



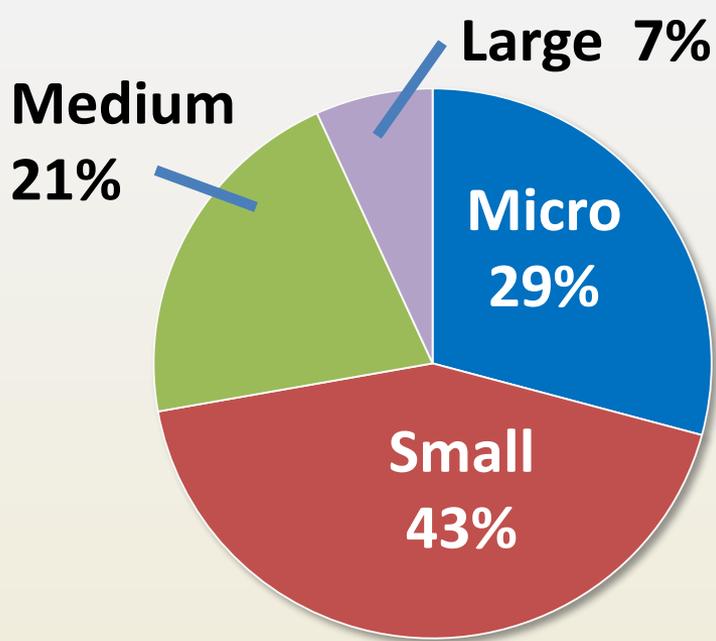
新加坡中華總商會  
Singapore Chinese Chamber of Commerce & Industry

# Annual Business Survey 2018

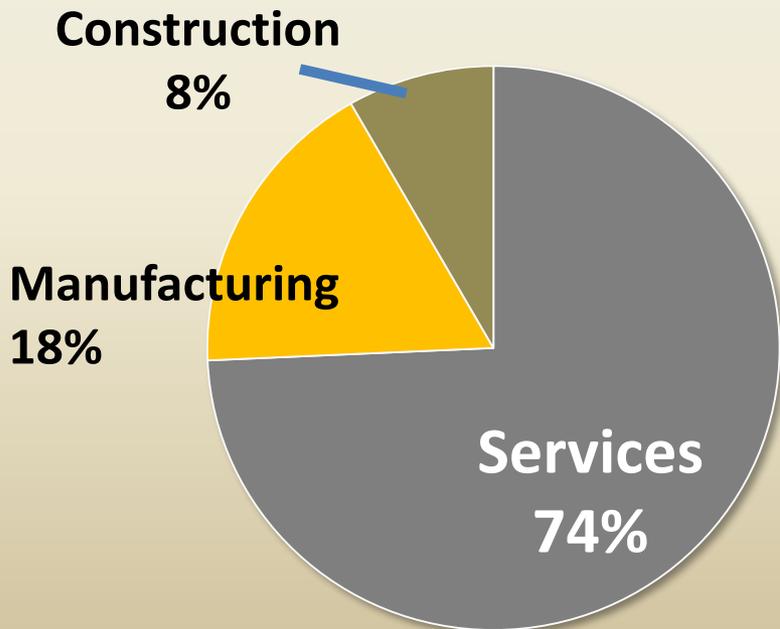
## Survey Report

**15 October 2018**

# Voices from Business Community



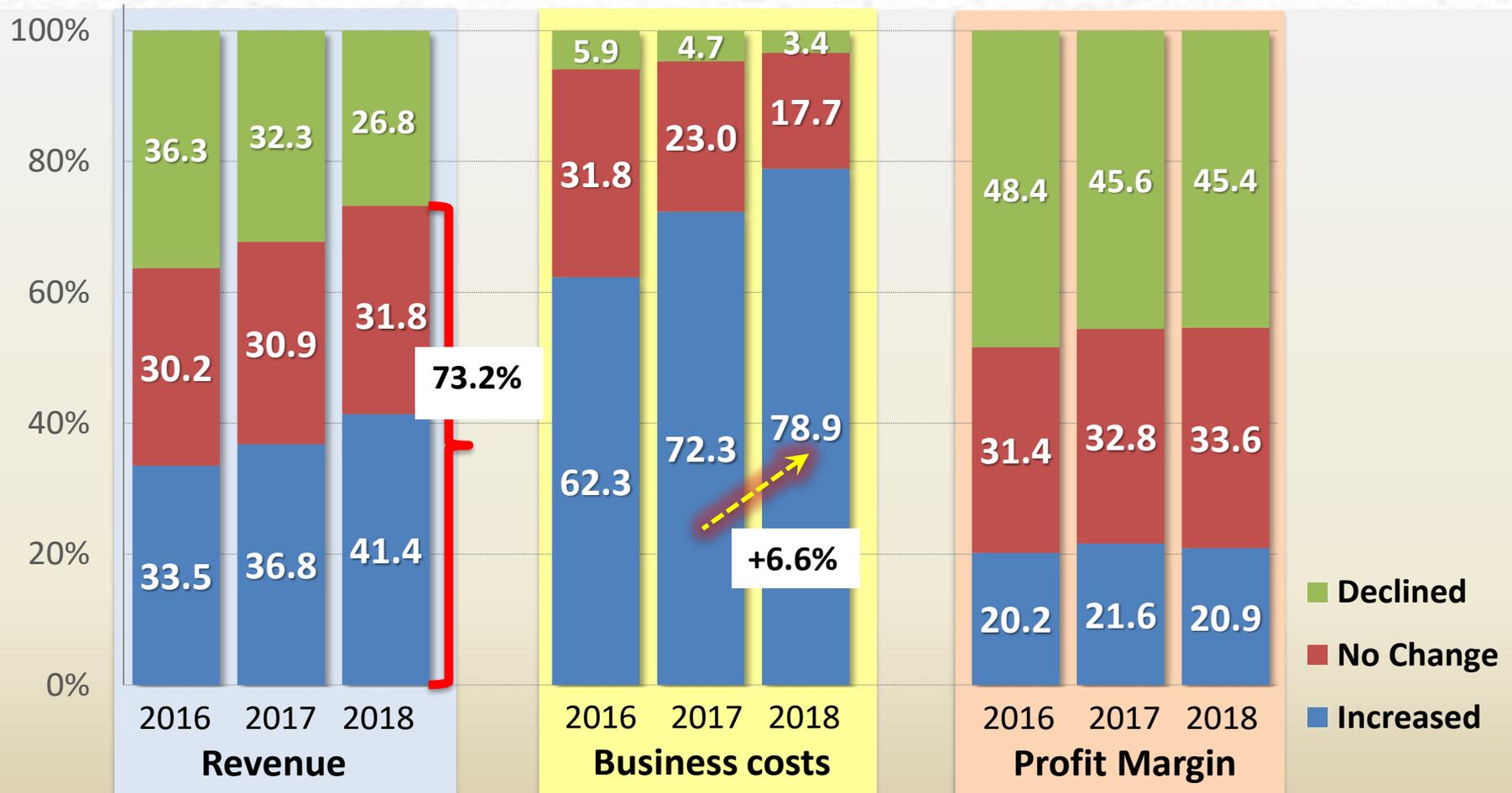
**93% SMEs**  
**74% Services**



- 966 respondents
- Covered all sectors, including manufacturing, construction and services
- Survey period: May-July 2018

