

## Tackling Change Amid New Uncertainties

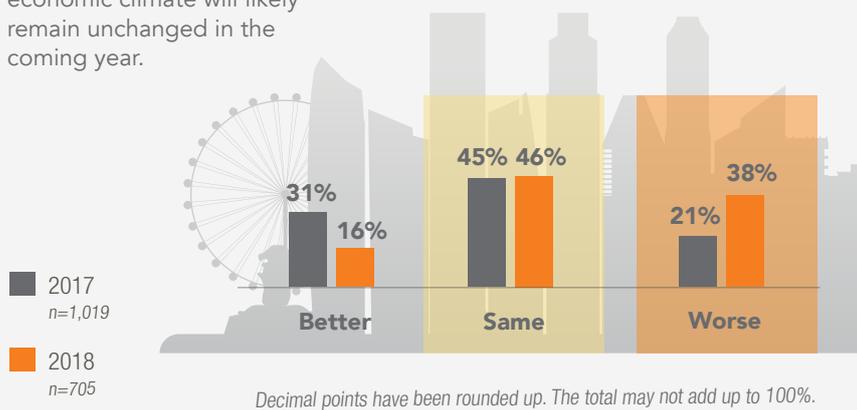
### 1 Business Sentiments

**Singapore companies go into 2019 with a sense of uncertainty about the global economic climate.**

These findings summarise the National Business Survey 2018/2019 conducted by the Singapore Business Federation (SBF). The survey, carried out from 19 September to 7 December 2018, drew responses from more than 700 companies across all key industries. 88% of the responses were from SMEs and 12% of the responses were from large companies.

Business sentiment is steady with nearly half of Singapore businesses believing that the economic climate will likely remain unchanged in the coming year.

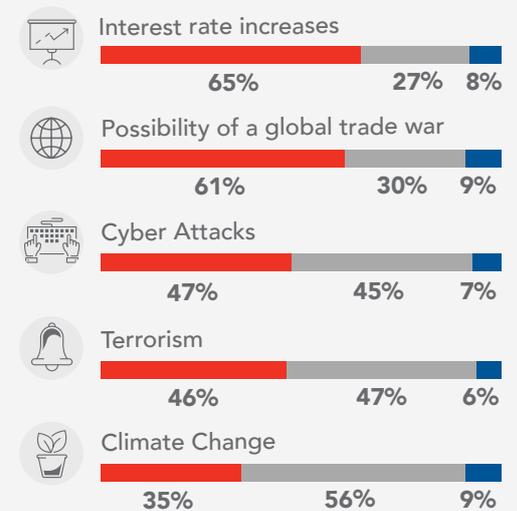
#### The Singapore economy in the next 12 months



#### What's impacting businesses?

Thinking about the developments last year, businesses are most concerned about interest rate increases and the ongoing US-China trade tensions.

#### Global Events and their Implications

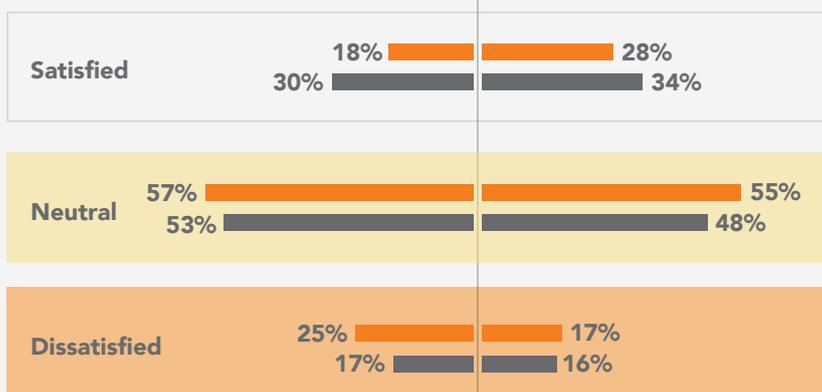


Satisfaction with the regional and global business environment declined in 2018.



