



National Business Survey (NBS) 2024 – Scaled Internationally Edition

Final Report (November 2024)



About the Study

The SBF National Business Survey (NBS) 2024 – Scaled Internationally Edition forms part of the 17th annual edition of the NBS.

The Singapore Business Federation (SBF) appointed Acorn Marketing & Research Consultants (Group) Pte Ltd to administer its NBS 2024 – Scaled Internationally Edition.

This survey seeks to curate feedback on issues and challenges related to internationalisation as companies embark on overseas ventures.

The survey period of this study was from **28 August to 29 October 2024**. The study drew responses from businesses across all key industries. A sample size of **n=519** was achieved for this report.

For the sub-group analyses of certain filtered questions, the sample base may be small, thus, the results should be read with caution.

Respondents by Sector

















The sample proportion collected for this survey across the various sectors is largely comparable with the previous editions of the study.



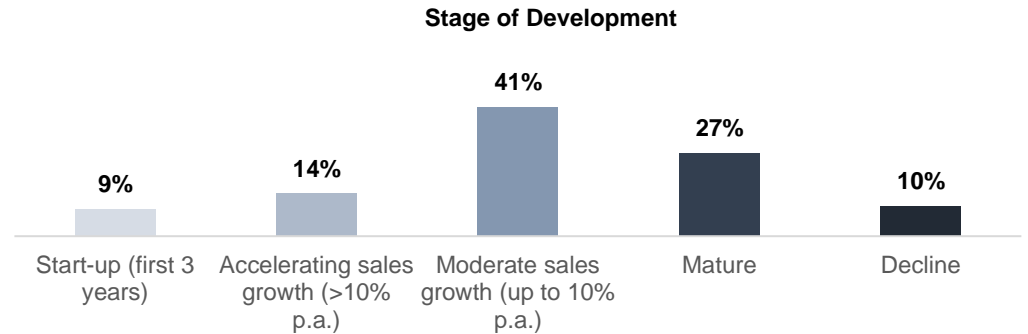
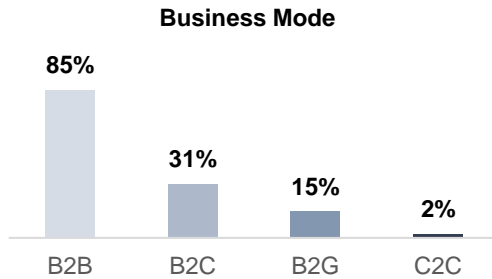
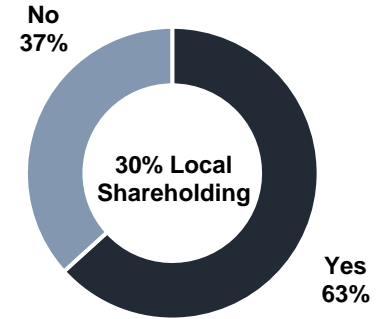
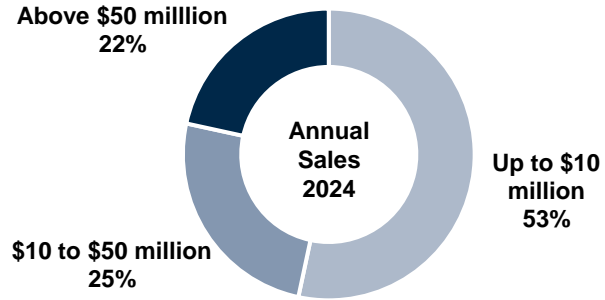
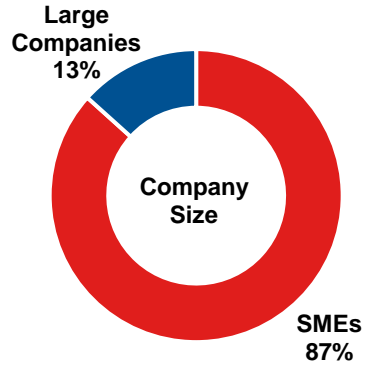
87% SMEs



