

Businesses to take flight in 2022, but turbulence expected

By Lam Yi Young

IT has been a roller-coaster year living with the pandemic, with bursts of optimism dampened by new restrictions. This year started off well – vaccinations were underway, and Singapore was into Phase 3 of its re-opening.

Soon enough, however, we as a nation ran into consecutive roadblocks, first with Heightened Alert as cases jumped in May.

Then the Stabilisation Phase came as hospital capacity was under strain in October, and now the Transition Phase that we are currently in, where social gatherings and travel are gradually being resumed but still restricted in some way.

Despite the ups and downs on the pandemic front, it has nonetheless been a year of economic recovery.

The Ministry of Trade and Industry in November narrowed the full-year growth forecast for 2021 to around 7 per cent, which will bring us close to 2019 GDP levels.

As we prepare to enter into 2022, there is greater optimism for business growth.

But we can expect certain challenges to persist into the new year and must brace ourselves for new emerging hurdles that may stymie progress.

Uneven recovery and growth likely to continue

Despite the disruptions that the pandemic has caused, there have been some winners in the business world.

For instance, Singapore saw a number of tech unicorns minted in 2021, including Ninja Van, PatSnap, Advance Intelligence Group and Nium.

Ninja Van, in particular, just raised S\$578 million in funding in September to support its operations infrastructure and techno-

logy systems growth, and recently opened an 80,000-square-foot automated parcel-sorting hub – its biggest facility – in Singapore to cope with surging parcel volumes.

But there have also been sectors that continued to suffer, such as food and beverage (F&B) and retail, which have had to endure several start-stops due to changing dining regulations and the lack of tourists.

Construction and travel and tourism-related sectors also continued to face headwinds through the course of the year.

Out of over 1,000 businesses surveyed in our latest Singapore Business Federation (SBF) National Business Survey, over half (56 per cent) say that they are no longer being impacted by the pandemic, compared to 31 per cent in last year's survey.

The proportion of businesses negatively impacted halved from 63 per cent last year to 32 per cent this year.

But yet, out of those still negatively impacted by Covid-19, nearly 7 in 10 expect to take more than a year to fully recover.

Broadly speaking, more companies have shifted from survival mode to recovery mode in 2021, and there is optimism for continued recovery and growth in 2022.

Almost half (47 per cent) of businesses surveyed expect the business and economic climate to improve over the next 12 months, though the outlook remains uneven across sectors.

One particular bright spark welcomed by businesses is the Vaccinated Travel Lanes (VTLs).

With the gradual re-opening of borders and restarting of large-scale events such as the Bloomberg New Economy Forum, businesses look forward to greater resumption of business travel and the striking of new business deals as they press ahead with their internationalisa-



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tion efforts.

SBF is looking forward to hosting foreign business delegates at 2 events next year – the first Apec Business Advisory Council Meeting for 2022 in February and the inaugural Singapore Apex Business Summit in March.

But challenges remain, with new variants such as Omicron threatening the re-opening of borders.

Whether the extreme happens, businesses looking to grow in 2022 will need to focus on 3 key areas – digitalisation, sustainability and talent.

Locking in digitalisation gains

Many small and medium-sized enterprises (SMEs) continued to accelerate digitalisation plans into 2021 to cope with the disruptions caused by Covid-19.

The foundation has been laid, such as the use of technology to allow remote work and trading in

manual records for digital ones.

Now, companies will need to think how they can leverage technology to not just keep operations running but to create new value for their business.

Take waste management company Wah and Hua as an example. The company has leveraged automation, robotics and artificial intelligence to create more highly skilled jobs that appeal more to Singaporeans, in turn reducing its reliance on foreign labour.

This will help it to overcome the perennial manpower shortage issues faced by the sector.

It is such transformational adoption of technology that is essential to take companies from survival to recovery and onwards to growth.

Sustaining success through sustainability

With growing awareness of the climate crisis, especially with the recent COP26 summit, not only are

consumers and employees opting for more environmentally friendly brands and workplaces, but financial investors are also placing increased focus on environmental, social, and governance (ESG) factors.

Improving resource utilisation and operational efficiency can also reduce wastage, resulting in better margins and lower spending on transportation, materials and waste disposal.

As governments, institutions and individuals globally commit more resources to an environmentally sustainable future, it is imperative that all businesses, including SMEs, embark on their own sustainability journeys.

But many companies still lack the capability on what it means to add to the sustainability agenda.

In November, SBF launched a new Alliance for Action on Sustainable Spaces together with the Singapore Furniture Industries Council

and the Singapore Green Building Council. This will bring stakeholders from different sectors together to create and enhance sustainable indoor spaces, such as through the use of low-emitting materials and furnishings.

Enterprise Singapore has also set aside up to S\$180 million for the Enterprise Sustainability Programme, which will support training workshops, capability and product development projects, and key enablers such as certification and financing.

Such initiatives will be increasingly important to help SMEs overcome the sustainability gap.

Enhancing our greatest assets

Manpower challenges remain one of the greatest concerns for businesses.

The lack of manpower, both local and foreign, has led to companies being forced to scale down or even close their business.

Beyond numbers, providing continual upgrading and training remains key to building a skilled workforce and ensuring that Singapore can keep its edge. People are, after all, our greatest asset.

On this front, businesses will need to step up efforts to develop a strong Singapore core and enhance training to maximise the potential of talent across the entire workforce, including older workers, lower-wage workers, foreign workers and persons with disabilities.

Together, these 3 factors – digitalisation, sustainability and talent – will help businesses to seize opportunities for recovery and growth in the new year, and enable them to emerge stronger.

With that, we can look forward to the continued growth of Singapore's economy and improvements to quality of life for Singaporeans.

The writer is chief executive officer of the Singapore Business Federation.