



新加坡中華總商會  
Singapore Chinese Chamber of Commerce & Industry

**Annual Business Survey 2023**

**Survey Findings  
and Recommendations for  
Budget 2024**

# SCCCI's Annual Business Survey 2023



**Aim.** Ascertain prevalent business trends associated with manpower issues, sentiments towards the economic/business climate, internationalization, business transformation, sustainability, and government schemes. Recommendations for Budget 2024 are then formulated based on the survey findings, feedback and suggestions from SCCCI's members.

**Respondent Base.** A total of **N = 636** respondents who participated in the survey are primarily senior representatives (e.g. C-Suite level) of local businesses from diverse sectors/subsectors.



**Survey Period.** 12 weeks (5 June 2023 – 20 August 2023)

**Survey Administration.** Survey was administered through phone calling as well as online survey tool (SurveyMonkey) and physical survey questionnaire distributed to the respondents.



# Content

- 1 Respondents' Profile**
- 2 Business Sentiments**
- 3 Manpower Issues**
- 4 Business Transformation**
- 5 Internationalisation**

**Business Sustainability**

**6**

**Government Schemes**

**7**

**Non-scheme  
Forms of Assistance**

**8**

**Recommendations**

**9**

**1**

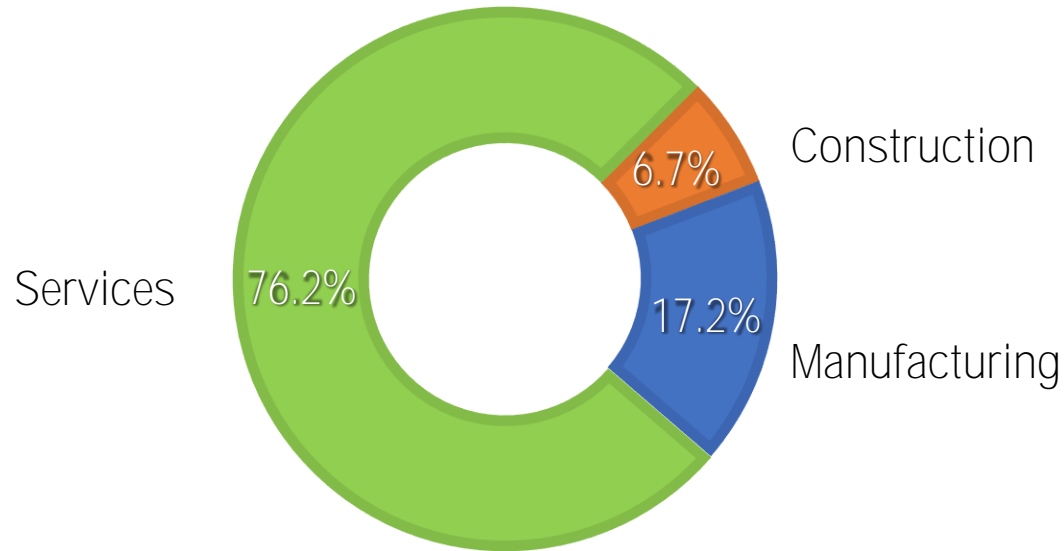
# Respondents' Profile



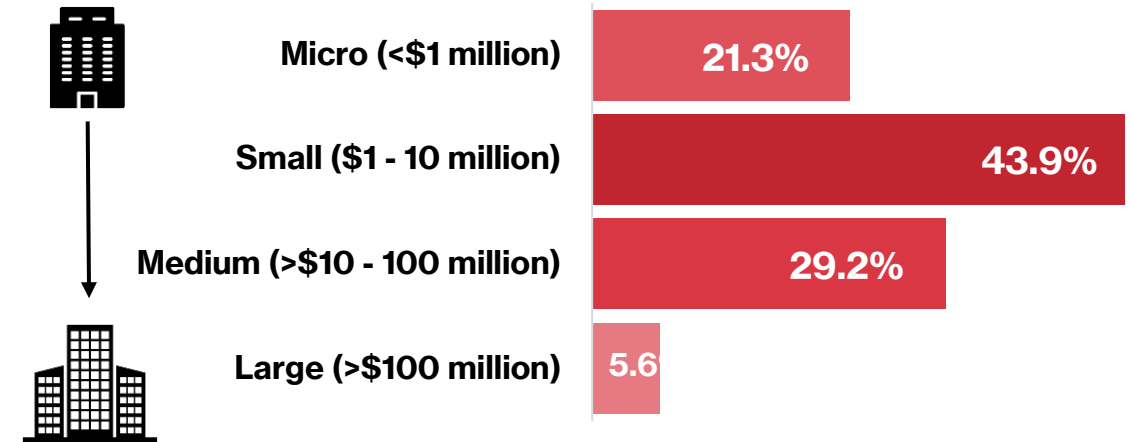
# 636 Respondents covering all spectrum of industry sectors

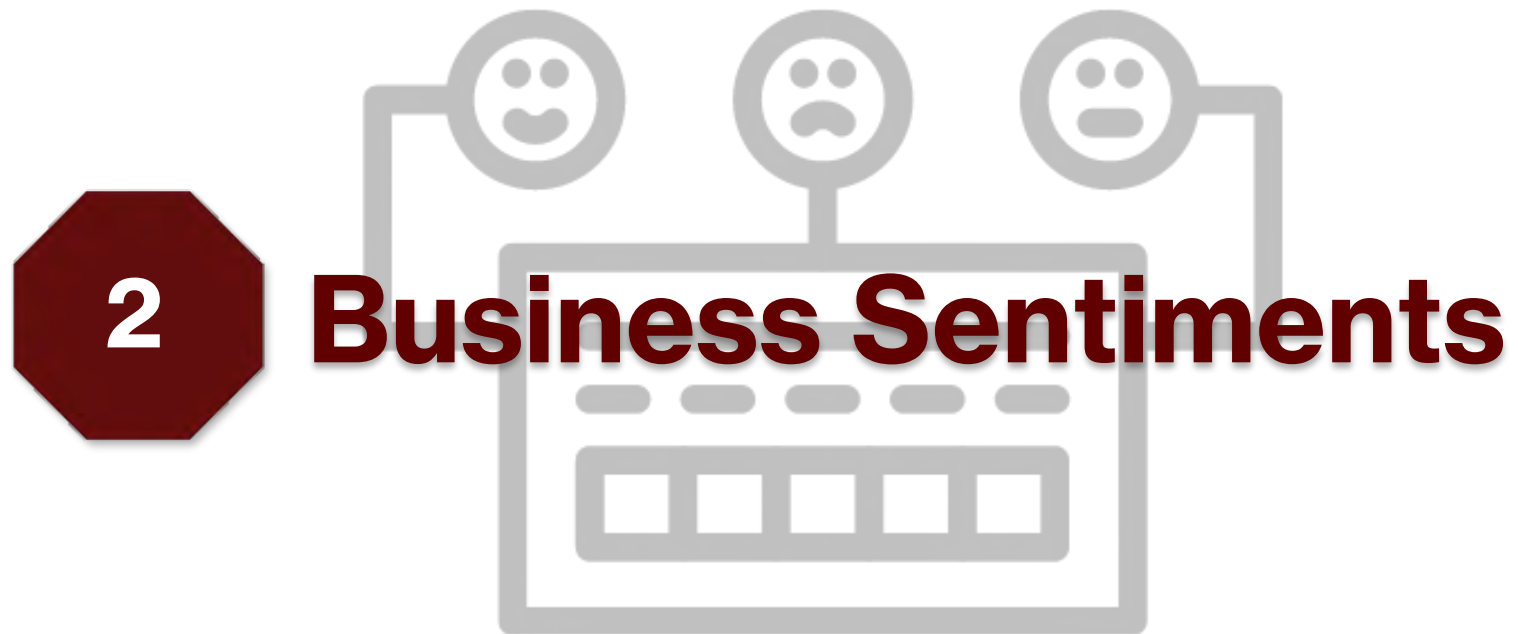
## 94% respondents from Small and Medium Enterprises (SMEs)