# Key Business Challenges

# Increase in business costs outpace revenue growth; Profit margin remains suppressed

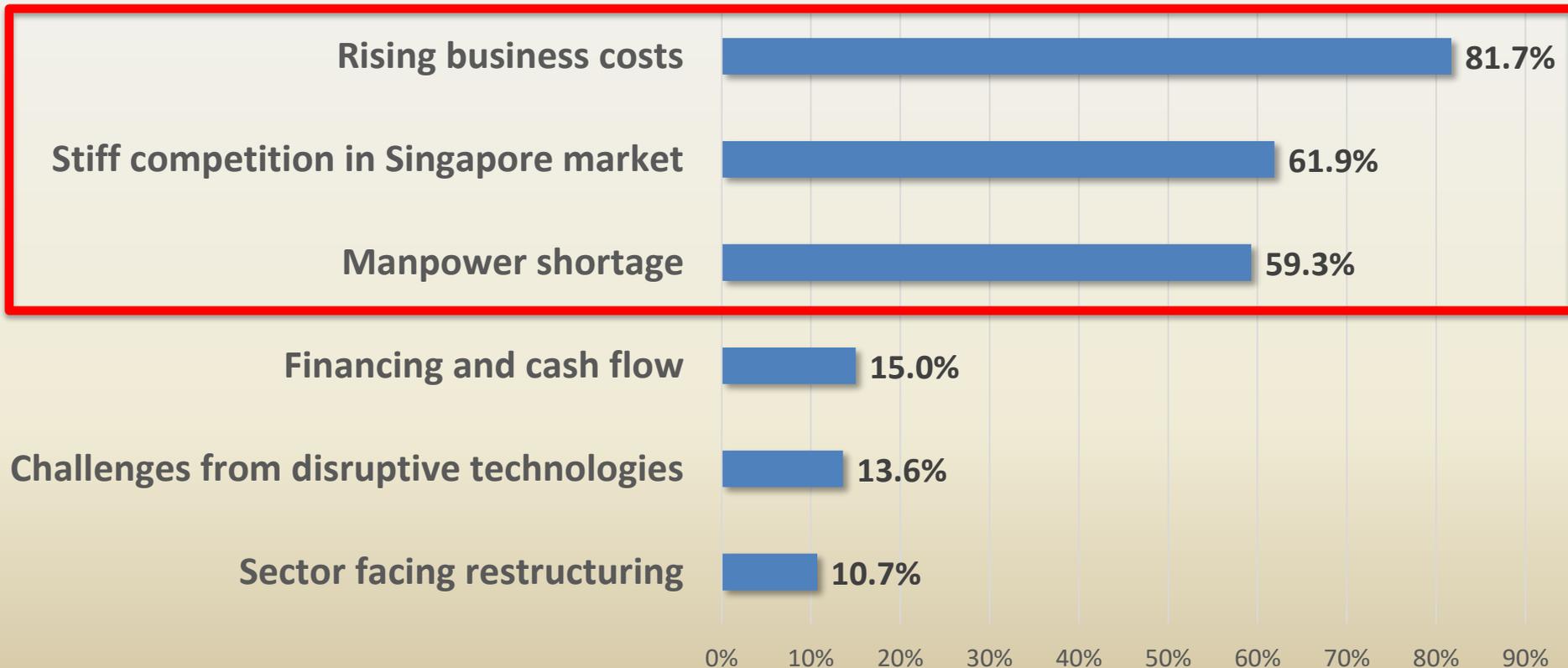


**78.9%** of companies faces increased business costs in 2018 (+6.6% point vs 2017)

# Top Business Challenges

## Rising costs, Stiff competition & Manpower shortage

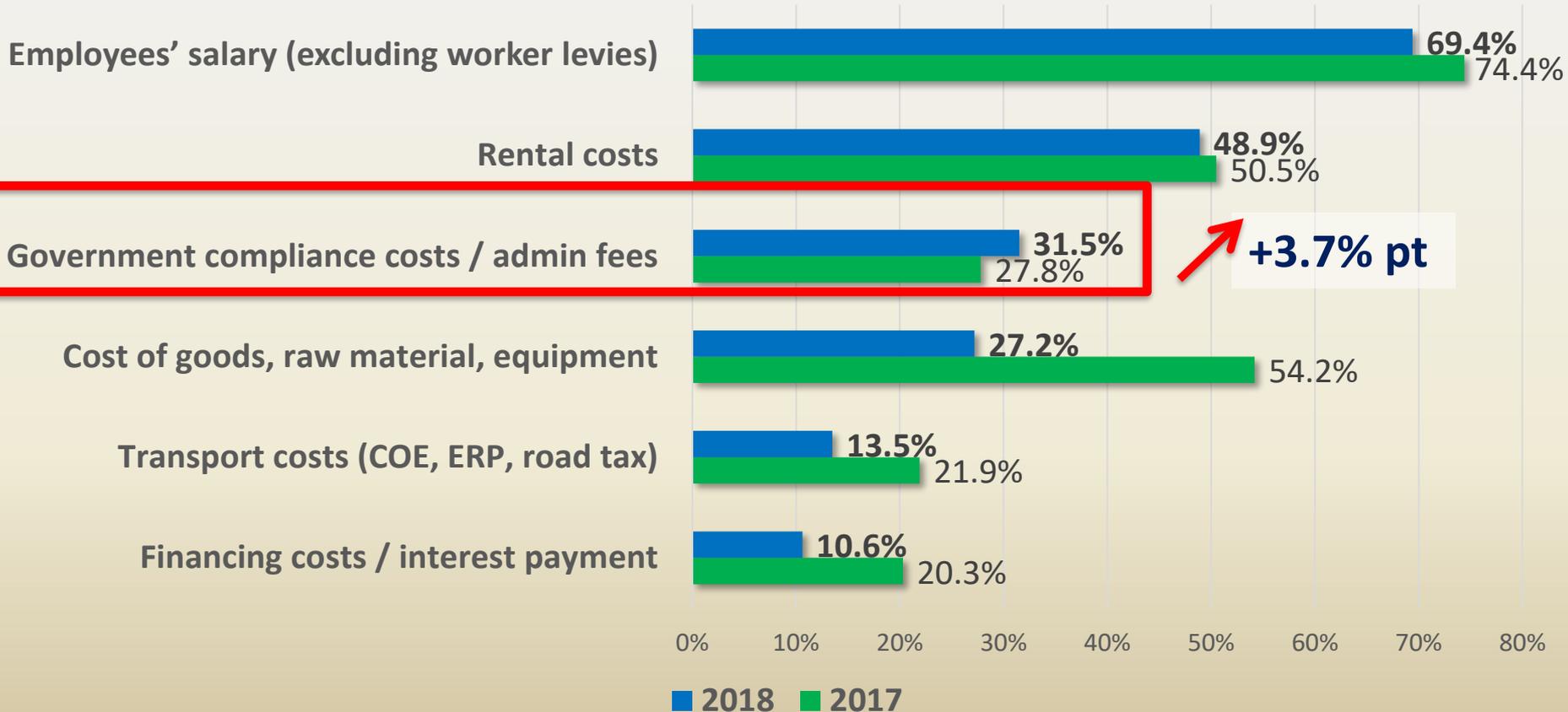
### Business challenges



# Rising costs attributed to salary and rental costs

## Compliance cost has crept up

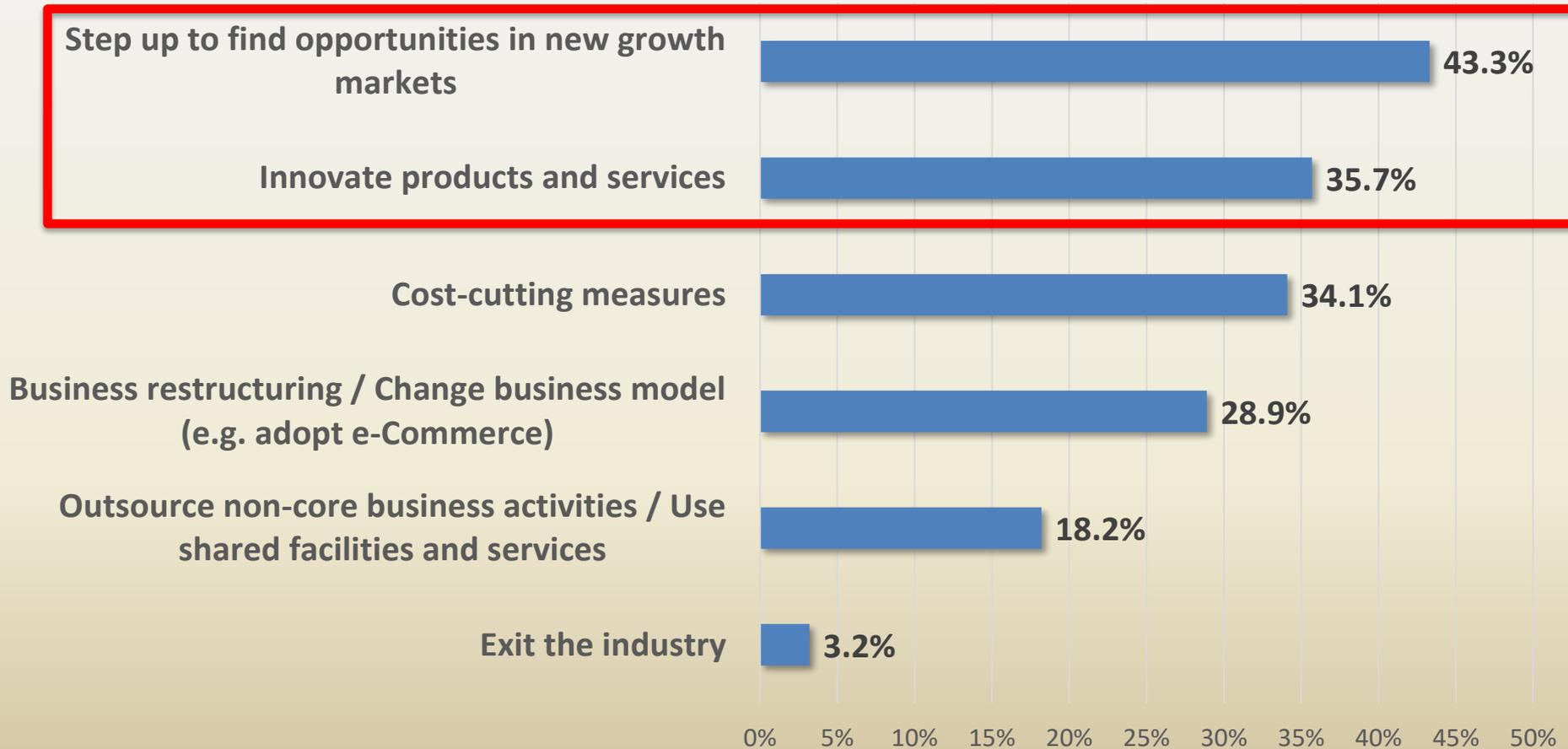
### Business costs



# Taking positive steps to manage business concerns

## Find opportunities in new markets and innovate

### Strategies adopted to manage business concerns

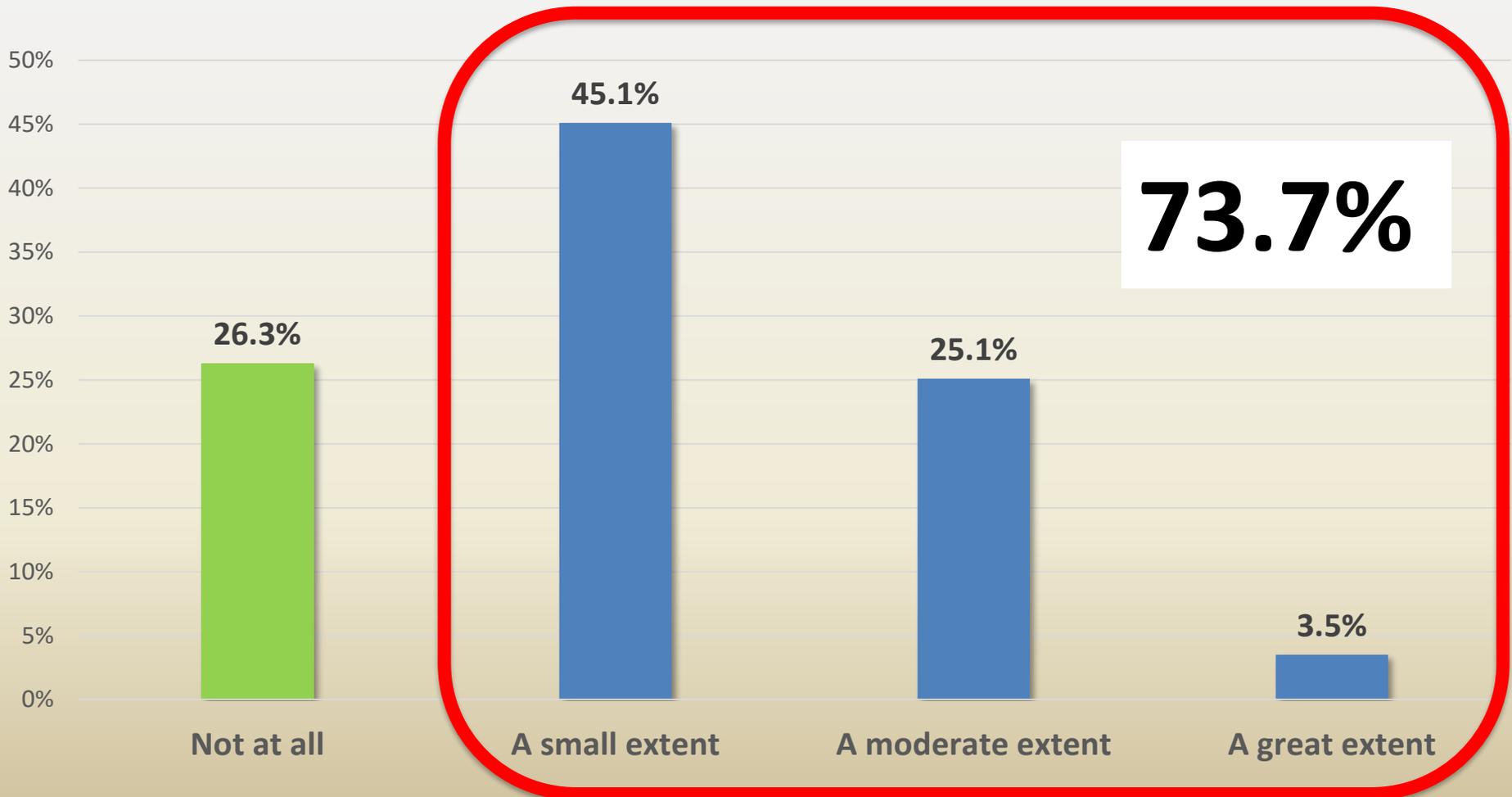


# Productivity Efforts

# Effectiveness of Productivity Drive

**74% of businesses see a small extent of improvement or better\***

*\*moderate extent / great extent*

