



Singapore Business Federation

# National Business Survey

2022/2023

## ..... About the Study .....

The Singapore Business Federation (SBF) appointed Intage Singapore (CSG) Pte Ltd to administer its flagship **National Business Survey (NBS) 2022/2023**.

The NBS is currently into its 15<sup>th</sup> annual edition. 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 for this report was from 29 August to 23 November 2022, and drew responses from businesses across all key industries. This report contains n=931 respondents. For the sub-group analysis of certain filtered questions, the sample base may be small and caution should be exercised.














# Report Outline

01. Overall Business Sentiments
02. Mitigating Business Risks
03. Core Challenges
  - Increase in Business Costs
  - Manpower
04. Business Priorities
05. Business Transformation & Innovation
06. Government Budget & Business Support
07. International Business Landscape
08. Environmental, Social & Governance (ESG)

# Respondents by Sectors

Sectors		2017	2018	2019	2020	2021	2022
	Wholesale Trading	15%	18%	18%	20%	19%	16%
	Manufacturing	17%	16%	13%	10%	17%	15%
	IT & Professional Services	17%	11%	11%	11%	11%	15%
	Construction & Civil Engineering	12%	13%	12%	14%	15%	10%
	Other Services (eg. Education, Repairs & Servicing)	11%	11%	13%	17%	15%	10%
	Retail, Real Estate, Hotels, Restaurants & Accommodation	8%	11%	10%	10%	11%	12%
	Logistics & Transportation	8%	7%	6%	5%	6%	8%
	Banking & Insurance	4%	3%	3%	3%	3%	8%
	Others (eg. Fishing, Mining, etc.)	6%	11%	14%	5%	3%	6%
		100%	100%	100%	100%	100%	100%
		n=1,019	n=705	n=1,018	n=1,075	n=1,096	n=931



**73% SMEs**



**27% Large companies**

## 25% Production & Trade

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



## 70% Services

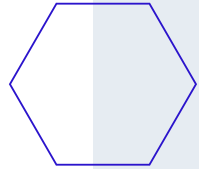
IT & Professional Services, Other Services, Retail, Real Estate, Hotels, Restaurants & Accommodations, Banking & Insurance



6% selected "others".



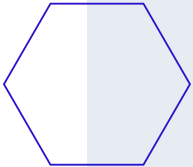
# Summary of the Key Findings





## More than half of businesses are satisfied with Singapore’s current economic climate. Looking ahead, companies are more cautious about 2023, as they expect inflationary pressures to persist.

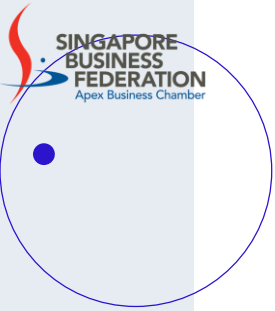
- Current business sentiments in Singapore are more positive compared to last year, with 52% of businesses being satisfied, compared to 37% in 2021.
- Looking ahead to the next 12 months, there is a greater sense of cautiousness. 40% of businesses forecast that the local economy will improve in 2023 (down from 47% in 2021), while 26% of businesses think it will worsen (up from 13% in 2021). In line with the cautious sentiments, 97% of businesses expect the current inflationary pressures to continue into 2023.
- Despite expecting inflationary pressures to persist, 80% of businesses remain confident in the resiliency of their operations in the next 12 months.
- Implementing cost saving measures (55%), increasing price of products/services (42%), and renegotiation of financial terms with suppliers and customers (38%) are the top 3 strategies adopted by businesses to mitigate inflationary risks.





## Increasing costs and manpower issues are the top challenges faced by Singapore businesses.

- Top business challenges are increase in overall business cost (66%), availability of manpower (52%), and retention of manpower (47%). The top 3 business challenges are similar for SMEs and large companies.
- Businesses' top cost challenges are those related to wages (79%), logistical costs (52%), overall cost pass-through (48%), procurement costs (48%), and utilities (45%). 'Wages' is the biggest cost challenge as companies compete to attract and retain talent.
- Key manpower challenges include rising manpower cost (75%), attracting and/or retaining younger workers (51%), new foreign manpower policies raising costs (48%), limited pool of local high-skilled labour (47%) and stricter policies that restrict the supply of foreign workers (43%).
- To cope with these challenges, businesses hope that the Singapore Budget 2023 will have schemes that help support cost (74%) and schemes that help to attract, develop and retain talent (57%). Businesses are also adopting strategies such as providing competitive employee salary and benefits package (81%), strengthening employer brand (49%) and articulating clear progression prospects leading to key leadership positions (46%) to attract and/or retain staff.

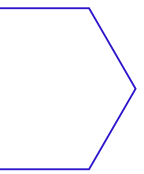
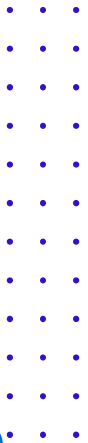
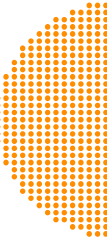


## Singapore businesses are committed in (i) driving business transformation, and (ii) incorporating Environmental, Social and Governance (ESG) initiatives as part of their company activities.

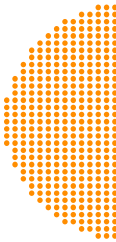
- Businesses remain committed in driving business transformation, with 96% rating it as either very important or somewhat important. This is primarily done through operational process (71% indicating it as very important), customer service (70%) and products & services innovation (70%).
- Businesses continue to benefit from digital transformation, citing increased productivity (54%), operational optimisation (48%) and reduction in operational costs (44%) as the core benefits.
- For ESG, 75% of businesses have implemented at least one ESG area, with the top ESG areas implemented being 'Employee health & safety' (81%), 'Fair and equitable employee pay & rewards policies' (71%), 'Documenting, monitoring and reporting business governance, risks and compliance' (57%), 'Transparency in corporate reporting' (57%) and 'Inclusion & diversity in business' (50%). The top 4 ESG areas implemented are similar for both SMEs and large companies.
- Looking ahead, companies are planning to do more in ESG areas such as 'Increasing sustainability in business supply chain' (45%), 'Mitigating supply chain risks' (43%), 'Inclusion & diversity in business' (43%), and 'Contributing to communities' (40%), amongst others.



# Overall Business Sentiments



# Business sentiments are more positive now compared to last year. Looking ahead, businesses remain cautiously optimistic about the Singapore economy.



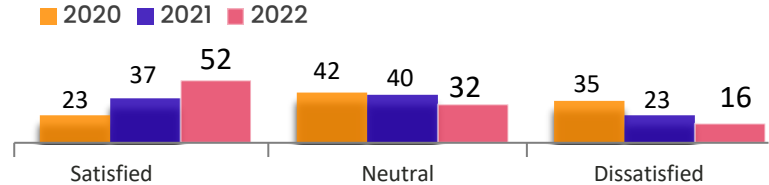
## Business Sentiments - Singapore Overview

Business sentiments in Singapore are more positive now compared to last year, with 52% of the businesses being satisfied with the current business climate in Singapore compared to 37% in 2021.

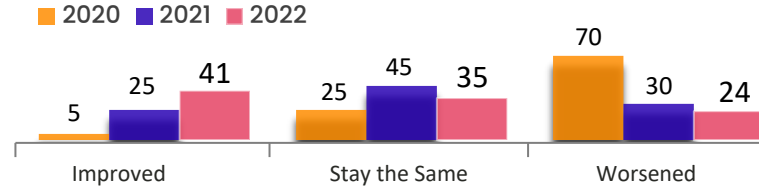
Looking ahead, there is greater caution, with 26% of businesses forecasting a worsening of the economy in the next 12 months, compared to 13% in last year's survey. While cautious, businesses remain hopeful, with 40% forecasting an improvement and 33% forecasting a stable economy in the next 12 months.