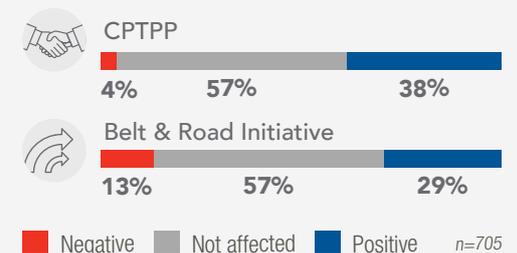
Having said so, businesses are more optimistic about ASEAN.

#### Global Business Climate vs ASEAN Business Climate



2017 n=1,019 2018 n=705 *Decimal points have been rounded up. The total may not add up to 100%.*

But businesses believe that the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Belt and Road Initiative will bring them opportunities.

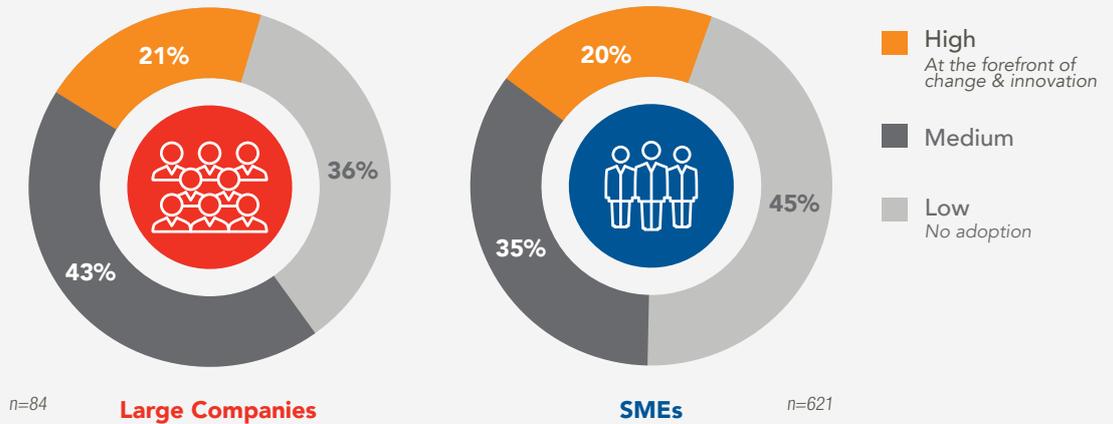


*Decimal points have been rounded up. The total may not add up to 100%.*

## 2 Innovation is Increasingly a Top Priority for Singapore Businesses

### Implementation of Business Innovation

64% of large companies say their implementation of business innovation was medium to high, compared to 55% of SMEs.



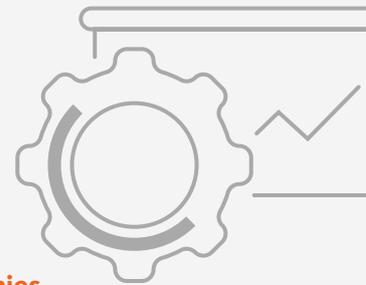
### Implementation of New Technology



Nearly 1 in 3 businesses say they have increased their implementation of new technology in the past 12 months. The development of digital business capabilities and reviewing of business models or structures are identified as key priorities for the year ahead.

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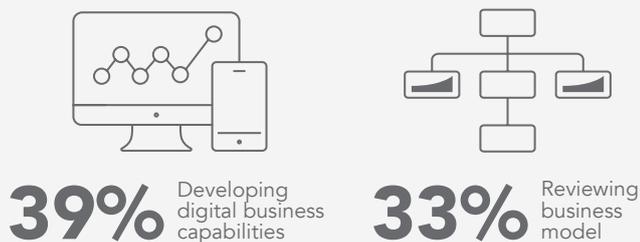
Companies recognise that innovation is crucial across all business areas.



### Aspects where Companies Identify Innovation as Playing a Critical Role



### Priorities for Businesses in the Coming Year



With regard to innovation, businesses rank the cost of technology and availability (or lack) of suitable manpower with technological expertise as key concerns.

