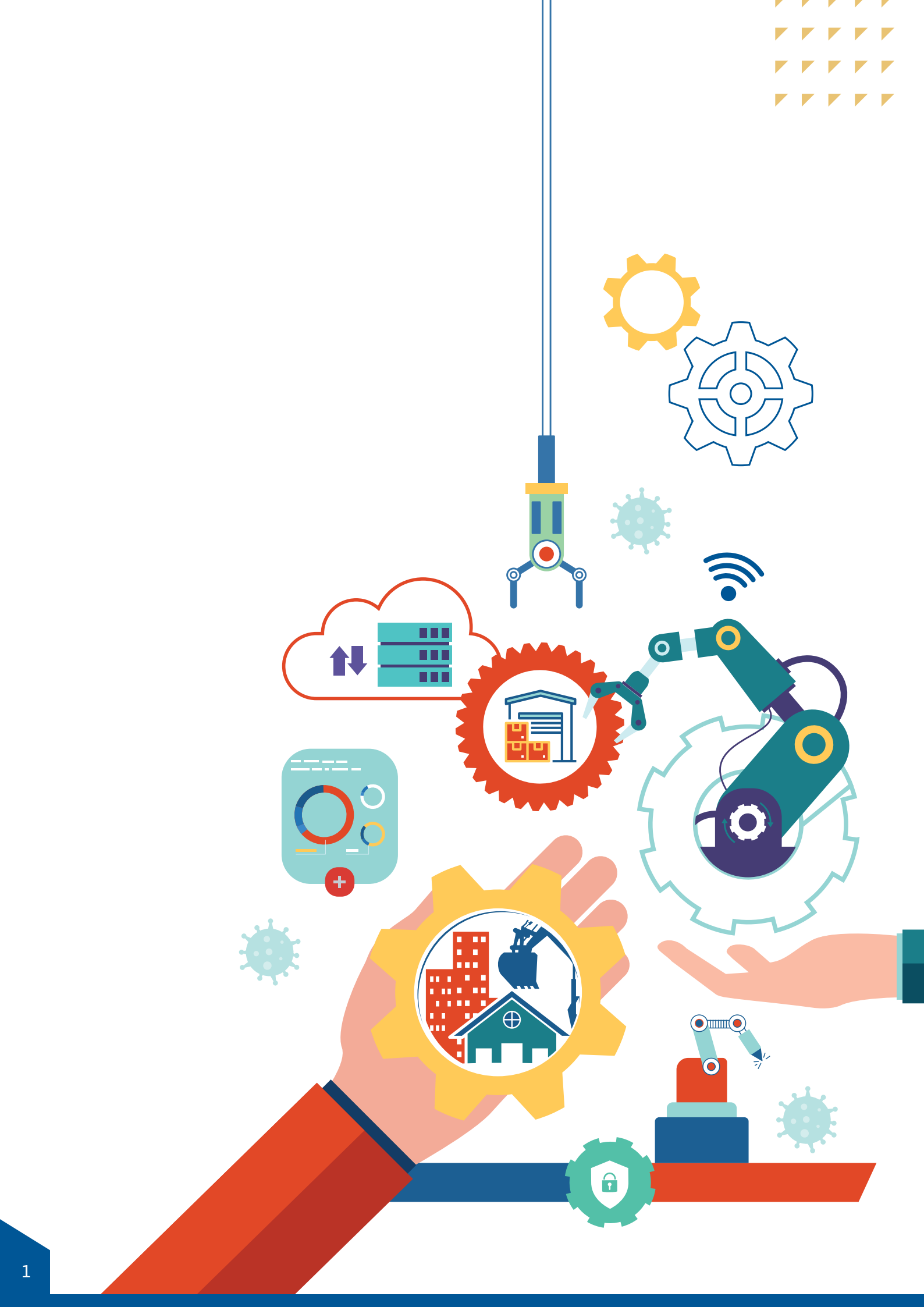


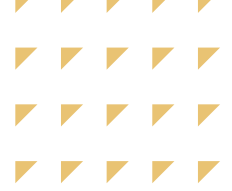
**SUMMARY REPORT**

# **NATIONAL BUSINESS SURVEY 2021/2022**

Businesses More Optimistic than a Year Ago







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# FOREWORD

We are pleased to share with you this summary report on the findings of our latest National Business Survey 2021/2022 conducted by the Singapore Business Federation (SBF).

Every year, we conduct this flagship survey that provides insights on the sentiments of our Singapore business community on topics that include, amongst others, business confidence, the economic climate and the business environment. This survey identifies the priorities, challenges and future plans of action of our business community. The survey also calls attention to areas where companies require greater assistance, including their wish list for the coming Singapore Budget. These perspectives are shared with our Government.

Our current National Business Survey is now into its 14<sup>th</sup> annual edition. The survey was conducted from 26 July to 1 October 2021 and drew responses from 1,096 companies across all key industries operating in Singapore. The survey covered a wide range of areas including current business sentiment, the impact of COVID-19, current challenges and priorities, government support, digitalisation and business transformation and internationalisation.

The results of this year's survey show that business sentiments have improved in 2021, with signs of recovery for more companies. More than half of the companies (56%) reported no impact from COVID-19, an improvement from 31% in the previous survey. More significantly, the proportion of companies that reported being negatively impacted by COVID-19 has halved from 63% in 2020 to 32% in 2021. Those that reported having positive impact doubled from 6% to 12%.

Notwithstanding, the recovery remains uneven across sectors, with the Construction & Civil Engineering (42%), and Retail, Real Estate, Hotels, Restaurants & Accommodations (38%) sectors having the highest proportion of companies reporting being negatively impacted. Conversely, the Banking & Insurance (73%) and the Information Technology (IT) & Professional Services (64%) sectors had the highest proportion of companies reporting no impact from COVID-19.

Looking ahead to the next 12 months, about half of companies (47%) expect the business and economic climate to improve, a significant improvement from the 31% in the previous survey. However, the outlook continues to be uneven across industries, with Construction & Civil Engineering (40%) and Retail, Real Estate, Hotels, Restaurants & Accommodations (46%) being less optimistic than sectors such as Banking & Insurance (77%).

Manpower cost (48%) and availability of manpower (41%) emerged among the top business challenges and companies



**Lim Ming Yan**

Chairman  
Singapore Business Federation



are doubling down on ways to strengthen their local core, such as enhancing recruitment efforts to hire locals (43%) and increasing wages (39%), to navigate the tight labour market.

Companies continue to recognise the importance of business transformation (94%). Key areas of transformation in which businesses will increase their focus for 2022 include digitalisation and investment in new technologies (42%), re-engineering of business and operational processes (31%) and diversification of supply chains (23%). In line with companies' efforts to digitalise, transform and uplift capabilities, the top areas of government support required by businesses include digitalisation (43%), financial support (38%), human capital development (37%) and financial management to optimise performance (37%).

Even as the economic climate ahead seems uncertain, we urge our businesses to forge ahead by pressing on with business transformation and manpower development to build up core capabilities and emerge stronger.

We hope that the findings from this survey will be insightful and useful. I would like to acknowledge all our member companies that have participated in this year's survey and the Trade Associations and Chambers (TACs) that have supported the survey.





# REPORT OVERVIEW

The National Business Survey (NBS) is the flagship survey of the Singapore Business Federation (SBF). Now into its 14<sup>th</sup> edition, NBS 2021/2022 offers a snapshot of concerns, perceptions, and sentiments within Singapore's business community. The survey was carried out from 26 July to 1 October 2021 and drew responses from 1,096 companies across key industries. 80% of the responses were from SMEs and 20% of the responses were from large companies.

