



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

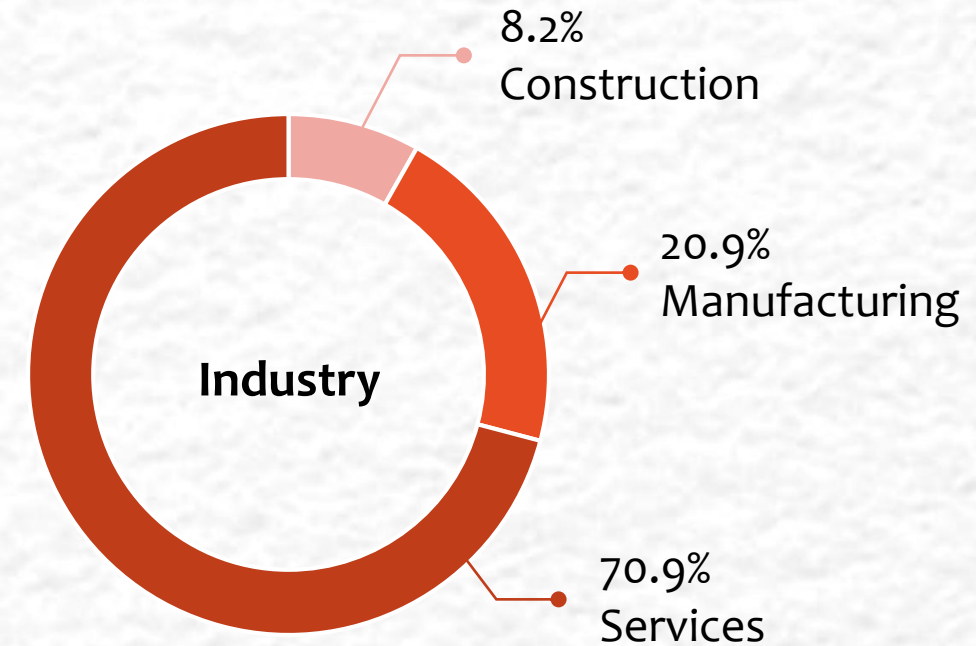
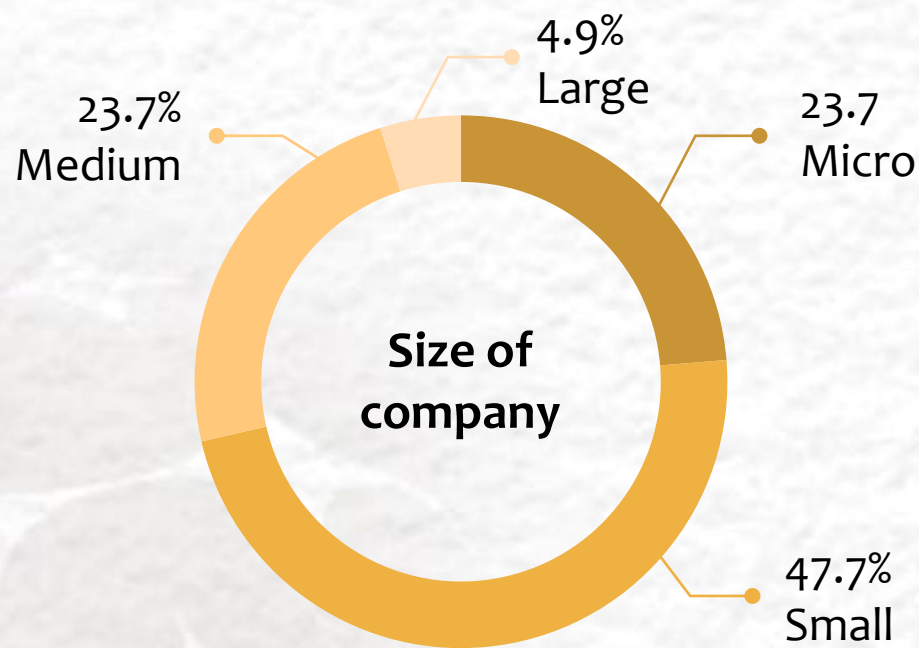
# 2019 Annual Business Survey

14 October 2019

# Voices from Business Community

972  
Respondents

95%  
SMEs

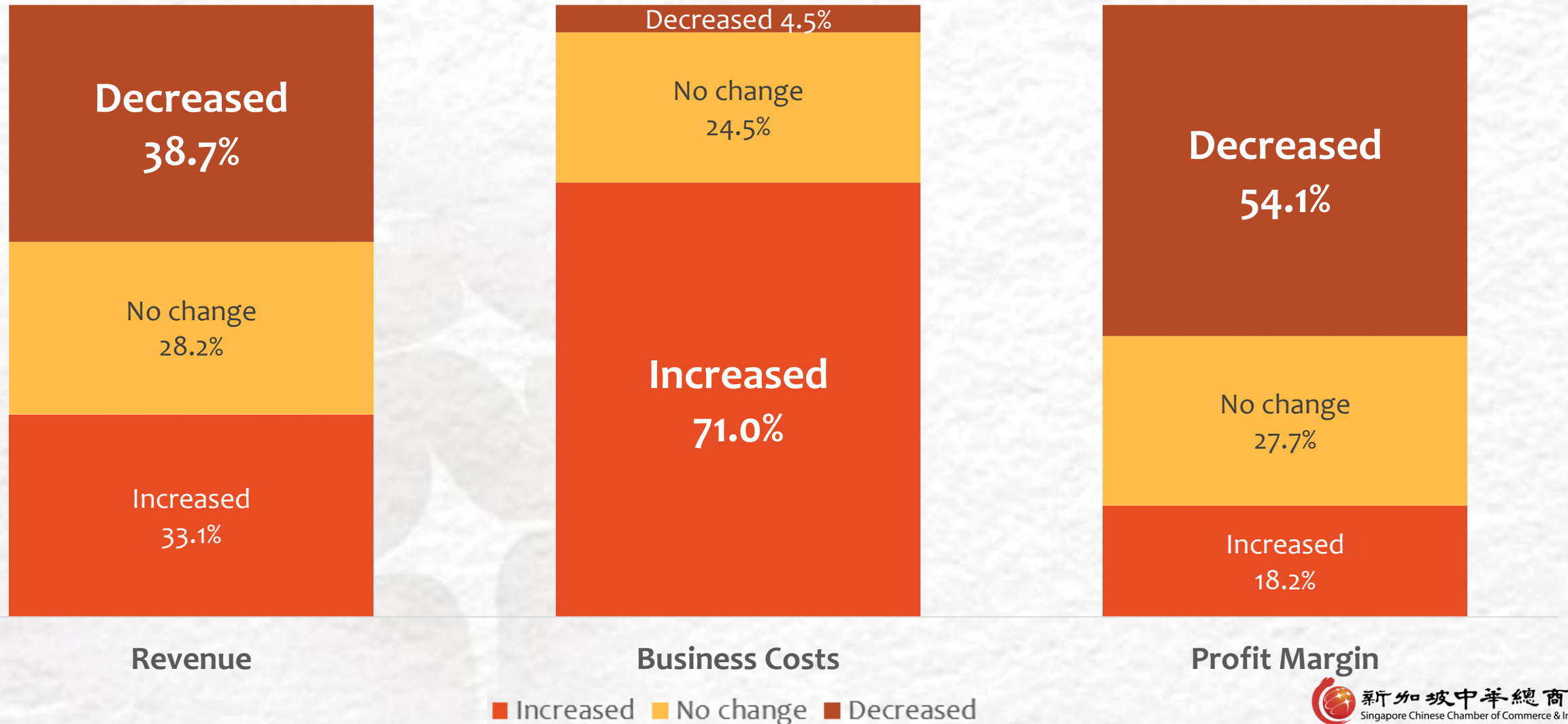


# Business sentiments

# Economic slowdown impacted business outlook

## Most projected increase in costs and decline in profits

Business sentiments in 2019

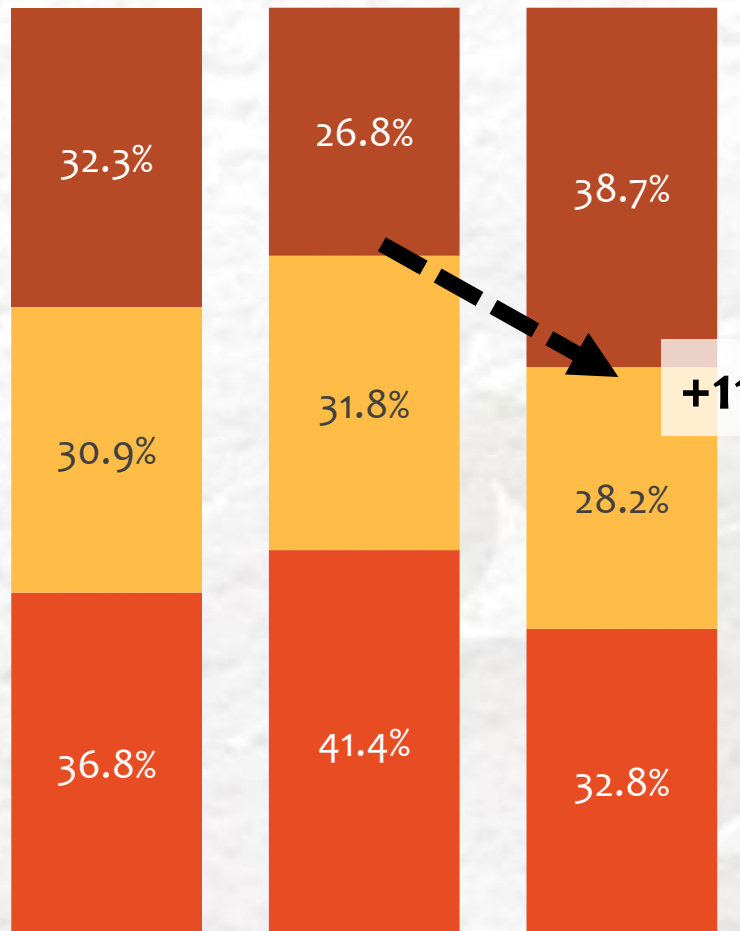




# Larger dip in revenue and profit margin

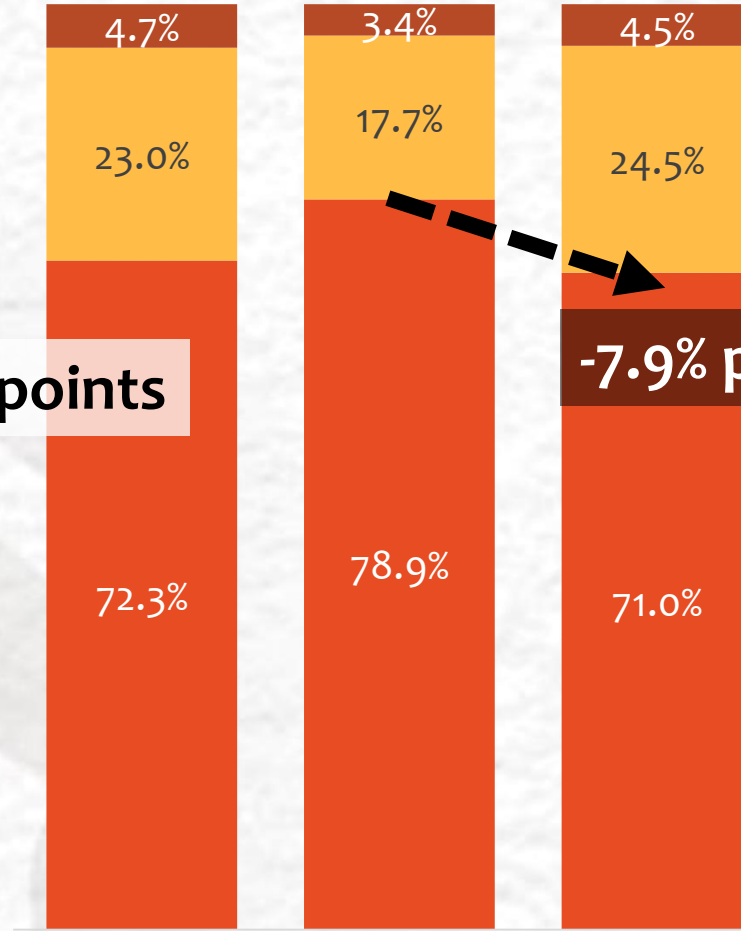
Business sentiments (2017 v 2018 v 2019)

