



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

Annual Business Survey 2017

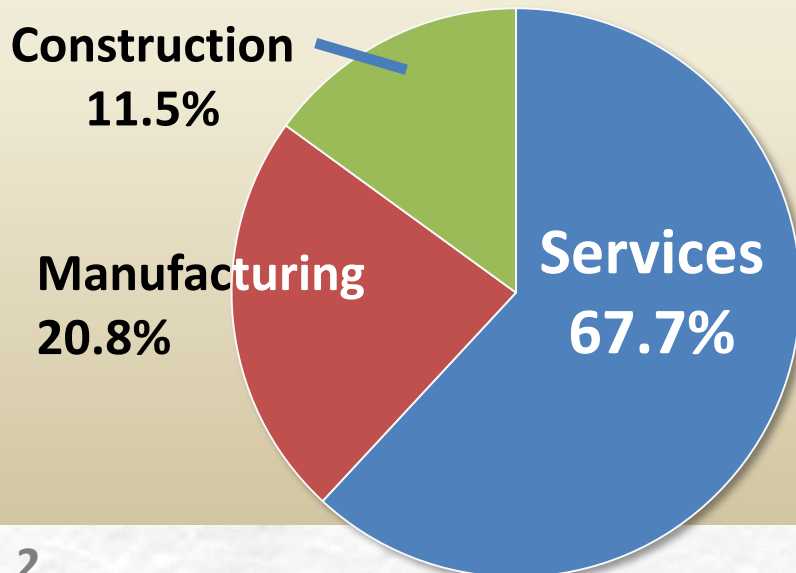
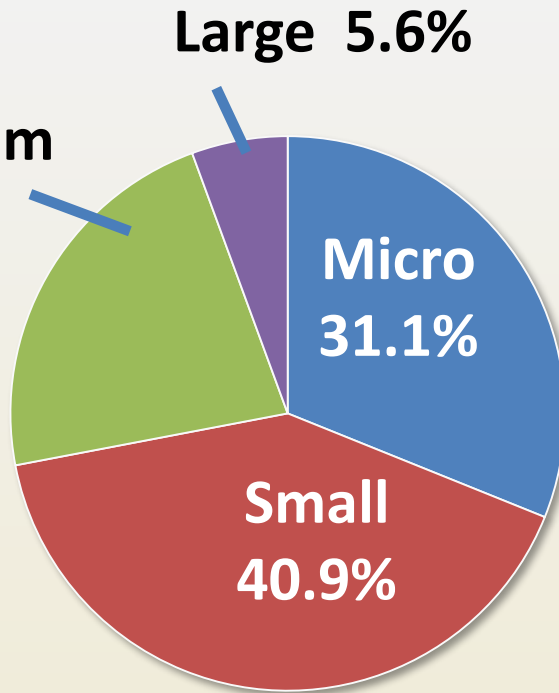
Survey Report

9 October 2017

Voices from Business Community

94.4% SMEs
67.7% Services

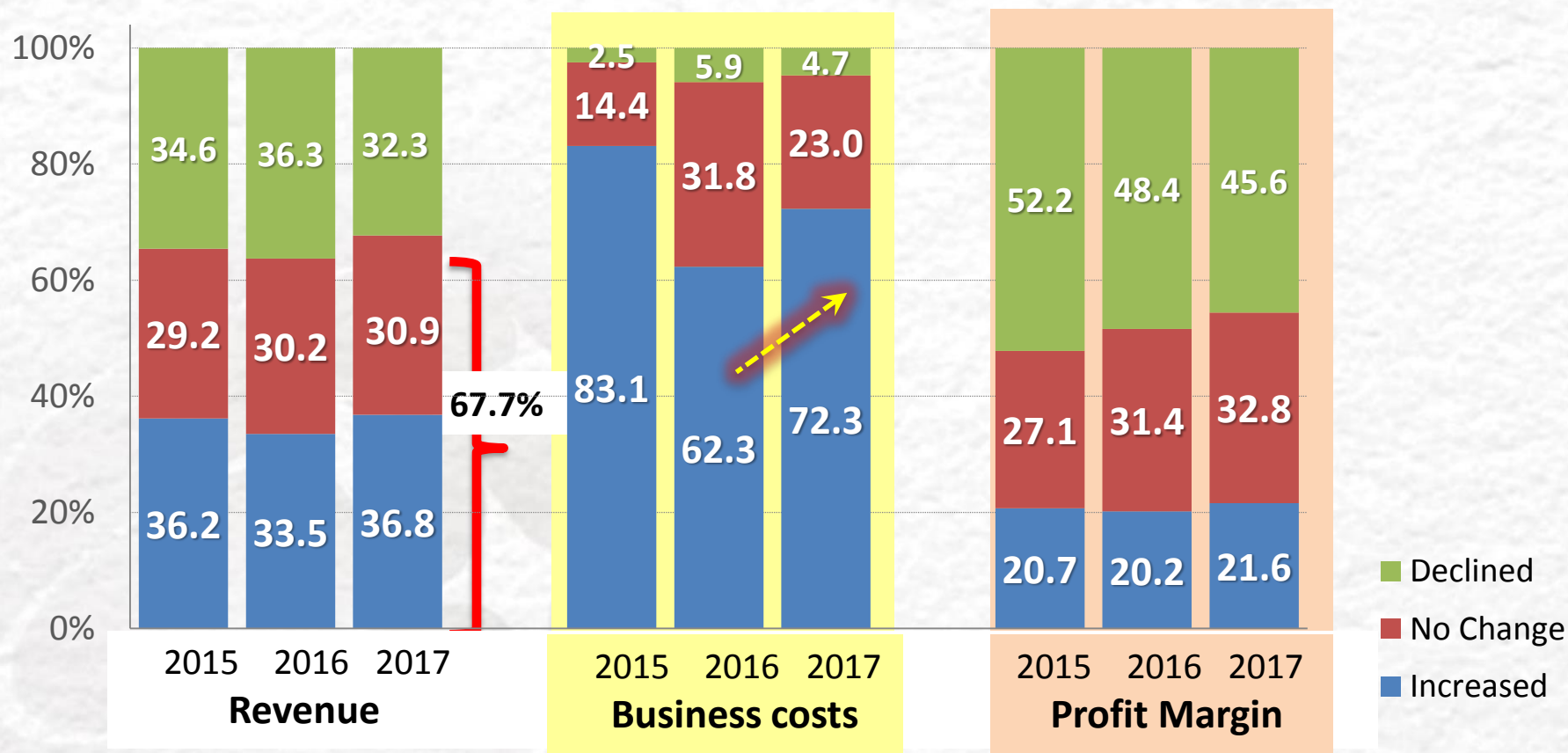
- 710 respondents
- Covered all sectors, including manufacturing, construction and services
- Survey period: May-July 2017



Key Business Challenges

Slight upturn in business sentiments compared to 2016

Despite rising business costs, 67.7% of companies have increased or stable revenue

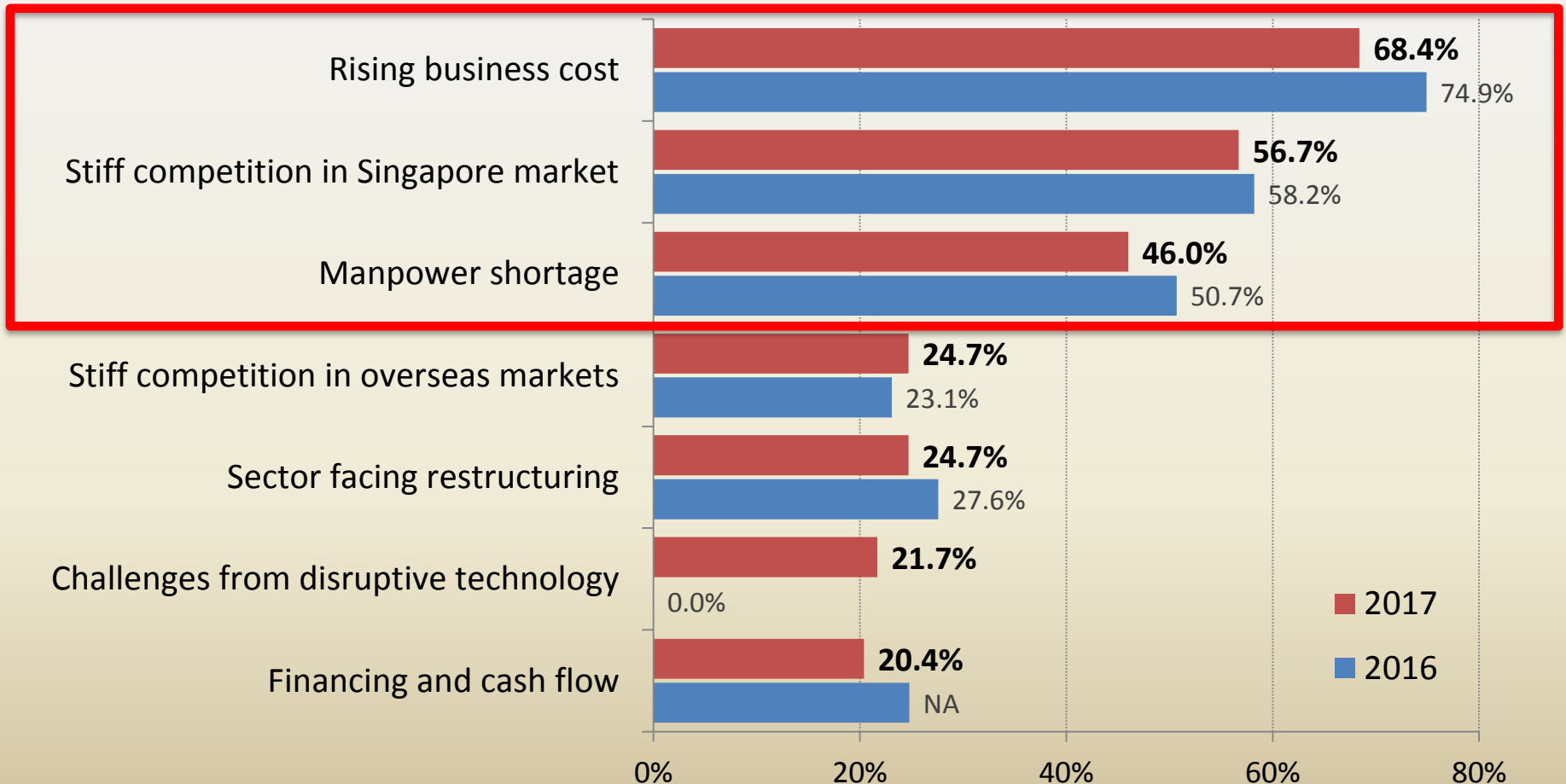


72.3% of companies faces increased business costs in 2017 (+10% point vs 2016)

