



新加坡中華總商會
Singapore Chinese Chamber of Commerce & Industry

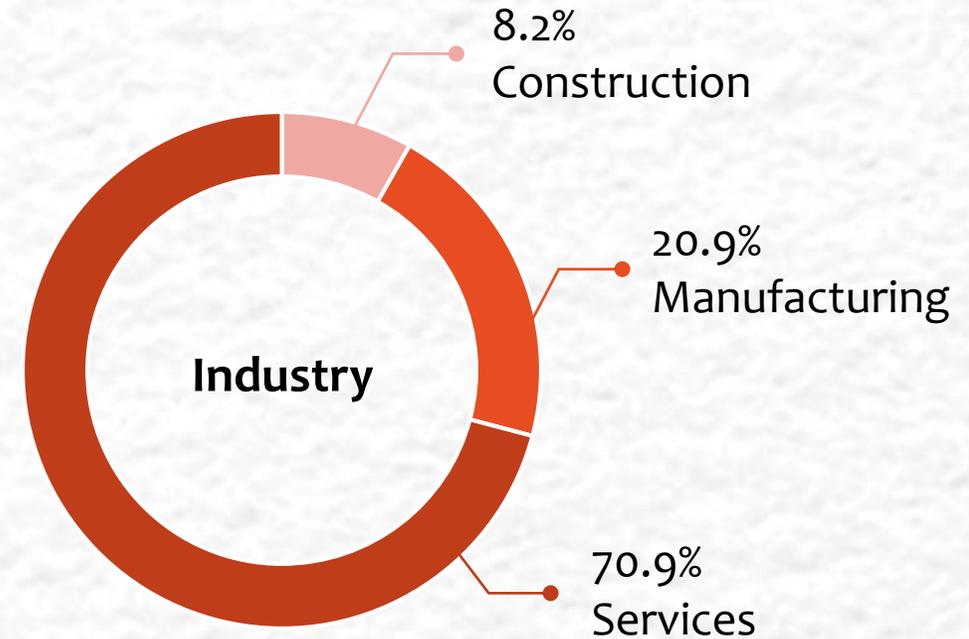
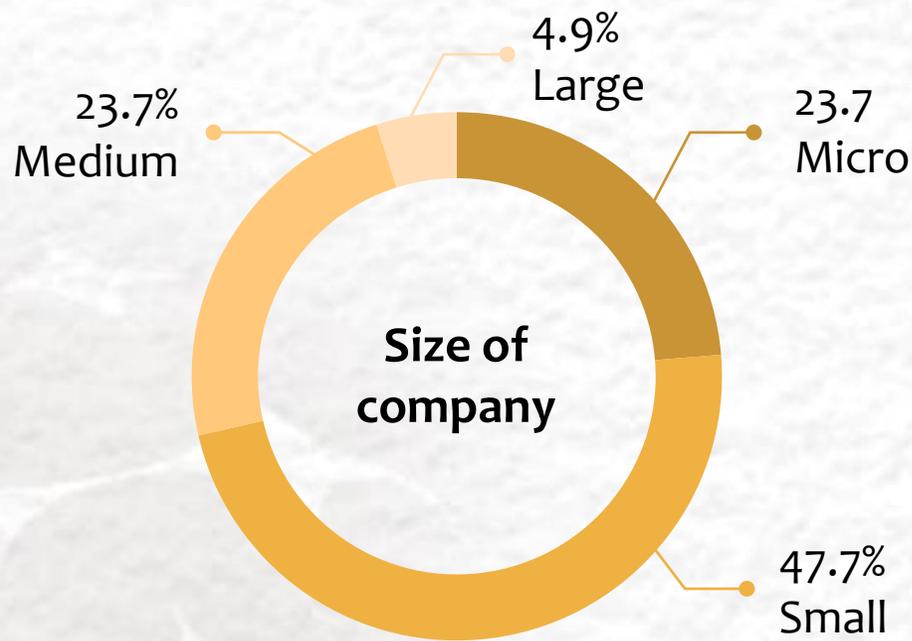
2019 Annual Business Survey

14 October 2019

Voices from Business Community

972
Respondents

95%
SMEs

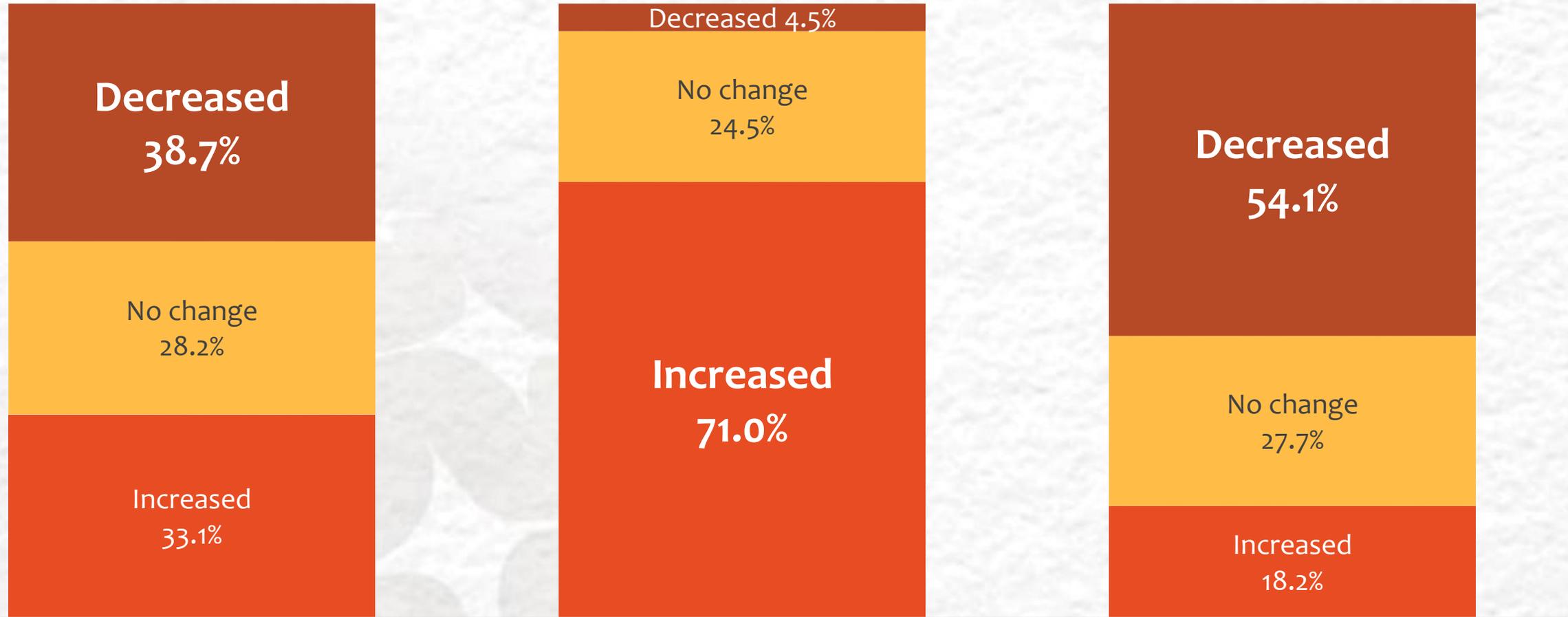


Business sentiments

Economic slowdown impacted business outlook

Most projected increase in costs and decline in profits

Business sentiments in 2019



Revenue

Business Costs

Profit Margin

■ Increased ■ No change ■ Decreased

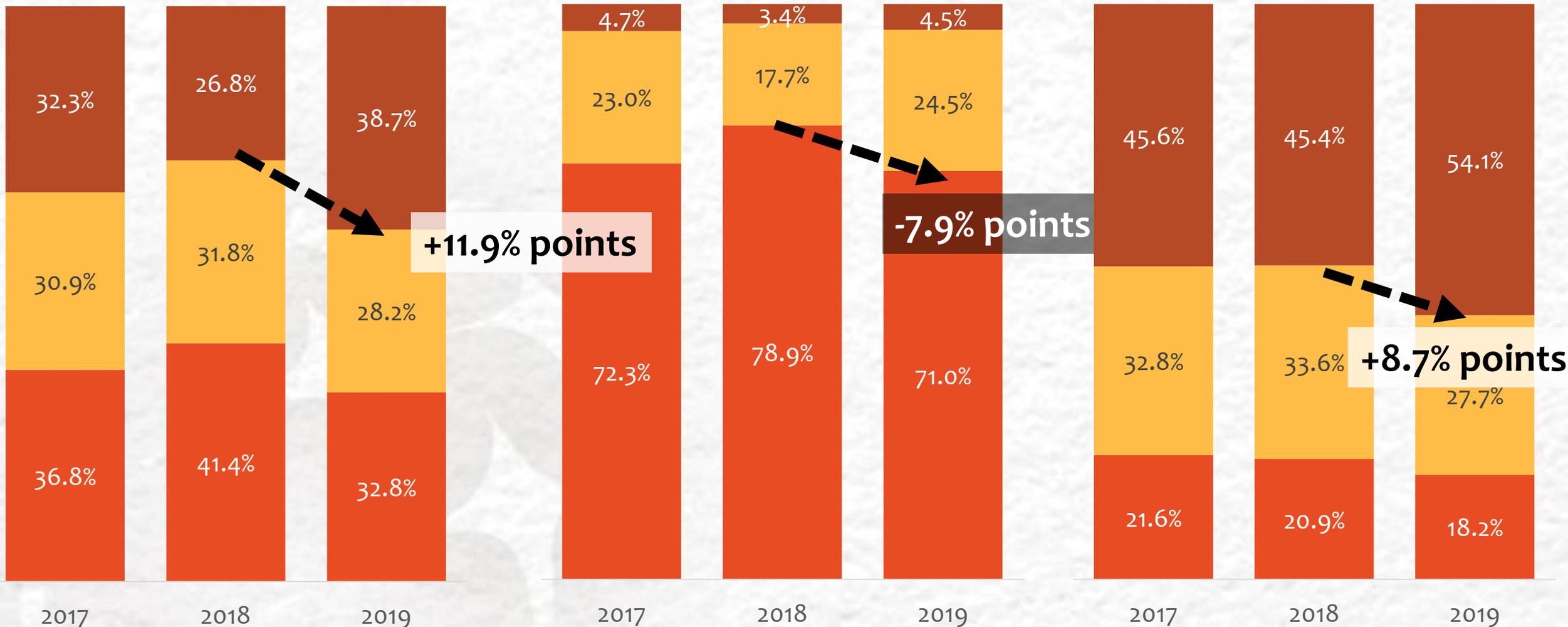
Larger dip in revenue and profit margin

Business sentiments (2017 v 2018 v 2019)