Revenue



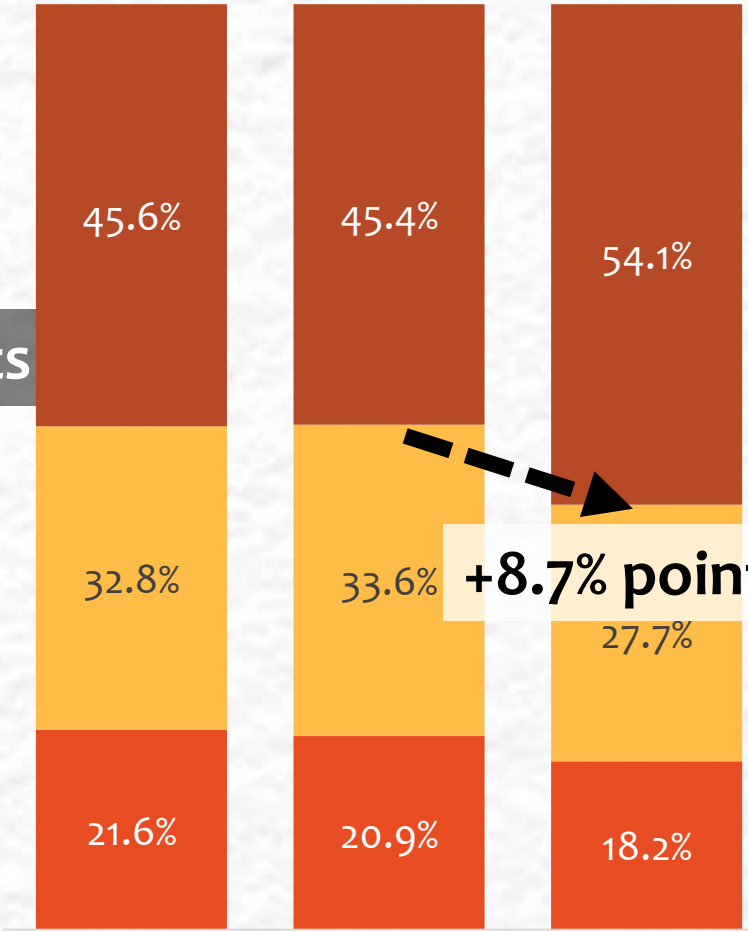
+11.9% points

Business costs



-7.9% points

Profit margin

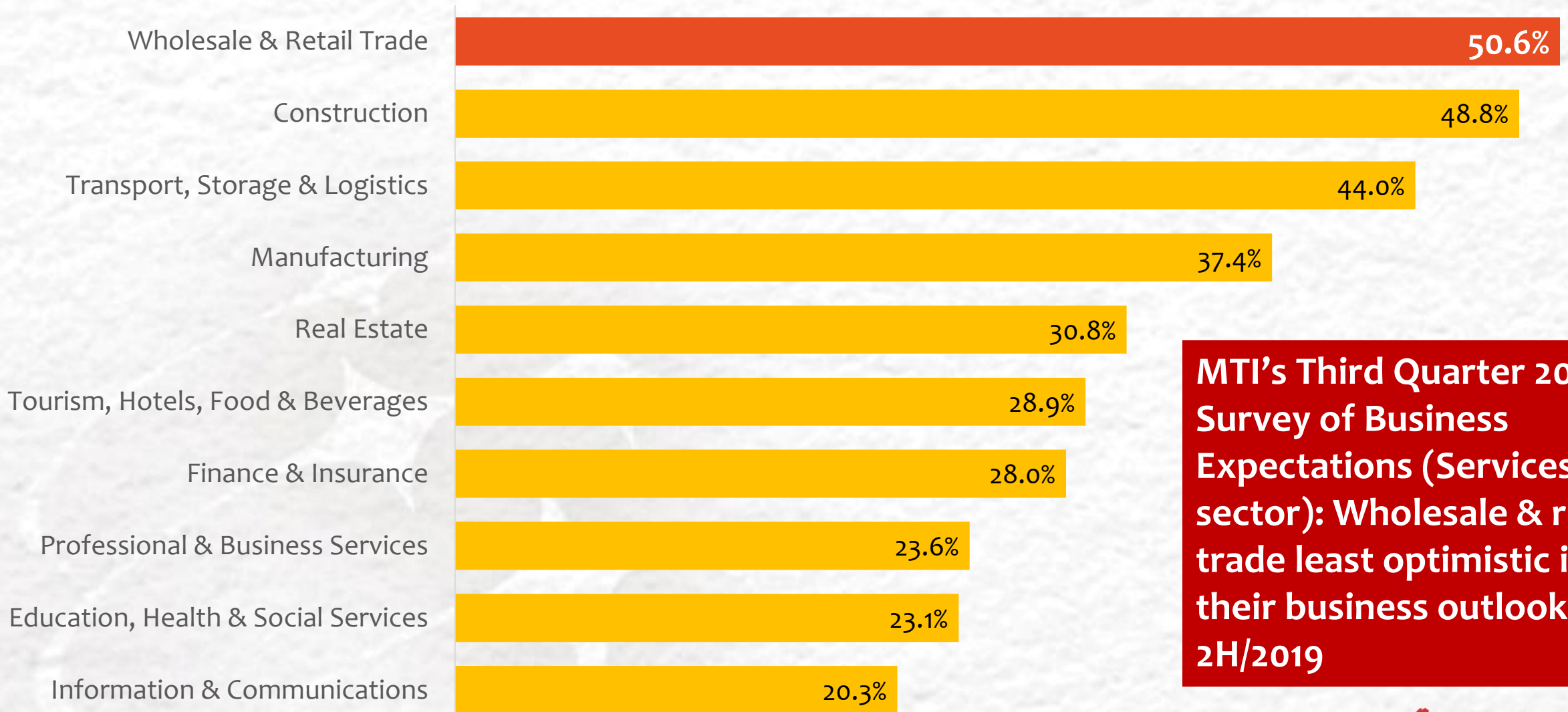


+8.7% points

Increased No change Decreased

# Wholesale & Retail most affected by drop in revenue

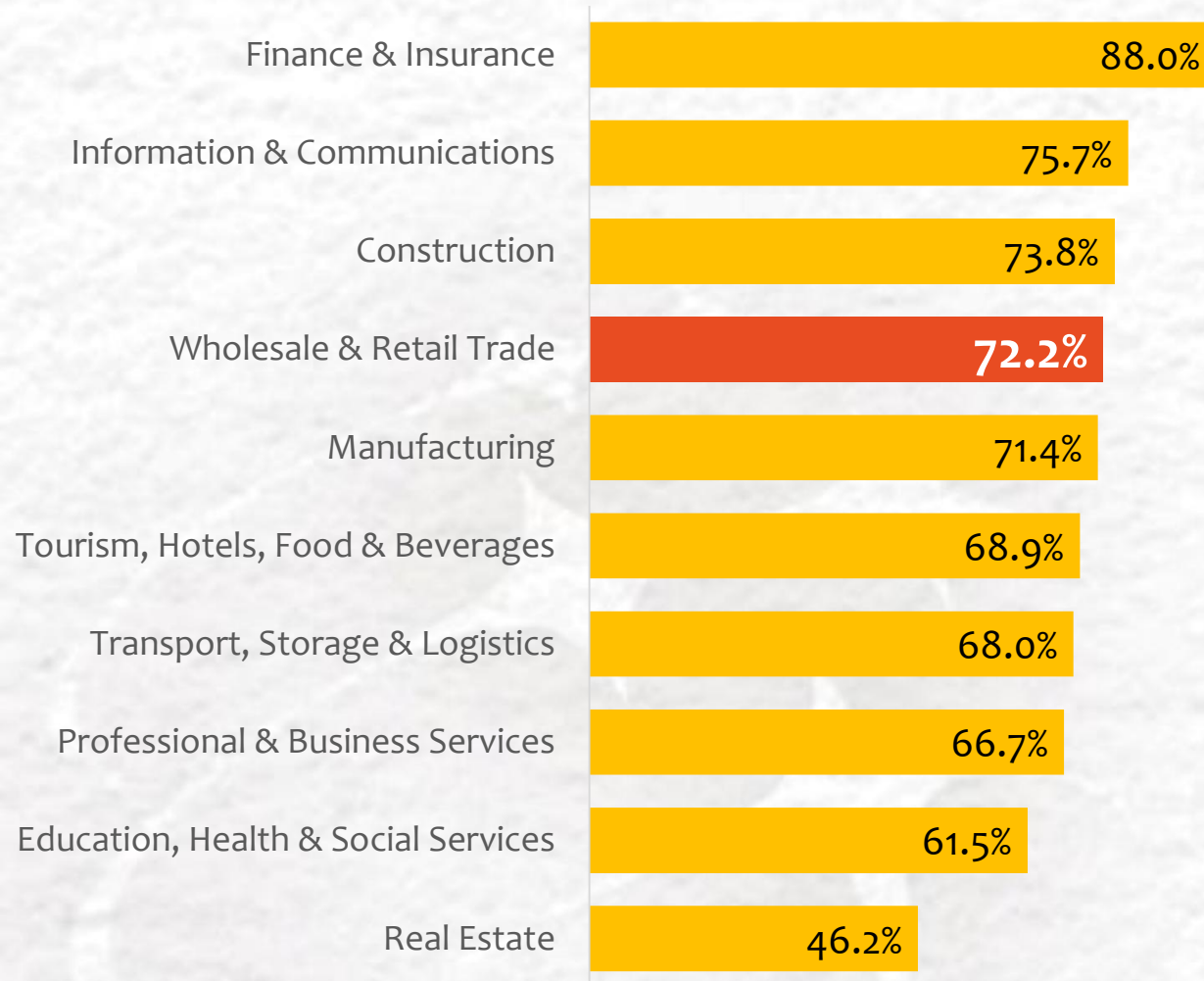
Percentage of respondents who reported decrease in revenue by sector



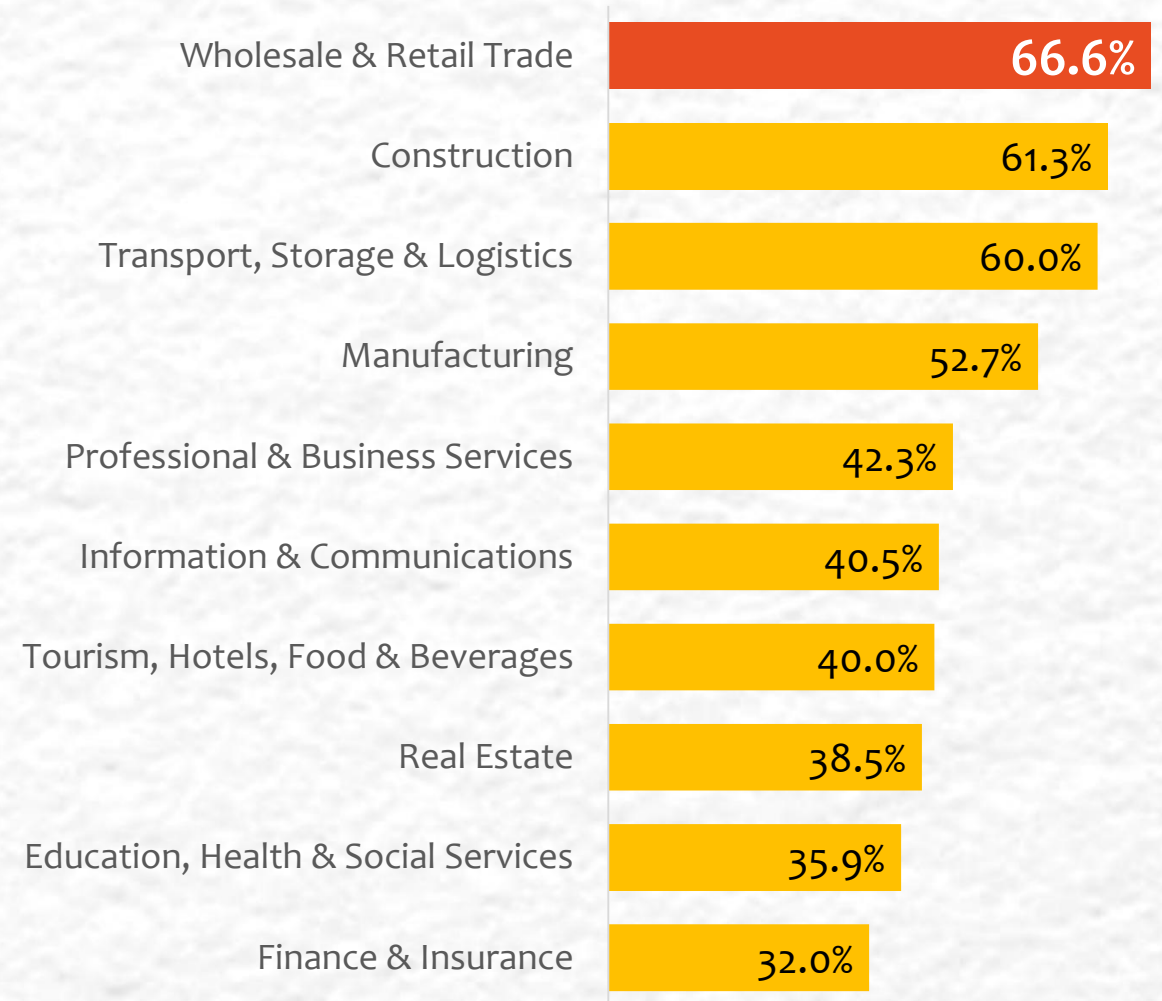
**MTI's Third Quarter 2019  
Survey of Business  
Expectations (Services  
sector): Wholesale & retail  
trade least optimistic in  
their business outlook for  
2H/2019**