The National Business Survey 2021/2022 shows that business sentiments have improved in 2021, as more companies shift from survival mode to recovery mode in 2021. 37% of businesses are satisfied with the current local business climate, a rise from 23% in 2020. More than half of the companies (56%) reported no impact from COVID-19, an improvement from 31% in the previous survey. More significantly, the proportion of companies that reported being negatively impacted by COVID-19 has halved from 63% in 2020 to 32% in 2021. Those that reported having positive impact doubled from 6% to 12%.

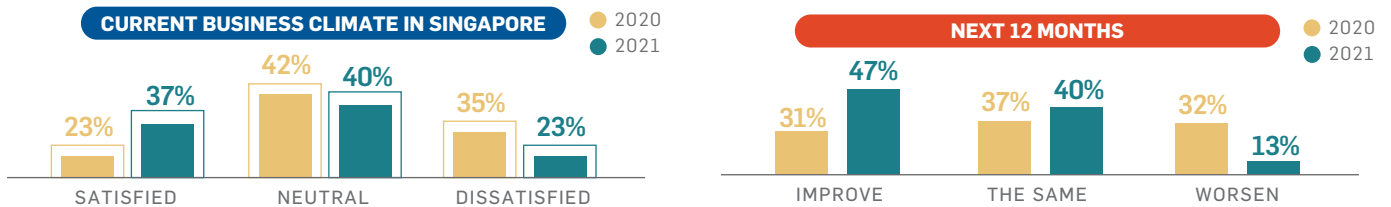
Manpower issues continue to confront businesses, as manpower cost (48%) and availability of manpower (41%) emerged among the top business challenges. In response, businesses have focused their recruitment efforts to hire locals as well as offer higher wages to navigate the tight labour market. Notwithstanding, many businesses are looking to increase their workforce in 2022.

Business transformation remains key to recovery and growth, and companies intend to increase focus on digitalisation and investment in new technologies, and re-engineering of business and operational processes. They are looking forward to government support in this area, as they seek to bring their capabilities to the next level.



## Growing optimism among the business community

Optimism among the business community in Singapore has risen in 2021. 37% of businesses are satisfied with the current local business climate, a rise from 23% in 2020. As for business outlook over the next 12 months, there is an improvement in sentiments, with 47% of businesses expecting the business climate to improve.

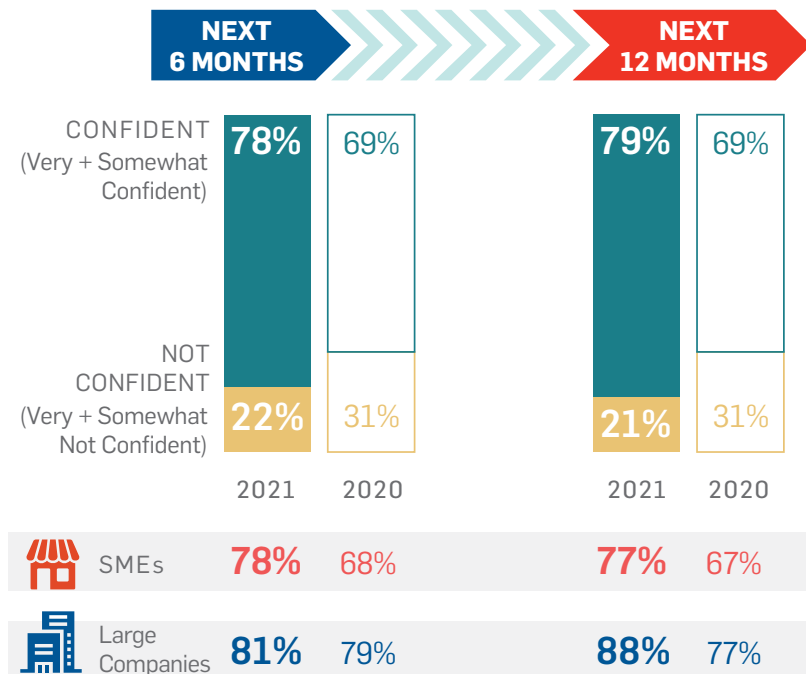


Base: n=1,075 for 2020 | n=1,096 for 2021

## Confidence grows in sustaining businesses

In line with the growing optimism, nearly eight in ten businesses (79%) are confident of sustaining their business operations over the next 12 months, a sentiment shared among SMEs and large companies alike.

### CONFIDENCE IN SUSTAINING BUSINESS



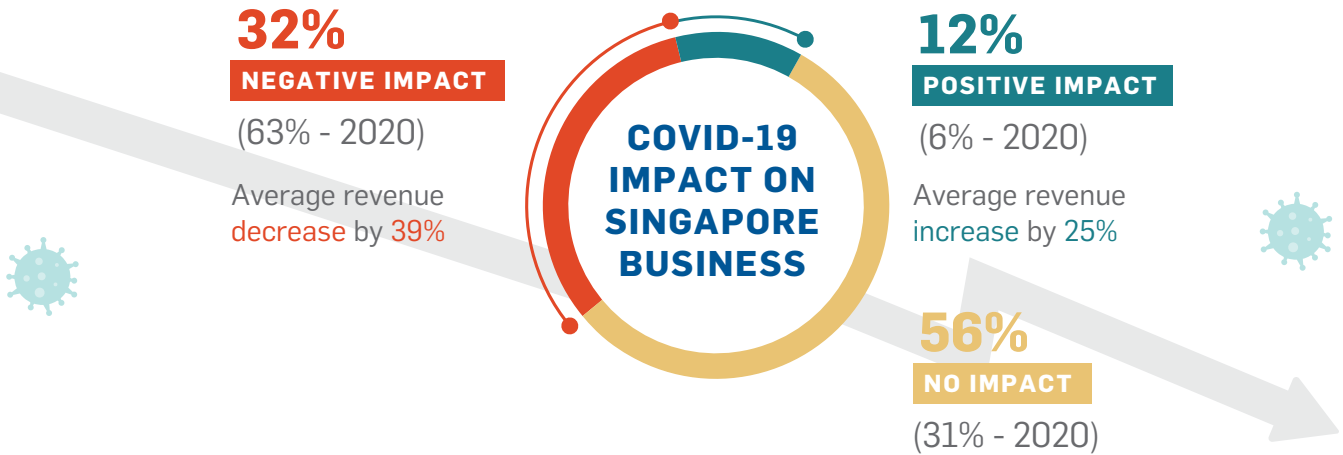
Base: n=1,096



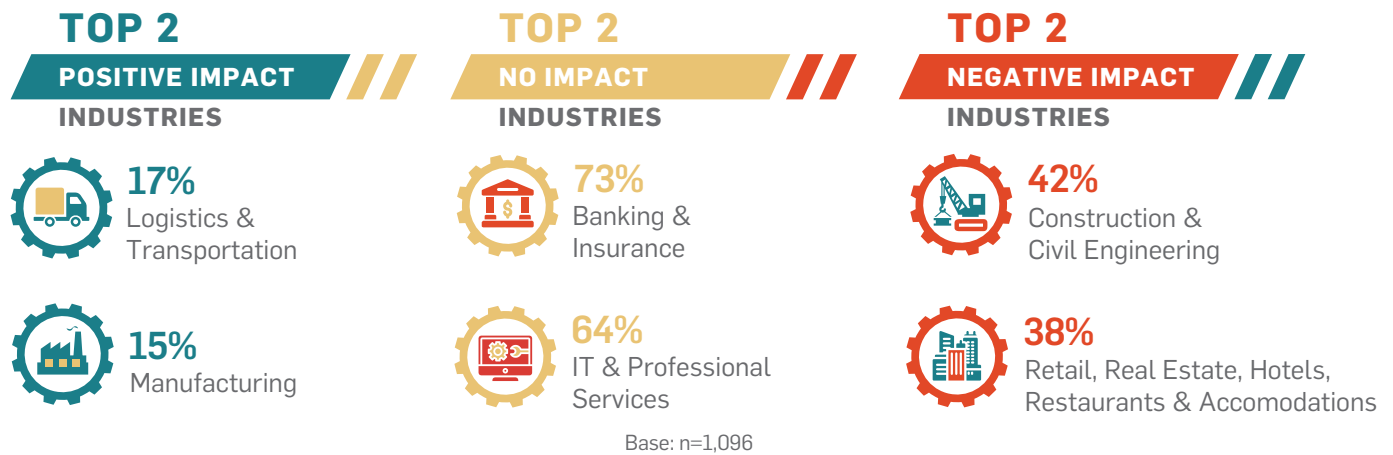


## Impact of COVID-19 gradually easing

The impact of COVID-19 on the business community has started to wane, as more than half of the companies (56%) reported no impact from COVID-19, an improvement from 31% in 2020. The proportion of companies that reported being negatively impacted has halved from 63% in 2020 to 32% in 2021, while those that reported positive impact doubled from 6% to 12%.