Top Business Challenges

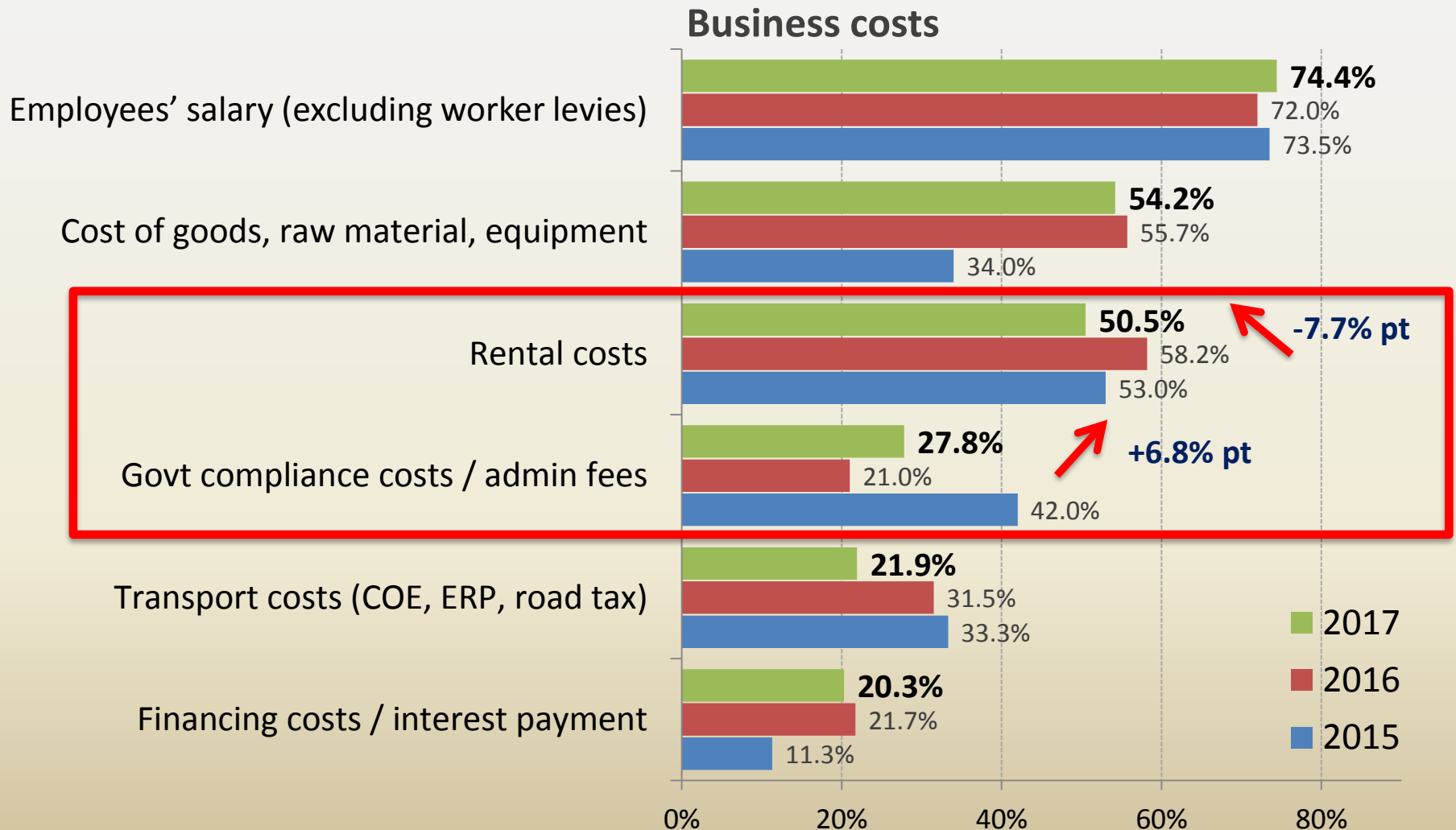
Rising cost, Stiff competition & Manpower shortage

Business challenges



Rising Business Costs

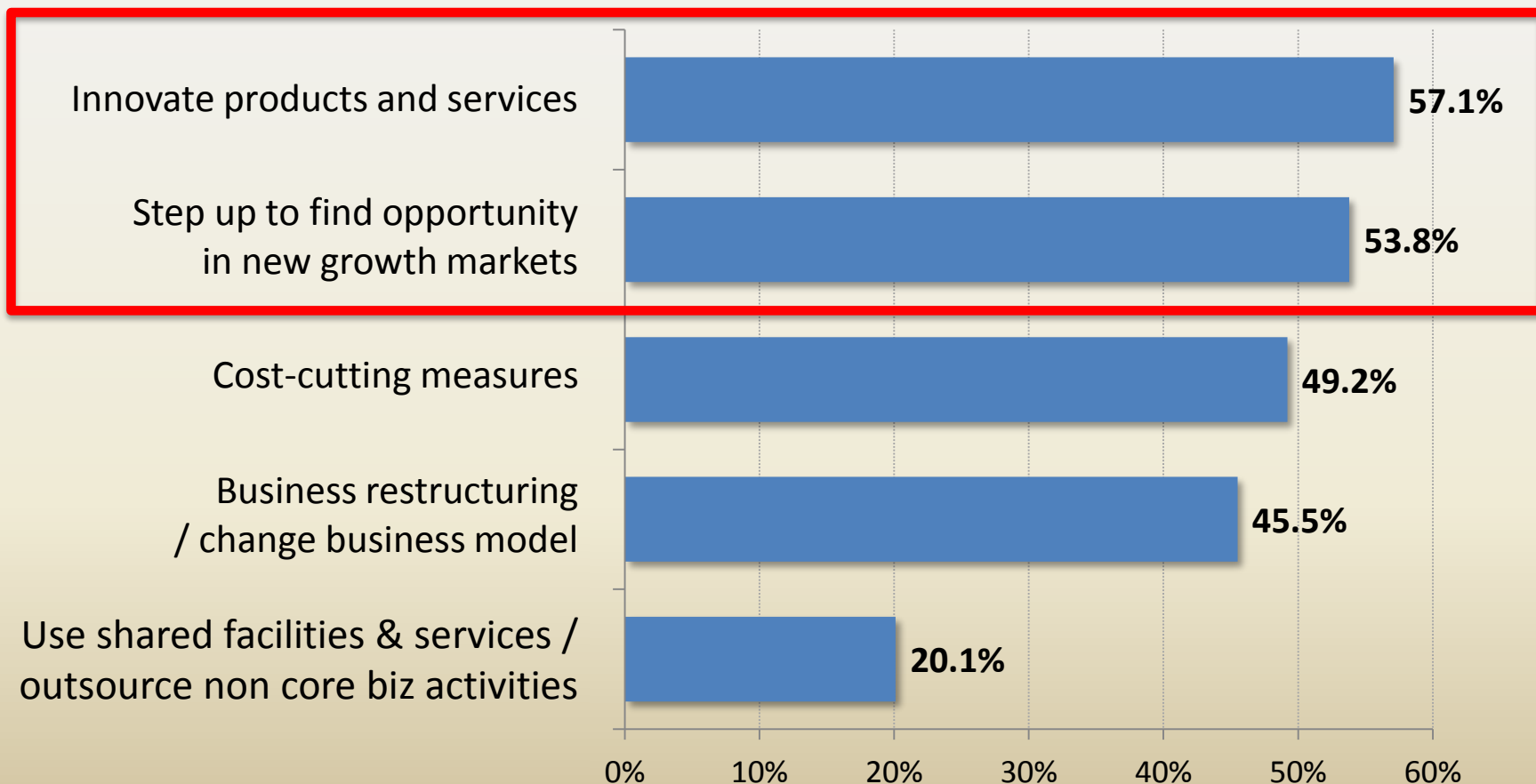
Rental cost has eased but Compliance cost crept up



