

**MEDIA ADVISORY:  
2019 Annual Business Survey**

**Singapore Chinese Chamber of Commerce & Industry (SCCCI) President Roland Ng said: “Amid challenges in the business environment, SCCCI intends to harness the benefits of sharing economy to help individual trade associations (TAs) and our member companies to transform the way businesses are conducted. Given our small domestic market, we must continue with the pace to internationalise. We plan to put together an initiative akin to a “Singapore Pavilion” concept to help our TAs and companies to sell their products and services into the vast market in China. We will organise them together to venture into China, tapping on shared resources that can keep the costs lower for the participating TAs and companies.”**

The SCCCI’s 2019 Annual Business Survey took place against the backdrop that the Singapore economy is slowing down. To some extent, this slowdown is borne out by our survey findings this year. 39% of our respondents projected that their revenue will decline this year, almost a 12%-point increase compared to 2018. On the other hand, 71% of respondents indicated that they faced rising business costs, while 54% indicated they faced declining profit margin.

Survey findings reveal that the top priorities for businesses are to: (1) grow revenue, (2) innovate products and services, (3) attract and retain staff, and (4) digitalise their business. Amongst the key business challenges this year are: (1) Rising business costs, driven primarily by wages and rental costs; (2) stiff market competition; and (3) manpower shortages.

In terms of developments affecting their businesses this year, our respondents indicated that the US-China trade tension is the single, biggest development (at 63%) that has impacted their businesses.

Amidst uncertainty in the external environment, 60% of the respondents indicated they plan to venture overseas. There is visible rising interest amongst businesses in ASEAN markets -- particularly in Indonesia, Thailand, Vietnam and Cambodia. Businesses are most

interested in leveraging free trade agreements and digital channels to advance their overseas venture.

While businesses have been digitalising, 77% of respondents face limited success in deriving revenue from online sources – obtaining less than 10% of their revenue from online sources. High cost remains the main hurdle in digitalising their businesses. For those companies who have taken the leap <sup>[Note 1]</sup>, 80% cited that the key motivation to digitalise their business is mainly to improve internal and business processes. 43.6% of companies embarked on the digitalisation journey achieved moderate to great results from digitalisation.

[Note 1] Source: 2019 SCCCI Digitalisation Survey

It is heartening to note that majority of the respondents (61%) are keeping their workforce while the economy and business are facing a slowdown. The top manpower challenge for companies is attracting and retaining local staff. On a positive note, businesses are conscious that business transformation is necessary to manage their manpower needs. However, given Singapore's manpower shortage, businesses are encouraged to hire mid-career and older workers.

Apart from government schemes, half of the respondents hope government can develop schemes to facilitate SMEs to participate in government procurement projects.

There is scope for Singapore companies to collaborate more. On this subject, 46% indicated that large companies can more actively make available opportunities for smaller companies to participate in, while 43% indicated that businesses can collaborate to meet their common needs (for example, to access equipment and technologies).

In connection with the findings of this year's survey, SCCCI proposes the following seven recommendations for the consideration of government agencies, fellow trade associations and chambers (TACs) and relevant stakeholders.

1. Help businesses to ease business costs through a series of government support;
2. Do more to help SMEs understand and leverage free trade agreements to derive benefits for their overseas venture.
3. Urge TACs to take the lead in harnessing the sharing economy to help their member companies to transform the way businesses are conducted;
4. Help SMEs to speed up transformation through digitalisation by tackling the high costs of digitalisation;

5. Do more to encourage and support businesses to hire mid-career and older workers;
6. Continue to make it easier and lower the costs for SMEs to participate in government procurement projects;
7. Government schemes to focus on business' needs;

The SCCCI conducted its annual flagship Annual Business Survey from May-July 2019. The findings are based on a total of 972 respondents. SMEs accounted for 95% of the respondents, while 71% of the respondents are from the services sector, 21% from manufacturing and 8% from construction.

Details of the findings and recommendations are in the enclosed report.

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The setup of "Singapore Pavilion" at Hongqiao Import Commodity Exhibition and Trading Centre will be similar to this photo.

Photo credit: SHANGHAI HONGQIAO INTERNATIONAL IMPORTS EXHIBITION & TRADE CO., LTD.

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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. In its continued drive for service excellence, the SCCCI has become the first business chamber in the region to be awarded ISO 9001 certification since 1995. In 2018, the Chamber successfully upgraded its ISO certification to ISO 9001:2015.

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. In return, they share a strong sense of pride and identity together and benefit immensely from the SCCCI's membership services, facilities and activities.