Revenue

Business costs

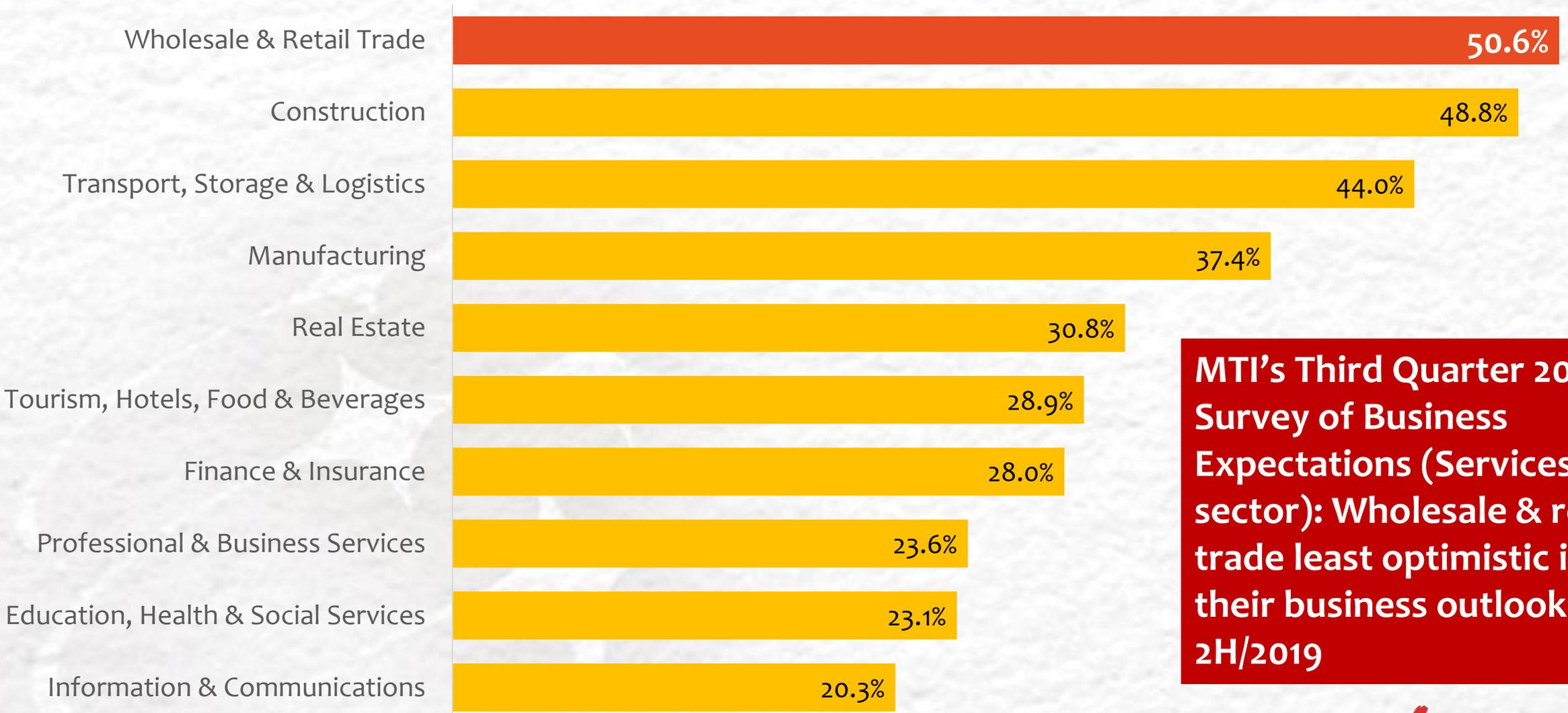
Profit margin



■ Increased
 ■ No change
 ■ Decreased

Wholesale & Retail most affected by drop in revenue

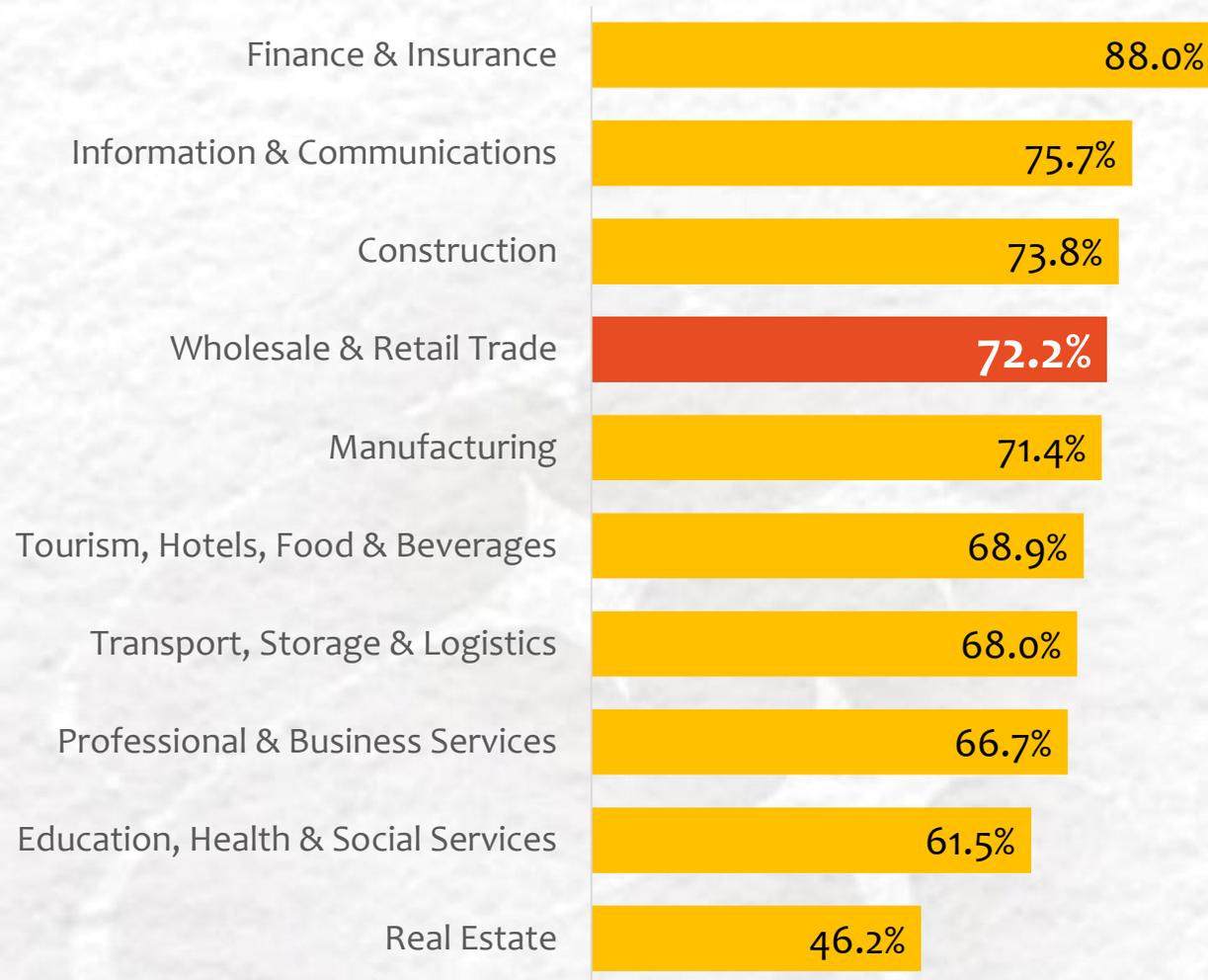
Percentage of respondents who reported decrease in revenue by sector



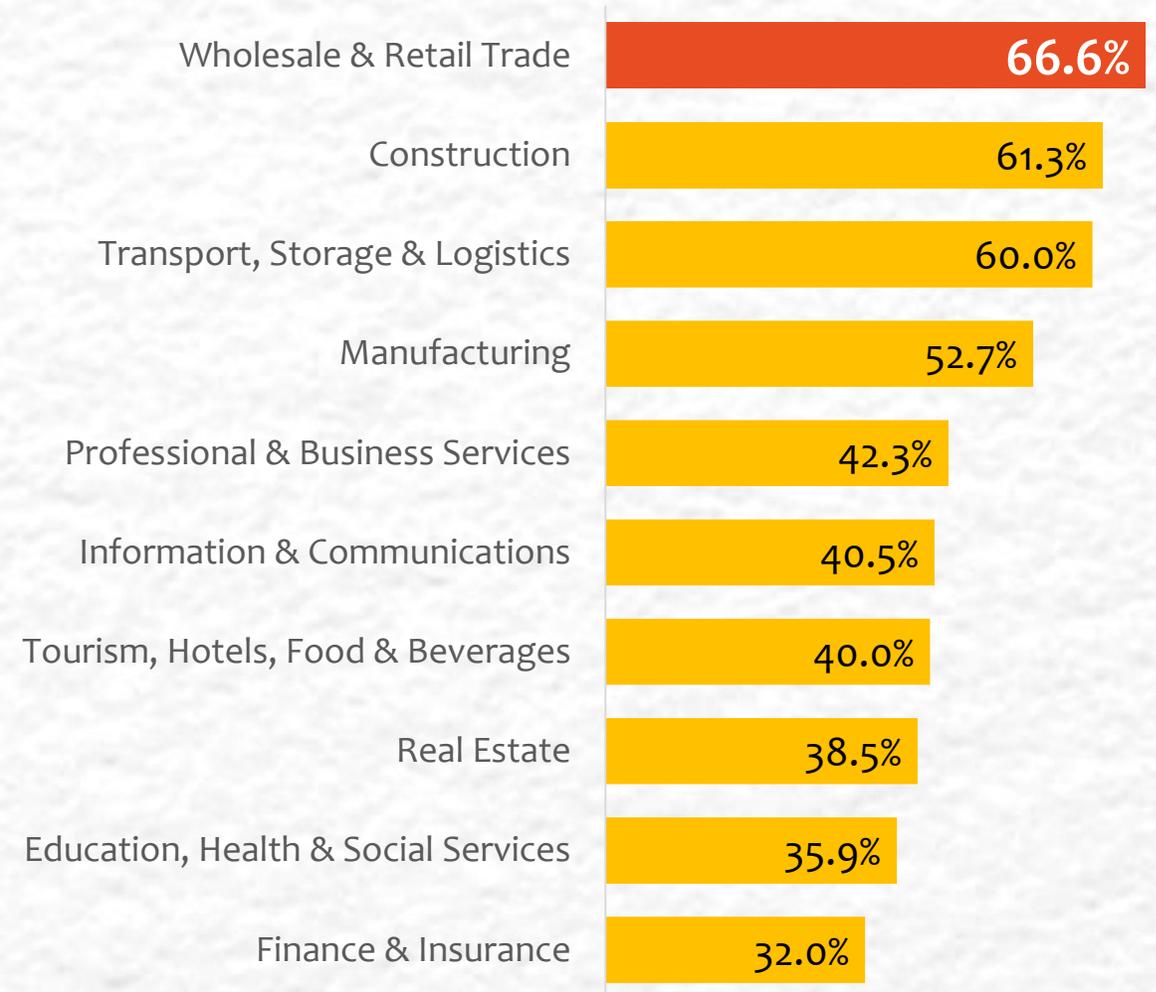
MTI's Third Quarter 2019 Survey of Business Expectations (Services sector): Wholesale & retail trade least optimistic in their business outlook for 2H/2019

Wholesale & Retail most affected by drop in profit margin

Percentage of respondents who reported increase in business costs by sector



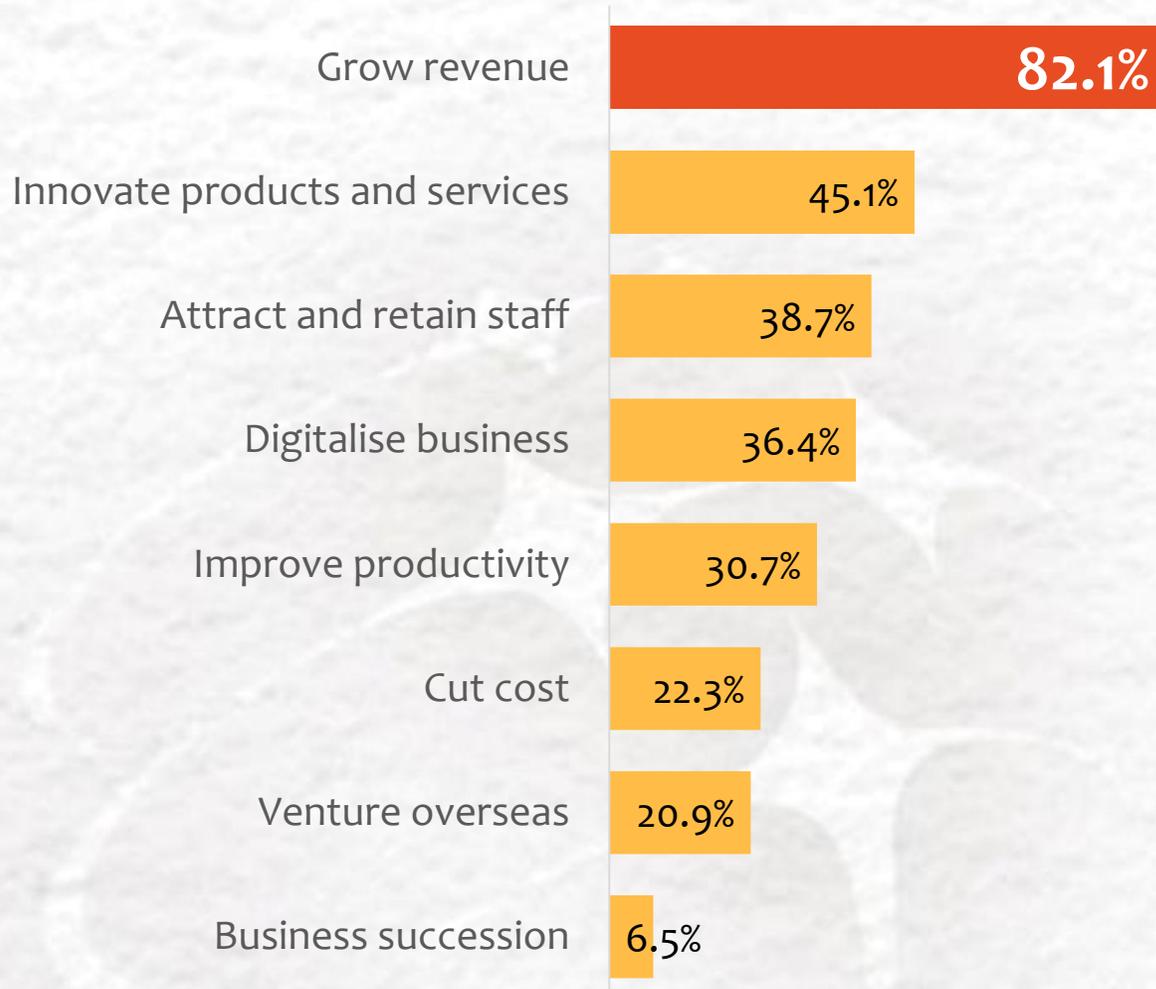
Percentage of respondents who reported decrease in profit margin by sector