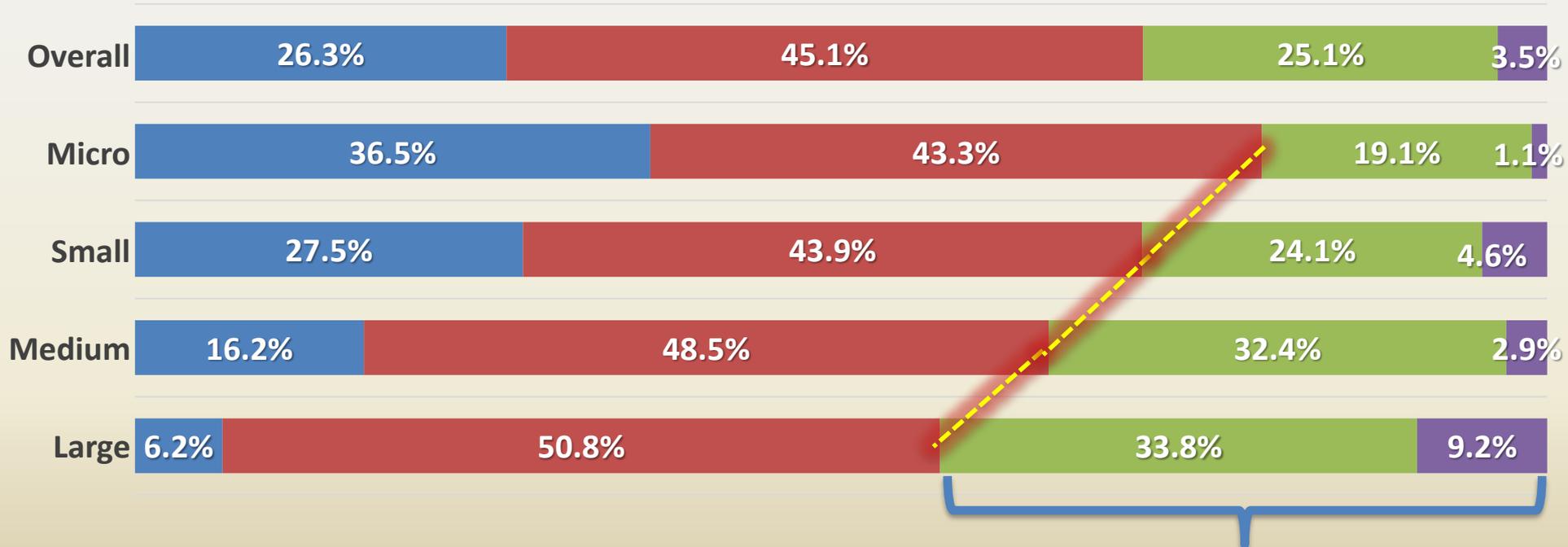


# Effectiveness of Productivity Drive

## Larger companies tend to get better results

Micro and small companies need more help in their productivity efforts

■ Not at all ■ Small extent ■ Moderate extent ■ Great extent

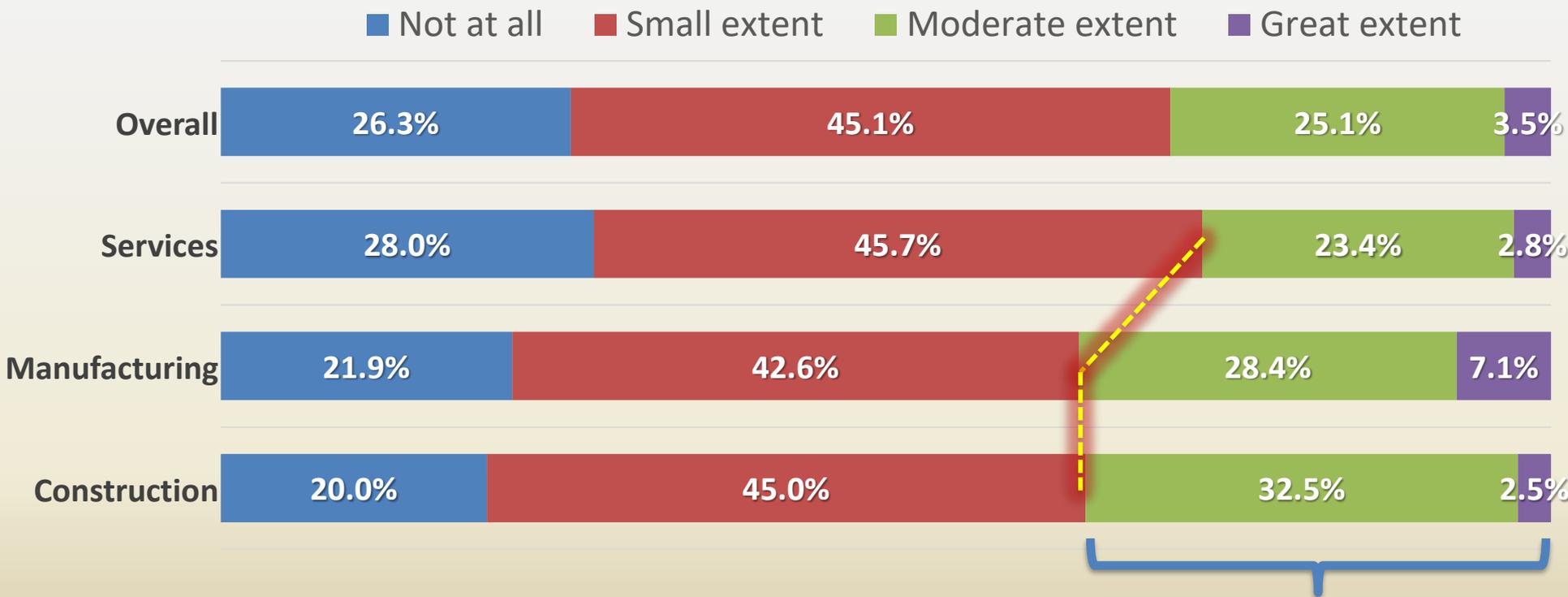


35.3% of medium & 43.0% of large companies see moderate/great extent of improvement vs 20.2% (micro), 28.7% (small) enterprises

# Effectiveness of Productivity Drive

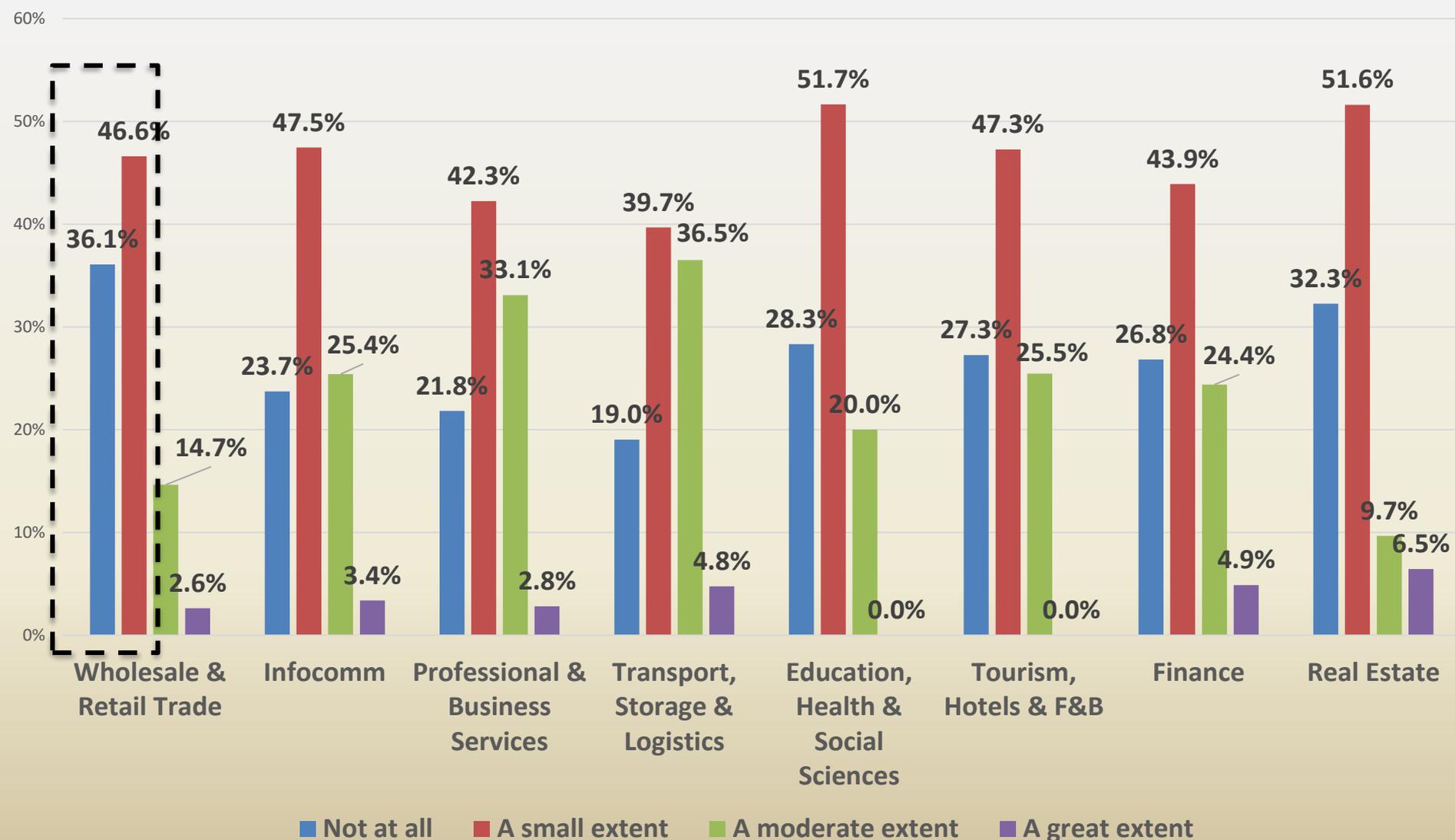
## Manufacturing and construction sectors see better results

Scope for Services companies to achieve greater improvement in their productivity effort



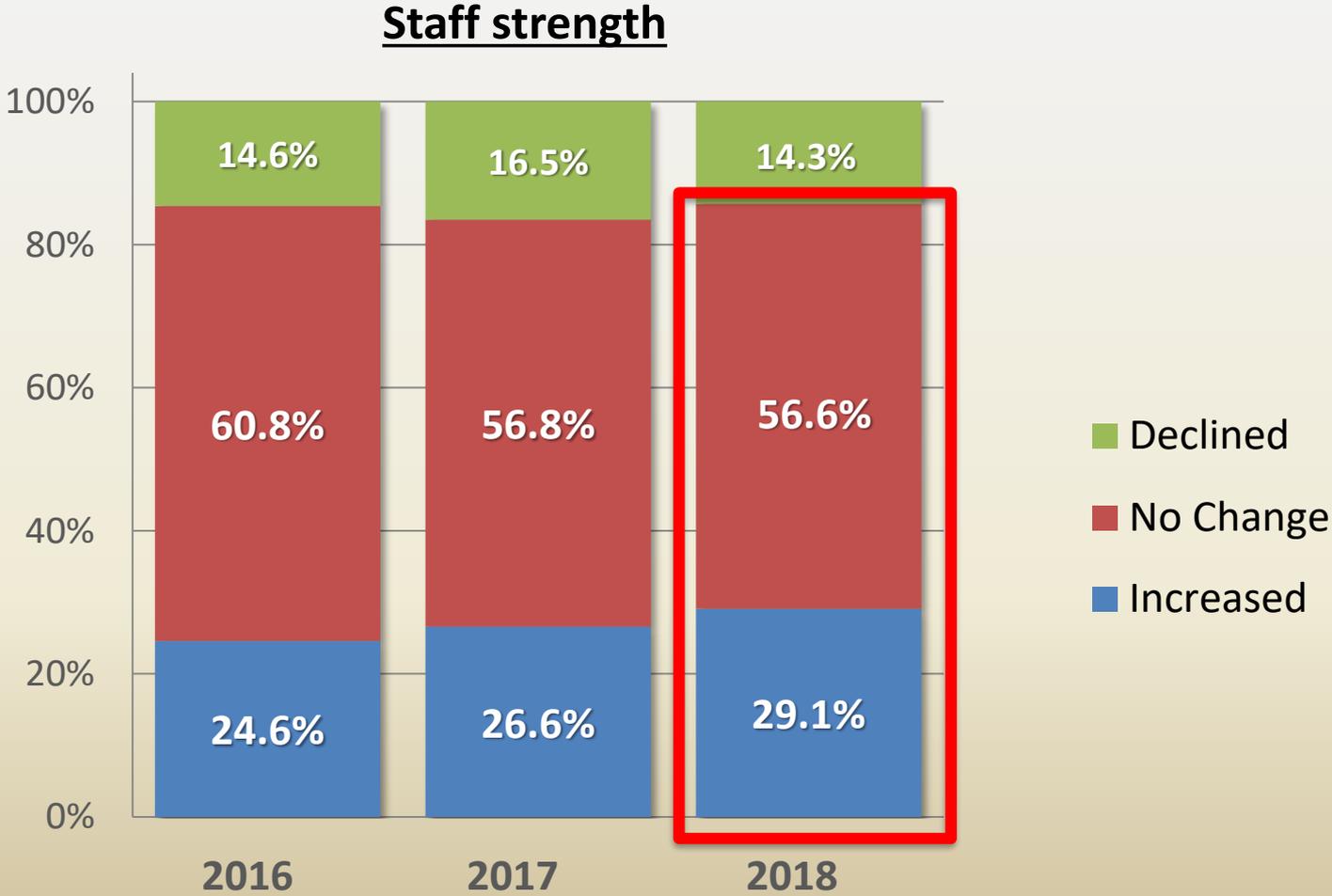
35.0% from Construction & 35.5% from Manufacturing see moderate/great extent of improvement, vs 26.2% (services sector)

