

National Business Survey (NBS) 2023/2024

Final Report (January 2024)



About the Study

The National Business Survey (NBS) 2023/2024 is currently into its 16th annual edition.










The Singapore Business Federation (SBF) appointed Acorn Marketing & Research Consultants (Group) Pte Ltd to administer its NBS 2023/2024.

This survey seeks to gather feedback from our member companies on the prevailing state of affairs and understand their unique business challenges.

The survey period of the study was from **14 September to 12 November 2023**, and drew responses from businesses across all key industries. A sample size of **n=1,056** was achieved for this report.

For the sub-group analysis of certain filtered questions, the sample base may be small and caution should be exercised.

Respondents by Sector

Sectors		2017	2018	2019	2020	2021	2022	2023
 Wholesale Trading		15%	18%	18%	20%	19%	16%	17%
 Construction & Civil Engineering		12%	13%	12%	14%	15%	10%	14%
 Manufacturing		17%	16%	13%	10%	17%	15%	13%
 IT & Professional Services		17%	11%	11%	11%	11%	15%	13%
 Banking & Insurance		4%	3%	3%	3%	3%	8%	11%
 Other Services (eg. Education, Repairs & Servicing)		11%	11%	13%	17%	15%	10%	11%
 Retail, Real Estate, Hotels, Restaurants & Accommodation		8%	11%	10%	10%	11%	12%	9%
 Logistics & Transportation		8%	7%	6%	5%	6%	8%	7%
 Others (eg. Fishing, Mining, etc.)		6%	11%	14%	5%	3%	6%	6%
		N=1,019	n=705	n=1,018	n=1,075	n=1,096	n=931	n=1,056



82% SMEs



18% Large companies



50% Production & Trade

Manufacturing, Construction & Civil Engineering, Logistics & Transportation, Wholesale Trade



44% Services

IT & Professional Services, Other Services, Retail, Real Estate, Hotels, Restaurants & Accommodations, Banking & Insurance



6% selected "others"

The sample proportion collected for this survey across the various sectors largely mirrors SBF's membership base. It is also largely comparable with that of previous years.

Executive Summary



Executive Summary (1/4)

Business Sentiments

Businesses outlook has weakened with proportion of businesses expecting the economy to improve in the next 12 months, declining from 41% in NBS 2022/2023 to 25% this year. More SMEs (30%) compared to large companies (22%) believe that the economy will worsen in the next 12 months. Businesses in the IT & Professional Services and Manufacturing sectors have a more bearish outlook, while those in the Construction & Civil Engineering, Logistics & Transportation, and the Banking & Insurance sectors are more optimistic about the economy in the next 12 months.

Increase in Business Cost

Increase in business cost remained the top challenge for businesses although the proportion of businesses who cited it has decreased from 66% in NBS 2022/2023 to 58% in NBS 2023/2024. The sectors most affected are Construction & Civil engineering (69%) and Manufacturing (65%). The 3 key components of cost increase most cited in NBS 2023/2024 are wages (75%), pass-through from suppliers (58%) and electricity costs (56%). These were also among the top cost components in NBS 2022/2023. While the proportion who cited wages have decreased by 4%-points (from 79%), the proportion for pass through from suppliers have increased by 10%-points (from 48%) and 11%-points for electricity costs (from 45%).

Cost of Financing

Over 8 in 10 businesses (83%) are impacted by interest rate hikes and increase in cost of funding in the past year. 46% faced slight to severe credit crunch, similar to NBS 2022/2023, but the proportion of those that indicated that they do not have sufficient cash to operate has increased from 6% to 11%. Businesses in the Construction & Civil Engineering (63%), Wholesale Trade (49%) and the Retail, Real Estate, Hotels, Restaurants & Accommodations (47%) sectors are most affected by credit crunch. The Logistics & Transportation sector has seen the largest improvement in credit conditions compared to last year, with the proportion of businesses indicating no credit crunch having increased by 22%-points from 48% to 70%. To address liquidity and working capital needs, the top 4 measures are minimising non-essential outflows (54%), assessing customer credit risk to boost collection capability (32%), hold/delay outflows (30%) and delay investment plans (27%). To address interest rate hikes, the top 2 measures are reviewing current variable rate loans (45%) and scaling down business plans (39%).

Executive Summary (2/4)

Manpower Challenges

Following increase in business costs (58%), manpower related issues such as availability (53%), retention (42%) and foreign worker policies (39%) are the next 3 current key challenges faced by businesses. The top 4 sectors citing availability of manpower as challenge are Construction & Civil Engineering (68%), Logistics & Transport (68%), Manufacturing (58%) and IT & Professional Services (58%). The top 3 sectors citing retention of manpower as challenge are Construction & Civil Engineering (51%), IT & Professional Services (51%) and Logistics & Transport (48%). Foreign workforce policies affect businesses in Construction & Civil Engineering (60%) and Manufacturing (49%) the most.

Among manpower challenges, three have seen increases in business concerns – rising manpower cost by 7%-points (from 75% to 82%), new foreign worker policies by 10%-points (from 48% to 58%) and increase in cost of bringing in foreign workers by 8%-points (from 31% to 39%); and three have seen decreases in business concerns – attracting/retaining younger workers by 6%-points (from 51% to 45%), limited pool of local high skilled workers by 7%-points (from 47% to 40%) and stricter policies that limit the supply of foreign workers by 14%-points (from 43% to 29%).

Among the foreign manpower challenges, the top 2 challenges are changes to S Pass qualifying criteria (increased from 54% in NBS 2022/2023 to 70%) and changes to EP qualifying salary (increased from 48% in NBS 2022/2023 to 65%). The sectors most affected by changes in S Pass qualifying salary are Construction & Civil Engineering (83%) and Manufacturing (79%). The sectors most affected by changes in EP qualifying salary are IT & Professional Services (88%) and Banking & Insurance (85%).

To attract/retain local talent, offering a competitive salary and benefits package continues to be the primary method (72%) favoured by businesses. Providing professional development and training (43%) and providing hybrid work options (35%) are also considered important. To overcome the impact of foreign worker policies, the top preferred measures are increase wages to make jobs attractive to locals (42%), expand recruitment efforts to hire locals (37%) and invest in technology to reduce manpower needs (35%).

1 in 3 businesses cited employee attitude, skills and productivity as key challenges. These challenges are faced more acutely by businesses in the Construction & Civil Engineering and IT & Professional Services. While the top 3 challenges to staff training are the same in NBS 2022/2023, the proportion of businesses have decreased – limited manpower resources to cover staff going for training by 9%-points (from 54% to 43%), high costs of training by 9%-points (from 48% to 39%) and training programmes do not offer practical applications by 7%-points (from 41% to 34%).

Executive Summary (3/4)

Business Transformation & Trends

9 in 10 businesses acknowledged the importance of business transformation. The top 3 focus of transformation are operational processes (70%), products/services (68%) and customer experience/service (66%). Investment in R&D was ranked lowest at 39% which saw a 6%-points decline from 45% in NBS 2022/2023. The top 4 challenges in technology adoption were high cost (64%), expensive licensing payments (31%), upskilling of staff to keep up with new technologies (29%) and lack of management expertise (29%).

Cybersecurity (45%), emerging technologies such as AI (35%) and increased expectations on ESG (34%) were the top 3 business trends of concerns. More businesses (increase of 6%-points from 74% to 80%) have expressed confidence in their measures against cyber threat. The top 3 cybersecurity challenges faced were risk from third party service providers (67%), employees lack of cybersecurity awareness (45%) and security of multiple cloud services (44%). About 2 in 3 companies are planning or have adopted AI in their businesses with process automation in operations (53%) and cybersecurity (51%) as the most preferred areas. The top 3 challenges in AI adoption are high costs (61%), lack of knowledge (61%) and concerns over data privacy and security (40%).

Internationalisation

76% of businesses have overseas presence, a slight increase of 2%-points from NBS 2022/2023. The top 3 countries were Malaysia (64%), China (50%) and Indonesia (47%). 54% of these businesses have >40% of its revenue contributed by overseas operations. However, the proportion of businesses with future overseas plans declined by 8%-points from 65% in NBS 2022/2023 to 57%. Those with plans indicated Malaysia (29%), Vietnam (28%) and Indonesia (28%) as the top favoured countries.

Compared to measures such as growing revenue (76%), reducing costs (62%) and ensuring positive cash flow (59%), expanding to overseas market (25%) was not among the top business priorities for the next 12 months. Similarly, in terms of focus in business transformation, expanding overseas (41%) was also not a priority area for most businesses. Satisfaction with economic/business climate in ASEAN and Global have declined by 6%-points from 31% in NBS 2022/2023 to 25% and by 3%-points from 19% in NBS 2022/2023 to 16% respectively. Key challenges to internationalisation include the unpredictability of overseas market demand (52%), the complexities of the geopolitical landscape (46%), and the expenses associated with overseas expansion (40%).

Executive Summary (4/4)

Environmental, Social & Governance (ESG)

With increases in customer/employee expectations on ESG as one of top 3 business trends, 73% of businesses have implemented or plan to implement at least one of the ESG areas. While 76% of businesses indicated that they are moderately to well prepared to operate in a low carbon business environment, the proportion of businesses who cited not knowing where/how to start as the top challenge increased by 5%-points from 36% to 41%. Easy access to funding (68%), improve clarity and consistency on ESG metrics for reporting (66%) and availability of technology to measure and track ESG initiatives (62%) were the top 3 support businesses ask from government and the industry ecosystem.

Budget 2024

More businesses (12%-points increase from 74% to 86%) have cited schemes to help address business cost as their #1 wish for Budget 2024. Schemes related to cash flow management have displaced those related to hiring/developing/retaining talent as the #2 on the wish list. The proportion of businesses requesting schemes for cash flow management increased by 17%-points from 48% to 65%, while the proportion requesting schemes related to manpower declined by 4%-points from 57% to 53%. Businesses in wholesale trade has the highest proportion asking for cash flow management support (71%) while those in retail, real estate, hotels & restaurants (62%) and logistics and transportation (66%) have the highest proportion asking for manpower related schemes.