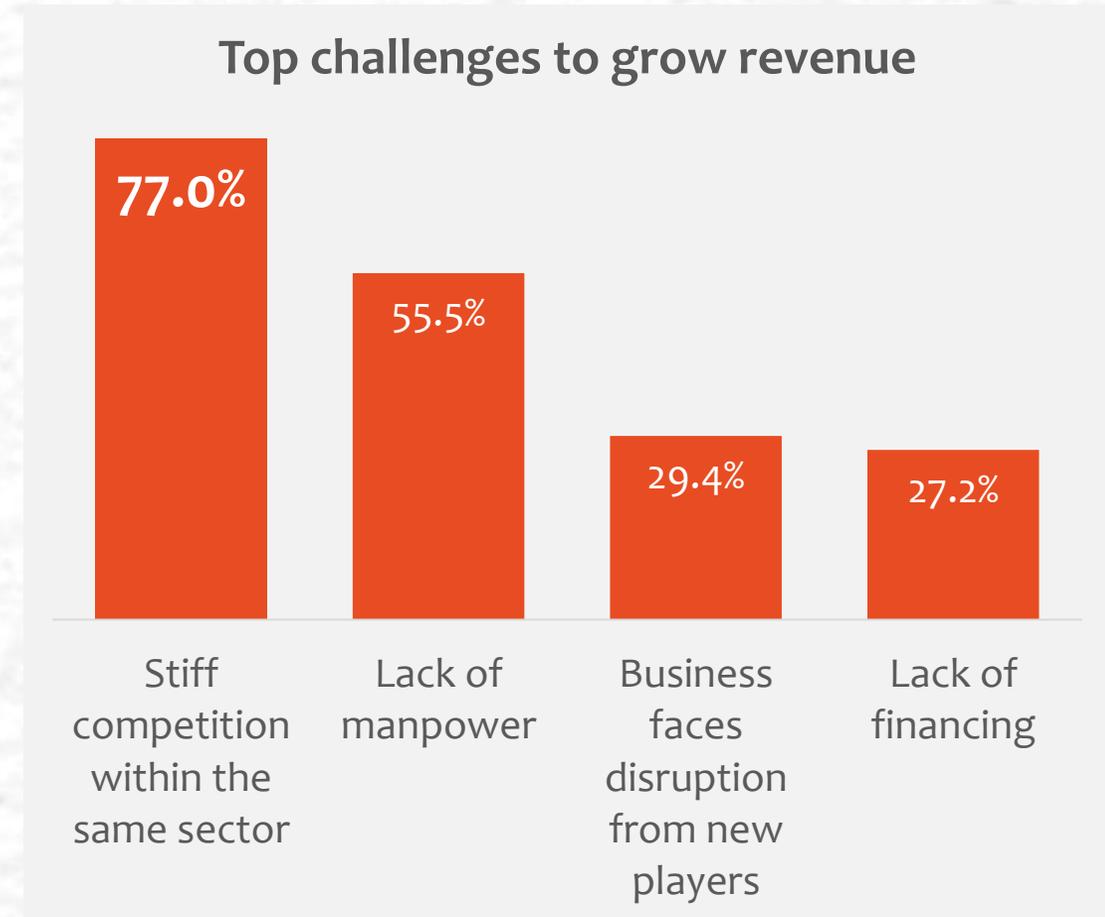
Growing revenue top priority for businesses

Internationalisation low priority despite small local market amid global uncertainties

Business priorities for respondents



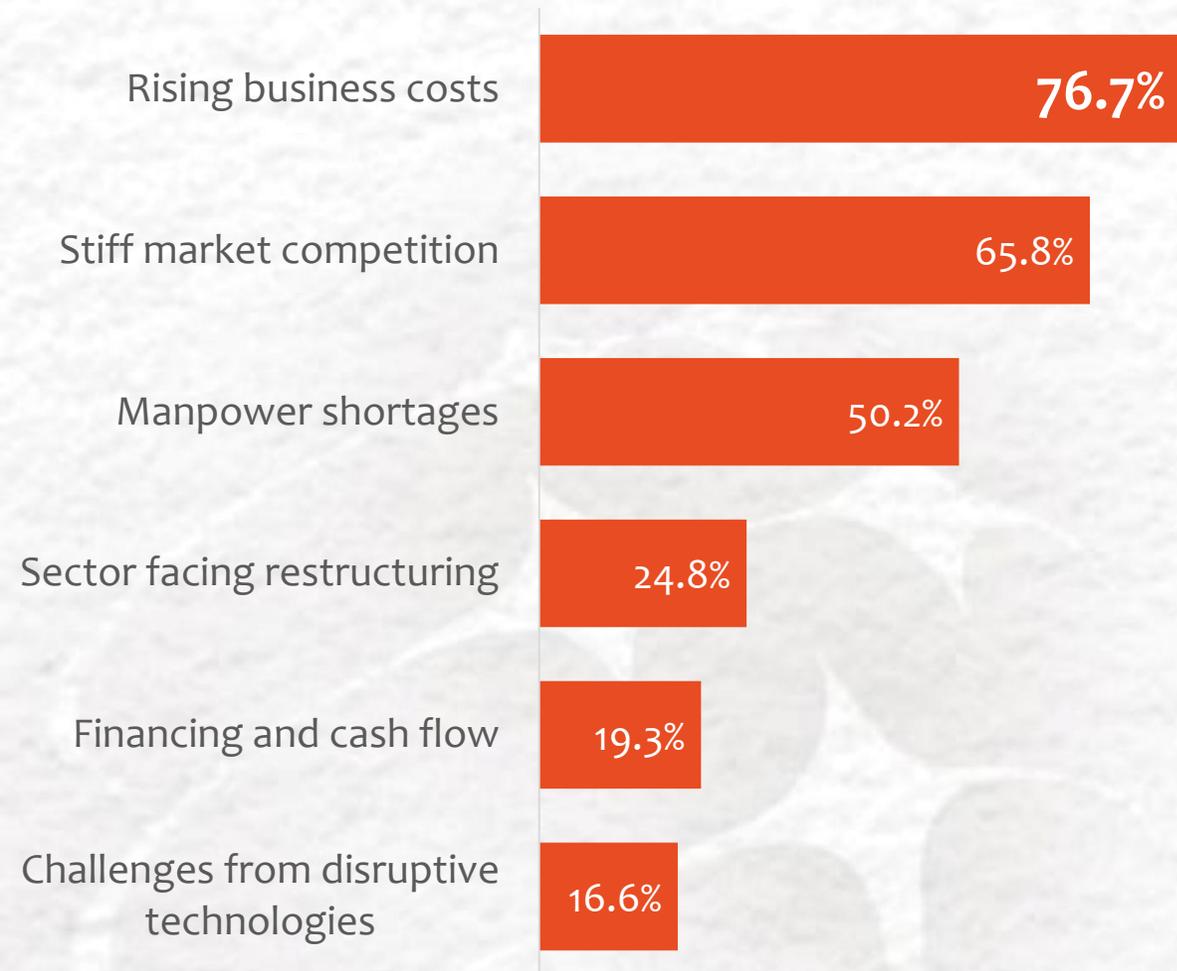
Top challenges to grow revenue



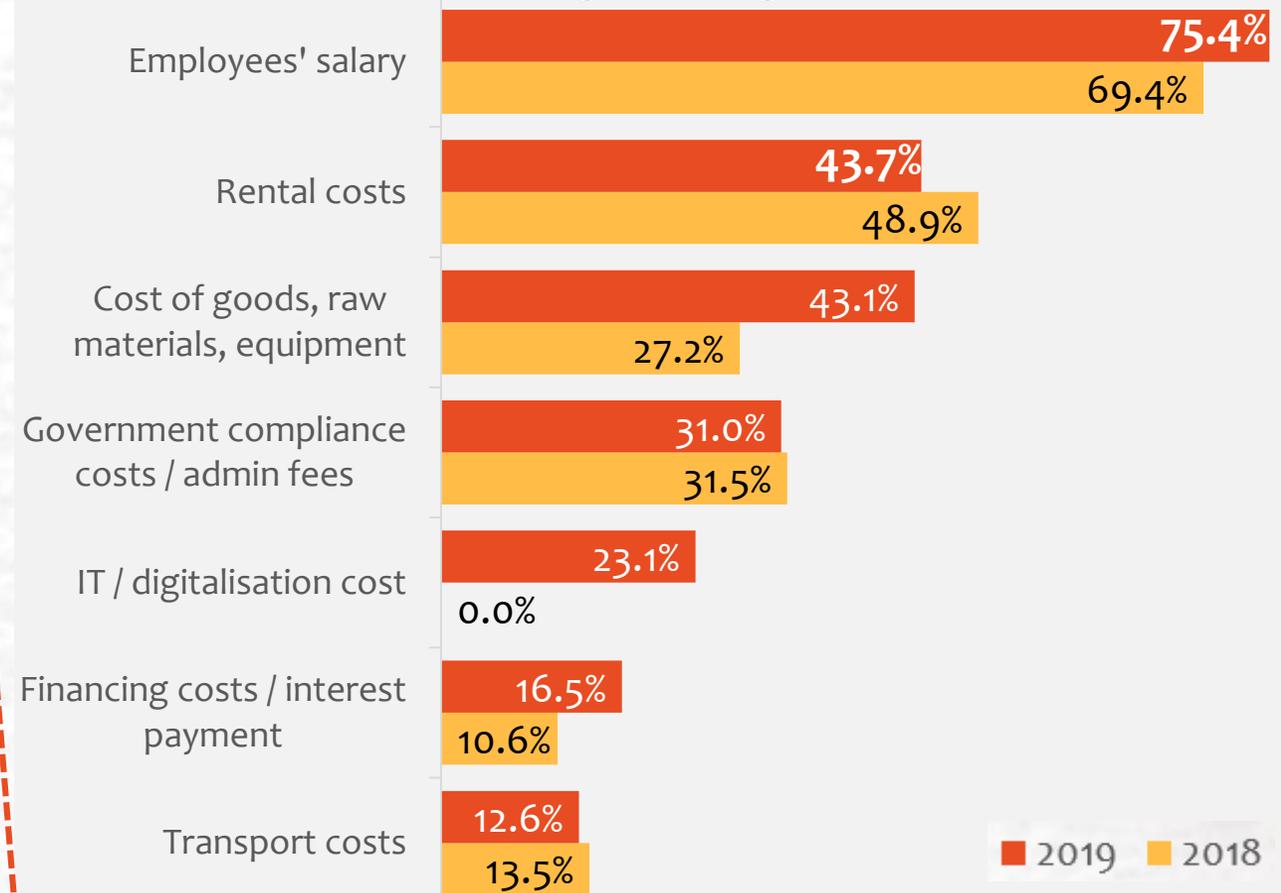
Rising business costs remain the top challenge