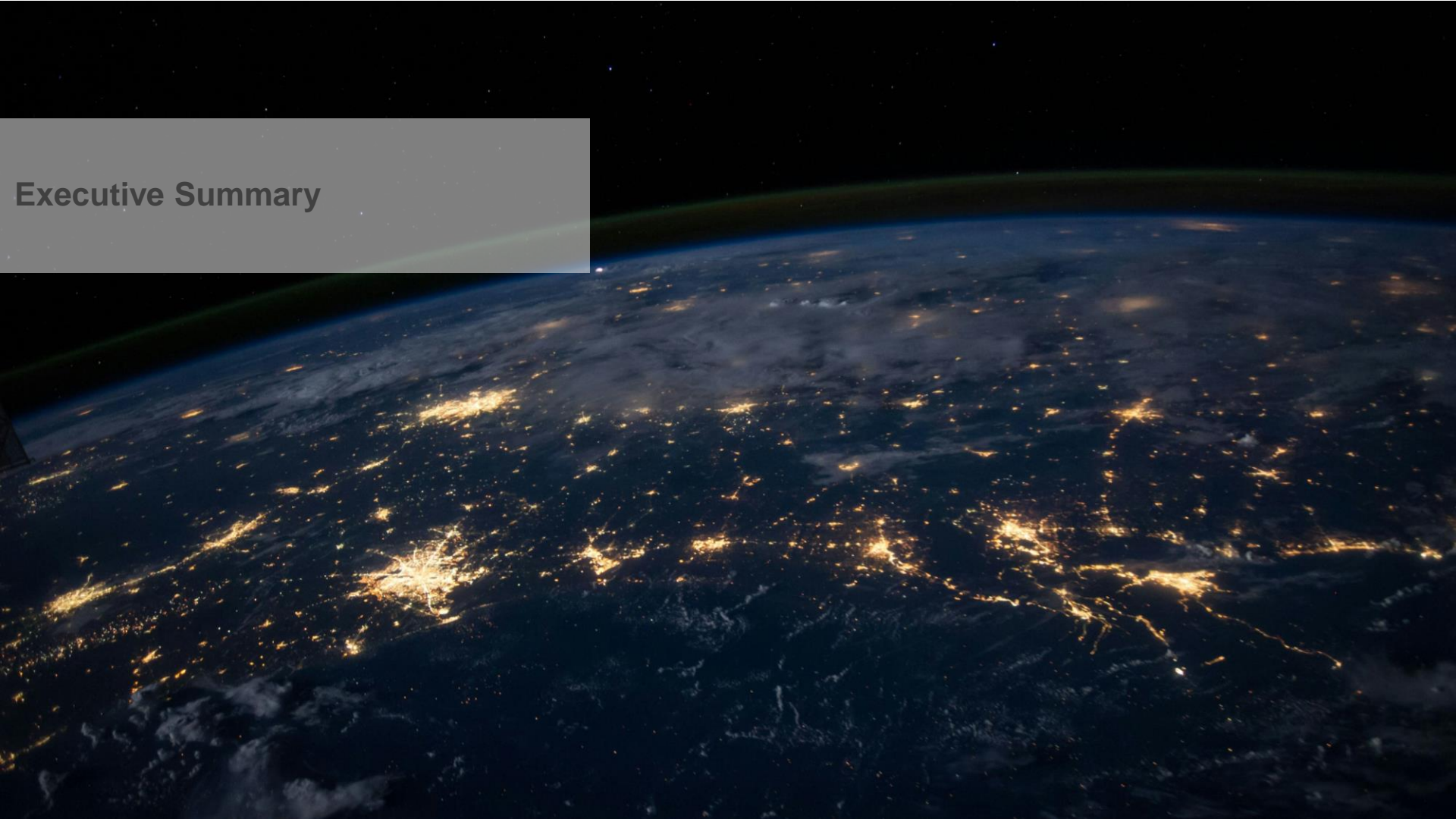
13% Large companies

	2022	2023	2024
 Wholesale Trade	16%	16%	17%
 Manufacturing	15%	13%	14%
 Construction & Civil Engineering	10%	13%	12%
 IT & Related Services	5%	7%	9%
 Other Financial & Insurance Activities	5%	7%	7%
 Logistics & Transportation	8%	7%	7%
 Other Service Activities	5%	6%	5%
 Professional Services	9%	7%	6%
 Banking & Insurance	4%	4%	4%
 Hotels, Restaurants & Accommodations	3%	2%	3%
 Education	3%	2%	2%
 Retail Trade	6%	4%	3%
 Real Estate Activities	3%	3%	2%
 Health & Social Services	2%	2%	1%
 Administrative & Support Service Activities	1%	1%	0%
 Others	5%	6%	8%
	n=931	n=1,056	n=519

Company Profile



Executive Summary





State of Internationalisation

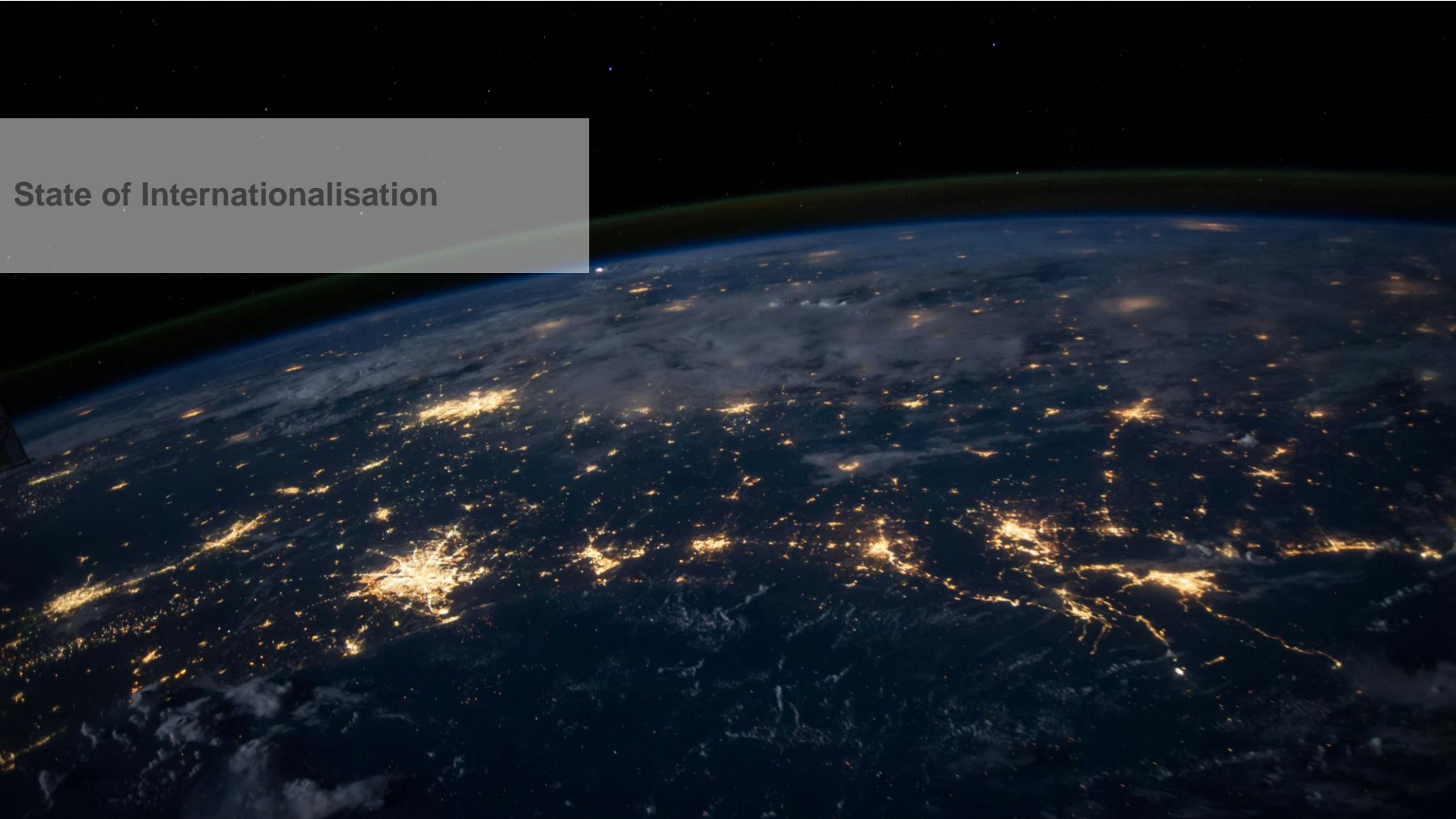
- **71% of businesses have overseas presence, a decrease of 5%-points from 76% in NBS 2023/2024.** Among these businesses, the top 3 overseas markets are Malaysia (63%), Indonesia (49%) and China (46%). 56% of these businesses have more than 40% of their revenue contributed by overseas operations, an increase of 2%-points from last year. (Slide 9 & 10)
- **Notwithstanding, the proportion of businesses with future overseas plans increased by 2%-points from 57% in NBS 2023/2024 to 59%.** (Slide 9) Those with plans indicated Vietnam (25%), Indonesia (25%) and Thailand (21%) as the top favoured countries. Among the markets, the top 3 markets that have seen an increase in interest for future overseas expansion are United Arab Emirates (UAE) (increase of 7%-points from 7% to 14%), Saudi Arabia (increase of 6%-points from 5% to 11%) and New Zealand (increase of 6%-points from 5% to 11%); while the top 2 markets that have seen a decrease in interest are Malaysia (decrease of 10%-points from 29% to 19%) and China (decrease of 5%-points from 22% to 17%). (Slide 11) While interest in expansion within ASEAN (63%) remains strong, more businesses are prepared to look at markets further afield with headroom for growth, such as UAE, Saudi Arabia and New Zealand, for future overseas expansion.
- **The key considerations for overseas expansion of businesses are growth potential of market (60%), having existing clients in the market (45%), size of market (44%) and having existing contacts and network in the market (42%).** (Slide 12)
- **Out of the businesses with overseas engagement, more SMEs (59%) expect to have an increase in sales earned outside of Singapore in the next 12 months, as compared to large companies (43%).** As such, more SMEs (31%) plan to increase their direct investment abroad in the next 12 months than large companies (19%). (Slide 14)
- **29% of businesses do not have any overseas business presence, an increase of 5%-points from last year.** (Slide 9) The key reasons cited for not internationalising are the risks and uncertainties involved in overseas expansions (23%), insufficient time and human resources (23%) and lack of knowledge about overseas markets (20%). (Slide 15)