Current Business Climate in Singapore (%)

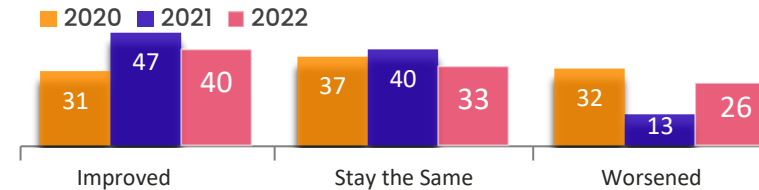
All figures in %



Singapore Economy – Past 12 months (%)

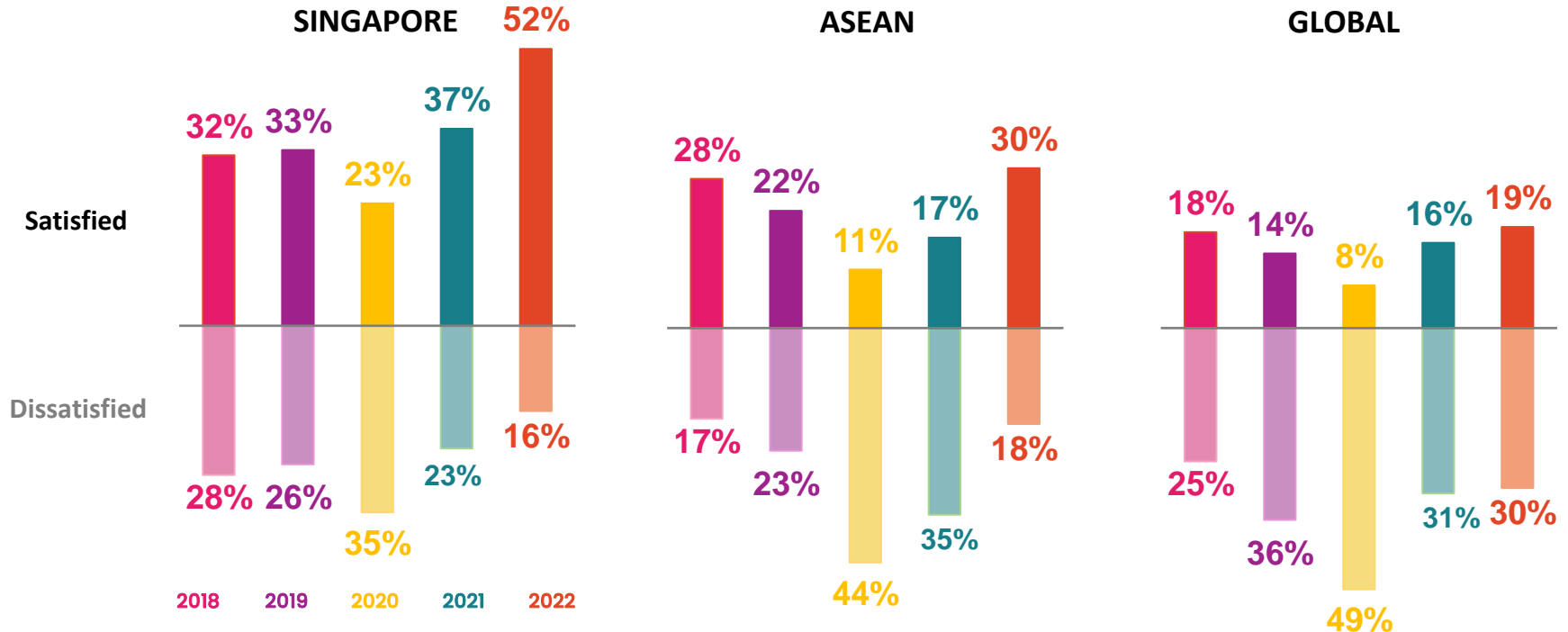


Singapore Economy – Next 12 months (%)



## Businesses are most satisfied with Singapore's economic climate and are more upbeat about ASEAN.

### Business Sentiments of ASEAN and Global

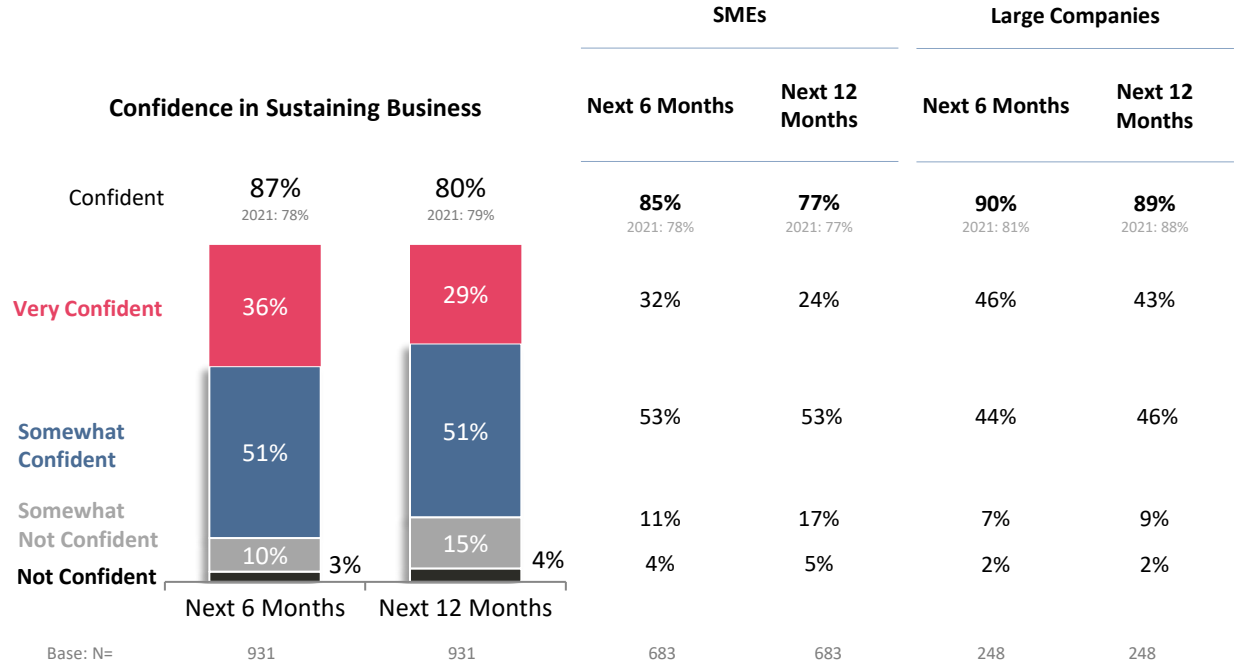


While there is high level of confidence in sustaining operations over the next 6 months, businesses are nonetheless more cautious over the longer term.

### Confidence in Sustaining Business over the Next 6 to 12 Months

Despite expecting inflationary pressures to persist, businesses remain broadly confident in the resiliency of their operations in the next 6 to 12 months.

Large companies are relatively more confident compared to the SMEs.

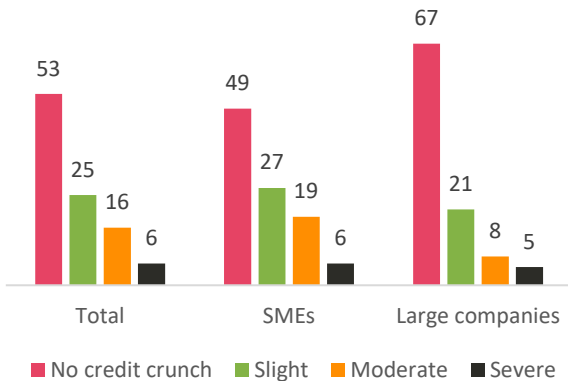


# Most companies have sufficient liquidity headroom for 3 months or more, and have taken steps to maintain the current status by minimising non-essential outflows.

## Companies' Liquidity & Working Capital Status

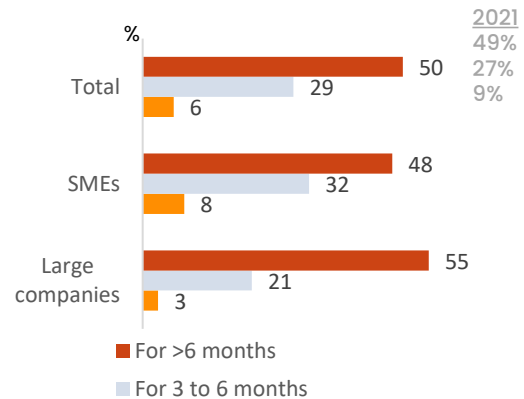
50% of businesses have adequate liquidity to last more than 6 months and 29% of them have sufficient liquidity for 3 to 6 months. One key strategy that companies are adopting to manage their liquidity positions is by minimising non-essential outflows (48%).

Companies Facing Credit Crunch (%)