# Wholesale and retail is lagging behind other services sectors



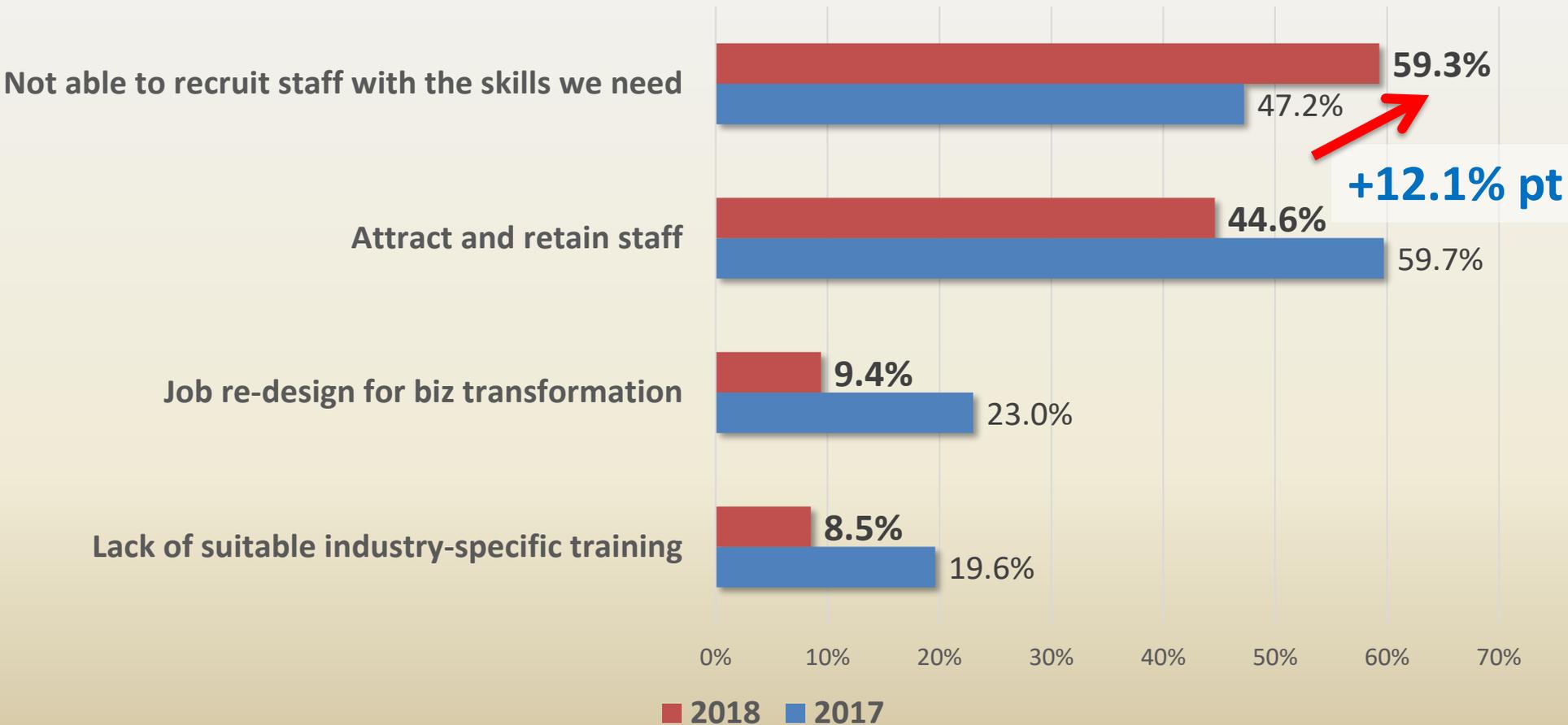
# Findings on manpower

# Notwithstanding a challenging economy, SMEs are keeping their workforce



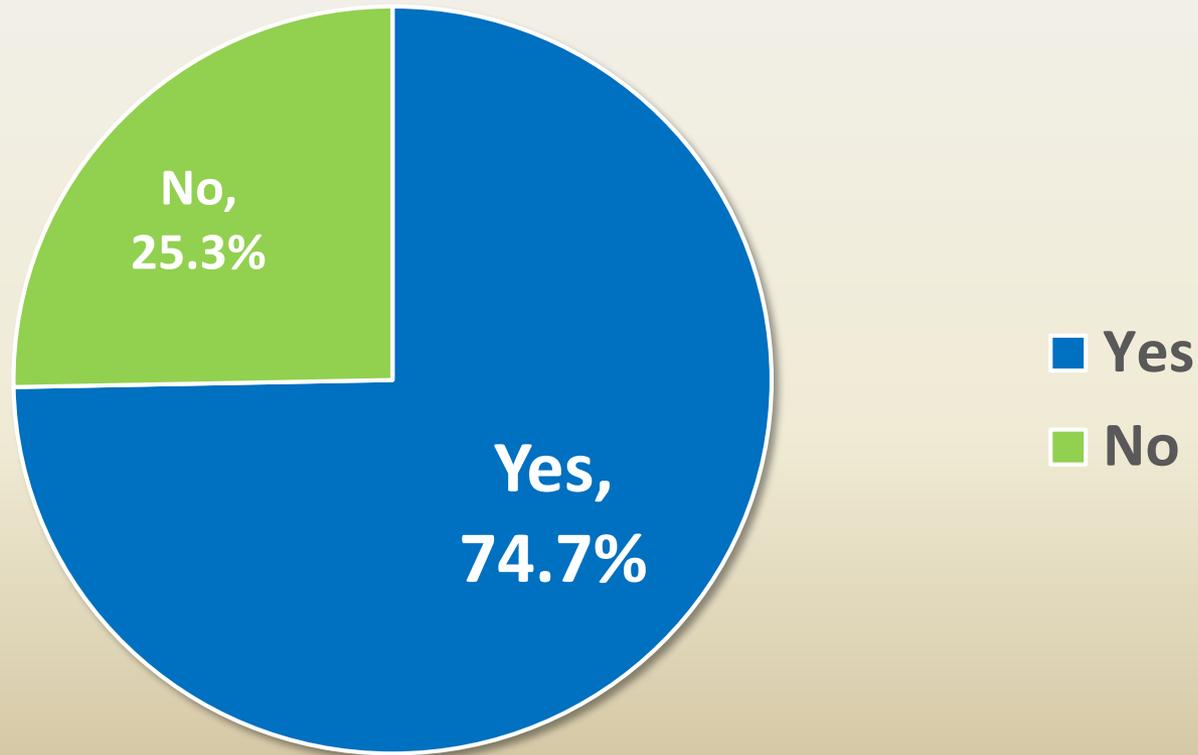
# Increasingly difficult for businesses to recruit staff with the right skills

## Key manpower challenges



# Every 3 out of 4 companies sent employees for training

Did you send your employees either for external or in-house training?



# No. 1 reason for training: When businesses need to develop new businesses, products, or improve processes

## Reasons to embark on training

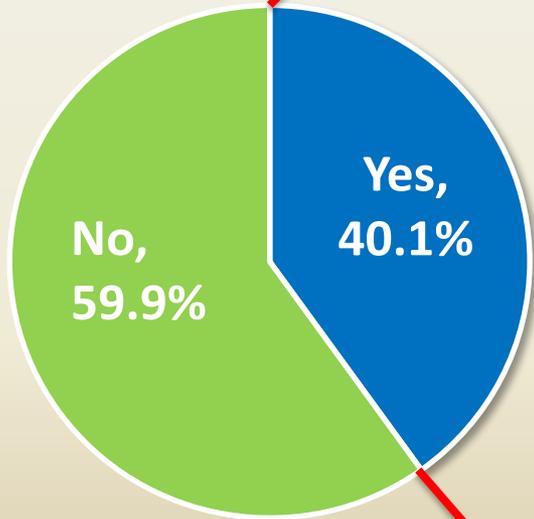


# Industry Transformation Maps (ITMs)

# Less than half of companies heard of ITMs

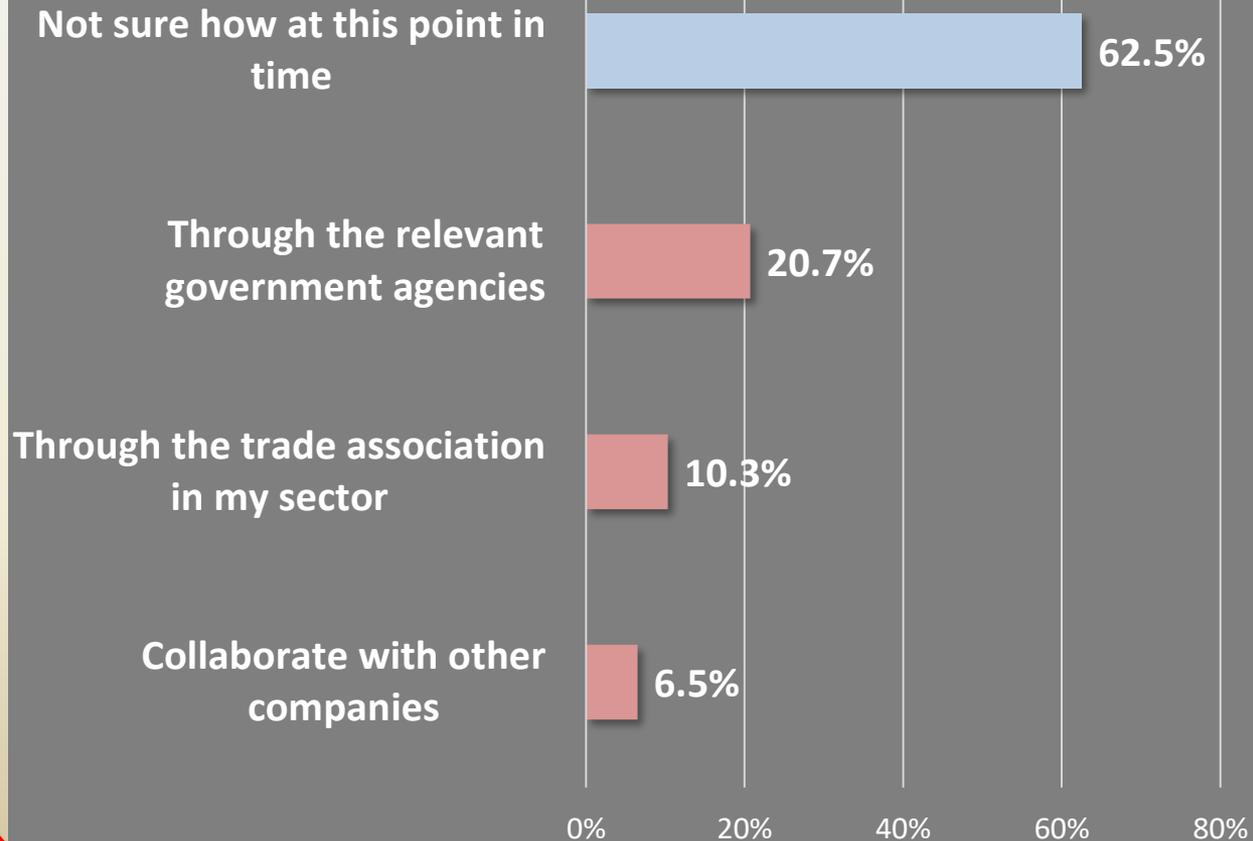
## 63% of those who have are unsure how to participate