### Composition of Respondents (by Sector)



### Composition of Respondents (by Revenue Size)

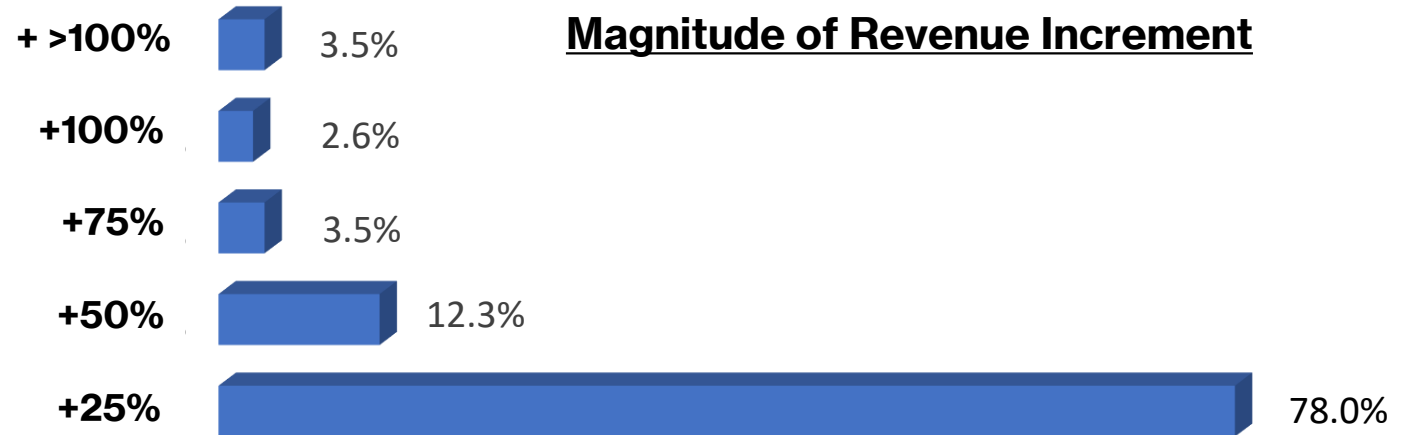
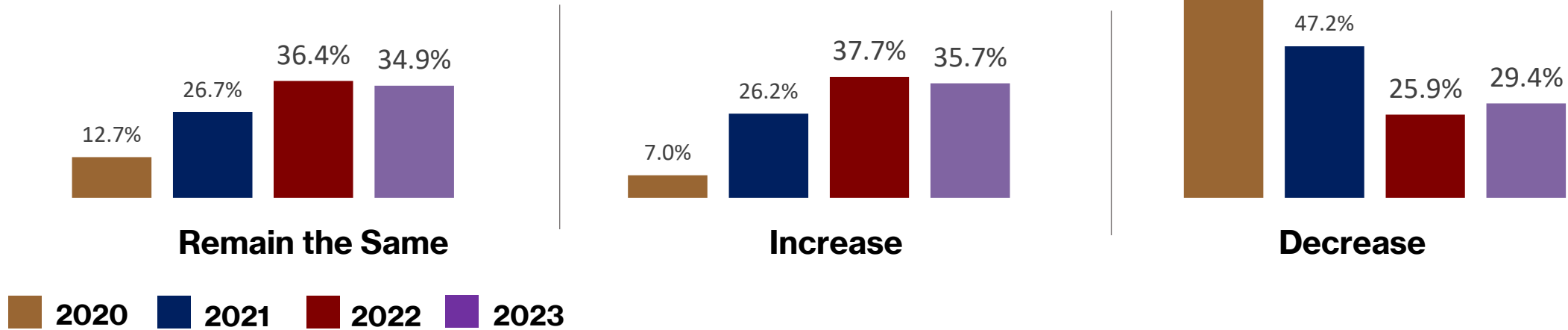




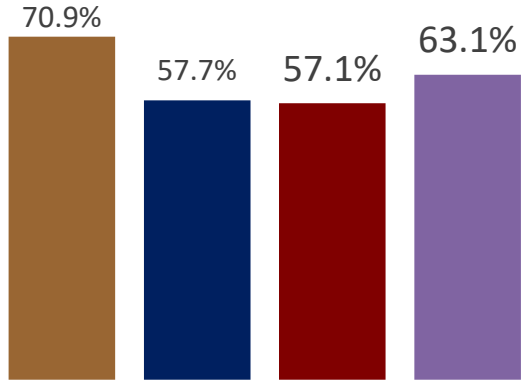
## 2 Business Sentiments

# Post-Pandemic Recovery Trajectory: **70% Projected Revenue to be Stable or Moderately Increasing**

## Revenue Performance



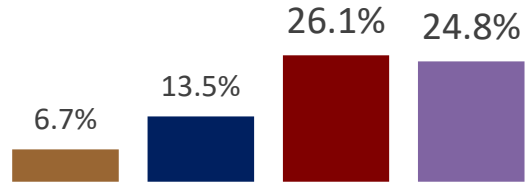
# Manpower Strength Mostly Stable, Slowed Down Recruitment



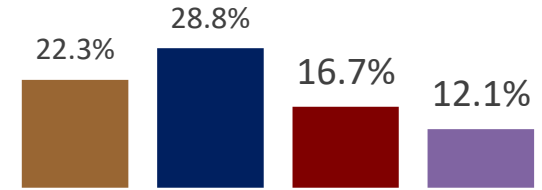
Remain the Same

2020 2021 2022 2023

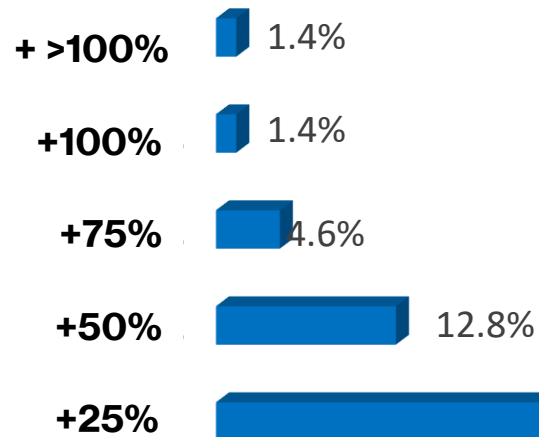
## Manpower Strength



Increase



Decrease

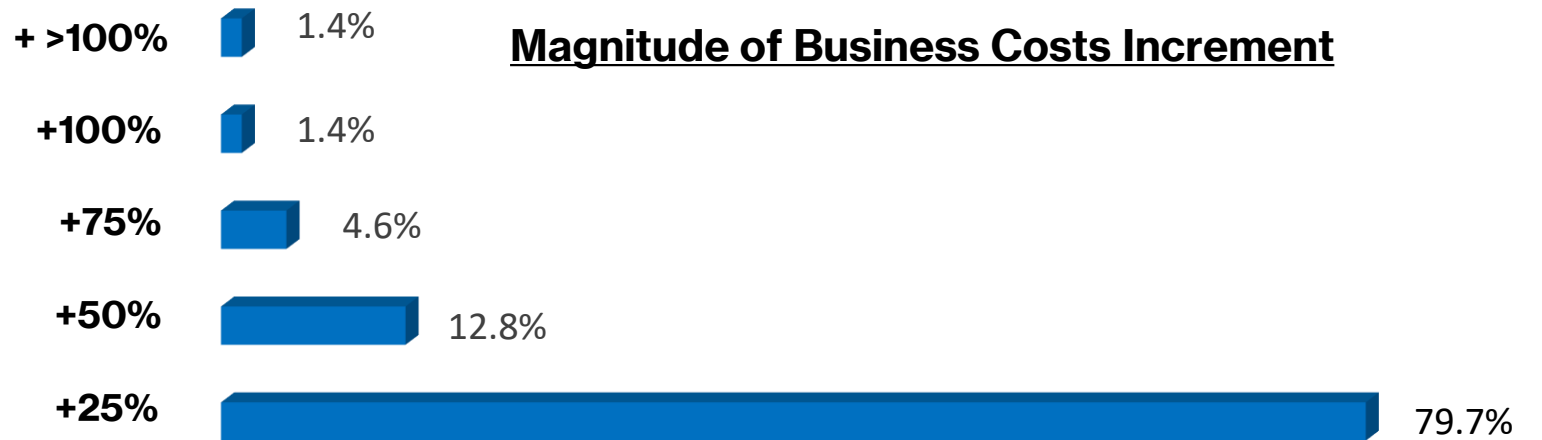
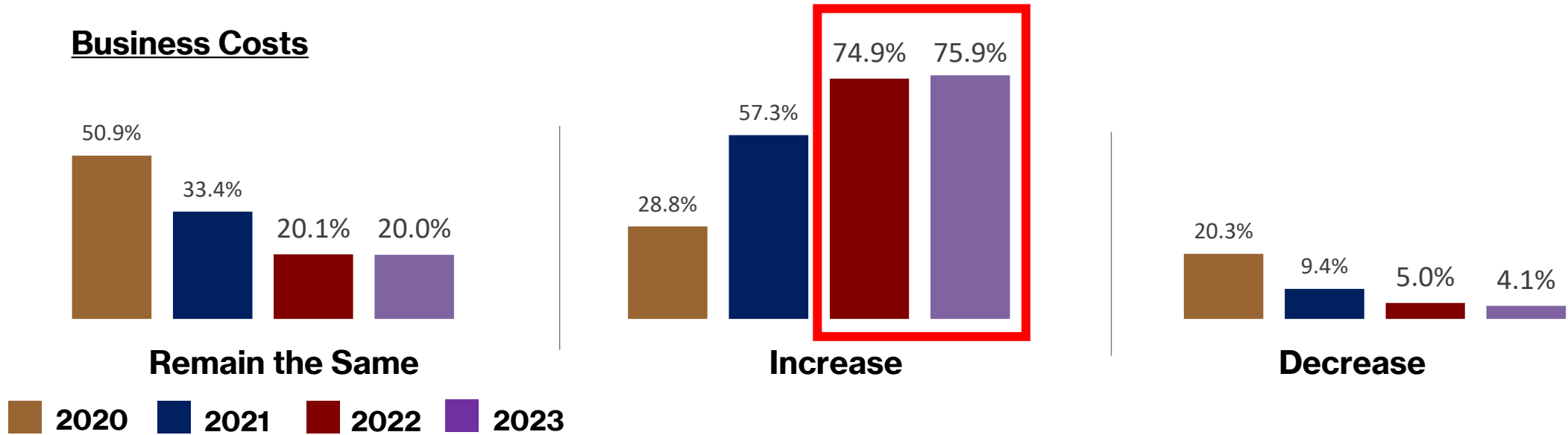