Business Sentiments



Business Sentiments in Singapore (1/2)

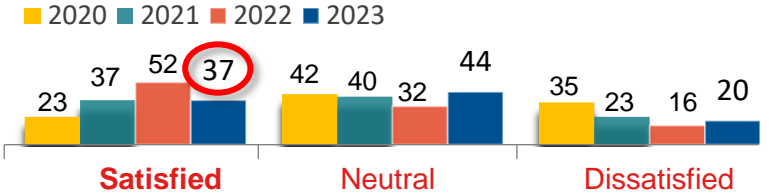
Businesses have a more cautious outlook: Proportion of businesses who believe economy will improve in the next 12 months declined from 41% to 25%.

Businesses in Singapore are adopting a more cautious outlook compared to last year, with 44% of companies now staying neutral compared to 32% in 2022. Moreover, 37% are satisfied with the current climate, down from 52% in the last survey.

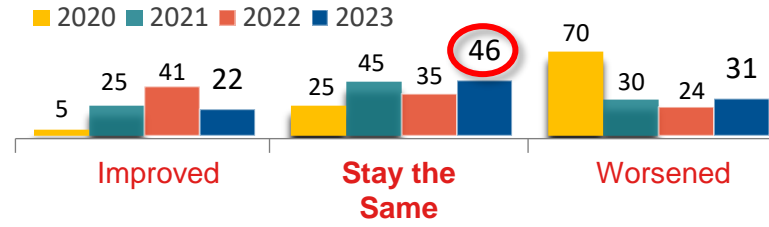
Almost half of the businesses surveyed (46%) felt that conditions stayed the same in the past 12 months, compared to last year (35%), while 31% indicated conditions have worsened (24% in 2022).

Looking forward, in the face of economic uncertainties, businesses are adopting a cautious outlook. Nearly half of the businesses (47%) anticipate that conditions will remain the same over the next 12 months, jumping from 33% in 2022 who held this view. 25% think the economy will improve in the next 12 months, down from 41% in 2022.

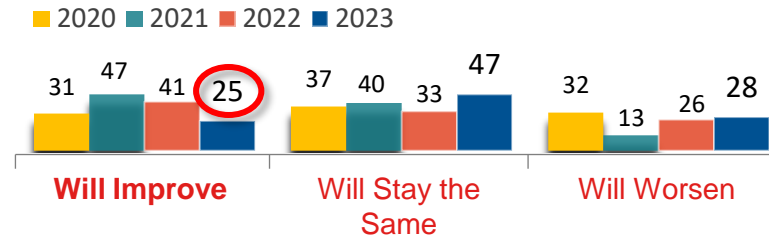
Current Business Climate in Singapore (%)



Singapore Economy – Past 12 months (%)



Singapore Economy – Next 12 months (%)



Base: All Respondents (n=1056)
 1. How satisfied or dissatisfied are you with the current business / economic climate?
 2. Would you say that the business/economic climate in Singapore...?

Business Sentiments in Singapore (2/2)

Compared to large companies, SMEs are less optimistic about the outlook of the Singapore economy in the next 12 months.

Singapore Economy – Next 12 months (%)

2020 2021 2022 2023



Compared to large companies, a higher proportion of SMEs believe the economy will worsen in the next 12 months.

More than half of the large companies believe the economy will stay the same in the next 12 months.

Singapore Economy – Next 12 months (%) - SME

2020 2021 2022 2023



Singapore Economy – Next 12 months (%) – Large Company

2020 2021 2022 2023



Base: All Respondents (n=1056)

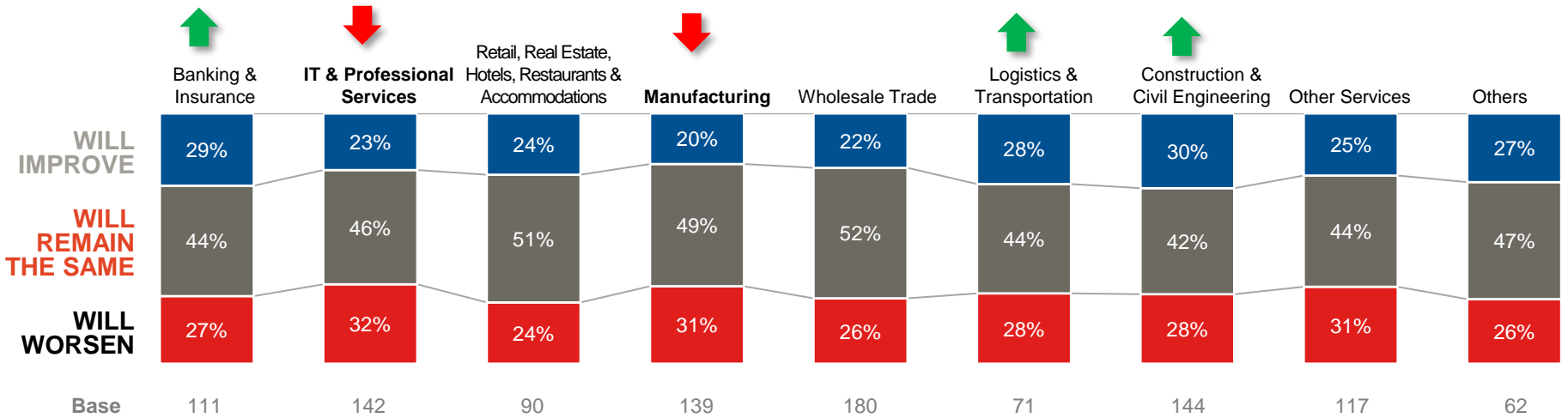
1. How satisfied or dissatisfied are you with the current business / economic climate?

2. Would you say that the business/economic climate in Singapore...?

Singapore Economy in the Next 12 Months

Businesses in the IT & Professional Services and Manufacturing sectors have a more bearish outlook, while those in the Construction & Civil Engineering, Logistics & Transportation, and the Banking & Insurance sectors are more optimistic about the economy in the next 12 months.

Singapore Economy in the Next 12 Months by Industry

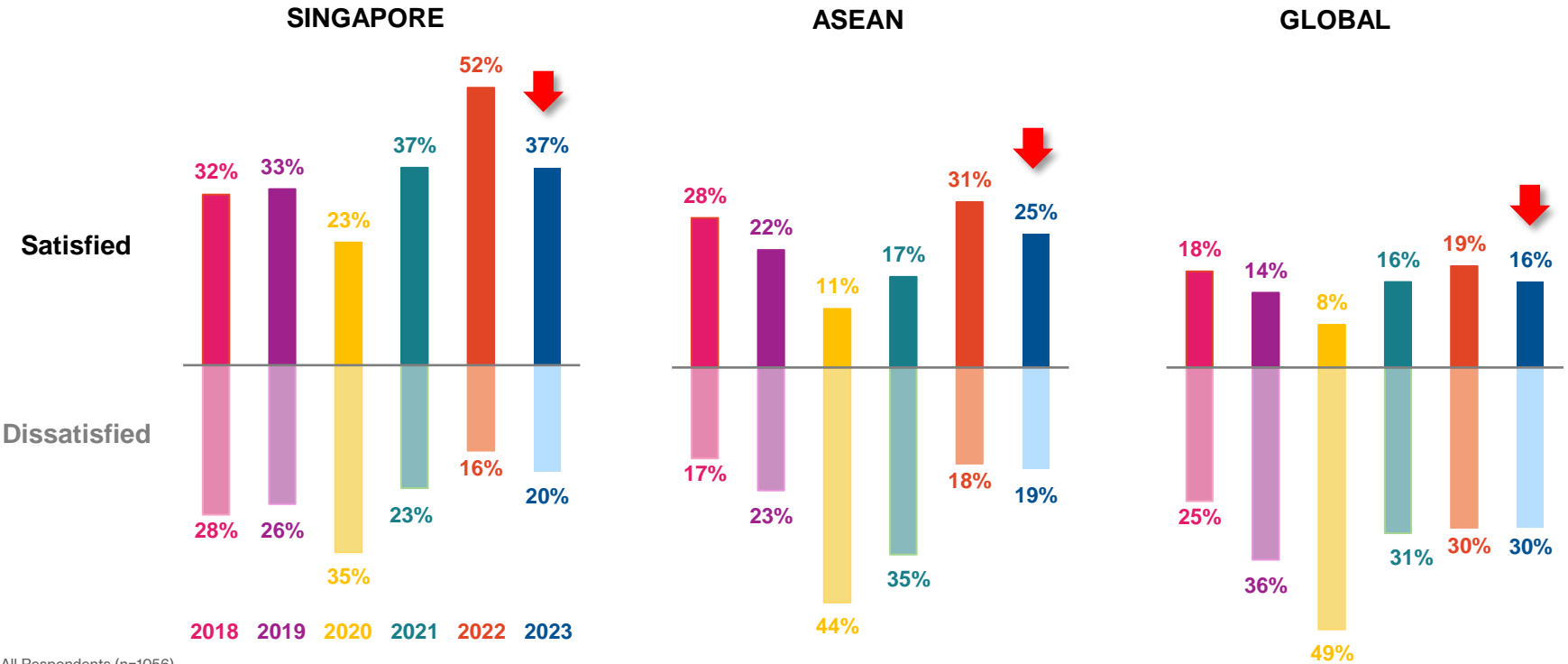


Base: All Respondents (n=1056)
 2. Would you say that the business/economic climate in Singapore...?

Satisfaction with Current Economic / Business Climate

Satisfaction with ASEAN and Global economic and business climate has declined.

Satisfaction with Current Economic / Business Climate



Base: All Respondents (n=1056)
 1. How satisfied or dissatisfied are you with the current business / economic climate?

Core Challenges



Top Challenges among Businesses

While the increase in business costs and retention of manpower remain as top challenges, the proportion of businesses which indicated so declined. The proportion of businesses that indicated foreign manpower policies as a key challenge has risen.


Increase in business costs (58%) is the top challenge.

Other top challenges that businesses need to tackle are manpower related: availability (53%) and retention (42%) of manpower, as well as foreign workforce policies (39%).

Comparatively, large companies are more concerned about retention of manpower (51%).

