



Media Release

For Immediate Release

SBF National Business Survey 2024 Manpower and Wages Edition

More businesses expect the economy to improve than worsen; 40% of businesses plan to expand hiring in the next 12 months, up from 29% last year

However, increased manpower cost, tightened foreign workforce policies and a limited local talent pool continue to weigh down businesses.

Thursday, 22 August 2024 [Singapore] – Businesses are neutral on their outlook for the economy, with around half of businesses expecting economic conditions to stay flat in the next 12 months. Nonetheless, there are some signs of optimism with more businesses expecting the economy to improve (27%) than worsen (24%) in the next 12 months. Businesses in the Logistics & Transport and Banking & Insurance sectors were more optimistic while those in the Hotels, Restaurants & Accommodations and Administrative & Support Services sectors were more pessimistic.

2. This growing sense of confidence is reflected in hiring decisions with 40% of businesses saying they expect to expand hiring in the next 12 months, up from 29% in the same period last year. 48% say they will maintain their current staffing levels (down by 7%-points) while the number of businesses who intend to reduce manpower declined by 4%-points to 12%.

3. Manpower cost continues to be the top challenge faced by 75% of businesses. The number of businesses citing limited local talent as a challenge has jumped from 40% to 61% and is now the top manpower challenge after cost. However, there remains room for businesses to tap on Government support programmes to hire near-fit employees – 7 in 10 businesses which face challenges in hiring candidates with the right skills say that they have not tapped on such Government schemes, citing a lack of suitable applicants as the key reason.

4. Compared to the last 12 months, fewer businesses plan to increase salaries (49% down from 58%) and non-salary staff costs (16% down from 34%) over the next 12 months. Instead, more businesses will increase investment in staff training (up from 27% to 34%) and provide flexible work arrangements (up from 22% to 24%).

5. Pushed by the need to stay competitive, 9 in 10 businesses recognise the need to upskill employees and 7 in 10 businesses report that they have upskilled/reskilled their employees in the last 12 months, using a combination of formal and informal training. The key challenges businesses face when investing in training are limited manpower to cover staff (55%), high training costs (48%) and the fear that employees might not stay long for training to be beneficial (35%). The top 3 government support programmes used by businesses for training and development are SkillsFuture Course Fee subsidies, the SkillsFuture Enterprise Credit and WSG Career Conversion Programmes.

6. Foreign manpower policies are impacting businesses negatively with businesses in the Banking and Insurance sector most impacted by the increased qualifying salaries for EP and those in the Retail and Hotels, Restaurants & Accommodations sectors most impacted by the increased qualifying salaries for S Pass applications. In response to tightened foreign workforce policies, 46% of businesses are enhancing recruitment of local workers, 35% are outsourcing to 3rd party contractors and 29% indicate they will delay business expansion plans. A review of foreign worker quotas and work permit regulations was the top manpower support ask raised by 63% of businesses, higher than the ask for support for training and development (51%).

7. These were among the key findings in the latest edition of the Singapore Business Federation's National Business Survey on Manpower and Wages. The survey, which was carried out from 18 June to 16 July 2024, drew responses from 796 companies across all major industries. Of the 796 companies, 82% were small and medium-sized enterprises (SMEs) and 18% were large companies.

8. Some of the other noteworthy findings include: -

(a) About 2 in 5 businesses have provided staff with **career planning** in the past twelve months. Businesses with structured career planning practices say they do so to enhance morale (76%), improve work planning efficiency (60%) and increase retention rates (48%). Lack of resources is the primary reason businesses say they do not provide structured career planning.

(b) Nearly 2 in 3 businesses have adopted the **NWC's guidelines** last year, with built-in wage increase and the variable wage component as the most adopted guideline. 1 in 2 businesses offered the NWC recommended wage increases to low wage workers. Those who didn't, cite poor business performance as the main reason.

- (c) Almost 3 in 4 businesses already offer **flexible work arrangements** with flexi-place being the most widely adopted form of FWA. 65% of businesses do not foresee business impact from the FWA guidelines. The remaining 35% who do cite business/industry constraints, mention decline in productivity and resource constraints as the key impact. The challenge of applying FWA fairly across job roles is a top concern (45%), along with the impact on engagement and sense of belonging amongst employees.

9. “While there are signs of a more positive employment outlook with some businesses seeking to expand hiring and raise wages, a sizeable proportion of businesses continue to be cautious about the future. It is heartening to note that businesses recognise the need to upskill/reskill their workers and more plan to increase investment in staff training in the next 12 months. This is critical for the long-term competitiveness of our businesses. SBF calls on businesses to do more on these fronts, in particular investing in technology, job redesign, career planning and talent attraction. SBF is also working through the Alliance for Action on Business Competitiveness along with industry stakeholders to review flexibilities in foreign workforce policies to better support our enterprise and workforce transformation.” said Mr Kok Ping Soon, SBF CEO.

Annex A: SBF National Business Survey 2024 Manpower and Wages Edition Report

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About Singapore Business Federation (新加坡工商联合总会)

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 the government in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for trade expansion and business networking. For more information, please visit our website: www.sbf.org.sg

About the SBF National Business Survey 2024 - Manpower and Wages Edition

The Singapore Business Federation (SBF) conducts the SBF National Business Survey annually, providing insights on the prevailing state of affairs in the business environment. This year, thematic SBF National Business Surveys are conducted. The SBF National Business Survey 2024 – Manpower and Wages Edition provides insights on the business community’s current and forward sentiments, as well as concerns on manpower-related issues. 796 businesses, comprising of 82% small and medium-sized enterprises (SMEs) and 18% large companies, across all key industries, participated in the survey, which was carried out from 18 June to 16 July 2024.