Driven by wages and rentals

Business challenges in 2019

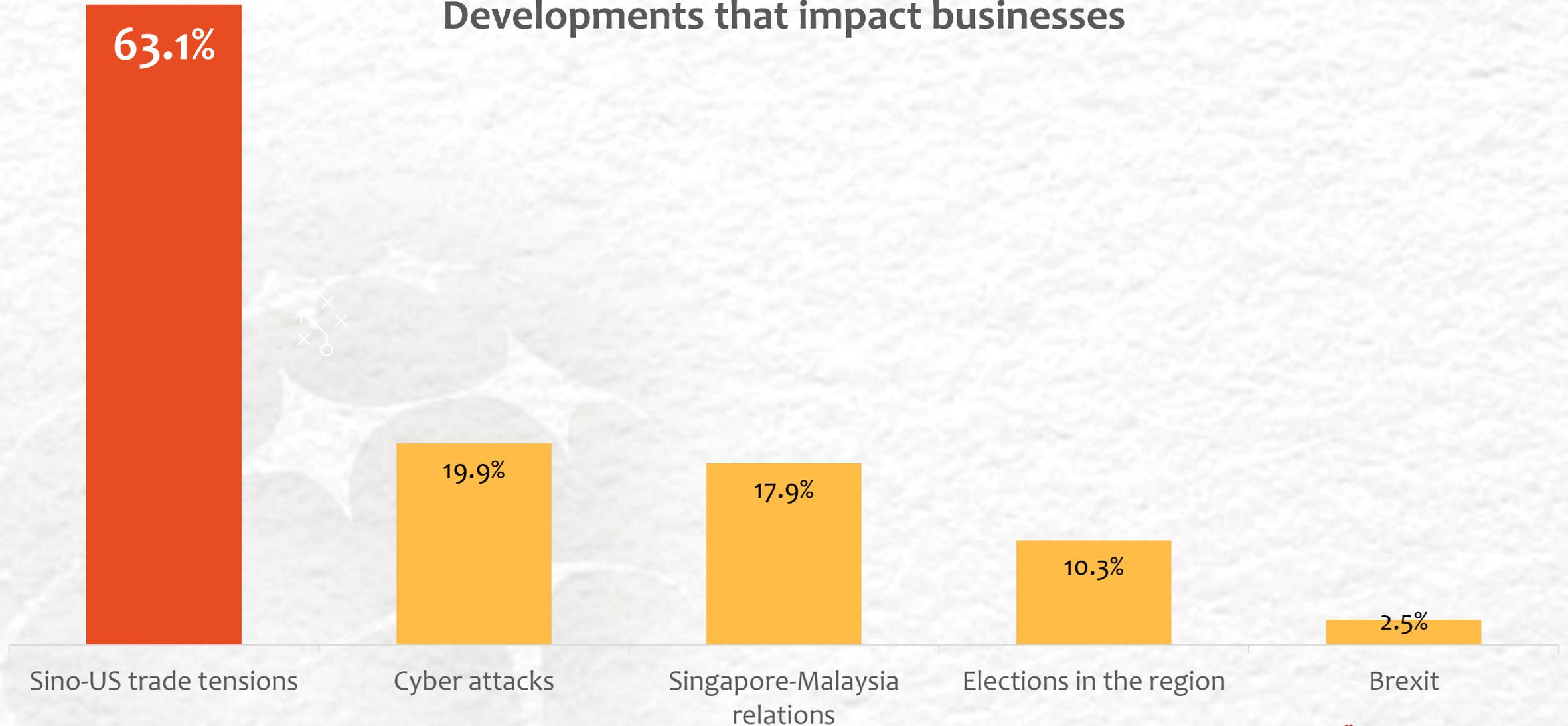


Items contributing to rising business costs



Sino-US trade war impacted businesses the most

Developments that impact businesses

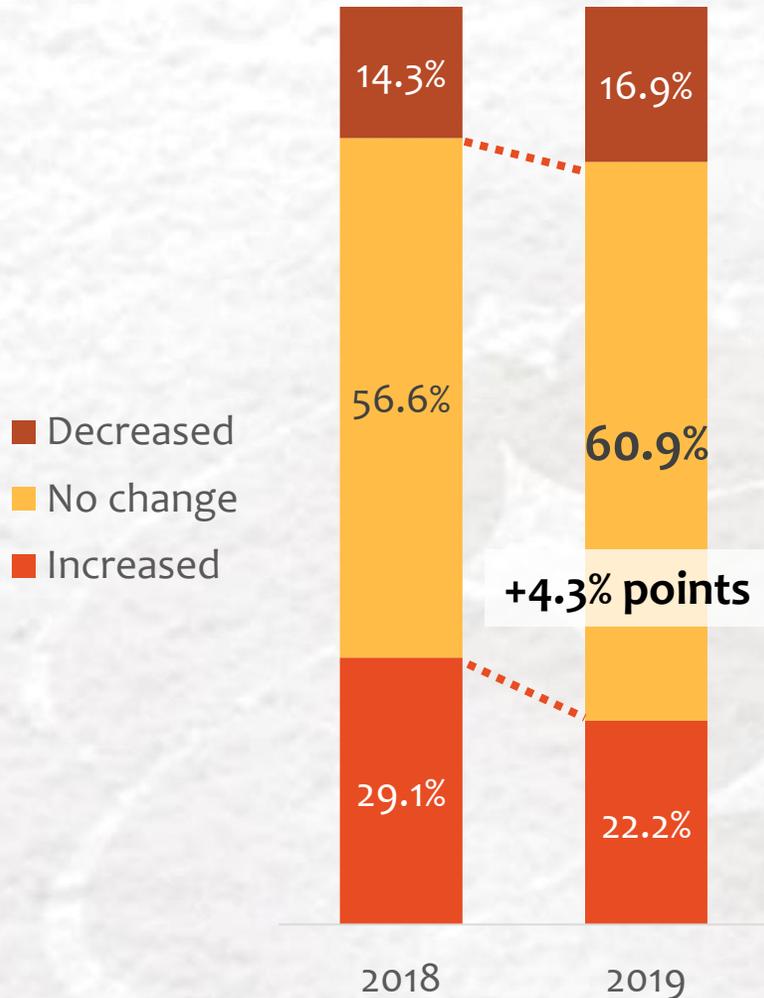


Manpower

More companies maintaining their staff strength

Transport, Storage & Logistics sector reduced manpower the most

Staff strength (2018 v 2019)



Top manpower challenge is attracting and retaining staff

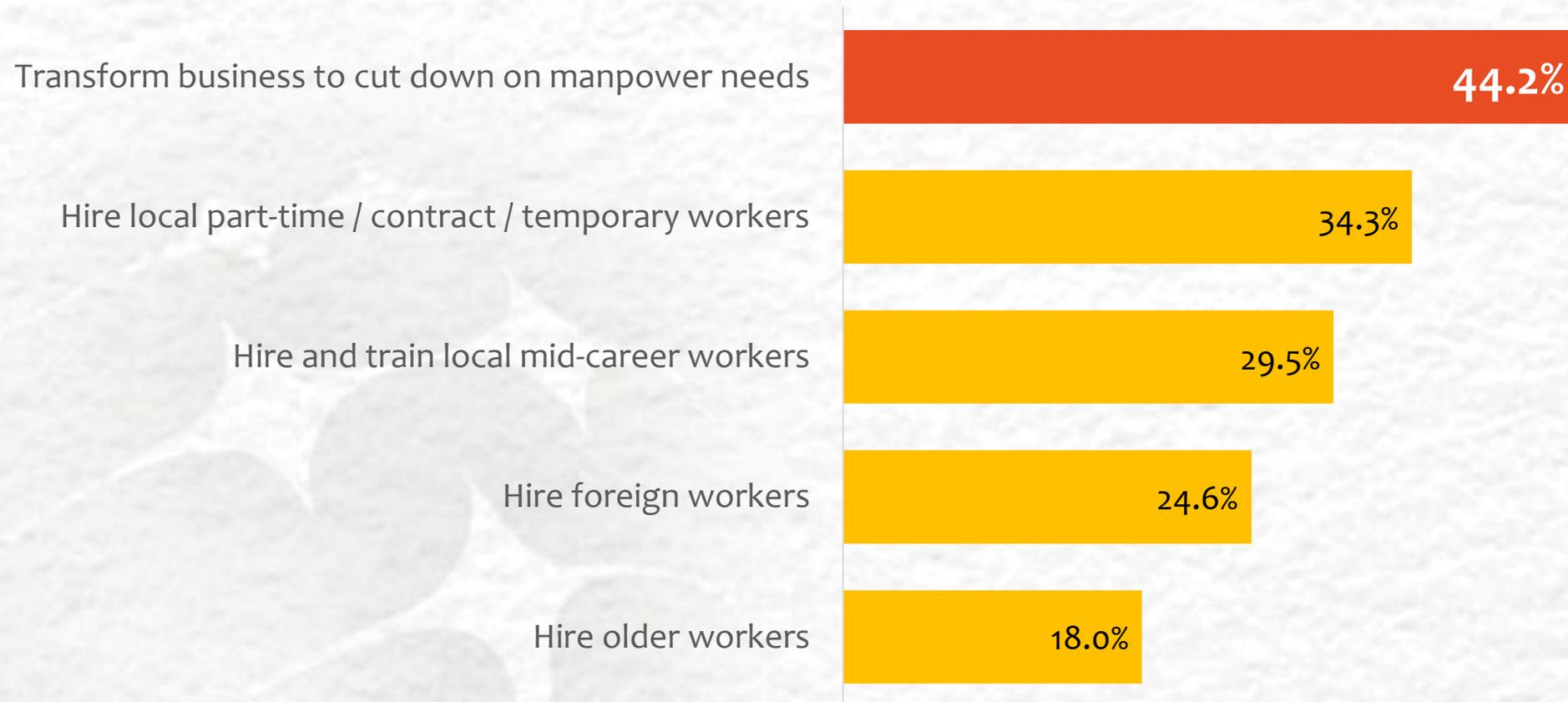
Manpower challenges (2018 v 2019)



Businesses transforming to manage manpower needs

Hiring older workers and mid-career workers still not common

Strategies to manage manpower needs

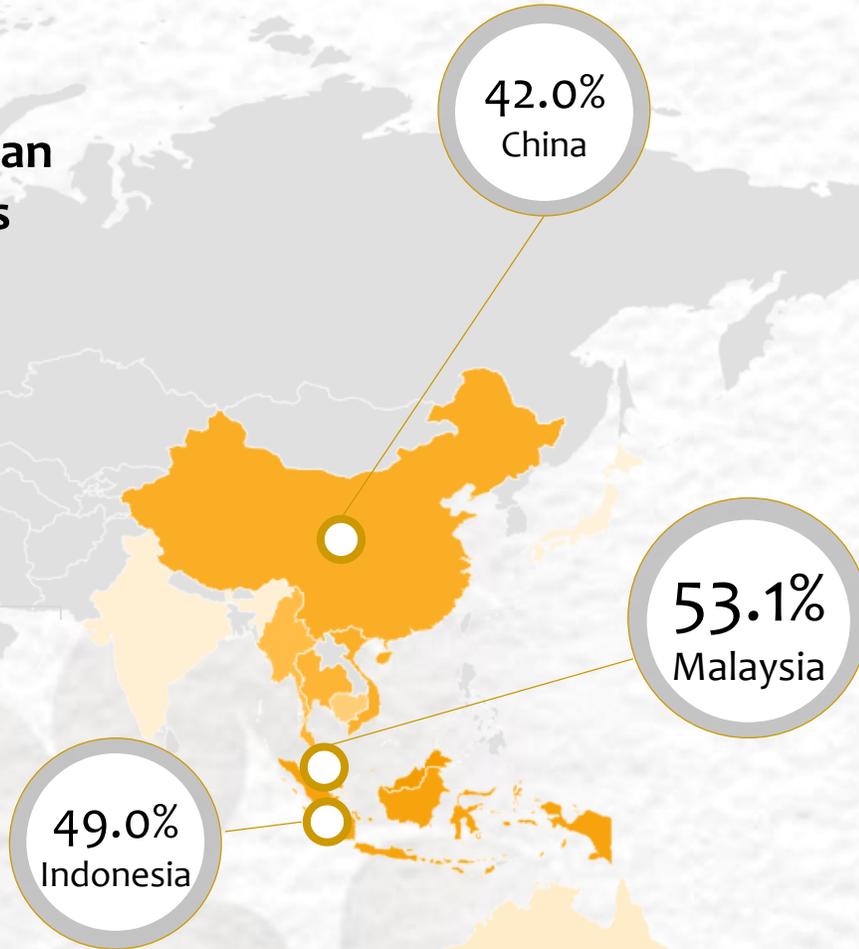
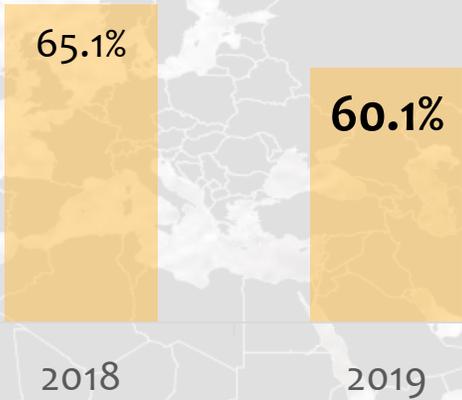