## Magnitude of Manpower Increment



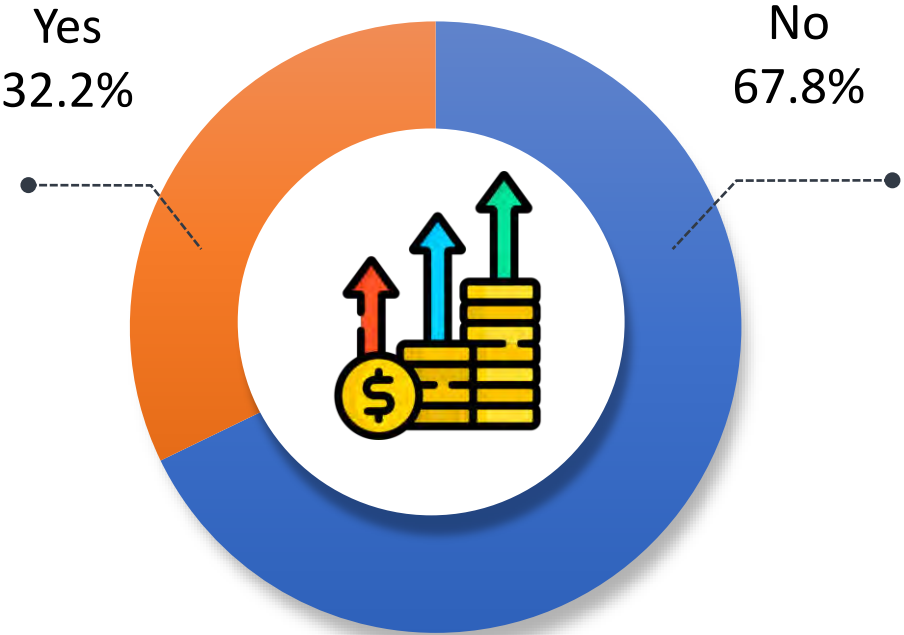
# 76% of Respondents Facing Pressure from Rising Business Costs

## Business Costs

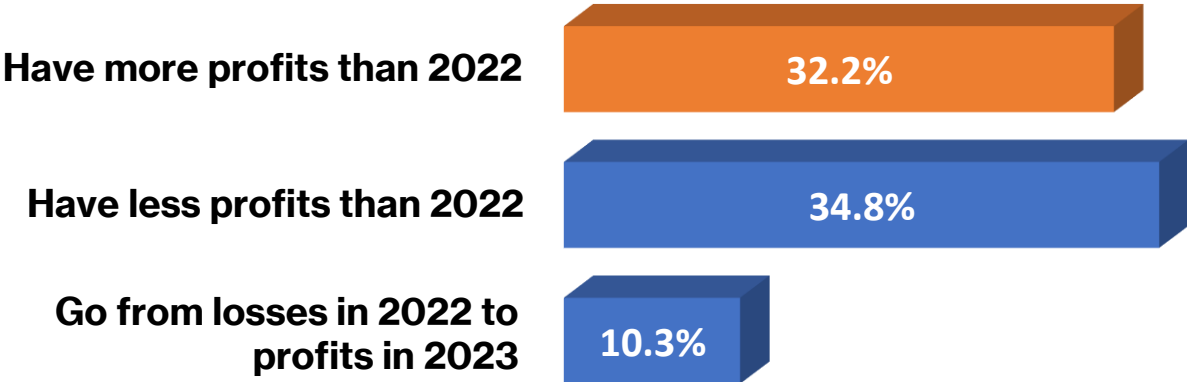


# 68% of Respondents Do Not Expect Better Profits than 2022

### Expects better profit in 2023 vs 2022



### Of those anticipating “profits”

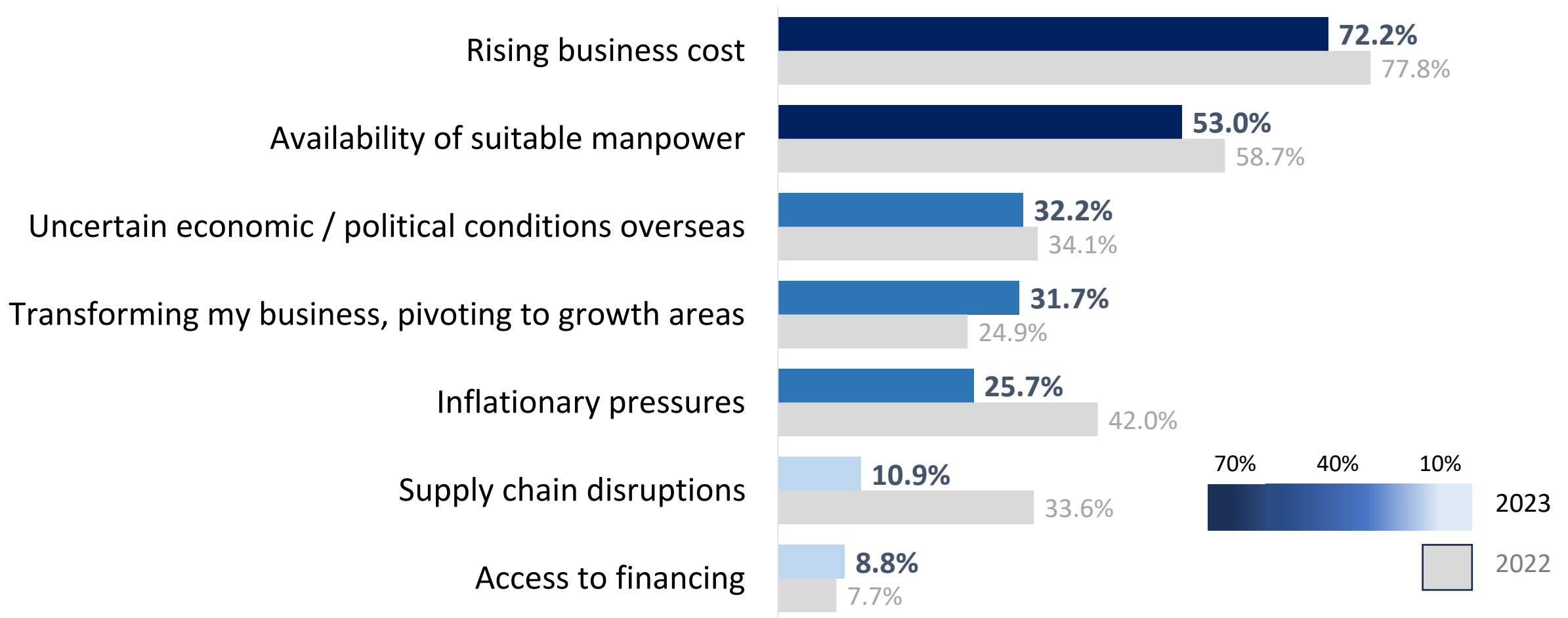


### Of those anticipating “losses”



# Top 3 Business Concerns:

## Rising business costs, Availability of suitable manpower, Uncertain economic / political conditions overseas



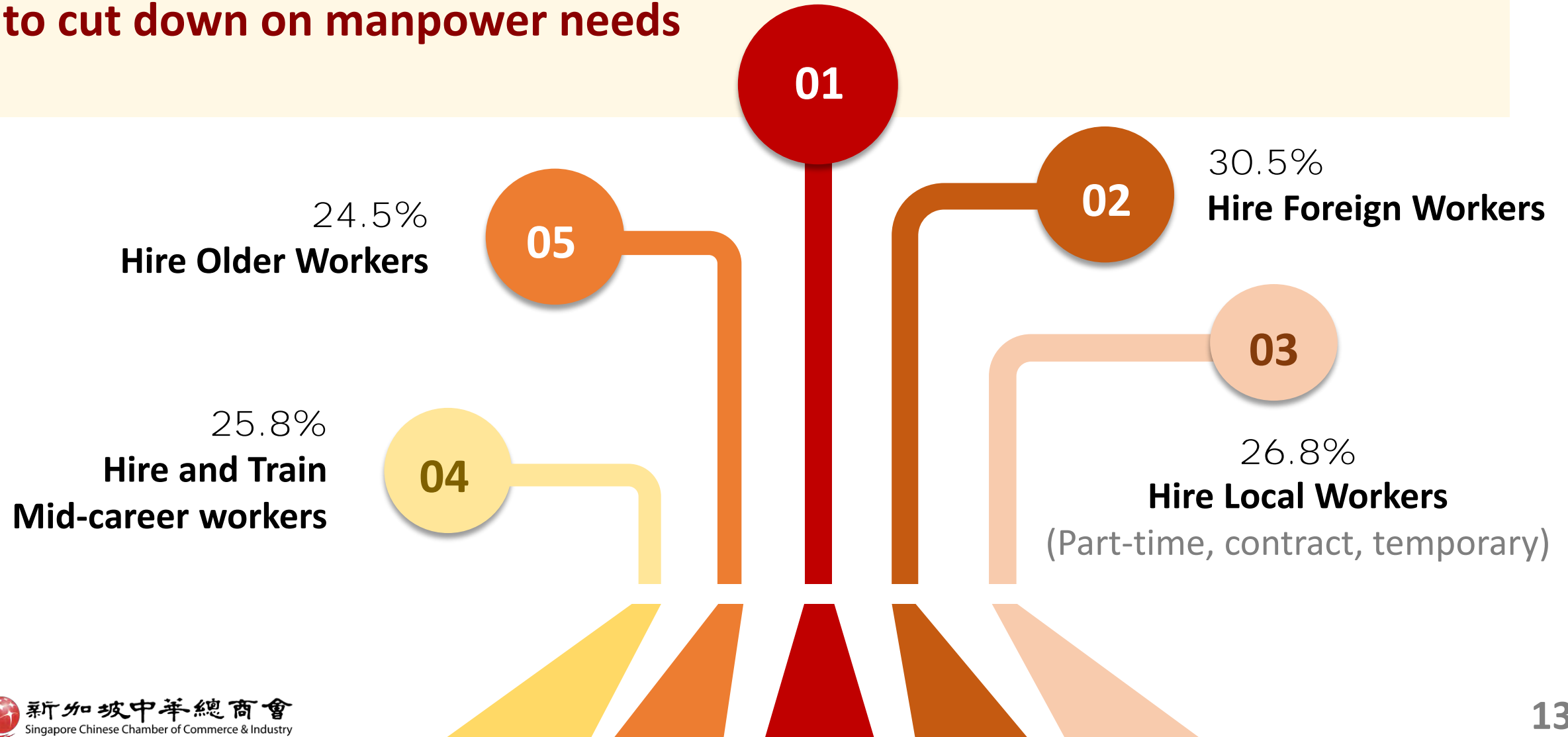
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# Manpower Issues



