

These findings summarise the National Business Survey 2019/2020 conducted by the Singapore Business Federation (SBF). Into its 12th edition, this annual survey was carried out from 26 August to 25 October 2019.

Drew responses from more than **1,018** companies across all key industries

87% SMEs

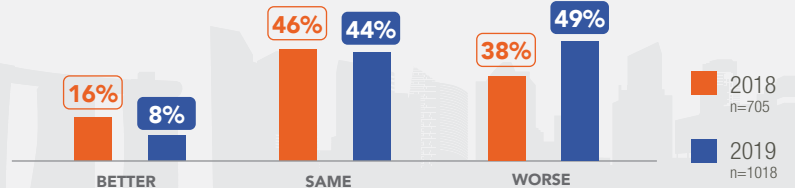
13% Large Companies

1 Business Sentiments

Current business sentiments uncertain as challenges loom on the horizon

Sentiments towards the Singapore economy continue to decline, with almost half of all businesses anticipating 2020 to be a more challenging year than 2019.

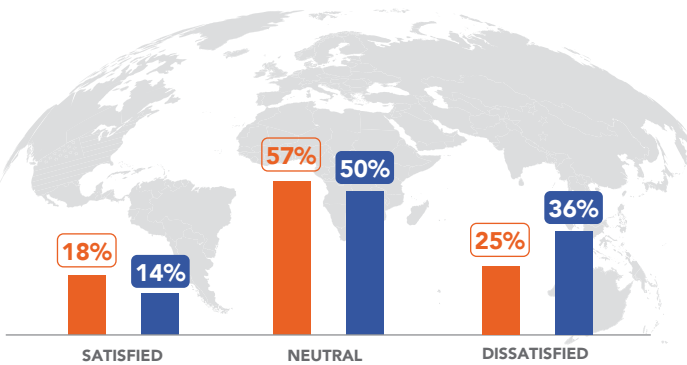
SINGAPORE ECONOMY IN THE NEXT 12 MONTHS



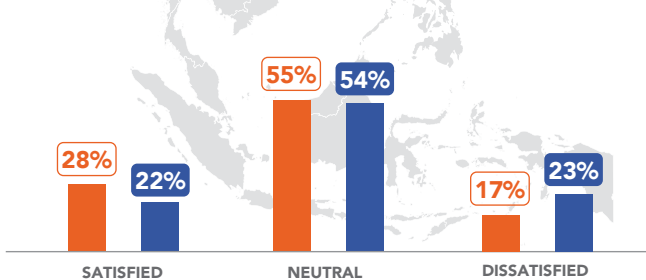
Decimal points have been rounded up. The total may not add up to 100%.

Dissatisfaction with the global business climate has risen by 11% from 2018 to 2019. More local businesses are optimistic about the business climate in the ASEAN region, but as in 2018, most remain neutral.