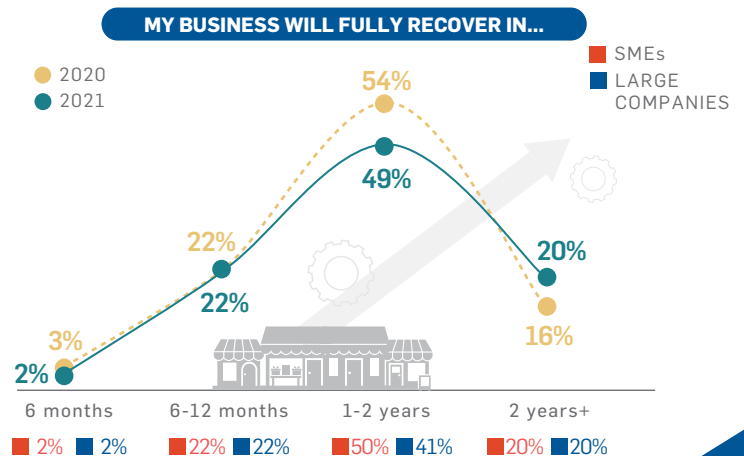


Recovery remains uneven, with Construction and Civil Engineering (42%), and Retail, Real Estate, Hotels, Restaurants and Accommodations (38%) sectors having the highest proportion of companies being negatively impacted. Conversely, the Banking & Insurance (73%) and the IT & Professional Services (64%) sectors have the highest proportion of companies reporting no impact from the pandemic.



## Most businesses expect to recover in 1 to 2 years

Of the businesses negatively impacted by COVID-19, nearly half believe that they will take around 1 to 2 years to recover, though close to a quarter of the companies are optimistic that they will recover within the next 6 to 12 months.



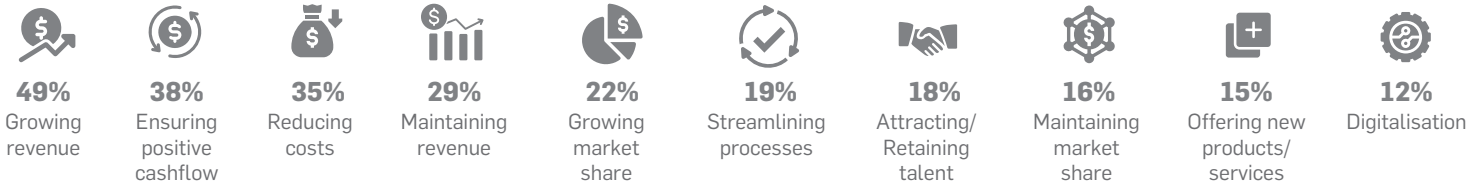
Other categories include "My business was impacted but has now fully recovered." (3%) and "My business is unlikely to recover from the impact of COVID-19." (4%).

# BUSINESS OUTLOOK: PRIORITIES & CHALLENGES

## Top business priorities in the next 12 months

Growing revenue and ensuring positive cashflow remain critical to businesses, though attracting talents and offering new products or services have become more important as companies seek to remain competitive.

2020



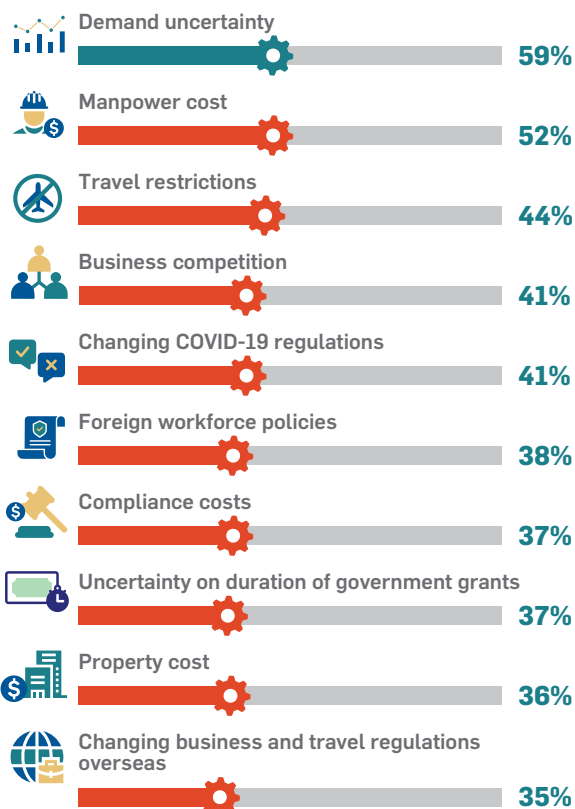
2021



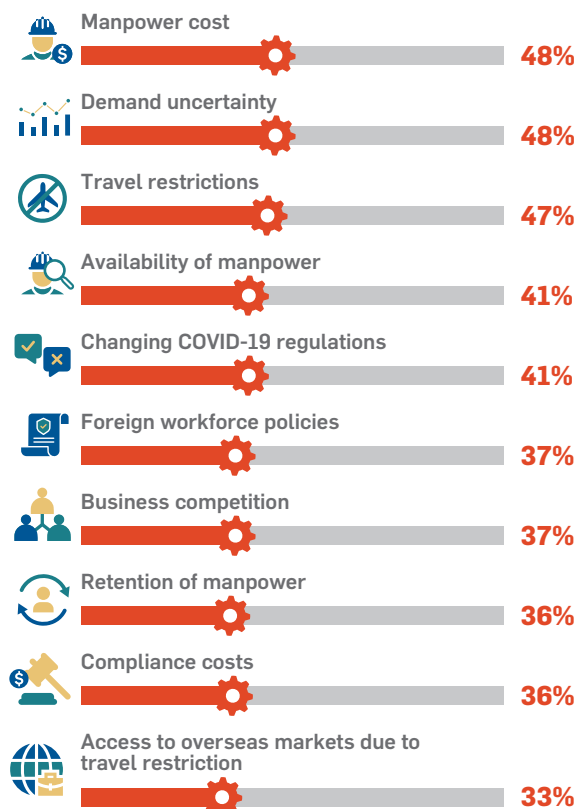
## Key business challenges

Manpower cost (48%), demand uncertainty (48%), travel restrictions (47%) and availability of manpower (41%) emerged as the top business challenges. The top 4 business challenges are similar for SMEs and large companies alike. Among the challenges faced by businesses, manpower issues remain the most critical, with manpower cost and availability of manpower taking up 2 of the top 4 business challenges.