Internationalisation

Uncertain geopolitical climate affects sentiments to internationalise

Rising interest in Indonesia, Thailand, Vietnam & Cambodia

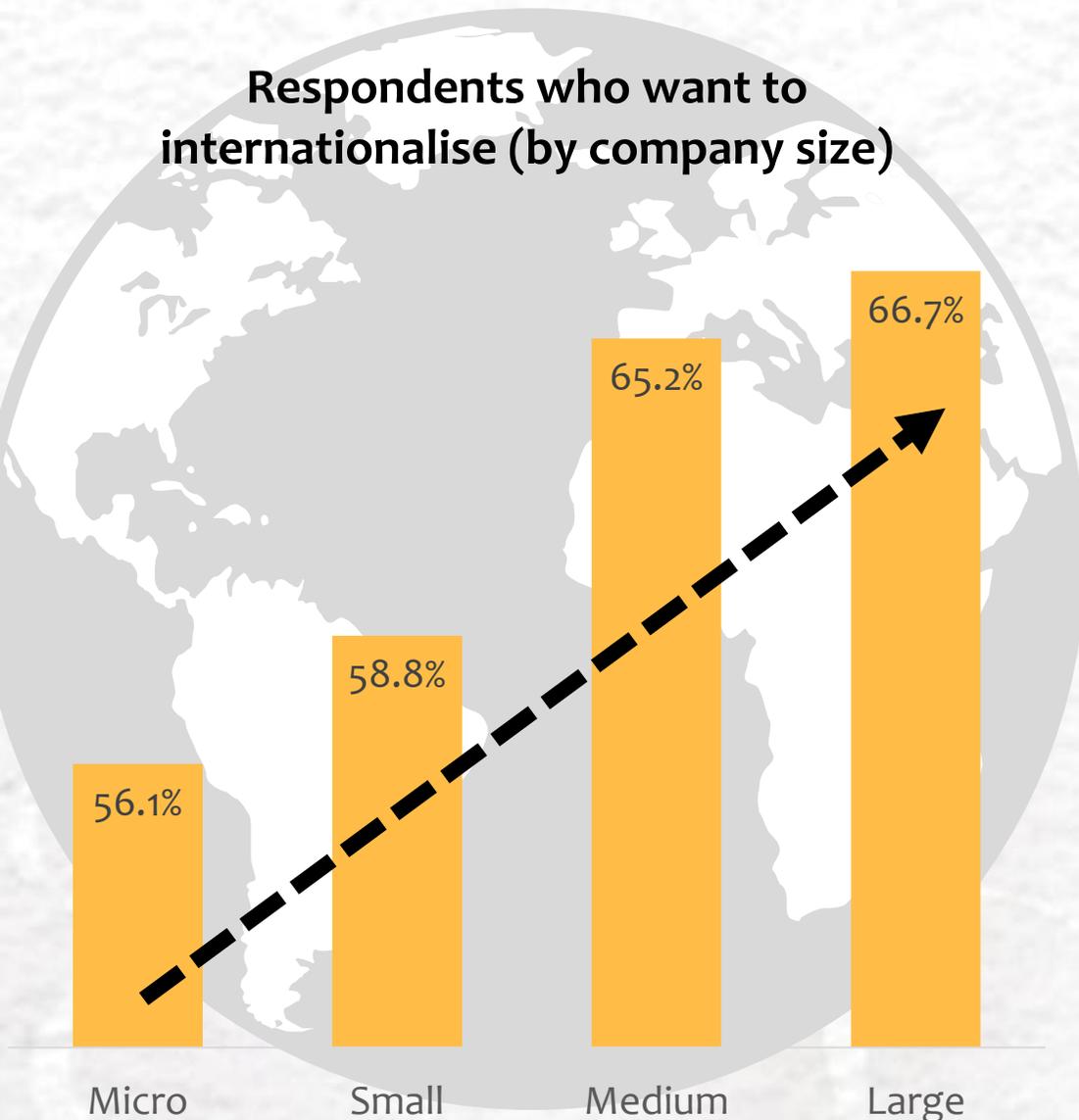
Respondents who indicated that they plan to venture overseas



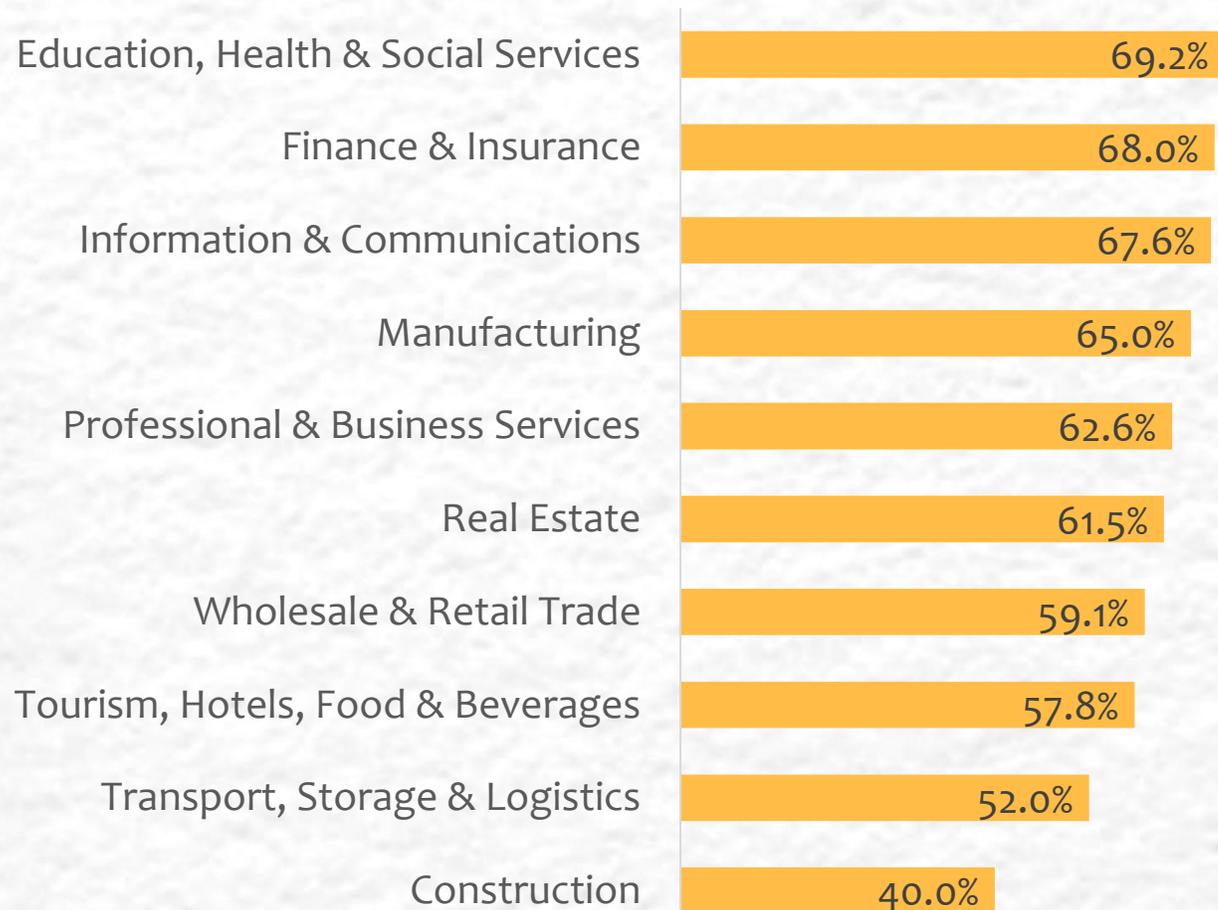
	2019	2018	+/-
Malaysia	53.1%	59.5%	-6.4%
Indonesia	49.0%	39.2%	+9.8%
China	42.0%	39.7%	+2.3%
Vietnam	40.9%	33.4%	+7.5%
Thailand	37.3%	28.3%	+9.0%
Myanmar	31.8%	26.0%	+5.8%
Cambodia	24.8%	17.5%	+7.3%
Australia/ New Zealand	13.0%	11.2%	+1.8%
Europe	12.2%	9.8%	+2.4%
India	11.5%	10.2%	+1.3%

More of the larger companies are internationalising

Respondents who want to internationalise (by company size)

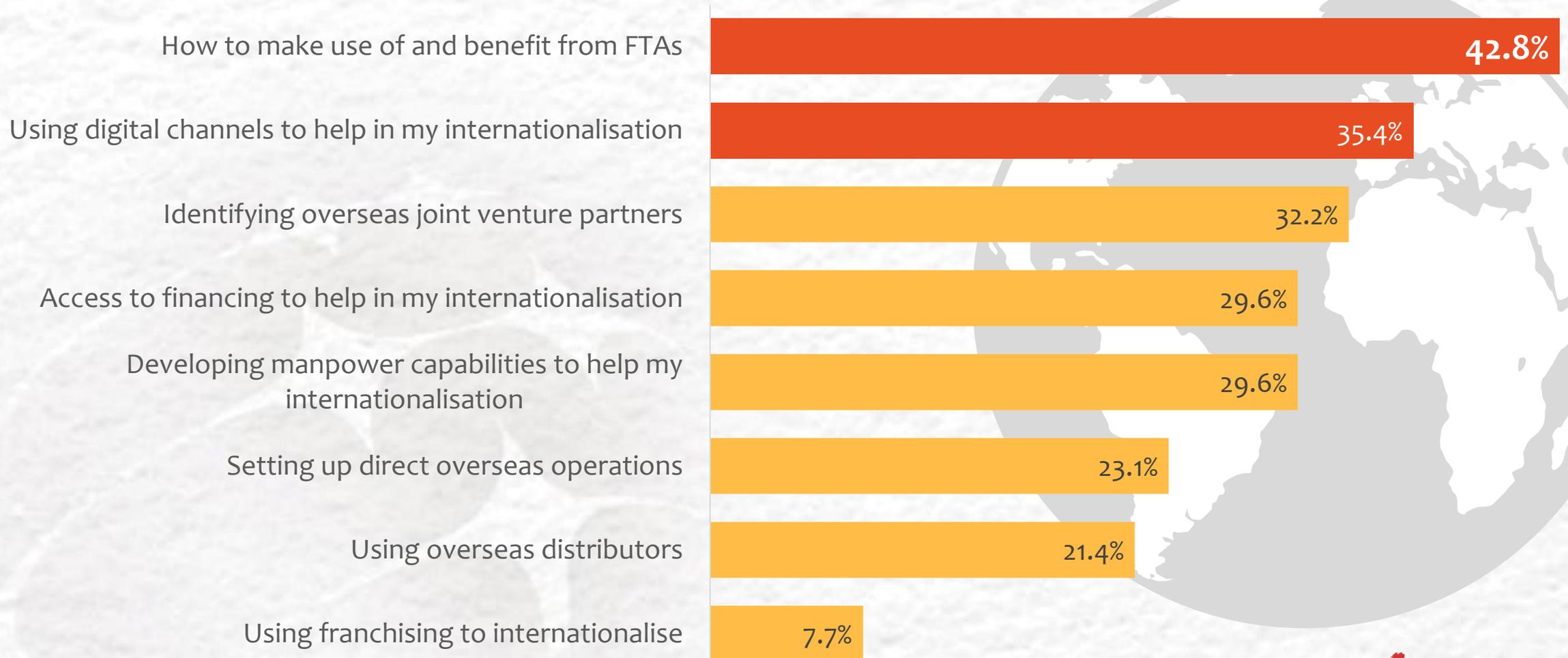


Respondents who want to internationalise (by industry)