# 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

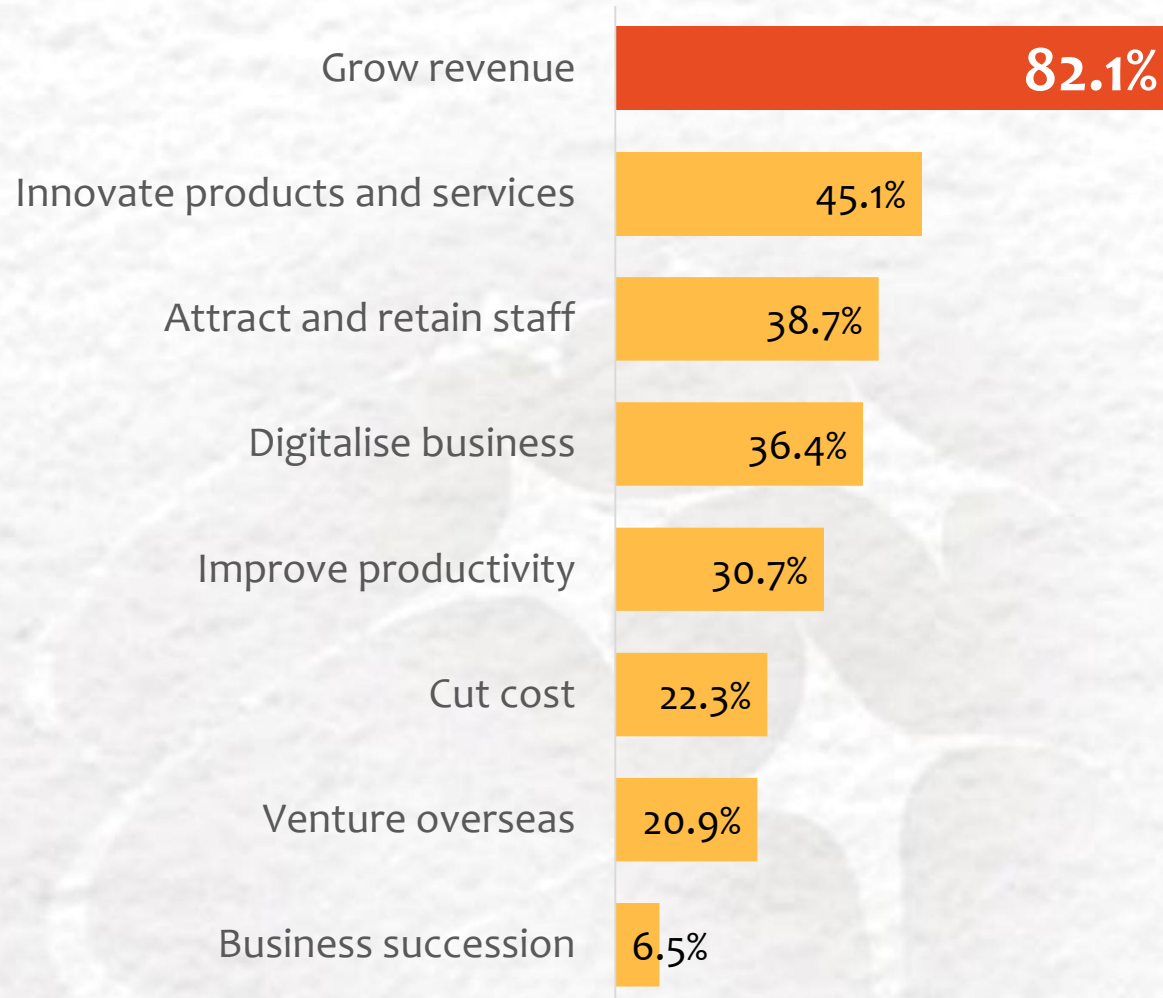




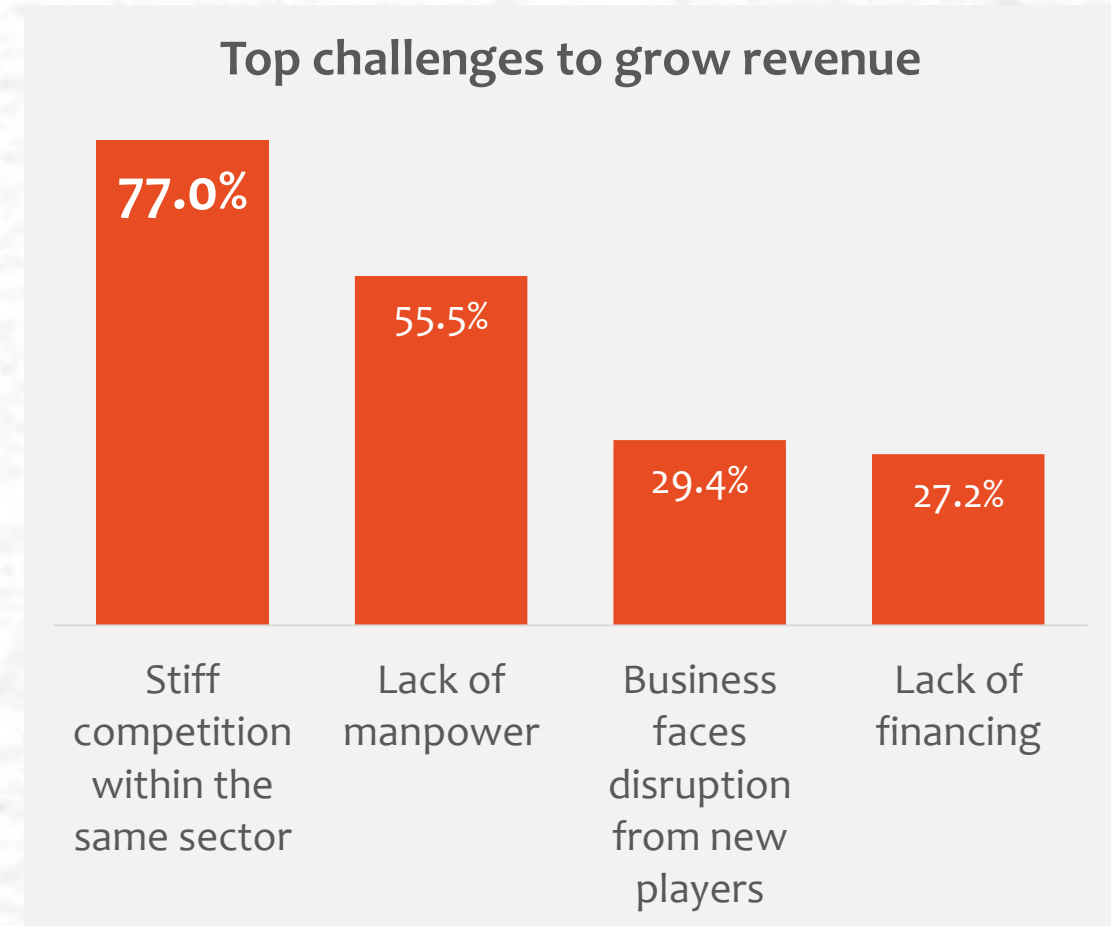
# Growing revenue top priority for businesses

Internationalisation low priority despite small local market amid global uncertainties

