

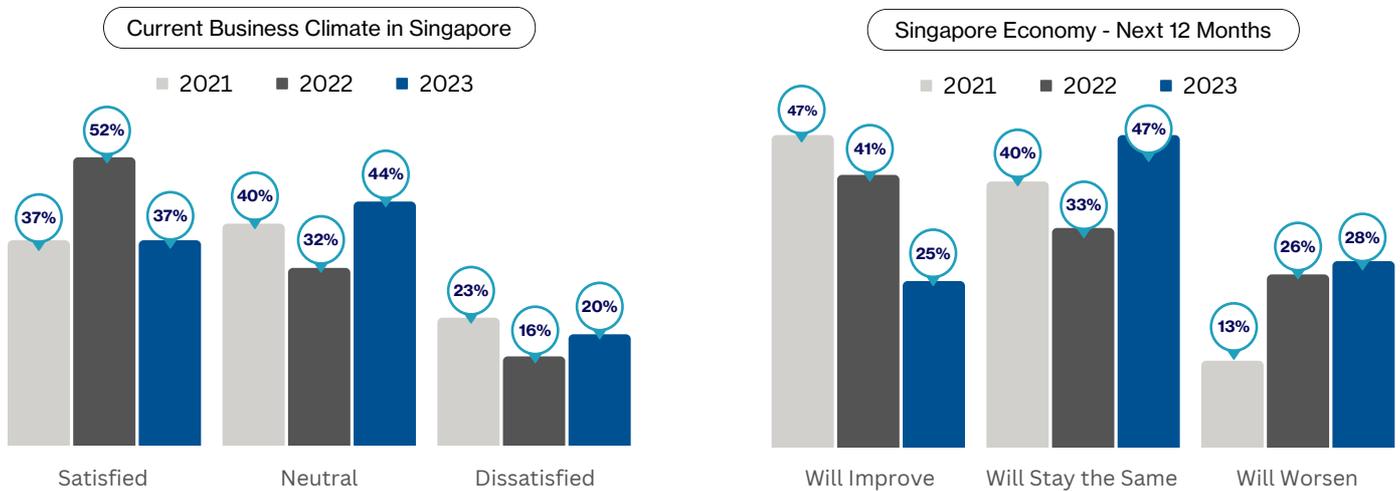
# National Business Survey 2023/2024

The National Business Survey (NBS) 2023/2024 is currently into its 16th annual edition. The survey period of the study was from 14 September to 12 November 2023, and drew responses from businesses across all key industries. A sample size of n=1,056 was achieved.

## Business Sentiments

### Businesses in Singapore are Adopting a More Cautious Outlook

Business outlook has weakened with proportion of businesses expecting the economy to improve in the next 12 months, declining from 41% in NBS 2022/2023 to 25% this year.



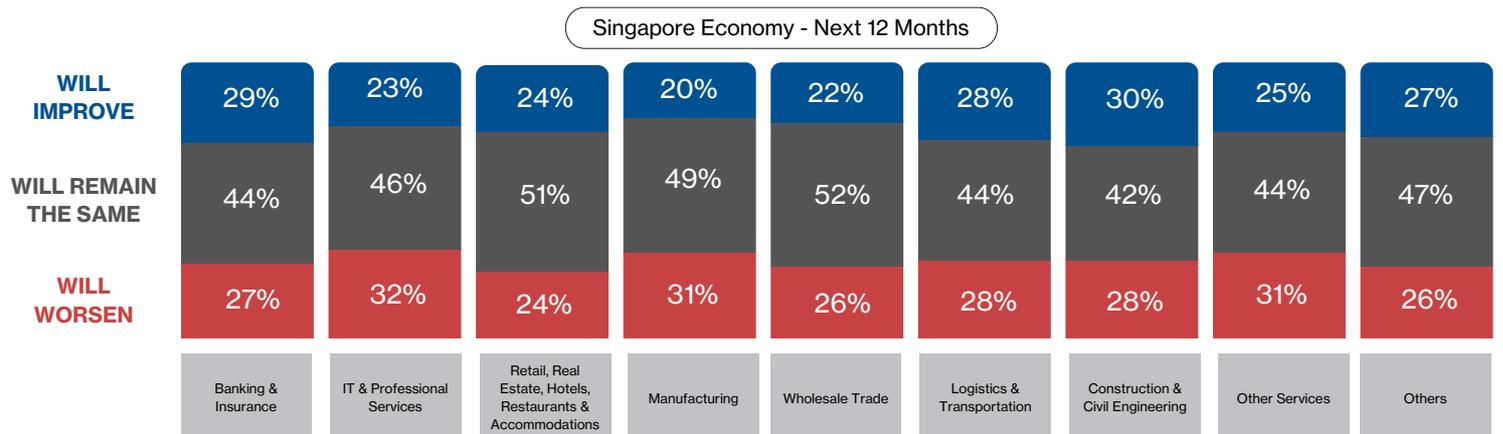
**30%** SMEs believe the economy will worsen in the next 12 months, more so than large companies (22%)