Taking positive steps to manage business concerns

Find opportunities in new markets and Innovate

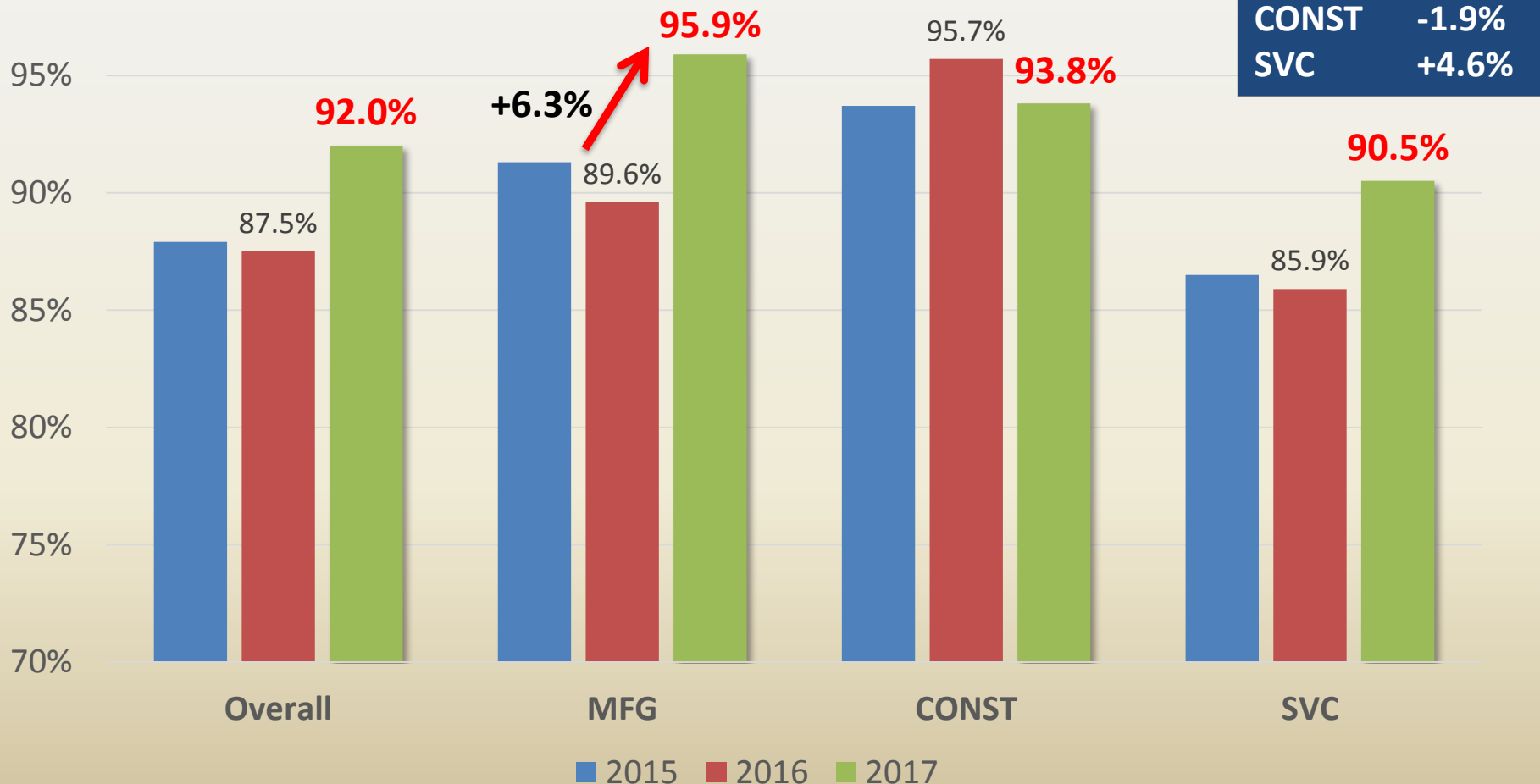
Strategies adopted to manage business concerns



Productivity Efforts

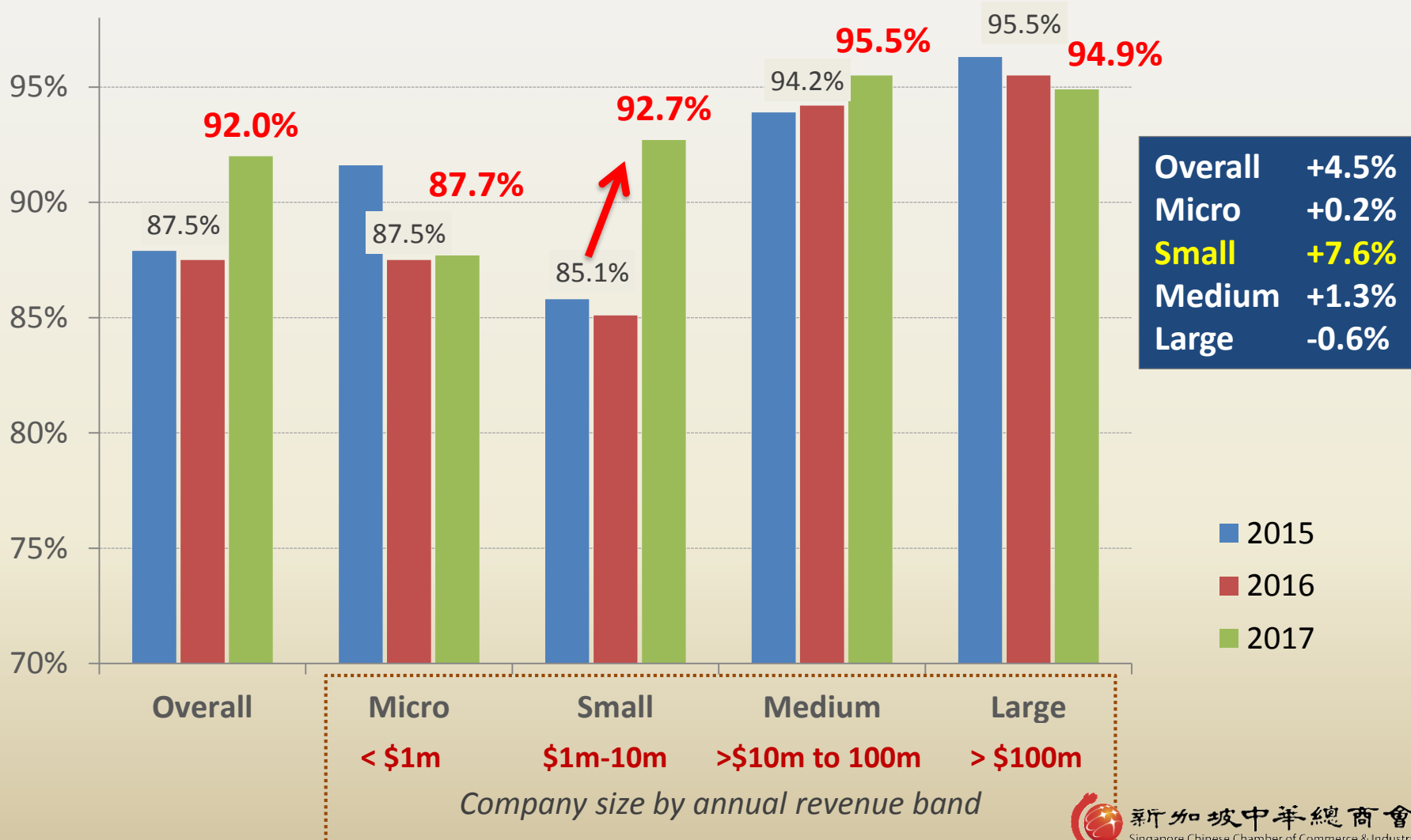
92% adopted Productivity Improvement Measures

Percentage of companies that have adopted productivity measures



More “small SMEs” embark on productivity improvement

Percentage of companies that have adopted productivity measures



Most Common Productivity Measures

Training & Changing Business Model

More businesses are upgrading their workers' skills, changing business model and undertaking higher value-added activities

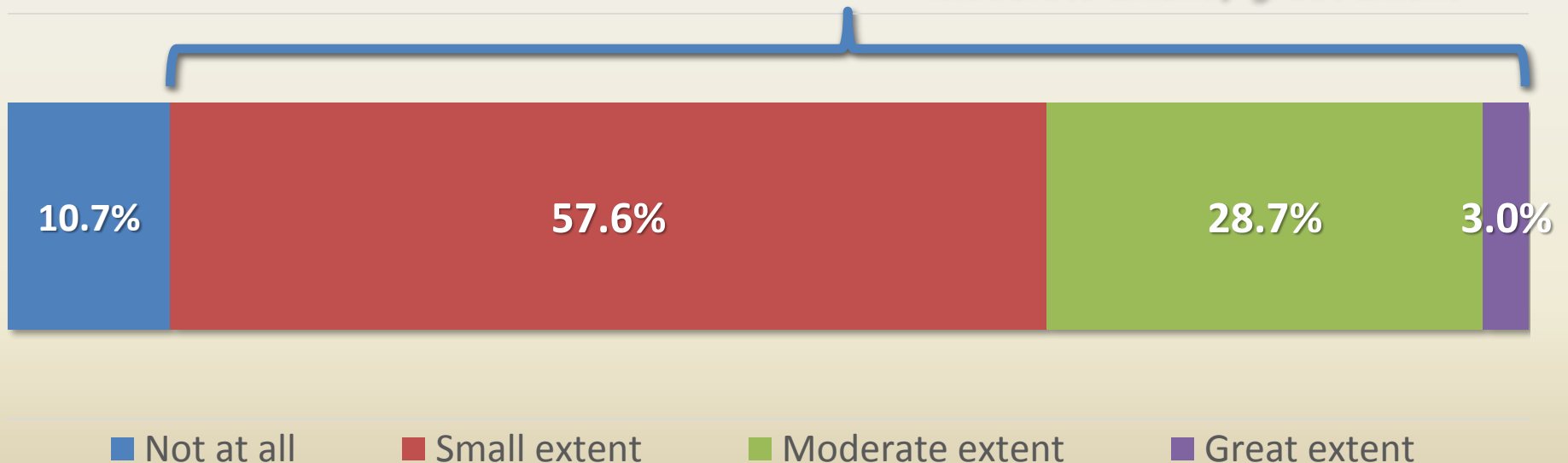
	2017	2016	2017 vs 2016
Upgrade skill sets of workers through training	57.5%	43.6%	+13.9%
Change business and management model	51.7%	47.9%	+3.8%
Undertake higher value-added activities	34.5%	32.5%	+2.0%
Adopt digital technologies (e-Commerce)	34.4%	38.1%	NA
Adopt industrial automation	24.3%		NA
Learn from successful examples from overseas	18.6%	15.0%	+3.6%
Engage consultants on productivity improvement projects	10.8%	20.5%	-9.7%

Effectiveness of Productivity Drive (1/3)