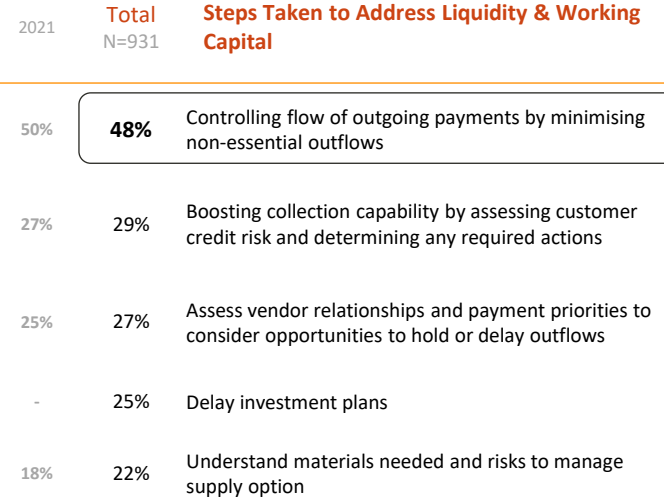


2021 Credit Pressure (Total Respondents)  
 54% No pressure  
 46% Yes, slight to severe pressure

Minimum Cash & Liquidity Status



Excludes those unaware of company's liquidity status



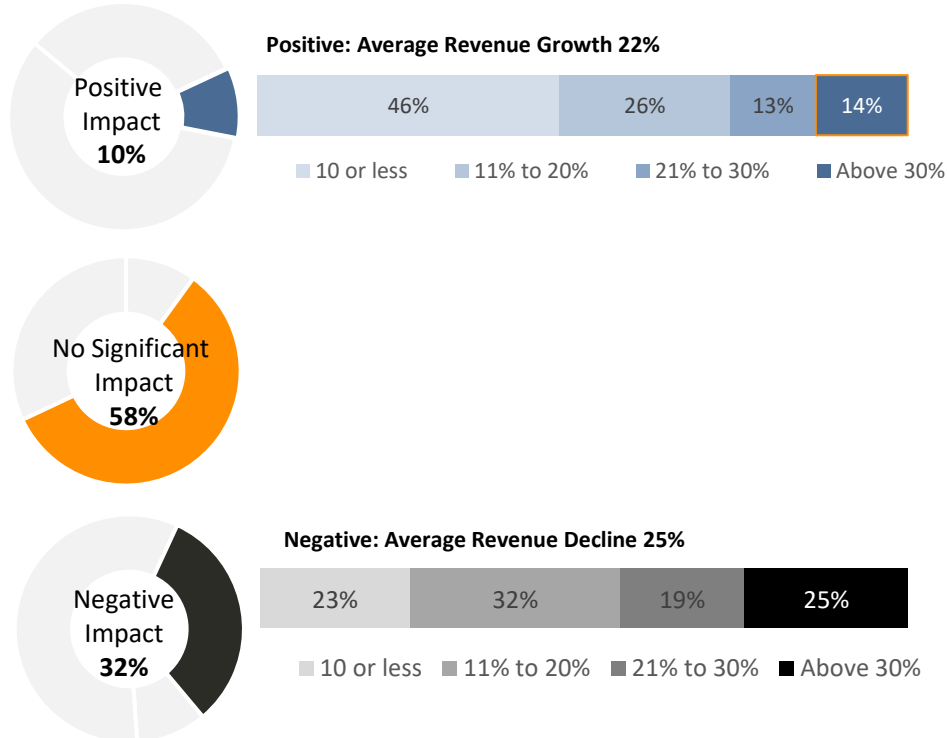
Q44. Given the current business climate, is your company facing a credit/cash crunch?  
 Q46. Which of the following statement best describes your company's minimum cash and liquidity requirements?  
 Q47. Has your organisation taken steps to address liquidity and working capital requirements such as...

# Mitigating Business Risks



Close to a third (32%) of businesses were negatively impacted by inflationary pressures.

### Impact of Inflationary Pressures



# Most businesses expect the inflationary pressure to continue.

## Inflationary Pressures to Continue

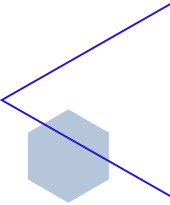
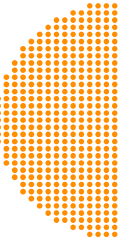
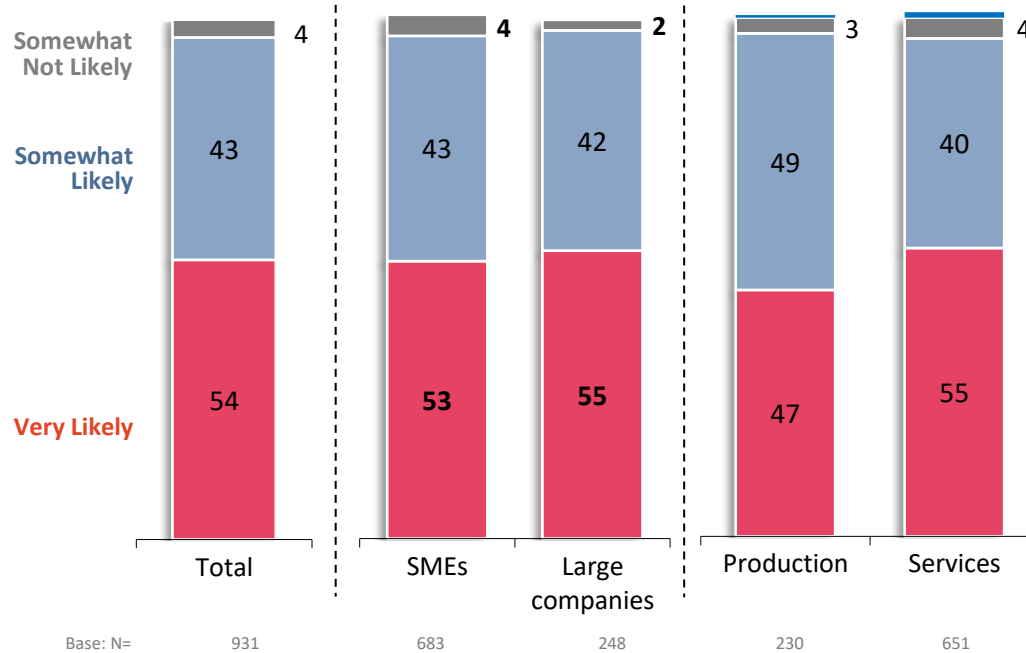
### Likelihood of Inflationary Climate Continuing

(All figures in %)

More than 90% of Singapore businesses expect the current inflationary climate to continue into 2023.

\*Not likely at all = 0 to 0.5%

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





**Top 3 strategies adopted by businesses to mitigate inflationary risks include implementing cost saving measures, increasing price of products or services and renegotiation of financial terms with suppliers and customers.**

### Measures Taken to Manage Inflationary Risks

The top 3 actions taken to mitigate inflationary risks are implementing cost saving measures (55%), increasing prices (42%) and renegotiation of financial terms (38%).

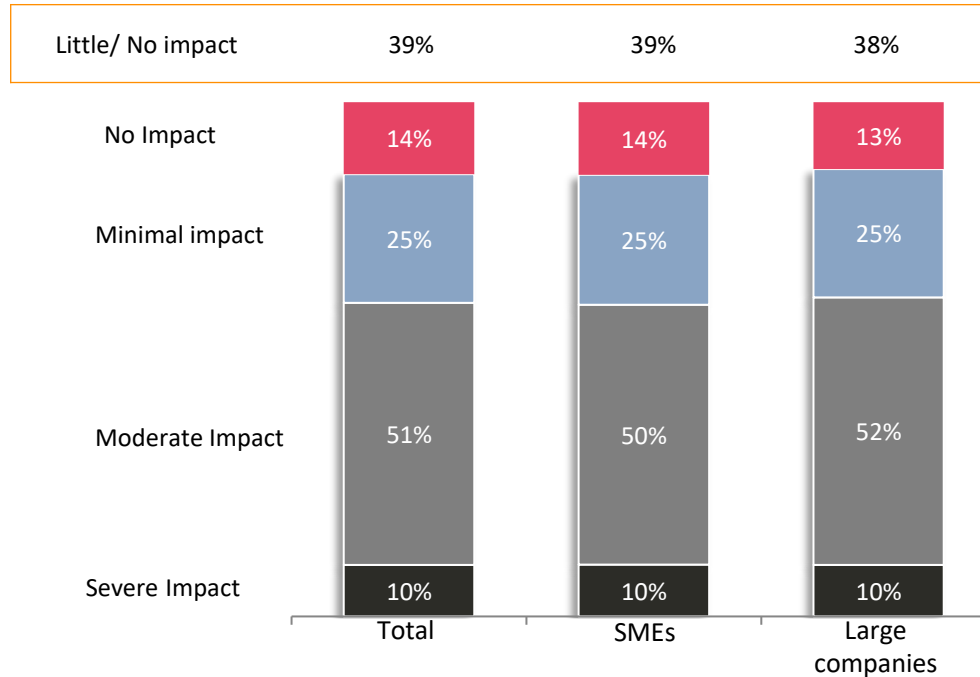
Total N=931	Actions taken to manage inflationary risks	SMEs N= 683	Large companies N=248
<b>55%</b>	Implement cost saving measures	55%	55%
<b>42%</b>	Increase price of company products / services	43%	38%
<b>38%</b>	Renegotiation of financial terms with suppliers & customers	34%	50%
37%	Improve inventory management	34%	43%
36%	Improve financial planning	33%	45%
33%	Improve financial resiliency of supply chain	28%	44%
25%	Delay investments like digitalisation, R&D, automation, etc.	25%	23%
9%	No measures taken	10%	6%

# Most businesses are either minimally or moderately impacted by supply chain disruptions.

## Impact of Supply Chain Disruption

Most businesses in Singapore are either minimally or moderately impacted by supply chain disruptions in the past 12 months.

Only 10% of businesses have experienced severe impact.



Base: Total N = 931, SMEs N = 683, Large companies N = 248

## The top 3 supply chain disruptions faced by businesses are the increase in logistical cost, logistical disruptions or delays, and issues with raw materials.