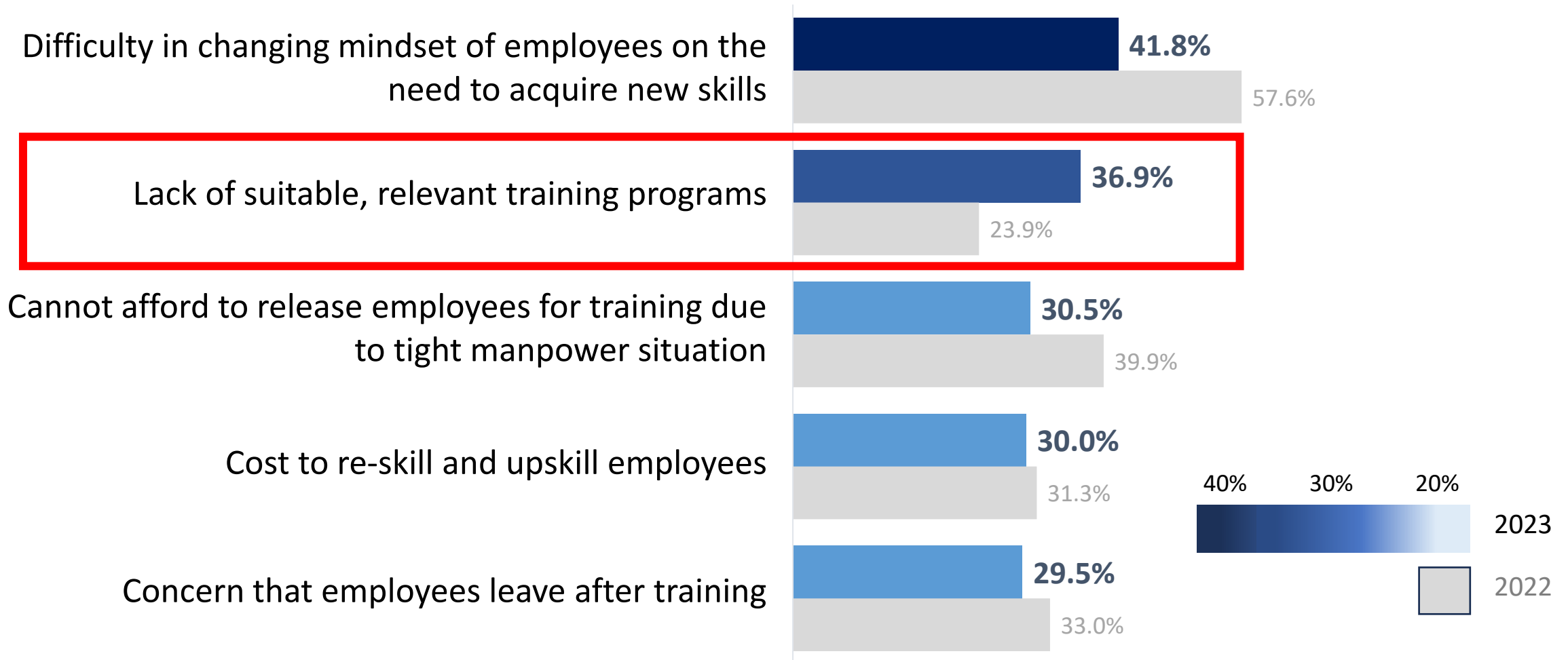
# Managing Manpower Challenges:

42% of respondents transform / automate / digitise business to cut down on manpower needs



# Hard-to-Change Employee Mindsets

## A Major Hurdle in Reskilling & Upskilling Employees



# Top Manpower Challenges

## Rising Manpower Costs and Skillsets Mismatch

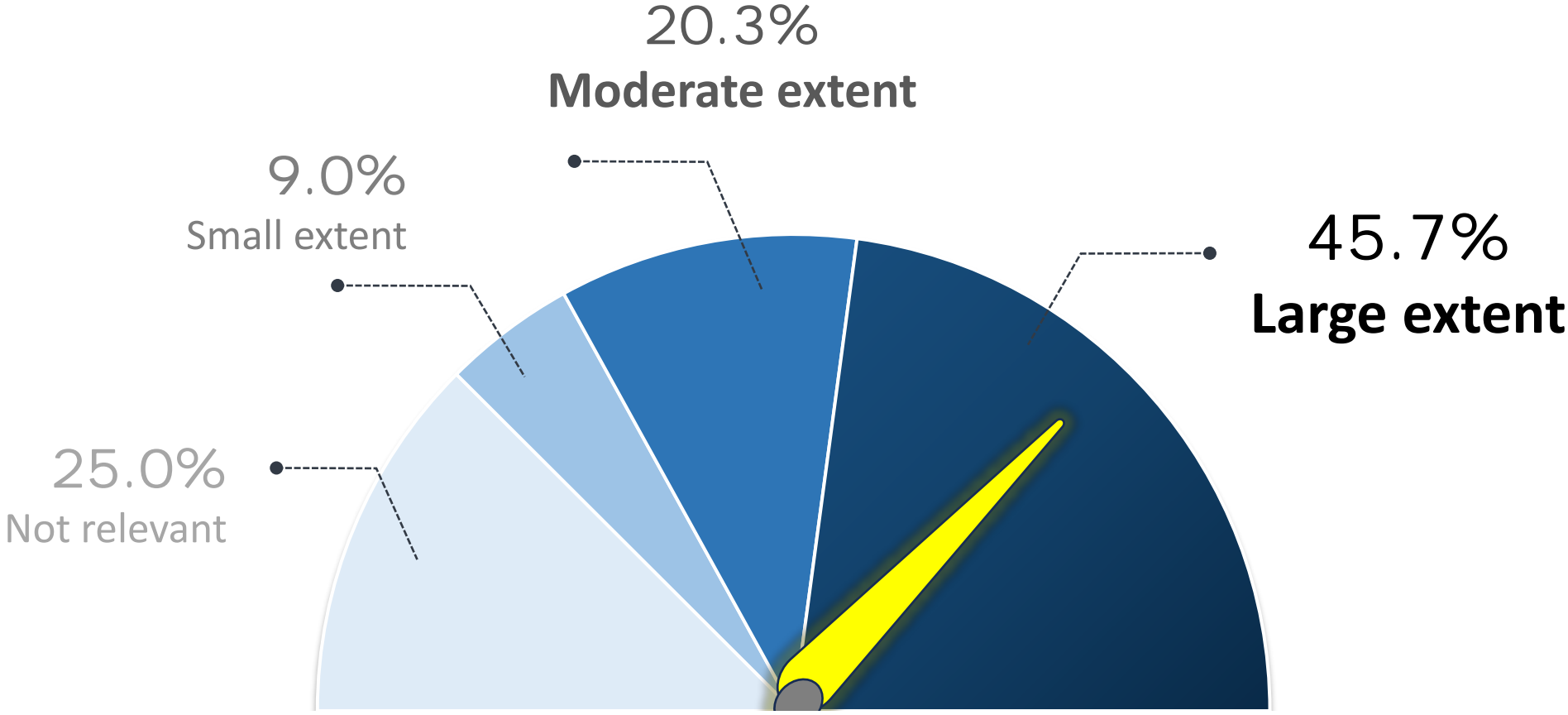


Rising manpower cost (including cost of foreign workers)



Unable to recruit local staff with the skills to meet businesses need

# Businesses Face Great Extent of Challenges when hiring locals for rank-and-file (blue collar) jobs





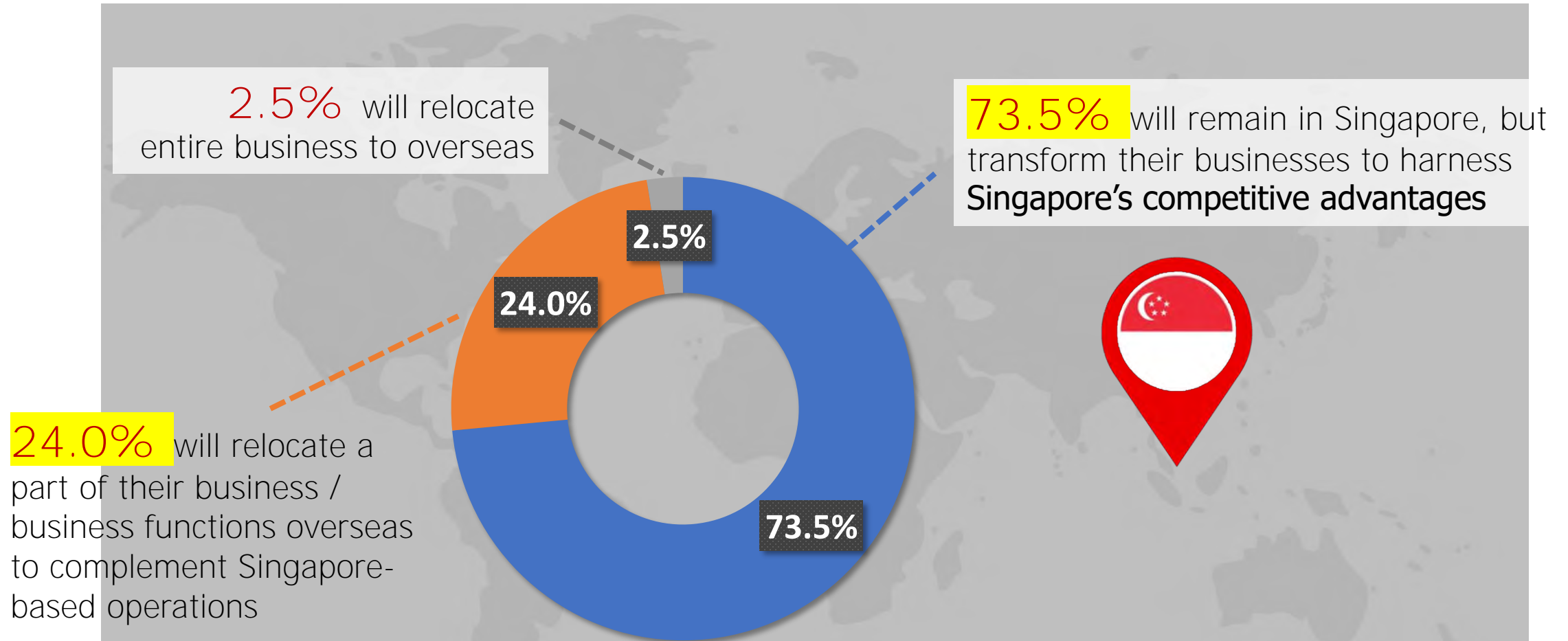
# Overcoming Challenges of Hiring Local Rank-and-File Workers by Hiring Foreign Workers, Raising Salaries and Automating Rank-and-File (R&F) Jobs