2020



2021

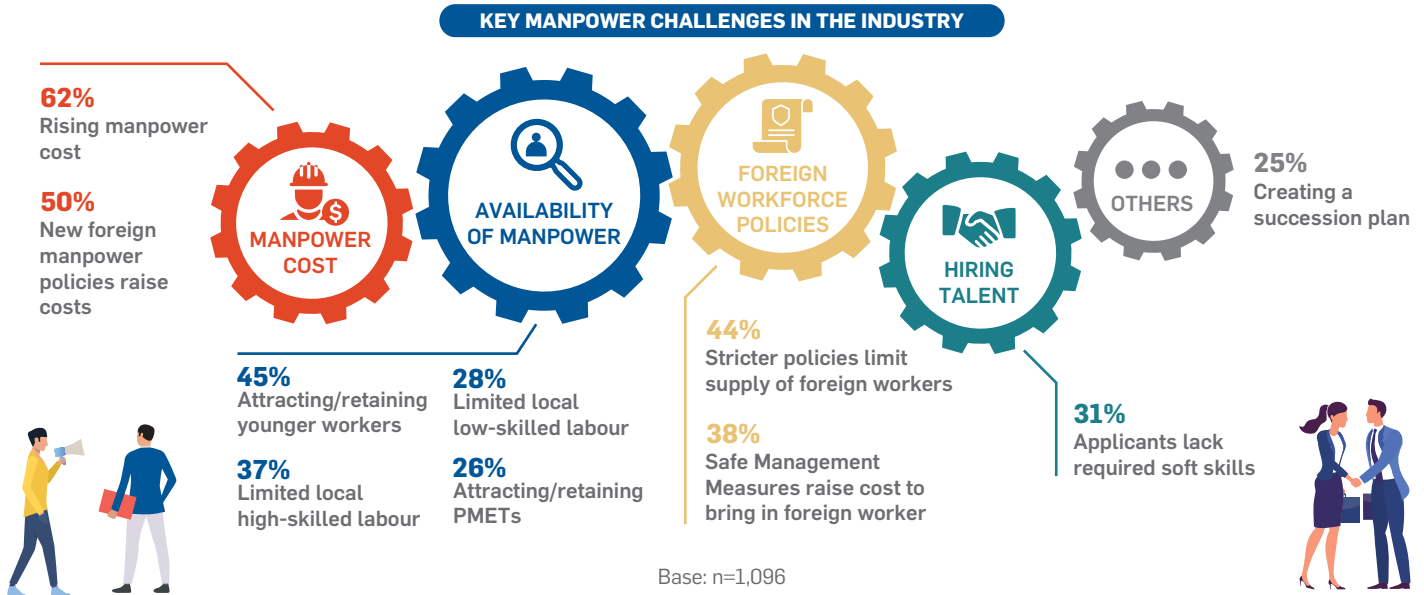


Base: n=1,096

# KEY MANPOWER CHALLENGES

## Spectrum of manpower issues

Key manpower challenges include rising manpower cost (62%), new foreign manpower policies raising cost (50%), attracting/retaining younger workers (45%), and stricter policies that restrict the supply of foreign workers (44%).



## Key responses to the foreign workforce challenge

To navigate a tight labour market, businesses are strengthening ways to build a strong local core by enhancing their recruitment efforts to hire locals (43%) and increasing wages of jobs to attract locals (39%). Businesses are also investing in technology or redesigning processes to reduce manpower needs (36%).

### KEY RESPONSES TO FOREIGN WORKFORCE CHALLENGES

#### TOP 3 MEASURES TAKEN

- 43%** Enhance recruitment efforts to hire locals
- 39%** Increase wages of jobs to attract locals
- 36%** Invest in technology / redesign processes to reduce manpower needs

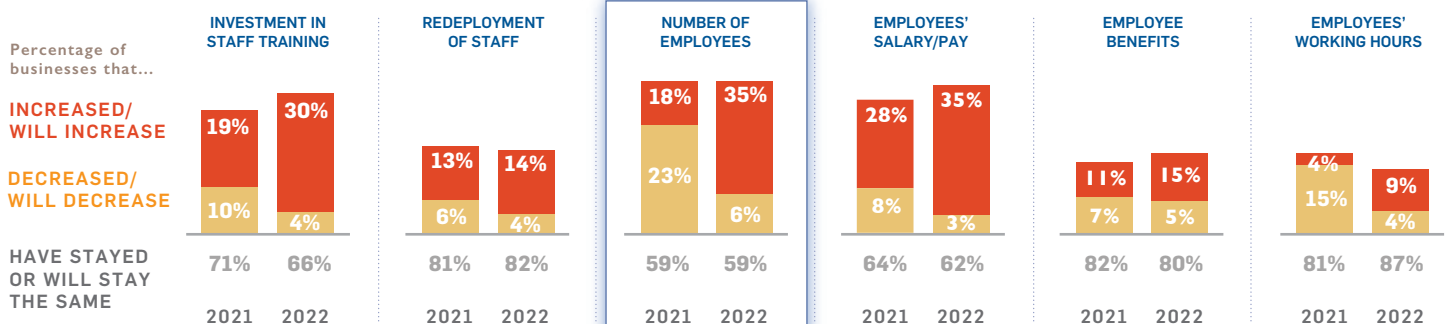
#### OTHER MEASURES

- 30%** Redesign jobs to attract locals
- 25%** Outsourcing to local third-party contractors
- 22%** Delay expansion plans
- 17%** Downsizing business functions
- 16%** Re-locate functions to another country

## 2022 to witness a positive hiring outlook

Despite the manpower constraints, companies report a positive hiring outlook in 2022, with more than a third looking to increase hiring, raise employee salaries, and invest in staff training.

### STEPS TAKEN IN THE WORKFORCE: 2021 VS 2022

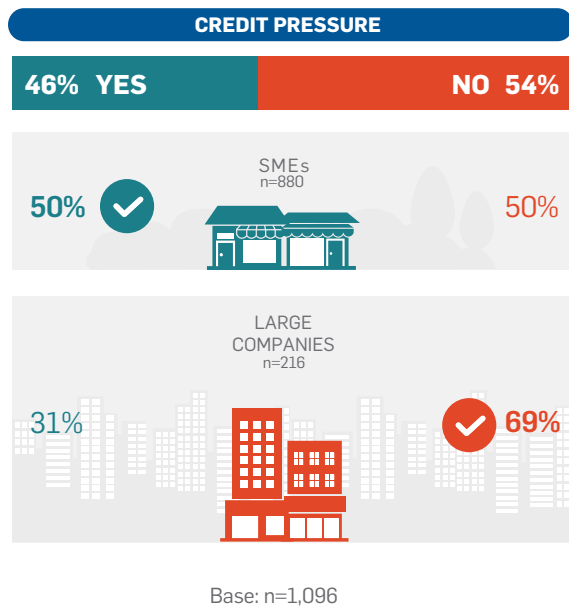


Base: n=1,096

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

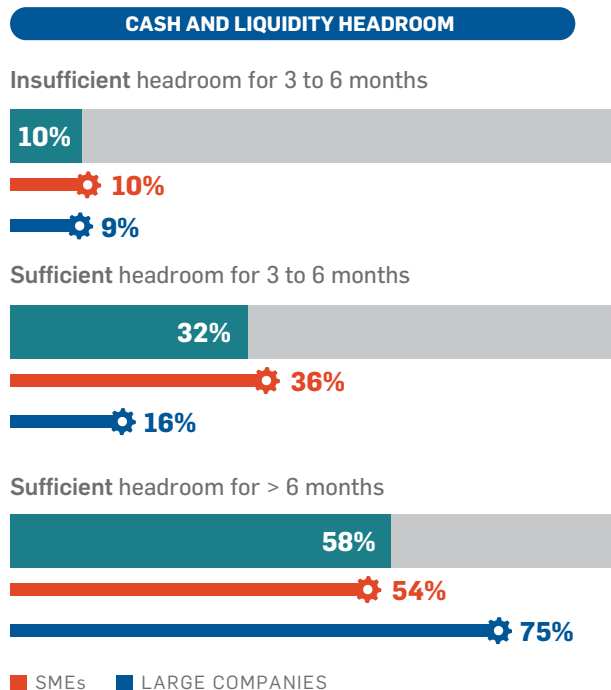
## Credit pressures remain

COVID-19 has dampened the liquidity position of many businesses, with nearly half of all businesses facing credit issues. Correspondingly, cashflow is seen as an issue for some SMEs going into 2022.