GLOBAL BUSINESS CLIMATE



ASEAN BUSINESS CLIMATE

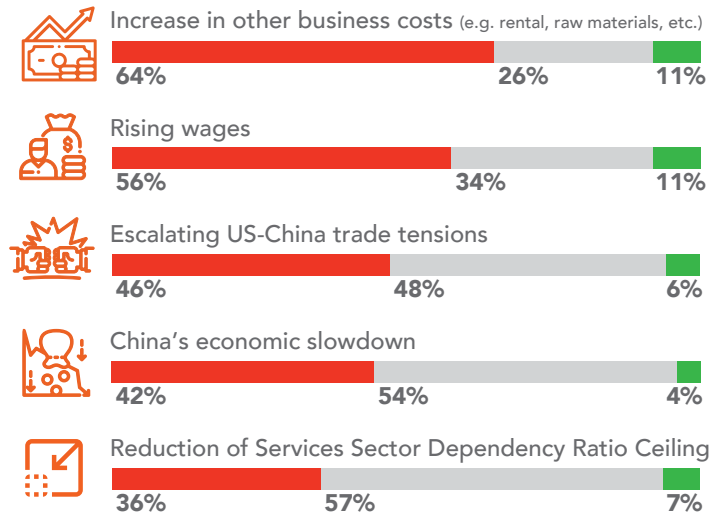


2018 n=705 2019 n=1018

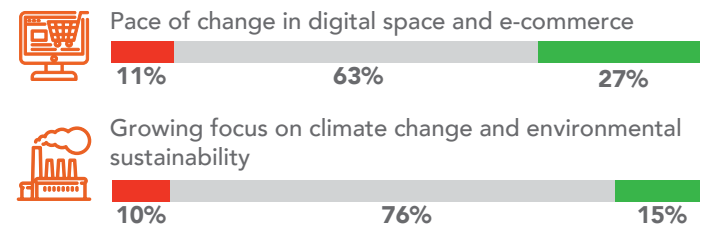
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IMPLICATIONS OF EVENTS ON BUSINESSES

Rising business and wage costs are top worries for Singapore companies. Globally, US-China trade tensions and China's economic slowdown are adding to business unease.



Businesses are optimistic about getting positive returns from digital/e-commerce transformation, and foresee sustainability as a new growth opportunity.



Legend: Negative Impact (Red), Little/No Impact (Grey), Positive Impact (Green) n=1018

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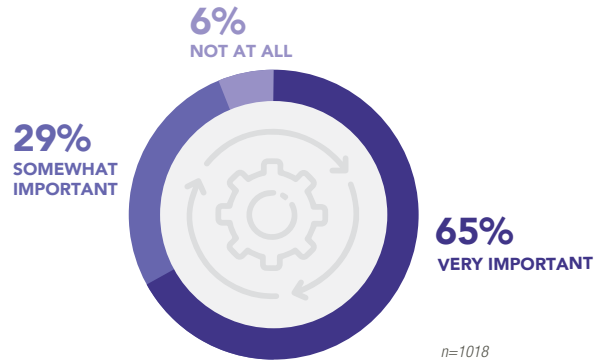
2 Business Transformation

An overwhelming majority of Singapore businesses believe transformation is critical to stay relevant in today's environment.