## Business priorities for respondents



## Top challenges to grow revenue

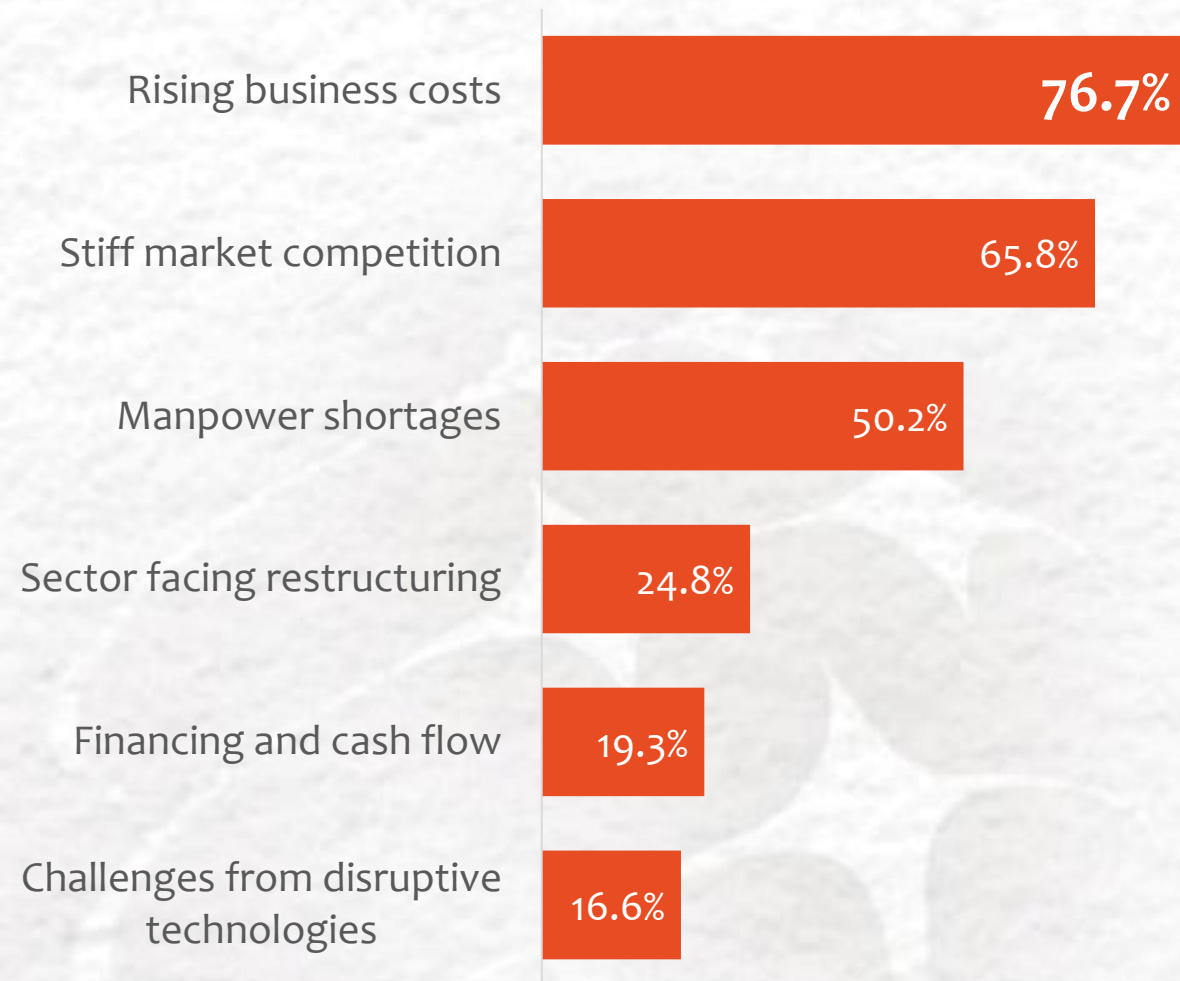




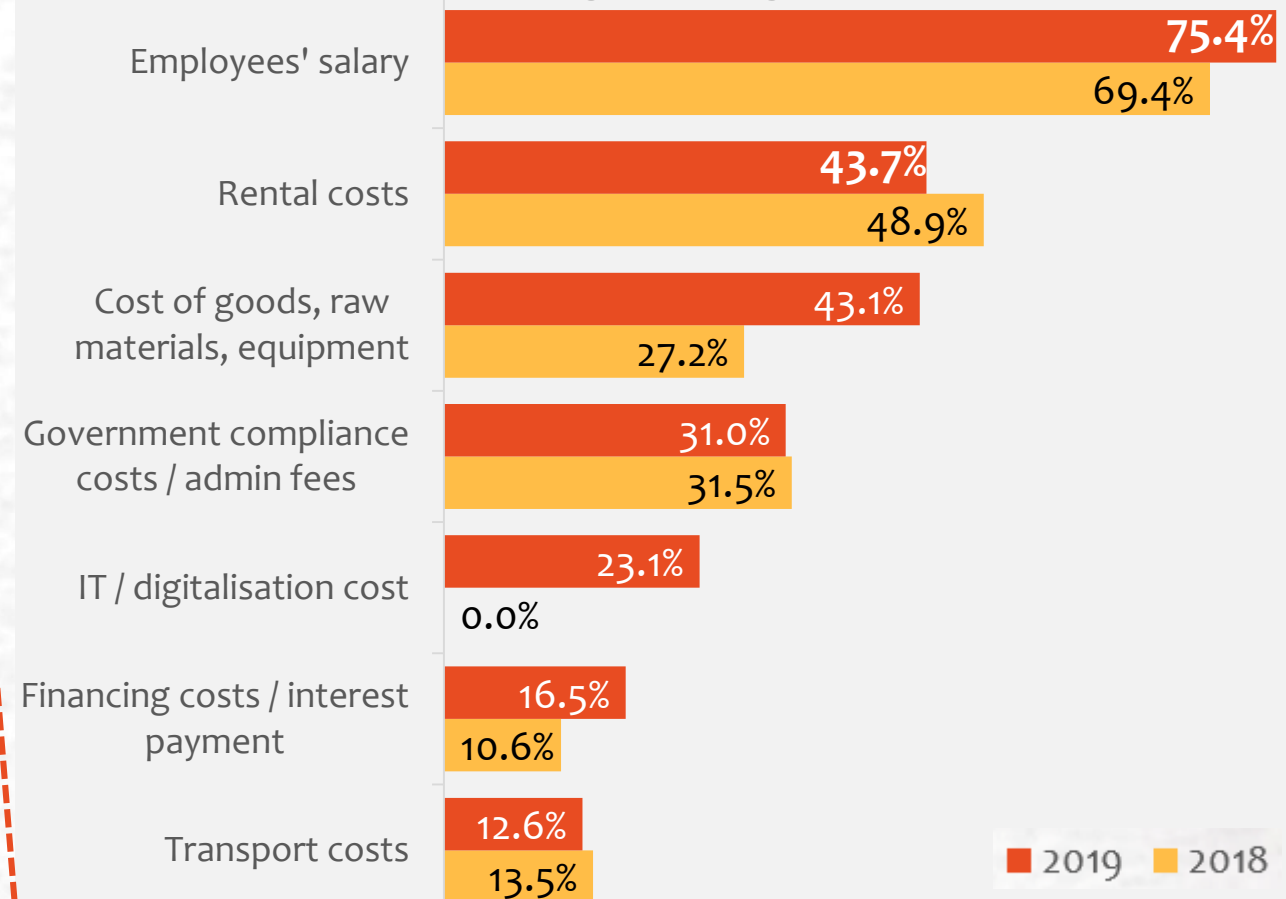
# Rising business costs remain the top challenge

## Driven by wages and rentals

### Business challenges in 2019

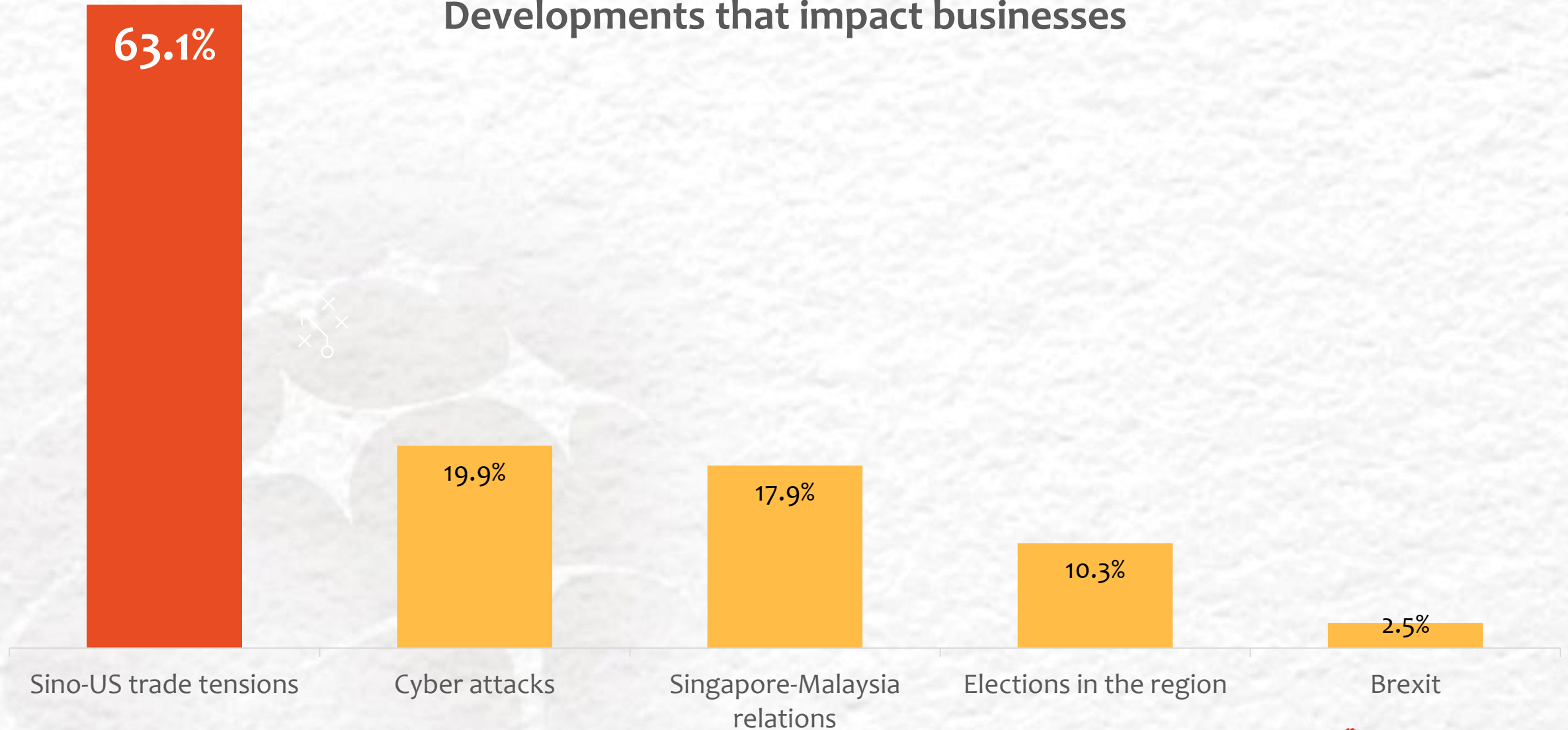


### Items contributing to rising business costs



# Sino-US trade war impacted businesses the most

## Developments that impact businesses





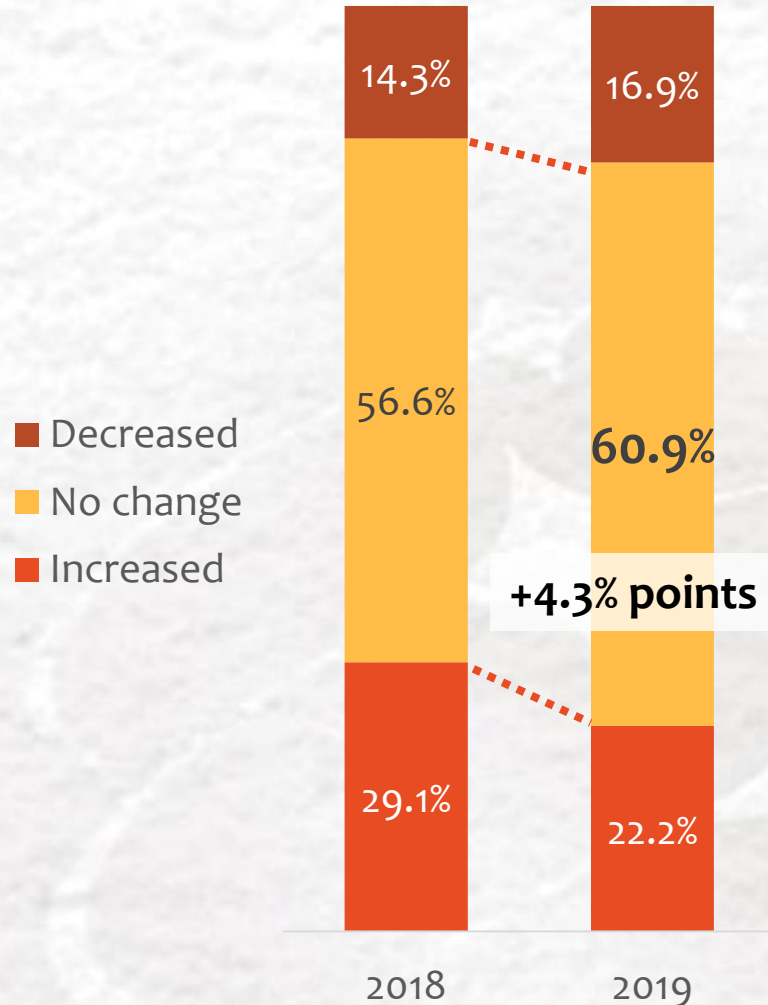
# Manpower



# More companies maintaining their staff strength

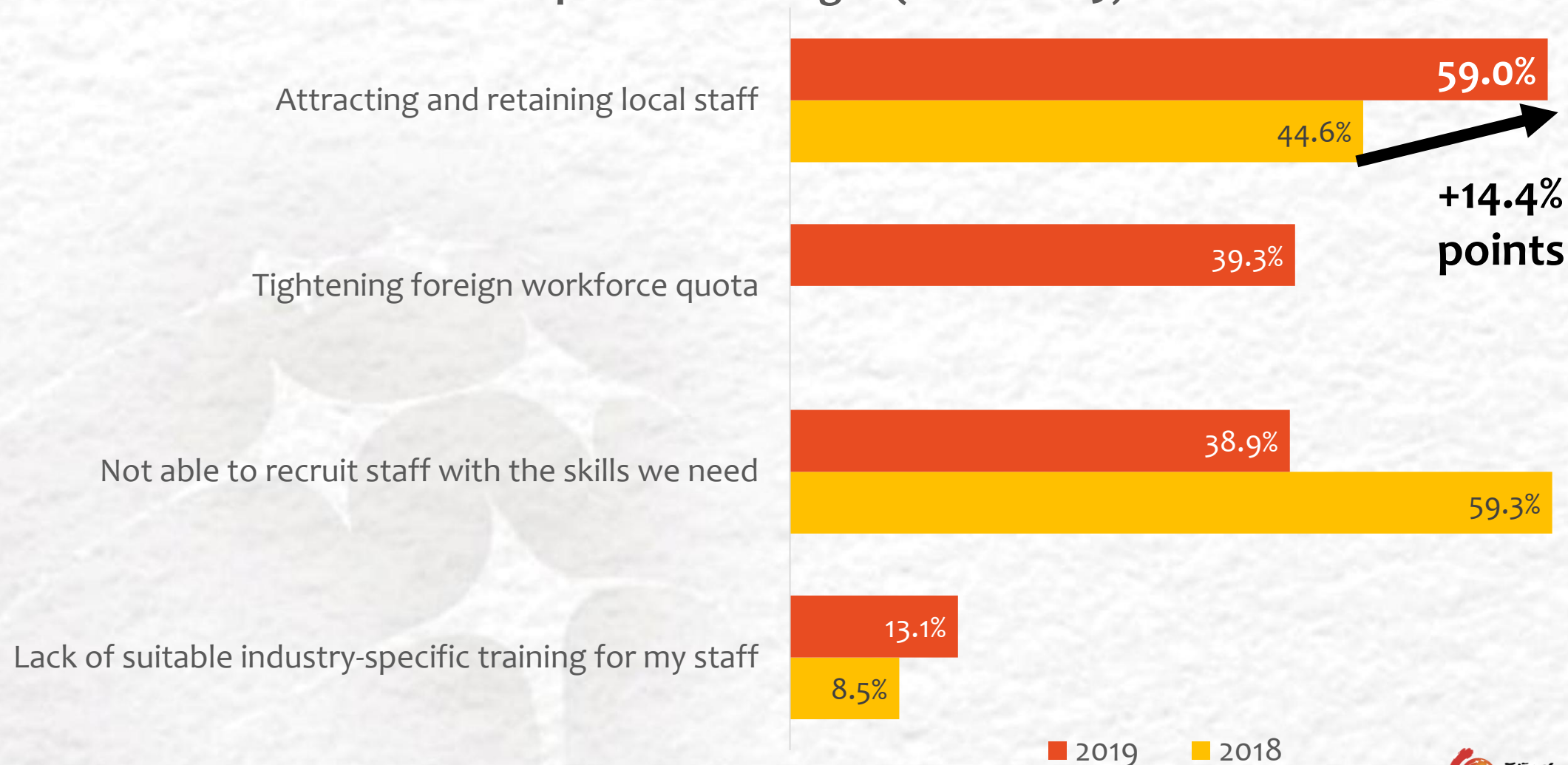
## Transport, Storage & Logistics sector reduced manpower the most