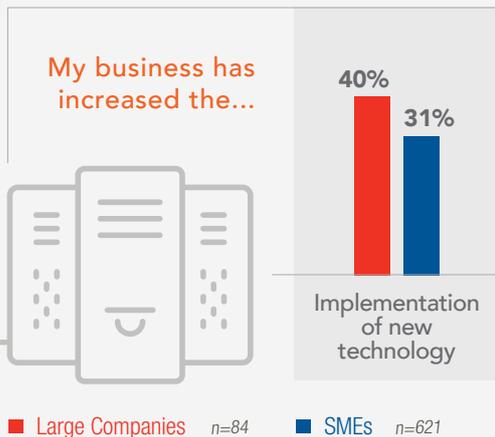
Large companies are having more struggles in reskilling workers for the digital economy.

### Innovation Challenges



### 3 Differences Between Large Companies and SMEs on Innovation

**More focus on new technology amongst large businesses.**



Large companies and SMEs have different expectations of the Industry Transformation Maps (ITMs). While large companies hope to see help for productivity and manpower needs, SMEs are more focussed on getting assistance to Government schemes and access to overseas markets.

#### Different Expectations of How ITMs Can Help Their Businesses

##### Large Companies

##### SMEs



**40%**

Rolling out initiatives, such as deploying technologies to be more productive



**31%**

Help to navigate the complex schemes & grants to help with business transformation



**39%**

Managing ways to improve your manpower needs & talent pipeline



**29%**

Better access to overseas markets



**35%**

Ways in which you can innovate & improve your business model



**27%**

Ways to innovate and improve your business model

n=84

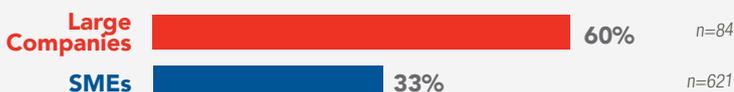
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#### On the Importance of Innovation

Innovation is critical for small- and medium-sized companies to remain competitive, especially as this is linked to manpower constraints and improving productivity.

3 in 5 large companies are prioritising digital business capabilities compared to only one-third of SMEs.

#### Developing Digital Business Capabilities



#### On the Cost of Innovation

As a boutique financial company, the cost of digital transformation is disproportionately high due to lower economies of scale. IT cost is one of the fastest growing areas of our company, increasing by over 10% each year.

# 4 Skills Matching Continues to be a Key Challenge for Singapore Businesses

As in the National Business Survey 2017/2018, Singapore businesses identify hiring of people with right skills and attitude as their number one challenge.

**All Businesses**  
n=705



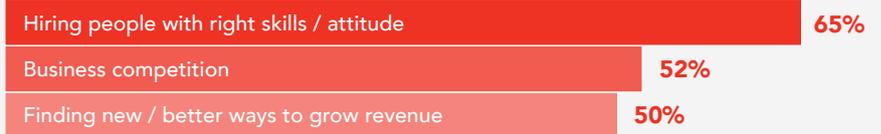
**Large Companies**  
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**SMEs**  
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## Key Business Challenges



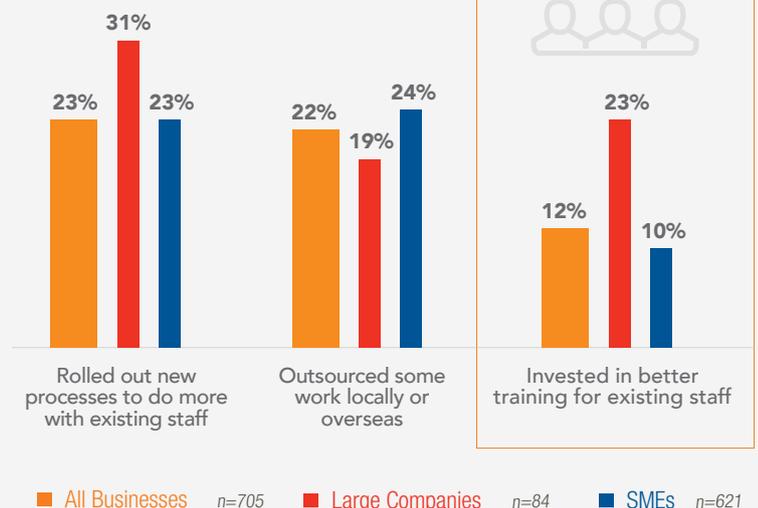
## Top 5 Employment Specific Challenges

The tight labour market is putting pressure on businesses.