### Types of Supply Chain Disruptions Encountered by Businesses

The top 3 types of disruptions are the increase in logistical cost (70%), logistical disruptions or delays (64%) and issues with raw materials (63%). Large companies also experience more disruptions in other areas, such as political (41%), changes in regulations (34%) and force majeure (32%).

Total N=800	Types of disruption encountered	SMEs N= 584	Large companies N=216
<b>70%</b>	Logistics - Cost increase	69%	72%
<b>64%</b>	Logistics - disruptions / delays	64%	65%
<b>63%</b>	Raw materials / goods (e.g. price fluctuation, shortage)	62%	66%
<b>31%</b>	Political (e.g. war, unrest, trade war)	27%	41%
<b>28%</b>	Changes in regulations	26%	34%
<b>26%</b>	Force majeure (e.g. bad weather, pandemic)	24%	32%
<b>20%</b>	Credit extension	19%	20%
<b>17%</b>	Suppliers' financial risks (e.g. suppliers going bankrupt)	16%	22%

The top 3 strategies adopted to mitigate supply chain risks are renegotiation of price or fees, diversification of suppliers or markets and working with logistics companies to minimise delays.

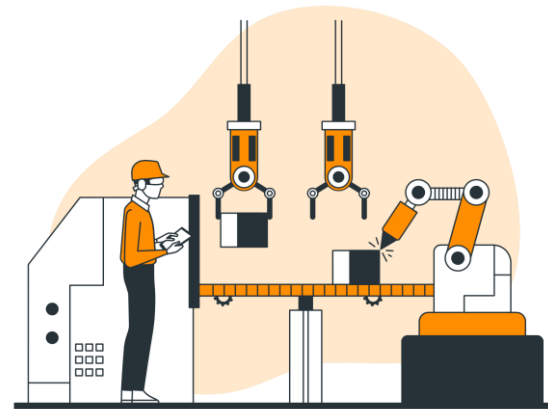
### Actions Taken to Mitigate Supply Chain Risks

Primary strategies to mitigate supply chain risks are price renegotiations (61%), diversification of suppliers or markets (55%) and minimising delays with logistics companies (43%).

The top 3 actions taken are similar for both the SMEs and large companies.

Total N=800	Actions taken to mitigate supply chain risks	SMEs N= 584	Large companies N=216
<b>61%</b>	Renegotiation of price / fees	59%	65%
<b>55%</b>	Diversification of suppliers / markets	53%	60%
<b>43%</b>	Working with logistics companies to minimise delays	41%	49%
<b>31%</b>	Localise some aspects of the supply chain	29%	37%
<b>31%</b>	Financial planning (e.g. foreign exchange hedging, credit line)	28%	37%
<b>12%</b>	Building / upgrading skillset in supply chain management	10%	20%
<b>8%</b>	Buy more insurance	7%	11%

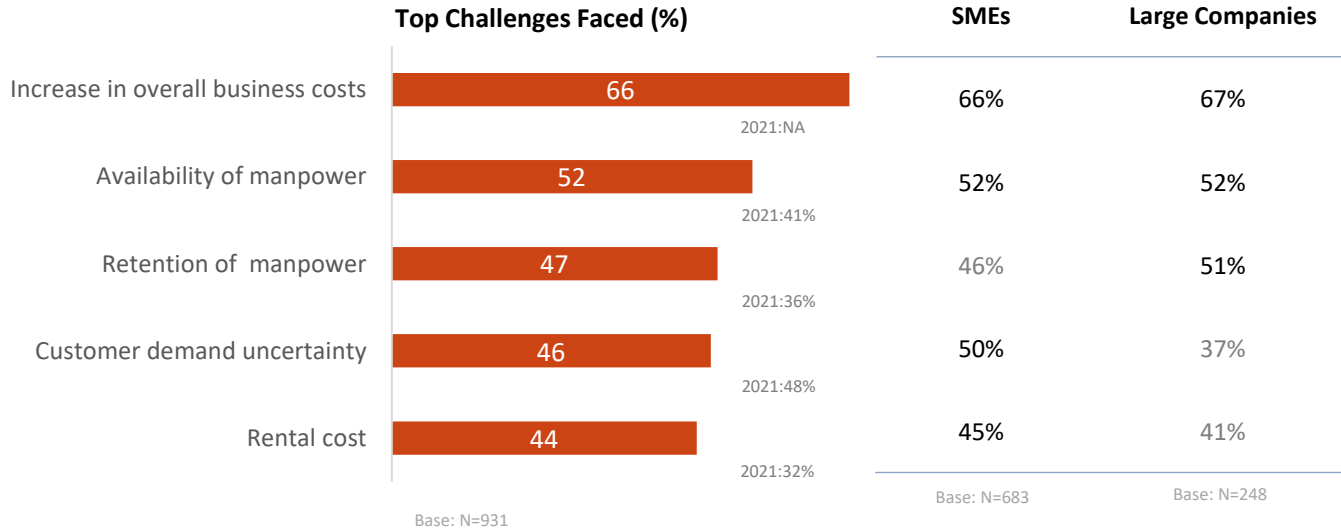
# Core Challenges



# The top challenges faced by Singapore businesses are increase in costs, availability of manpower and retention of manpower.

## The Challenges Faced by Singapore Businesses

The two primary categories of challenges faced by Singapore businesses are largely related to the increase in overall business costs and manpower. These challenges are faced by both SMEs and large companies alike.



**In view of the current economic situation, companies plan to invest in employees (salaries, training, headcount), invest in new technologies, re-engineer processes and diversify supply chain in the next 12 months.**

**Action Plan to Take in the Next 12 Months**

<b>Actions plan to take next 12 months N=931</b>	<b>Plan to increase</b>	<b>Plan to decrease</b>	<b>Remained the same</b>
Employees' salary / pay	40%	3%	56%
Investment in new technologies and digitalisation	32%	10%	57%
Re-engineer business and operational processes	28%	7%	64%
Diversification of supply chain	27%	5%	67%
Investment in training for staff (e.g. retraining / upskilling)	27%	6%	67%
Number of employees	27%	10%	63%
Business investment	22%	12%	66%
Outsource business functions	19%	10%	71%
Redeployment of staff	17%	6%	77%
Employee benefits	17%	7%	75%
Non-salary costs and overheads	10%	19%	71%
Employees' working hours (e.g. implement four-day week)	6%	6%	88%

## Core Challenges – Increase in Business Costs

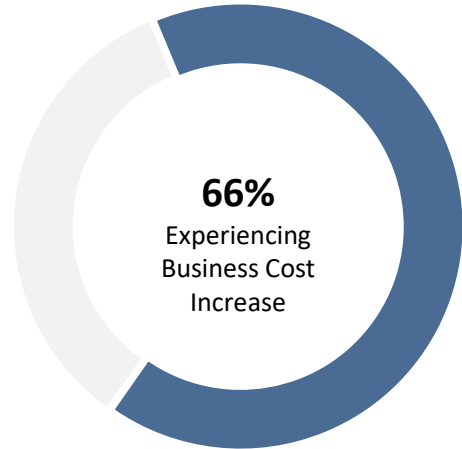




# Wage poses the biggest cost challenge as companies compete to attract and retain talent.

## Cost Challenges Faced by Businesses

Businesses' top cost challenge is related to wages. This is followed by logistical costs, overall cost pass-through and procurement costs. There is also some concern on utilities cost.



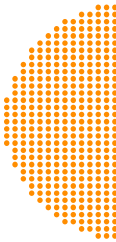
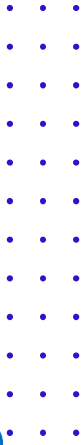
Base: Total Respondents N=931



**Areas that Businesses Faced Increased Operating Costs**

	Total Respondents (%) N=618	SMEs N= 451	Large companies N=167
Wages	79	78%	82%
Logistics	52	50%	59%
Overall cost past-through	48	49%	46%
Procurement	48	46%	53%
Office/Shop utilities	45	45%	46%

Note: Overall costs includes "pass through" expenses like insurance, security, cleaning, property tax and other business expenses.



## Core Challenges – Manpower



## Almost all businesses face manpower issues, especially those related to manpower costs and foreign manpower.

### Manpower Challenges Faced by Singapore Businesses

The top 3 manpower challenges are rising manpower cost (75%), attracting and/or retaining younger workers (51%), and the new foreign manpower policies (48%). These concerns are felt by both SMEs and large companies.

**96%**  
of Businesses Face  
Manpower-related  
Challenges

N=931

2021	Total N=894	Top manpower challenges	SMEs N= 654	Large companies N=240
62%	75%	Rising manpower cost	75%	74%
45%	51%	Attracting and/or retaining younger workers	50%	54%
50%	48%	New foreign manpower policies (e.g. higher income requirements for S-Pass or EP holders) will raise costs	48%	49%
37%	47%	Limited pool of local high-skilled labour	46%	52%
44%	43%	Stricter policies that limit the supply of foreign workforce	43%	43%

Base: All who faced any manpower challenge (96% of total respondents)

# Businesses adopt a practical approach of offering competitive remuneration packages to attract and retain staff.

## Ways to Attract & Retain Staff

Both the SMEs and large companies' top strategies of attracting and retaining staff are focused on providing salary and benefits (81%) and strengthening employer brand (49%).

