

MEDIA RELEASE

**SCCCI's Recommendations for Budget 2024:  
Facilitating industry transformation through a "Trade Association Services Centre"  
and helping growth-oriented SMEs build capabilities**

As we approach the announcement of Budget 2024 on 16 February 2024, SCCCI is pleased to share our recommendations aimed at helping local businesses and facilitating industry transformation amid the challenges that we anticipate in 2024.

SCCCI's recommendations for Budget 2024 are as follows:

- a) Help businesses to ease business costs;
- b) Help growth-oriented SMEs to access lower-cost financing;
- c) Quicken the pace of SMEs' pursuit of sustainability to build green capabilities and reap opportunities from the green economy;
- d) Strengthen SkillsFuture's programmes to support workforce in acquiring industry-specific deep skills and competencies;
- e) Provide incentives to catalyze the consolidation and growth of SMEs amid a challenging business environment; and
- f) Support SCCCI to launch a "Trade Association Services Centre @ SCCCI" <sup>[1]</sup> to undertake initiatives with industry-wide impact.

Please refer to page 37 to 42 of the attachment for details on SCCCI's Recommendations.

SCCCI's President Mr Kho Choon Keng said:

"We receive feedback that businesses foresee rising business costs, shortages of suitable manpower, inflationary pressures, geopolitical uncertainties, and a slowdown of global and regional economies. While managing these challenges, SCCCI will proactively help our members and the business community to build new capabilities and seize new opportunities in the region.

SCCCI plans to partner Government to launch a "Trade Association Services Centre @ SCCCI" to broaden and deepen our assistance to local trade associations in their industry transformation and development efforts.

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<sup>[1]</sup> In partnership with Government, SCCCI's objective to launch a "Trade Association Services Centre @ SCCCI" is to help the under-served local trade associations in the broad middle that are aligned to the 23 Industry Transformation Maps, but who continue to encounter challenges and have limitations in their capabilities.

In addition, we have set up a joint steering committee with our Malaysia counterpart to help our member companies leverage on each other's complementary strengths to harness growth opportunities in sustainability, renewable energy, digital economy, food security, and in Southeast Asia.”

The Budget Recommendations were derived from SCCCI Annual Business Survey 2023, which has garnered a total of 636 respondents, comprising of senior representatives of local businesses across diverse sectors. SMEs accounted for 94% of the survey respondents. The survey was conducted during the period from 5 June 2023 to 20 August 2023. The key survey findings are outlined as follow:

**1. Business Sentiments: 76% of respondents indicated an increase in business costs**

- 70% of respondents projected either a stable (34.9%) or an increase (35.7%) in revenue compared to 2022, indicating a gradual post-pandemic recovery trajectory. For respondents who projected a revenue increase, the highest number projected an increase of 25%.
- 63% maintained their manpower level. 25% projected an increase, with the highest number projecting an increase of 25% in manpower level.
- Significantly, almost 76% of respondents indicated an increase in business costs, compared to 75% in 2022. The highest number projected an increase of 25% in business costs.
- 68% of respondents do not anticipate better profits than 2022.
- The top 3 business concerns faced by businesses are: rising business costs (72.2%); availability of suitable manpower (53.0%); and uncertain economic / political conditions overseas (32.2%).

**2. Manpower: Top challenge is not able to recruit skilled local staff to meet business need**

- The top manpower challenges faced by businesses are: Unable to recruit local staff with the skills to meet business need (70.6%) and Rising manpower cost, including cost of foreign workers (69.4%).
- To manage manpower challenges, most businesses (42%) are embarking on transformation, automation, and digitalization to reduce their manpower needs.

- In their efforts to re-skill or upskill employees, difficulties in changing employee mindset on the need to acquire new skills is the major hurdle faced by 41.8% of the respondents. 36.9% indicated that lack of suitable, relevant training programs as a major hurdle in reskilling & upskilling employees.
- 45.7% of businesses face great extent of challenges when hiring locals for rank-and-file jobs. As a work around solution, companies resort to hiring foreign workers (37.6%), raising salaries, and automating rank-and-file jobs (35.8%).

**3. Business undergoing transformation: 97.5% of respondents will retain all or part of their business functions in Singapore notwithstanding the challenges faced**

- Notwithstanding Singapore's costs of doing business and manpower / resource constraints, 97.5% of respondents will retain all or part of their business functions in Singapore, with nearly three-quarter of respondents indicating they will transform their business to harness Singapore's competitive advantages.
- Key challenges encountered when stepping up the pace of transformation are: Lack of internal expertise & resources to undertake and implement transformation initiatives (50.9%); Uncertain about the outcomes of transformation (36.9%).