89% see a small extent of improvement or better

89.3% of SMEs see at least a small extent of improvement or better*

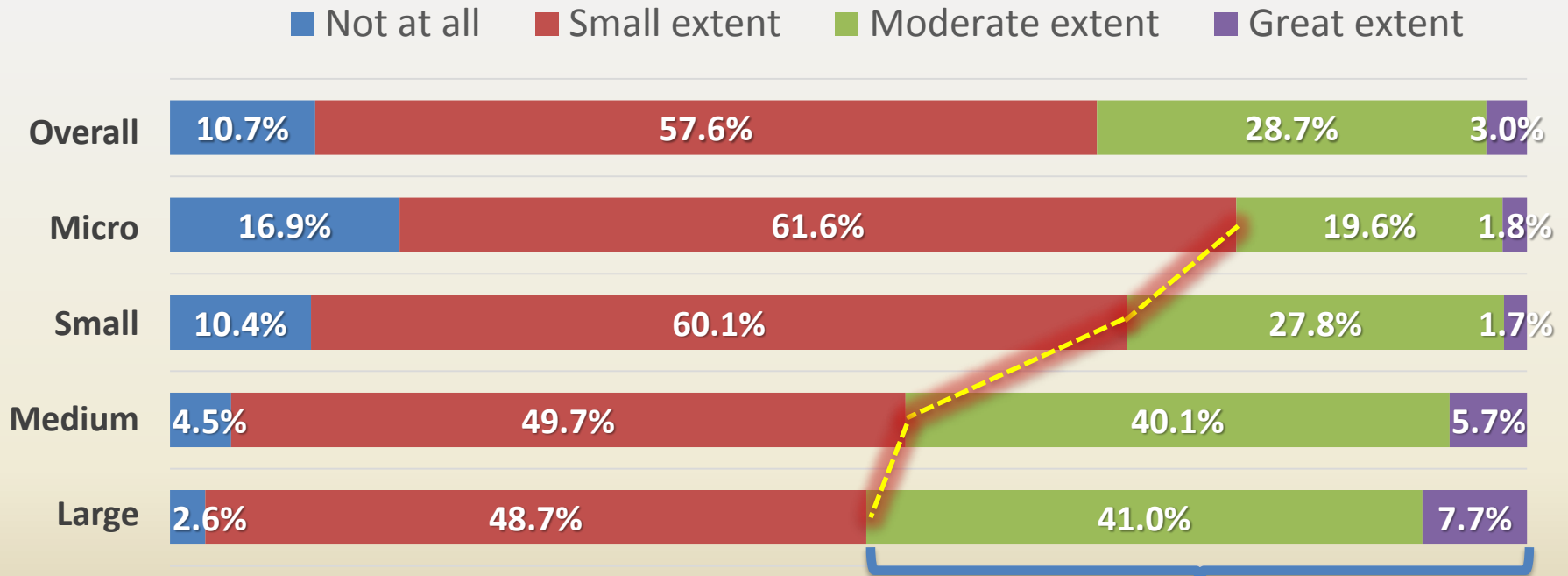
**moderate extent / great extent*



Effectiveness of Productivity Drive (2/3)

Larger companies tend to get better results

Micro and small companies need more help to close the gap between their productivity effort and outcome

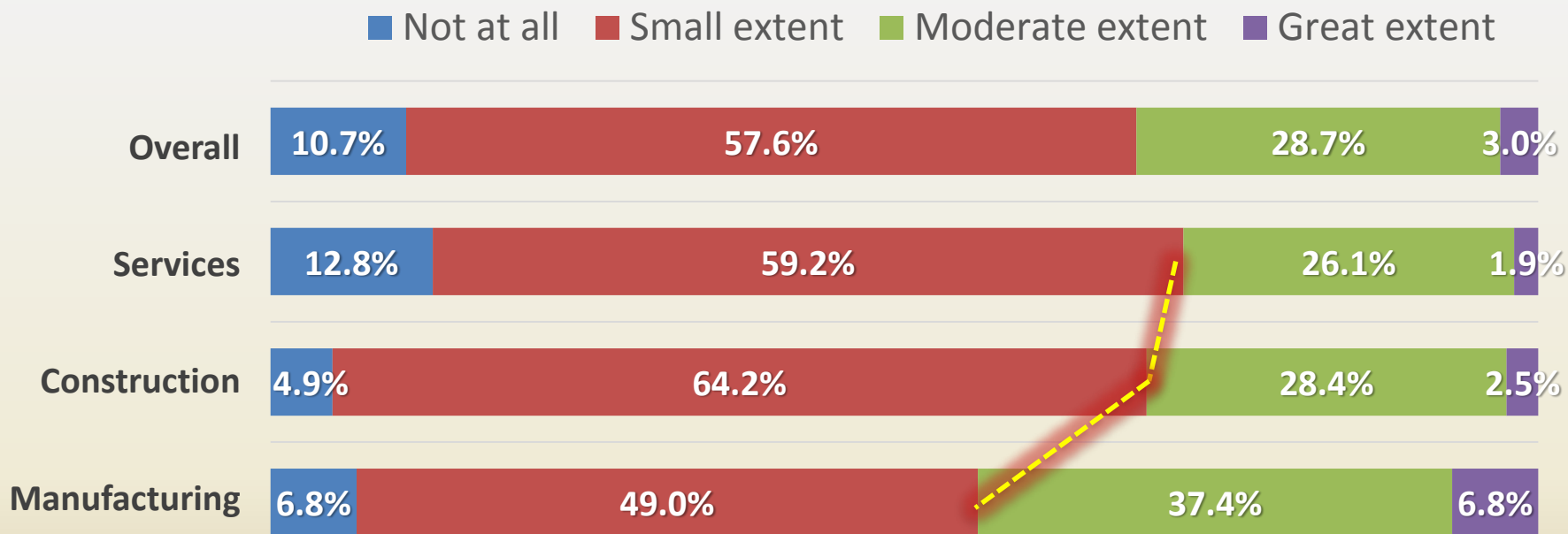


48.7% of large companies see moderate/great extent of improvement vs 21.4% (micro), 29.5% (small), 45.8% (medium) enterprises

Effectiveness of Productivity Drive (3/3)

Manufacturing Sector sees better results

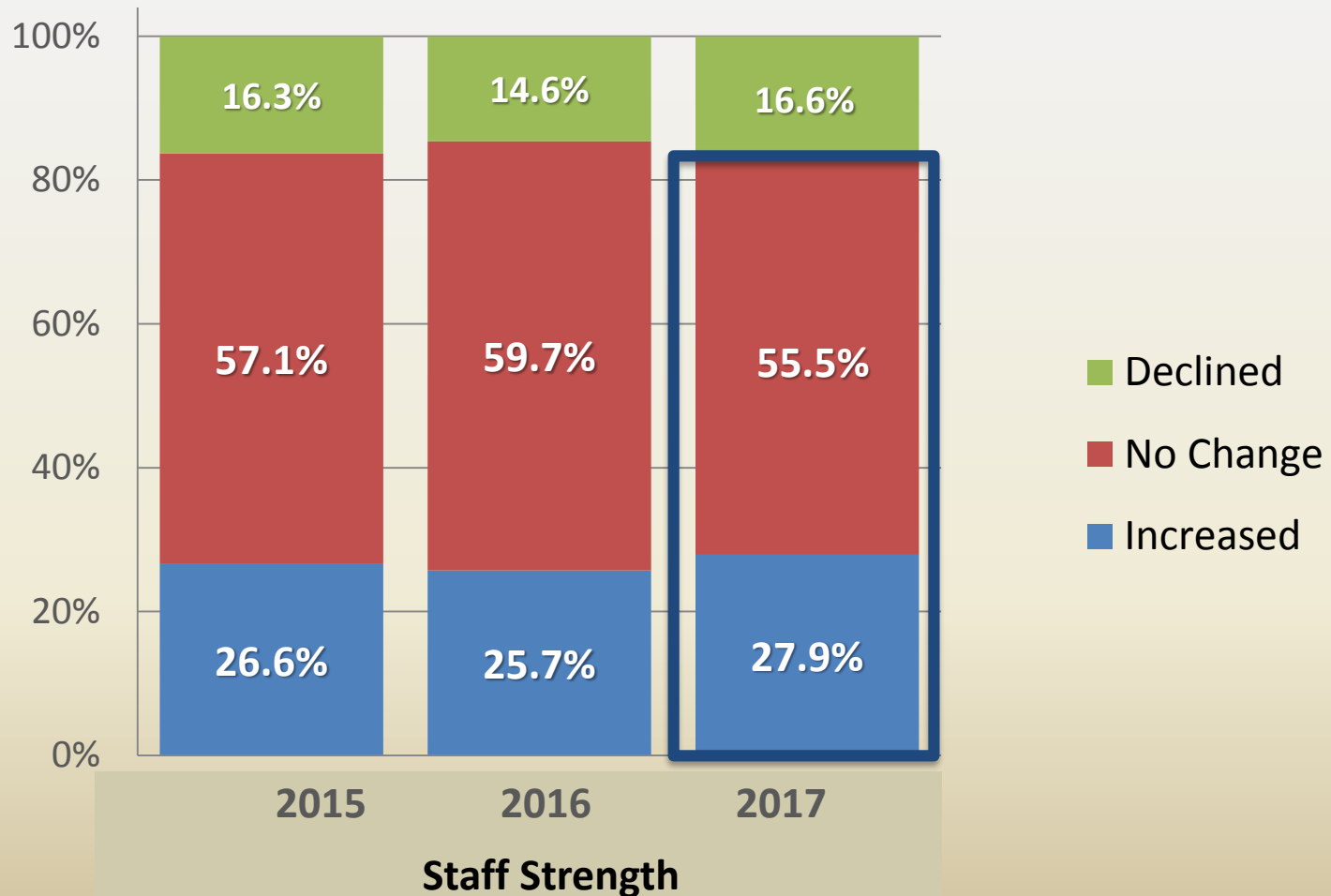
Scope for Services and Construction companies to achieve greater improvement in their productivity effort



44.2% from Manufacturing sector see moderate/great extent of improvement, vs 28.0% (services sector) and 30.9% (construction sector)