Relative to SMEs, large companies are more likely to strengthen the employer brand (60%), articulate clear progression of leadership roles (53%) and provide a hybrid work arrangement (52%).

Ways to attract / retain staff	Total N=253	SMEs N=176	Large companies N=77
1. Provide competitive employee salary and benefits package	81%	78%	88%
2. Strengthen employer brand	49%	45%	60%
3. Articulation of clear progression prospects leading to key leadership positions	46%	43%	53%
4. Provide hybrid home & in-office workspace option	39%	33%	52%
5. Flexi work hours (e.g. half day, certain days per week)	28%	28%	29%
6. Increase the advertising and promotion of the job opening	23%	23%	23%
7. 4-day work week	11%	11%	12%

## 67% of companies are experiencing foreign manpower challenges, especially those relating to “S Pass” and “Employment Pass (EP)”.

### Foreign Manpower Challenges & Action to Overcome Challenges

67% of businesses experience foreign manpower challenges. The top 2 most pressing challenges are changes to S Pass qualifying salary (54%) and changes to Employment Pass (EP) qualifying salary (48%). This is followed by changes in Dependency Ratio Ceiling (DRC) (41%).

The top actions that businesses have adopted to address these challenges include increasing wages to attract locals (48%) and expanding recruitment efforts to hire more locals (43%).

**67%**  
of Businesses Face Foreign  
Manpower Challenges

N=931

Total N=627	Top <u>foreign</u> manpower challenges
<b>54%</b>	Changes to S Pass qualifying salary
<b>48%</b>	Changes to Employment Pass (EP) qualifying salary
<b>41%</b>	Tightening of overall Dependency Ratio Ceiling (DRC) quota for Work Permits and S passes
<b>35%</b>	Increase in local qualifying salary (LQS) for locals to count towards a firm's quota for Work Permits and S Passes
<b>27%</b>	Revisions in S pass sub-DRC quota
<b>23%</b>	Unable to employ Work Permit holders from specific countries

Action to Overcome Challenges	
Increase wages to attract locals	48%
Hire more locals	43%
Redesign jobs to be more Attractive	42%
Invest in technology	35%
Outsourcing to 3rd party	30%

Base: Businesses experiencing moderate to very large impact from foreign worker policies N=539

# The top challenges faced in staff training is the lack of manpower to cover duties.

## The Challenges Faced in Staff Training

40% of businesses cited “limited manpower to cover duties” as the key hurdle to staff training. 38% of businesses are of the opinion that "training programmes do not offer practical business outcomes". Another key hurdle is in the area of “changing employee’s mindset” – employees are not willing to accept new forms of training (36%) and new ways of working (27%).

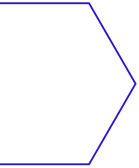
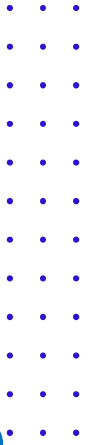
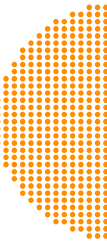
	Top Challenges in Training (%)	2021 Total	SMEs	Large Companies
Limited manpower to cover staff undergoing training	40	46%	42%	33%
Training programmes do not offer not practical business applications	38	35%	35%	45%
Difficulty in changing the mind-sets of employees to accept new forms of training	36	24%	34%	41%
Fear of losing employees after new skills	34	27%	31%	40%
Inability of employees to adopt new mind-sets and methods of working	27	22%	25%	33%
Unaware of relevant training programmes	23	16%	24%	23%

Base: N=931

Base: N=683

Base: N248

# Business Priorities



# Broadly, businesses are focused on building financial resiliency and strengthening business continuity.

## Priorities of Singapore Businesses

Top 10 priorities for businesses		2021	Total N=929	SMEs N=681	Large Companies N=248
Building financial resiliency	Growing revenue	45%	66%	67%	63%
	Reducing costs	26%	43%	44%	38%
	Ensuring positive cash flow	29%	42%	45%	31%
Strengthening business continuity	Attracting/ retaining talent	29%	41%	41%	40%
	Maintaining revenue levels	14%	36%	38%	30%
	Growing market share	21%	35%	34%	38%
	Streamlining business process	14%	30%	29%	33%
	Maintaining market share	13%	25%	26%	23%
	Offering new products / services	15%	24%	25%	22%
	Digitalisation / digital transformation of the company	13%	19%	17%	25%
	Training staff to develop capabilities	15%	19%	17%	24%

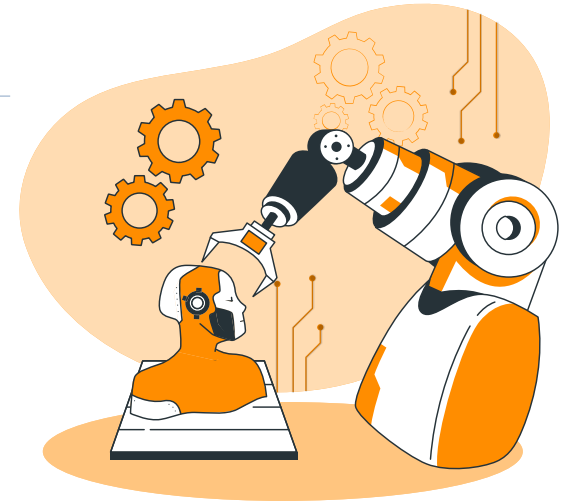
Total is based on total respondents N=929 (exclude no answer), all figures in %



**Businesses are more likely to push ahead with offering new products or services and collaborating with other companies.**

Business Plan for the Next Year

Actions Taken	Currently doing Base N=483	Planning to do next year Base N=466
<b>Offer new products / services</b>	<b>63%</b>	<b>54%</b>
Collaboration with other companies	42%	37%
Obtain loans to meet cash flow needs	33%	26%
Employee no pay leave/furlough	21%	21%
Conduct Merger & Acquisition (M&A)	19%	21%
Close down a segment of my business	18%	16%



# Business Transformation & Innovation

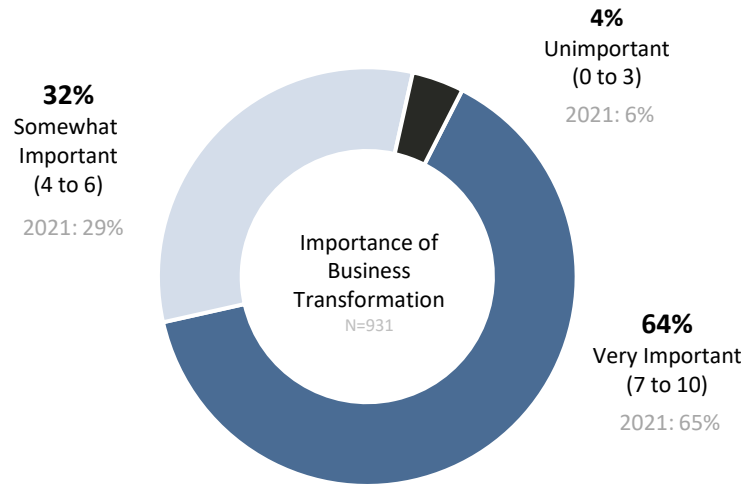


# Businesses remain committed to driving business transformation, with 96% rating it as either very important or somewhat important.

## Importance of Business Transformation

In the face of inflationary pressures and manpower challenges, businesses continue to remain focused on driving business transformation.

64% of businesses rate business transformation as very important, while 32% see it as somewhat important.



Business Transformation	Base	Very important	Somewhat important	Unimportant
SMEs	N=683	62%	32%	5%
Large companies	N=248	68%	29%	2%

## Businesses are committed to driving transformation in the areas of operational process, customer service and products & services.

### Importance of Business Transformation

More than half of businesses believe that business transformation initiatives are very important for "Operational Process" (71%), "Customer Service" (70%) and "Products & Services" (70%).

Business transformation N=931	Customer Service	Operational Process	Business Model	Products & Services	Expanding Overseas	Research & Development
Very important (7 to 10)	70%	71%	65%	70%	42%	45%
2021	47%	53%	45%	52%	32%	-
Somewhat important	26%	26%	31%	25%	35%	37%
Unimportant (0 to 3)	4%	3%	4%	4%	22%	18%
2021	6%	3%	5%	5%	20%	-

Businesses continue to benefit from digital transformation, with increased productivity, operational optimisation and cost reduction as the core benefits.

### Impact of Digital Transformation on Business Performance

Digital transformation has led to an increase in productivity, optimisation of operations and reduction in operating costs for many businesses.