## Limited liquidity headroom for nearly half of the businesses

Six in ten businesses have sufficient liquidity in the next six months.



## Easing liquidity pressure is vital

Businesses will run a tight ship for the foreseeable future. In order to ease their liquidity issues, companies are looking to control flow of outgoing payments (50%), boost collection capability (27%) and consider using credit facilities (26%).

### TOP SOLUTIONS TO EASE LIQUIDITY ISSUES



Control flow of outgoing payments  
i.e. discretionary spending, deferring capital expenditures



Boost collection capability



Consider using credit facilities



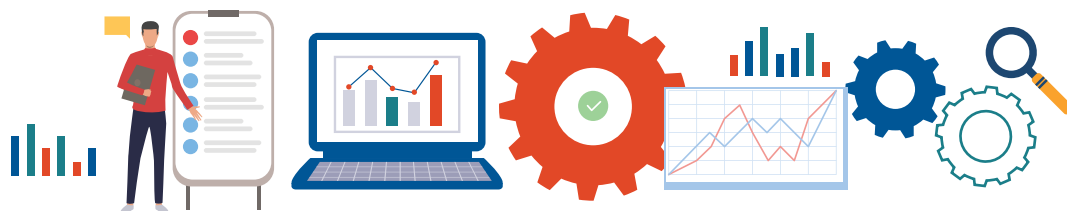
Assess vendor relationships and payment priorities



Implement rapid cost reductions



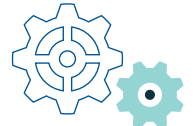
■ SMEs ■ LARGE COMPANIES



## Digitalisation remains vital to business transformation

Businesses transformation remains key to recovery and growth, with 94% of companies rating business transformation as being important to them. The key areas of transformation in which businesses intend to increase their focus for the next year include digitalisation and investment in new technologies (42%), re-engineering of business and operational processes (31%) and diversification of supply chains (23%).

### IMPORTANCE OF BUSINESS TRANSFORMATION



**6%** (6% - 2020)

**UNIMPORTANT**

(Rated 0-3)

**29%** (25% - 2020)

**SOMEWHAT IMPORTANT**

(Rated 4-6)

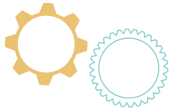
**65%** (69% - 2020)

**VERY IMPORTANT**

(Rated 7-10)



Base: n=1,096



The key areas of transformation in which businesses intend to increase their focus for 2022 include digitalisation and investment in new technologies (42%), re-engineering of business and operational processes (31%) and diversification of supply chains (23%).

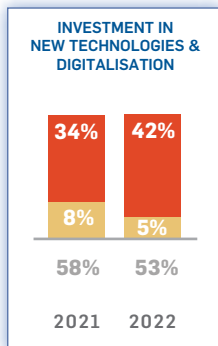
### STEPS TAKEN IN PROCESS INNOVATION: 2021 VS 2022

Percentage of businesses that...