Only 12% of businesses are investing in training as a solution to manpower challenges. 3 in 4 large companies are not relying on training as a solution.

## Steps Being Taken To Mitigate Manpower Challenges



36% of businesses are looking at the ITMs for ways to improve their manpower needs and talent pipeline.

# 5 Budget 2019: Business Expectations

## Top 5 Budget 2019 Priorities for All Businesses

Businesses hope the upcoming Budget will provide support for accessing new and critical technologies. This expectation is shared by large companies and SMEs.

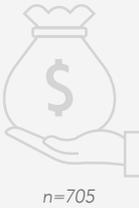
**63%**  
Supporting businesses (e.g. subsidies) in accessing new & critical technologies

**53%**  
Foreign employee quotas

**49%**  
Support for digital adoption & transformation

**45%**  
Foreign worker levies

**42%**  
Lower compliance cost & Government regulatory fees



## Top Budget 2019 Priorities for Large Companies

Supporting businesses (e.g. subsidies) in accessing new & critical technologies

56%

Support for digital adoption & transformation

54%

Foreign employee quotas

45%

n=84

n=621

## Top Budget 2019 Priorities for SMEs

Supporting businesses (e.g. subsidies) in accessing new & critical technologies

64%

Foreign employee quotas

Support for digital adoption & transformation

49%

**Budget measures that will have the biggest impact on Singapore businesses**



64% of **large companies** believe support for digital adoption will make the biggest difference to their businesses.



71% of **SMEs** believe favourable financing mechanisms will make the biggest difference to their businesses.

# 6 Internationalisation Amid Growing Trade Tensions

7 in 10 Singapore businesses have activities in at least one overseas country.



## Business Presence in Overseas Markets

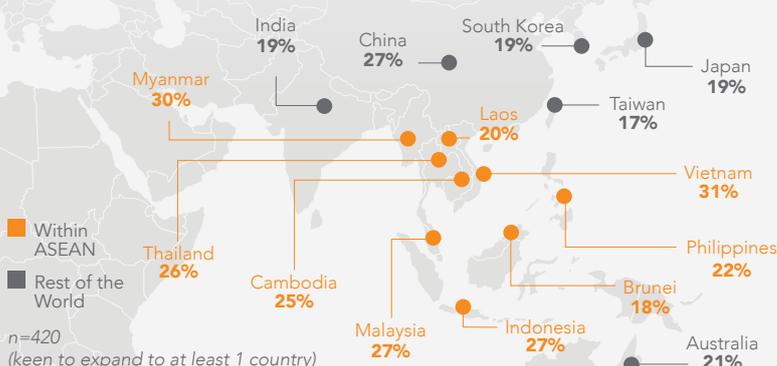
29% Have not expanded overseas

71% Have expanded overseas

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## Most Popular Countries for Future Expansion

ASEAN is the most popular region for expansion.