Findings on manpower

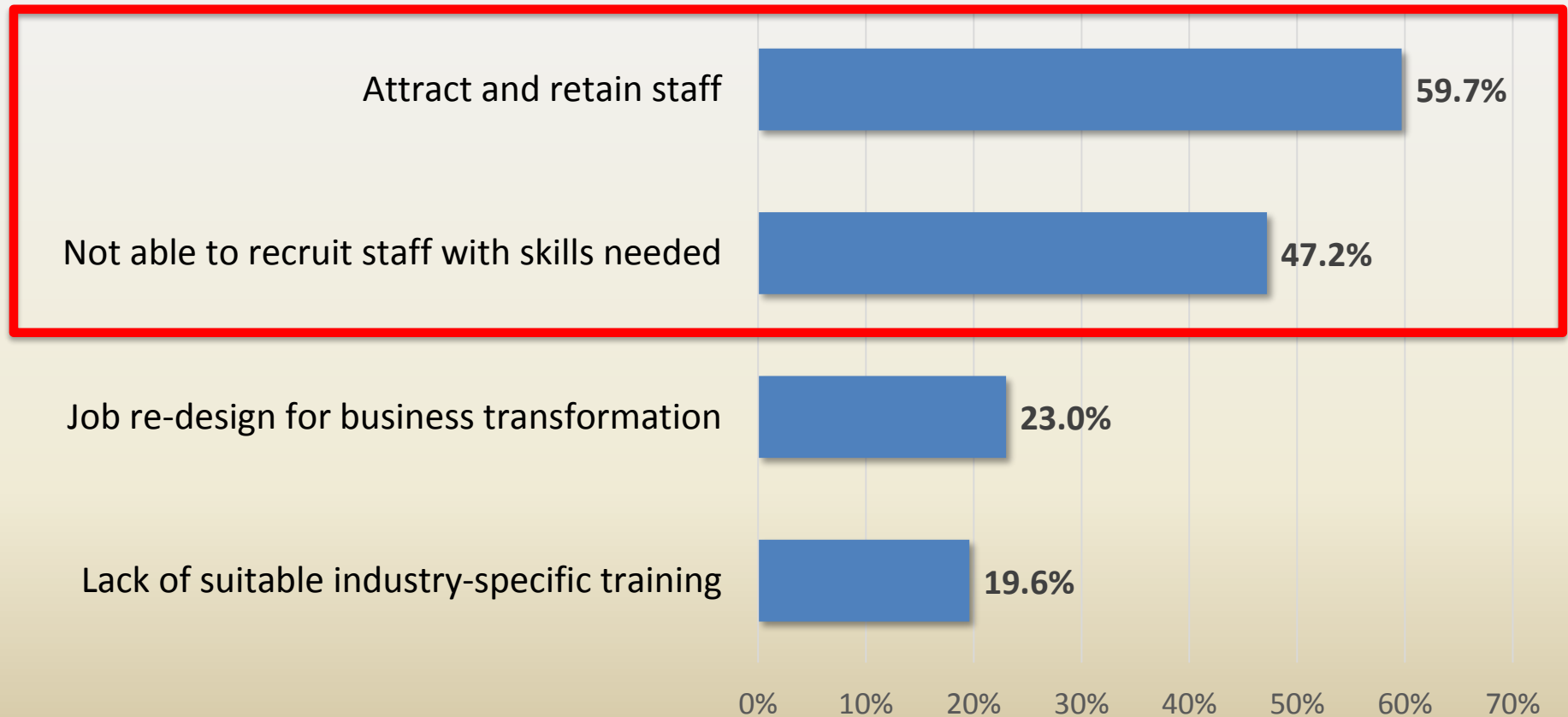
Notwithstanding a challenging economy SMEs are keeping their Workforce



Key manpower challenges

Difficult to attract and retain staff

Unable to find staff with the right skills



CFE Recommendations & Govt Assistance Schemes

Top interests of businesses in CFE recommendations

Adopt Digital Tech, Innovate, Go Global

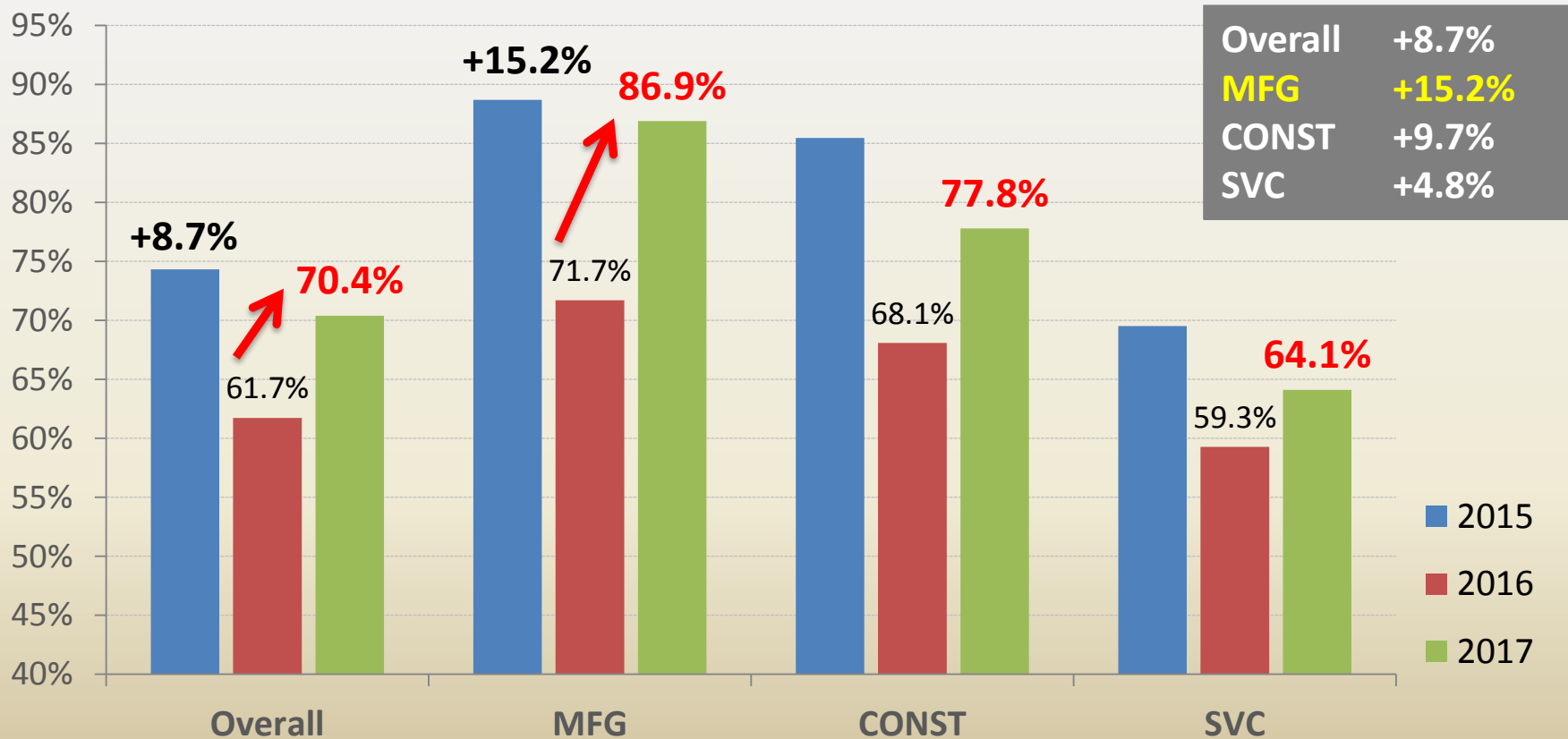
Businesses find implementing the Industry Transformation Maps to be of the least concern to them

Recommendations from the Committee on the Future Economy	%
Helping SMEs to adopt digital technologies	42.4%
Promoting innovation	41.3%
Promoting internationalization in a bigger way	34.7%
Facilitating workers to acquire and apply deep skills	34.0%
Creating a regulatory environment to support innovation	31.0%
Encouraging large enterprises to partner with small enterprises to help them scale up	27.7%
Implementing Industry Transformation Maps	17.7%

9% increase in businesses who have applied for Govt schemes to transform & upgrade

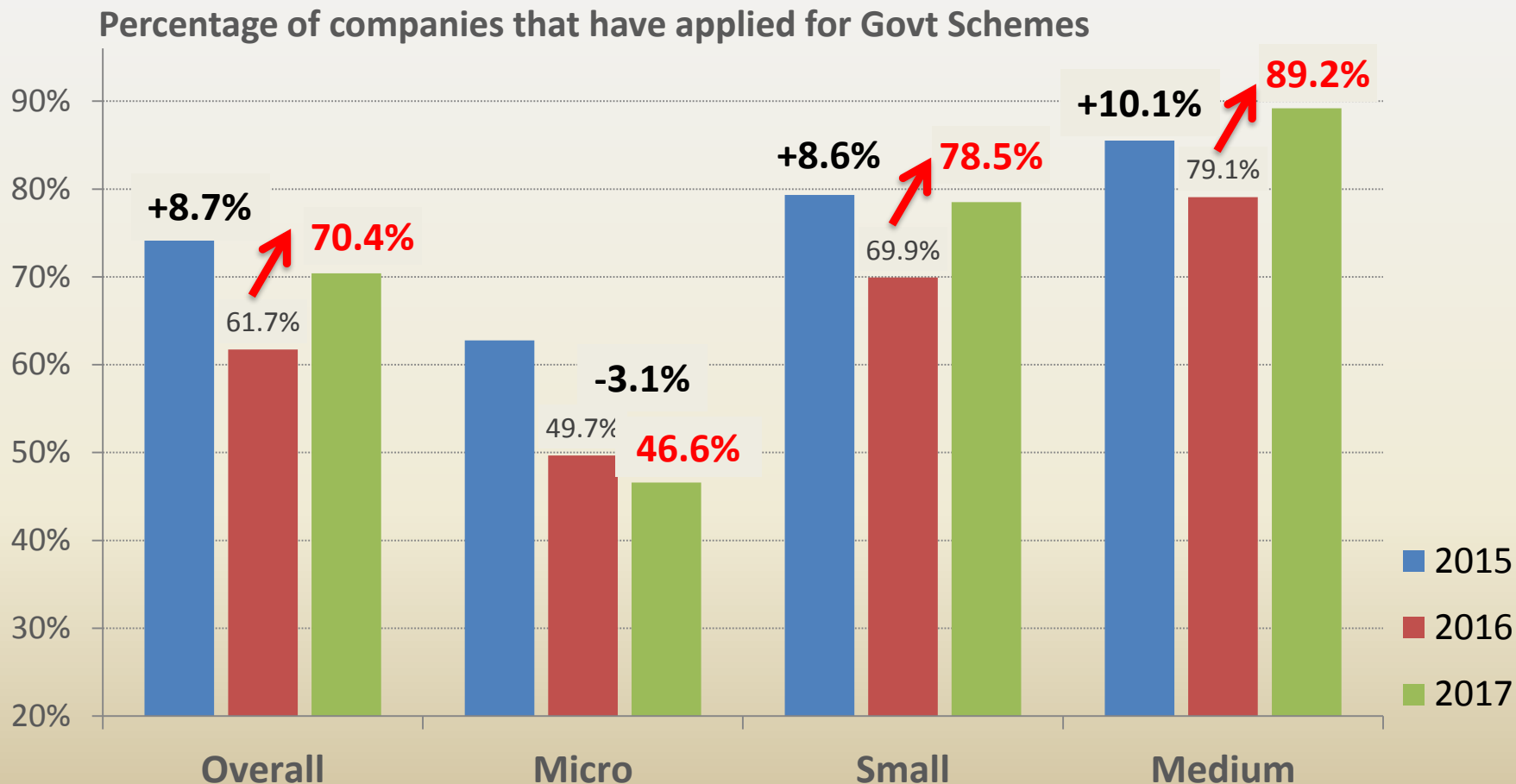
Manufacturing sector has highest take-up rate in govt schemes