Top 5 Current Challenges among Businesses (%)

	2022	2023		
		TOTAL	SME	Large Company
Increase in business costs	66	58	58	61
Availability of manpower	52	53	54	52
Retention of manpower	47	42	40	51
Foreign workforce policies	35	39	39	39
Rental cost	44	36	37	34

 Over-representation by at least 5%-points (compared with TOTAL)

Varying Challenges Faced by Businesses across Different Sectors

Sectors most impacted by the Increase in Business Costs: Construction & Civil Engineering, and Manufacturing.

Top Current Challenges among Businesses (%) – By Sector

	TOTAL	Banking & Insurance	IT & Professional Services	Retail, Real Estate, Hotels, Restaurants & Accommodations	Manufacturing	Wholesale Trade	Logistics & Transportation	Construction & Civil Engineering	Other Services	Others
Increase in business costs	58	59	50	52	65	57	56	69	58	53
Availability of manpower	53	38	58	57	58	34	68	68	59	47
Retention of manpower	42	37	51	42	40	33	48	51	44	31
Foreign workforce policies	39	17	37	41	49	26	42	60	43	39
Rental cost	36	38	30	41	29	31	42	43	45	32
Employee attitude	33	15	38	32	33	26	35	41	44	31
Customer demand uncertainty	30	14	30	32	33	37	39	26	32	23
Employee skills level	29	23	41	21	27	12	30	39	33	37
Employee productivity	28	10	34	21	29	22	34	40	34	21
Cost of financing (i.e. interest rates, fees)	24	20	13	30	19	34	25	32	19	26
Base	1056	111	142	90	139	180	71	144	117	62

Over-representation by at least 5%-points (compared with TOTAL)

Sectors Most Impacted by Manpower Issues

Availability of Manpower: Construction & Civil Engineering, Logistics & Transport, Manufacturing, and IT & Professional Services.

Retention of Manpower: Construction & Civil Engineering, IT & Professional Services, and Logistics & Transportation.

Foreign Workforce Policies: Construction & Civil Engineering, and Manufacturing.

Top Current Challenges among Businesses (%) – By Sector

	TOTAL	Banking & Insurance	IT & Professional Services	Retail, Real Estate, Hotels, Restaurants & Accommodations	Manufacturing	Wholesale Trade	Logistics & Transportation	Construction & Civil Engineering	Other Services	Others
Increase in business costs	58	59	50	52	65	57	56	69	58	53
Availability of manpower	53	38	58	57	58	34	68	68	59	47
Retention of manpower	42	37	51	42	40	33	48	51	44	31
Foreign workforce policies	39	17	37	41	49	26	42	60	43	39
Rental cost	36	38	30	41	29	31	42	43	45	32
Employee attitude	33	15	38	32	33	26	35	41	44	31
Customer demand uncertainty	30	14	30	32	33	37	39	26	32	23
Employee skills level	29	23	41	21	27	12	30	39	33	37
Employee productivity	28	10	34	21	29	22	34	40	34	21
Cost of financing (i.e. interest rates, fees)	24	20	13	30	19	34	25	32	19	26
Base	1056	111	142	90	139	180	71	144	117	62

Over-representation by at least 5%-points (compared with TOTAL) 17

Base: All Respondents (n=1056)
 13. In your view, which of the following currently pose as key challenges for your industry to operate in Singapore?

Sectors Most Impacted by Challenges related to Employee Attitude, Skills and Productivity:

Employee Attitude: Construction & Civil Engineering, and IT & Professional Services.

Employee Skills Level: IT & Professional Services, and Construction & Civil Engineering.

Employee Productivity: Construction & Civil Engineering, Logistics & Transportation, and IT & Professional Services.

Top Current Challenges among Businesses (%) – By Sector

	TOTAL	Banking & Insurance	IT & Professional Services	Retail, Real Estate, Hotels, Restaurants & Accommodations	Manufacturing	Wholesale Trade	Logistics & Transportation	Construction & Civil Engineering	Other Services	Others
Increase in business costs	58	59	50	52	65	57	56	69	58	53
Availability of manpower	53	38	58	57	58	34	68	68	59	47
Retention of manpower	42	37	51	42	40	33	48	51	44	31
Foreign workforce policies	39	17	37	41	49	26	42	60	43	39
Rental cost	36	38	30	41	29	31	42	43	45	32
Employee attitude	33	15	38	32	33	26	35	41	44	31
Customer demand uncertainty	30	14	30	32	33	37	39	26	32	23
Employee skills level	29	23	41	21	27	12	30	39	33	37
Employee productivity	28	10	34	21	29	22	34	40	34	21
Cost of financing (i.e. interest rates, fees)	24	20	13	30	19	34	25	32	19	26
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Over-representation by at least 5%-points (compared with TOTAL)

Base: All Respondents (n=1056)
 13. In your view, which of the following currently pose as key challenges for your industry to operate in Singapore?






Planned Business Changes in the Next Year

Despite current cost pressures, businesses recognise the necessity to continue attracting and retaining talents by raising salaries in the year ahead. More businesses also intend to maintain their current state of investment into new technologies, business/operational processes, initiatives to diversify supply chain and business investment.

Investments in the area of human capital feature prominently in planned business changes for many companies over the horizon.

More specifically, of the top five business areas that businesses plan to invest more in the next year, three relate to manpower: employees' salary/pay (42%), number of employees (26%), and investment in training of staff (26%).

Planned Business Changes in the Next Year (%)

	Plan to increase in the next year	Plan to decrease in the next year	Plan to remain the same
 Employees' salary / pay	42 (40)	3 (3)	56 (56)
 Number of employees	26 (27)	9 (10)	65 (63)
Investment in new technologies and digitalisation	26 (32)	9 (10)	65 (57)
 Investment in training for staff	26 (27)	4 (6)	69 (67)
Re-engineer business and operational processes	25 (28)	5 (7)	70 (64)
Diversification of supply chain	22 (27)	5 (5)	74 (67)
Business investment	19 (22)	11 (12)	70 (66)
 Redeployment of staff	14 (17)	4 (6)	82 (77)
 Employee benefits	14 (17)	5 (7)	81 (75)
Non-salary costs and overheads	12 (10)	14 (19)	75 (71)
Outsource business functions	13 (19)	7 (10)	80 (71)
Tenancy lease arrangements	9 (-)	5 (-)	86 (-)
 Employees' working hours	3 (6)	2 (6)	95 (88)

 Manpower-related

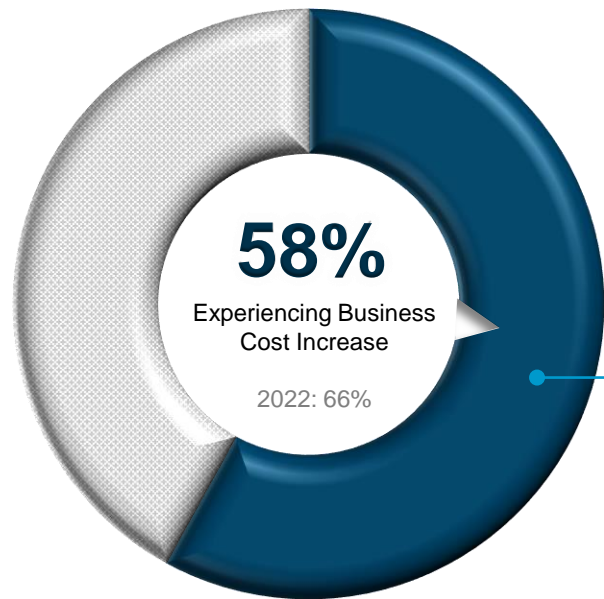
() 2022 figures

Increase in Business Cost



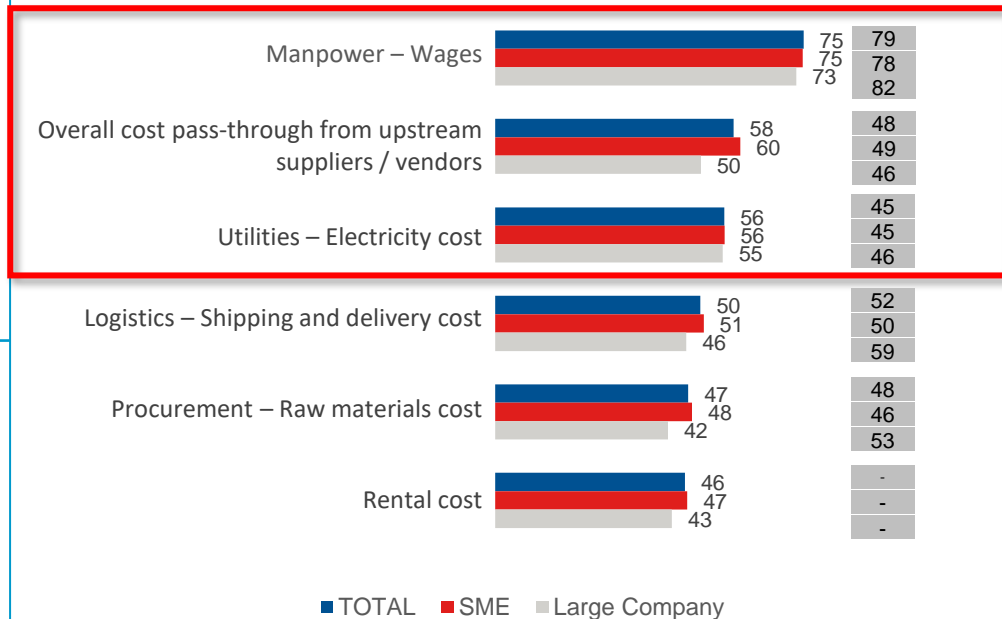
Key Components of Cost Increase

Increase in business cost is the top challenge cited by 58% of businesses, down from 66% in 2022. Businesses citing wages as key cost component drops slightly, but more now cite concerns with cost pass through from upstream suppliers/vendors and utility costs.



SME: 58%
Large Company: 61%

Components of Cost Increase (%)



Base: n=615 (businesses experiencing business cost increase)

■ 2022 figures

Management of Risks Arising from Increased Business Cost

In response to risks arising from increase in business cost, the top actions taken are implementation of cost saving measures and increasing price of company products / services.