2021	Total N=931	Top 5 areas of improvement in business performance	SMEs N= 683	Large companies N=248
59%	<b>54%</b>	Increased productivity	51%	63%
48%	<b>48%</b>	Optimised operations	44%	57%
46%	<b>44%</b>	Reduced operation costs	42%	50%
35%	<b>41%</b>	Improved customer experience	39%	46%
24%	<b>31%</b>	Increased revenue	27%	42%
19%	<b>19%</b>	Launched new digital products / services	15%	29%
19%	<b>17%</b>	Accessing new markets	17%	19%



# High costs continue to be a hurdle to technology adoption, especially in the face of the current inflationary climate.

## Challenges Encountered in Technology Adoption

The path to adoption of technology is hampered by high cost of adoption (59%), which is the top key challenge for both SMEs and large companies. Other key challenges include "lack of management expertise to drive the technological change" (31%) and "cyber security risks" (28%).

2021	Total N=931	Key challenges in adopting technology	SMEs N= 683	Large companies N=248
52%	59%	High cost of the technology adoption	58%	59%
27%	31%	Lack of management expertise to drive the technological change	30%	34%
30%	28%	Cyber security risks (e.g. to prevent data breaches)	26%	33%
24%	26%	Existing staff not attuned or inclined to the use of the technologies	25%	27%
22%	26%	Expensive licensing payments for commercial use of intellectual property	28%	19%
17%	26%	Access to the relevant technologies	26%	23%
30%	26%	Upskilling of staff to keep up with the new technologies	23%	34%
18%	24%	Lack of clear strategy to drive technological adoption	23%	27%
15%	24%	Reluctance to replace legacy hardware/software	22%	31%

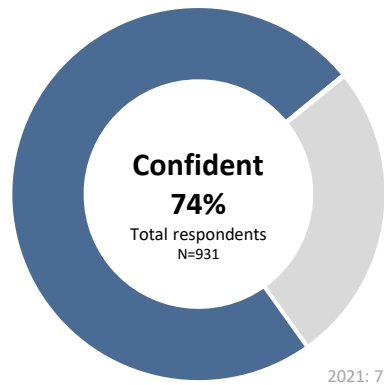
# Businesses generally have high confidence in their companies' cyber security measures, with the key risk coming from 3<sup>rd</sup> party service providers and suppliers.

## Cyber Security Confidence

Confidence in the prevention of cyber attacks remains high, with 74% of businesses being confident that their security measures can protect against cyber threats.

Their biggest concern is the risk originating from third-party service providers and suppliers.

Other top concerns include employees' lack of awareness of cyber security and the security of cloud services.



Confident of Cyber Security  
71% SMEs  
81% Large companies

2021	Total	Top Cyber Security Challenges
Base N=931		
63%	61%	<b>Risks from third-party service providers and suppliers</b>
52%	45%	Employees' lack of awareness of cyber security
38%	41%	Addressing security of multiple cloud services
33%	32%	Lack of funding
28%	32%	Compliance and government regulations

Q27. How confident are you that your security measures protect the organisation from cyber threats?  
Q28. Please rank the 3 biggest cyber security challenges that your organisation is facing.

# Government Budget & Business Support





# Singapore businesses hope that Singapore Budget 2023 will support them in addressing costs and manpower challenges they face.

## Businesses' Wish List for Singapore Budget 2023

In the face of an inflationary climate and ongoing manpower issues, businesses hope that the Singapore Budget 2023 will support them in addressing costs, manpower challenges.



### 2021 Top 3 Priorities

- 78% Business cost support
- 53% Help to attract, develop, retain talent
- 47% cash flow management

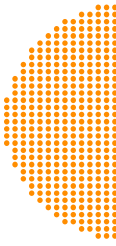
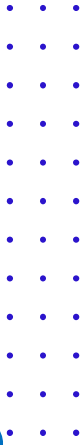
To enhance business resilience, companies require assistance in financial management (41%), business strategy development advisory (41%) and financial support (33%).

### Key Areas of Support Needed

Businesses require assistance in financial management (41%), business strategy development advisory and consultancy (41%) and financial support (33%) to increase business resiliency.

- 2021 Top 3 Key Areas of Support Needed
- 43% Assistance on Digitalisation
  - 38% Financial support (& equity financing)
  - 37% Human capital development / Financial management / improve service





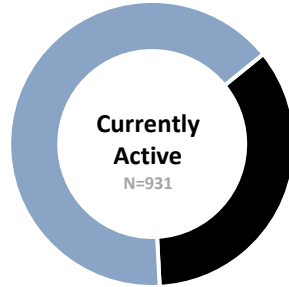
# International Business Landscape



# Singapore Businesses Overseas Presence

## Have Overseas Business Presence

**74%**  
Have Overseas Presence  
2021: 71%

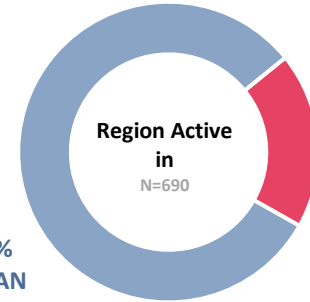


**26%**  
No Overseas Ventures  
2021: 29%

Overseas Presence		2021
SMEs	70%	69%
Large Companies	81%	81%

Base: N=931

**81%**  
ASEAN

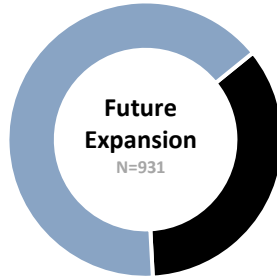


**19%**  
Rest of World

2021 - Active in  
83% ASEAN  
17% Rest of world

## Future Overseas Plans

**65%**  
Plan Future Overseas Ventures  
2021: 40%

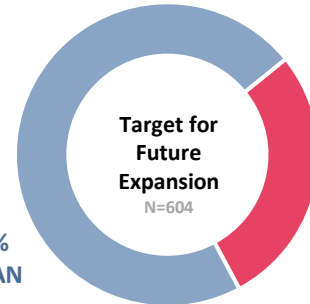


**35%**  
No Plans  
2021: 60%

Future Overseas Plans	
SMEs	66%
Large Companies	62%

Base: N=931

**72%**  
ASEAN



**28%**  
Rest of World

2021 - Future  
72% ASEAN  
28% Rest of world

## Top Countries Businesses Currently Have Presence In

Americas	Current
USA	24%
Canada	12%

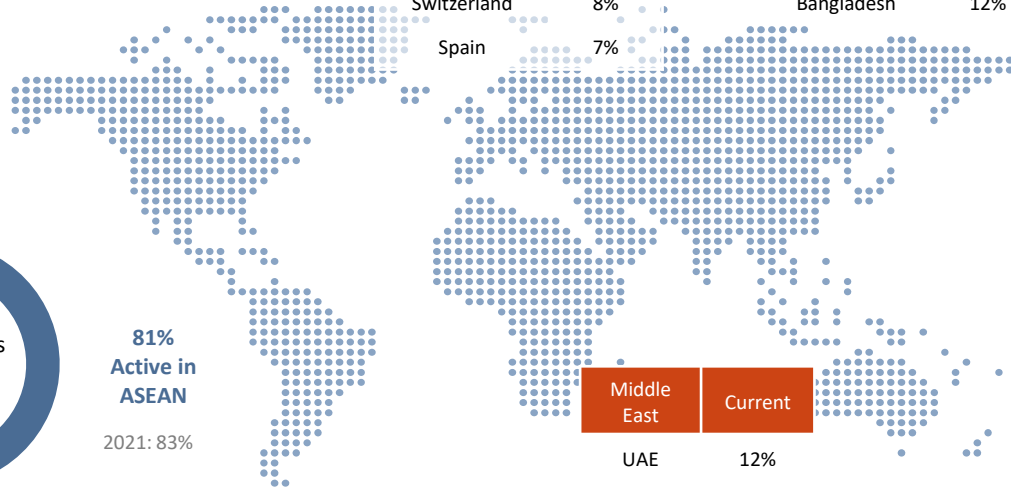
Europe	Current
UK	17%
Germany	17%
France	12%
Netherlands	10%
Italy	9%
Switzerland	8%
Spain	7%

Asia	Current
China	46%
India	28%
Taiwan	21%
Japan	28%
South Korea	23%
Bangladesh	12%

ASEAN	Current
Malaysia	57%
Indonesia	40%
Thailand	38%
Philippines	32%
Vietnam	27%
Myanmar	16%
Laos	13%
Brunei	12%
Cambodia	12%