Internationalisation Challenges & Support Required

- **Key challenges to internationalisation include the unpredictability of overseas market demand (52%), the complexities of the geopolitical landscape (42%), and unpredictable operating environment (38%).** (Slide 17)
- **To cope with an increasingly challenging global business environment, the top strategies adopted by businesses are diversifying markets (30%), equipping staff with relevant knowledge in dealing with cross-border trade issues (27%) and forging strategic international partnerships (26%).** (Slide 18) In line with this, businesses are most willing to allocate resources for seminars or workshops to train and equip staff with skills for new roles overseas (72%) and support for networking for partnerships and regional cooperation (69%). (Slide 19)
- **The top support required by businesses to mitigate internationalisation challenges are assistance with regulatory challenges (49%), having a central reference for internationalisation information (41%), and platform or support for networking for partnerships and regional cooperation (41%).** For the central reference for internationalisation information, businesses would like to leverage on the platform to seek information about market entry requirements (55%), identify potential markets (51%) and find contacts (e.g. consultants, vendors) (50%). (Slide 19)
- **Less than a quarter of businesses (22%) are severely impacted by supply chain disruptions, down from 35% in 2023.** The sectors most affected by supply chain disruptions are Retail Trade (42%), Real Estate Activities (36%), Manufacturing (34%) and Wholesale Trade (32%) sectors. (Slide 20) The top 3 threats of supply chain disruptions faced by businesses are logistics delays (57%), issues with raw materials (46%) and geopolitical tensions (40%). (Slide 21) To mitigate supply chain risks, key measures adopted by businesses include diversification of suppliers or markets (55%), renegotiation of prices (42%) and working with logistics companies to minimise delays (42%). (Slide 22)

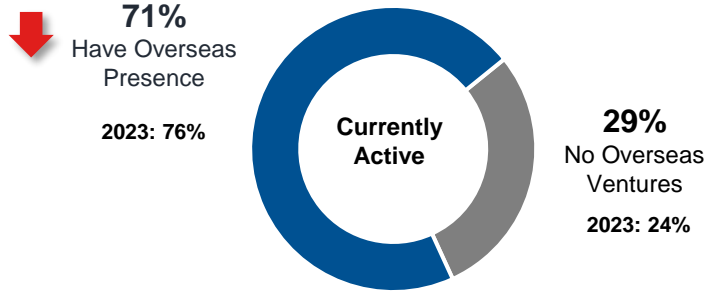
State of Internationalisation



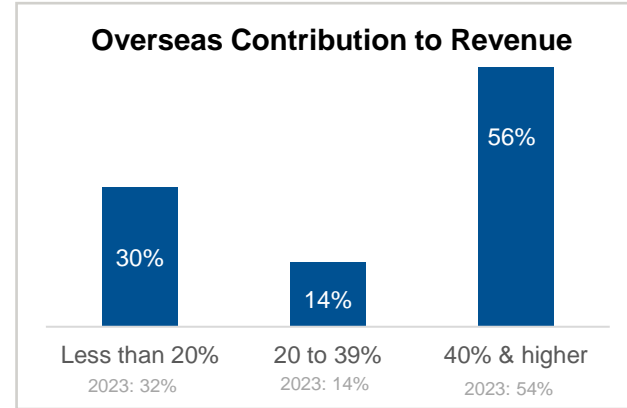
Overseas Presence and Future Overseas Plans

The current level of overseas business presence has declined by 5%-points to 71%. Notwithstanding, more businesses have now expressed eagerness (59%) to venture overseas as compared to 2023 (57%).