### Respondents' awareness of ITMs



■ Yes ■ No

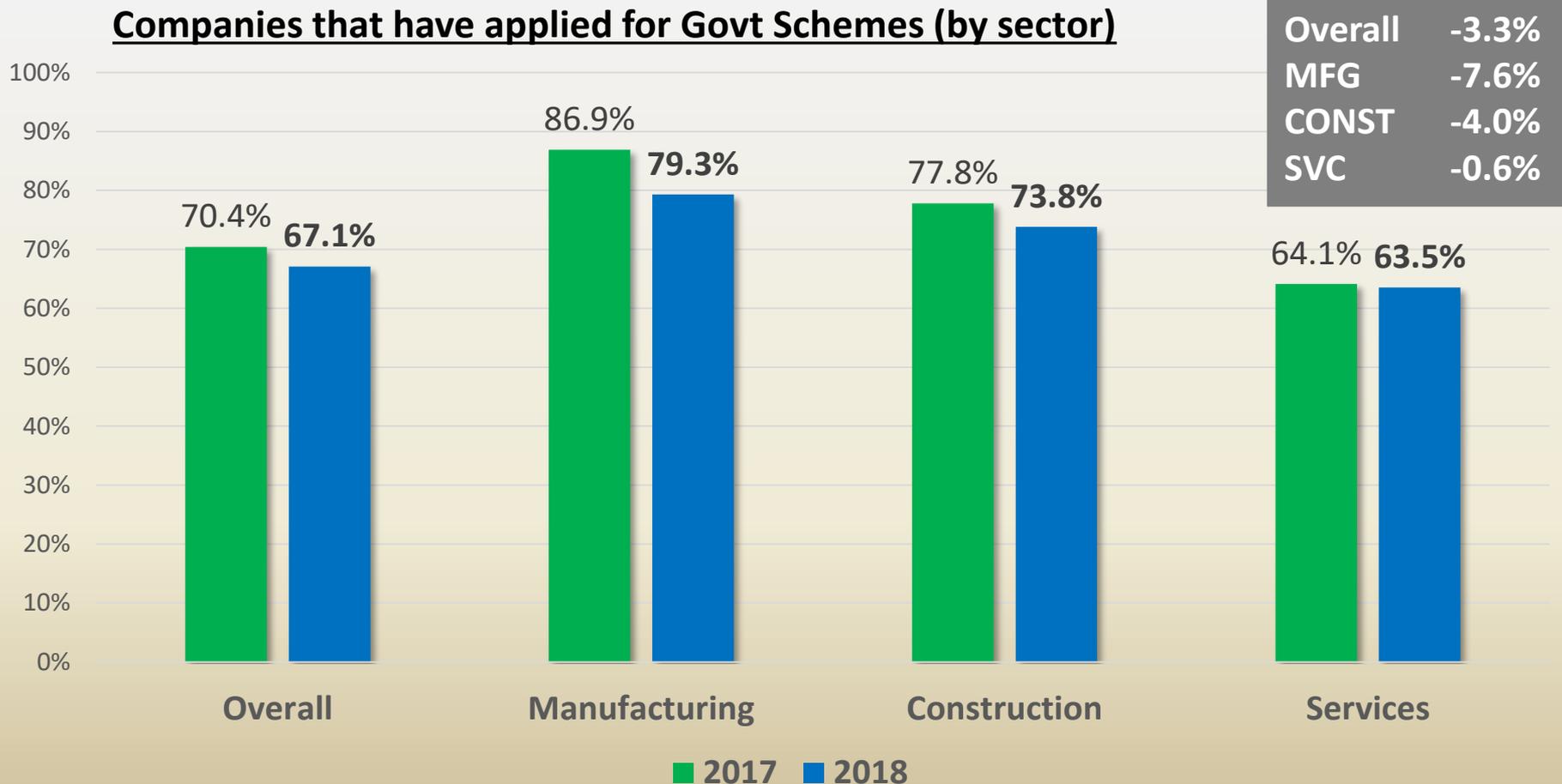
### Intend to participate and benefit from ITMs



# Govt Assistance Schemes

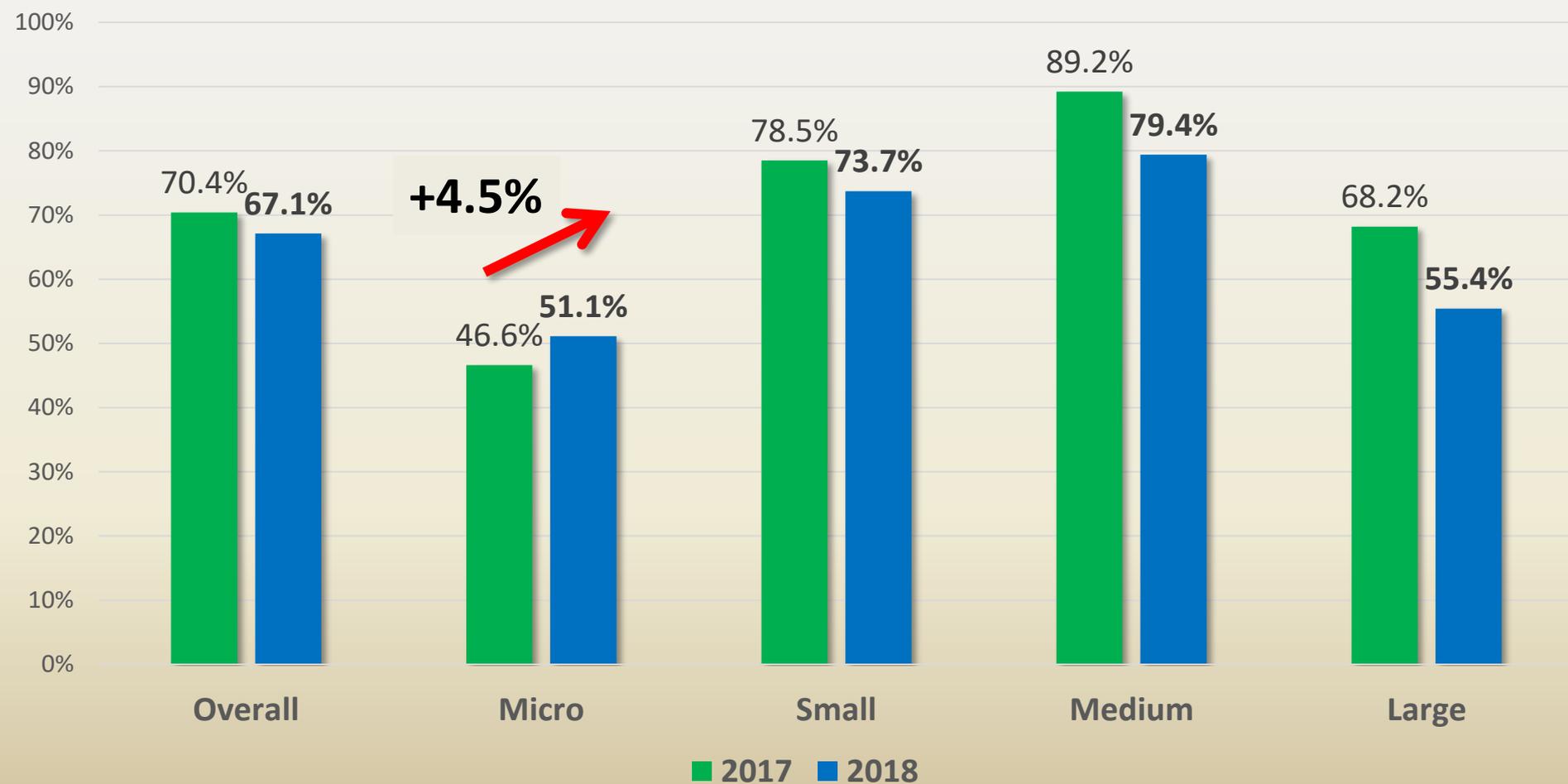
# Slight decrease in businesses who have applied for Govt schemes to transform & upgrade

**Manufacturing sector has highest take-up rate in govt schemes**



# There is an increase in micro companies adopting Govt Schemes

Companies that have applied for Govt Schemes (by revenue size)



# PIC is the most popular scheme

Government schemes	2018*
PIC and PIC+ Scheme for SMEs**	89.8%
Innovation & Capability Voucher (ICV)	41.2%
Capability Development Grant (CDG)***	21.8%
Wage Credit Scheme	21.5%
Training subsidies, Enterprise Training Support, WorkPro	14.7%
SMEs Go Digital Programme	6.2%
Market Readiness Assistance Grant	4.6%
Micro-Loan Programme	4.3%
SME Working Capital Loan	4.0%
Double Tax Deduction for internationalisation (DTDi)	3.5%
Global Company Partnership (GCP)***	1.4%
Internationalisation Finance Scheme	1.4%
Intellectual Property schemes	1.2%
GET-Up, Technology Adoption Programme	0.5%

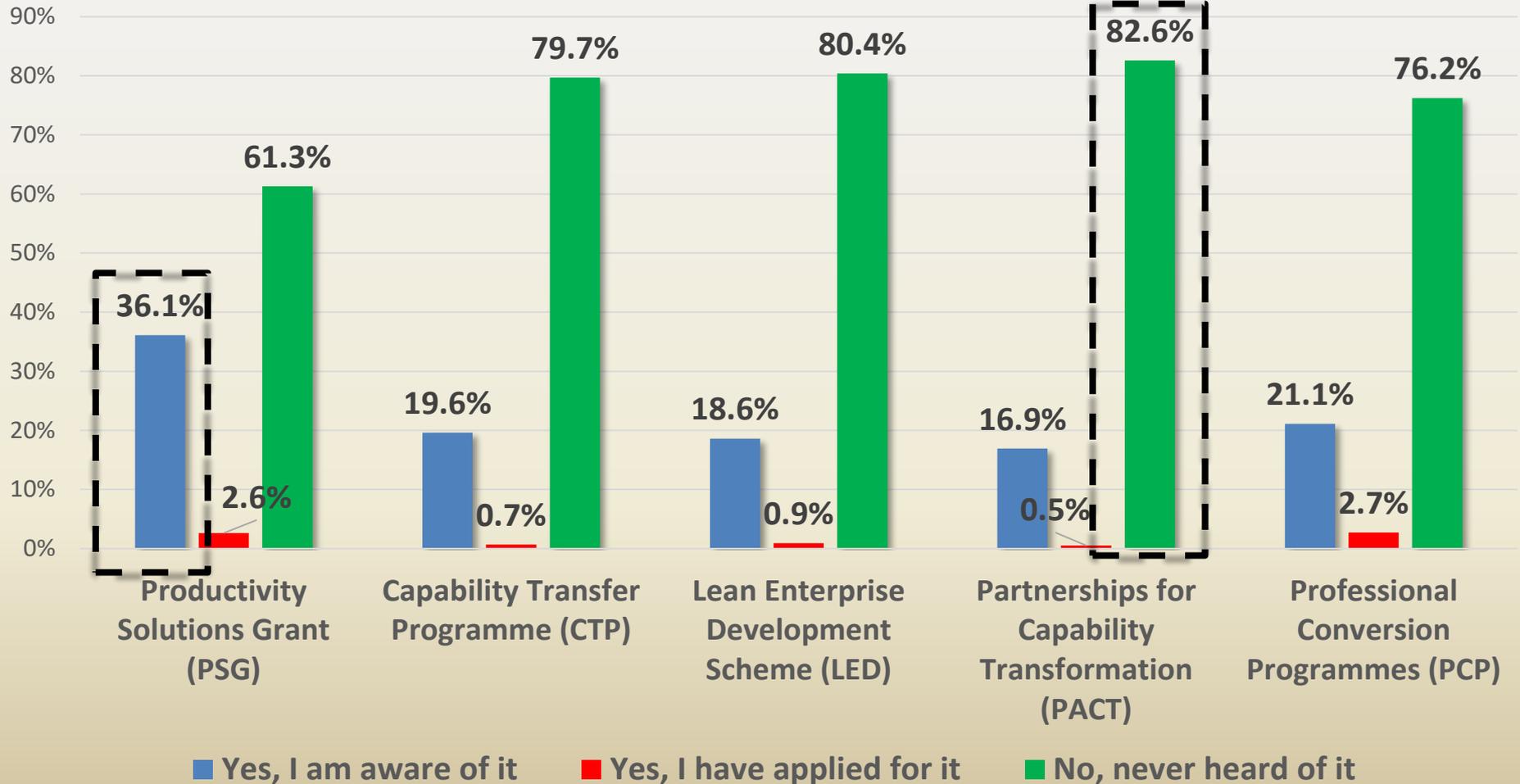
\*2018: Among the 67.2% of respondents who have applied for government schemes

\*\*PIC and PIC+ Scheme for SMEs have lapsed in 2017

\*\*\*From 2H2018, CDG and GCP will be streamlined into Enterprise Development Grant (EDG)