Percentage of companies that have applied for Govt Schemes



More larger-sized companies adopted Govt Schemes

Micro enterprises need to transform
but lagging behind in adopting Government schemes



PIC remains the top scheme with increased usage of training schemes

Government Schemes	2017*	2016*	2017 vs 16
PIC and PIC+ Scheme for SMEs [IRAS]	85.4%	88.4%	-3.0%
Training subsidies, Enterprise Training Support, WorkPro [WDA]	46.9%	41.9%	+5.0%
Innovation & Capability Voucher (ICV) [SPRING]	32.9%	41.7%	-8.8%
Capability Development Grant (CDG) [SPRING]	19.3%	18.9%	+0.4%
Double Tax Deduction for internationalisation [IE Singapore]	11.6%	8.2%	+3.4%
Market Readiness Assessment Grant [IE Singapore]	7.9%	4.6%	+3.0%
iSPRINT – Funding for IT adoption [iDA]	5.9%	12.5%	-6.6%
Micro-Loan Programme [SPRING]	4.7%	8.0%	-3.3%
Global Company Partnership [IE Singapore]	4.1%	2.7%	+1.4%
Internationalisation Finance Scheme [IE Singapore]	2.0%	0.7%	+1.3%
GET-Up, Technology Adoption Program [A*STAR and partners]	1.4%	1.8%	-0.4%

*2017: Among the 70.4 of respondents who have applied for govt schemes

*2016: Among the 61.7% of respondents who have applied for govt schemes

Internationalisation

Top 3 overseas markets: **Malaysia, China & Indonesia**

- **61% respondents indicated that they will venture overseas over the next 3 years (2016: 57%)**

Rank	Countries	2017	2016	2015	2017 vs 2016
1	Malaysia	55.3%	53.8%	40.8%	+1.5%
2	China	46.7%	48.4%	43.6%	-1.7%
3	Indonesia	46.0%	42.4%	33.0%	+3.6%
4	Vietnam	31.4%	34.0%	21.3%	-2.6%
5	Myanmar	28.6%	33.0%	17.8%	-4.4%
6	Thailand	26.0%	28.8%	19.3%	-2.8%
7	Cambodia	19.3%	23.1%	13.5%	-3.8%
8	Australia / NZ	13.0%	--	--	--
9	India	11.6%	16.1%	10.0%	-4.5%

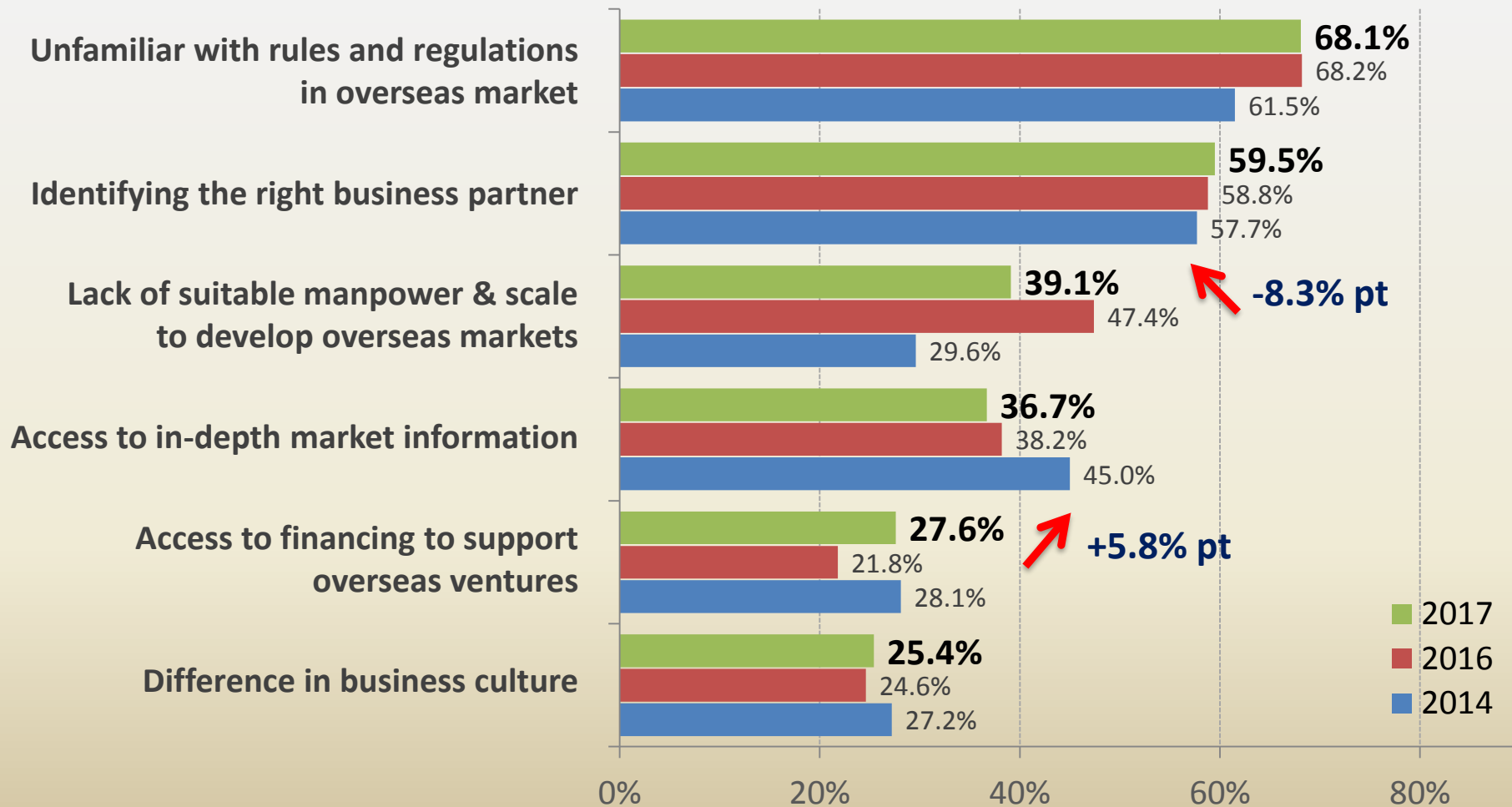
Top Challenges while venturing overseas

Unfamiliar with regulations, Identify right partner & Lack of manpower to go overseas

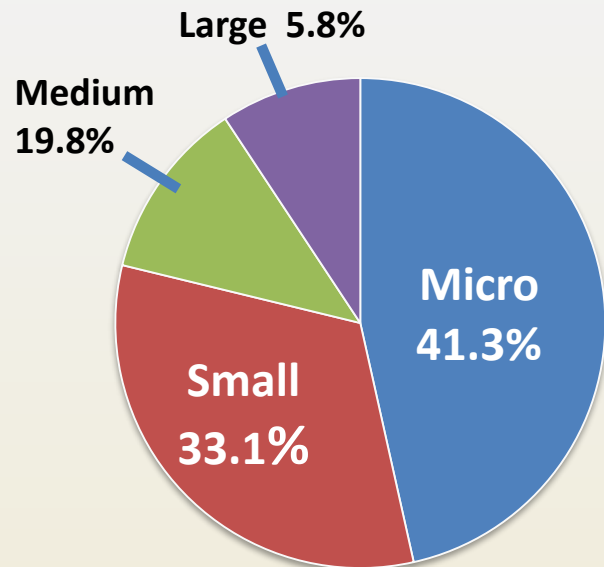
Challenges encountered while going global	2017	2016	2017 vs 16
Unfamiliar with rules & regulations in overseas market	68.1%	68.2%	-0.1%
Identifying the right business partner	59.5%	58.8%	+0.7%
Lack of suitable manpower & scale to develop overseas markets	39.1%	47.4%	-8.3%
Access to in-depth market information	36.7%	38.2%	-1.5%
Access to financing to support overseas ventures	27.6%	21.8%	+5.8%
Difference in business culture	25.4%	24.6%	+0.8%