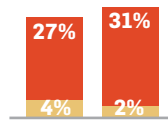
**INCREASED/  
WILL INCREASE**

**DECREASED/  
WILL DECREASE**

**HAVE STAYED  
OR WILL STAY  
THE SAME**

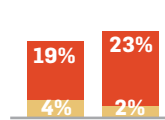


**RE-ENGINEER BUSINESS & OPERATIONAL PROCESSES**



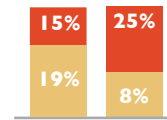
2021 2022

**DIVERSIFICATION OF SUPPLY CHAIN**



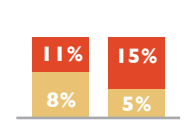
2021 2022

**BUSINESS INVESTMENT**



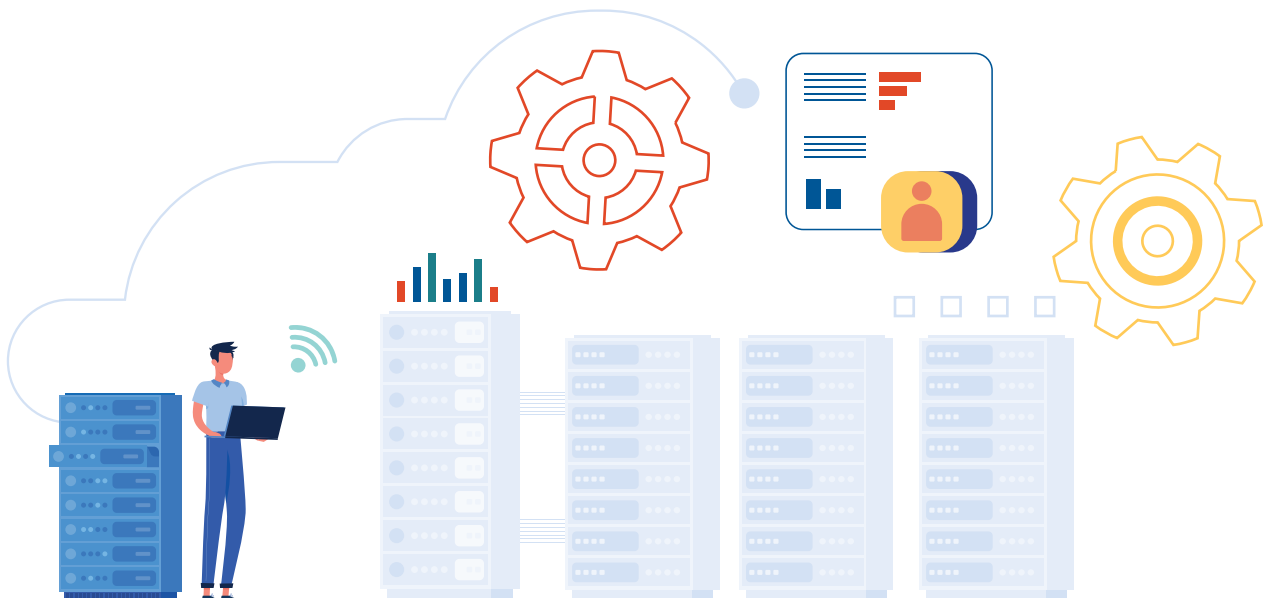
2021 2022

**OUTSOURCE BUSINESS FUNCTIONS**



2021 2022

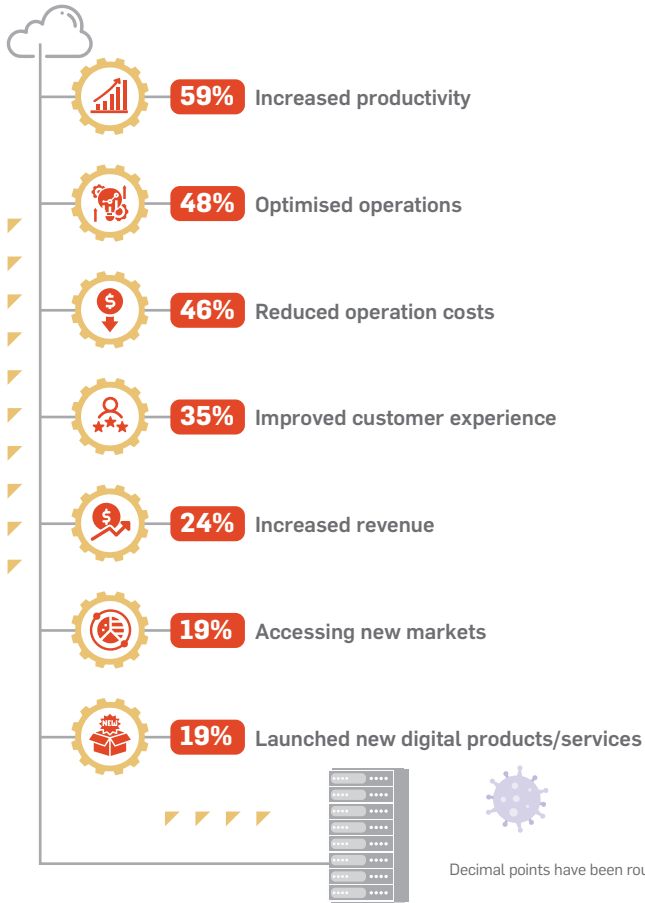
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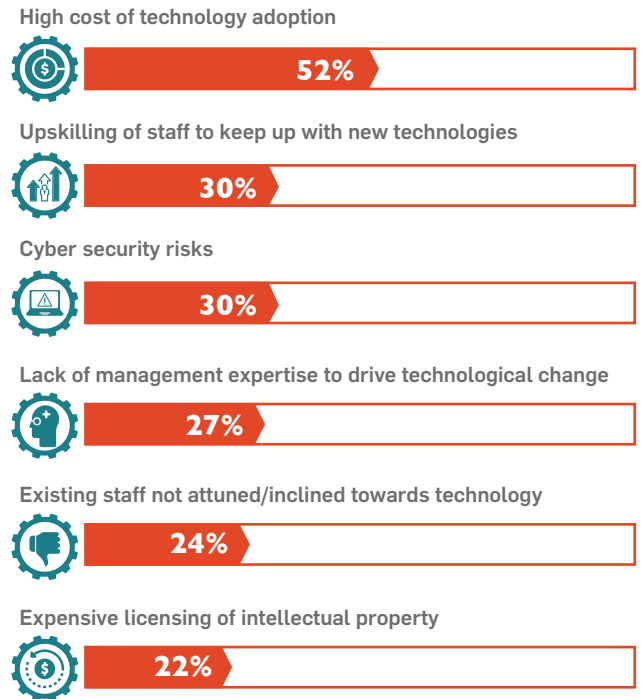
## Weighing the benefits and challenges of technology adoption

Digital transformation helps companies improve the way they run their businesses. The key benefits of digital transformation include increased productivity (59%), optimised operations (48%) and reduced operation costs (46%). However, businesses remain wary about the potential cost of change, particularly the high cost of new technology adoption (52%) and upskilling of staff to keep up with new technologies (30%). Three in ten (30%) companies worry about cyber security risks associated with digitalisation.

### KEY BENEFITS OF DIGITAL TRANSFORMATION



### KEY TECHNOLOGY ADOPTION CHALLENGES



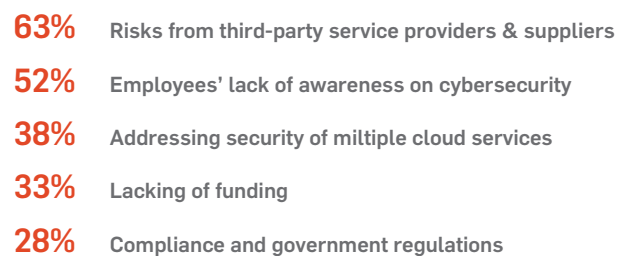
## Cybersecurity measures

With a paradigm shift towards digital transformation, majority of businesses (79%) are confident of the security measures they have put in place to counter cybersecurity threats.

### CONFIDENCE IN CYBERSECURITY MEASURES



### TOP 5 CYBERSECURITY THREATS



## Overseas climate remains challenging for businesses

39% of companies experienced a contraction in overseas business, while nearly half (49%) reported no growth in the past year.

12%

### KEY REASONS FOR EXPANDING

- Increased overseas demand **85%**
- Reputation of Singapore brand **45%**
- Trade tension between US and China **37%**
- Availability of digital platform to access overseas markets **33%**
- Lack of demand in Singapore **32%**



39%

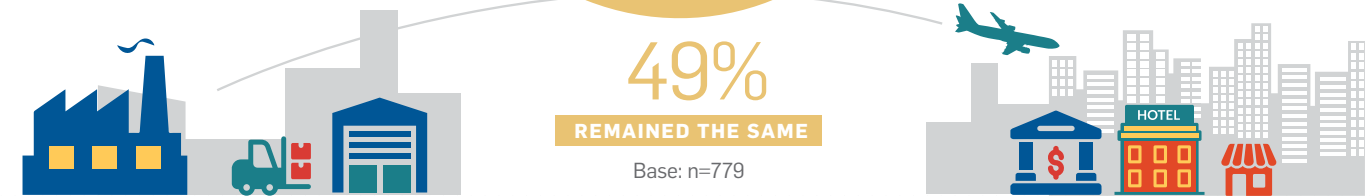
### KEY REASONS FOR CONTRACTING

- 96%** Overseas Market is affected by COVID-19
- 60%** Decreased demand
- 50%** Physical presence required but hindered by travel restrictions
- 41%** Strong competition from other companies
- 38%** Business disruption due to supply chain challenges