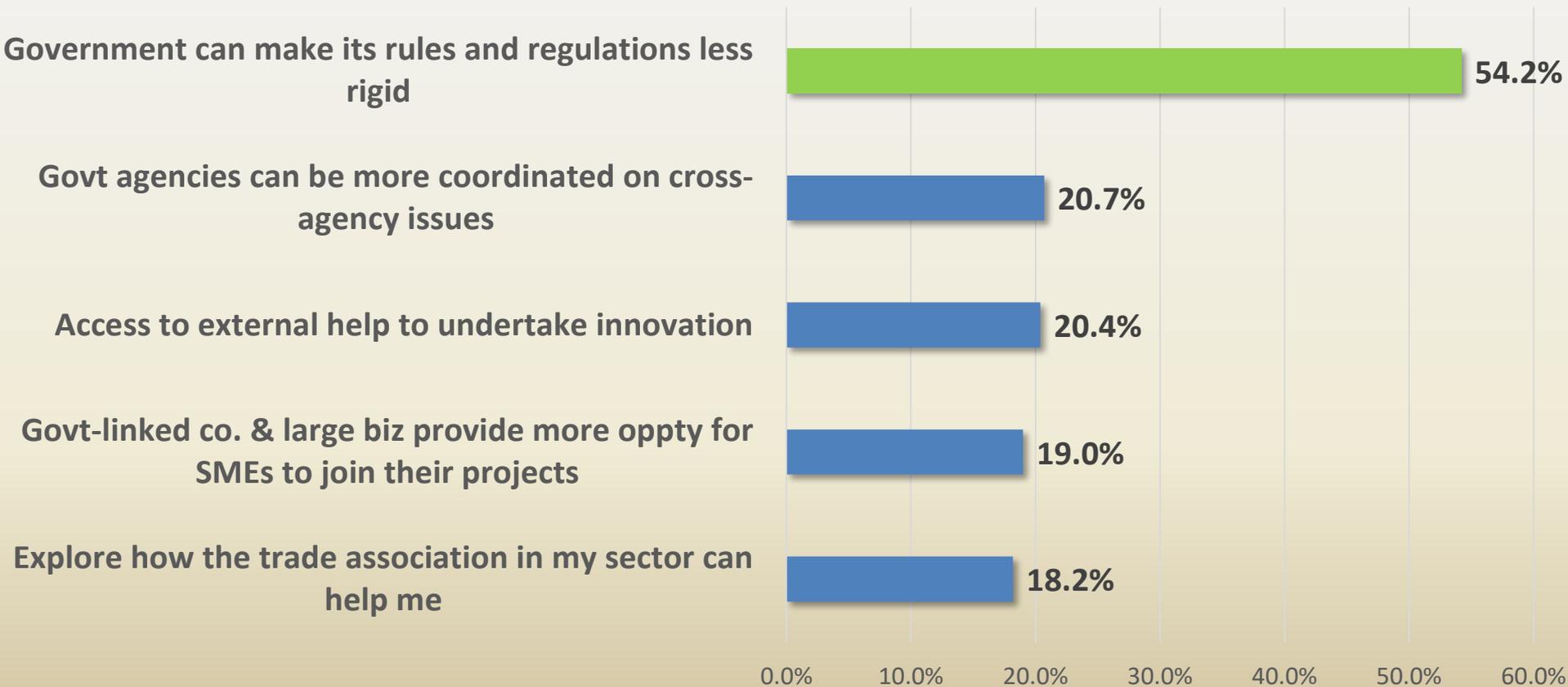
# Need to enhance awareness of new government schemes

## Familiarity with new government schemes



# Businesses hope govt rules and regulations can be less rigid; and more govt coordination on cross-agency issues

Apart from govt schemes, what form of help do you need most?



# Internationalisation

# Malaysia, China & Indonesia are top 3 overseas markets

65.1% respondents indicated that they will venture overseas over the next 3 years (2017: 61%)

Rank	Countries	2018
1	Malaysia	59.5%
2	China	39.7%
3	Indonesia	39.2%
4	Vietnam	33.4%
5	Thailand	28.3%
6	Myanmar	26.0%
7	Cambodia	17.5%
8	Australia / New Zealand	11.2%
9	India	10.2%
10	Europe	9.8%

# Top Challenges while venturing overseas

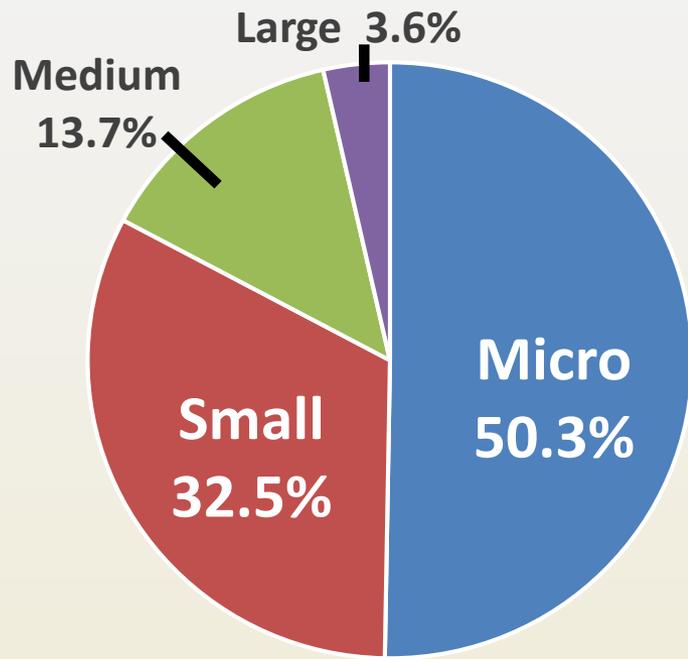
## Unfamiliar with regulations, Identify right partner & Difference in business culture