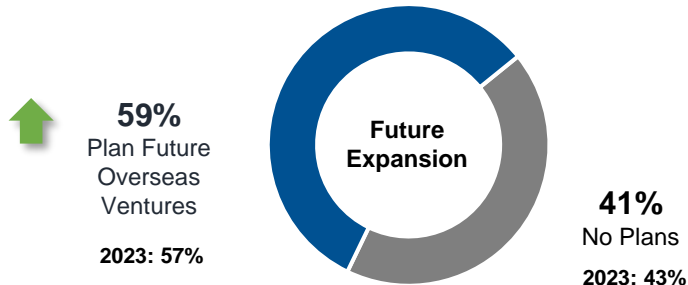
Have Overseas Business Presence



Overseas Contribution to Revenue



Future Overseas Plans



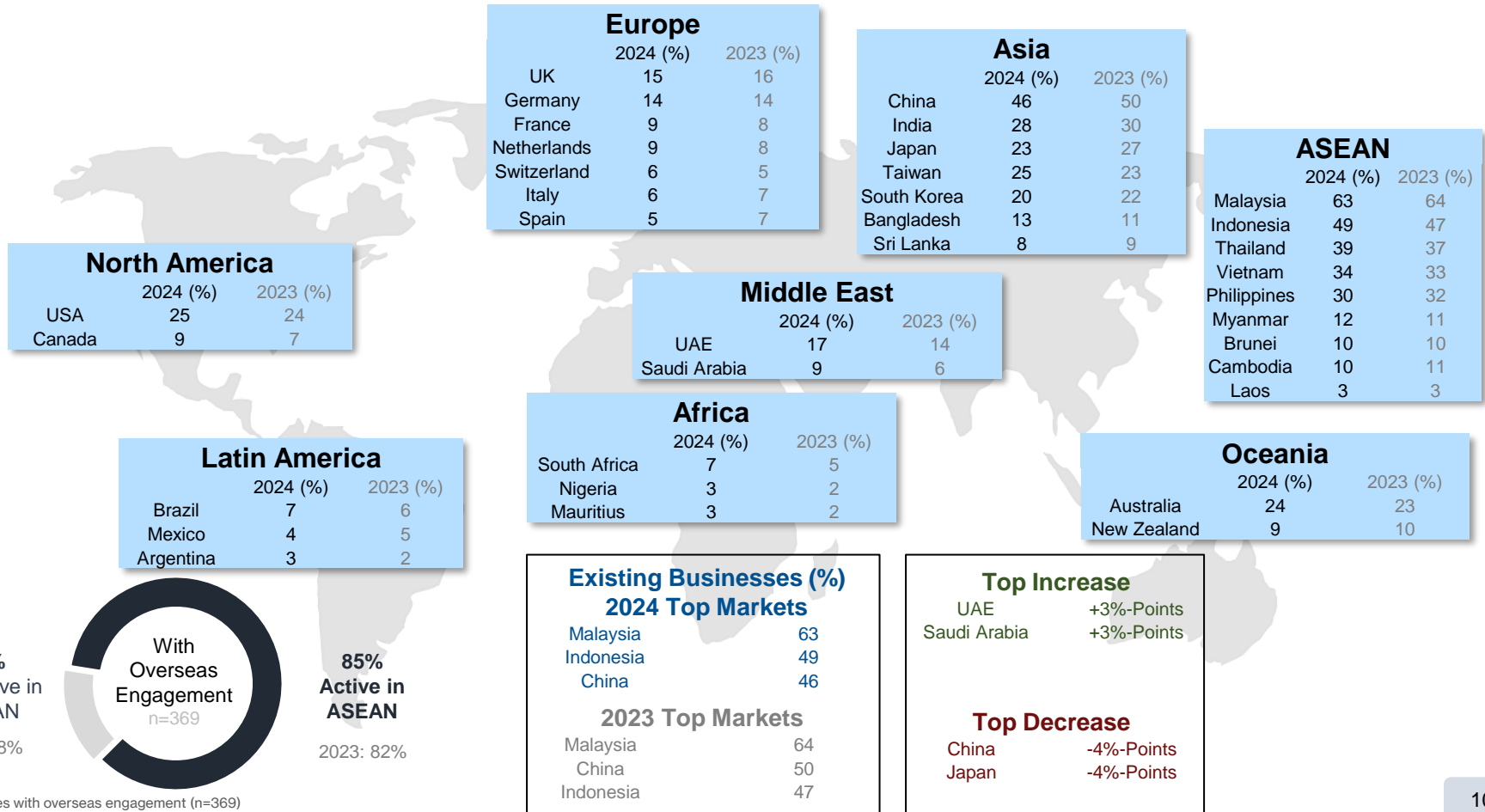
Base: All Respondents (n=519)

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

Base: Businesses with overseas engagement (n=369)

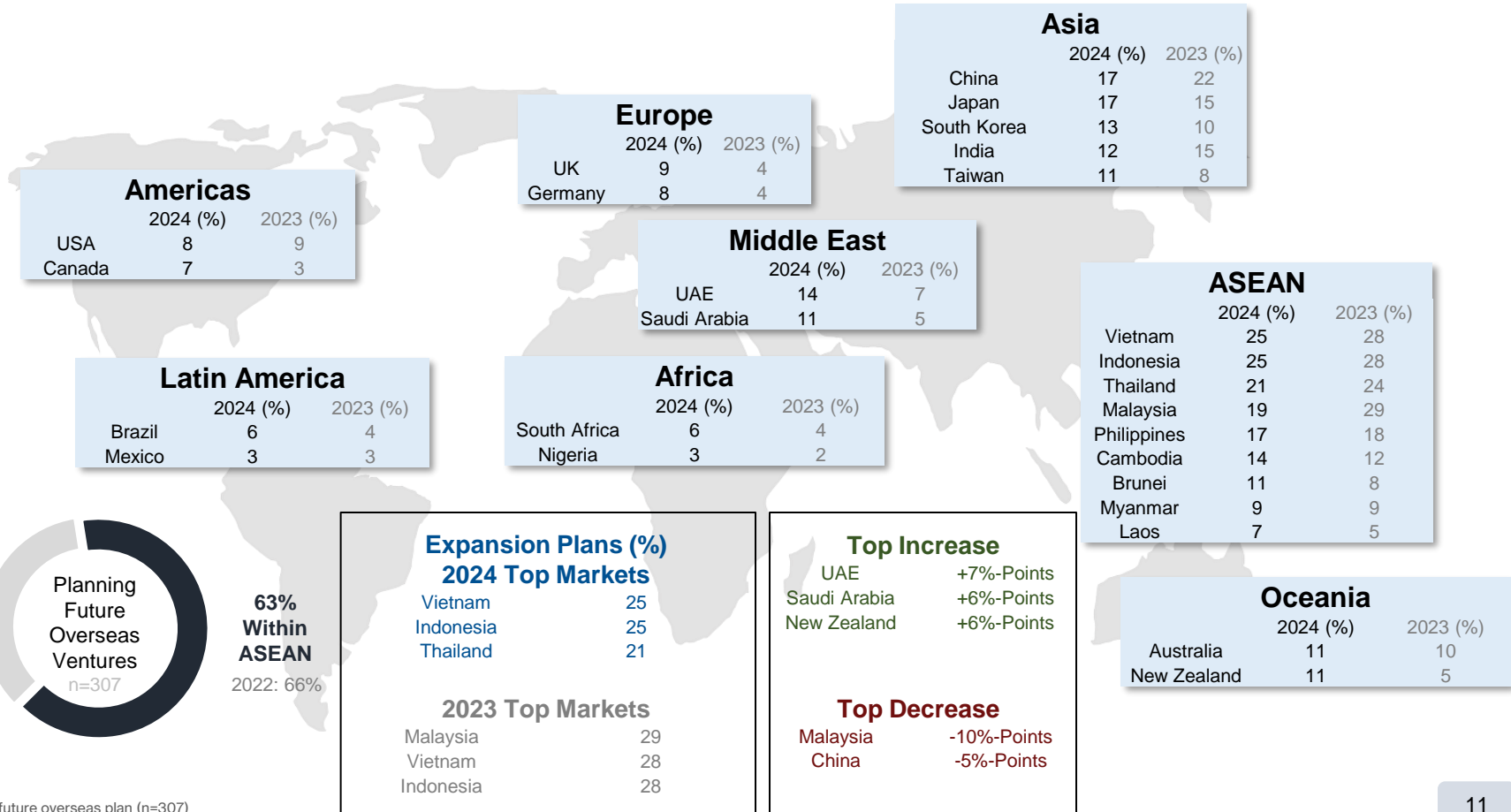
6. In the last financial year, what percentage of your company's total sales turnover do you estimate was generated from businesses outside of Singapore?

