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Companies see revenues drop, put overseas plans on hold: Survey

But pandemic has also spurred over half of firms polled to speed up digitalisation efforts

Sue-Ann Tan

The coronavirus pandemic has hit companies hard, sending revenue crashing, affecting business models and putting internationalisation plans on hold, a survey out yesterday showed.

The annual survey by the Singapore Chinese Chamber of Commerce and Industry (SCCCI) polled around 1,000 firms – most were small and medium-sized enterprises (SMEs), with 75 per cent coming from the service industry.

It found that 80 per cent of respondents said they have experienced a drop in revenue this year, almost double the percentage from last year.

The survey also noted that 51 per cent of firms felt that the pandemic has had a major impact on their business model, especially those in sectors such as construction, retail, health and social services, food and beverage services, and tourism and hotels.

The top challenge many firms faced was maintaining cash flow and financing, as well as dealing with rising business costs.

Many noted that they were not generating enough cash to meet expenses and had concerns over slower payments from customers or debtors.

The crisis has spurred 56 per cent of firms polled to speed up digitalisation efforts, while 62 per cent chased new revenue sources.

But they faced challenges such as a lack of internal expertise and the high cost of going digital.

Moreover, while firms were willing to embrace new technological solutions, they were not generating significant revenue from online sources.

The poll – conducted from June 11 to Aug 6 – noted that over 50 per cent of firms did not see applicable revenue from online streams, while 20 per cent said these methods brought them less than 10 per cent of total turnover.

Firms in sectors such as food and beverage services, food manufacturing, health and social services, tourism and hotels, education and retail trade did better online.

Despite these challenges, most firms said they were retaining staff.

But 8 per cent had to lay off workers due to the pandemic. Some also had to cut salaries, while nearly 30 per cent said they had to reduce employee working hours.

The pandemic has stalled internationalisation plans: Only about 50 per cent of respondents said they wanted to venture overseas – a big decrease from the 65 per cent in 2018 and the 60 per cent last year.

Those that were still keen on going abroad cited Malaysia, China and Vietnam as the top destinations.

Ultimately, close to 60 per cent of firms felt that they needed one to two years to recover their business to pre-pandemic levels.

The SCCCI recommended that the Government put in place measures such as expanded testing and contact tracing so the economy can reopen more quickly.

Bilateral protocols could also be sped up, such as shortened quarantine periods, so that business travel can be supported.

The Government could also provide more support for SMEs to manage the costs of digitalisation, while helping firms that are trying to hire mid-career and mature workers, it added.

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