Businesses most interested to leverage FTAs and digital channels to develop overseas markets

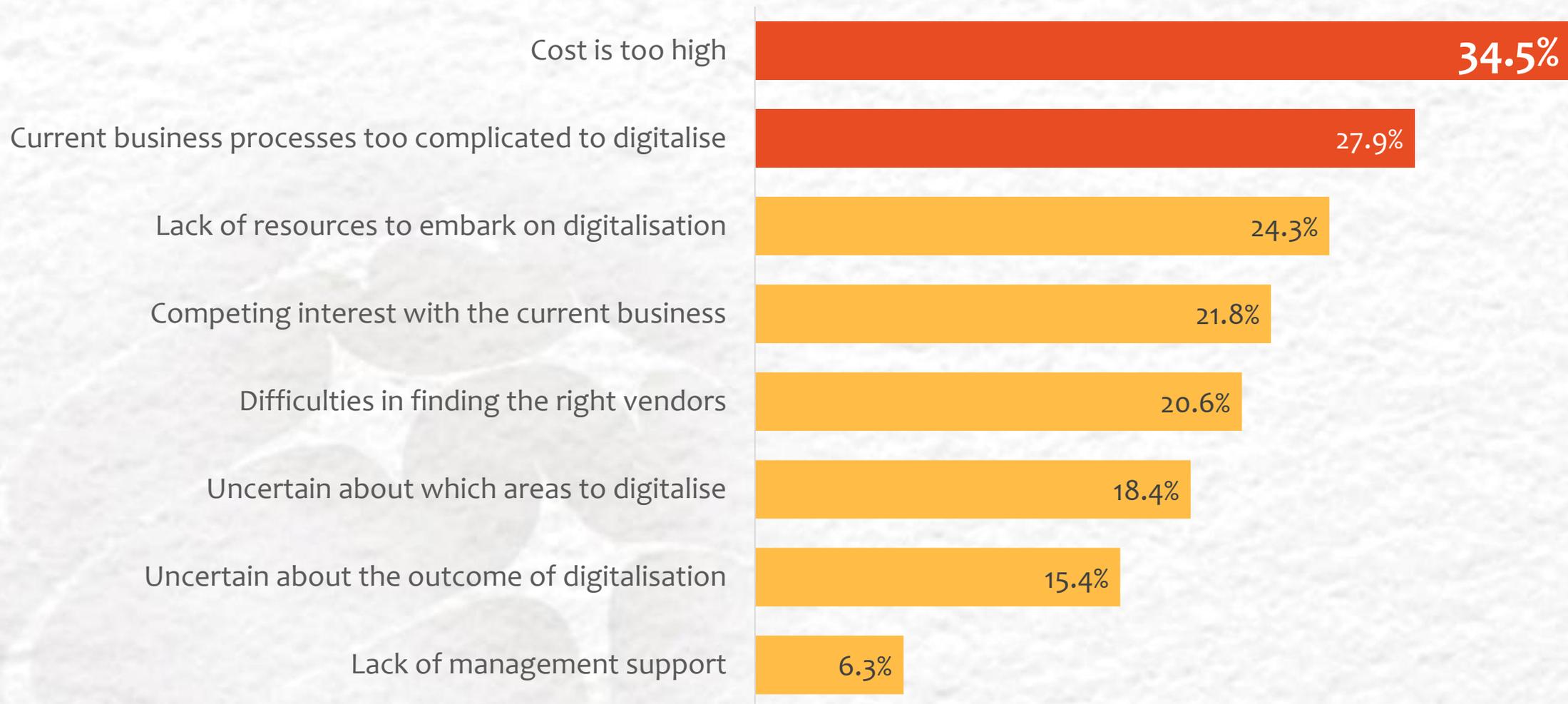
Interests in topics on Internationalisation



Digitalisation

Top challenge in digitalisation: High cost

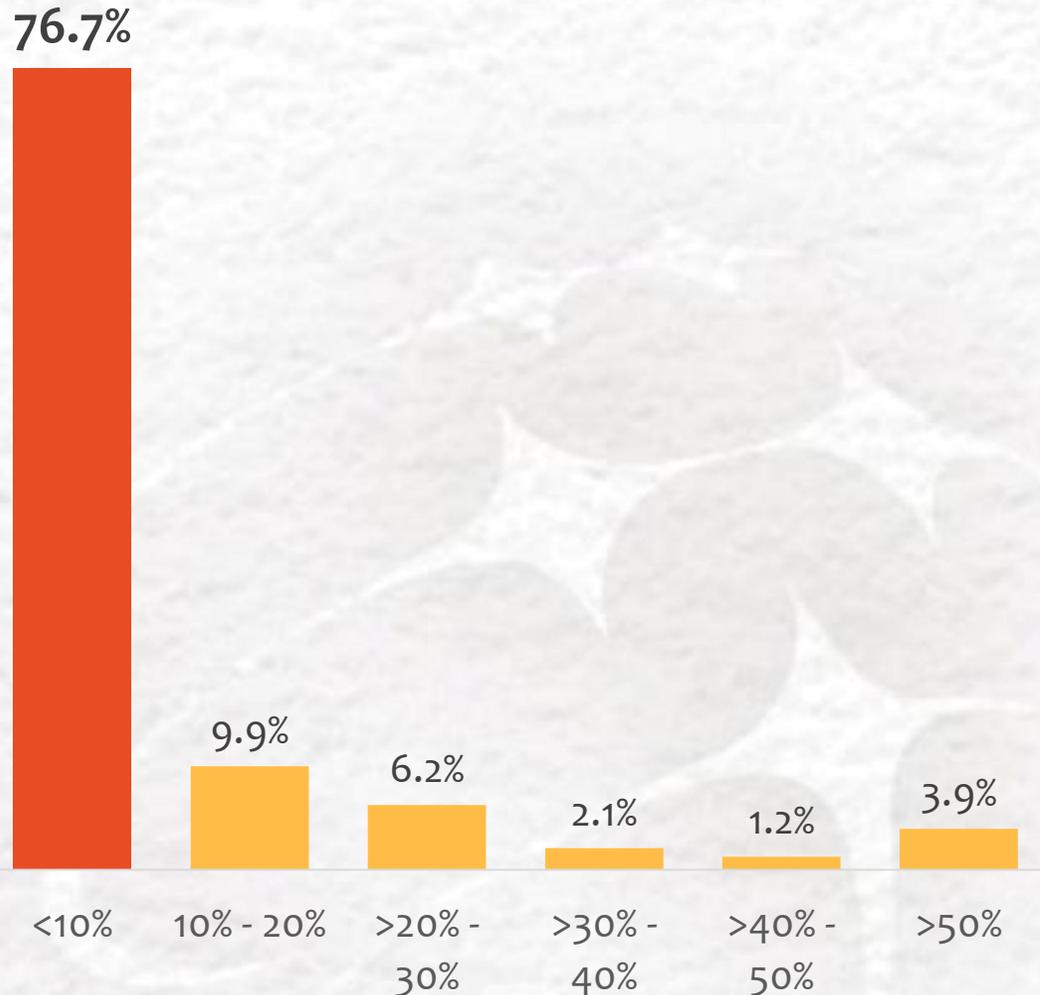
Challenges during the digitalisation process/when deciding to go digital