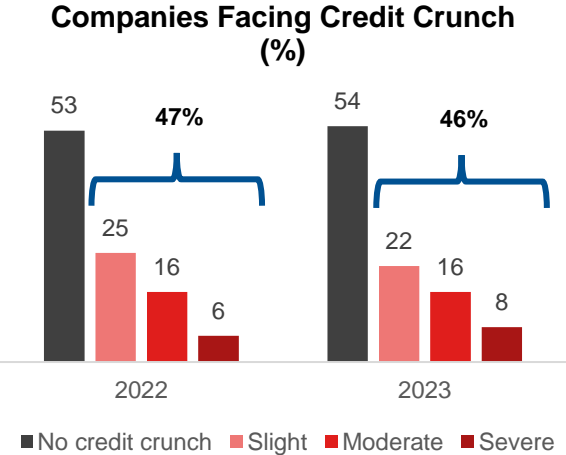
2022	TOTAL	To manage risks arising from increase in business cost	SME	Large Company
55%	52%	Implement cost saving measures	51%	61%
42%	37%	Increase price of company products / services	37%	37%
37%	34%	Improve inventory management	34%	36%
38%	34%	Renegotiation of financial terms with suppliers and customers	34%	38%
36%	29%	Improve financial planning	28%	35%
33%	26%	Improve financial resiliency of supply chain	25%	33%
25%	24%	Delay investments	26%	16%
-	18%	Renegotiation on tenancy lease arrangements	17%	22%

Cost of Financing

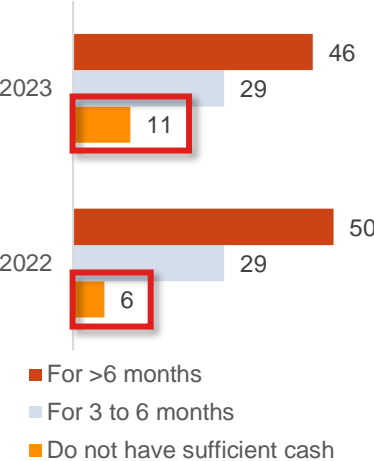


Credit Crunch

Compared to 2022, a higher proportion of businesses (11% versus 6%) indicated that they do not have sufficient cash and liquidity headroom for the next 3 to 6 months. Over half of businesses are taking active steps to control non-essential outflows of funds.



Minimum Cash & Liquidity Status (%)



Excludes those unaware of company's liquidity status

2022	2023	Steps Taken to Address Liquidity & Working Capital
48%	54%	Controlling flow of outgoing payments by minimising non-essential outflows
29%	32%	Boosting collection capability by assessing customer credit risk and determining any required actions
27%	30%	Assess vendor relationships and payment priorities to consider opportunities to hold or delay outflows
25%	27%	Delay investment plans
-	20%	Implemented plans for rapid cost reductions
22%	18%	Understand materials needed and risks to manage supply option

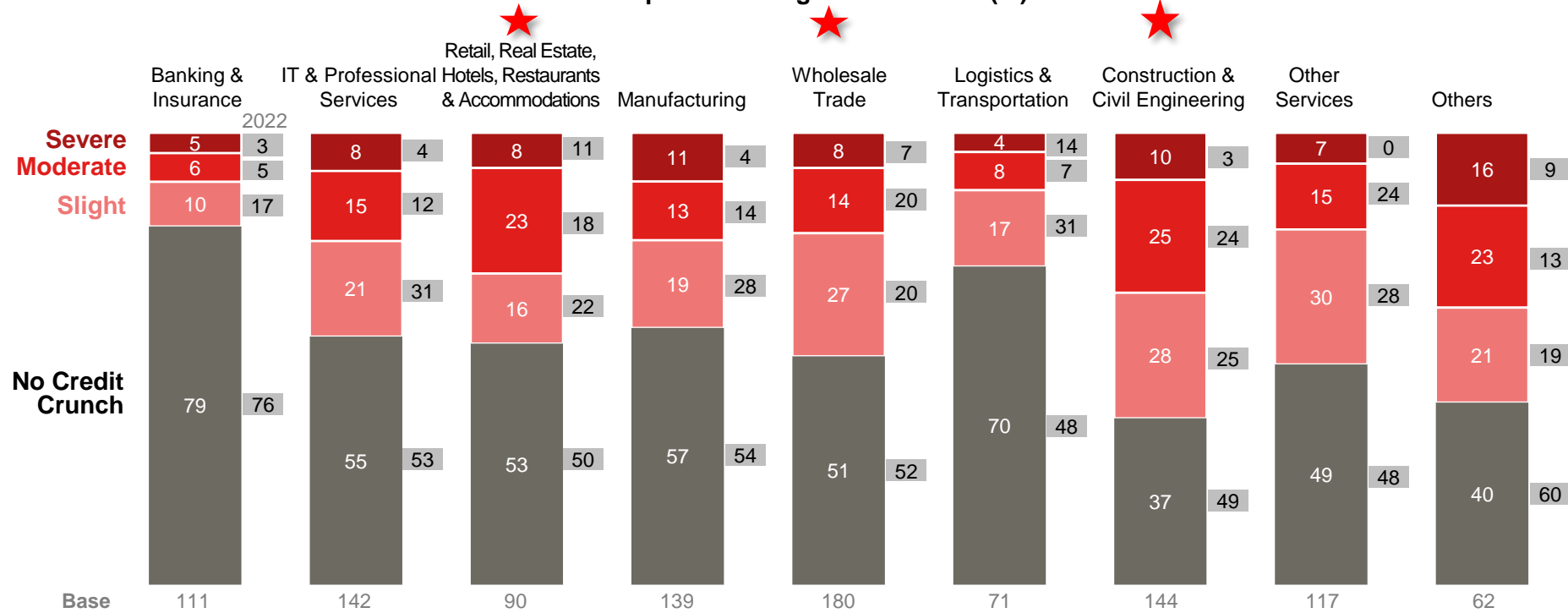
Base: All Respondents (n=1056)

29. Given the current business climate, is your company facing a credit/cash crunch?
 33. Which of the following statement best describes your company's minimum cash and liquidity requirements?
 34. What steps has your organisation taken to address liquidity and working capital requirements?

Sectors Facing Credit Crunch

Businesses in the Construction & Civil Engineering, Wholesale Trade and the Retail, Real Estate, Hotels, Restaurants & Accommodations sectors are most affected by credit crunch. Compared to 2022, the Logistics & Transportation sector has seen the largest improvement in credit conditions.

Companies Facing Credit Crunch (%)

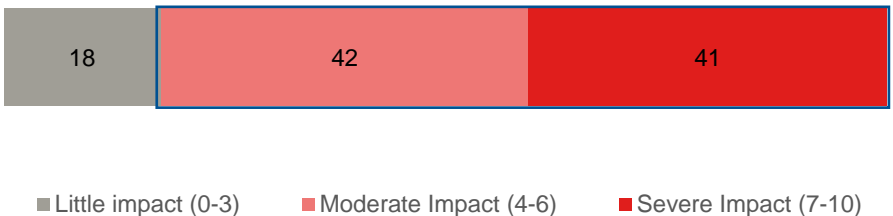


2022 figures

Base: All Respondents (n=1056)
 32. Given the current business climate, is your company facing a credit/cash crunch?

Measures Adopted to Address Interest Rate Hikes

Over 8 in 10 businesses are impacted by interest rate hikes and increase in cost of funding in the past year. Key measures adopted to address interest rate hikes include reviewing and assessing risks of current variable rate loans and scaling down business plans.



■ Little impact (0-3) ■ Moderate Impact (4-6) ■ Severe Impact (7-10)

2023 Steps Taken to Address Interest Rate Hikes

- 45% Reviewing and assessing risks of current variable rate loans
- 39% Scaling down business plans to reduce need for financing
- 24% Securing credits earlier, ahead of future rate hikes
- 12% Look into other sources of funding with lower rates
- 12% Increase in making fixed income investment

Base: n=871 (moderate / severe impact from interest rate hike)

Base: All Respondents (n=1056)

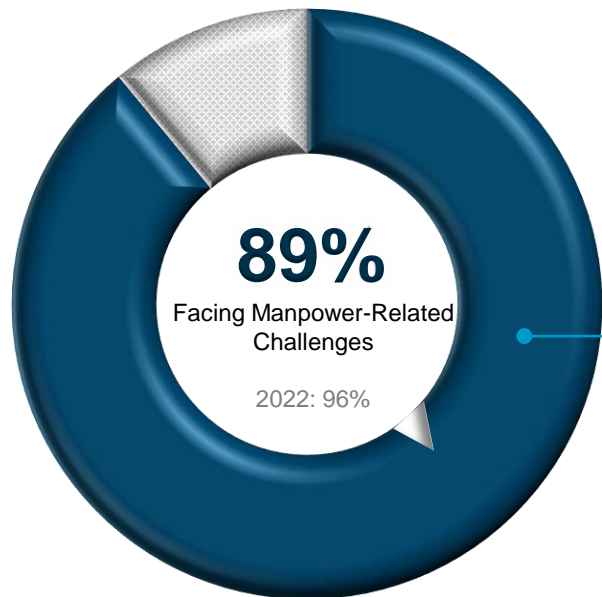
35. On a scale of 0 to 10, to what extent has your business been impacted by interest rate hikes and increase in cost of funding in the past 12 months?

Manpower Challenges









Top Manpower Challenges

A higher proportion of businesses are now concerned over rising manpower cost, new foreign manpower policies and the increase cost of bringing in foreign workers. Concerns related to attracting/retaining younger workers and the limited pool of local high-skilled labour have moderated.