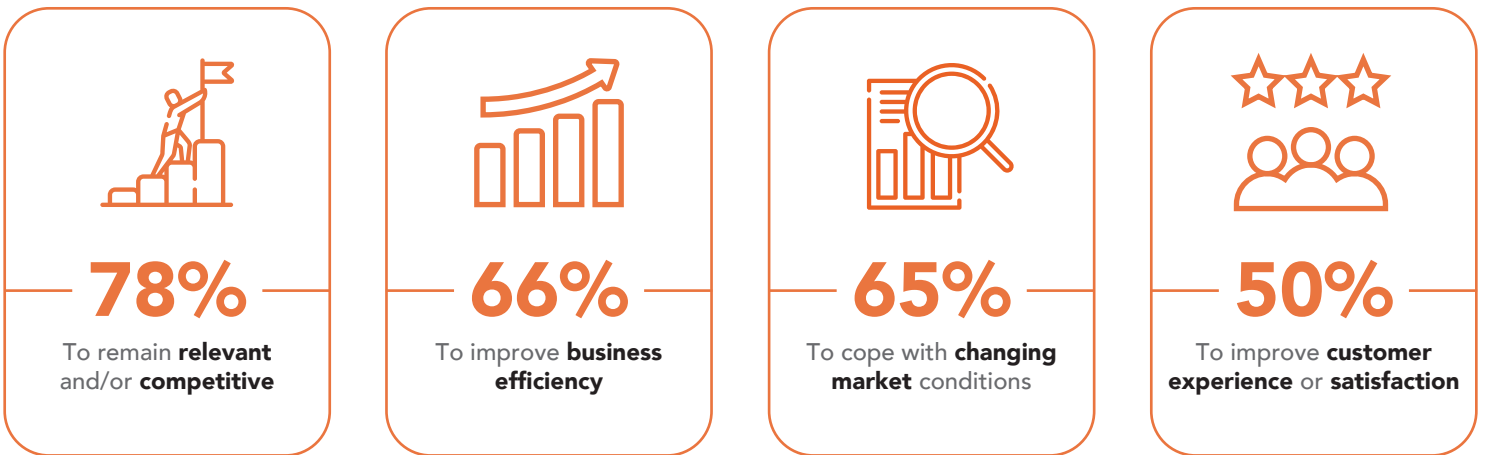
IMPORTANCE OF BUSINESS TRANSFORMATION

94%

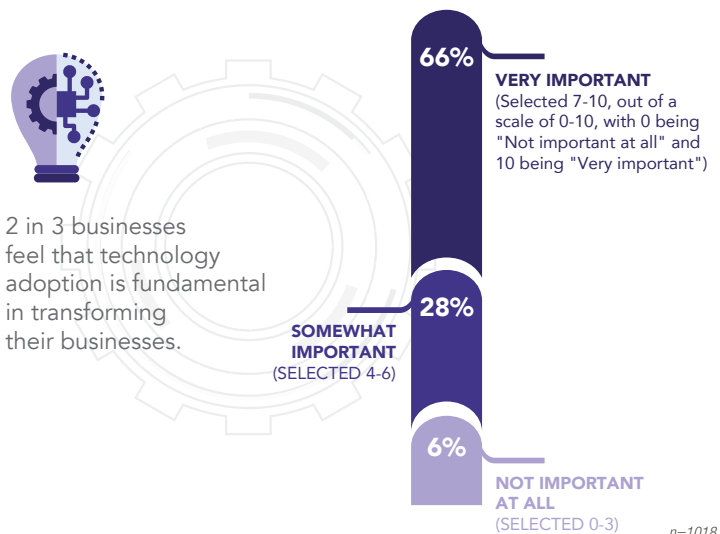
of businesses recognise the importance of business transformation to stay competitive and relevant, given changing market dynamics, while 50% realise that transformation is essential to improve customer experience.



REASONS FOR BUSINESS TRANSFORMATION

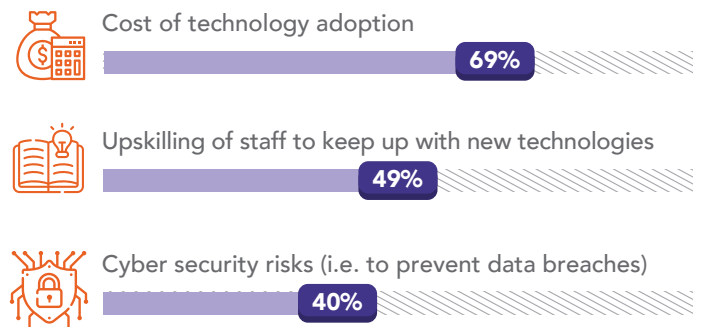


IMPORTANCE OF TECHNOLOGY ON BUSINESS TRANSFORMATION



BARRIERS TO ADOPTING TECHNOLOGY

Cost of technology adoption remains the biggest challenge, followed by internal challenges such as upskilling staff to keep up with new technologies and cyber security risks.

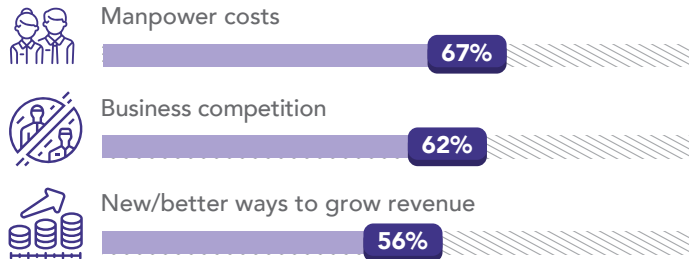


3 Key Business Challenge: Manpower Issues

Of the multiple challenges Singapore businesses face, manpower costs have emerged as the top issue.