### 2021 Top countries

1. Malaysia 65%
2. China 51%
3. Indonesia 51%



Middle East	Current
UAE	12%
KSA	8%

Pacific	Current
Australia	24%
New Zealand	13%



19%  
Not Active in  
ASEAN  
2021: 17%

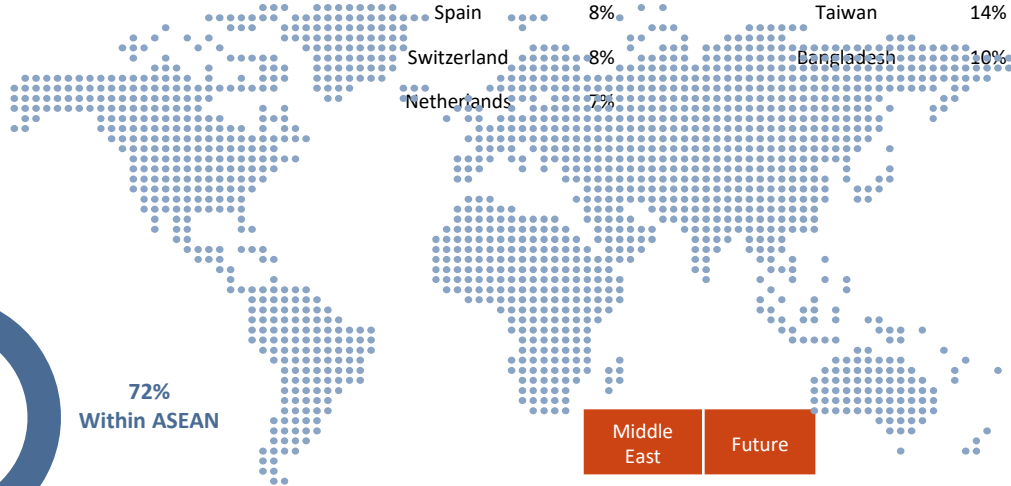
81%  
Active in  
ASEAN  
2021: 83%

## Top Countries For Future Overseas Expansion

Americas	Future	Europe	Future	Asia	Future	ASEAN	Future
USA	14%	UK	10%	China	21%	Vietnam	28%
Canada	10%	Germany	10%	Japan	18%	Malaysia	27%
		France	10%	India	17%	Indonesia	27%
		Italy	8%	South Korea	16%	Thailand	25%
		Spain	8%	Taiwan	14%	Philippines	24%
		Switzerland	8%	Bangladesh	10%	Cambodia	18%
		Netherlands	7%			Myanmar	18%
						Brunei	17%
						Laos	15%

### 2021 Top countries

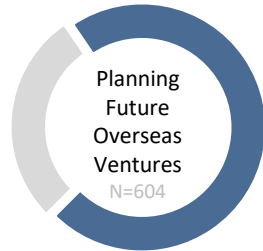
1. China 34%
2. Vietnam 31%
3. Malaysia 30%
4. Indonesia 30%



There is interest in venturing into Western Asia like Uzbekistan, Kazakhstan & Azerbaijan (8% intention for all)

28%  
Rest of World

2021: 28%



72%  
Within ASEAN

2021: 72%

Middle East	Future
UAE	8%
KSA	7%

Pacific	Future
Australia	15%
New Zealand	14%

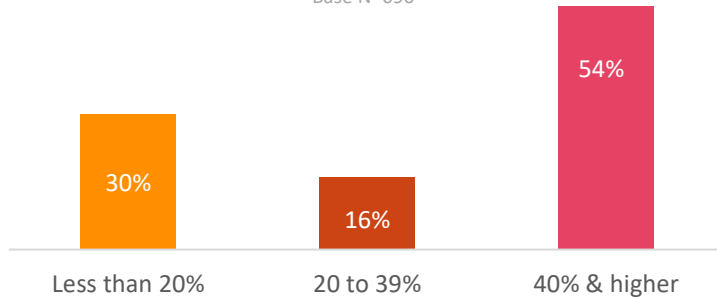
**For businesses with overseas ventures, 20% achieved increased revenue and 58% enjoyed stable revenue in the past year.**

### Health of Overseas Ventures

Singapore businesses' overseas operations remain relatively healthy, with 20% achieving increased revenue and 58% maintaining their revenue.

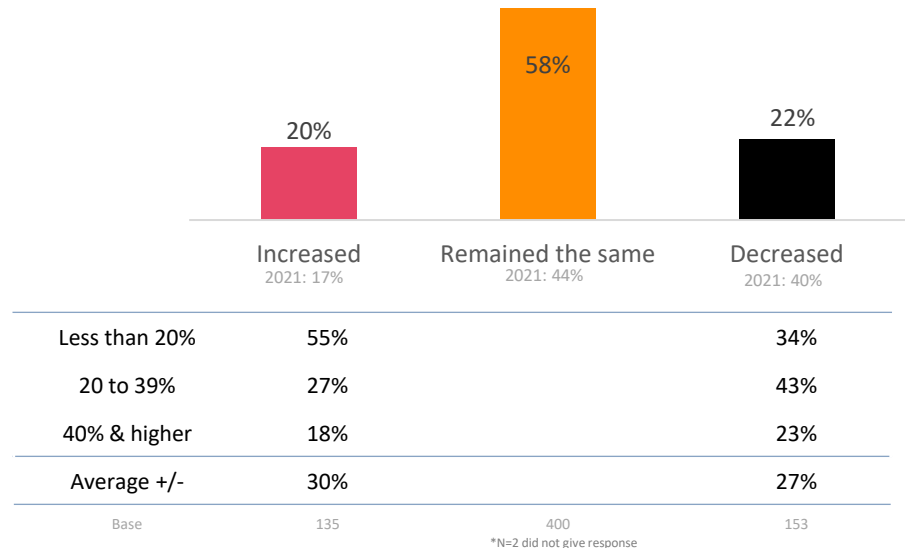
#### Overseas Contribution to Revenue

Base N=690



#### Performance of Overseas Ventures

Base N=690



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

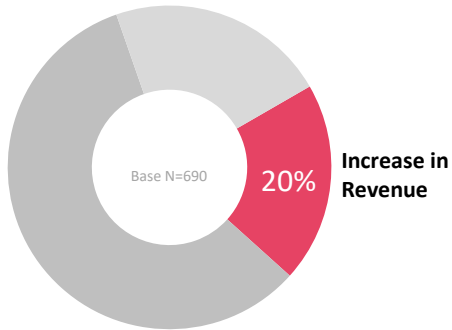
Q34. In the last financial year, what percentage of your company's total sales turnover do you estimate was generated from businesses outside of Singapore?  
Q35. And has the total sales turnover of your international business increased or decreased compared to the last financial year?

# The top two factors driving the expansion of overseas business are increased demand and the strength of the Singapore brand.

## Factors Impacting Overseas Business

Increased demand for products or services and the good reputation of the Singapore brand are the top factors driving overseas expansion.

### Performance of Overseas Ventures



2021	Total N=135	Reasons for business expanding overseas
85%	<b>78%</b>	<b>Increased demand for the products / services overseas</b>
45%	50%	Reputation of Singapore brand, i.e., our reliability & adherence to rules
33%	35%	Availability of digital platforms / infrastructure to reach out to overseas markets
37%	33%	Trade tension between US & China
32%	31%	Lack of demand for the products / services in Singapore
29%	29%	Availability of Free Trade Agreements (FTA)
28%	26%	Availability of low cost labour

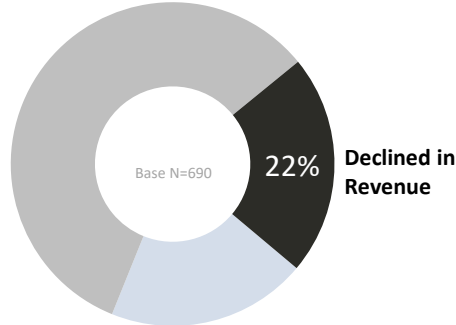


## COVID-19 continues to impact some businesses' overseas ventures.

### Factors Impacting Overseas Business

For businesses which experienced contraction in their overseas business operations, COVID-19 remains the top factor (especially since Asia remains the primary region of engagement).

#### Performance of Overseas Ventures



2021	Total N=153	Reasons for overseas business contracting
96%	<b>83%</b>	<b>Impact of endemic COVID-19</b>
60%	48%	Decrease demand for the products/ services
41%	42%	Strong competition from other companies
38%	42%	Business disruption due to supply chain challenges
50%	31%	Physical presence required in overseas market of interests but hindered by travel restrictions
7%	28%	Trade tension between US & China
3%	14%	Lack of IT infrastructure/ digital tool or marketplace in overseas markets of interest

## Uncertainty remains a key barrier when internationalising – the uncertainty of demand and overseas business climate.

### Key Constraints to Internationalisation

The uncertainty of demand in overseas market and uncertainty in overseas business climate are the top 2 key constraints to internationalisation of businesses.

Cost and supply chain disruptions also pose as barriers to overseas expansion.



2021	Total N=690	Key constraints to internationalisation
50%	56%	<b>Uncertainty of demand in overseas market</b>
44%	51%	<b>Uncertain overseas climate leads to insecure business partnership</b>
33%	45%	<b>Supply chain risks e.g. disruption, higher logistic costs, management of suppliers</b>
-	44%	<b>Cost incurred in overseas business expansion</b>
10%	22%	Lack of IT infrastructure/ digital tools or marketplace in overseas markets of interest
-	21%	Protection of IP overseas (e.g. products, branding)

# Environmental, Social & Governance (ESG)

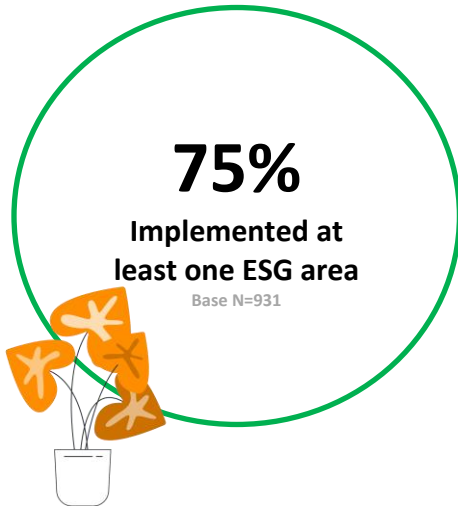


## Most businesses have implemented at least one ESG area, with ‘employee health and safety’ being the top area implemented.