Top Markets Businesses Currently Have Presence In



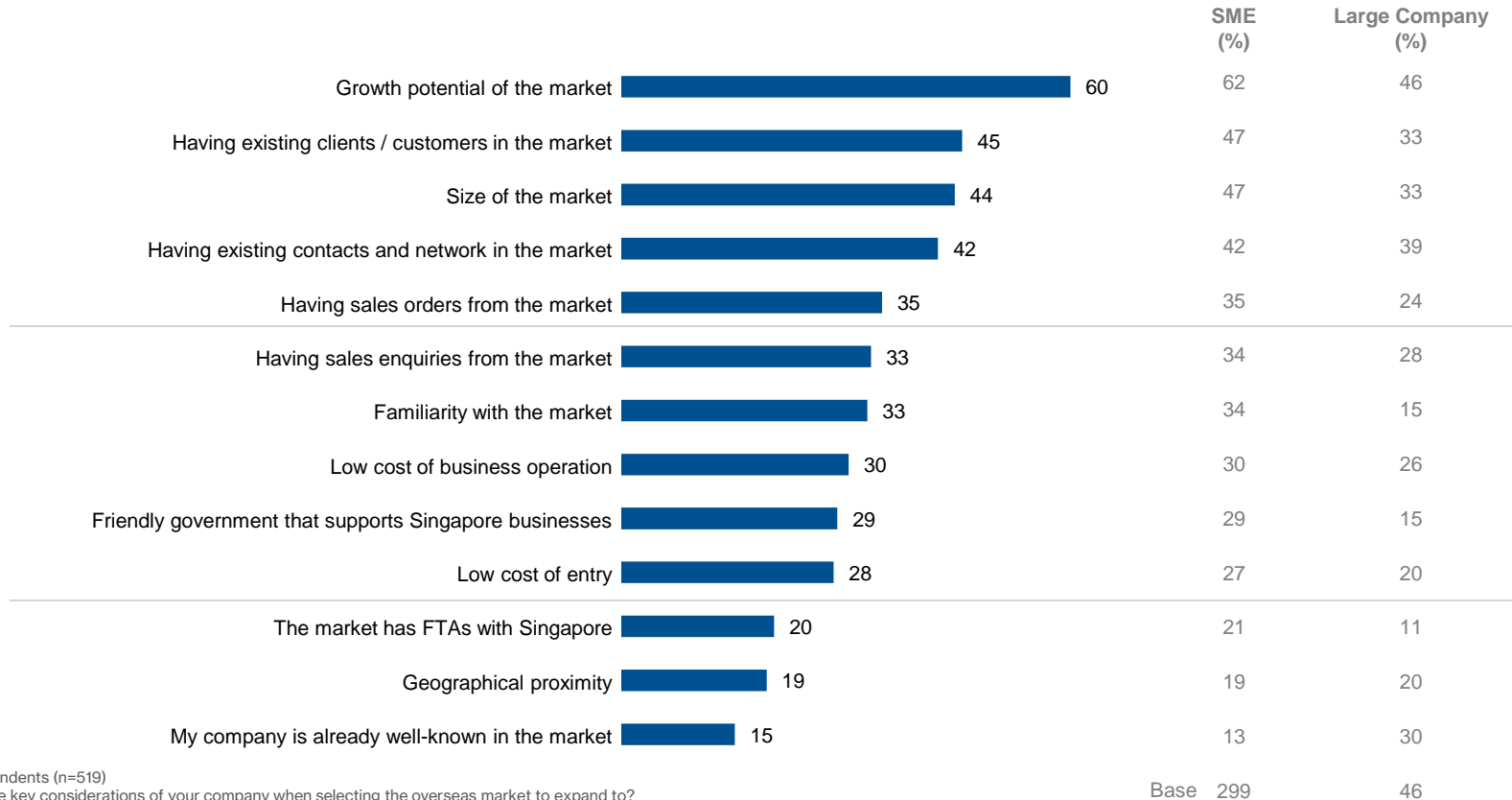
Base: Businesses with overseas engagement (n=369)
21. Which of the following country(ies) does your company currently engage in / keen to venture into?

Top Markets For Future Overseas Expansion



Considerations when Expanding Offshore

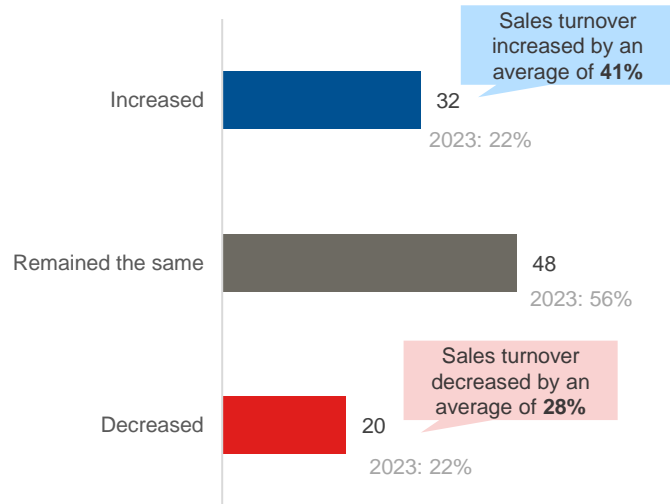
While long-term considerations such as growth potential and market size are important when selecting overseas markets, businesses also prioritise factors that can facilitate short-term success, such as selecting markets with existing customers and where they are already receiving sales orders and enquiries.



Performance of Overseas Ventures

More businesses saw increased overseas performance (32%) as compared to 2023 (22%), fuelled mostly by increased demand and the need to widen revenue base. The proportion of businesses that saw a decline in overseas performance fell marginally from 22% in 2023 to 20%, driven largely by increased competition, weaker demand for products/services and rise of geopolitical risks.

Performance of Overseas Ventures (%)



2023	2024	Reasons for business expansion (%)
84	64	Increased demand for the products / services overseas
*	50	Widen revenue base
*	29	High manpower cost in Singapore
53	26	Reputation of Singapore brand, i.e., our reliability & adherence to rules
*	24	Lower operating cost overseas (i.e. rent, utilities, cost of inputs, etc.)
*	19	Higher margins
39	19	Lack of demand for the products / services in Singapore
*	17	Limited access to manpower in Singapore
30	17	Availability of digital platforms / infrastructure to reach out to overseas mark
16	13	Availability of Free Trade Agreements (FTA)
29	10	Trade tensions between US and China

2023	2024	Reasons for business contraction (%)
67	57	Strong competition from other companies
64	57	Decrease demand for the products/services
*	39	Geopolitical risks arising from conflicts (e.g. in Europe and the Middle East)
31	31	Trade tensions between US and China
32	26	Business disruption due to supply chain challenges
*	25	Increased regulatory compliance burden or border measures imposed by overseas governments / authorities
*	23	Higher operating cost overseas (i.e. labour, rent, utilities, cost of inputs, etc.)
17	13	Physical presence required in overseas market of interests but hindered by travel restrictions
*	11	Lack of suitable talent
5	5	Lack of IT infrastructure / digital tool or marketplace in overseas markets of interest