SME: 88%
Large Company: 94%

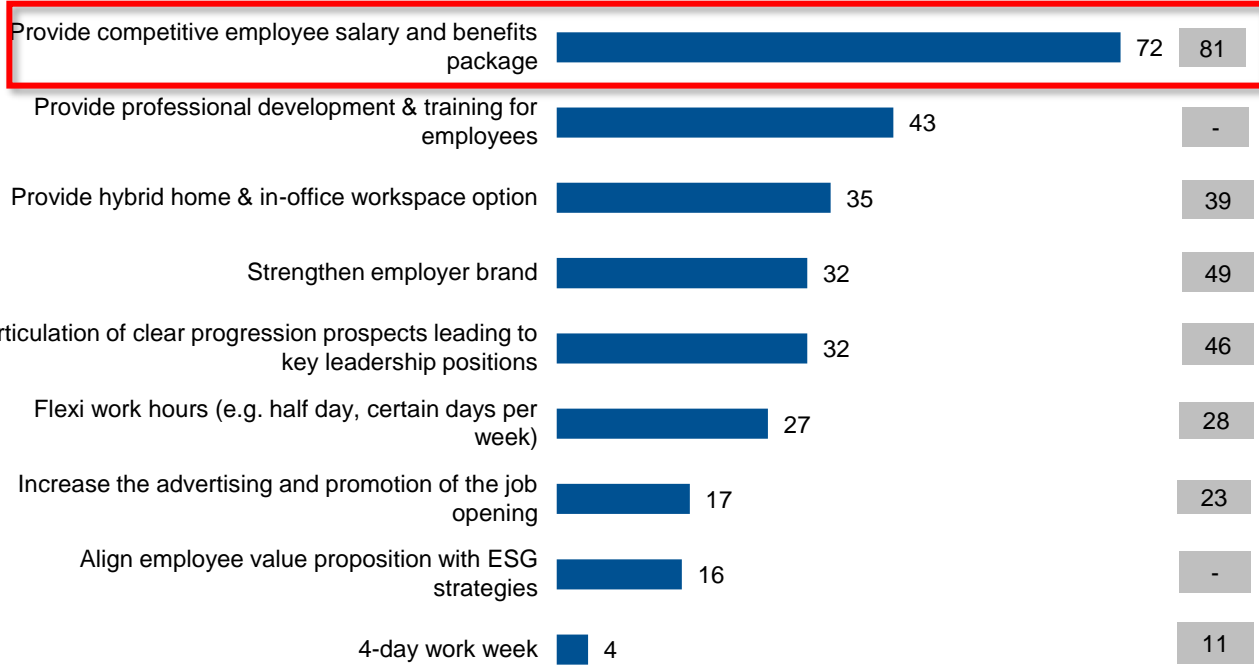
2022	TOTAL	Top Manpower Challenges	SME	Large Company
75% 	82%	Rising manpower cost	82%	80%
48% 	58%	New foreign manpower policies (e.g. higher income requirements for S-Pass or EP holders) will raise costs	58%	57%
51% 	45%	Attracting and/or retaining younger workers	42%	55%
47% 	40%	Limited pool of local high-skilled labour	40%	43%
31% 	39%	Increase in cost of bringing in foreign workers	40%	38%
43% 	29%	Stricter policies that limit the supply of foreign workforce	28%	34%
22%	22%	Attracting and/or retaining PMETs	21%	27%

Base: n=937 (businesses experiencing manpower challenges)

Measures Adopted to Attract or Retain Local Talents

Most businesses, albeit a lower proportion compared to 2022, intend to continue providing competitive salary packages to attract and retain local talents. Such initiative in part places upward pressure on manpower cost.

Specific Plans in Attracting / Retaining Local Talents (%)



Companies are prepared to provide competitive employee package (72%) to attract and retain local talents.

Providing opportunities for employee development and training (43%) is also considered important.

2022 figures

Base: All Respondents (n=1056)
 11. How does your company intend to attract and / or retain local talents? Please select ALL that apply.

Top Foreign Manpower Challenges

6 in 10 businesses say they face foreign manpower challenges. Compared to 2022, more cite concerns with changes to S Pass and EP qualifying salaries.



SME: 57%
Large Company: 62%

2022	TOTAL	Top Foreign Manpower Challenges	SME	Large Company
54%	70%	Changes to S Pass qualifying salary	70%	68%
48%	65%	Changes to Employment Pass (EP) qualifying salary	64%	68%
41%	46%	Tightening of overall Dependency Ratio Ceiling (DRC) quota for Work Permits and S passes	47%	43%
35%	38%	Increase in local qualifying salary (LQS) for locals to count towards a firm's quota for Work Permits and S Passes	38%	38%
27%	35%	Revisions in S pass sub-DRC quota	36%	32%
23%	21%	Unable to employ Work Permit Holders from specific source countries	21%	20%

Base: n=614 (businesses experiencing foreign manpower challenges)

Sectors Facing Foreign Manpower Challenges

The top sectors impacted by the changes in S Pass qualifying salary are Construction & Civil Engineering and Manufacturing, while those most impacted by the changes to EP qualifying salary are IT & Professional Services and the Banking & Insurance sectors.

	TOTAL	Banking & Insurance	IT & Professional Services	Retail, Real Estate, Hotels, Restaurants & Accommodations	Manufacturing	Wholesale Trade	Logistics & Transportation	Construction & Civil Engineering	Other Services	Others
Changes to S Pass qualifying salary	70%	24%	63%	74%	79%	61%	64%	83%	77%	65%
Changes to Employment Pass (EP) qualifying salary	65%	85%	88%	65%	44%	66%	63%	58%	67%	65%
Tightening of overall Dependency Ratio Ceiling (DRC) quota for Work Permits and S passes	46%	24%	33%	52%	42%	44%	45%	63%	56%	32%
Increase in local qualifying salary (LQS) for locals to count towards a firm's quota for Work Permits and S Passes	38%	21%	37%	43%	39%	29%	30%	46%	40%	43%
Revisions in S pass sub-DRC quota	35%	15%	37%	22%	33%	28%	32%	51%	44%	24%
Unable to employ Work Permit Holders from specific source countries	21%	3%	12%	22%	37%	15%	20%	20%	25%	24%
Base	614	34	76	46	90	79	56	121	75	37

Over-representation by at least 5%-points (compared with TOTAL)

Base: n=614 (businesses experiencing foreign manpower challenges)

14. You mentioned that your industry is currently facing manpower challenges. Which of the following do you think are the key issues? Please select ALL that apply

Measures Adopted to Overcome Foreign Manpower Challenges







Businesses continue to invest in locals to cope with the manpower challenge through better salary packages and enhanced recruitment efforts though fewer plan to do so compared to 2022.

<u>Actions to Overcome Challenges</u>	2023	2022
Increase wages of jobs to make it more attractive to locals	42%	48%
Expand / Enhance recruitment efforts to hire locals	37%	43%
Invest in technology or redesign business processes to reduce manpower needs	35%	35%
Redesign jobs to make it more attractive to locals	33%	42%
Outsourcing some of the functions to third-party contractors in Singapore	30%	30%

Top Challenges Faced in Staff Training

Key challenges for investing in staff training remain similar to 2022, with fewer businesses citing these as concerns.

Current Challenges Faced in Staff Training (%)

		2022	SME	Large Company
Limited manpower resources to cover for staff who are undergoing training	 43	54%	45%	35%
High costs of training	 39	48%	39%	39%
Training programmes do not offer practical business applications/outcomes	 34	41%	33%	35%
Fear of losing employees after they have acquired new skills	 30	35%	31%	25%
Difficulty in changing the mind-sets of employees to accept new forms of training	 26	27%	26%	26%
Inability to measure the Returns on Investment (ROI) on training programmes	 24	23%	23%	30%

Business Priorities



Top Business Priorities for the Next 12 Months

Improving profit margin is a key priority for businesses in weathering economic uncertainties. The need to grow revenue, reduce costs and ensure positive cash flow has now gained greater importance compared to 2022.

Top Business Priorities for the Next 12 Months (%)

Both SMEs and Large Companies see growing revenue (76%), reducing costs (62%) and ensuring a positive cash flow (59%) as top business priorities in the next 12 months. These priorities have gained traction among more businesses.

Relative to Large Companies (48%), SMEs (61%) place significantly more emphasis on ensuring positive cash flow.

	TOTAL	SME	Large Company
Growing revenue	76 (66)	76 (67)	73 (63)
Reducing costs	62 (43)	63 (44)	59 (38)
Ensuring positive cash flow	59 (42)	61 (45)	48 (31)
Maintaining revenue levels	32 (36)	33 (38)	25 (30)
Growing market share	29 (35)	30 (34)	28 (38)
Attracting / Retaining talent	27 (41)	26 (41)	32 (40)
Streamlining business / operational processes	26 (30)	25 (29)	31 (33)
Expanding to overseas markets	25 (-)	26 (-)	22 (-)
Training staff to develop capabilities & skills	25 (19)	24 (17)	27 (24)
Offering new products / services	23 (24)	24 (25)	18 (22)

() 2022 figures

Business Transformation & Trends



Perceived Importance of Business Transformation

Over 90% of businesses acknowledge the importance of business transformation.

Perceived Importance of Business Transformation (%)

2022
Moderately
Important /
Important



96%



95%



98%

■ Not Important (0-3) ■ Moderately Important (4-6) ■ Important (7-10)

Base: All Respondents (n=1056)
18a. On a scale of 0-10, how would you rate the importance of business transformation in your company?

Prioritisation of Business Transformation

In prioritising business transformation, companies are focusing more on refining operational processes, advancing product/service innovation, and elevating customer experience. However, the low prioritisation of R&D may pose a potential downside to the future competitiveness of SMEs.

Business Aspects	Important (7-10) (%)	2022 (%)
Operational Processes	70	71
Products or Services	68	70
Customer Experience / Service	66	70
Business Models	62	65
Information Technology (IT) System	52	-
Expanding Overseas	41	42
Research & Development	39	45

Challenges Faced in Technology Adoption

Compared to 2022, more businesses are concerned with the high cost of technology adoption.