### ESG Implementation

Singapore businesses are incorporating ESG as part of their company activities, with 75% having implemented at least one ESG area.

The top 2 ESG areas implemented are employee-centric. These are employees' health & safety, and fair & equitable pay for employees.



### Top ESG Areas Implemented



# More large companies (85%) have implemented at least one ESG area relative to SMEs (72%).

## ESG Implementation – By Company Size

The top 4 ESG areas implemented are similar for both SMEs and large companies.

**72%** of SMEs implemented at least one ESG area

### Top ESG Areas Implemented by SMEs



**85%** of large companies implemented at least one ESG area

### Top ESG Areas Implemented by Large Companies



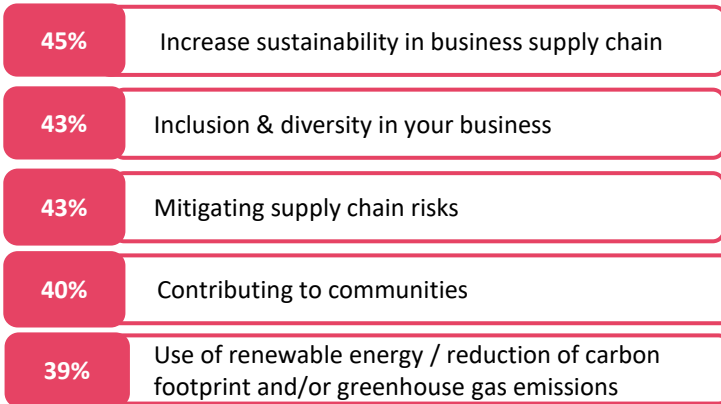
# The drive to incorporate ESG into their businesses continues, with a focus on sustainability and contribution to communities.

## ESG Implementation Plans

The top ESG areas that companies plan to implement in the next 12 months are increasing sustainability in business supply chain (45%), having inclusion and diversity in business (43%) and mitigating supply chain risks (43%).

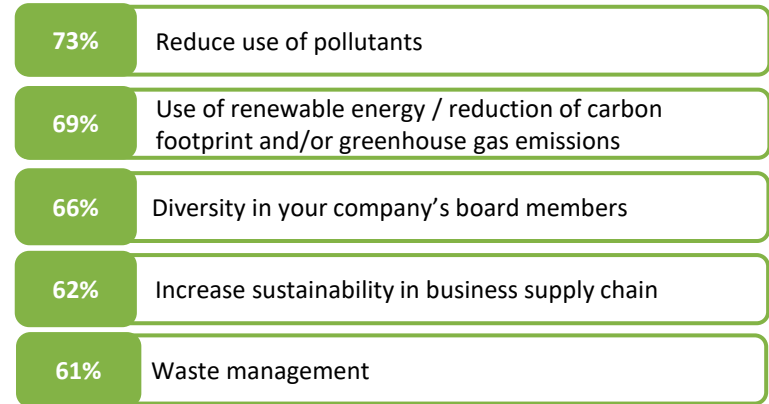
There is a need to motivate companies to consider implementing change in the environmental areas such as reducing the use of pollutants (73%) and the use of renewable energy (69%).

### Top ESG Areas – Planning to Implement



Base N= 611

### ESG Areas – Currently No Plans to Implement

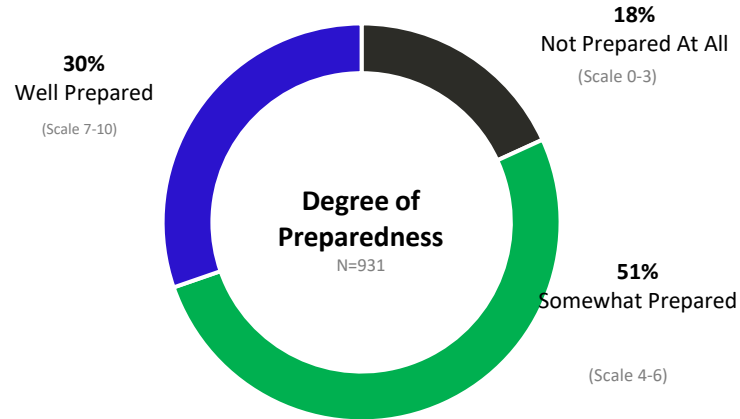


Base N=708

# Businesses have started preparing for the transition towards a low carbon environment.

## Preparation for the Transition Towards Singapore's Low Carbon Business Environment

Overall, Singapore businesses have started their transition journey towards low carbon, with 81% of companies being either well prepared or somewhat prepared for the transition.



	Base	Well Prepared	Somewhat Prepared	Not Prepared At All
SMEs	N=683	25%	53%	21%
Large companies	N=248	46%	44%	10%

# Singapore businesses need guidance and support to kick-start their transition to align with Singapore's Green Plan 2030.

## Challenges Encountered as Business Transit to Align with Singapore's Green Plan 2030

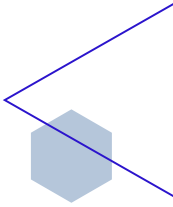
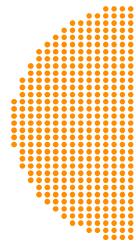
The top challenges faced by businesses include not knowing how to kick-start the process (36%), lack of clear strategy to drive transition (29%) and lack of management expertise to drive transition (27%).

Total	Challenges encountered to align to Green Plan 2030	SMEs	Large Companies
36%	<b>Do not know where/how to start</b>	39%	27%
29%	Lack of clear strategy to drive transition	28%	32%
27%	Lack of management expertise to drive transition	25%	32%
26%	Access to relevant technology	24%	30%
26%	High cost of adoption	25%	28%
25%	Not aware of Government's support programmes business transition to green economy	27%	22%
24%	Lack of funding	25%	22%

N=931

N=683

N=248





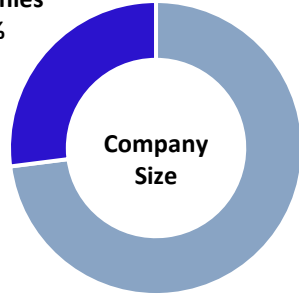
**Thank You**

## Company Profile

# Company Profile

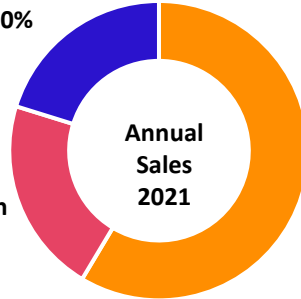
All respondents N=931

**Large Companies**  
27%



**SMEs**  
73%

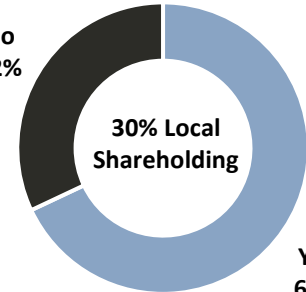
**Above \$50 million**  
20%



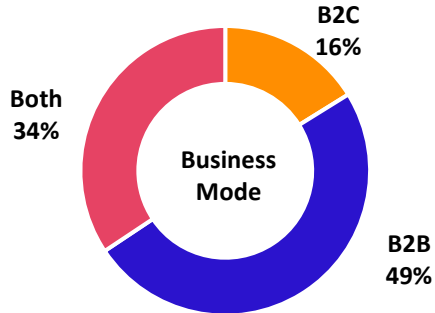
**\$10 to \$50 million**  
21%

**Up to \$10 million**  
58%

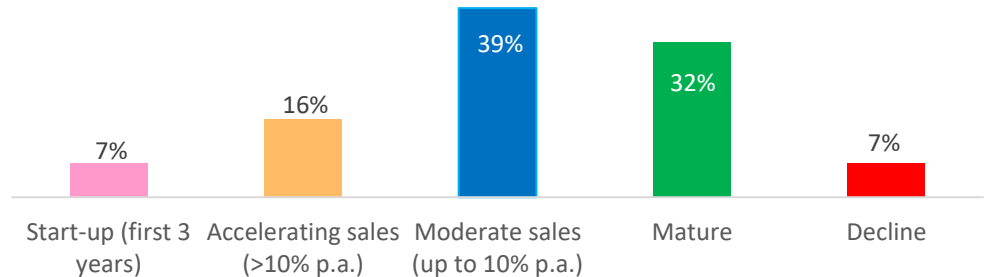
**No**  
32%



**Yes**  
68%



**Stage of Development**



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