KEY BUSINESS CHALLENGES

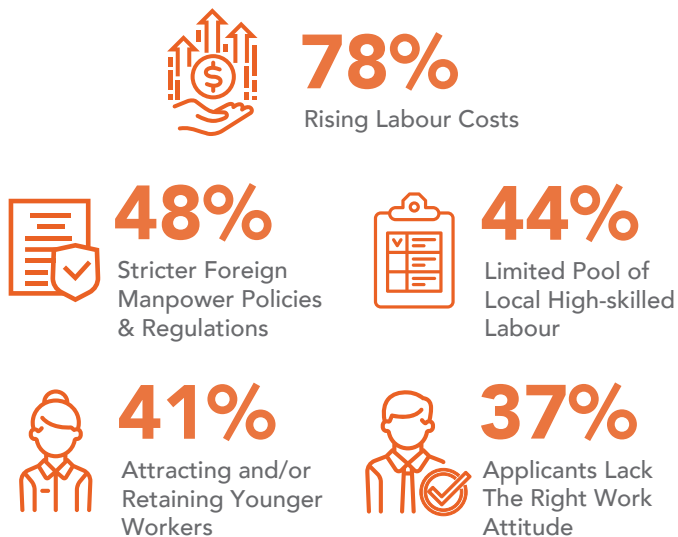
The top challenge is manpower costs, as businesses face greater competition and slower revenue growth.



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KEY STAFFING CHALLENGES

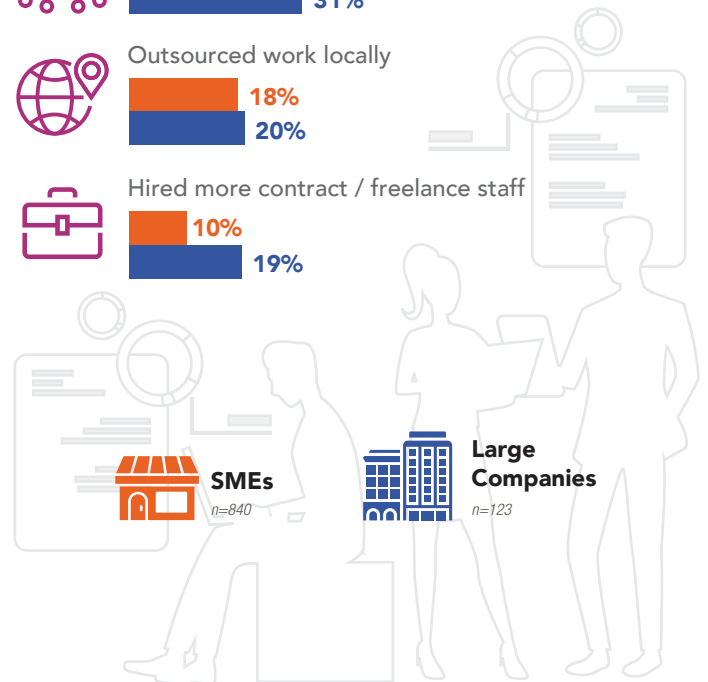
Mounting labour costs, stricter foreign manpower policies & regulations, and the local talent crunch are making it tough for local businesses to attract the best talents.



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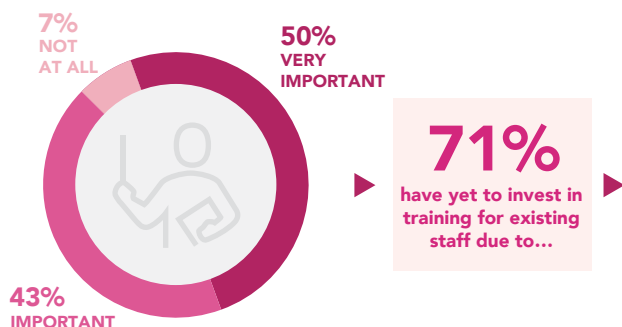
STEPS UNDERTAKEN TO MITIGATE MANPOWER CHALLENGES

To manage the issue, companies are investing more in the training of existing staff to learn new skills.