4



# Notwithstanding Singapore's costs of doing business and manpower / resource constraints **97.5%** of respondents will retain all / part of their business functions in Singapore



# Key challenges encountered when stepping up the pace of transformation

## Lack of Internal Expertise & Resources, Uncertain about the Outcomes



Lack of internal expertise and resources to undertake and implement transformation



Uncertainties about the outcomes of transformation



Staff are not ready / internal resistance



Do not encounter any challenge



No succession in sight for the business to continue

5

# Internationalization

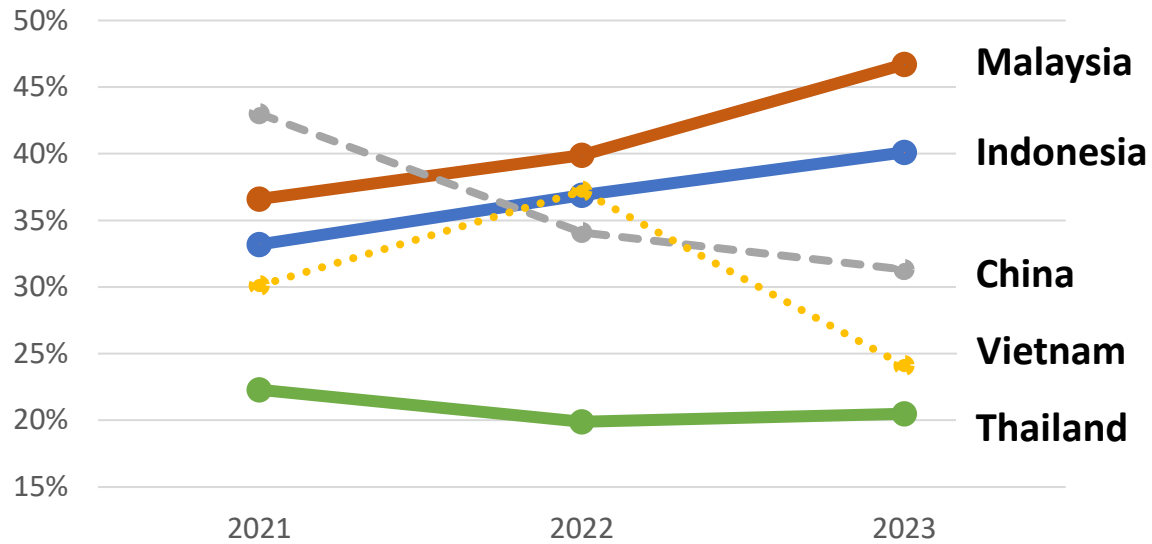


# Committed Effort of Internationalisation in the Past Year

**More than 85% of respondents**  
Stepped up their internationalization effort or committed same level of effort as compared to previous year



# Internationalisation Trends: Near-Shoring and Pivoting to Southeast Asia



	2021	2022	2023
Malaysia	36.6%	39.9%	46.7%
Indonesia	33.2%	36.9%	40.1%
China	43.0%	34.1%	31.3%
Vietnam	30.1%	37.2%	24.1%
Thailand	22.3%	19.9%	20.5%

Top market destinations	2023
Malaysia	46.7%
Indonesia	40.1%
China	31.3%
Vietnam	24.1%
Thailand	20.5%
Japan / Korea / Taiwan	13.6%
Europe	11.6%
Philippines	11.1%
Australia / New Zealand	9.0%
North America	6.9%
India	6.3%
Cambodia	5.1%

# Consumer & Customer Base in Southeast Asia

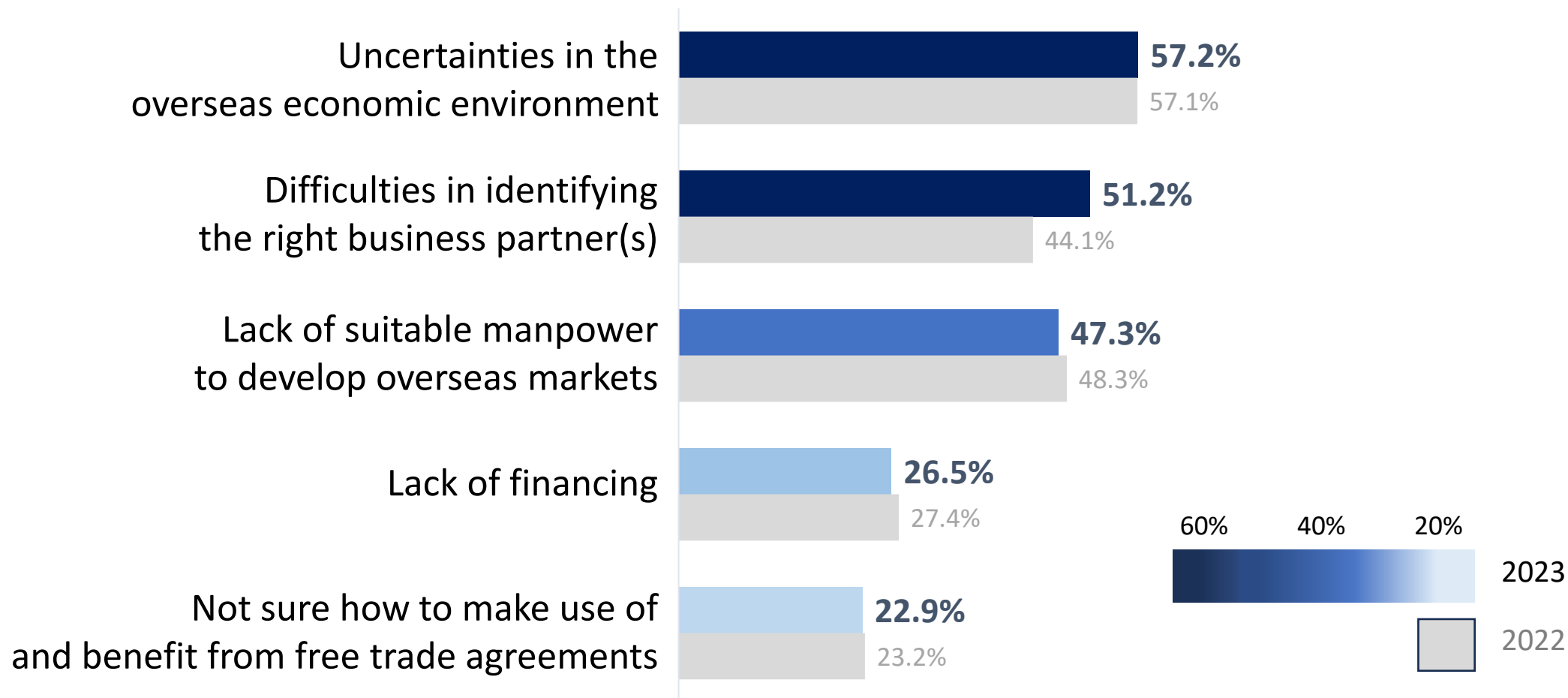
## Drives companies to pivot their businesses to this region