Staff strength (2018 v 2019)



# Top manpower challenge is attracting and retaining staff

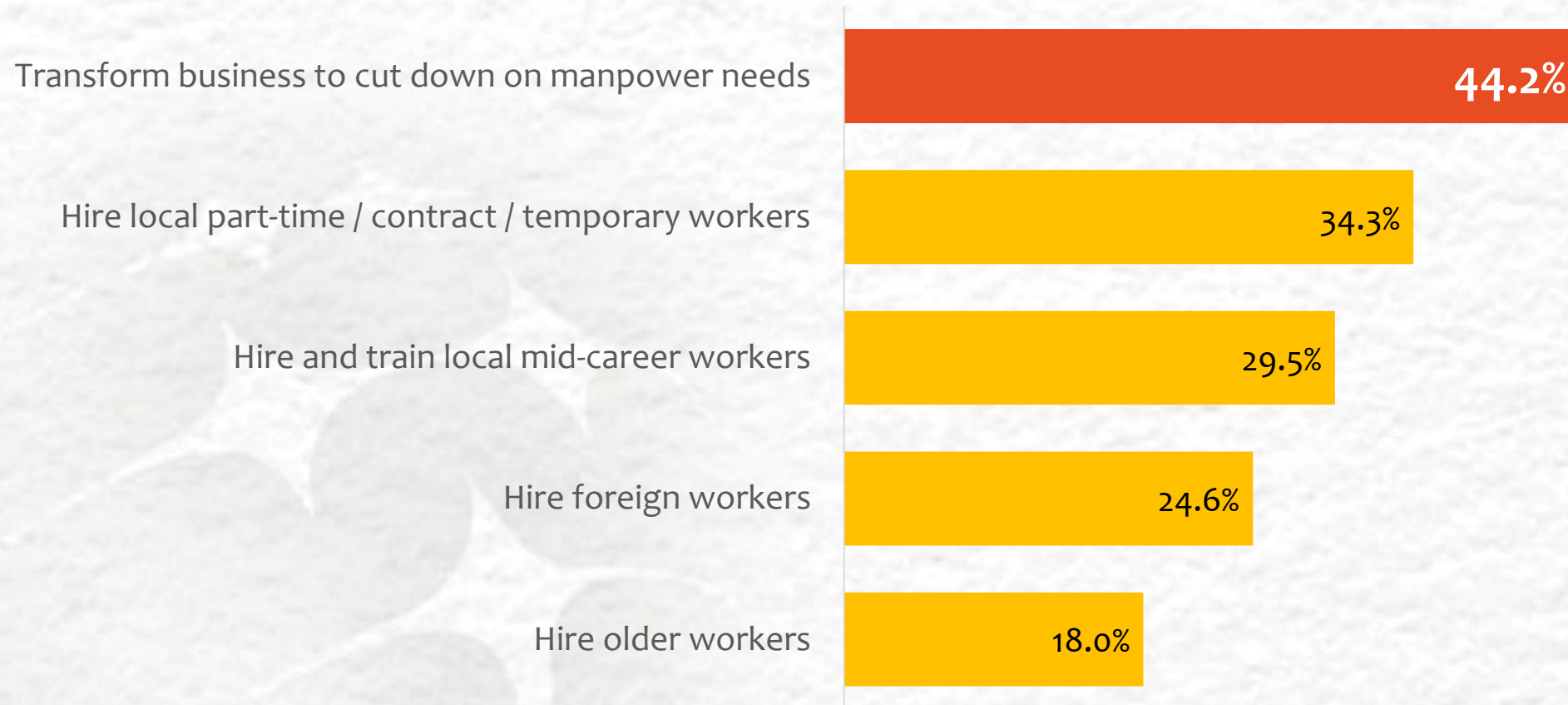
Manpower challenges (2018 v 2019)



# Businesses transforming to manage manpower needs

## Hiring older workers and mid-career workers still not common

### Strategies to manage manpower needs



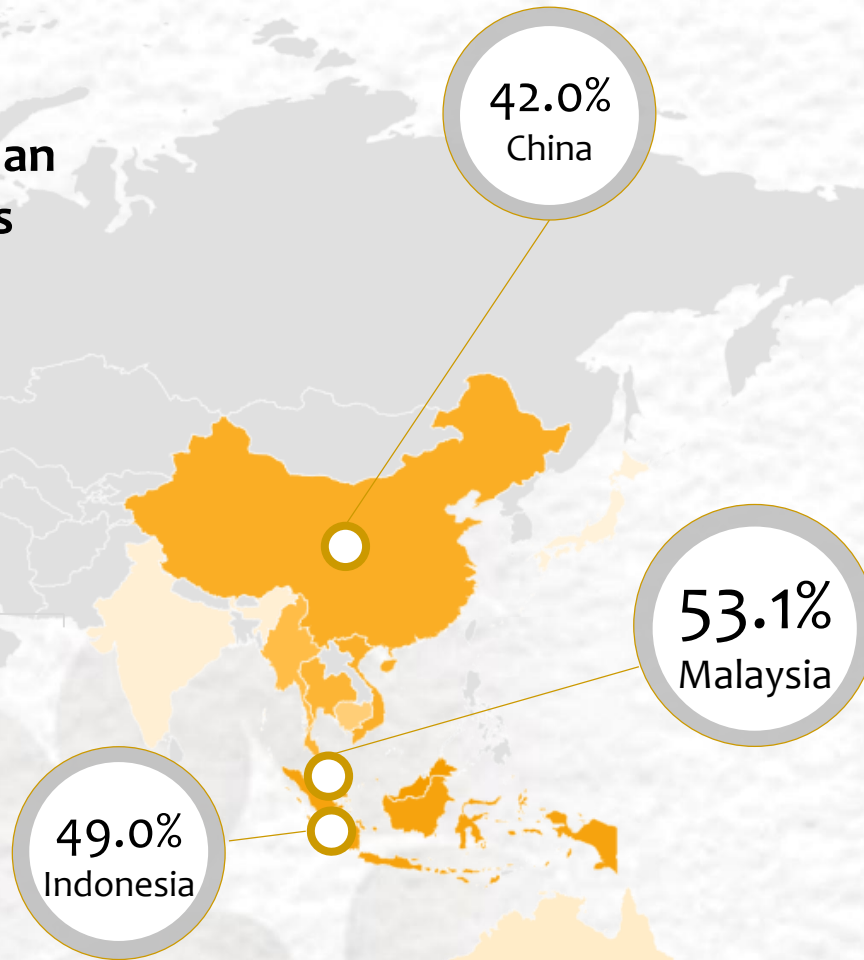
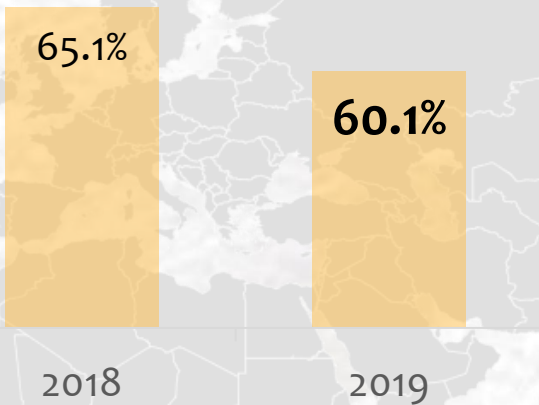


# Internationalisation

# Uncertain geopolitical climate affects sentiments to internationalise

## Rising interest in Indonesia, Thailand, Vietnam & Cambodia

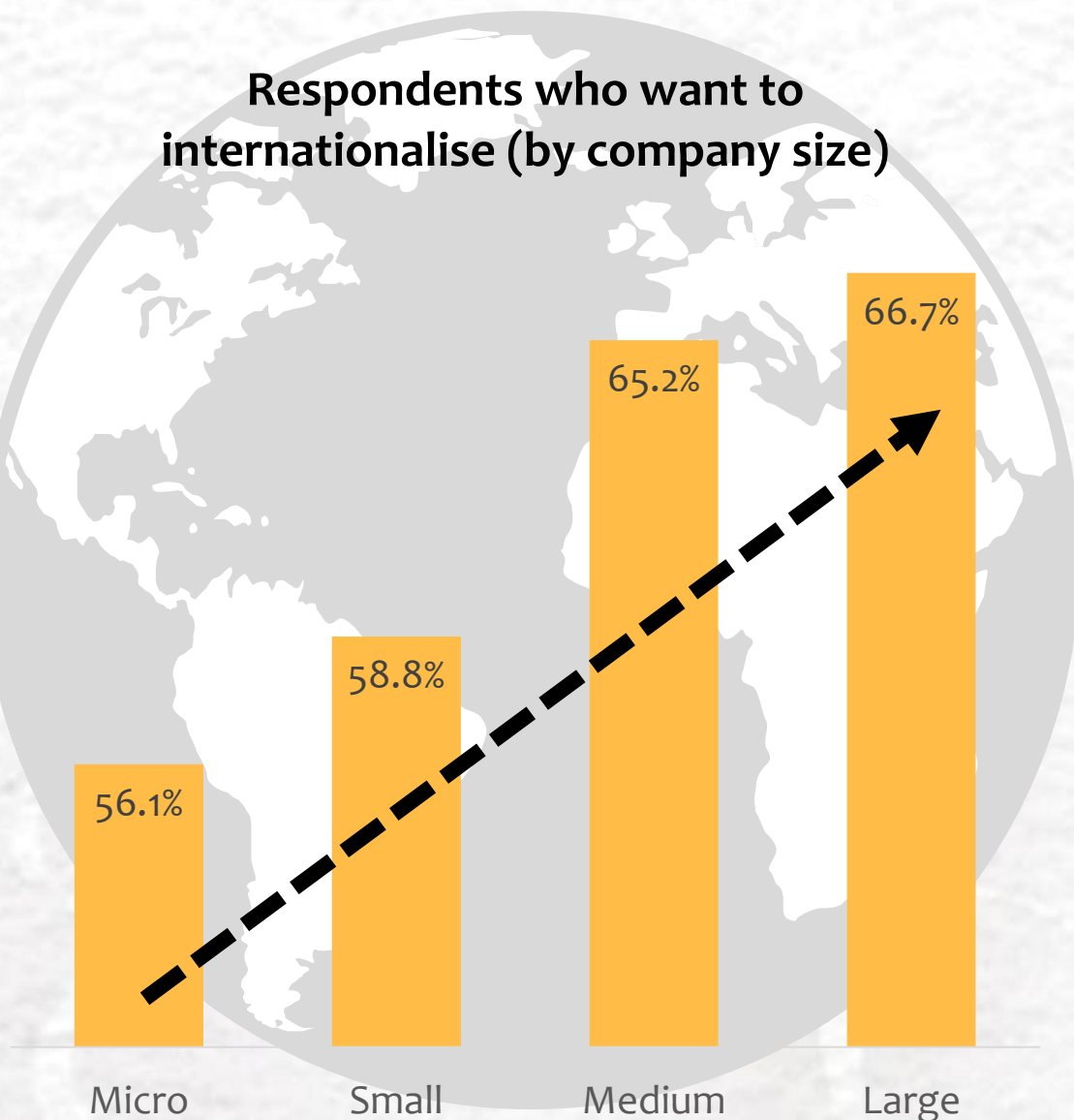
Respondents who indicated that they plan to venture overseas