**53%** Large companies believe the economy will stay the same in the next 12 months (SMEs: 46%).

Base: n=1,056

### Business Outlook from Industry Sectors Vary

Businesses in the IT & Professional Services and Manufacturing sectors have a more bearish outlook, while those in the Construction & Civil Engineering, Logistics & Transportation, and the Banking & Insurance sectors are more optimistic about the economy in the next 12 months.

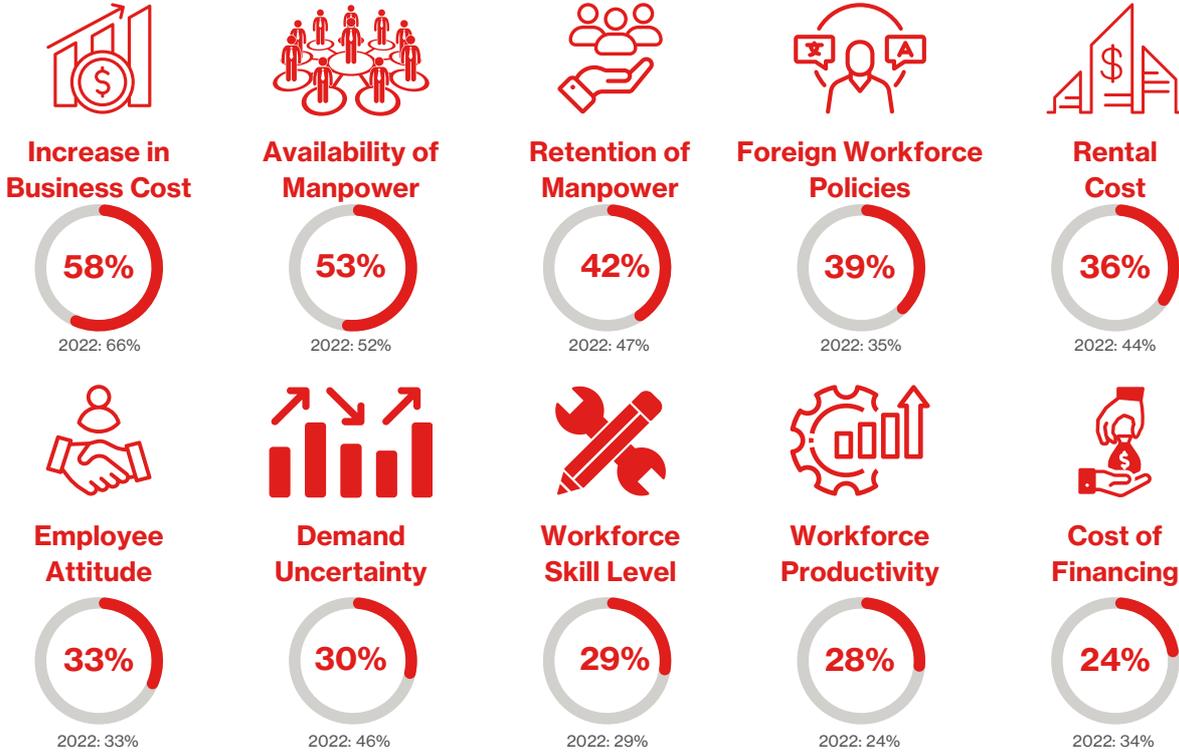


Base: n=1,056

# Core Challenges

## Current Challenges - Key Themes: Business Cost and Manpower

Increase in business cost remains as the top challenge for businesses, although the proportion of businesses citing this has decreased from 66% in NBS 2022/2023 to 58% in NBS 2023/2024. Manpower related issues such as availability (53%), retention (42%) and foreign workforce policies (39%) are the next 3 current key challenges faced by businesses.