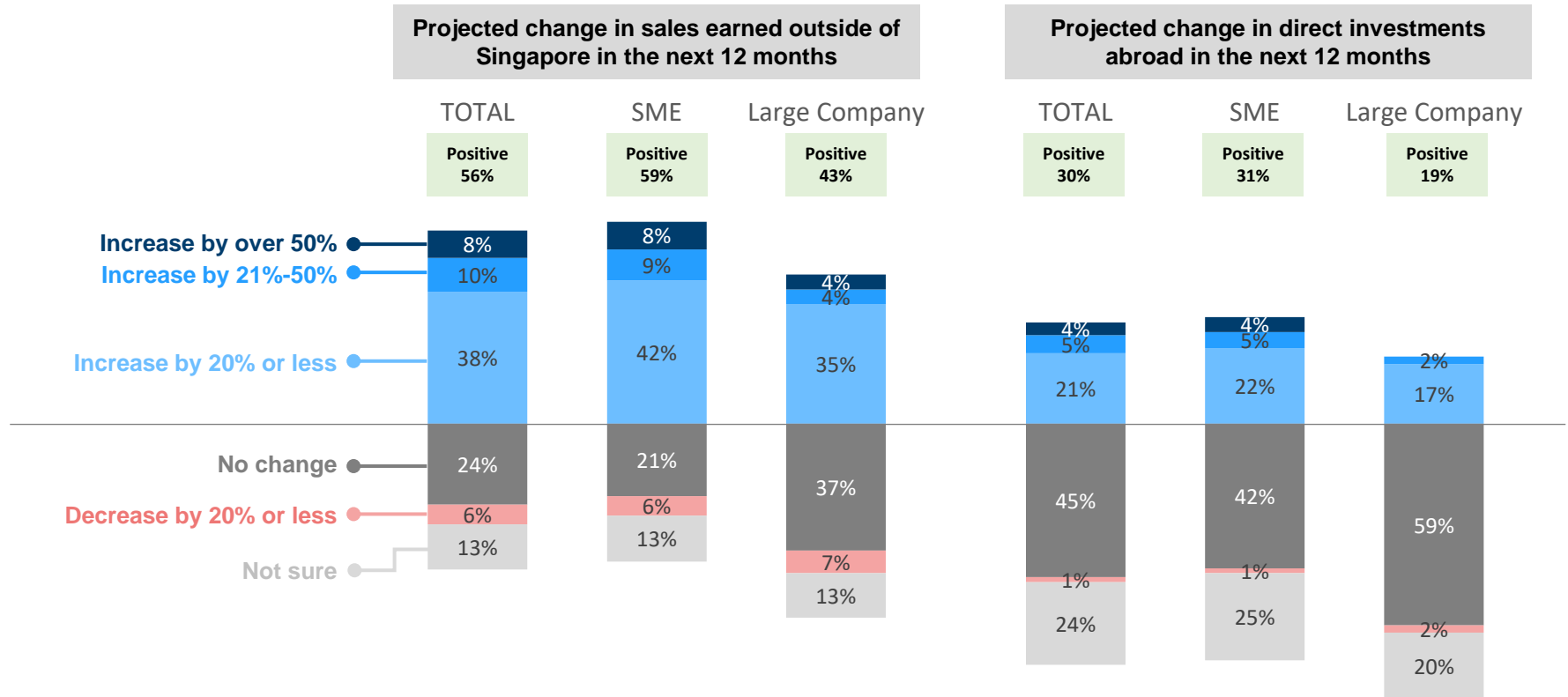
Base: Companies with overseas business (n=369)

- Has the total sales turnover of your international business increased or decreased compared to the last financial year?
- Which of the following factors contributed to your business' expanding or venturing overseas in the past 12 months?
- Which of the following factors contributed to the contraction of your business overseas in the past 12 months?

* New options added in 2024

Projection of International Sales and Direct Investments in the Next 12 Months

Compared to large companies, more SMEs expect positive growth in sales and direct investments outside of Singapore over the next 12 months. As such, more SMEs plan to increase direct investments abroad in the next 12 months.



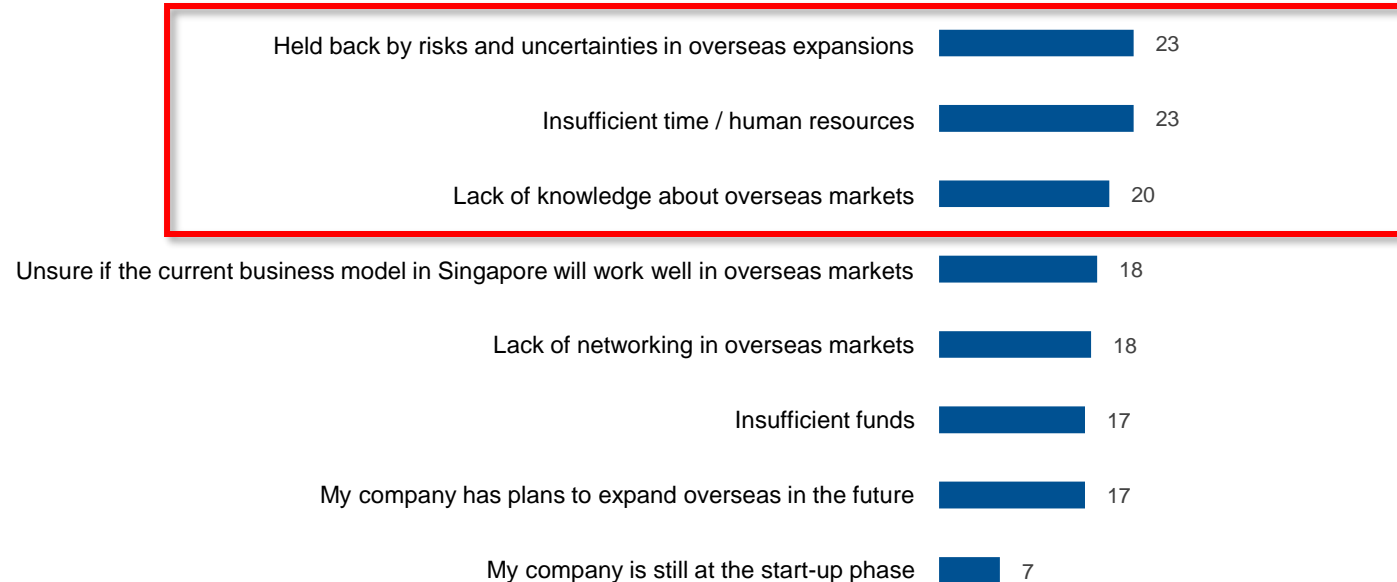
Base: Businesses with overseas engagement (n=369)

42. What annual average change does your company expect to see in sales earned outside of Singapore and direct investment abroad over the next 12 months?