49%

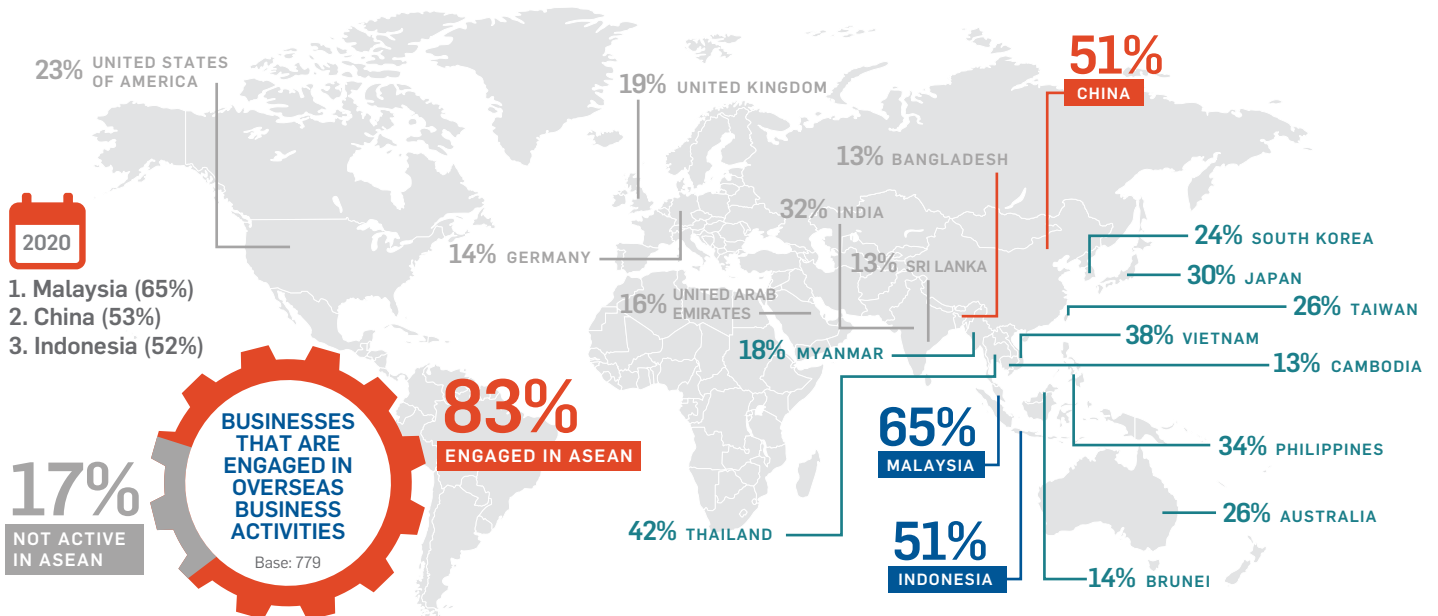
### REMAINED THE SAME

Base: n=779



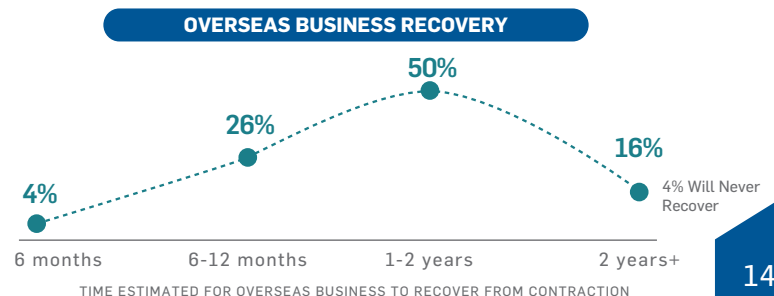
## Southeast Asia and China are still prime overseas destinations

Majority of businesses have expanded into ASEAN markets, with Malaysia and Indonesia being the most attractive destinations. Outside of the region, 51% of businesses continue to operate in China.



## Overseas business recovery will take time

Among companies whose overseas business has contracted, 2 in 3 companies predict a long recovery period of 1 to 2 years or more, while only a third foresee recovery within next 12 months.



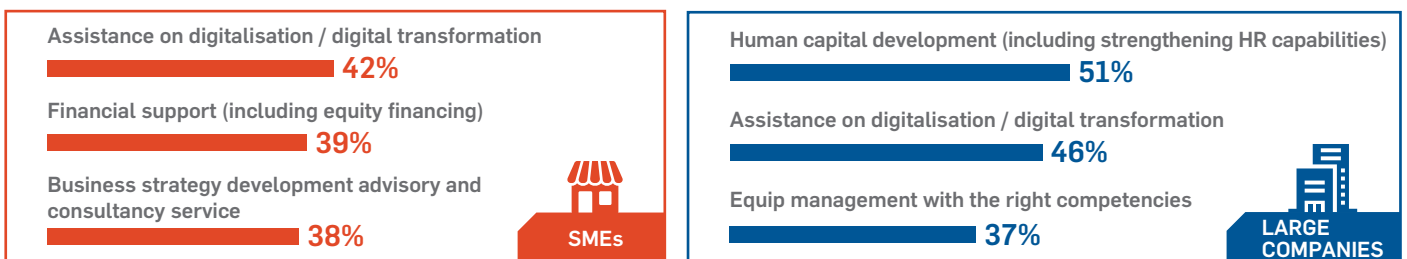
## Key areas of support needed

As businesses seek to digitalise, transform and uplift capabilities, the top area of government support required by businesses is digitalisation (43%). Other areas of support required include financial aid (38%), human capital development (37%) and financial management to optimise performance (37%). Businesses indicated these as being most relevant in helping them emerge stronger.



## Different priorities between SMEs and large companies

Both SMEs and large companies desire assistance in the area of digitalisation. Large companies are also looking for support to enhance manpower competencies.



