

MEDIA RELEASE

SCCCI's ANNUAL BUSINESS SURVEY 2022

The Singapore Chinese Chamber of Commerce & Industry (SCCCI) has successfully completed its Annual Business Survey 2022 and is pleased to share the findings and recommendations. This year's survey has garnered a total of 1,057 respondents, comprising of senior representatives of local businesses across diverse sectors. SMEs accounted for 91% of the survey respondents. The survey was conducted during the period from 30 May 2022 to 12 August 2022.

In connection with Chamber's Annual Business Survey 2022, SCCCI President Kho Choon Keng said, "SCCCI's survey this year revealed the concerns of our SMEs. Although business sentiments have improved compared to last year, businesses have to grapple with manpower shortage, inflationary pressures, rising interest rates and geopolitical risks. Notwithstanding these challenges, SMEs must continue with the momentum to transform, innovate, digitalize, explore growth opportunities overseas and embrace sustainability. As the business environment remains difficult and uncertain, we urge government to continue to provide more proactive support to businesses and trade associations, including enhanced funding support, as well as anticipating some of the upcoming key challenges that SMEs will face. This dual approach will not only help our SMEs to address their near-term challenges, but also fulfil the vision to develop globally competitive Singapore enterprises."

The key survey findings are outlined as follow:

1. Business Sentiments

- 74% of respondents projected either a stable (36.4%) or an increase (37.7%) in revenue compared to 2021, indicating a gradual post-pandemic recovery trajectory. For respondents who projected a revenue increase, the highest number projected an increase of 25%.
- 57% maintained their manpower level. 26% projected an increase, with the highest number projecting an increase of 25% in manpower level.
- Significantly, almost 75% of respondents indicated an increase in business costs, compared to 57% in 2021. The highest number projected an increase of 25% in business costs.

- 71.6% of respondents anticipated profits in 2022, compared to 28.4% who are expecting losses.
- The top 3 business concerns faced by businesses are: Rising business costs (77.8%); availability of suitable manpower (58.7%); and inflationary pressures (42.0%).

2. **Manpower**

- The top 3 manpower challenges faced by businesses are: Rising manpower costs (83.2%); unable to recruit local staff with suitable skillsets (80.5%); and greater difficulties to get foreign workers (49.7%).
- To manage manpower challenges, most businesses (53.9%) 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 57.6% of the respondents.
- While government is urging businesses to transform, the key challenges faced by businesses are: a lack of internal expertise and resources to undertake transformation (53.7% of respondents), and uncertain about the outcomes of transformation (41.1%).
- The top challenge faced by businesses in the realm of regulations is the cost incurred when complying with regulations (52.4%).

3. **Internationalization**

- 66.7% of respondents are planning to venture overseas compared to 59.7% in 2021, a 7%-point increase. The top 4 overseas markets of interest to the respondents are: Malaysia (39.9%), Vietnam (37.2%), Indonesia (36.9%), and China (34.1%). China was the most popular market in 2021 but ranked 4th this year.
- Close to 40% of respondents indicated business travel is important in their internationalization efforts to a large extent. Digital approaches such as virtual trade fairs and missions are not regarded as effective means to internationalize.
- The top 3 challenges of internationalization identified are: uncertainties in the overseas economic environment (57.1%), travel restrictions (50.6%), and lack of suitable manpower to develop overseas markets (48.3%).

4. **Digitalization**

- Respondents indicated that the top 3 benefits of digitalization are: improved operational efficiency (62.6%), improved productivity (58.4%), and ability to reach out to more customers and wider market access (50.4%).

- Close to 80% of respondents experienced a small-to-moderate extent of effectiveness in their digitalization efforts.
- The key challenges of digitalization are cost of digitalization (55.3%); and lack of internal expertise to drive and implement digitalization (43.2%).
- Most businesses have yet to derive the bulk of their revenue from online sources. If they do, the proportion of their revenues derived from online sources is low (10% or less).

5. Government Schemes

- 67.5% of respondents have applied for government schemes. The most useful schemes are those that help businesses to digitalize and adopt technology (60.3%), and schemes that help businesses to hire, train and retain their employees (47.1%).
- The top 3 challenges faced by respondents when applying for government schemes are: lack of knowledge on the schemes that are most appropriate for their business needs (47.4%); complex application process (46%); and application process not fast enough to meet their business needs (37.1%).
- Small to moderate degree of impact faced by 65% of respondents when the COVID-related government schemes tapered off.
- Outside government schemes, respondents look forward to the government agencies to be more coordinated in addressing cross-agency issues that affect businesses (56.1%); the desire for trade associations to offer more relevant initiatives to help their member companies (45.2%); and government-linked companies and large businesses to provide more opportunities for SMEs to participate in (37.9%).

6. Sustainability

- Respondents who regarded sustainability as important to their businesses to a moderate extent and a large extent accounted for 70.8% of the respondents. Notwithstanding that, most of the respondents incorporated sustainability into their businesses only to a moderate extent.
- The top 3 challenges that hinder efforts by SMEs to pursue sustainability are: the high costs associated with sustainability practices (62.1%); priority on business survival (48.8%); and lacking capabilities and resources to understand and implement sustainability practices that are relevant to their businesses (48.3%).

7. Recommendations

In tandem with the survey findings, SCCCI has put forth the following 4 recommendations:

- 1) Have a balanced approach towards local and foreign manpower, recognizing that foreign workers complement local workers.

- 2) Refine and strengthen government support for the digitalization efforts of SMEs.
- 3) Enhance government support for trade associations and chambers to drive the internationalization of SMEs.
- 4) Quicken the pace of SMEs' pursuit of sustainability with a view to build new capabilities and reap new opportunities.

Full details of the survey findings and recommendations are enclosed with this media release for reference please.

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

For more information, please visit www.sccci.org.sg.