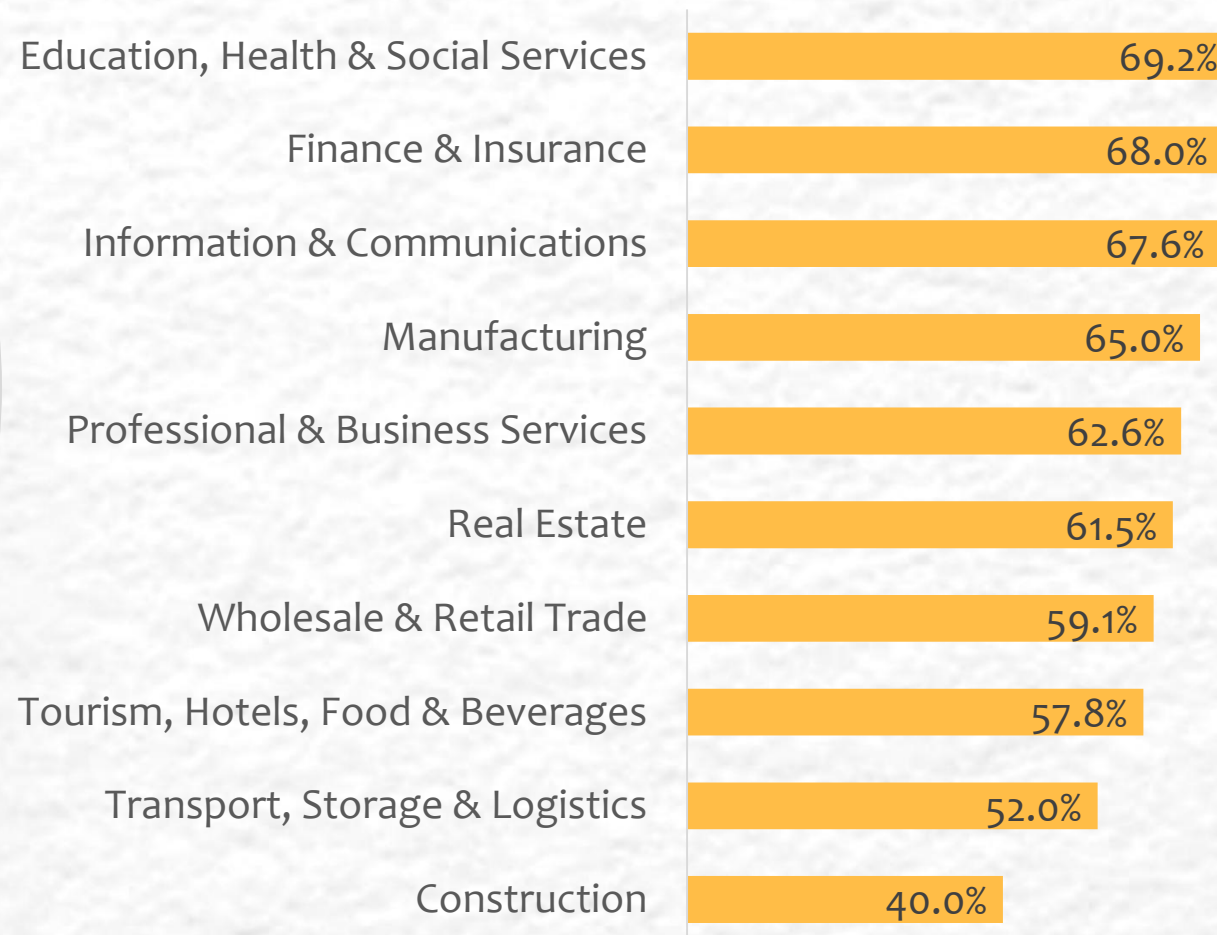
	2019	2018	+/-
Malaysia	53.1%	59.5%	-6.4%
Indonesia	49.0%	39.2%	+9.8%
China	42.0%	39.7%	+2.3%
Vietnam	40.9%	33.4%	+7.5%
Thailand	37.3%	28.3%	+9.0%
Myanmar	31.8%	26.0%	+5.8%
Cambodia	24.8%	17.5%	+7.3%
Australia/ New Zealand	13.0%	11.2%	+1.8%
Europe	12.2%	9.8%	+2.4%
India	11.5%	10.2%	+1.3%

# More of the larger companies are internationalising

Respondents who want to internationalise (by company size)



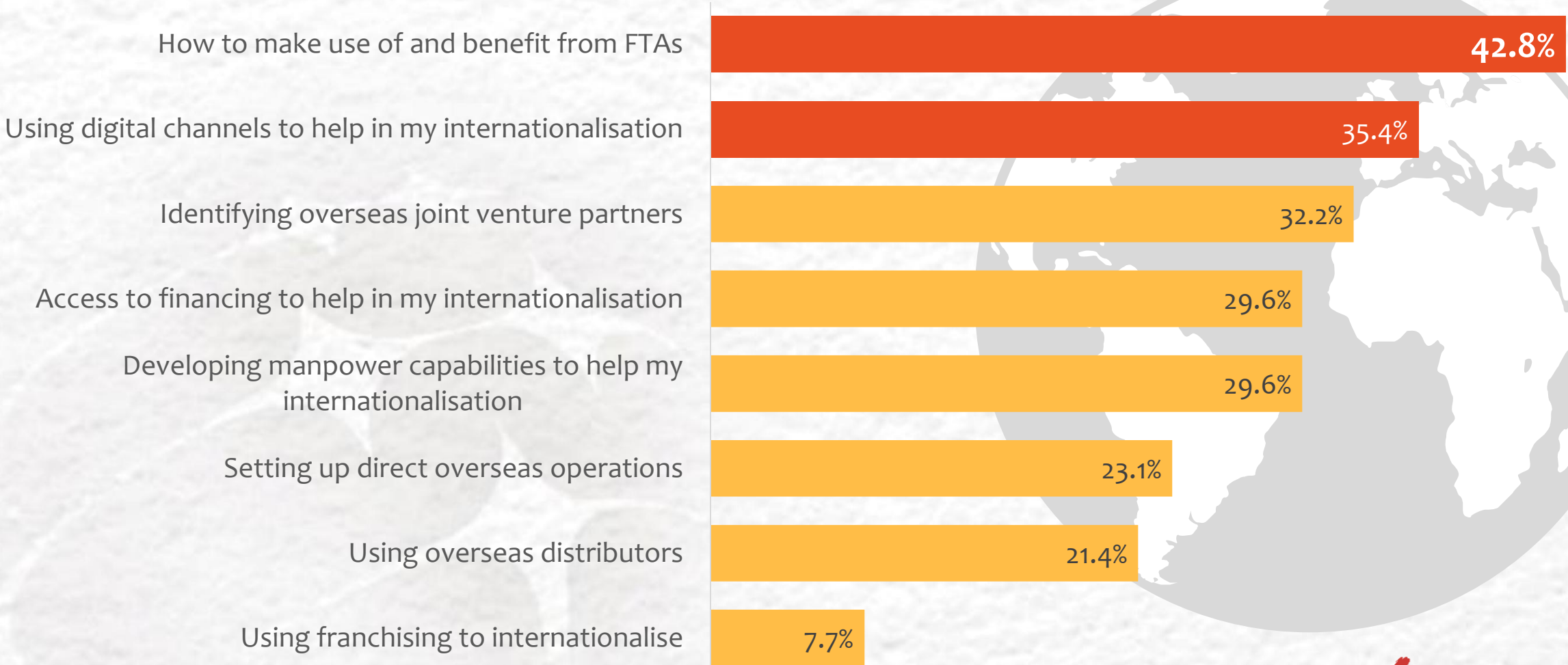
Respondents who want to internationalise (by industry)





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

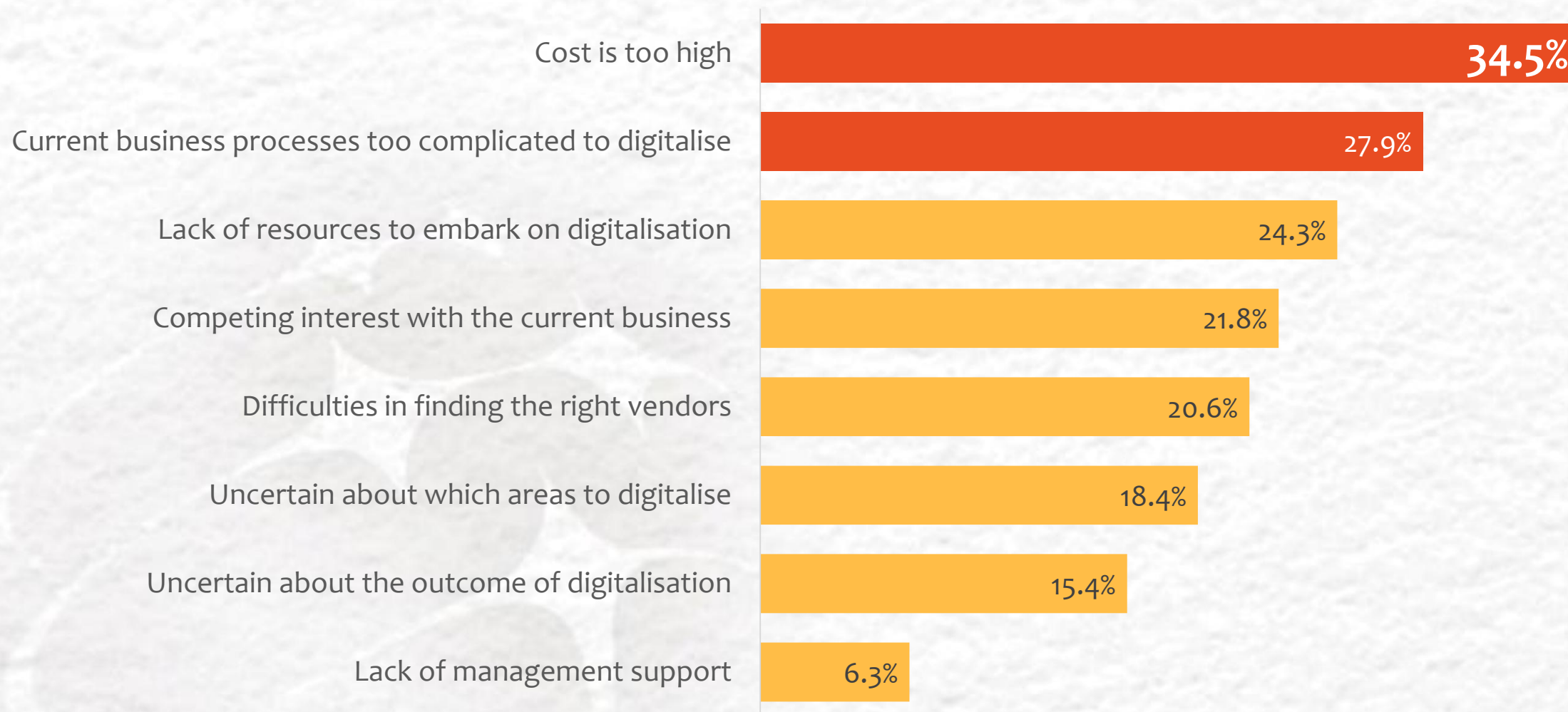
## Interests in topics on Internationalisation