# Top Challenges when Venturing Overseas

## Economic Uncertainties & Difficulties in Identifying Right Partners



6

# Business Sustainability

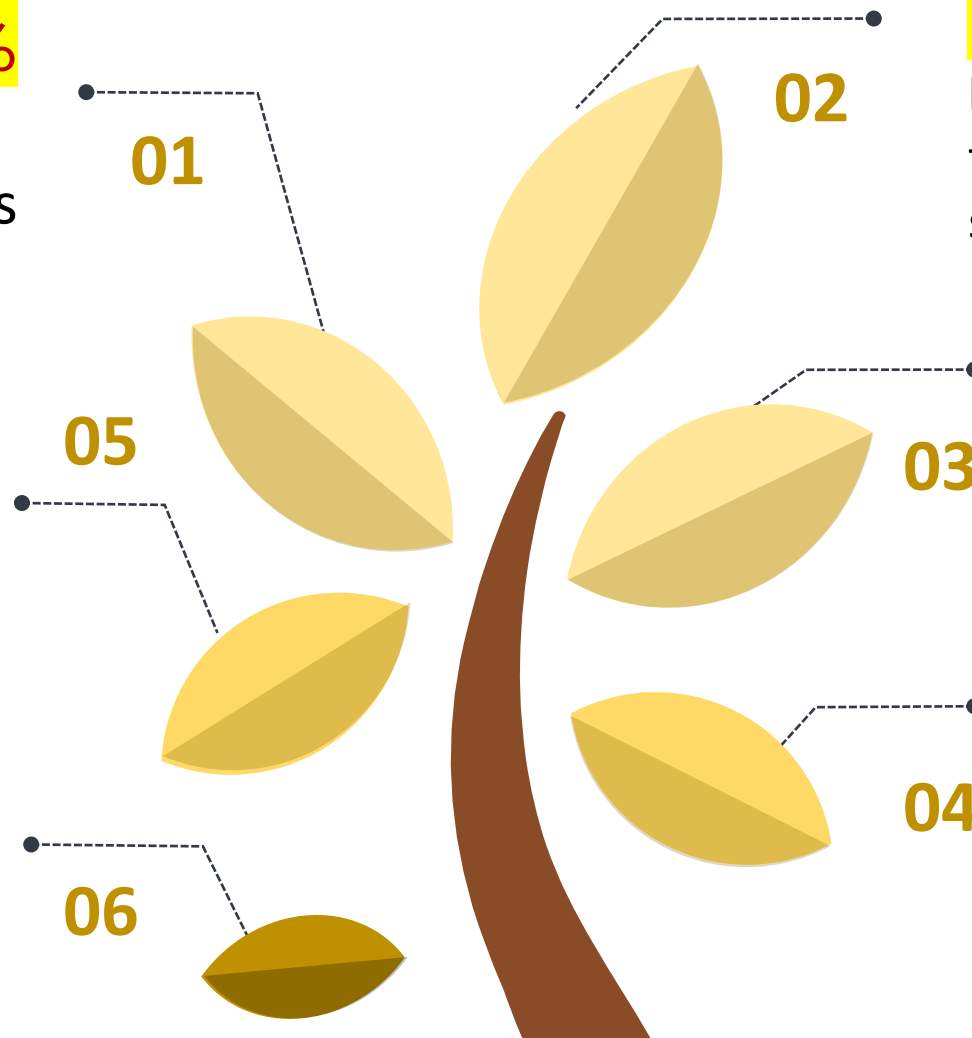
# High Costs, Lack of Capabilities, Priority on Business Survival

## Hinder efforts to pursue sustainability practices

**59.5%**  
**High cost** associated with sustainable practices

**12.1%**  
Don't require our suppliers, business partners and associates to have sustainability business practices

**8.7%**  
No demand from our investors and financiers to have sustainability business practices



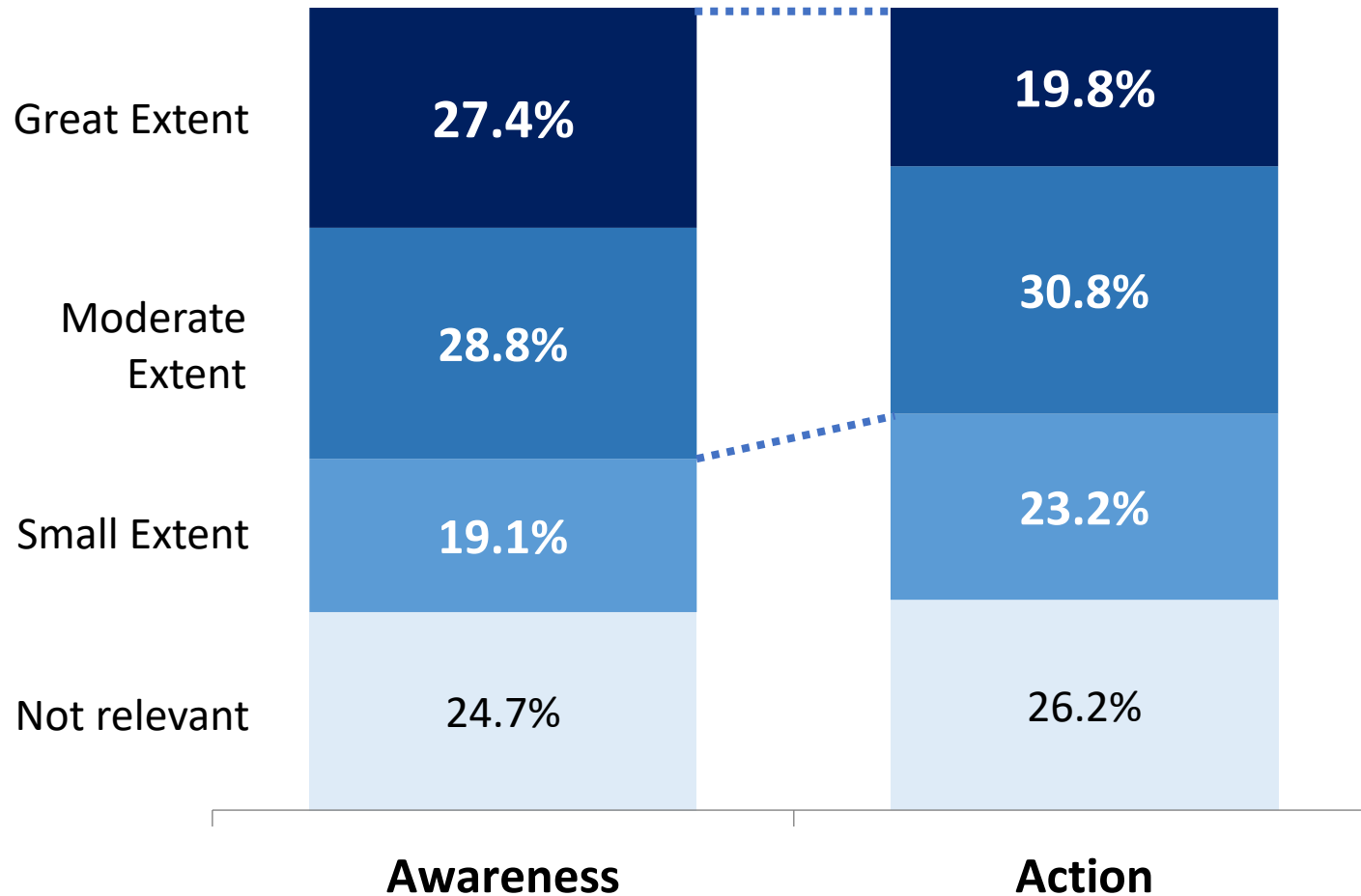
**48.5%**  
**Lack of Capabilities / Resources** to understand & implement sustainability practices that are relevant to our business

**47.6%**  
**Business Survival** is more crucial than implementing sustainability practices

**26.8%**  
No demand from customers for companies to demonstrate sustainability practices

# Gap exists between awareness & action

## Leveraging Sustainability Practices as a Competitive Advantage



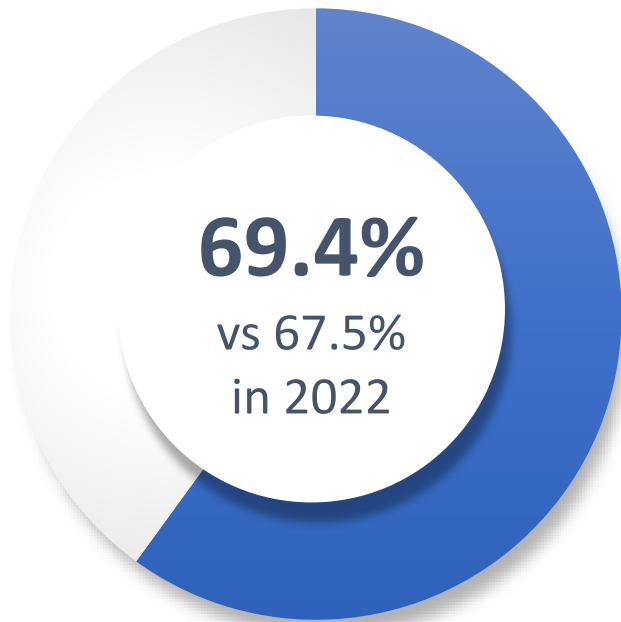
**56%** of respondents agreed that sustainability is of “moderate to great extent” of importance to their businesses and regarded as a competitive advantage.

However, only **50%** of the respondents have incorporated sustainability practices at “moderate to great extent” in their business strategies and business models.