## Top 5 Challenges when Expanding Overseas



## Top 5 Most Helpful Options for Businesses to Expand Overseas

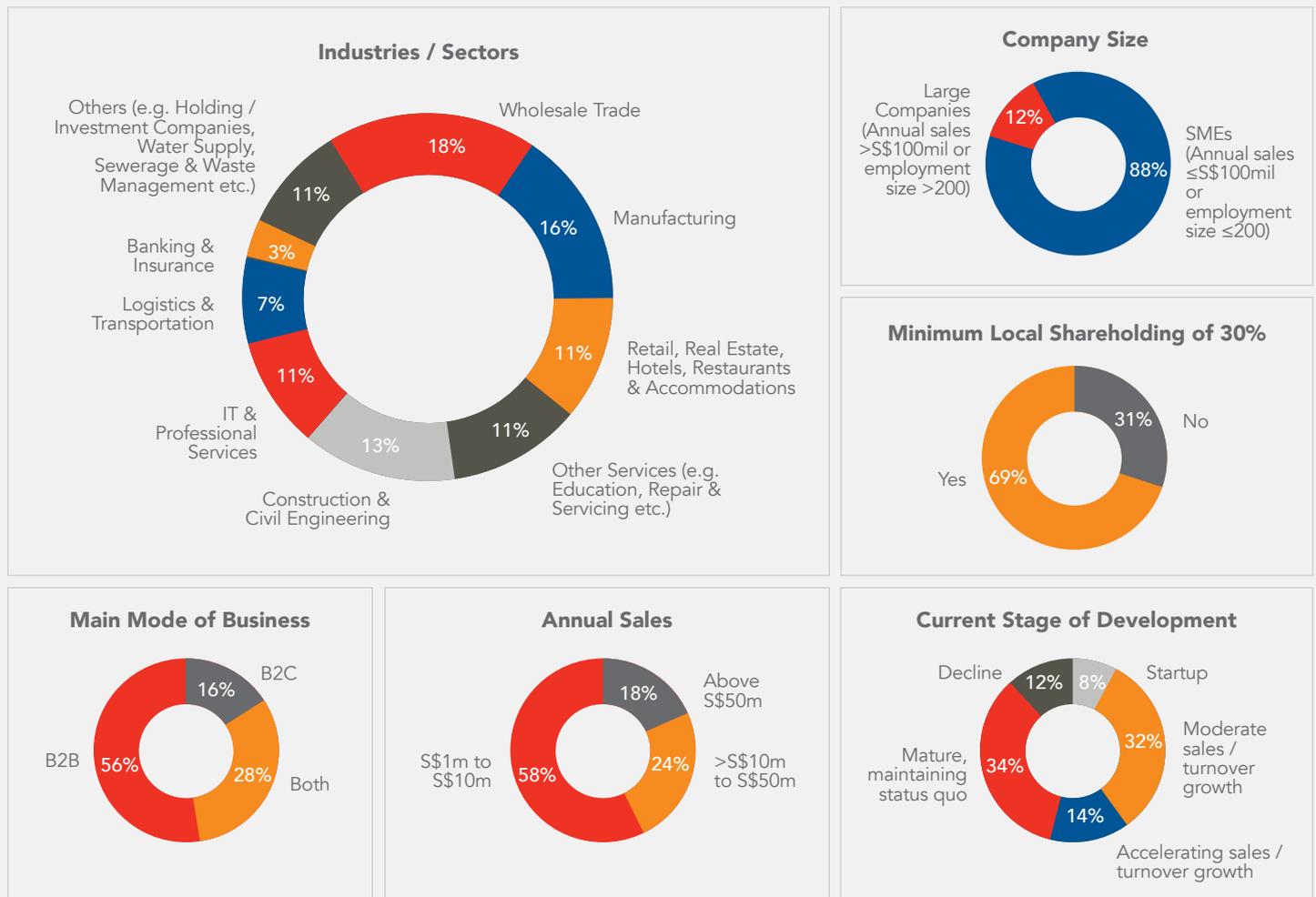


# 7 About the National Business Survey 2018/2019

## Information About the Survey Sample

SBF commissioned Singapore-based Blackbox Research to conduct its National Business Survey 2018/2019. Now in its eleventh year, the annual survey collected feedback from 705 companies across all major industries from 19 September to 7 December 2018. All companies were invited to participate via email. A maximum of one response per company was collected via an online survey.

### Information About the Survey Sample



Base=705 Decimal points have been rounded up. The total may not add up to 100%.

Survey conducted by:  
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In collaboration with:  
Blackbox Research  
If you require any clarifications, kindly contact [Research@sbf.org.sg](mailto:Research@sbf.org.sg).