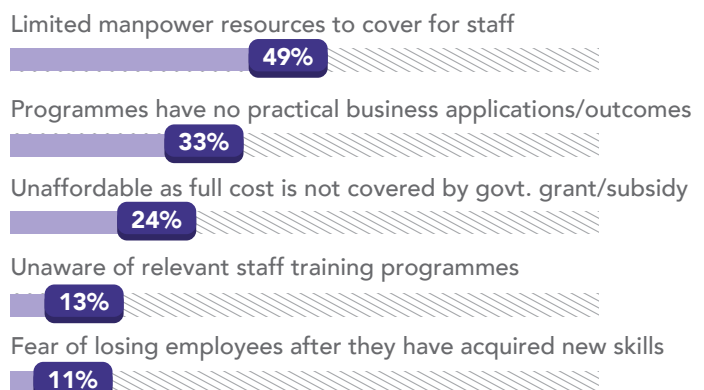
IMPORTANCE OF STAFF TRAINING

While 93% of companies consider staff training as critical, businesses are concerned about the bandwidth of their staff and the relevance of training.



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BARRIERS TO INVESTING IN STAFF TRAINING



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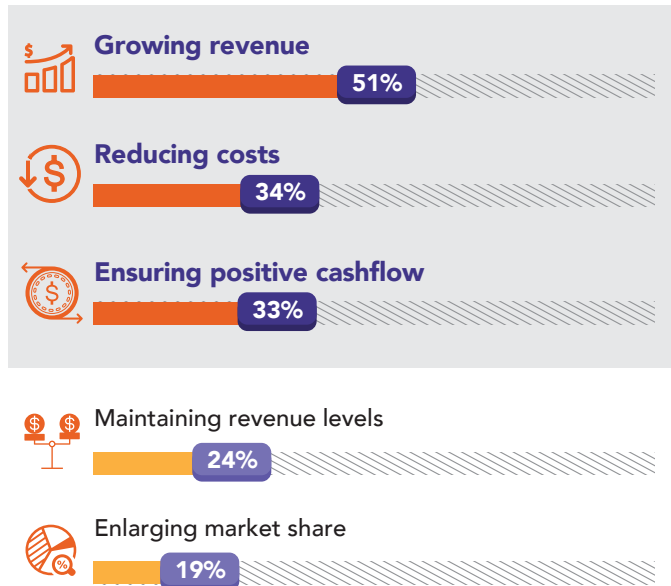


4 Key Business Priorities: Revenues, Costs and Cashflow

Companies are reverting to the basic principles of business: Growing revenues, Reducing costs and Sustaining cash flow.

TOP PRIORITIES FOR BUSINESSES IN NEXT 12 MONTHS

Given prevailing economic conditions, businesses are focused on staying afloat.



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CREDIT / CASH CRUNCH

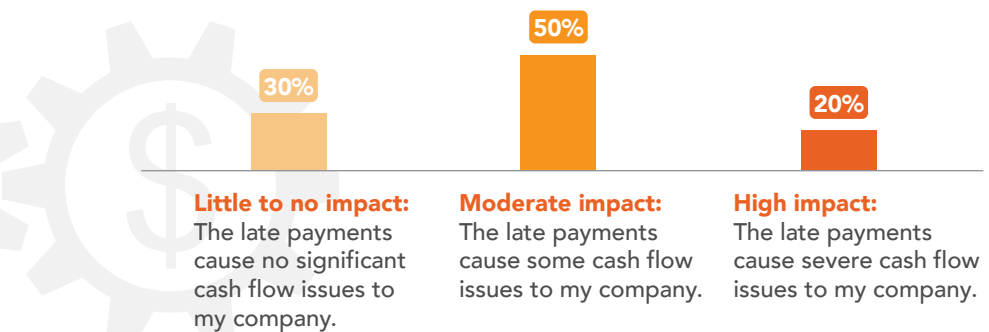
Maintaining a positive cash flow is vital, as 35% of businesses reported facing a credit crunch in the past few months.