77% of companies have limited success deriving online revenue

Construction, Wholesale & Retail and Manufacturing lag behind the most

Estimated percentage of revenue from online sources



Respondents who derive <10% of their revenue from online sources by sector



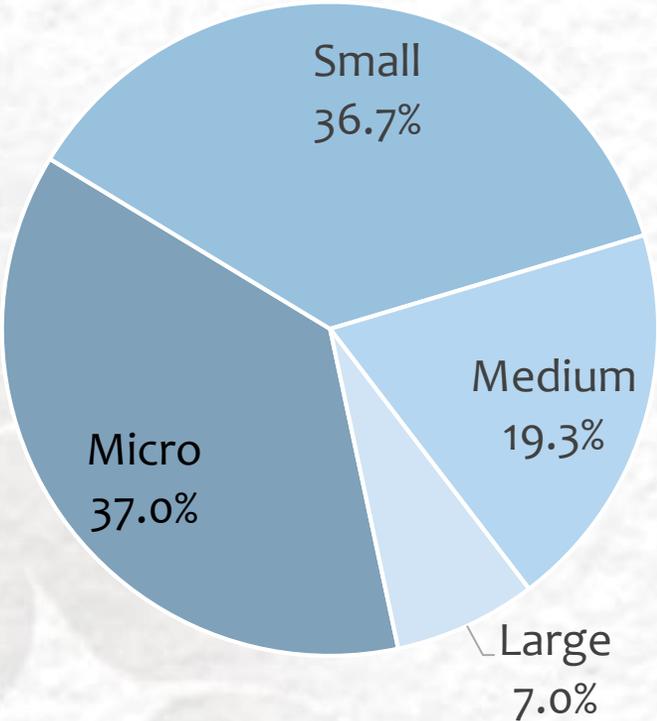
2019 SCCCI Digitalisation Survey

Profile of survey respondents

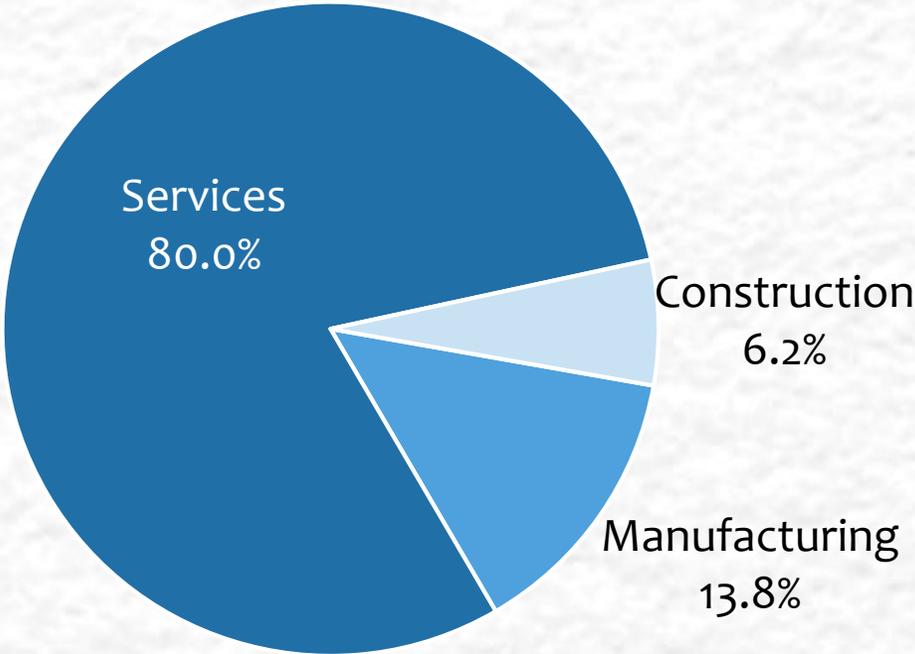
278
respondents

Survey conducted over
the month of
August 2019

Company size



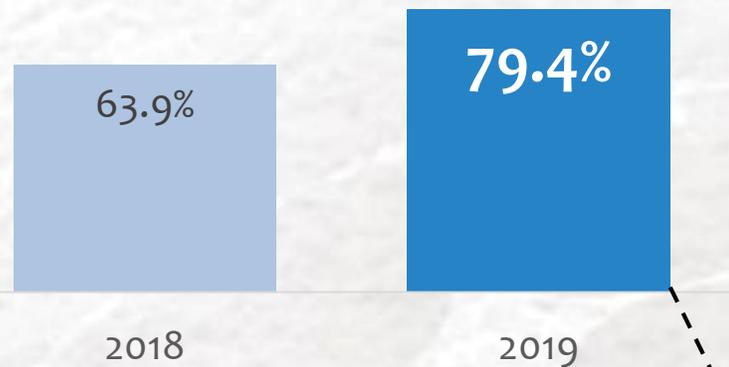
Industry



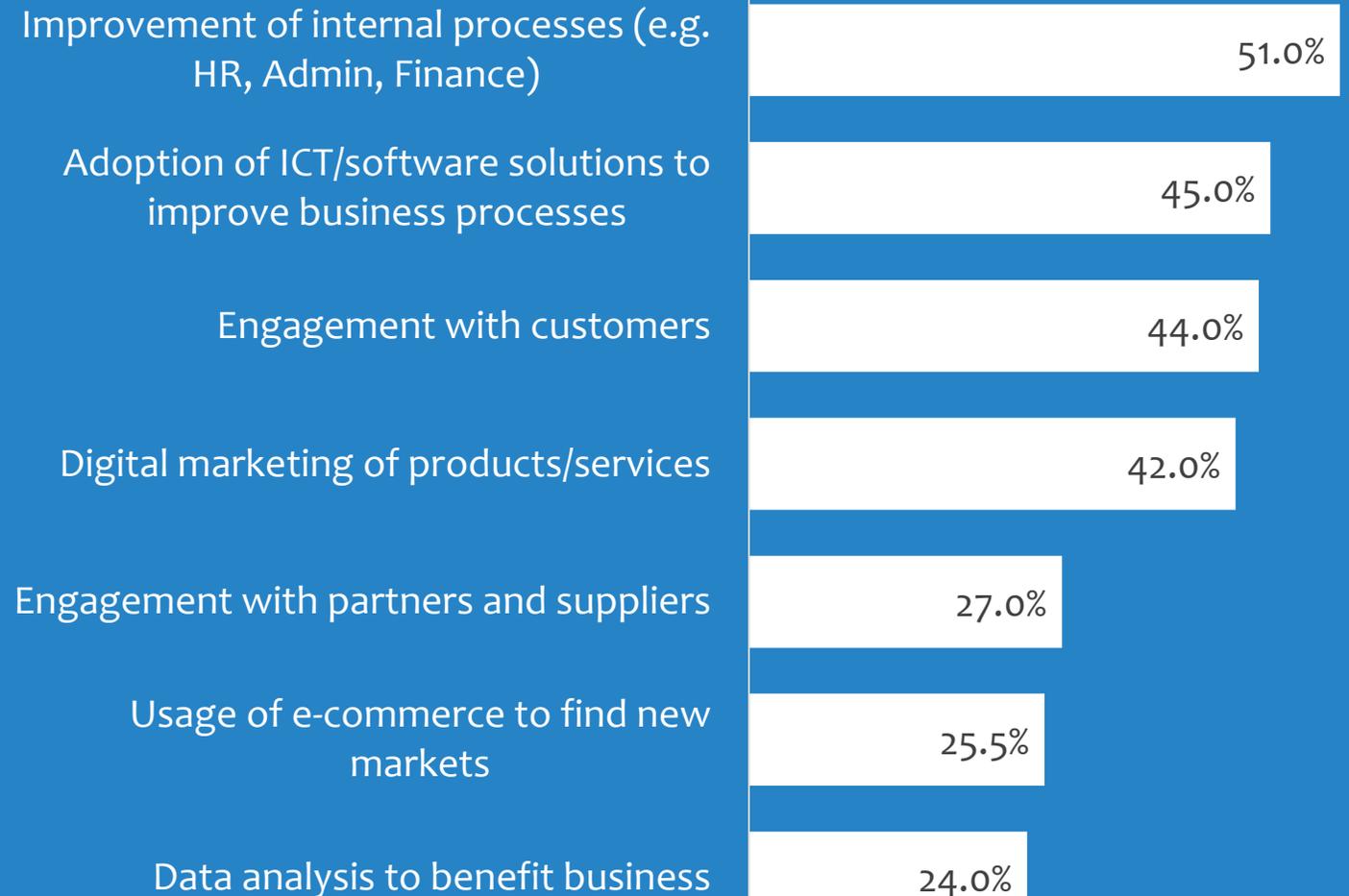
4 in 5 respondents have digitalised their business

Mainly to improve internal and business processes

Percentage of respondents who have digitalised their business



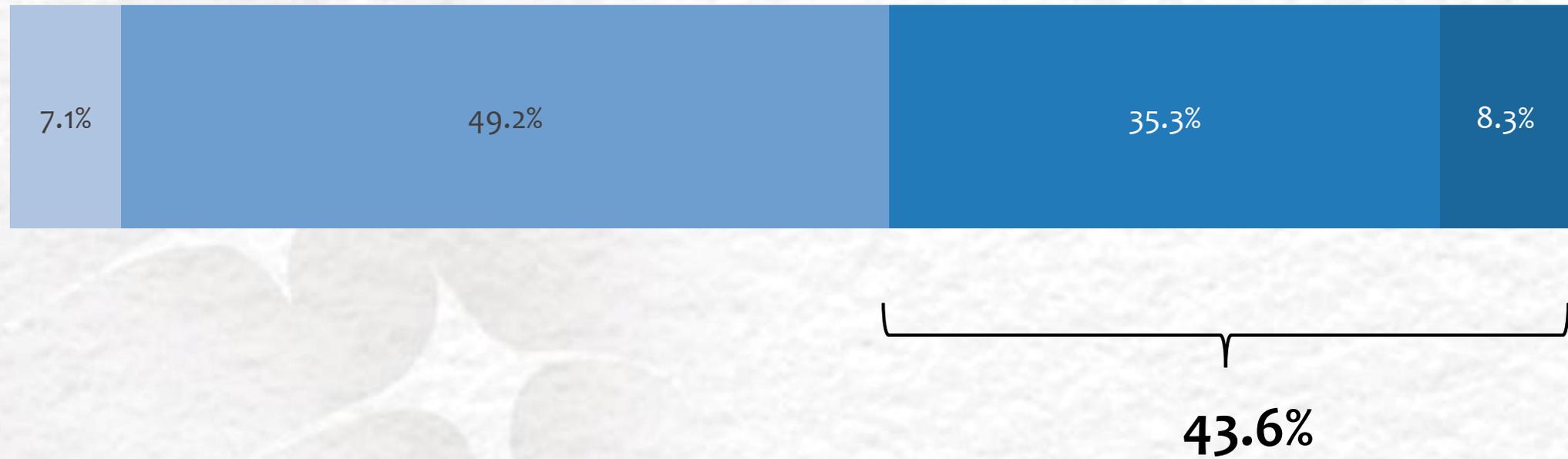
Which area(s) of your business have you digitalised?



43.6% of respondents achieved moderate to great results from digitalisation

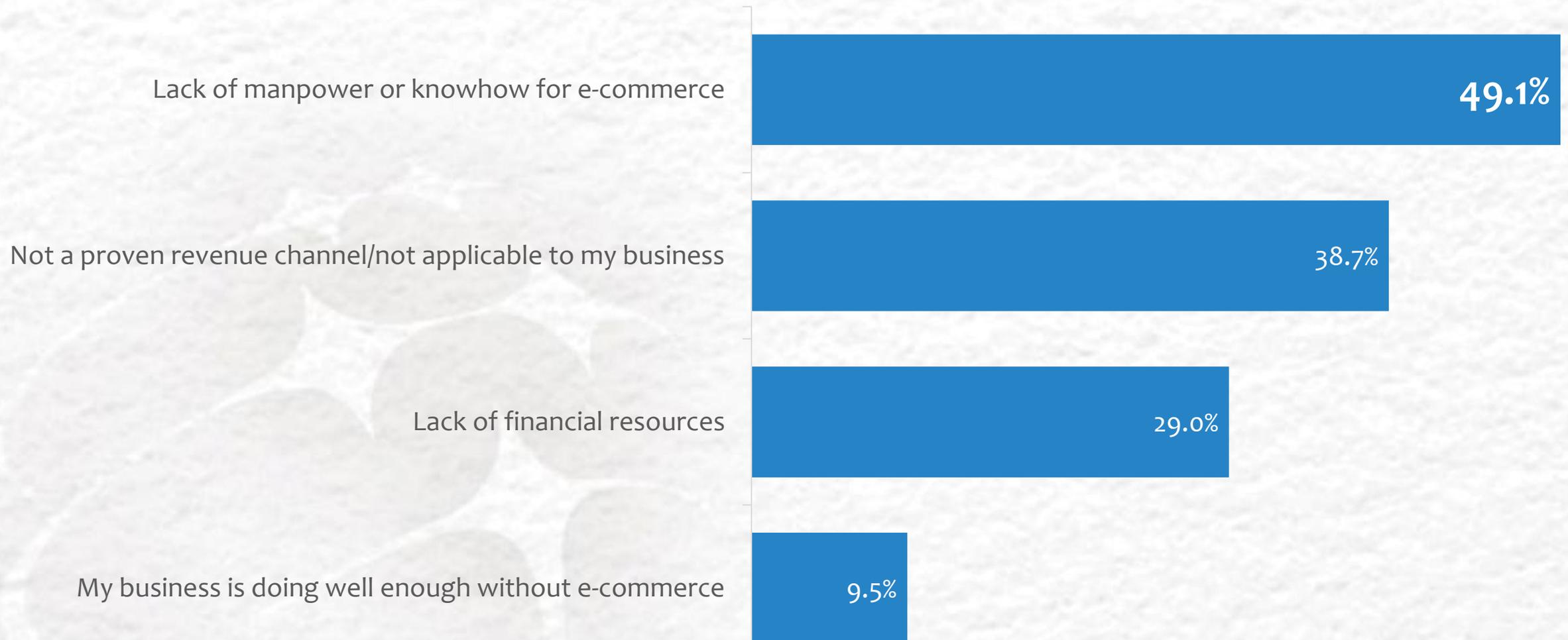
To what extent has your digitalisation efforts shown results?

■ Not at all ■ A small extent ■ A moderate extent ■ A great extent



Top reason for not using e-commerce: Lack of manpower and knowhow

If your business is not on e-commerce, why?