Top Challenges while venturing overseas

More difficult to access financing but easier to find manpower



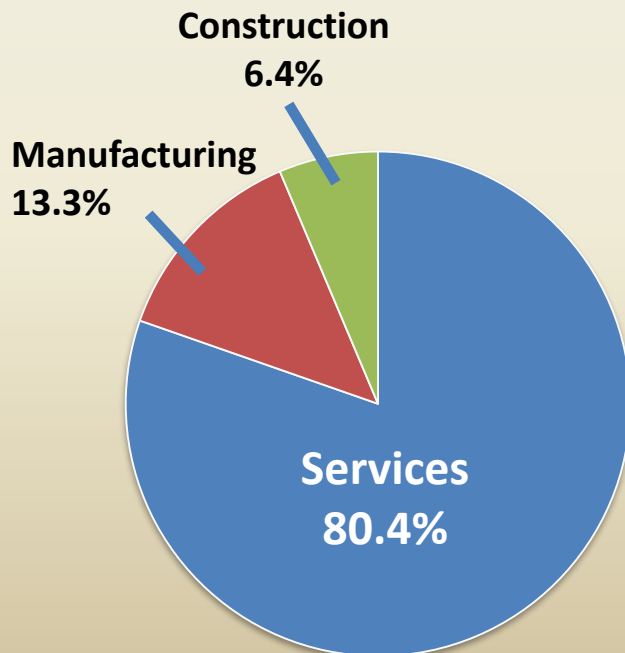
Digitalisation



Respondents Profile

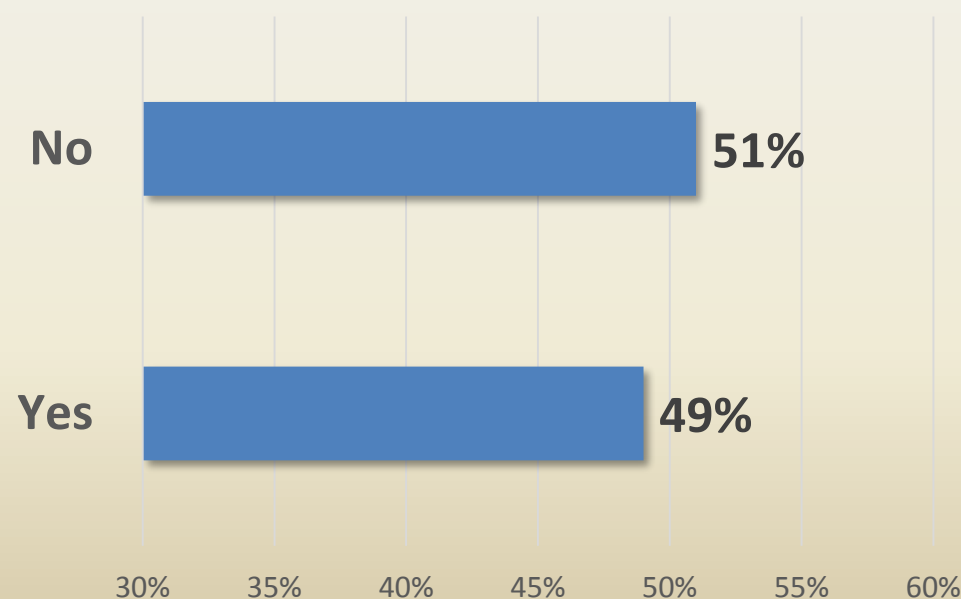
94.2% SMEs
80.4% Services

- 220 respondents
- Covered all sectors, including manufacturing, construction and services

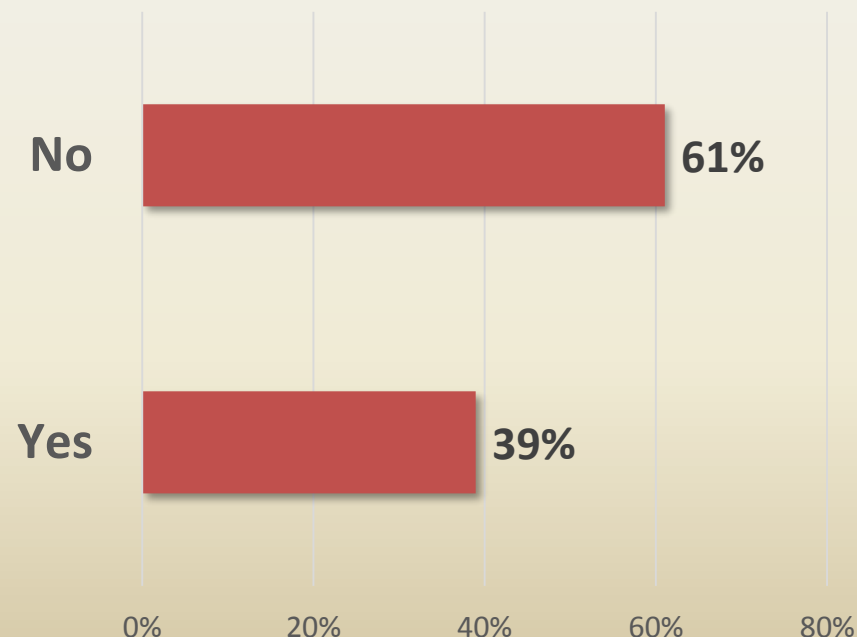


Scope for more businesses to digitalize and adopt E-commerce

Have you digitalized your business?

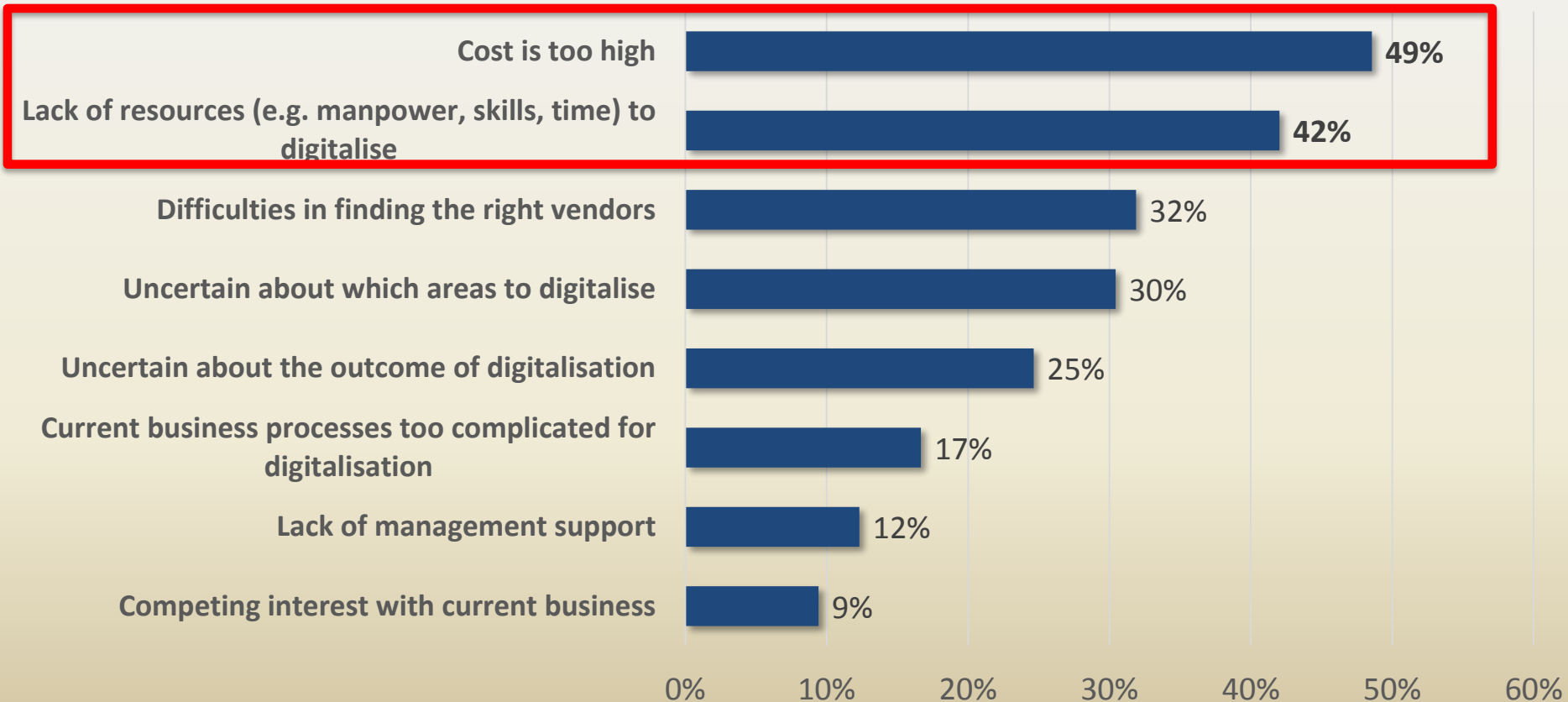


Have you adopted E-commerce for your business?