Despite current cost pressures, businesses recognise the necessity to continually invest in manpower to maintain a competitive edge.

**42%** Businesses plan to increase employees' salaries in the next year

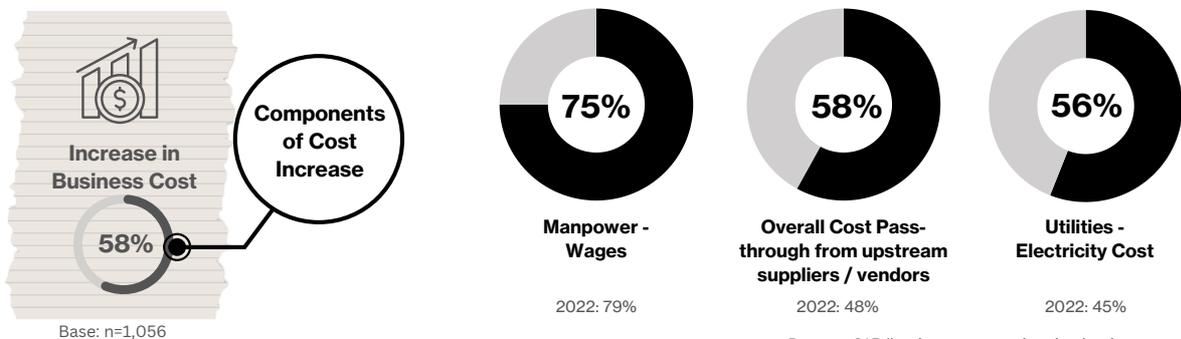
**26%** Businesses plan to expand their workforce in the next year

Base: n=1,056

## Core Challenges: Increase in Business Cost

### Key Components of Cost Increase: Wages, Upstream Costs, and Utility Costs

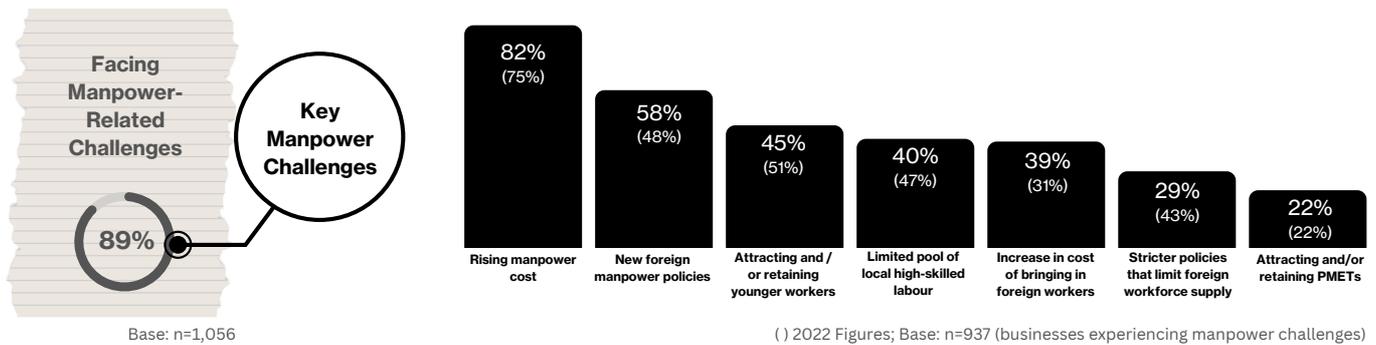
The 3 key components of cost increase most cited in NBS 2023/2024 are wages (75%), pass-through from suppliers (58%) and electricity costs (56%). These were also among the top cost components in NBS 2022/2023. While the proportion which cited wages have decreased by 4%-points (from 79%), the proportion for pass-through from suppliers have increased by 10%-points (from 48%) and 11%-points for electricity costs (from 45%).