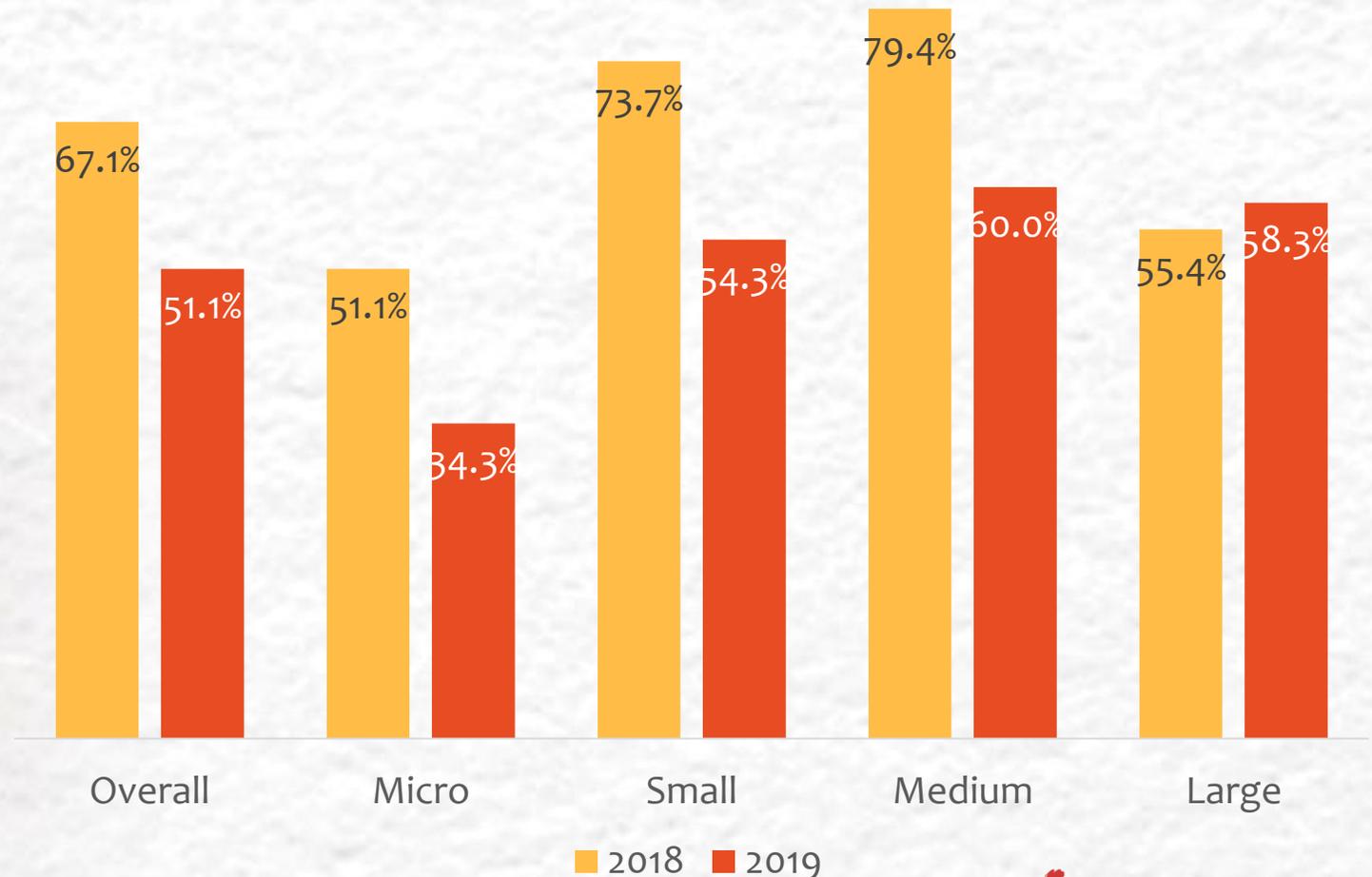
Government schemes

Usage of Govt Schemes by businesses have fallen

Overall	-16.0%
Micro	-16.8%
Small	-19.4%
Medium	-19.4%
Large	+2.9%

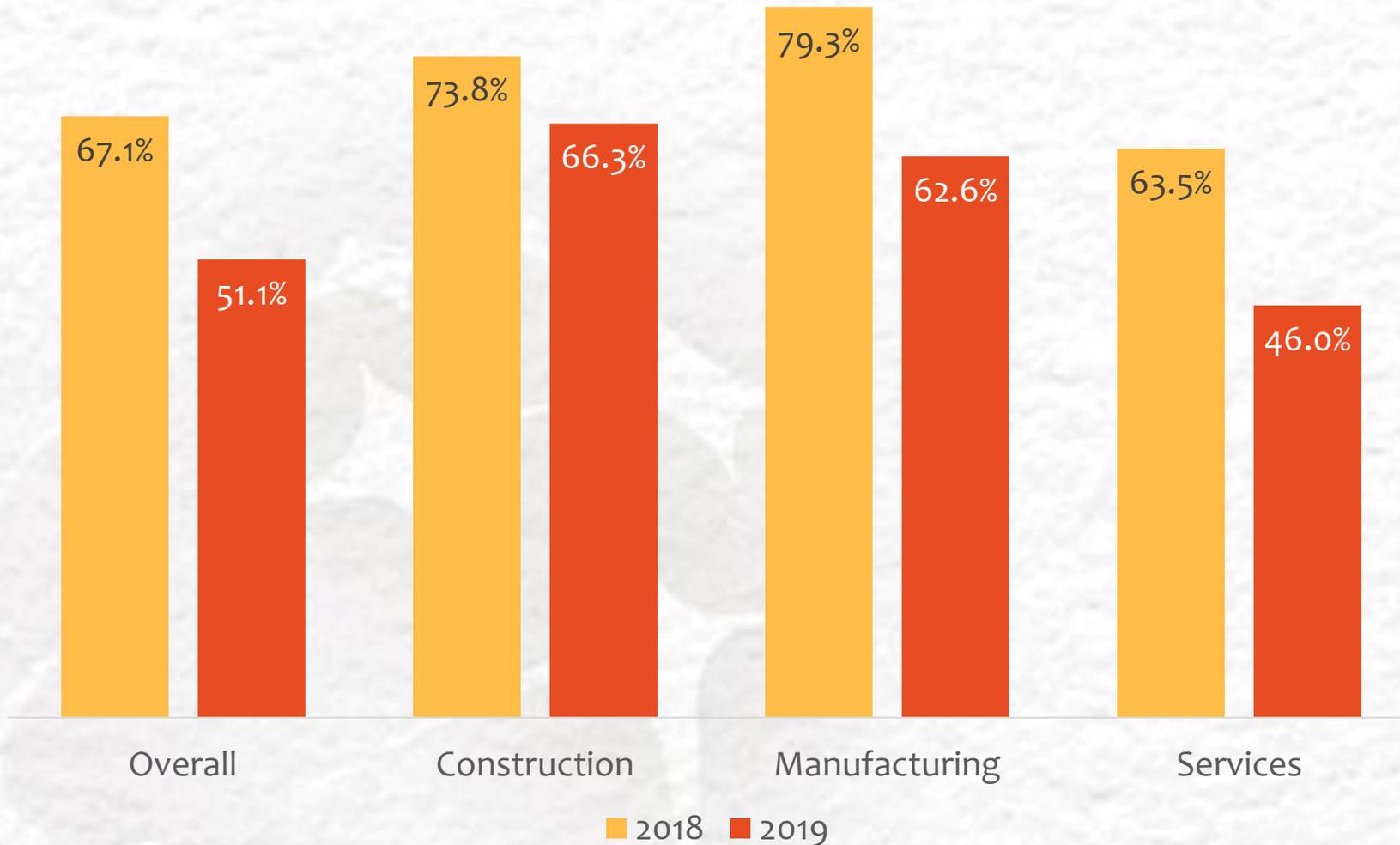
Stringent eligibility criteria and lack of awareness commonly cited by SMEs for not applying for Govt schemes

Respondents that have applied for Govt schemes (by size of company)



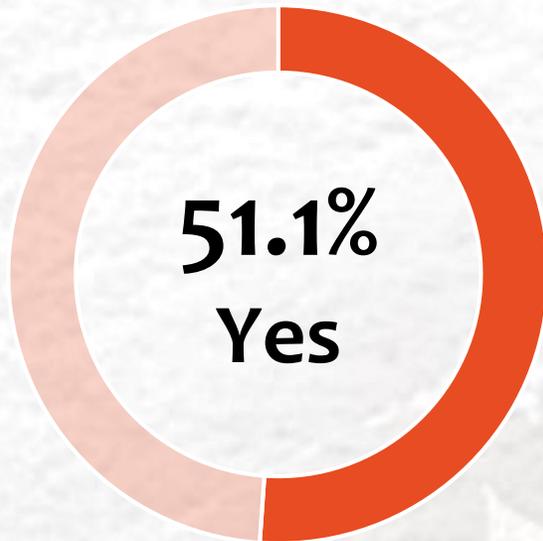
Decrease in Govt Schemes uptake across all sectors

Respondents that have applied for Govt schemes (by sector)



Overall	-16.0%
Construction	-7.5%
Manufacturing	-16.7%
Services	-17.5%

Most popular scheme: Productivity Solutions Grant



of respondents
have applied for
Govt schemes

Productivity Solutions Grant (PSG)	48.9%
Enterprise Development Grant (EDG)	23.3%
Wage Credit Scheme	16.7%
Enhanced Training Support for SMEs, WorkPro, Training subsidies	15.9%
Market Readiness Assistance (MRA) Grant	8.9%
Double Tax Deduction for Internationalisation (DTD_i)	7.4%
SkillsFuture Earn and Learn	5.8%
SMEs Go Digital Programme	5.4%
SME Working Capital Loan	5.0%
Professional Conversion Programme (PCP)	4.6%
Micro-Loan Programme	3.0%
A*STAR schemes (Operation and Technology Road-mapping / T-Up)	2.6%
Internationalisation Finance Scheme (IFS)	1.8%
Capability Transfer Programme (CTP)	1.2%
Lean Enterprise Development (LED) Scheme	1.0%

Half of respondents felt that Govt should facilitate SMEs to participate in govt procurement projects

Forms of help apart from Govt schemes

Government can develop schemes to facilitate SMEs' participation in government procurement projects	50.1%
Government agencies can be more coordinated on cross-agency issues	37.9%
Government-linked companies and large businesses provide more opportunities for us to participate to build our track record	33.0%
Explore how the trade association in my sector can help me to transform and upgrade	30.5%

Spur more collaboration between big and small companies; More collaboration to meet common needs

Approaches to enhance business collaboration

Large companies can more actively make available opportunities for smaller companies to participate in	45.5%
Companies can collaborate with one another to meet common needs (e.g. to access equipment and technology)	42.7%
Government can strengthen the incentive for large companies to collaborate with smaller ones	38.5%
Trade associations and chambers can step up to promote collaboration among member companies	38.6%

Recommendations

Recommendations

1. Help businesses to ease business costs

- Support wage costs by raising the 10% funding support quantum of the Wage Credit Scheme in 2020, and extend the scheme beyond 2020
- Maintain the existing foreign worker levy rates
- Reduce or freeze on rentals of government properties, including industrial and commercial space
- Flexibility for lessees of JTC industrial properties to sublet beyond 50% of GFA in the current downturn
- Not to further increase government compliance costs that will unnecessarily aggravate the cost burden of businesses
- Extend Corporate Income Tax rebate to tax-paying companies in 2020

2. Help SMEs to speed up transformation through digitalisation by tackling the high cost

- In an increasingly digital economy, SMEs are generally convinced of the merits of using digitalisation to transform their businesses—but are deterred by the costs
- Provide salary support for the crucial IT/technology talents responsible for executing digitalisation
- Higher support quantum that is outcome-based for SMEs to speed up leveraging digital platforms to increase their revenue streams and uncover new growth opportunities

Recommendations

3. TACs take the lead to harness the sharing economy to help transform the way businesses are conducted

- Benefits of a sharing economy can be harnessed to transform the way that businesses have traditionally been conducted
- TACs can organise member companies together to use shared operating premises, access advanced technologies, equipment and shared services while keeping the operating costs lower for individual companies
- Government agencies can provide the relevant regulatory and funding support

4. Do more to encourage and support businesses to hire mid-career and older workers

- Shortage of manpower is a key challenge. Businesses can tap more fully on mid-career and older workers to address manpower constraints
- Strengthen incentives for companies to hire mid-career and/or older workers where applicable, especially in targeted sectors with acute manpower shortage
- Promote more awareness of relevant manpower schemes:
 - SkillsFuture Earn & Learn, Professional Conversion Programme, Capability Transfer Programme and Lean Enterprise Development Scheme

Recommendations

5. Continue to make it easier and lower the cost for SMEs to participate in government procurement projects

- SMEs view government procurement projects as a valuable track record from which they can scale up overseas. According to MOF, about 50% of government contract value goes to SMEs. There is room for more government projects to be awarded to SMEs
- Government can continue to review the qualifying criteria and improve the administrative processes to make it easier and lower the costs for SMEs as they bid for government contracts

6. Business-needs approach to tap on government schemes

- Government agencies should move away from focusing on schemes uptake and adoption to first seek to understand the fundamental business needs and plans of companies
- Correspondingly, government agencies should not indulge in silo, agency-based scheme promotion but instead offer scheme assistance from a “whole-of-government” perspective

Recommendations

7. Do more to help SMEs understand and make use of free trade agreements to derive benefits for their businesses

- FTAs can be a competitive advantage that SMEs can leverage to internationalise. Unlike large companies, SMEs do not have the capabilities and competencies to understand and effectively leverage on FTAs

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Thank you