(Figures in %)

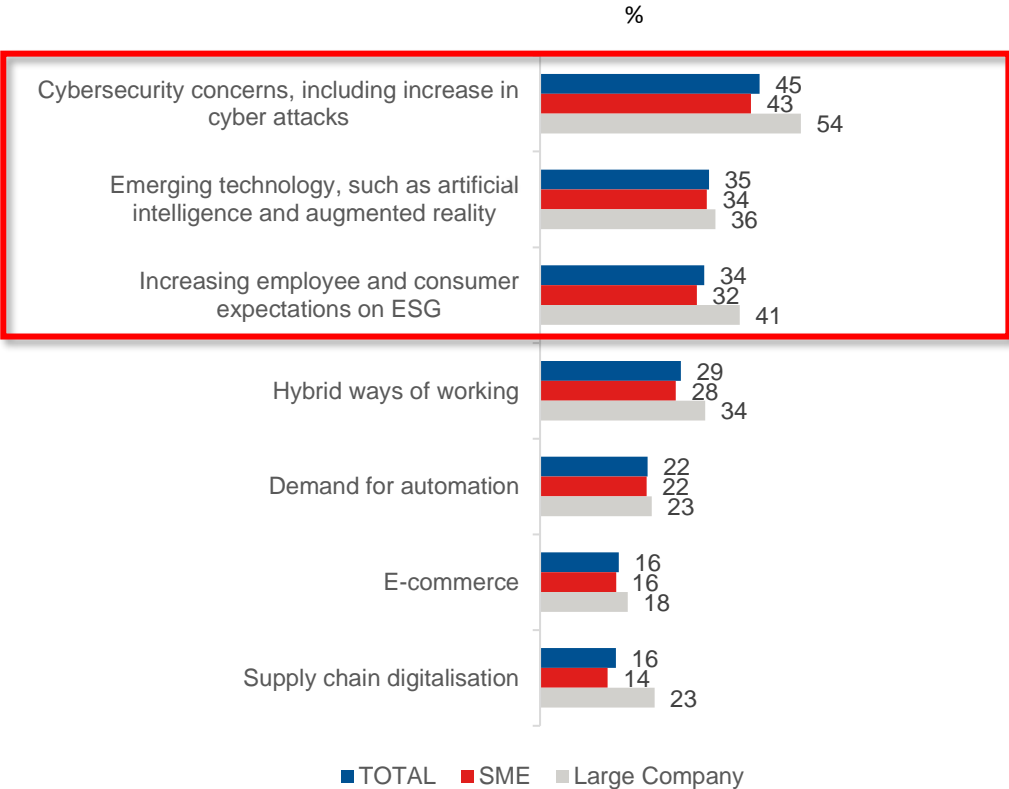
	2022	2023		
		TOTAL	SME	Large Company
High cost of the technology adoption	59	64	63	68
Expensive licensing payments for commercial use of intellectual property	26	31	32	26
Upskilling of staff to keep up with the new technologies	26	29	28	35
Lack of management expertise to drive the technological change	31	29	29	25
Access to the relevant technologies	26	25	25	26
Lack of clear strategy to drive technological adoption	24	21	21	25
Unable to find good experts to implement the technology successfully	-	20	20	18
Existing staff not attuned or inclined to the use of the technologies	26	20	21	16
Reluctance to replace legacy hardware/software	24	18	17	22
Lack in digital trust (cyber security, data privacy, responsible AI, etc)	28	15	14	18

High cost is a barrier to the adoption of new technology among 64% of the businesses, compared to 59% in 2022.

When considering using new technology, close to one-third of the businesses face challenges in expensive licensing payment, the upskilling of staff, and the lack of management expertise.

Business Trends

Cybersecurity concerns, emerging technology, and increasing expectations on ESG are the key new trends that businesses perceive will impact them the most in the next 12 months.



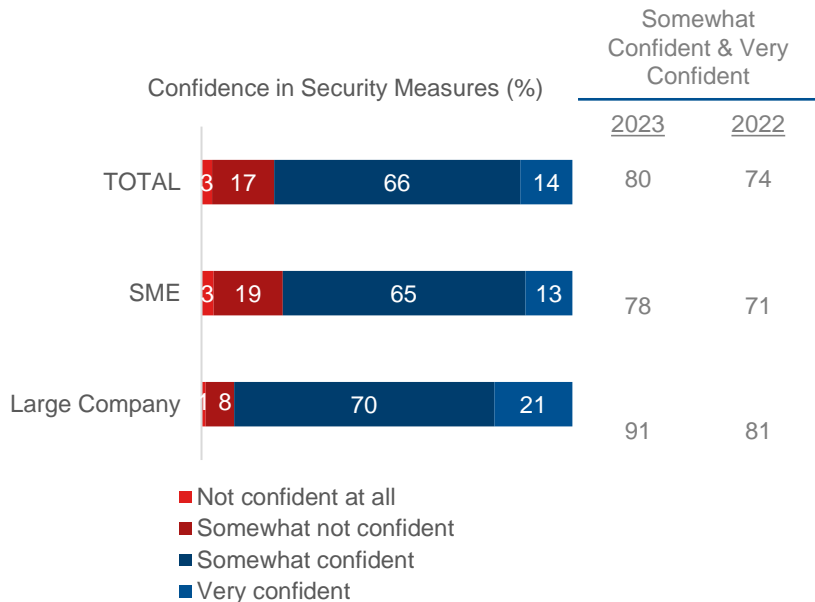
Cybersecurity (45%) is considered the top trend in the next 12 months, followed by emerging technology (35%).

Large companies are more conscious of trends around ESG (41%), hybrid working modes (34%), and supply chain digitalisation (23%).

Base: All Respondents (n=1056)
17. Which of the following new trends and developments would likely impact your business in the next 12 months?

Cyber Security Challenges

More businesses are now more confident in managing cybersecurity challenges. Key security challenges include risks arising from third party providers, insufficient employee awareness and the security of external cloud services.



Base: All Respondents (n=1056)

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

21a. Please select the 3 biggest cyber security challenges that your organisation is facing.

AI Technology Adoption

Riding on the trends in AI, more businesses plan to introduce process automation for operations as well as cybersecurity defence. Key challenges in AI technology adoption include the high cost of implementation and lack of knowledge and expertise.

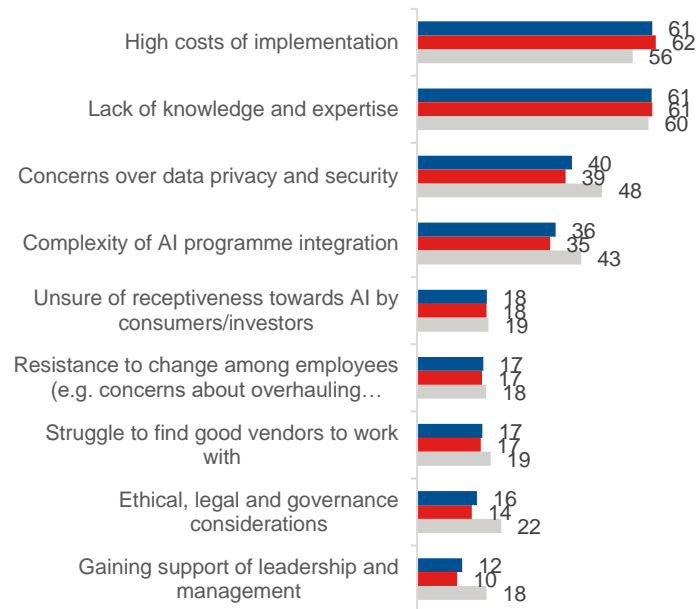
AI Technology Adoption (%)

Already adopted Planning to adopt No plans to adopt

	Already adopted	Planning to adopt	No plans to adopt
Process automation for operations / financial activities	25	28	34
Cybersecurity defence	21	30	35
Analysis of customers' data / transaction data	14	32	37
Providing virtual assistance for customers	5	20	43
Robots	3	7	35

* Excludes aspects that are not relevant to the businesses

Challenges in AI Technology Adoption (%)



■ TOTAL ■ SME ■ Large Company

Base: All Respondents (n=1056)

22. Which of the following areas in artificial intelligence (AI) has your company adopted or is planning to adopt?

23. What are the challenges that your business face when it comes to AI adoption?

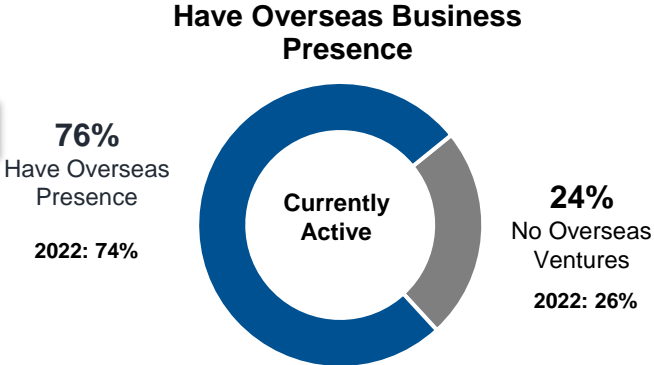
Internationalisation



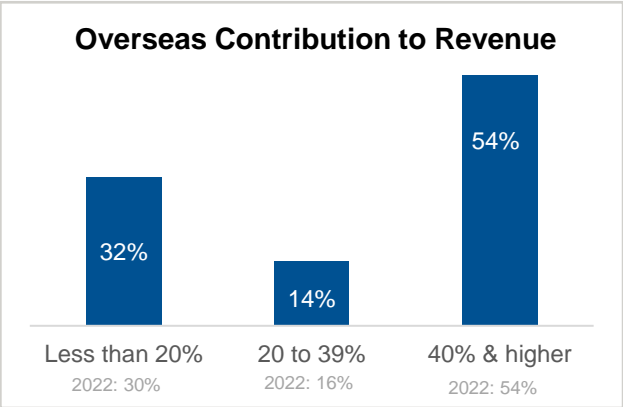
Overseas Presence and Future Overseas Plans

The current level of overseas business presence continues to hold steady; however, there was a noticeable decline in future international expansion plans.