# Core Challenges: Manpower

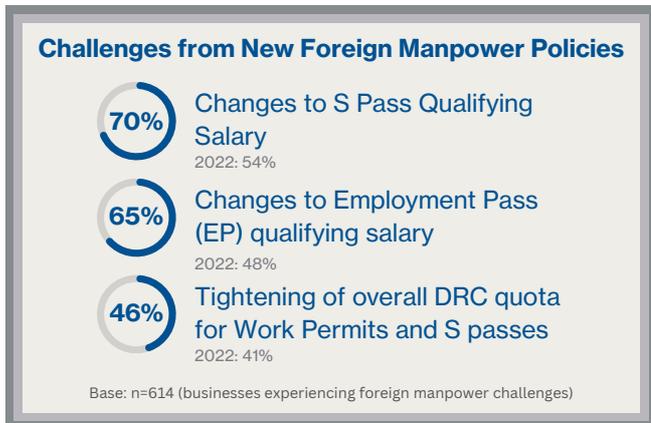
## Nine out of Ten Businesses are Currently Grappling with Manpower-Related Issues

Among manpower challenges, three have seen increases in business concerns – rising manpower cost by 7%-points (from 75% to 82%), new foreign manpower policies by 10%-points (from 48% to 58%) and increase in cost of bringing in foreign workers by 8%-points (from 31% to 39%); and three have seen decreases in business concerns – attracting/retaining younger workers by 6%-points (from 51% to 45%), limited pool of local high-skilled workers by 7%-points (from 47% to 40%) and stricter policies that limit the supply of foreign workers by 14%-points (from 43% to 29%).



Among the foreign manpower challenges, the top 2 challenges are changes to S Pass qualifying criteria (increased from 54% in NBS 2022/2023 to 70%) and changes to EP qualifying salary (increased from 48% in NBS 2022/2023 to 65%).

To overcome the impact of foreign workforce policies, the top preferred measures are increase wages to make jobs attractive to locals (42%), expand recruitment efforts to hire locals (37%) and invest in technology to reduce manpower needs (35%).



## Business Priorities

### Improving Profit Margin is a Key Business Priority in the Next 12 Months

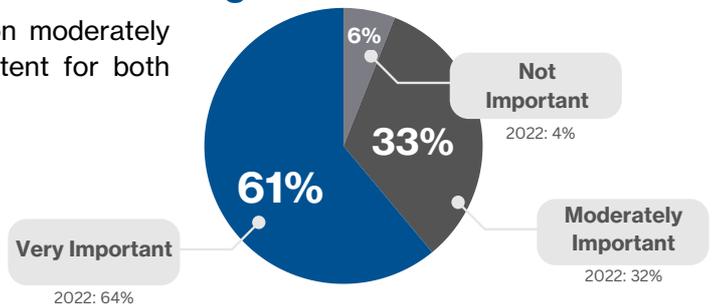
When weathering economic uncertainties, businesses prioritise growing revenue and reducing costs, over market growth through internationalisation and offering new products and services.



# Business Transformation and Trends

## Importance of Business Transformation is Acknowledged

Over 90% of businesses consider business transformation moderately important or very important. Such sentiments are consistent for both SMEs and large companies.



In prioritising business transformation, companies focus more on refining operational processes, advancing product/service innovation, and elevating customer experiences.



Base: n=1,056

## Key Business Trends are Related to Technology and ESG

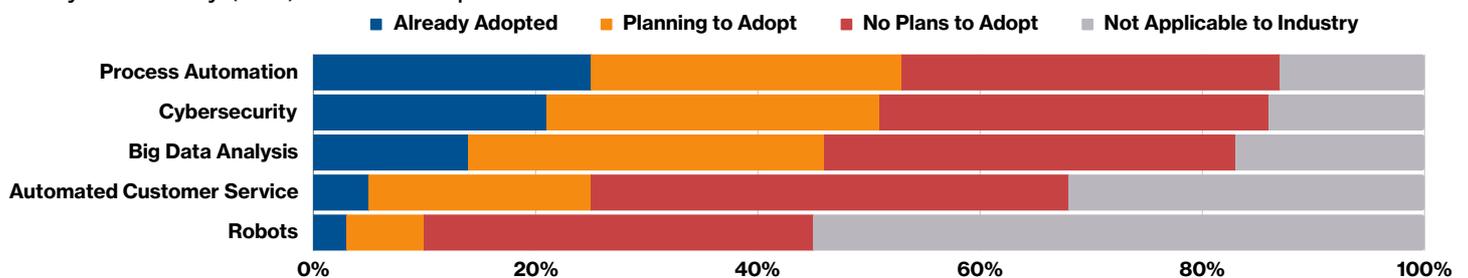
Cybersecurity concerns (45%), emerging technology (35%), and increasing expectations on ESG (34%) are the key new trends that businesses perceive will impact them the most in the next 12 months.