### Challenges encountered when venturing overseas

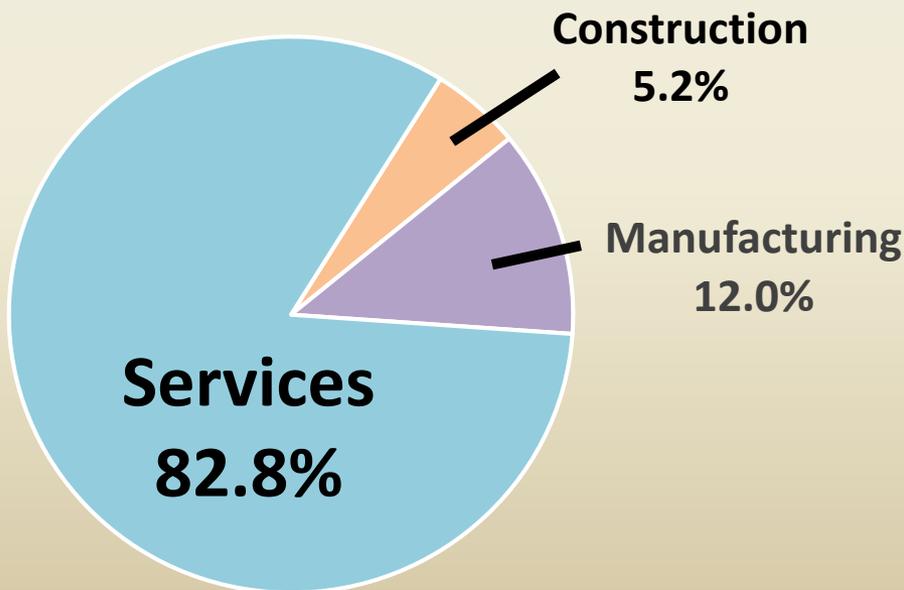


# Digitalisation

# Respondents Profile



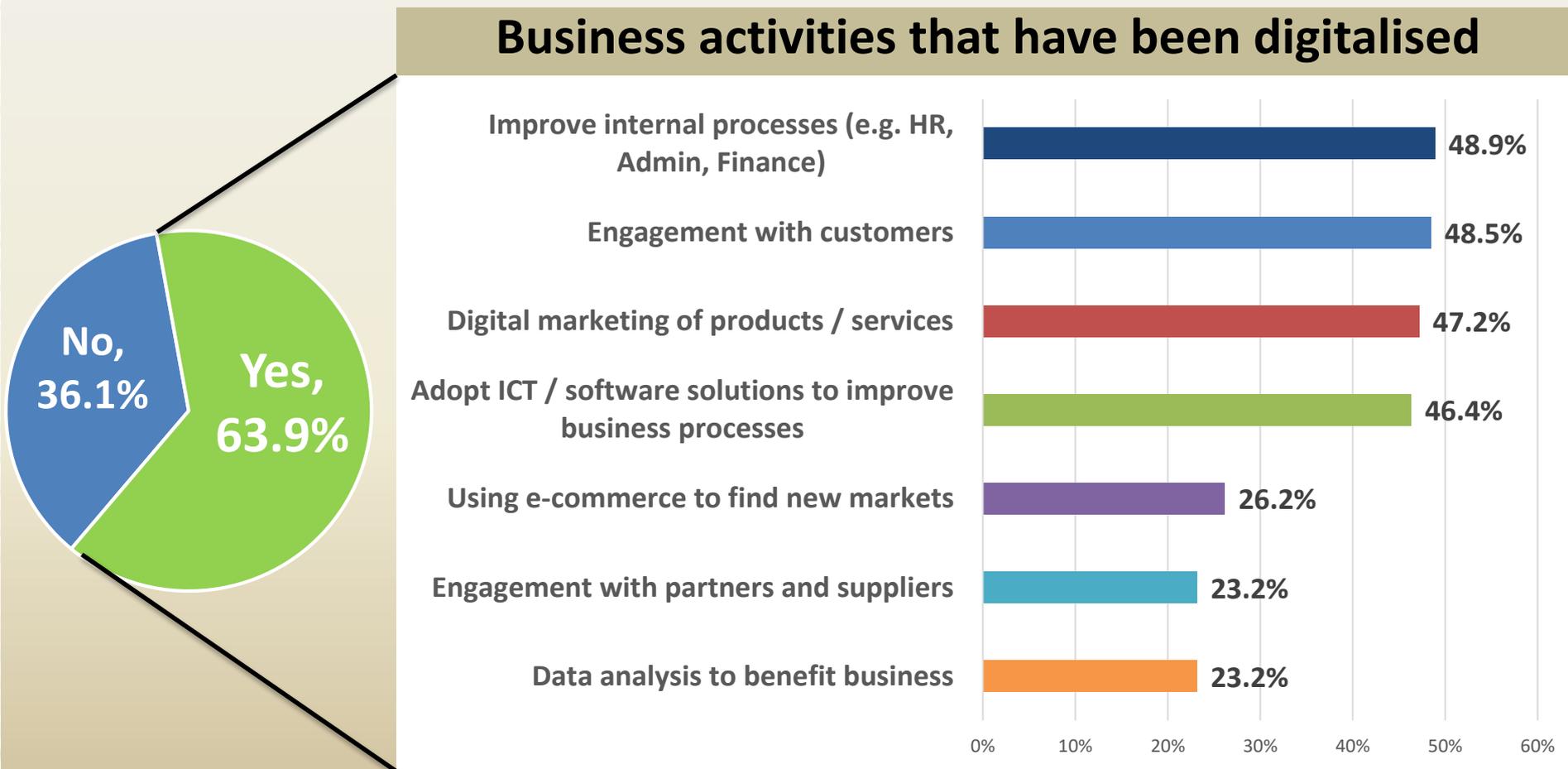
**96% SMEs**  
**83% Services**



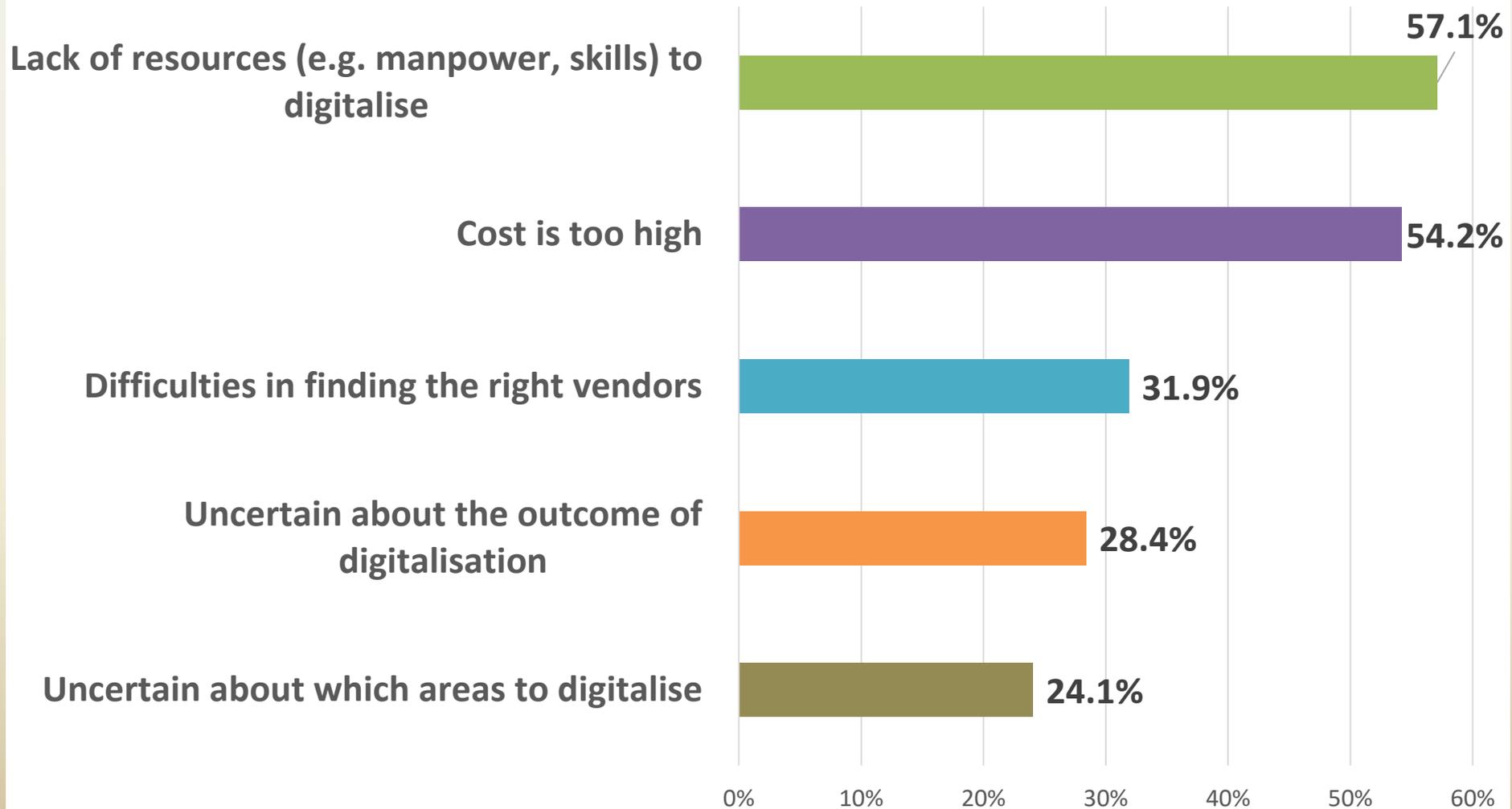
- **366** respondents
- Covered all sectors, including manufacturing, construction and services
- Survey period: August 2018

# 64% of respondents have digitalised their businesses

*Focus is on process improvement, customer engagement and marketing*



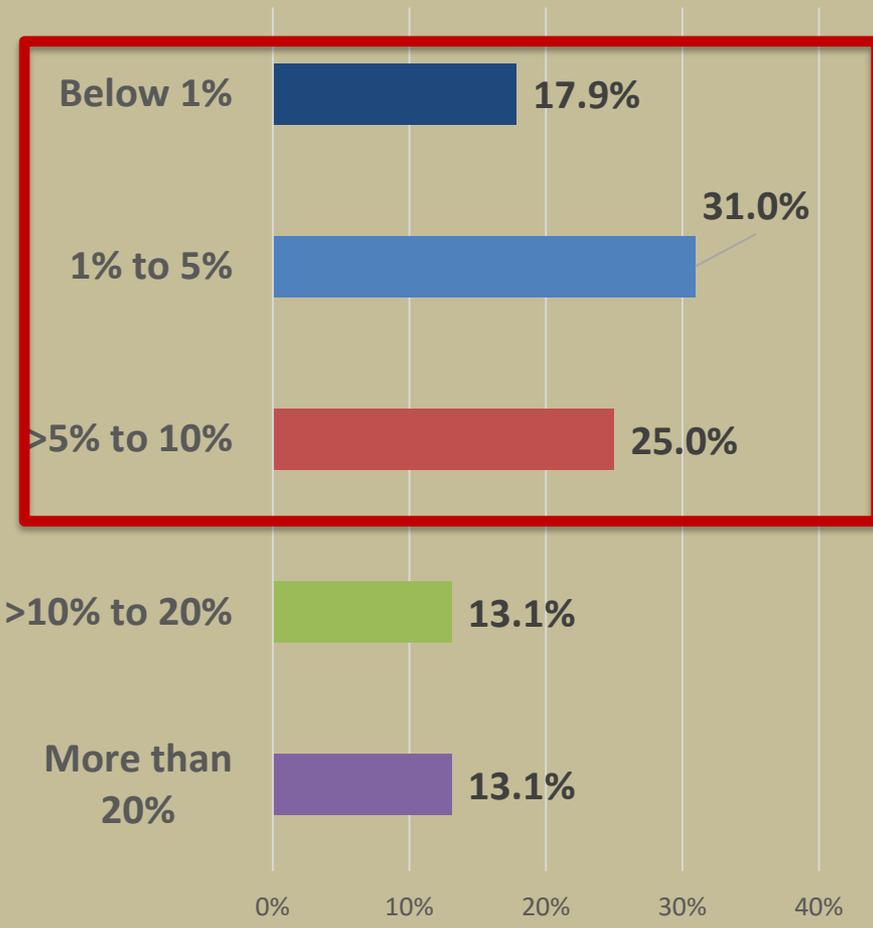
# Key challenges: Lack of resources and high cost



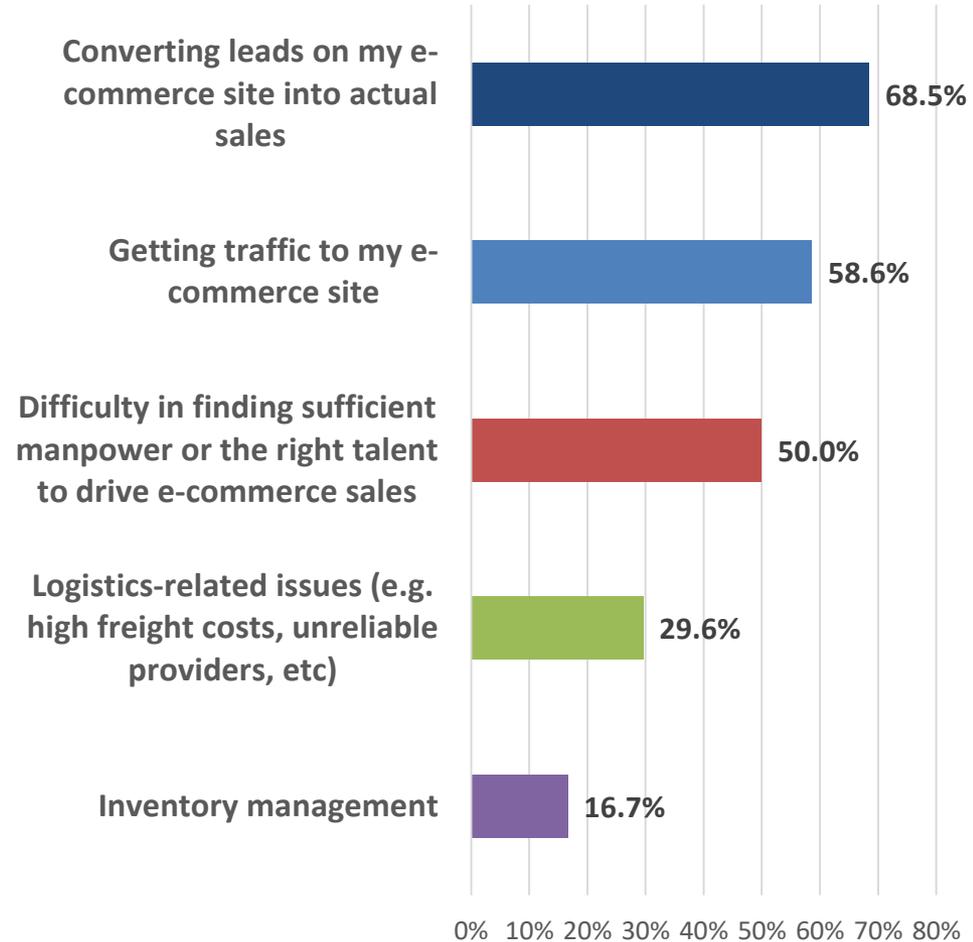
# 47% of respondents have adopted E-commerce