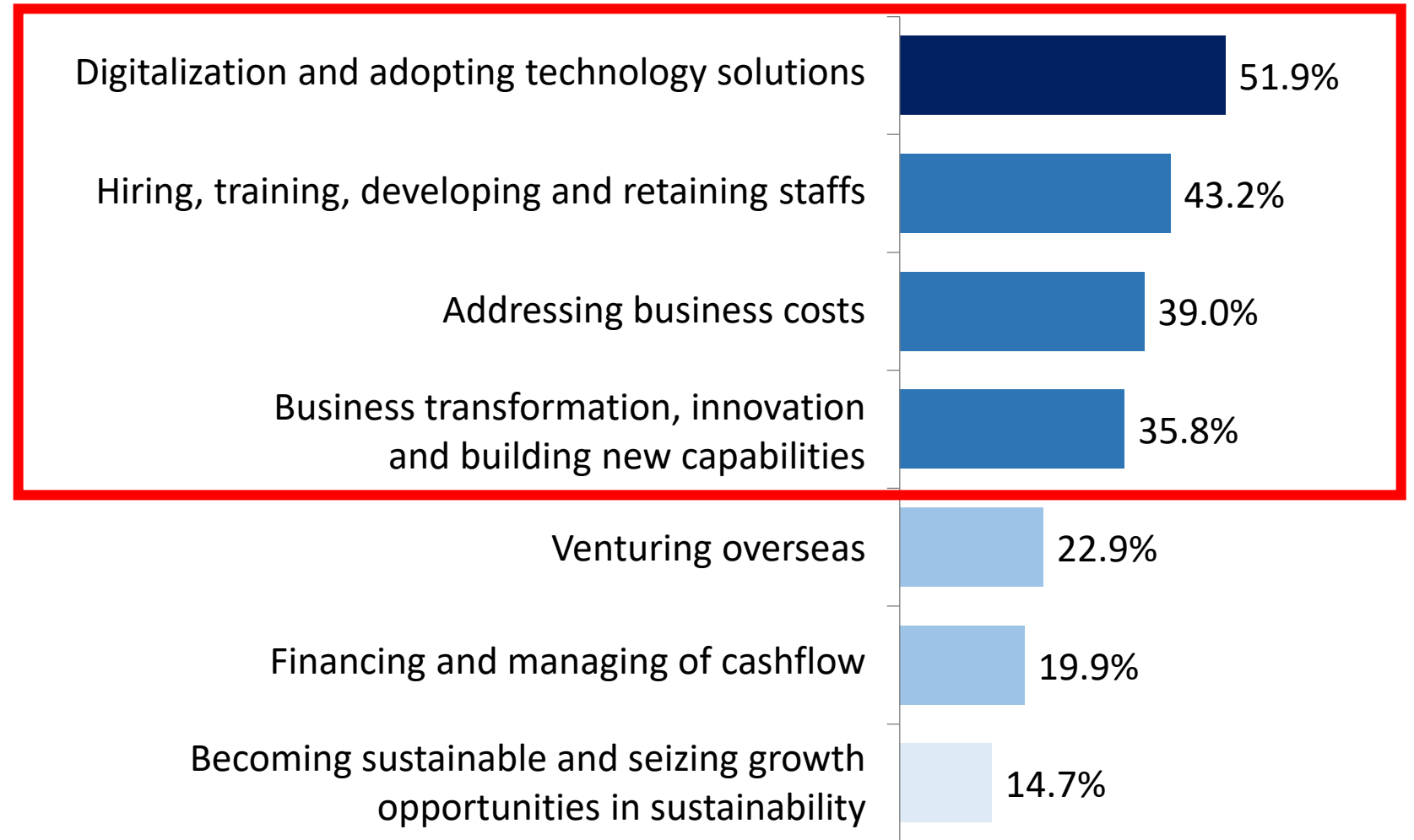
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# Government Schemes

# Businesses Alike are Seeking Government Schemes Amid the Ongoing Push for Digital Transformation & Addressing their Manpower Needs

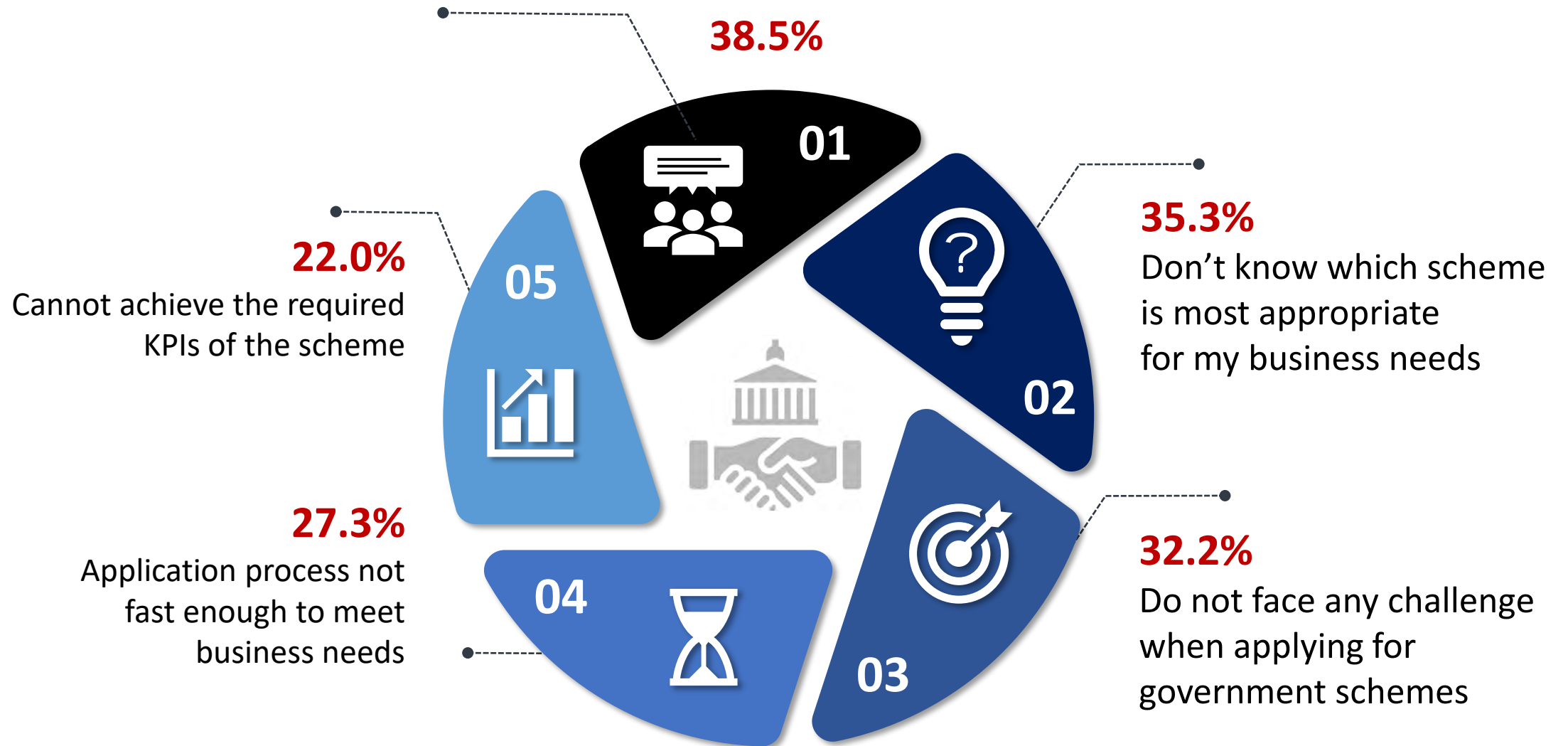


Percentage of respondents applied for Government Assistance Schemes



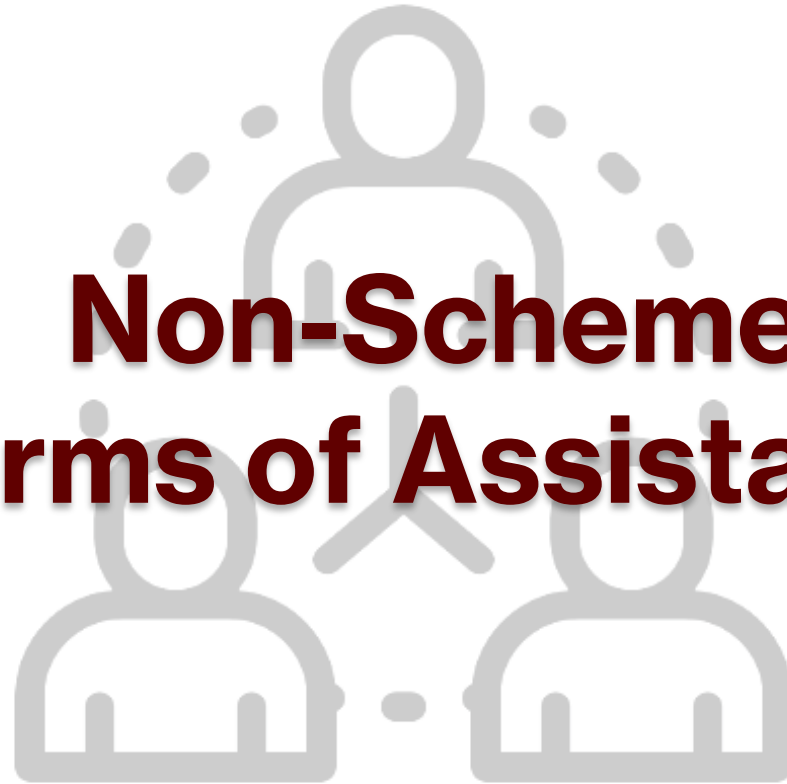
# Top Challenges When Applying for Government Schemes:

## Complex Application Process





# Non-Scheme Forms of Assistance





# Businesses are Seeking Better Cross-Agency Coordination, Assistance from TACs, and Opportunities from Large Businesses



**46.3%**

Government agencies can be more coordinated on cross-agency issues to help SMEs

**46.2%**

Trade associations should come out with more relevant initiatives to help member companies

**40.4%**

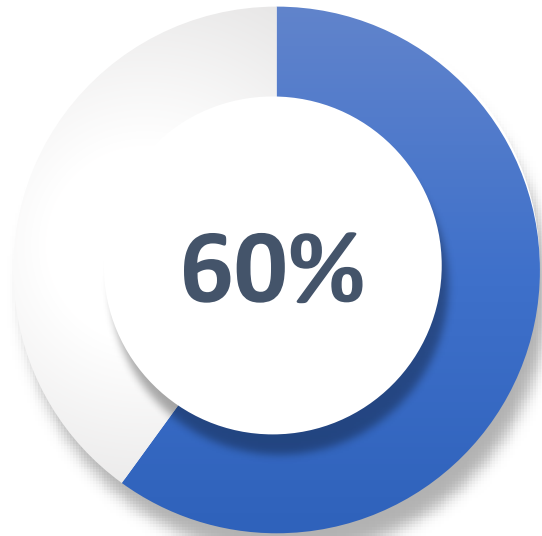
Government-linked companies and large businesses provide more opportunities for SMEs to participate

