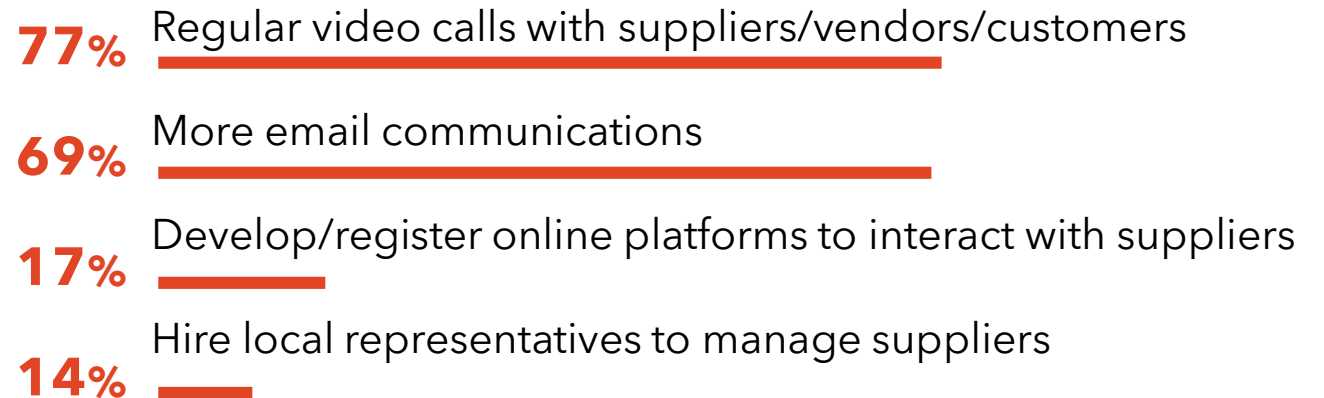
# Businesses pivot to virtual platforms in light of travel lockdowns.

**Virtual meetings** and more frequent email communications are the key solutions for businesses to connect to their target markets and **overcome** travel restrictions.

## Challenges Encountered

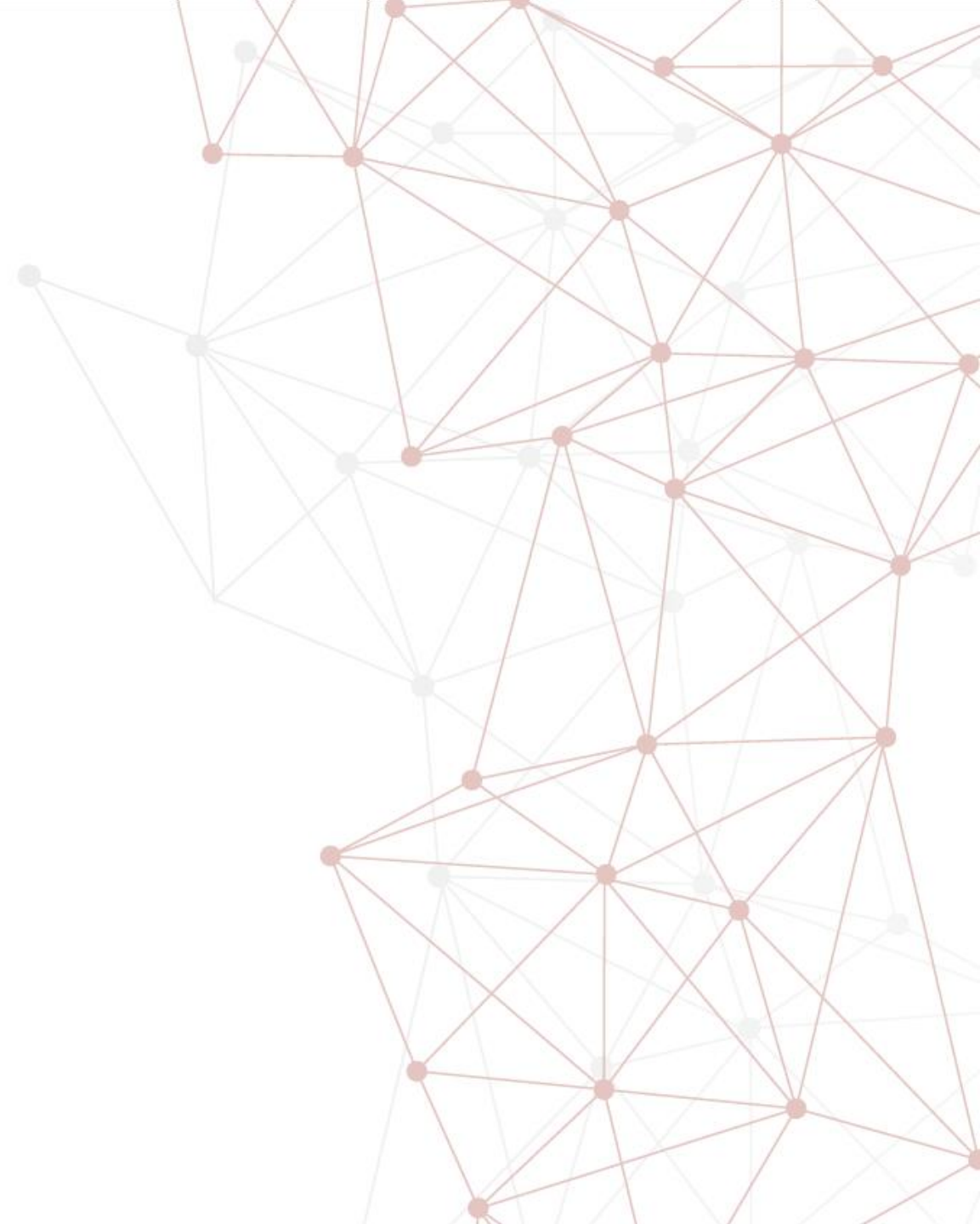


## Steps Taken to Mitigate:





**Thank you**







SECTION 6

# Annex: Company Characteristics



# Company Characteristics