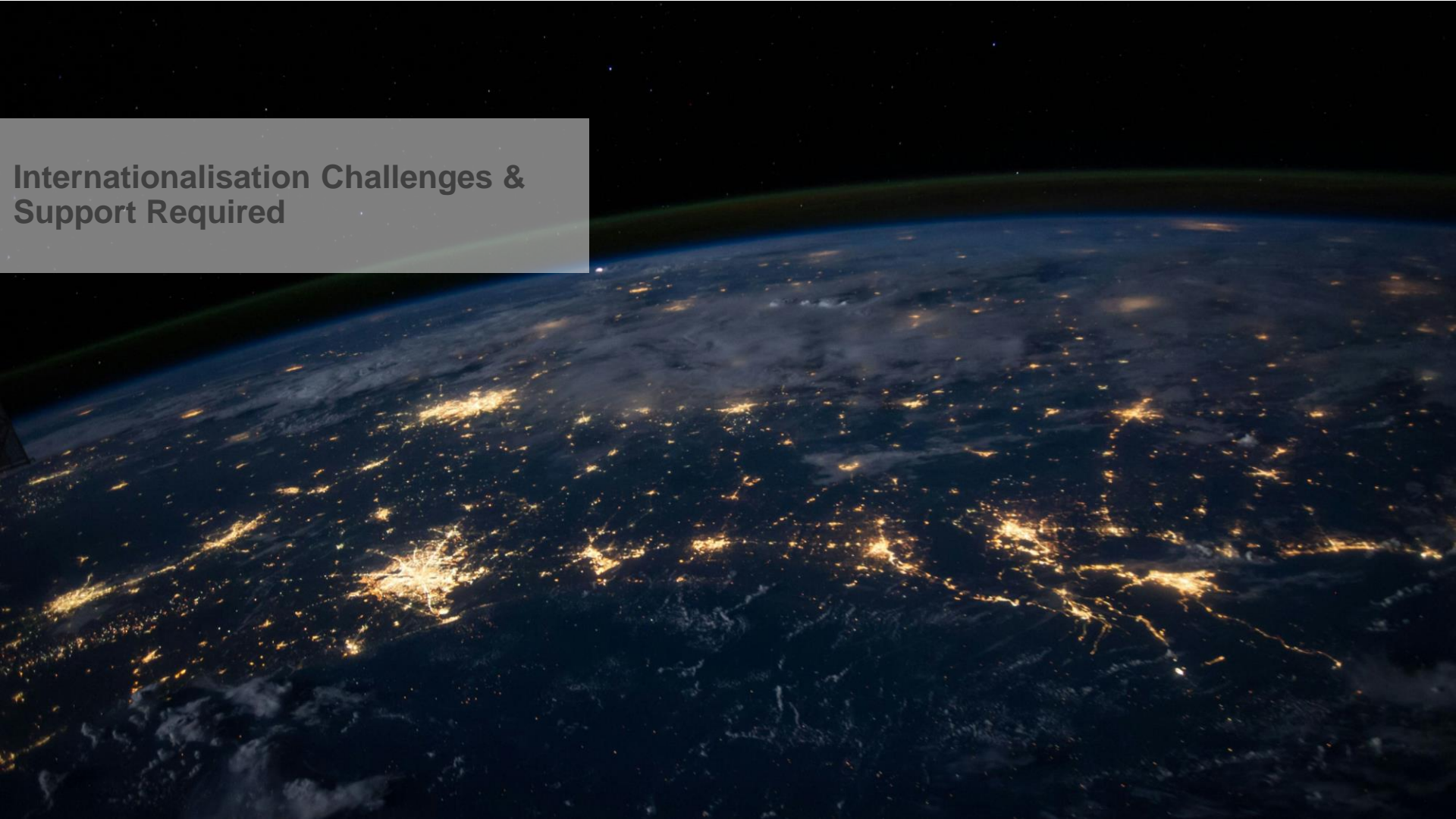
Reasons for Not Internationalising

Among businesses that have not internationalised, key reasons cited are the risks and uncertainties involved in expanding overseas (23%), insufficient time and human resources (23%), and knowledge gaps (20%).

Reasons for Not Internationalising (%)



Internationalisation Challenges & Support Required



Internationalisation Challenges

Key challenges to internationalisation include uncertainty of overseas market demand (52%), complexities of the geopolitical landscape (42%), and unpredictable operating environment (38%).

Internationalisation Challenges (%)



* New options added in 2024

Measures to Cope with an Increasingly Challenging Global Business Environment

Diversification of markets (30%) is the top measure adopted when navigating challenges in the global business environment, followed by upskilling of staff to manage cross-border trade issues (27%). Approximately one-third of businesses (32%) have not adopted any measures to cope with the challenges.

Specific Measures to Cope with Increasingly Challenging Global Business Environment (%)



Support Needed to Mitigate Internationalisation Challenges

Businesses need support in navigating regulatory challenges (49%), a central reference for internationalisation information (41%), and networking opportunities for partnerships (41%). Businesses are most willing to allocate resources on seminars/workshops to train and equip staff with skills for new roles overseas (72%) and to support networking for partnerships and regional cooperation (69%).

Support Needed to Mitigate Internationalisation Challenges (%)

Willing to allocate resources (%)



Most Leveraged Digital Platforms / Resources for Internationalisation	%
Find information about market entry requirements	55
Identify potential markets	51
Find contacts (e.g. consultants, vendors)	50
Find events to attend	35

Base: All Respondents (n=519)

12a. What kind of support does your company need to help you internationalise and mitigate the challenges of internationalising as identified above?

12b. Are you willing to allocate resources for the support that you have indicated ...?

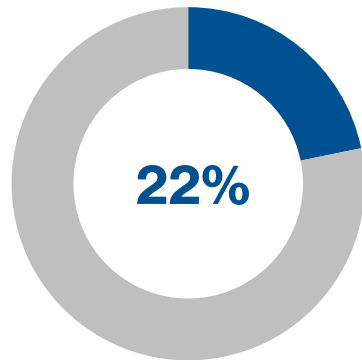
12c. Which task do you leverage most on digital platforms/ resources for during your internationalisation journey?

Impact of Supply Chain Disruptions on Internationalisation

Less than a quarter of businesses (22%) are severely impacted by supply chain disruptions, down from 35% in 2023. Retail Trade (42%), Real Estate Activities (36%), Manufacturing (34%) and Wholesale Trade (32%) sectors are most affected by supply chain disruptions.