**4. Internationalisation: More have stepped up their internationalisation efforts and pivoting to Southeast Asia**

- More than 85% of respondents stepped up their internationalization effort or committed same level of effort as compared to previous year.
- Our survey revealed the trend of near-shoring and the increasing pivot to Southeast Asia. The top 3 overseas markets of interest to the respondents are:
  - Malaysia (46.7% in 2023 vs 39.9% in 2022),
  - Indonesia (40.1% in 2023 vs 36.9% in 2022),
  - China (31.3% in 2023 vs 34.1% in 2022).
- The main motivation to pivot their business to Southeast Asia are: Tapping into the market - the consumer and customer base in the region (63%), sourcing and procurement of materials / goods from within the region (27%), and setting up / tapping into manufacturing capacity and production facilities in the region (25.6%).
- Top 3 challenges encountered by companies when venturing overseas are: uncertainties in the overseas economic environment (57.2%), difficulties in identifying the right business partners (51.2%), and lack of suitable manpower to develop overseas markets (47.3%).

## 5. **Business Sustainability: Gap exists between awareness and action**

- The top three challenges that hinder efforts by SMEs to pursue sustainability are: high costs to adopt sustainability practices (59.5%), lack of capabilities / resources to understand and implement relevant initiatives (48.5%) and placing priority on business survival (47.6%).
- Our survey revealed the gap between awareness and action. 56% of respondents agreed that sustainability is of “moderate to great extent” of importance to their businesses and regarded as a competitive advantage. However, only 50% of the respondents have incorporated sustainability practices at “moderate to great extent” in their business strategies and business models.

## 6. **Government Schemes: Schemes to help businesses to digitalize and adopt technology most useful**

- 69.4% of respondents have applied for government assistance schemes, higher than 67.5% in 2022.
- The most useful schemes are those that help businesses to digitalize and adopt technology (51.9%), and schemes that help businesses to hire, train and retain their employees (43.2%). Apart from these, initiatives which are targeted at addressing business costs (39%) and supporting businesses to transform, innovate and build new capabilities (35.8%) are popular among respondents.
- The top 2 challenges faced by respondents when applying for government schemes are: complex application process (38.5%); and lack of knowledge on the schemes that are most appropriate for their business needs (35.3%). About one-third of respondents do not face any challenge while applying for government schemes.

## 7. **Non-Government Scheme Types of Assistance**

- Outside government schemes, respondents look forward to the government agencies to be more coordinated in addressing cross-agency issues that affect businesses (46.3%) – about 10 percentage-point lower than 2022 (56.1%) - indicating an improvement in cross-agency coordination.
- The desire for trade associations to offer more relevant initiatives to help their member companies (46.2%); and government-linked companies and large businesses to provide more opportunities for SMEs to participate in (40.4%) are cited as the other non-scheme form of assistance sought by the respondents.

- 60% of respondents indicated that they have encountered regulatory challenges, especially the high compliance costs incurred when complying with different sets of rules and regulations (40%), and difficulty in engaging government agencies to seek clarifications and discuss regulatory issues (29%).
- Key areas that Trade Association and Chambers could focus and help SMEs are: to address & resolve common industry issues, such as manpower, regulatory issues, rising costs (55.6%); to provide feedback to government and voice out business concerns and issues (53%); and to help companies in their journey of business transformation, capability development and innovation (31.3%).

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### About Singapore Chinese Chamber of Commerce & Industry

Established in 1906, the Singapore Chinese Chamber of Commerce & Industry (SCCCI) is an internationally renowned business organisation and the apex body of the Chinese business community in Singapore. It is the founder of the biennial World Chinese Entrepreneurs Convention, a global business convention. It plays a key and pro-active role in representing the interests of the local business community.

The SCCCI has a membership network comprising 5,000 corporate members and has more than 160 trade association members, representing over 40,000 companies including large financial and business organisations, multinational corporations, government-linked companies, and small and medium enterprises from a wide spectrum of trades and industries. These members together provide vast resources and opportunities which enable the SCCCI to develop an influential global Chinese business network for business, education, culture and community development.

For more information, please visit [www.sccci.org.sg](http://www.sccci.org.sg)