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80% of S'pore companies see revenues decline so far in 2020, 8% have retrenched workers: Survey

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TODAY file photo

As companies scramble to adapt during this Covid-19 crisis, 62 per cent said in a survey that they are seeking new sources of revenue.

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<https://www.todayonline.com/singapore/80-spore-companies-see-revenues-decline-so-far-2020-8-have-retrenched-workers-survey>

- About 60 per cent of businesses surveyed estimate that they will recover to pre-Covid-19 levels within one to two years
- Financing and cash flow is the top business challenge, 57 per cent of the firms said
- SCCC will continue to partner the Government to help SMEs overcome their near-term challenges

SINGAPORE — While about 80 per cent of businesses have seen their revenues decline so far this year, only 8 per cent have retrenched workers, preliminary findings from a new survey showed.

The findings, released on Tuesday (Aug 18), was from a survey done by the Singapore Chinese Chamber of Commerce and Industry (SCCCI).

Half of the companies that took part on the poll said that the Covid-19 pandemic has had a major impact on their business models and almost 60 per cent said that it will take them one to two years to recover to pre-pandemic levels.

As companies scramble to adapt, 62 per cent said that they are seeking new sources of revenue and 56 per cent said that they will speed up the adoption of technology.

The poll done in June and July gathered responses from 1,020 companies — 95 per cent of which are small- and medium-sized enterprises (SMEs). The firms provided feedback on topics such as business challenges, key shifts observed and transformation strategies during the ongoing Covid-19 crisis.

The following are some of the key findings.

Business environment in 2020

- 80.3 per cent said that revenues were hit, while 75.7 per cent saw profit margins decline
- 50.9 per cent saw no change to business costs, while 28.8 per cent saw an increase
- 70.9 per cent maintained their headcount, while 22.3 per cent raised it
- 8 per cent of firms indicated that they had retrenched workers

Impact of Covid-19

- 51.4 per cent said that they have seen a major impact on their business model
- 37.8 per cent have seen a moderate impact
- 58 per cent of firms surveyed said that they estimate it will take one to two years to recover to pre-Covid-19 levels

- 23.4 per cent estimate the recovery to take more than two years

Top business challenges raised by businesses

- Financing and cash flow: 57.5 per cent
- Rising business costs: 41 per cent
- Uncertain economic and political conditions overseas: 29.6 per cent

What businesses are doing to adapt

- Finding and tapping new revenue sources: 61.5 per cent
- Speed up digitalisation and adopt technology: 55.5 per cent
- Innovate products and services: 35.4 per cent

WHY THIS MATTERS

The SCCCI survey findings were released a day after Deputy Prime Minister Heng Swee Keat announced support measures amounting to S\$8 billion, which includes an extension to the wage subsidy scheme for Singaporeans until the first quarter of next year.

He also announced that S\$187 million will be injected into the aviation industry and S\$320 million will be set aside for domestic tourism vouchers that Singaporeans may use to support the tourism industry.

The extended measures come as Singapore is having its worst recession since independence, with the economy shrinking by 13.2 per cent in the second quarter of the year compared to the same period last year, the Ministry of Trade and Industry (MTI) said last week.

From an initial projection that the gross domestic product will shrink between 4 and 7 per cent, MTI downgraded its forecast to a contraction of between 5 and 7 per cent this year.

Retrenchments are also on the rise, with 6,700 layoffs between April and June, compared with 3,220 in the first three months of the year, based on advance estimates from the Ministry of Manpower in July.

FIRMS MUST CONTINUE TO TRANSFORM

SCCCI president Roland Ng noted that it has been an “extremely challenging year for businesses”.

“For businesses, beyond survival and overcoming their immediate challenges, our companies must continue with the momentum to transform, innovate and upgrade their capabilities,” he said in a speech in Mandarin at the opening ceremony of the 22nd Annual SME Conference, where the survey results were revealed.

Also speaking at the conference, Ms Low Yen Ling, Minister of State for Trade and Industry, noted that SCCCI collaborated with the Community Development Council to set up SME centres nationwide to guide companies through initiatives such as Group-Based Upgrading Projects.

These projects help enterprises adopt a “group-based solutions approach” in tackling common business challenges, Enterprise Singapore’s website stated.

Ms Low, who is also Minister of State for the Ministry of Culture, Community and Youth, added that SCCCI has also set up three enterprise centres in three different cities in China.

Two of them — Singapore Enterprise Centre in Shanghai and in Chengdu — were established with the support of Enterprise Singapore to help Singapore companies interested in entering the Chinese market.

The third, the Chongqing Representative Office that has been in operation since 2017, focuses on opportunities in the south-western region of China.

Ms Low added that in the first half of this year, these three centres have helped more than 680 Singapore companies and provided further consultation to nearly 150 of them.