Base: n=1,056

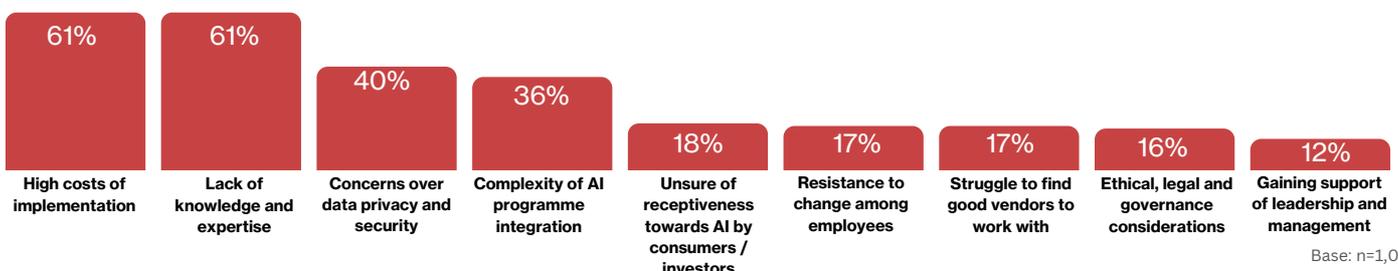
## Riding on Trends in Artificial Intelligence Technology

About 1 in 2 companies are planning or have adopted AI in their businesses with process automation in operations (53%) and cybersecurity (51%) as the most preferred areas.



Base: n=1,056

The top 3 challenges in AI adoption are high costs (61%), lack of knowledge (61%) and concerns over data privacy and security (40%).



Base: n=1,056

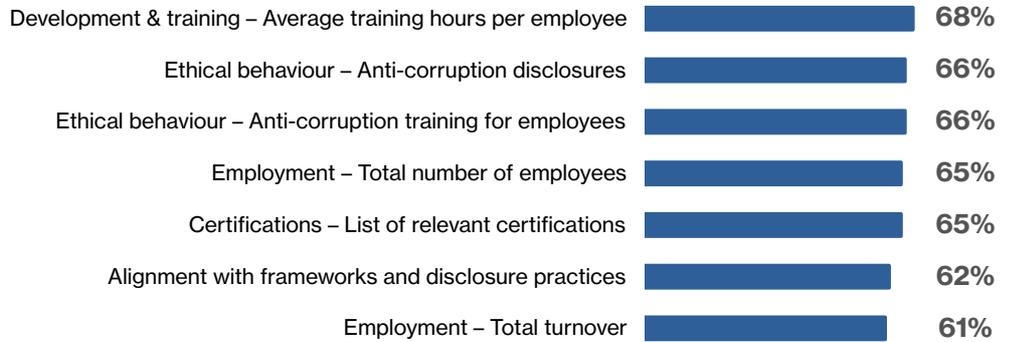
# Environmental, Social & Governance (ESG)

## Top Among Initiatives Businesses Implemented or Plan to Implement: Training and Ethical Practices

With increases in customer/employee expectations on ESG as one of top 3 business trends, 73% of businesses have implemented or plan to implement at least one of the ESG areas.