TOTAL	35%
Retail, Real Estate, Hotels, Restaurants & Accommodations	43%
Construction & Civil Engineering	38%
IT & Professional Services	37%
Logistics & Transportation	37%
Wholesale Trade	34%
Manufacturing	24%
Banking & Insurance	21%
Other Services	47%
Others	27%

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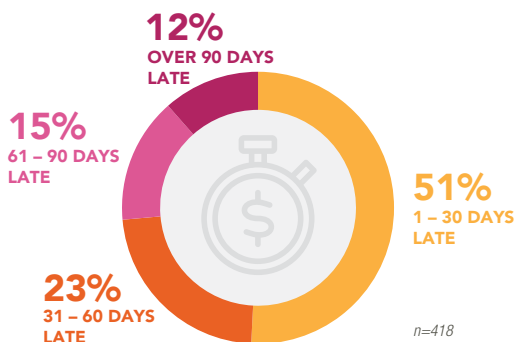
IMPACT OF LATE PAYMENTS

Of firms that offer credit terms to other businesses, 70% report that late payments are causing moderate to high cash flow issues. 1 in 4 businesses have late payments of over 2 months.



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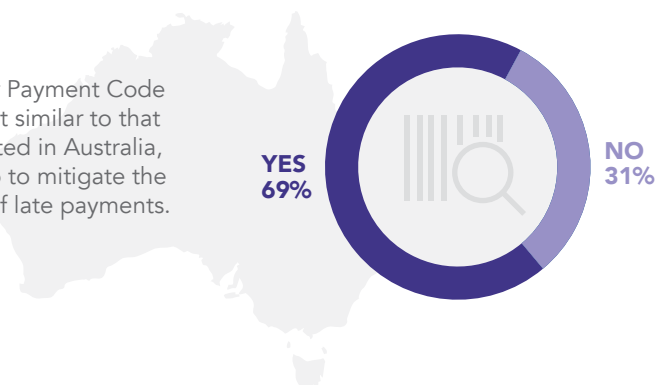
LATE PAYMENTS BY AGE



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WILL A SUPPLIER PAYMENT CODE OF CONDUCT BE USEFUL?

A Supplier Payment Code of Conduct similar to that implemented in Australia, could help to mitigate the situation of late payments.