74% of respondents with E-commerce sales amounting to 10% or less of total sales

## Percentage of sales from E-commerce

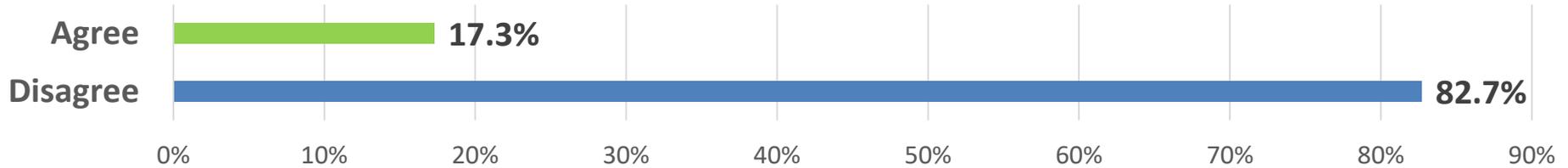


## Top 3 challenges in increasing E-commerce sales

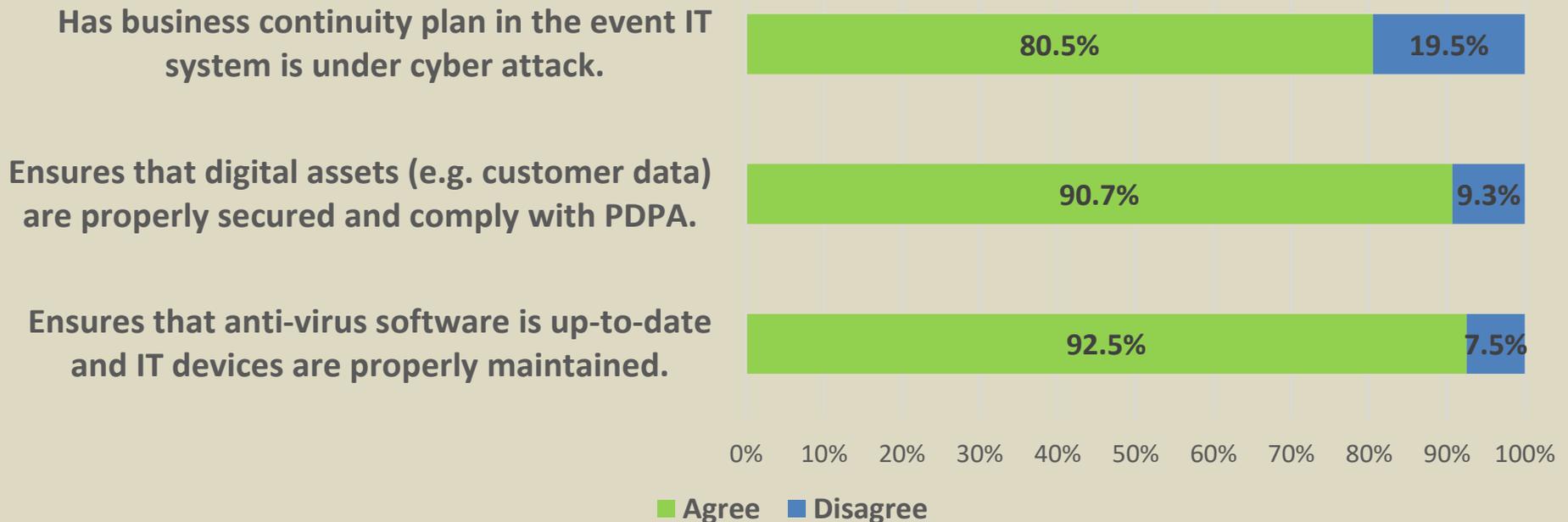


# Majority of respondents agree on the importance of cybersecurity

## Cyber attack only happen to bigger companies

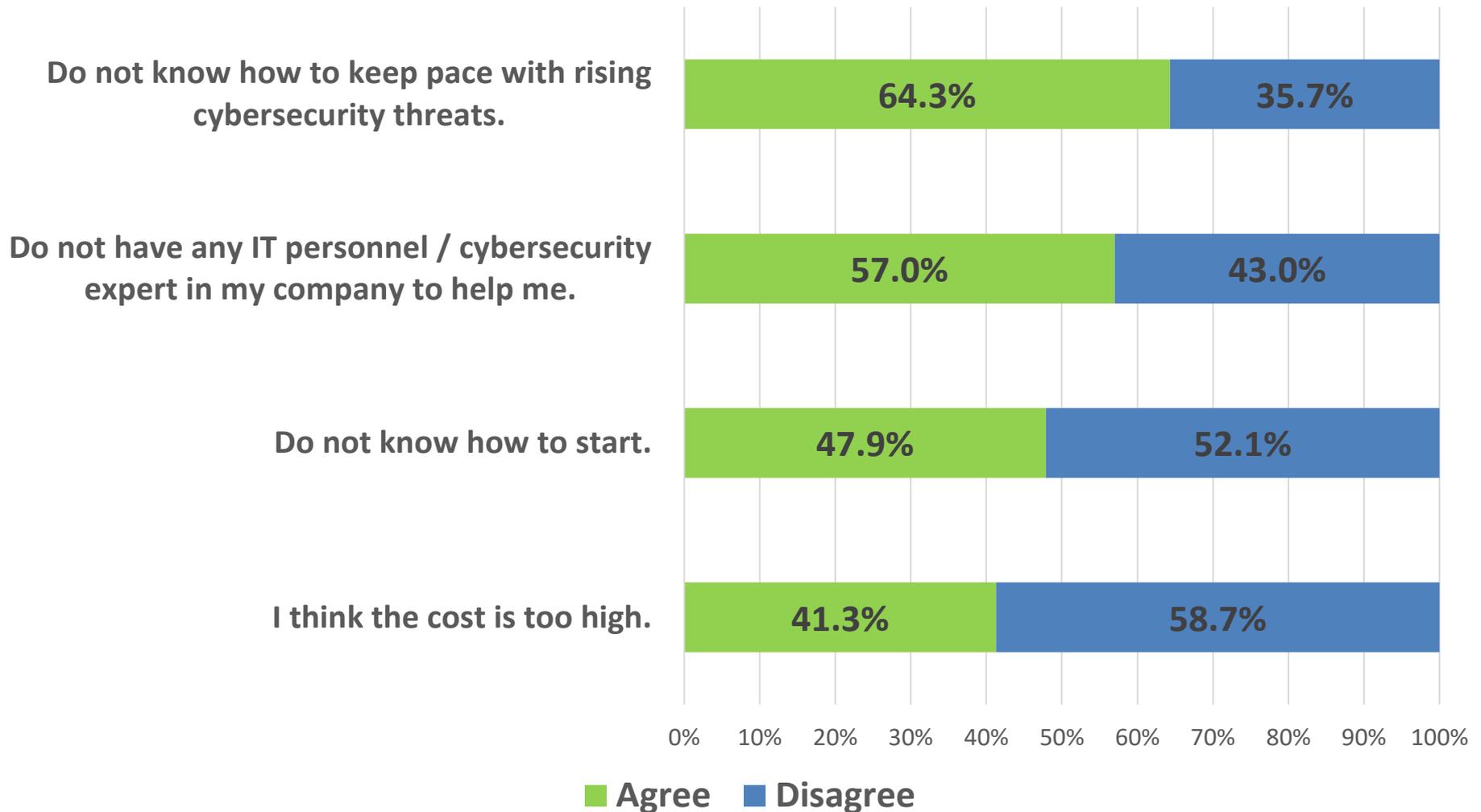


## I am aware of the importance of cybersecurity. My company...

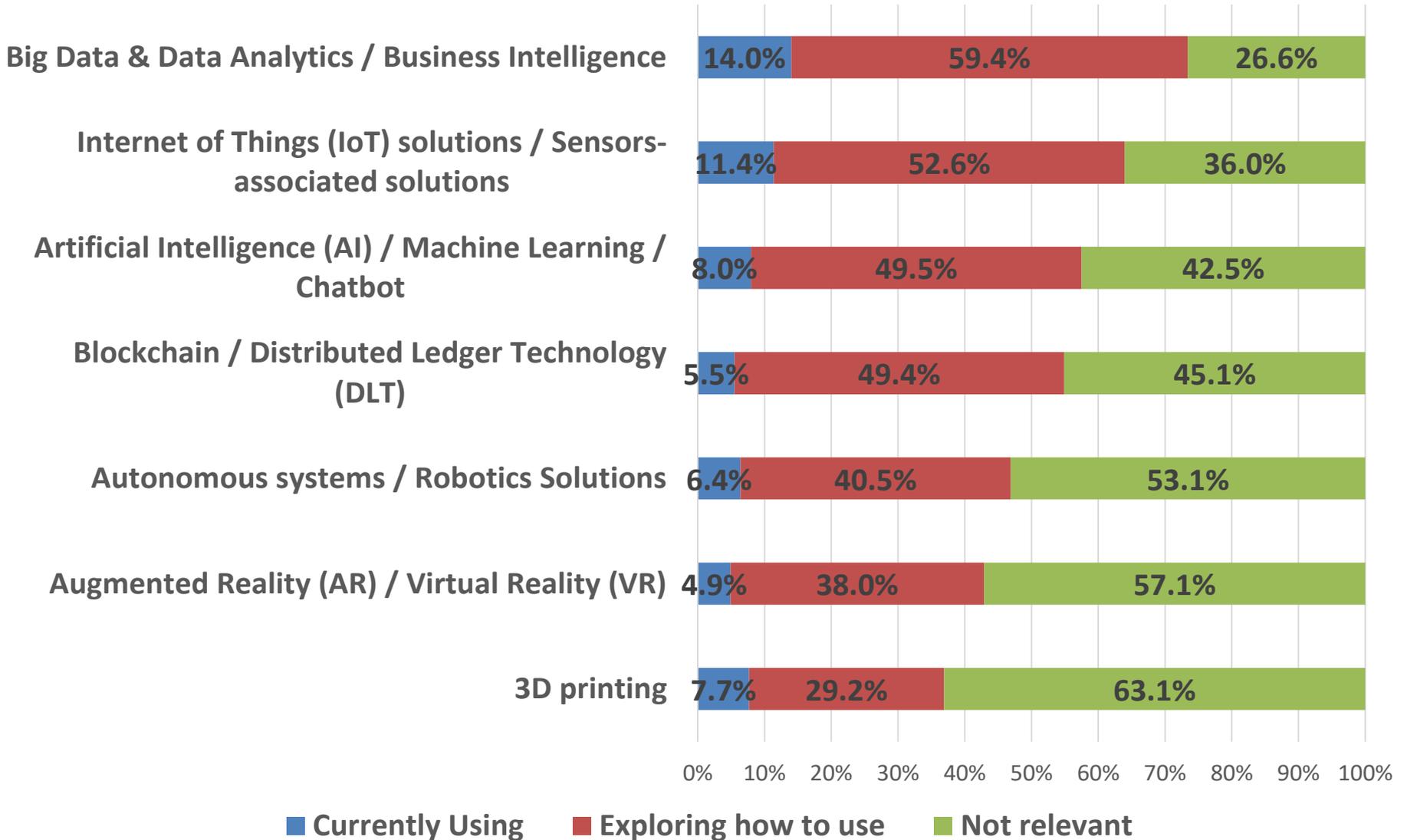


# Key challenges: Keeping pace with cyber threats and lack of expertise

I am planning to implement cybersecurity measures, but...



# Data analytics and Internet-of-Things most relevant to businesses



# Conclusion & Recommendations

# Conclusion (1/2)

- **A significant 79% of businesses indicated that their costs have increased.** Profit margin remains suppressed as rising business costs outpace revenue growth.
- **Rising business costs, stiff competition in Singapore and manpower shortage** are the top concerns of businesses.
  - Employee and rental costs have eased compared to 2017;
  - **Compliance cost however has crept up.**
- Businesses are **taking positive steps to find opportunities in new growth markets and innovate** their products and services.
- About **74% of businesses indicated that their productivity improvement efforts have shown a small extent of results or better.**
  - Larger companies tend to reap better productivity results.
- Top manpower challenges for businesses are **not being able to recruit staff with the right skills, and attracting and retaining staff.**

# Conclusion (2/2)

- **75% of businesses have sent their employees for training.**
  - The key reason to embark on training is when companies need to develop new businesses, products or to improve their processes.
- **Only 40% of businesses are aware of Industry Transformation Maps (ITMs). Moreover, 60% amongst them are not sure how to participate and benefit from the ITMs.**
- **67% of businesses have applied for government schemes to transform and upgrade.**
  - PIC and ICV (since expired) remain the two most popular schemes.
  - Many businesses are not familiar with the newer government schemes.
- **Businesses hope that government can make its rules and regulations less rigid, and government agencies can be more coordinated in dealing with cross-agency issues.**

## Recommendation 1:

# Enhance the Productivity Solutions Grant to continue the productivity improvement momentum of businesses

- Singapore's productivity grew by 4.5% in 2017, the highest growth rate since 2010 when the economic restructuring started. Businesses wanted to continue with their productivity improvement efforts.
- The highly-popular Productivity & Innovation Scheme (PIC) has lapsed in 2017, while the Innovation & Capability Voucher (ICV) has been merged into the Productivity Solutions Grant (PSG) introduced on 1 April 2018.
- **PSG can incorporate the features of PIC characterised by its broad coverage (include more sector-specific and pre-scoped productivity solutions) and its flexibility of use.**

## Recommendation 2:

# Trade associations should be proactive to engage government in the implementation of Industry Transformation Maps

- While the Industry Transformation Maps (ITMs) is a major strategy of Singapore's economic restructuring, many businesses are not familiar with them.
- For trade associations who fall within the 23 ITMs, and wanted to be involved in the ITM implementation, they should **proactively engage the relevant implementing government agencies to discuss specific roles and ways in which they would like to be involved, and the agencies concerned should partner them.**
- For the industry sectors without ITMs:
  - **Trade associations who wanted to develop their own equivalent industry development initiatives should proactively approach the relevant government agencies to seek guidance and assistance in the specific areas they would like to drive/implement; or**
  - **Trade associations can engage the relevant implementing government agencies to find synergies and explore how they can fit within the 23 ITMs.**

## Recommendation 3:

# Trade associations can take the lead to address common industry needs and challenges as their industries transform

- The benefits of a sharing economy can be harnessed to transform the way businesses are conducted. The use of shared facilities and services can help businesses, especially our SMEs, to access advanced technologies, equipment and new market opportunities while keeping operating costs lower.
- Many businesses have yet to fully leverage on shared facilities and services in their transformation effort. **Trade associations can take the lead to help overcome the limitations of individual companies to address common industry needs and challenges. Government can provide resource support for such industry-led initiatives, including expertise and funding.**

## Recommendation 4:

### Help businesses to get workers with the right skills

- Singapore is facing a shrinking local labour force, while government has maintained its firm position on curbing foreign workers inflow. The ongoing economic restructuring on the other hand has led to workers being made redundant, with the scope to be re-trained for the growth sectors.
- **In the continuing effort to transform, traditional sectors of the economy that are still looking to hire continue to face manpower shortages.**
- **There is scope for trade associations and businesses to gain familiarity with the support schemes, including the Lean Enterprise Development Scheme (LEDS), Capability Transfer Programme (CTP) and the Professional Conversion Programmes (PCP), and tap on them to get workers with the right skills.** LEDS, CTP and PCP can be made even easier to apply and use by trade associations and businesses.

**Thank you**