**32.3%**

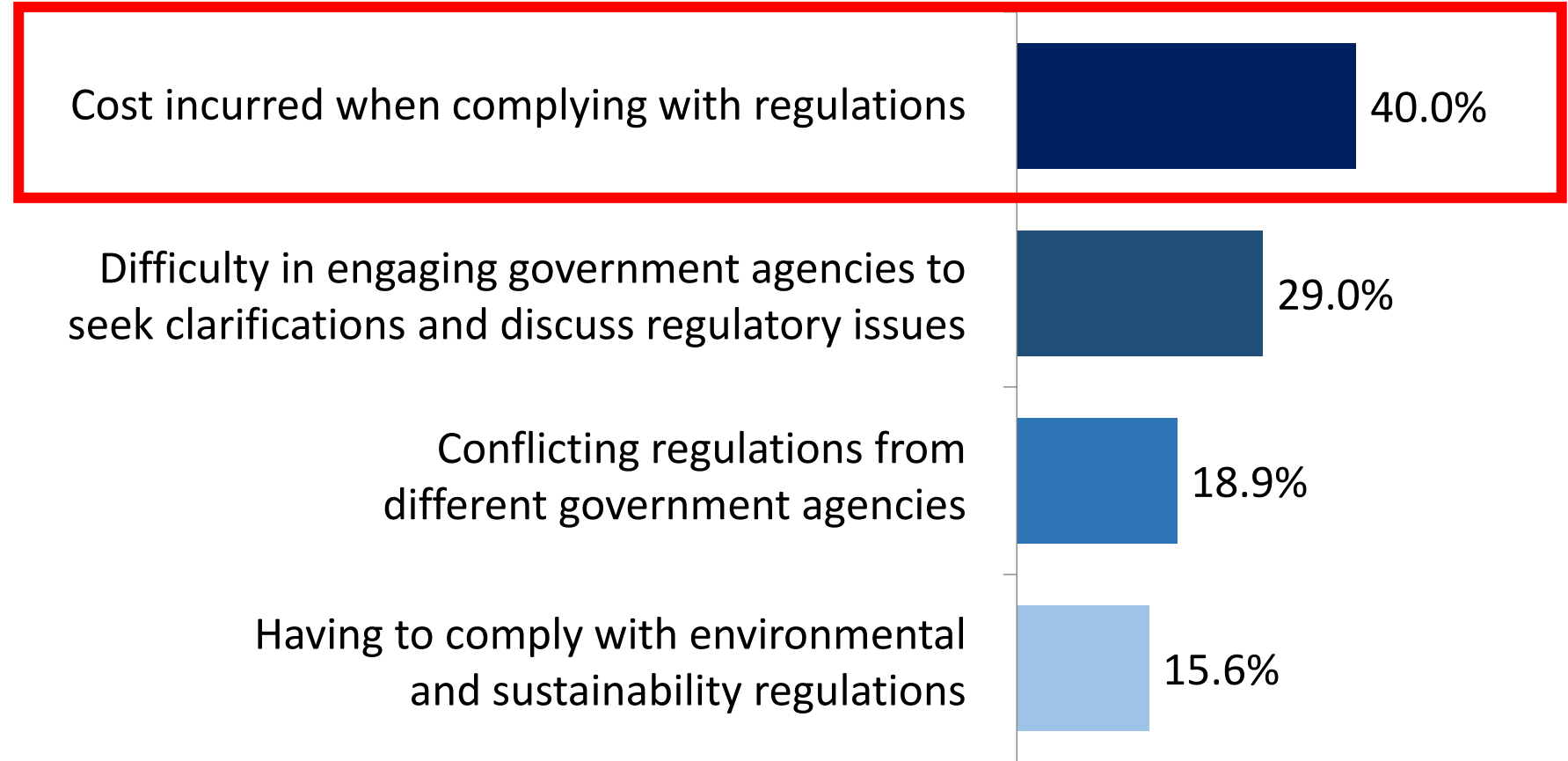
Government can roll out more government procurement projects for SMEs to participate



## Top Regulatory Challenges: **High Compliance Costs, Hard to Seek Clarifications, Conflicting Regulations among Agencies**



Percentage of respondents encountered regulatory challenges





## Key areas that Trade Associations and Chambers should focus and help Address & Resolve Common Industry Issues, Provide Feedback to Govt, Business Transformation, Capability Development & Innovation



9

# Recommendations



## 1. Help businesses to ease business costs

- A top concern of businesses is rising business costs and inflationary pressures. Where it is within government's control to address costs that will impact businesses, companies will look forward to benefit from the relevant support measures.
- Not to further increase government compliance costs, government charges and fees that will aggravate the cost burden of businesses.
- Reduce or freeze on rentals of government properties, including industrial and commercial space.
- For growth-oriented businesses, consider a higher threshold for qualifying expenses incurred to stay competitive (e.g. for refurbishment and upgrading of premises) for deduction against taxable income.
- Consider a higher threshold of Corporate Income Tax rebate to tax-paying companies in 2024.
- Consider providing time-bound rebates to help SMEs mitigate electricity cost when the tariff rate spikes and exceeds a certain threshold.

## 2. Help growth-oriented SMEs to access lower-cost financing

- Most SMEs rely on bank loans as a key source of financing to fund business growth and operational needs.
- In the prevailing environment where interest rates stay high, alongside other rising business cost components, higher borrowing costs have become an additional burden for SMEs and have eroded their profits.
- Urge government to extend the Enterprise Financing Schemes, for example SME Working Capital Loan and Trade Loan, that will lapse in March 2024 with risk-sharing by government of at least 70% to serve as a source of lower-cost financing for growth-oriented SMEs.
- For high growth enterprises, consider a higher maximum loan quantum per borrow group across all facilities under the Enterprise Financing Scheme.

## 3. Quicken the pace of SMEs' pursuit of sustainability to build green capabilities and reap opportunities from the green economy

- Sustainability is a megatrend to be reckoned with. Increasingly, consumers, investors and financiers will demand that companies pay attention to sustainability. Local companies can seize new opportunities in the green economy.
- Local SMEs need more help to tackle the high costs associated with sustainability practices, build green capabilities, and in the pursuit of green initiatives.
  - To expand the capability-building component of the “Enterprise Sustainability Program” to make it easier for SMEs to apply and benefit from the scheme, and consider to increase the grant quantum.
  - To extend the “Enterprise Financing Scheme – Green” scheme which will lapse in March 2024.
  - Extend the “Energy Efficiency Grant” beyond March 2024, and include SMEs apart from the food services, food manufacturing and retail sectors to help them to adopt and invest in energy-efficient equipment.
- TACs can aggregate the common needs of SMEs in their pursuit of sustainability and seek funding support level of at least 70% for the participating SMEs. This will help to accelerate the process of SMEs building capabilities in sustainability and capturing new market opportunities.

## 4. Strengthen SkillsFuture's programmes to support workforce in acquiring industry-specific deep skills and competencies

- Government has been actively pushing for workforce upskilling in tandem with business transformation. More recently, government has urged businesses to shift the emphasis from hiring based on paper qualifications to skills-based hiring. Developing deep skills and competencies in the workforce is critical and essential to support business growth.
- Some industries such as built environment, food services, manufacturing, retail and transportation require the acquisition of more specialized skills. On top of common broad-based industry skills, suggest SkillsFuture Singapore to extend more financial support towards programmes that require industry experts and training providers to impart deep specialized skills.



## 5. Support SCCCI to launch a “Trade Association Services Centre @ SCCCI” to undertake initiatives with industry-wide impact

- In the next phase of Singapore’s economic transformation, and given the increasingly complex and volatile external environment, there should be greater partnership and collaboration between the government and businesses (led by trade associations and chambers) to drive industry development.
- In the spirit of Forward Singapore, SCCCI plans to launch a “TA Services Centre@SCCCI” in 2024 to help the under-served local trade associations in the broad middle that are aligned to the 23 Industry Transformation Maps, but who continue to encounter challenges and have limitations in their capabilities.
- SCCCI seeks funding support of at least 70% for this initiative to:
  - Help local trade associations to raise their internal capabilities in governance, financial management, development of secretariat staff, and competencies in industry development, in turn benefitting their SME members.
  - Augment SCCCI’s capacity to help local trade associations in advocacy and undertake industry development initiatives relating to internationalization, innovation, technology adoption, sustainability and fostering cross-industry collaboration to generate growth opportunities.

## 6. To provide roll-up incentive for SMEs as a strategic approach to foster consolidation and growth in the SME sector

- This could be in the form of tax deductions over the course of 3 years, or wage support for roll-up SMEs workers with a view to encourage continued employment.
- **Encouraging Consolidation:** By allowing SMEs to deduct acquisition costs, it incentivizes more established SMEs to acquire smaller counterparts or those who face challenges. This consolidation can lead to a more resilient business sector, as larger entities have broader capabilities, and are often more capable of weathering economic downturns.
- **Averting Job Losses:** A significant benefit of this recommendation is its potential to mitigate job losses. When smaller SMEs with no succession plans or financial difficulties are acquired rather than left to shut down, their employees can remain in employment under the new management.
- **Risk-Taking and Growth:** The incentive could catalyze growth-oriented strategies among SMEs with ambitions. By reducing the financial burden of acquisitions, it encourages these enterprises to take appropriate risks and expand their operations, potentially leading to greater innovation and market competitiveness.
- **Supporting at-risk SMEs with good potential:** This approach also offers a lifeline to promising SMEs with near-term challenges that might otherwise fail. By becoming part of a stronger entity, these businesses can benefit from better management, more resources, and a broader customer base.

# THANK YOU

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