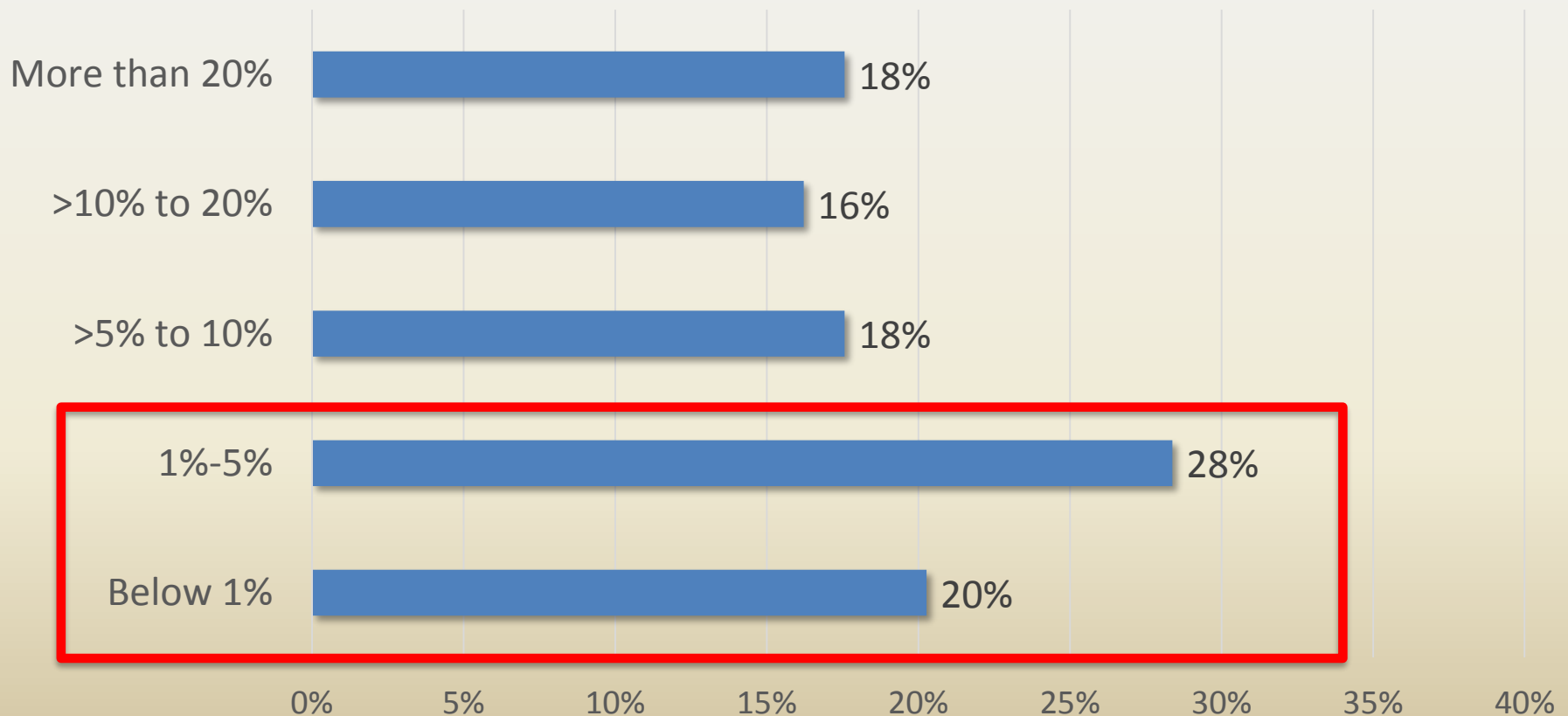
Key challenges in going digital: Cost and Resource constraint

Key challenges during digitalization process or when deciding to go digital



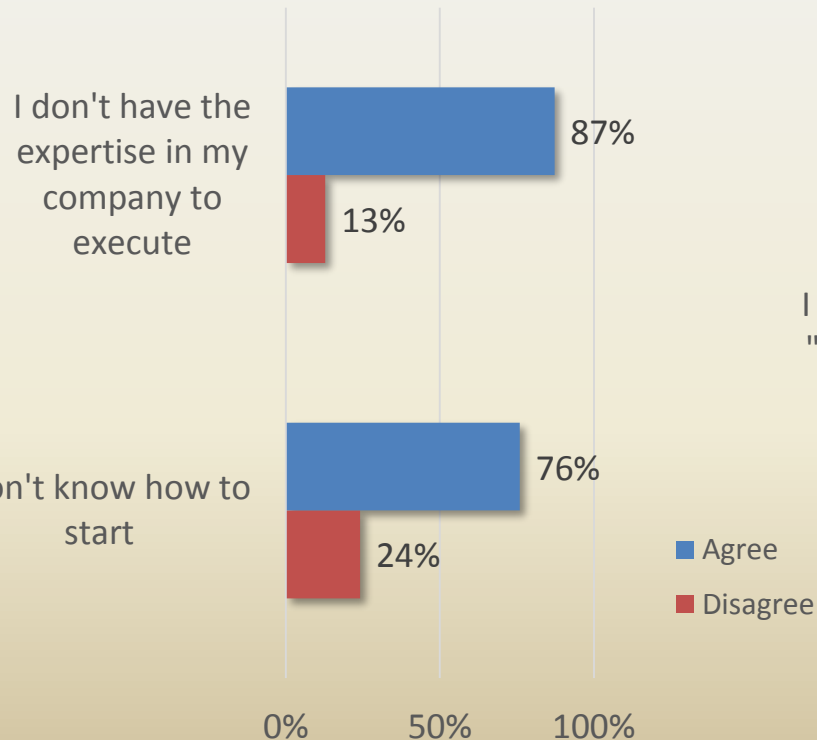
Room for sales generated through E-commerce to improve

Estimated percentage of sales deriving from E-commerce

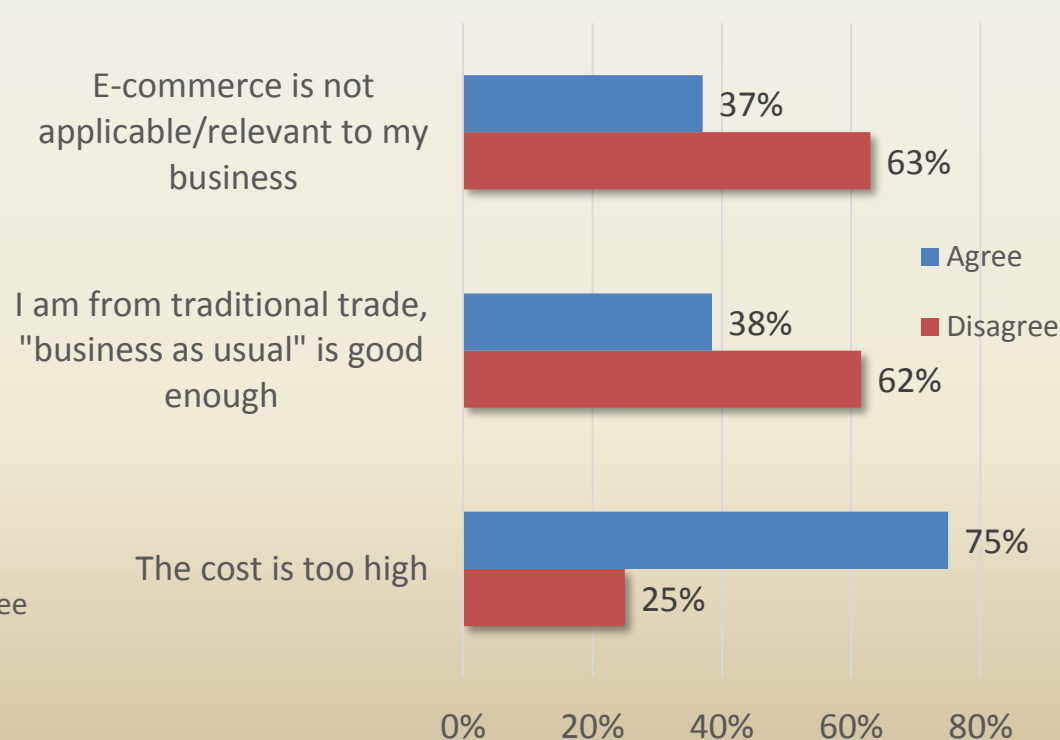


Businesses wanted to adopt E-commerce but don't know how to start, lack expertise and concerned about costs

I am planning to adopt E-commerce but...



I am not planning to adopt E-commerce because...



Conclusion & Recommendations

Conclusion (1/2)

- **Business sentiments have slightly improved compared to 2016**, although 72% of businesses indicated that their costs have increased.
- **Rising business costs, stiff competition in Singapore and manpower shortage** are the top concerns from businesses
 - Employee costs have risen;
 - Rental cost has eased but **compliance cost has crept up**.
- More than half of the businesses are **taking positive steps to find opportunities in new markets and to innovate** their products and services.
- About **90% 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 **attracting and retaining staff and not able to recruit staff with the right skills**.

Conclusion (2/2)

- **Helping SMEs to adopt digital technologies, innovation and internationalization are the top interests of businesses** among the recommendations in the Committee on the Future Economy (CFE).
 - Businesses find **implementing the Industry Transformation Maps to be of the least concern to them.**
- **A 9% increase in businesses who have applied for government schemes to transform and upgrade.**
 - This is aligned with the **increase in businesses who have tapped on training schemes to upgrade their workers' skills set** as a key approach to increase productivity.
- **Many companies have yet to digitize or adopt e-commerce for their business. They do not know how to start, lack expertise and are concerned about the costs.**

Recommendation 1:

Extend and enhance PIC and ICV for 3 years to continue the productivity improvement momentum of businesses

- The Productivity & Innovation Scheme (PIC) has remained the most popular government scheme over the last 3 years for businesses in their productivity improvement efforts. PIC will lapse in 2018.
- The Innovation & Capability Voucher (ICV) is another government scheme that has been popular and easy to apply and use by businesses.
- As businesses started to witness results in their productivity improvement effort, **government should consider to extend and enhance the PIC and ICV for another 3 years.**

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 the CFE, very few businesses found the ITMs to be of priority to them.
- For the relevant 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 support 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, support 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:

Tackle the concerns of cost and resource constraint to speed up SMEs' adoption of e-commerce in the digital economy

- Our SMEs cannot be left behind as Singapore progresses to be a Smart Nation. The digital economy and e-commerce has impacted the businesses of SMEs, especially those from the traditional sectors. **Participating in the digital economy can help them to transform their businesses and find new growth opportunities.**
- The “SME Go Digital” programme should directly tackle our SMEs’ **concerns of costs, lack of expertise and resource constraint** so that we can speed up the process of them leveraging on the digital economy and e-commerce to benefit their businesses.
 - **Solutions supported by the programme should be cost-effective, easy to use** to reduce the difficulties and complexities involved for SMEs to readily participate in e-commerce and the digital economy.

Recommendation 4:

Help businesses to get workers with the right skills

- Singapore is facing a demographic trend of shrinking local labour force that is older and more educated. While government has maintained its firm position on curbing foreign workers inflow, more local workers are also being made redundant due to the ongoing economic restructuring.
- **Traditional sectors of the economy that are still looking to hire continue to face manpower shortages**, notwithstanding their ongoing efforts to transform.
- Armed with the latest workforce statistics, MOM and its agencies know where workers are made redundant that can be potentially channeled to sectors with hiring needs. **MOM and WSG should use these workforce statistics to help trade associations and businesses improve their recruitment effort to access these workers. Where worker re-training is required, MOM and SSG should work with trade associations and businesses, and support them in such initiatives.**

Thank you