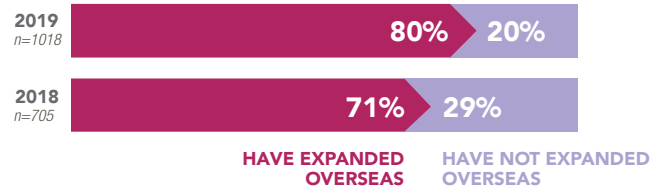
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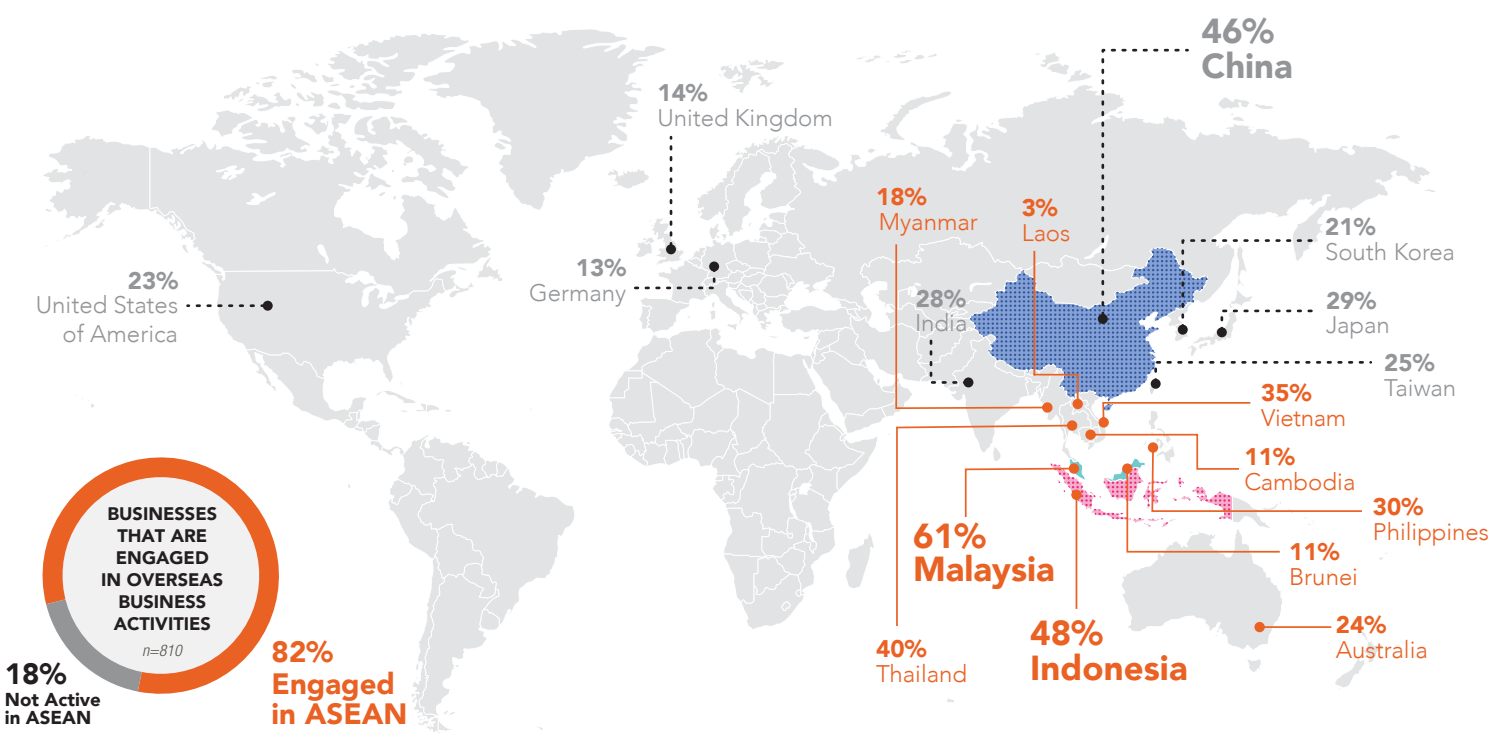
5 Internationalisation

Despite uncertainties over the global business climate, businesses are increasing their presence overseas.