Base: n=1,056

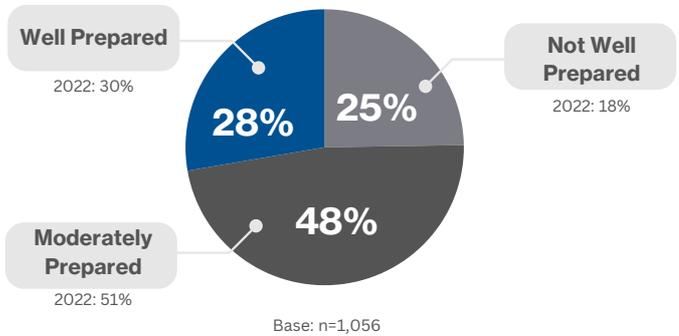


Base n=768 (Companies that implemented / plan to implement at least 1 ESG area)

## Businesses are Ready to Adapt to Low Carbon Business Environment

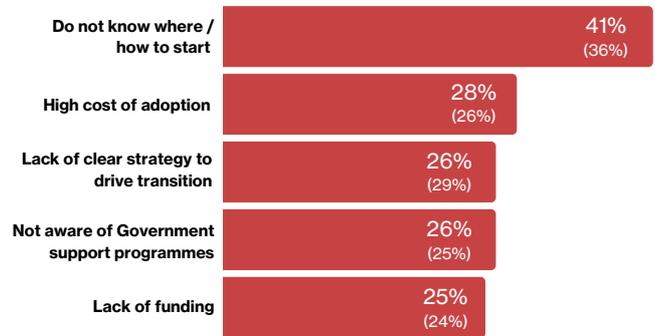
Nearly 80% of businesses are ready to adapt to the national goal of a low carbon business environment. To align with Green Plan 2030, businesses continue to seek direction to kickstart the transition (41%), and are concerned about the potential high cost of adoption (28%).

Preparedness in low carbon business environment



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

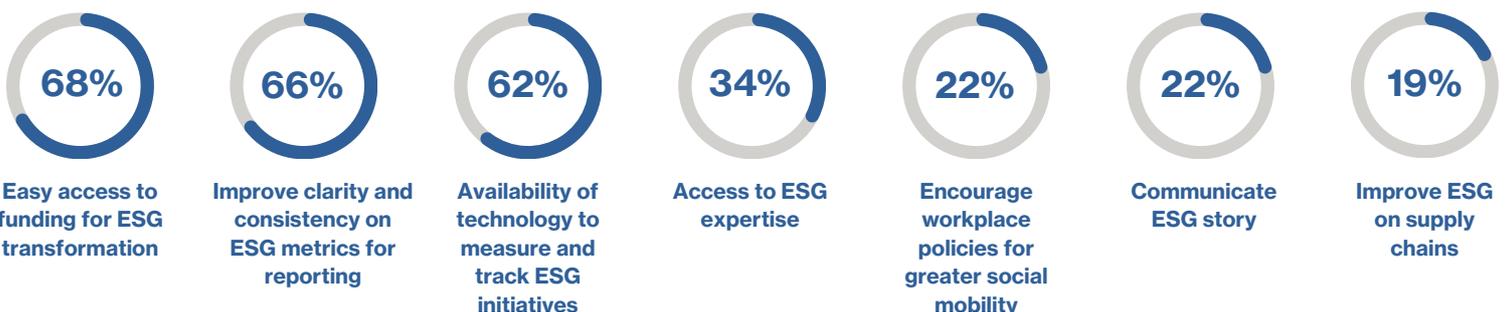
Challenges in alignment with Green Plan 2030



( ) 2022 Figures; Base: n=1,056

## Businesses Look for Support in Funding, Clarity in Compliance, and Technology to Achieve ESG Goals

The top support that businesses seek are easy access to ESG funding (68%), greater clarity and consistency on ESG metrics for reporting (66%), and technology to track ESG initiatives.





# International Business Landscape

## More Cautious When Venturing Offshore

76% of businesses have overseas presence, a slight increase of 2%-points from NBS 2022/2023. The top 3 countries were Malaysia (64%), China (50%) and Indonesia (47%). However, the proportion of businesses with future overseas plans declined by 8%-points from 65% in NBS 2022/2023 to 57%. Those with plans indicated Malaysia (29%), Vietnam (28%) and Indonesia (28%) as the top favoured countries.