# Digitalisation

# Top challenge in digitalisation: High cost

Challenges during the digitalisation process/when deciding to go digital

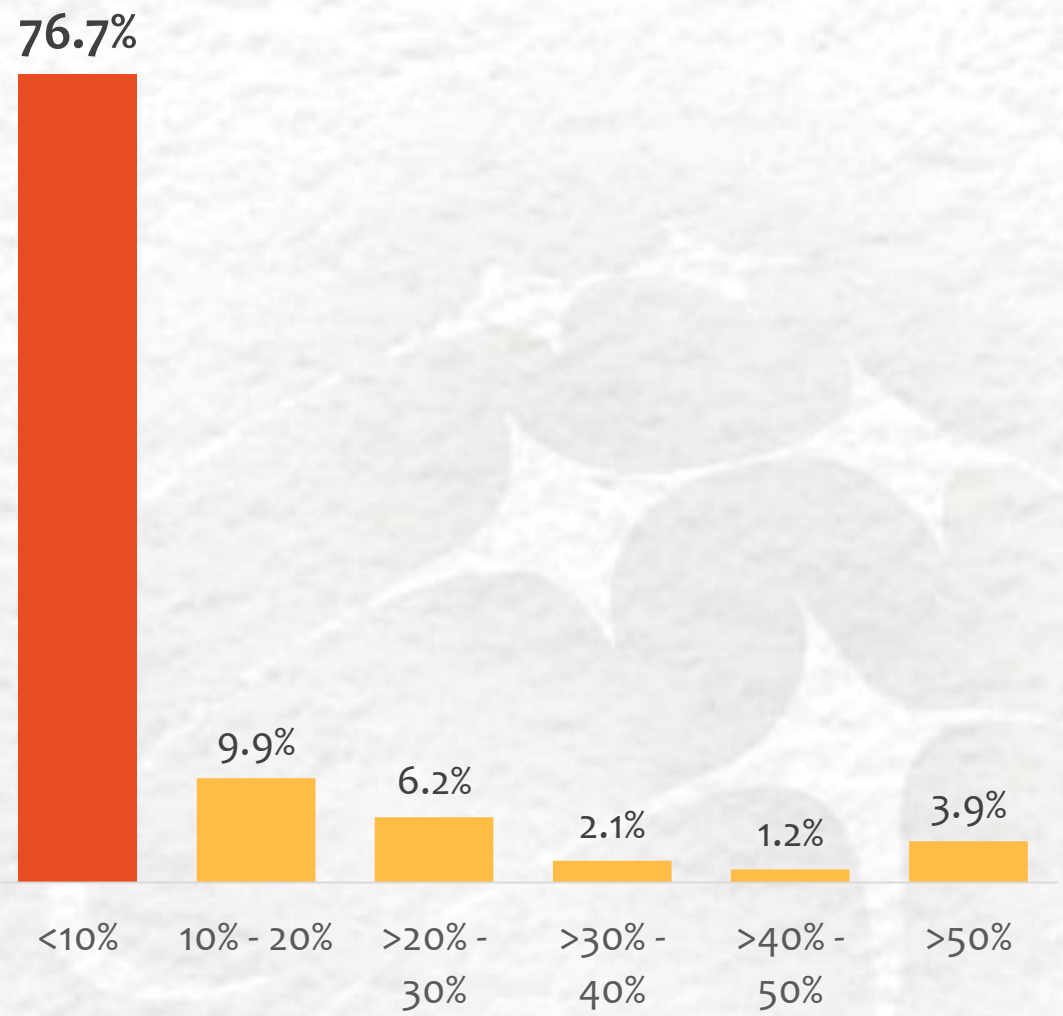




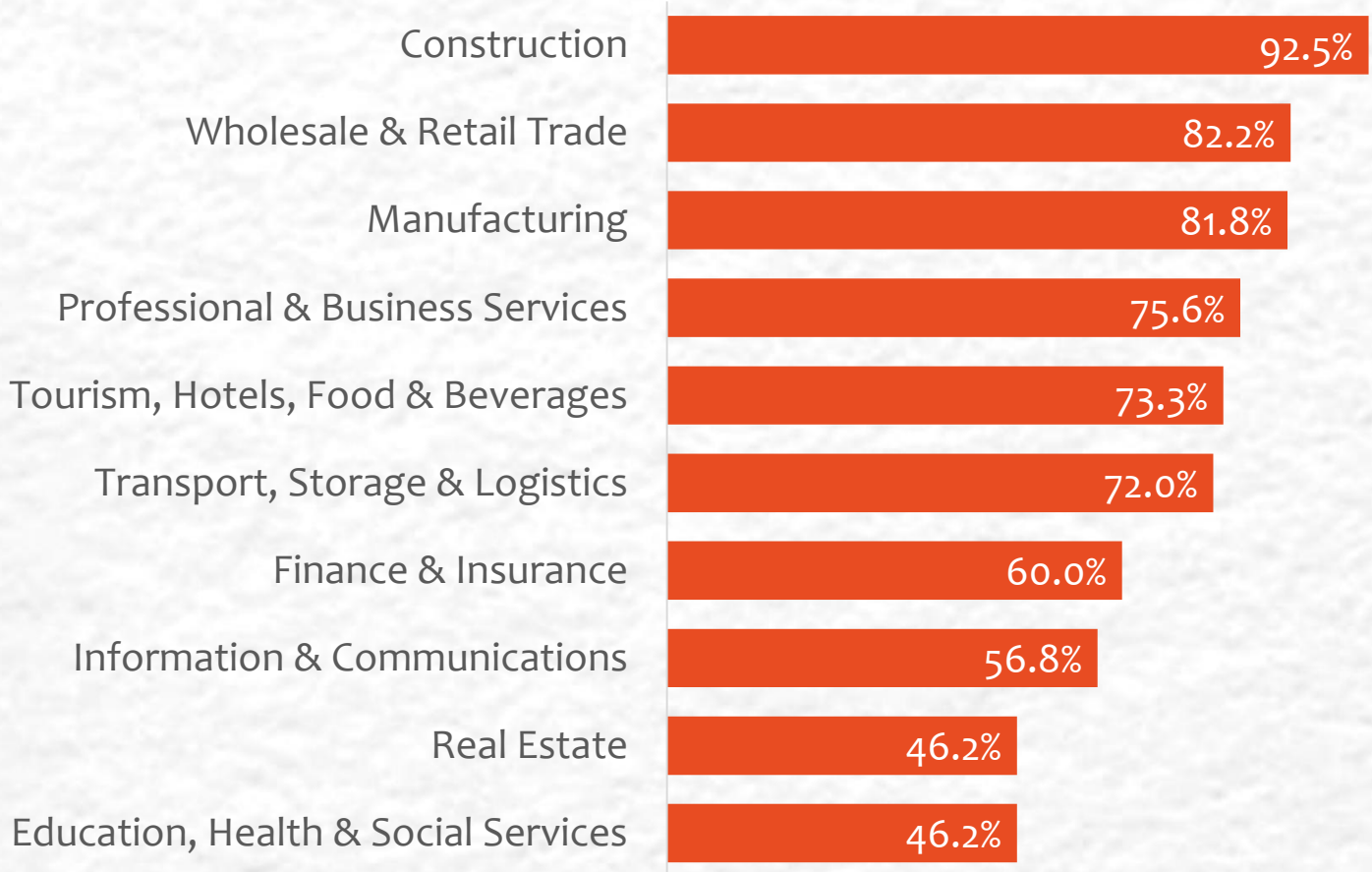
# 77% of companies have limited success deriving online revenue

## 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



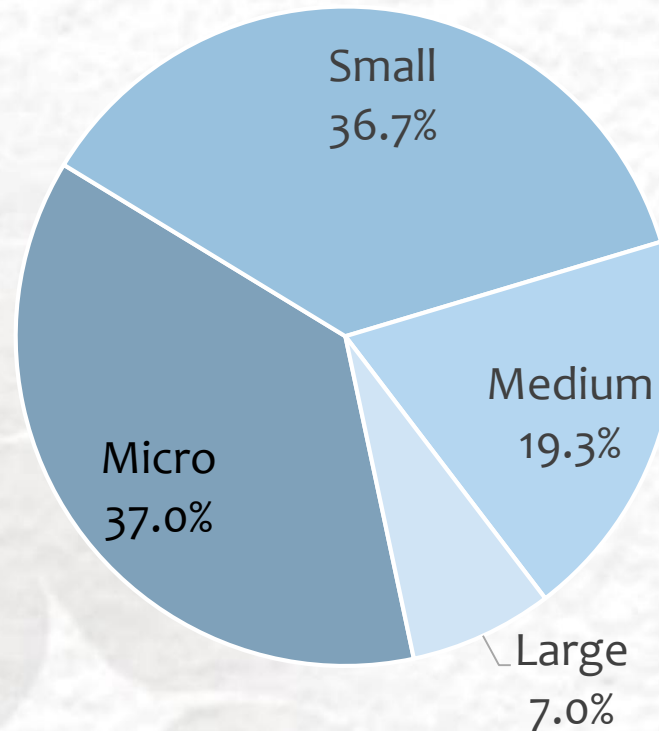
# 2019 SCCCI Digitalisation Survey

## Profile of survey respondents

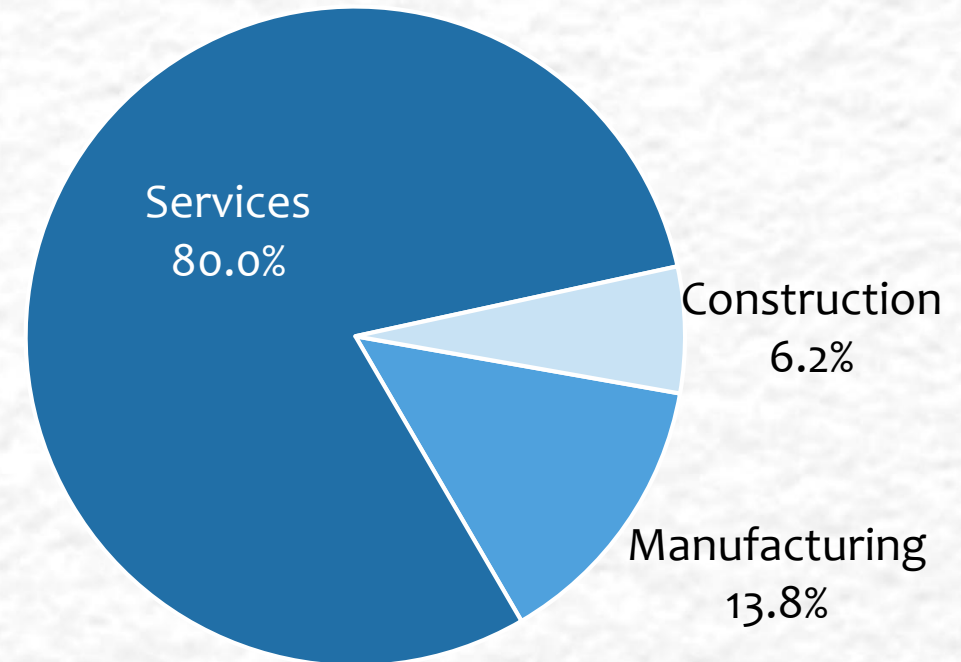
**278**  
respondents

Survey conducted over  
the month of  
**August 2019**

Company size



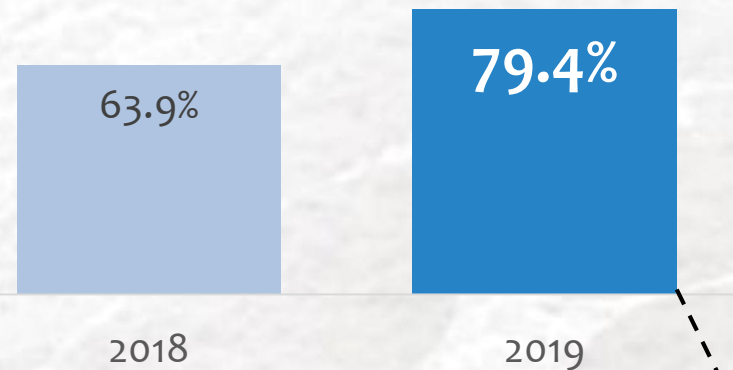
Industry



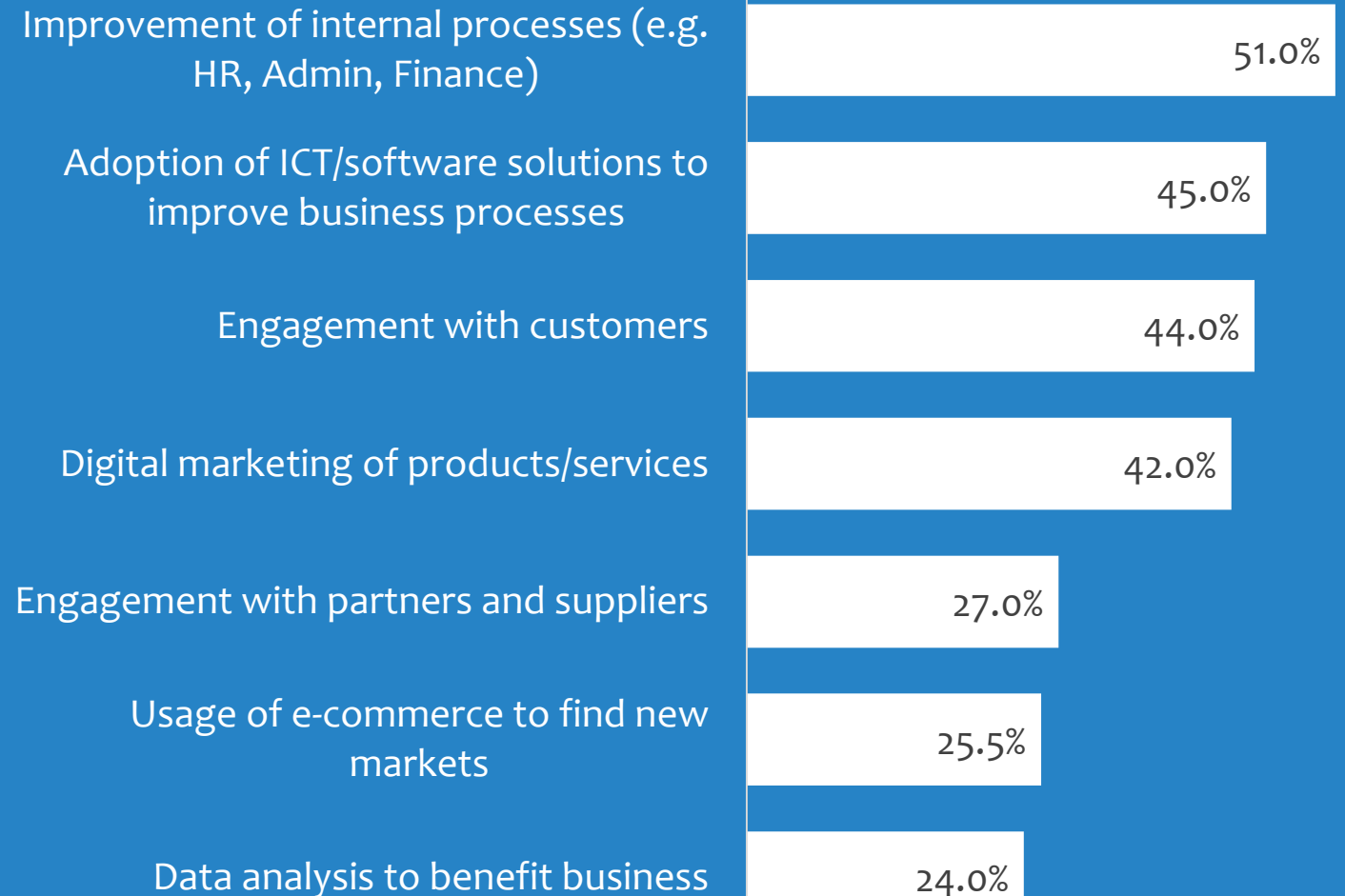
# 4 in 5 respondents have digitalised their business