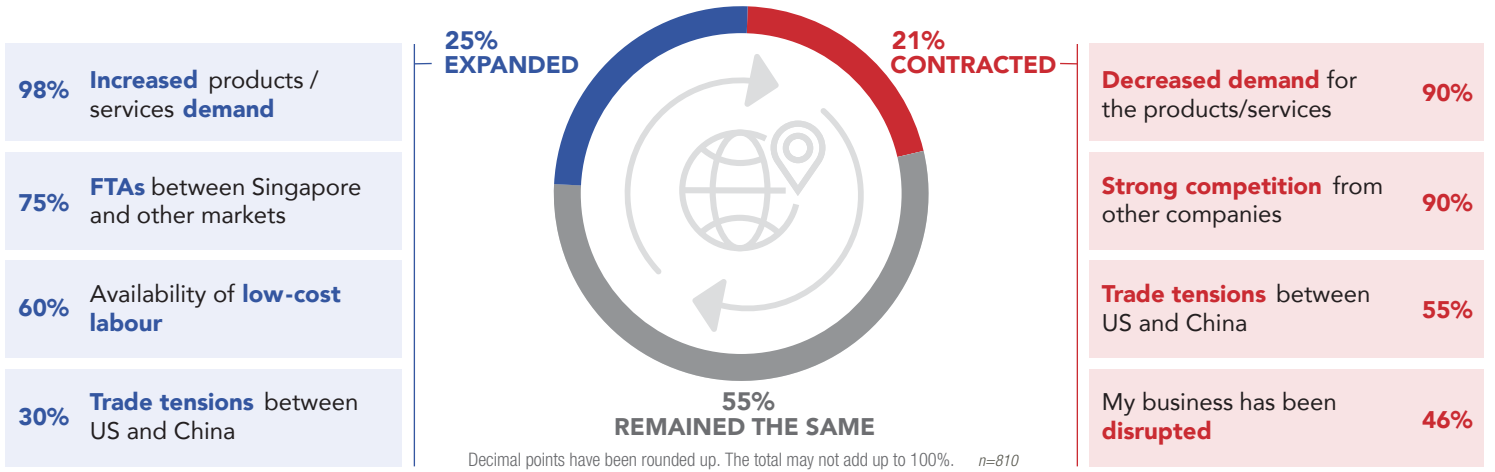
OVERSEAS BUSINESS PRESENCE
8 in 10 businesses report a presence in an overseas market in the past year, up from 7 in 10 last year.



COUNTRIES WHERE SINGAPORE BUSINESSES HAVE OVERSEAS VENTURES



Increased demand for their products/services, Free Trade Agreements (FTAs) and low-cost labour are the top three reasons why businesses expanded their presence overseas. Those who reduced their presence overseas, however, point to lower demand, stronger competition and US-China trade tensions.



6 Budget 2020: Business Expectations

Tax reduction/rebates top the wish list, but businesses are also keen to see support in other areas.

BUDGET 2020: BUSINESSES' WISH LIST

55% | Corporate/Personal income **tax rate reduction**

55% | Corporate **tax rebates**

49% | Easier **access to info & resources** from govt. agencies

47% | Promote & incentivise more **industry-related training**

47% | More incentives for **corporate venturing**



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MOST CRITICAL AREAS FOR EACH INDUSTRY

Businesses in different industries have different wish lists, though a majority are hoping for a reduction in corporate/personal income tax rate.

Corporate/personal income tax rate reduction



Wholesale Trade



Manufacturing



IT & Professional Services



Retail, Real Estate, Hotels, Restaurants & Accommodations

Corporate tax rebates



Logistics & Transportation

More incentives for corporate venturing



Banking & Insurance

Increase cash flow in the economy



Construction & Civil Engineering

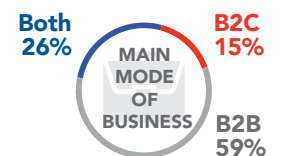
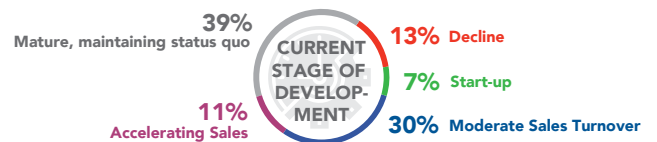
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7 About the National Business Survey 2019/2020

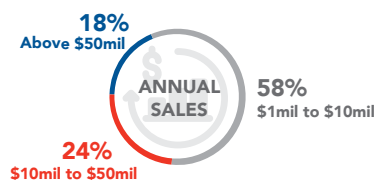


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No 35% Yes 65%



Survey conducted by Strategy & Development Division, Research & Publishing, Singapore Business Federation

In collaboration with Blackbox Research



If you require any clarifications, kindly contact research@sbf.org.sg.