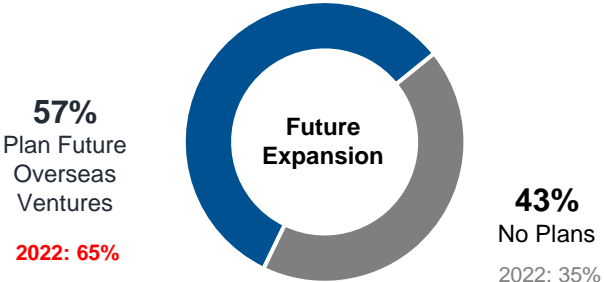
Holding



Overseas Presence	2022
SME:	74% 70%
Large Company:	85% 81%



Future Overseas Plans

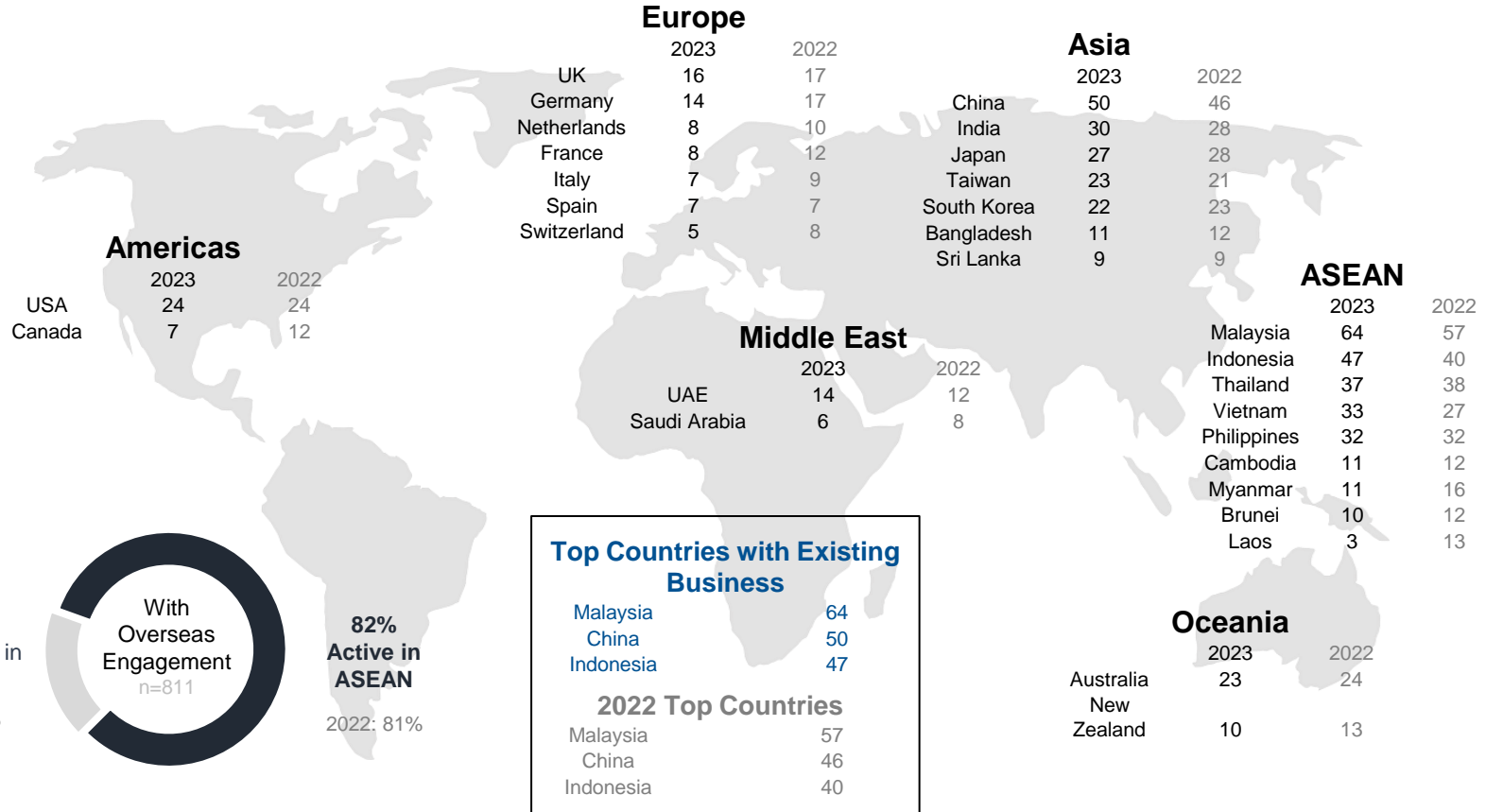


Future Overseas Plans	2022
SME:	58% 66%
Large Company:	52% 62%

Base: All Respondents (n=1056)
 24. Which of the following country(ies) does your company currently engage in / keen to venture into?
 25. In the last financial year, what percentage of your company's total sales turnover do you estimate was generated from businesses outside of Singapore?

Top Countries Businesses Currently Have Presence In

(All figures in %)

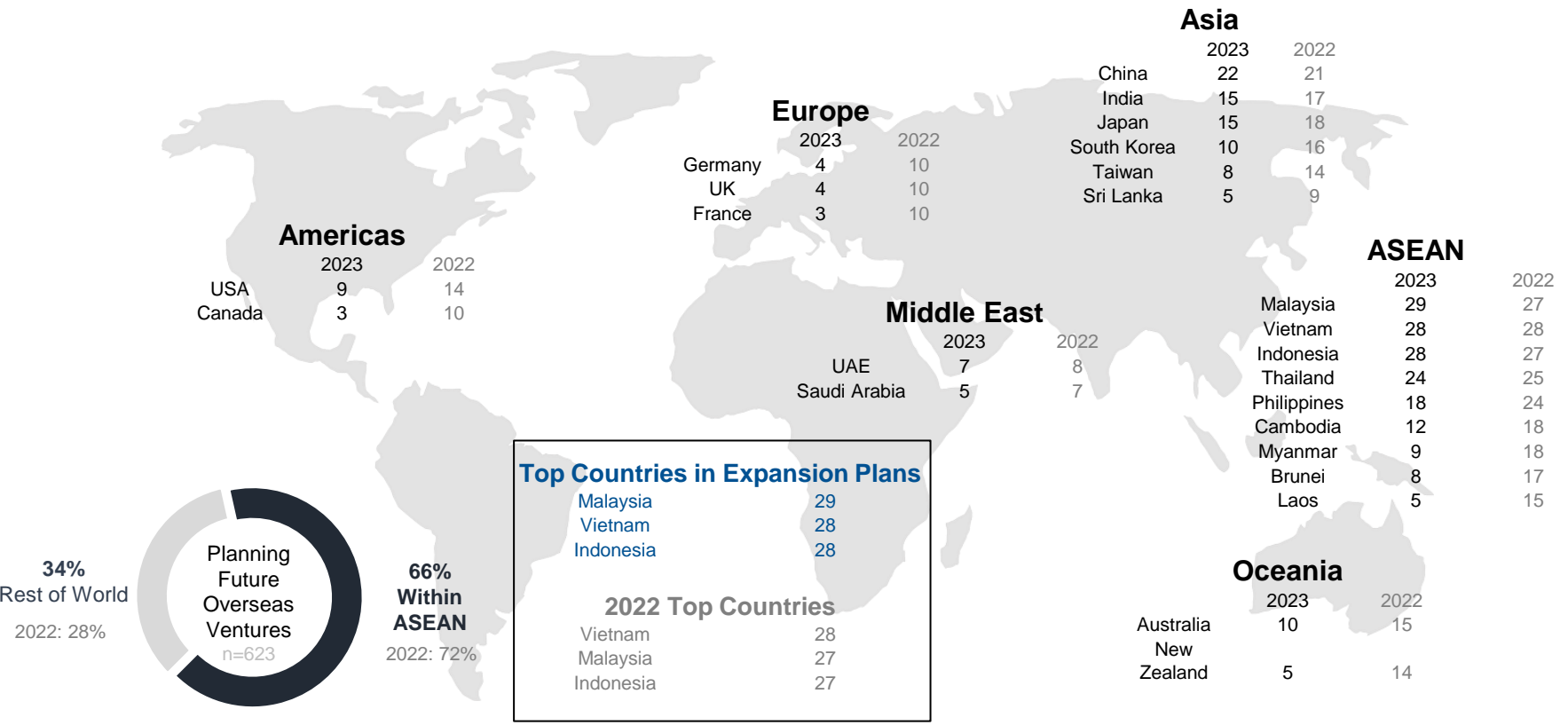


Base: Businesses with overseas engagement (n=811)

24. Which of the following country(ies) does your company currently engage in / keen to venture into?

Top Countries For Future Overseas Expansion

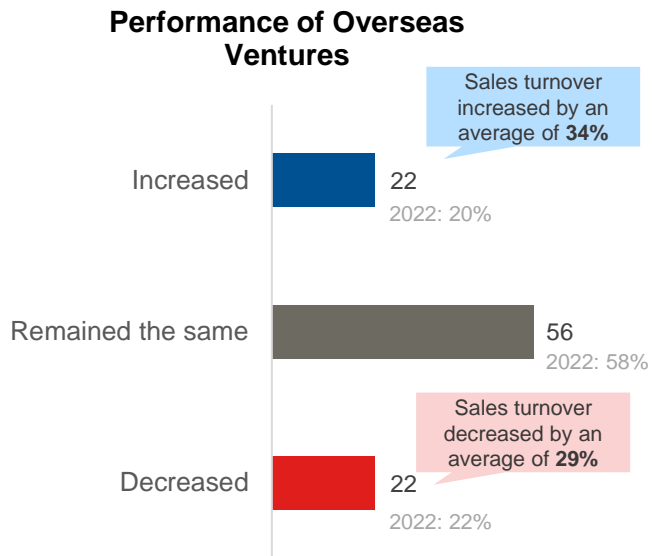
(All figures in %)



Base: Businesses with future overseas plan (n=623)
 24. Which of the following country(ies) does your company currently engage in / keen to venture into?

Performance of Overseas Ventures

Overseas ventures show no marked improvements in performance, with key reasons for overseas expansion remaining the same.



2022	2023	Reasons for business expanding overseas (%)
78	84	Increased demand for the products / services overseas
50	53	Reputation of Singapore brand, i.e., our reliability & adherence to rules
31	39	Lack of demand for the products / services in Singapore
33	29	Trade tensions between US and China
35	30	Availability of digital platforms / infrastructure to reach out to overseas mark
26	29	Availability of low-cost labour
29	16	Availability of Free Trade Agreements (FTA)

2022	2023	Reasons for business contraction (%)
67	67	Strong competition from other companies
83	64	Impact of endemic COVID-19
48	64	Decrease demand for the products/ services
42	32	Business disruption due to supply chain challenges
45	31	Trade tensions between US and China
31	17	Physical presence required in overseas market of interests but hindered by travel restrictions
14	5	Lack of IT infrastructure / digital tool or marketplace in overseas markets of interest

Base: All Respondents (n=1056)

26. Has the total sales turnover of your international business increased or decreased compared to the last financial year?