Impact of Supply Chain Disruption



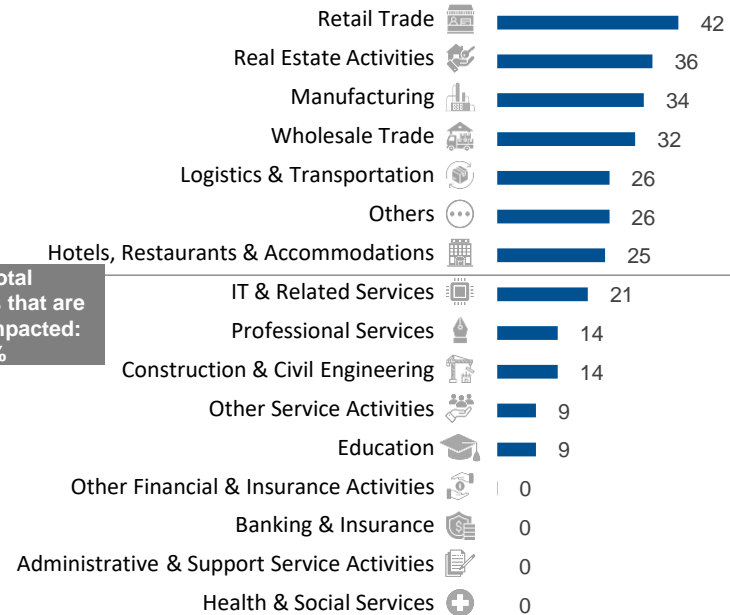
Mar 2023
35%*

Rated 7 or more out on a 10-point scale
(0: No impact; 10: Severely impacted)

% of total
businesses that are
severely impacted:
22%

Impact of Supply Chain Disruption by Sector

% of businesses within their own sectors that rated 7 or more on a 10-point scale



Base: Businesses with overseas engagement / plan to venture overseas (n=403); Retail Trade (n=12*); Real Estate (n=11*); Manufacturing (n=67); Wholesale Trade (n=78); Logistics & Transport (n=27*); Hotels, Restaurants & Accommodations (n=8*); IT & Related Services (n=43); Professional Services (n=21*); Construction & Civil Engineering (n=35); Other Service Activities (n=22*); Education (n=11*); Other Financial & Insurance Activities (n=18*); Banking & Insurance (n=15*); Administrative & Support Service (n=1*); Health & Social Services (n=3*); Others (n=31). *: Denotes small sample size, thus, results should be read with caution.

14. In the last 12 months, how has supply chain disruption impacted your company's ability to procure, produce, ship or deliver, sell, do business internationally?

* Data from SBF SME Internationalisation Index March 2023.

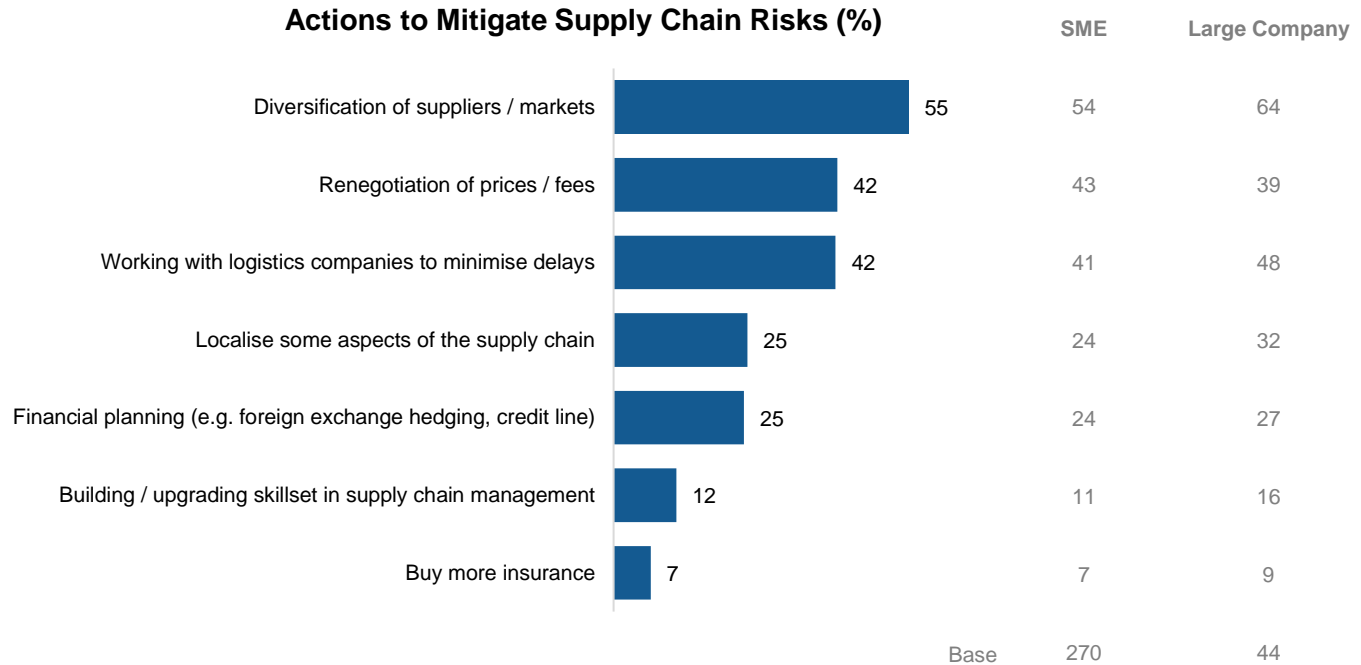
Causes of Supply Chain Disruptions

The top 3 supply chain disruptions faced by businesses are logistics delays (57%), issues with raw materials (46%), and geopolitical tensions (40%).

2023 (n=794)	TOTAL (n=314)	Threats and Causes of Supply Chain Disruptions	SME (n=270)	Large Company (n=44)
47%	57%	Logistics – disruptions / delays	56%	66%
65%	46%	Raw materials / goods (e.g. price fluctuation, shortage in supply)	43%	59%
29%	40%	Geopolitical tensions (e.g. war, unrest, trade war)	37%	57%
25%	26%	Regulatory changes	25%	32%
-	25%	Political changes / instability	24%	30%
26%	24%	Credit extension	25%	18%
16%	21%	Suppliers' financial risk (e.g. suppliers going bankrupt)	20%	30%
-	18%	Trade policy changes	18%	18%
-	15%	Natural disasters	15%	18%
-	13%	Pandemic / Epidemic	13%	14%
14%	12%	Tariffs	11%	14%
-	7%	Border closures	7%	7%
-	7%	Social unrest / riots	6%	9%

Measures Taken to Mitigate Supply Chain Disruptions

Key actions to mitigate risks include diversification of suppliers and markets (55%), renegotiation of prices (42%), and working with logistics companies to minimise delays (42%).





Thank you

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

If you have any enquiry, kindly contact research@sbf.org.sg.