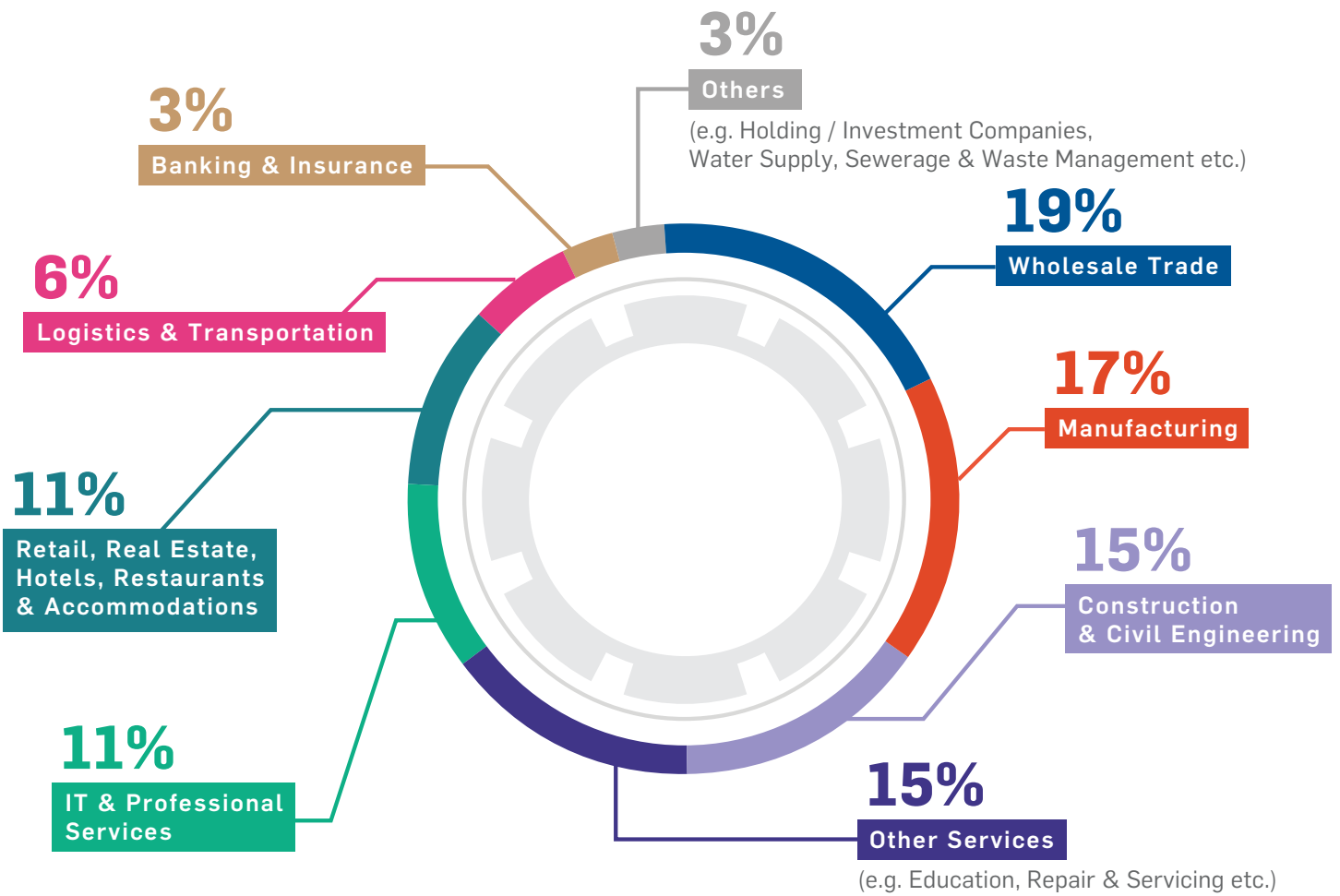


## RECAP OF KEY SURVEY FINDINGS

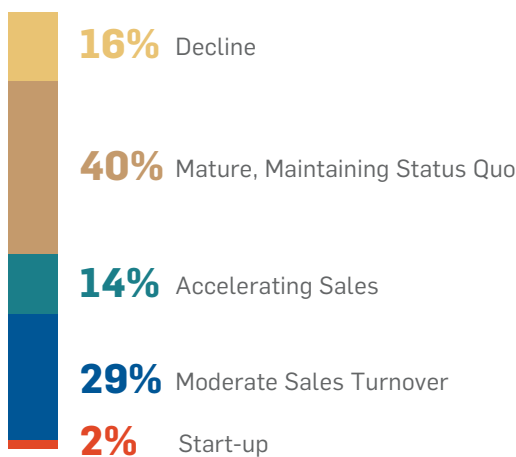
- ▶ **1.** Optimism among the business community in Singapore has risen in 2021. 37% of businesses are satisfied with the current local business climate, a rise from 23% in 2020. More than half of the companies (56%) reported no impact from COVID-19, an improvement from 31% in 2020. The proportion of companies that reported being negatively impacted has halved from 63% in 2020 to 32% in 2021, while those that reported positive impact doubled from 6% to 12%.
- ▶ **2.** In line with the growing optimism, nearly eight in ten businesses (79%) are confident of sustaining their business operations over the next 12 months, a sentiment shared among SMEs and large companies alike.
- ▶ **3.** Notwithstanding, the pace of recovery remains uneven across industries and companies. The Construction and Civil Engineering (42%), and Retail, Real Estate, Hotels, Restaurants and Accommodations (38%) sectors have the highest proportion of companies reporting being negatively impacted. Conversely, the Banking & Insurance (73%) and the IT & Professional Services (64%) sectors have the highest proportion of companies reporting no impact from the pandemic.
- ▶ **4.** As for the business outlook over the next 12 months, there is an improvement in sentiments, with 47% of businesses expecting the economic climate to improve. This is a significant improvement from 31% in the previous survey. The outlook for the next 12 months continues to be uneven across industries, with Construction & Civil Engineering (40%) and Retail, Real Estate, Hotels, Restaurants & Accommodations (46%) being less optimistic than sectors such as Banking & Insurance (77%).
- ▶ **5.** Manpower cost (48%), demand uncertainty (48%), travel restrictions (47%) and availability of manpower (41%) emerged as the top business challenges. The top 4 business challenges are similar for SMEs and large companies alike. Among the challenges faced by businesses, manpower issues remain the most critical, with manpower cost and availability of manpower taking up 2 of the top 4 business challenges.
- ▶ **6.** Manpower is also featured among the top business priorities for the next 12 months, with the top priorities being increasing revenue (45%), building positive cashflow (29%), attracting/retaining talent (29%) and reducing cost (26%). Compared to previous year, attracting or retaining talent is new among the top business priorities, a reflection of the greater concerns with manpower issues.
- ▶ **7.** To navigate a tight labour market, companies are doubling down on ways to strengthen their local core, such as enhancing recruitment efforts to hire locals (43%) and increasing wages (39%). Businesses are also investing in technology or redesigning processes to reduce manpower needs (36%).
- ▶ **8.** Companies continue to recognise the importance of business transformation (94%). The key areas of transformation in which businesses intend to increase their focus for 2022 include digitalisation and investment in new technologies (42%), re-engineering of business and operational processes (31%) and diversification of supply chains (23%).
- ▶ **9.** As businesses seek to digitalise, transform and uplift capabilities, the top area of government support required by businesses is digitalisation (43%). Other areas of support required include financial aid (38%), human capital development (37%) and financial management to optimise performance (37%). Businesses indicated these as being most relevant in helping them emerge stronger.
- ▶ **10.** Overseas business climate remains challenging for businesses. 39% of companies experienced a contraction in overseas business, while nearly half (49%) reported no growth in the past year.

# ABOUT THE SURVEY

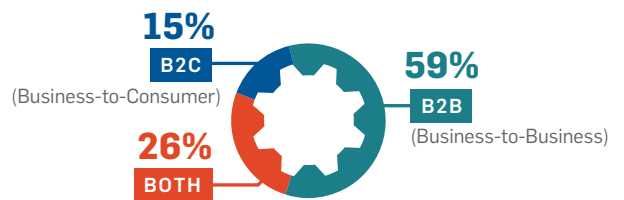
## SECTORS



## STAGE OF DEVELOPMENT



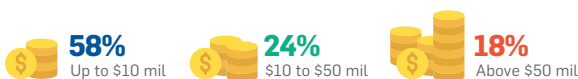
## MAIN MODE OF BUSINESS



## COMPANY SIZE



## ANNUAL SALES



## MINIMUM LOCAL SHAREHOLDING OF 30%



Base: n=1,096 | Decimal points have been rounded up. The total may not add up to 100%.



## ABOUT SBF

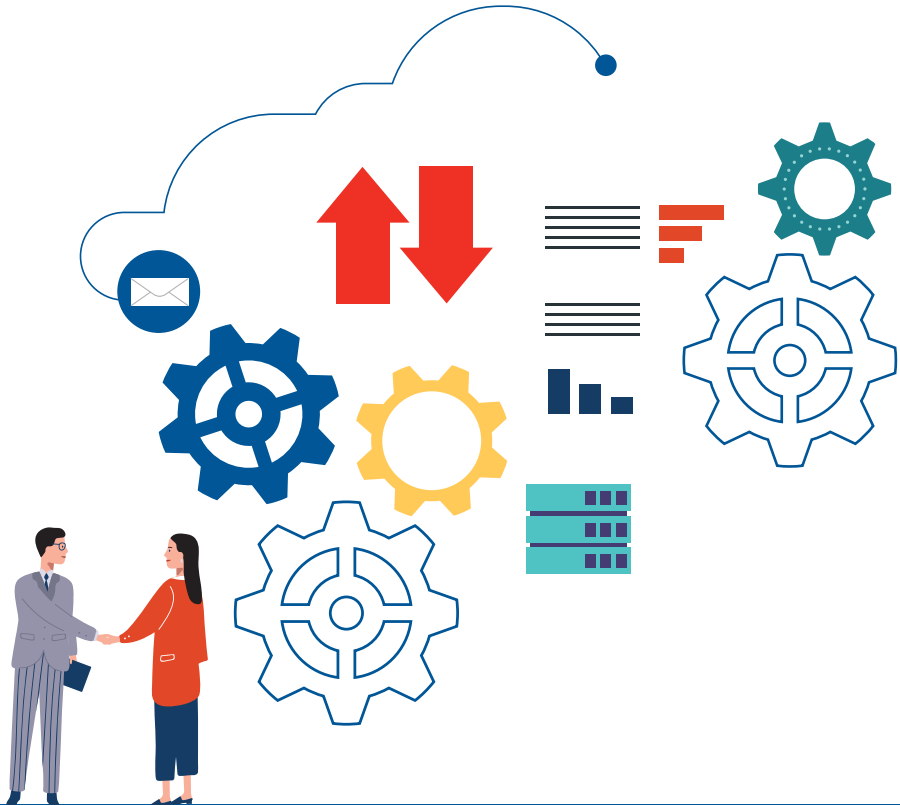


As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between businesses and government in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking. For more information, please visit our website: [www.sbf.org.sg](http://www.sbf.org.sg).



If you would like to contribute to the SBF National Business Survey 2022/2023, please indicate your interest via email to [research@sbf.org.sg](mailto:research@sbf.org.sg).

For more information about SBF National Business Survey, visit <https://www.sbf.org.sg/business-advocacy/sbf-research-reports#NBS>





Survey conducted by  
 Research & Publishing  
 Advocacy & Policy Division  
 Singapore Business Federation

In collaboration with  
 Blackbox Research



Supporting Organisations



If you require any clarifications, kindly contact [research@sbf.org.sg](mailto:research@sbf.org.sg).