27. Which of the following factors contributed to your business' expanding or venturing overseas in the past 6 months?

28. Which of the following factors contributed to the contraction of your business overseas in the past year?

Internationalisation Challenges

Key challenges to internationalisation include the unpredictability of overseas market demand, the complexities of the geopolitical landscape, and the expenses associated with overseas expansion.



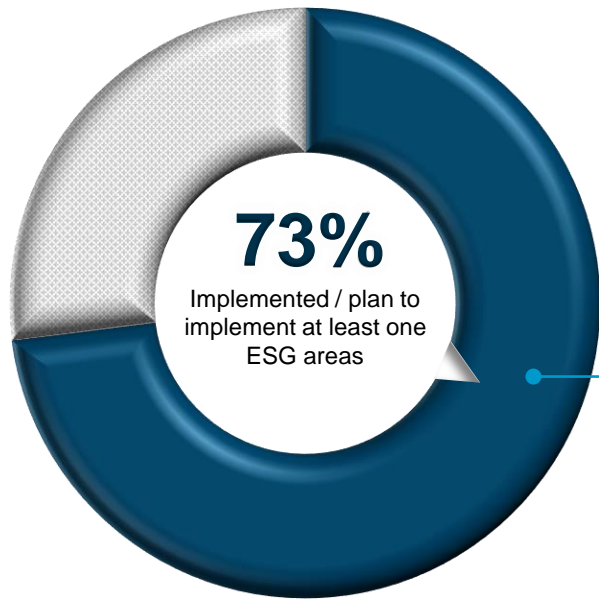
* New measures added in 2023

Environmental, Social & Governance (ESG)



Top ESG Areas that Businesses Have Implemented or Plan to Implement

Three quarters of the businesses have implemented or plan to implement at least one ESG area. The top two areas are employees' development and training, as well as ethical practices (anti-corruption disclosures).



Base: All Respondents (n=1056)

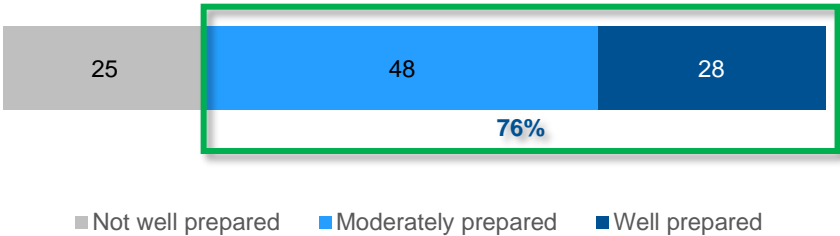
Top ESG Areas Implemented / Plan to Implement	TOTAL
Development and training – Average training hours per employee.	68%
Ethical behaviour – Anti-corruption disclosures.	66%
Ethical behaviour – Anti-corruption training for employees.	66%
Employment – Total number of employees.	65%
Certifications – List of relevant certifications.	65%
Alignment with frameworks and disclosure practices.	62%
Employment – Total turnover.	61%

Companies that implemented / plan to implement at least 1 ESG area; Base n=768

Adaptation to Low Carbon Business Environment

Nearly 80% of businesses are ready to adapt to the national goal of a low carbon business environment, yet they continue to seek direction regarding the Green Plan 2030.

Preparedness in low carbon business environment (%)



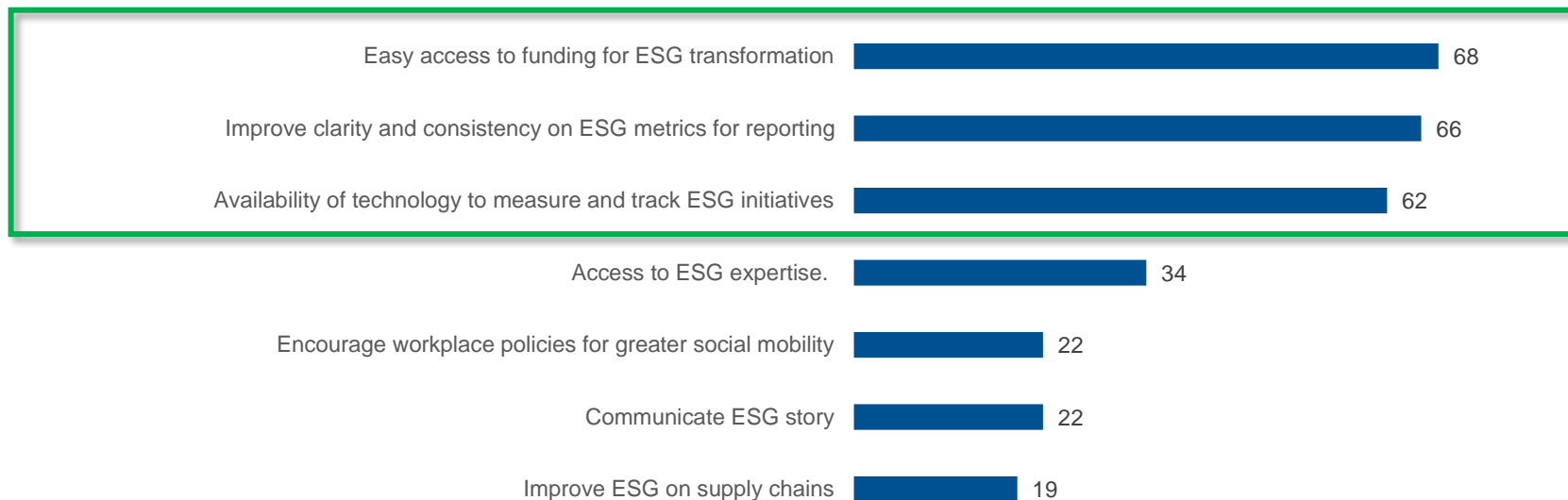
2022	2023	Challenges in Alignment with Green Plan 2030
36%	41%	Do not know where/how to start
26%	28%	High cost of the adoption (e.g. equipment, processes, licence fees)
29%	26%	Lack of clear strategy to drive transition
25%	26%	Not aware of Government's support programmes to help businesses
24%	25%	Lack of funding

Base: All Respondents (n=1056)
 38. Currently, how prepared is your business in the transition towards Singapore's national target of a low carbon business environment?
 40. Which of the following challenges did you encounter in transiting your business to align with Singapore's Green Plan 2030 (e.g. reduce carbon)?

Support Required for ESG

Over 6 in 10 businesses say they need support in the form of access to funding for ESG transformation, improved clarity on ESG metrics for reporting, and access to technology for ESG tracking and measurement.

Support Needed (%)



Base: All Respondents (n=1056)

41. What additional support would you hope for when it comes to helping your business achieve its ESG goals? (This alludes to government support and possibly ecosystem support as well.)

Singapore Budget 2024



Wish List for Singapore Budget 2024

86% of businesses cite schemes to help address cost as being top on their wish list for Budget 2024, up from 74% last year. Other schemes in the top 3 wish list include those related to cash flow and talent management.

Wish List for Singapore Budget 2024 Schemes that are ranked among top 3 (%)


	2022	TOTAL	SME	Large Company
Schemes to help address cost <i>e.g. Jobs Support Scheme, Rental Relief, Foreign Worker Levy Waiver & Rebate, etc.</i>	74	86 ↑	86	86
Schemes relating to cash flow management <i>e.g. Corporate Income Tax Rebate, Deferment of Income Tax Payments, Enhancements to Temporary Bridging Loan Programme, etc.</i>	48	65 ↑	66	57
Schemes relating to hiring/attracting, developing and retaining talent <i>e.g. Jobs Growth Incentive, Enhanced Wage Credit Scheme, Enhanced Adapt and Grow, etc.</i>	57	53	52	61
Schemes relating to credit <i>e.g. Enhancements to Enterprise Financing Scheme Working Capital Loan & Trade Loan, Temporary Protection on Secured Loans to SMEs, etc.</i>	33	34	36	27
Schemes that help to transform & deepen enterprise capabilities <i>e.g. Digital Resilience Bonus, Enhancements to Enterprise Development Grant & Productivity Solutions Grant, National Innovation Challenge, etc.</i>	38	24	24	25
Schemes that help businesses to internationalise <i>e.g. Market Readiness Assistance Grant, Double Tax Deduction for Internationalisation, etc.</i>	29	16	16	18
Schemes that help companies grow through business support network <i>e.g. Heartland Enterprise Upgrading Programme, SG Together Enhancing Enterprise Resilience Programme, etc.</i>	23	12	13	11
Schemes relating to Singapore Green Plan 2030 <i>e.g. Agri-Food Cluster Transformation Fund, etc.</i>	15	5	4	11

2022 figures

Wish List for Singapore Budget 2024 by Sectors

Aside from the top 3 in the Budget 2024 wish list, a larger proportion of businesses in Wholesale Trade, Construction and Civil Engineering also cite schemes relating to credit as a priority.

	TOTAL	Banking & Insurance	IT & Professional Services	Retail, Real Estate, Hotels, Restaurants & Accommodations	Manufacturing	Wholesale Trade	Logistics & Transportation	Construction & Civil Engineering	Other Services	Others
Schemes to help address cost	86	88	85	87	84	84	86	96	82	82
Schemes relating to cash flow management	65	69	59	69	58	71	58	69	56	74
Schemes relating to hiring/attracting, developing and retaining talent	53	52	55	62	57	43	66	48	63	42
Schemes relating to credit	34	26	30	29	28	44	28	47	31	39
Schemes that help to transform & deepen enterprise capabilities	24	28	30	24	26	18	27	17	32	18
Schemes that help businesses to internationalise	16	14	23	11	22	17	15	8	16	21
Schemes that help companies grow through business support network	12	15	11	9	12	13	11	11	15	11
Schemes relating to Singapore Green Plan 2030	5	3	4	8	10	6	6	2	4	10
Base	1056	111	142	90	139	180	71	144	117	62

 Over-representation by at least 5%-points (compared with TOTAL)



Thank you



Annex



Company Profile