SME 74%  
Large Company 85%

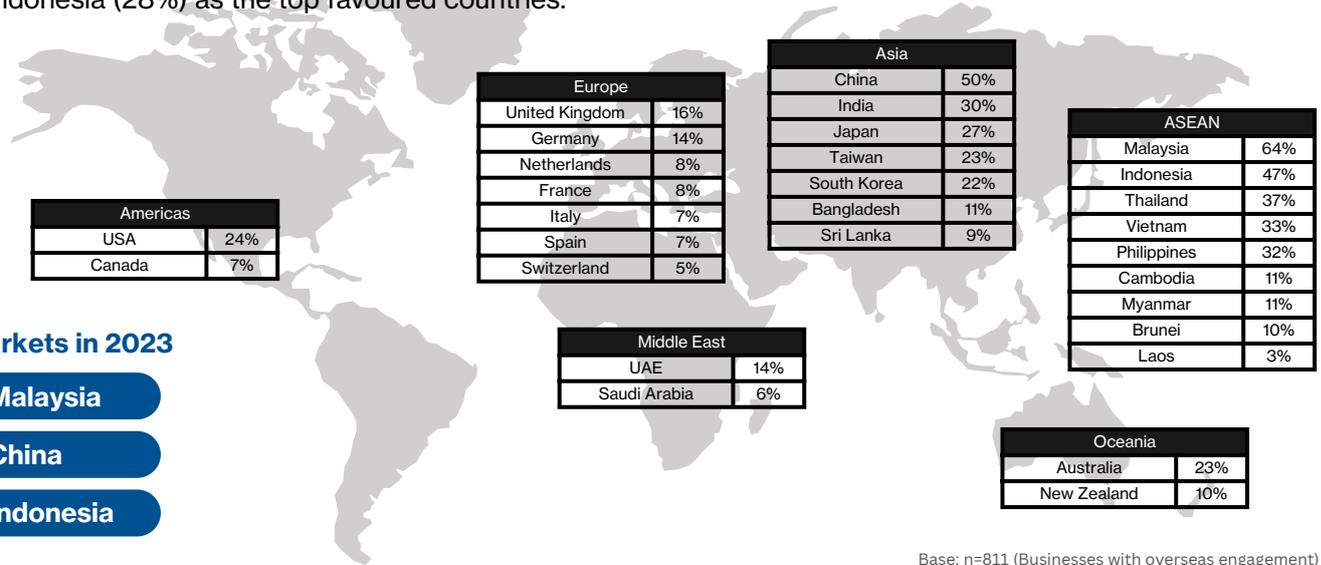
2022: 74%



SME 58%  
Large Company 52%

2022: 65%

Base: n=1,056



Base: n=811 (Businesses with overseas engagement)

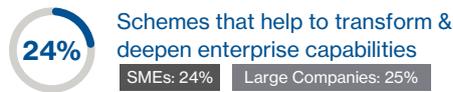
### Top Markets in 2023

- 1 Malaysia
- 2 China
- 3 Indonesia

## Government Budget & Support

### Businesses' Need for Support Echoes the Current Core Challenges They Face

86% of businesses cite schemes to help address cost as being top on their wish list for Budget 2024, up from 74% last year. Other schemes in the top 3 wish list include those related to cash flow and talent management.



Base: n=1,056

### About National Business Survey 2023/2024

#### Sector

- 17% Wholesale Trading
- 14% Construction & Civil Engineering
- 13% Manufacturing
- 13% IT & Professional Services
- 11% Banking & Insurance
- 11% Other Services
- 9% Retail, Real Estate, Restaurants and Hotels
- 7% Logistics & Transportation
- 6% Others

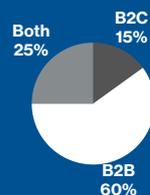
#### Company Type

SMEs 82% Large Companies 18%

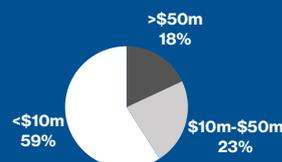
#### Stage of Development

- Start-Up (First 3 Years) 4%
- Accelerating Growth (>10% p.a.) 15%
- Moderate Sales Growth (<10% p.a.) 36%
- Mature 35%
- Decline 10%

#### Business Mode



#### Annual Sales 2022



#### 30% Local Shareholding



Survey Conducted By  
Research & Publishing  
Advocacy & Policy Division  
Singapore Business Federation

If you require any clarifications, kindly contact [research@sbf.org.sg](mailto:research@sbf.org.sg)