## 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

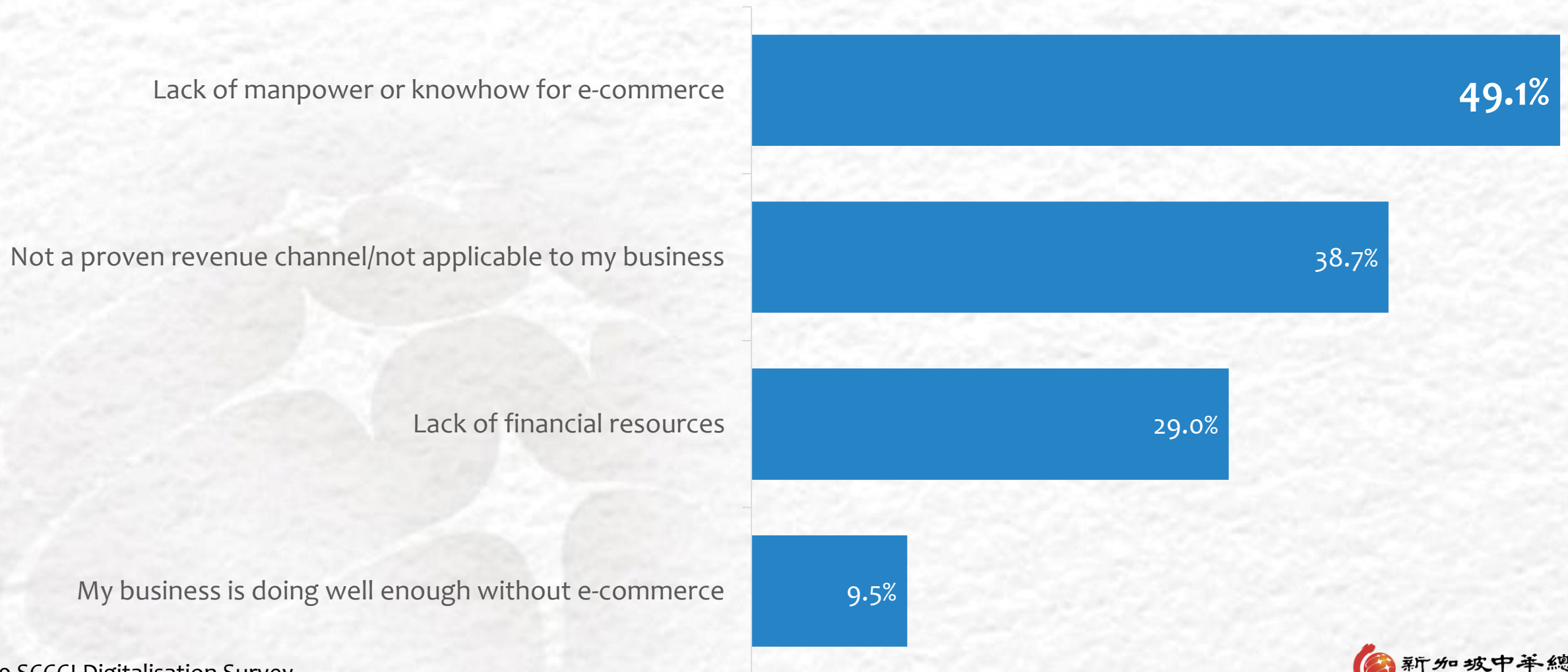


43.6%



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

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





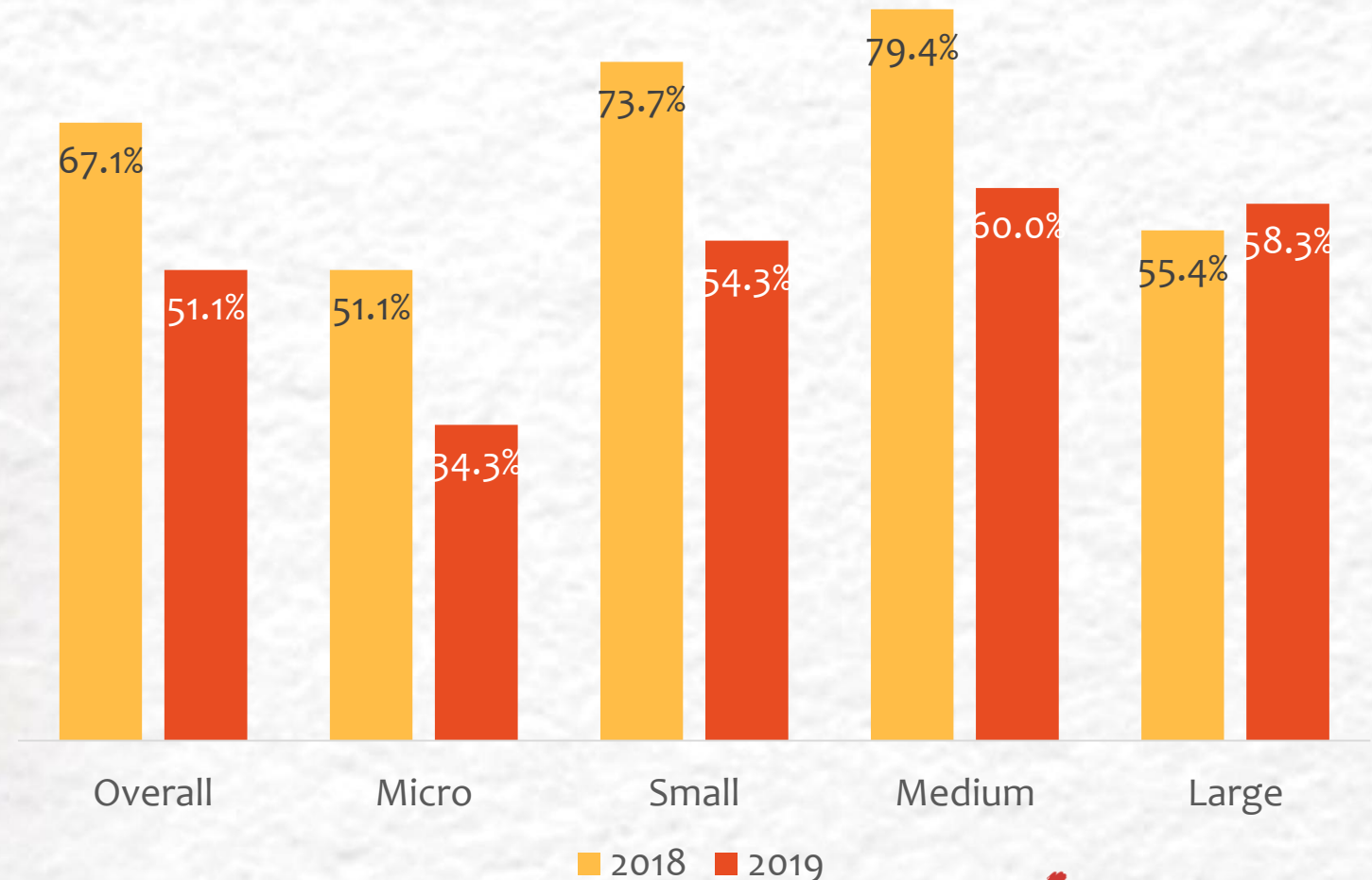
# Government schemes

# Usage of Govt Schemes by businesses have fallen

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

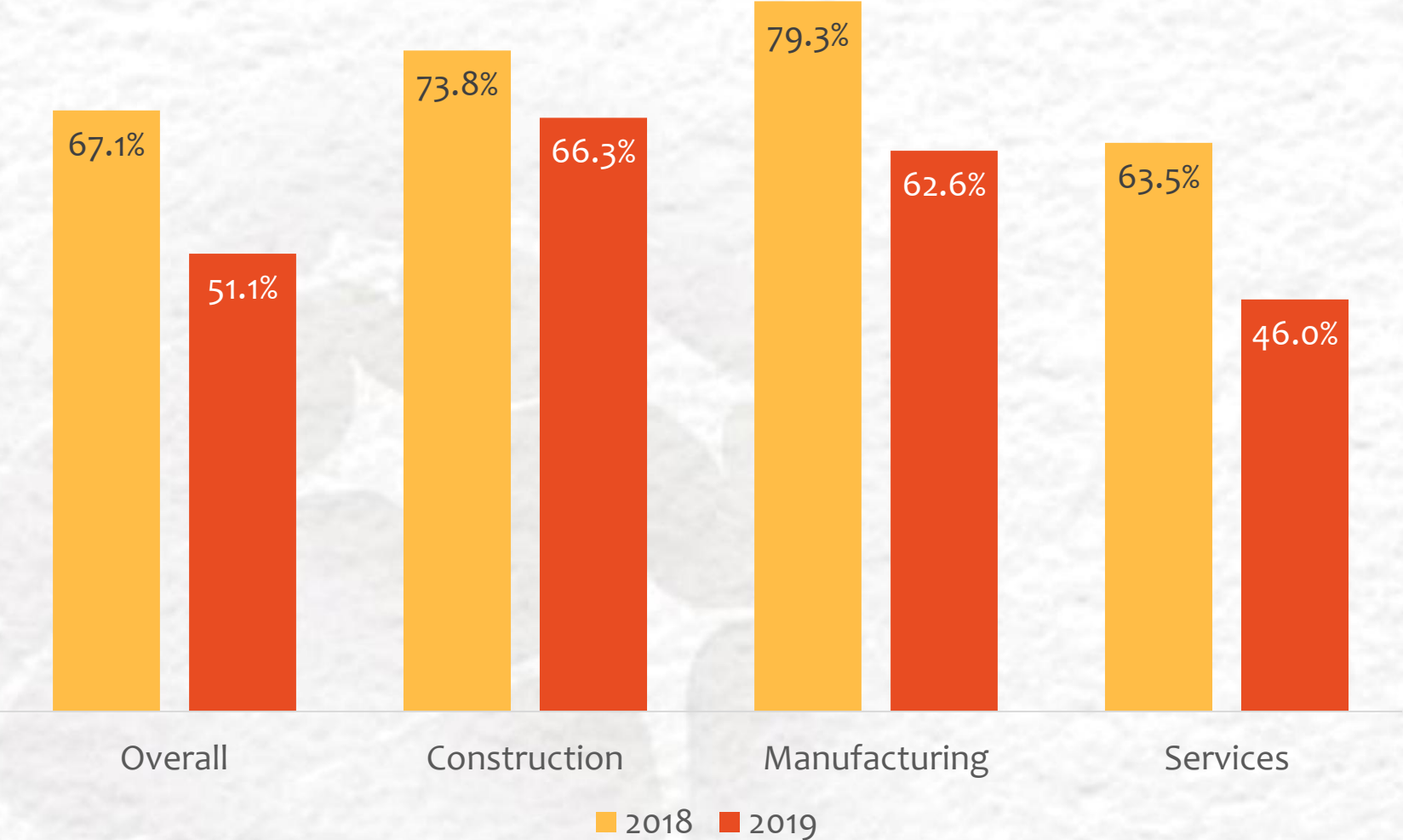
Stringent eligibility criteria and lack of awareness commonly cited by SMEs for not applying for Govt schemes

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



# Decrease in Govt Schemes uptake across all sectors

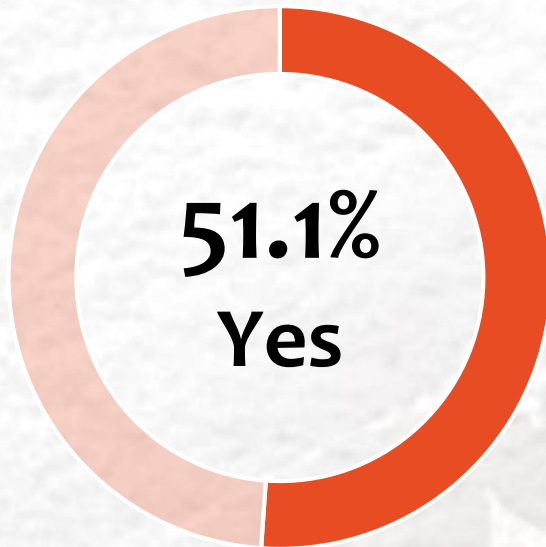
Respondents that have applied for Govt schemes (by sector)



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

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

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

## Forms of help apart from Govt schemes

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

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

## **Approaches to enhance business collaboration**

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



# 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