

The National Business Survey 2022/2023 is currently into its 15th edition. This annual survey was carried out from 29 August to 23 November 2022, and drew responses from 931 businesses across all key industries. 73% of the responses were from small and medium-sized enterprises (SMEs) and 27% of the responses were from large companies.

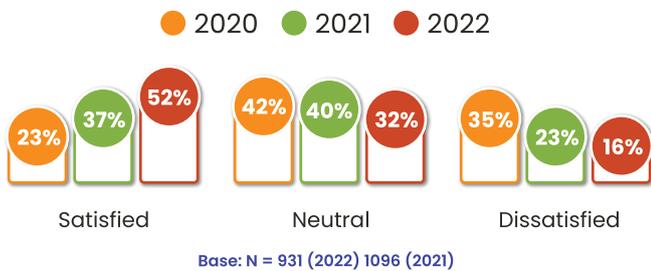


Business Sentiments

01. Business Sentiment has Improved

Business sentiments are more positive now compared to last year. Looking ahead, businesses remain cautiously optimistic about the Singapore economy.

Current Business Climate in Singapore



Singapore Economy – Next 12 Months



02. Confidence Level has Risen

While there is high level of confidence in sustaining operations over the next 6 months, businesses are nonetheless more cautious over the longer term. Large companies are relatively more confident compared to the SMEs.

Confidence in Sustaining Business



Mitigating Business Risks

03. Inflationary Pressures

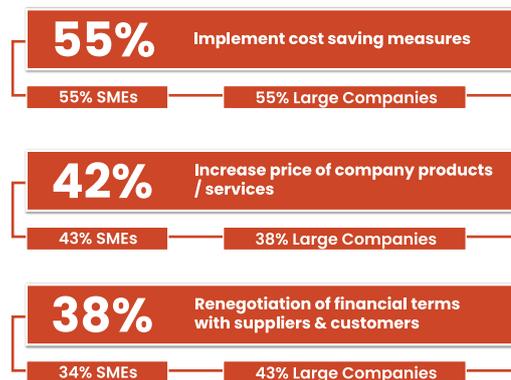
Businesses remain impacted by inflation and most expect the current inflationary climate to continue into 2023.

Impact of Inflationary Climate



04. Actions Taken to Manage Inflationary Risks

Top 3 strategies adopted by businesses to mitigate inflationary risks include implementing cost saving measures, increasing price of products or services and renegotiation of financial terms with suppliers and customers.

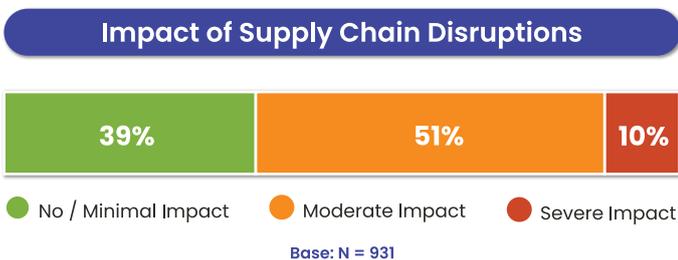


Base: N = 931 SMEs N = 683 Large Companies N = 248

Mitigating Business Risks

05. Supply Chain Disruptions

Most businesses have been moderately impacted by supply chain disruptions in the past 12 months, while 10% of them experienced severe impact.



06. Actions Taken to Mitigate Supply Chain Risks

Primary strategies to mitigate supply chain risks are price renegotiation (61%), diversification of suppliers or markets (55%) and minimising delays with logistics companies (43%). The top 3 actions taken are similar for both the SMEs and large companies.



Business Challenges & Priorities

07. Key Business Challenges

The two primary categories of challenges faced by Singapore businesses are largely related to the increase in overall business costs and manpower.



08. Top Manpower Challenges

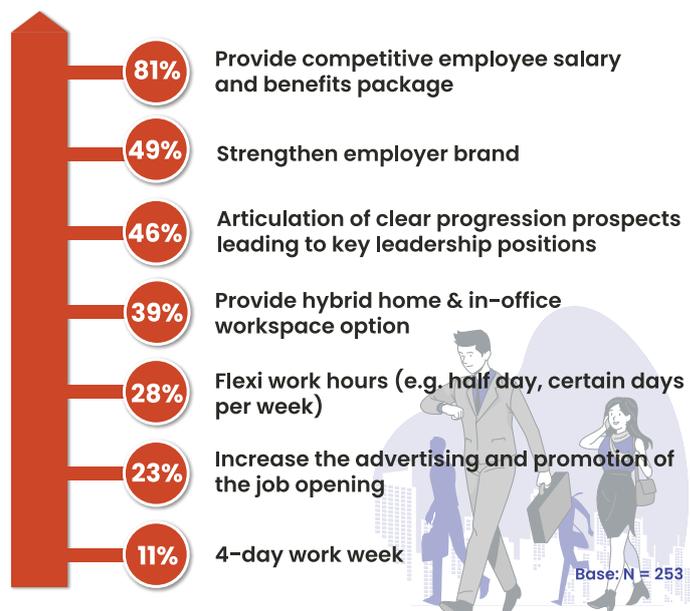
The top 3 manpower challenges are rising manpower cost (75%), attracting and/or retaining younger workers (51%), and the new foreign manpower policies (48%). These concerns are felt by both SMEs and large companies.

Key manpower challenges	Total (%)
Rising manpower cost	75
Attracting and / or retaining younger workers	51
New foreign manpower policies will raise costs	48
Limited pool of local high-skilled labour	47
Stricter policies that limit the supply of foreign workforce	43

Base: N = 894

09. Ways to Attract & Retain Staff

Companies' key approach to attract and retain staff include providing competitive salary and benefits (81%), strengthening employer brand (49%) and articulation of clear career progression prospects (46%).



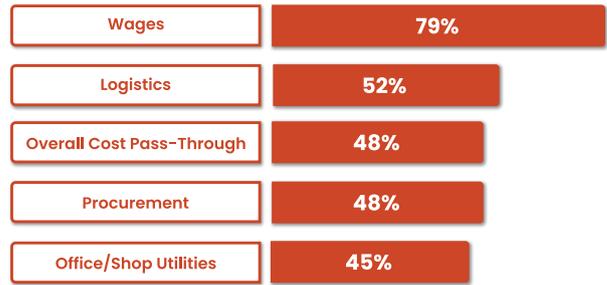
Business Challenges & Priorities

10. Wage is the Biggest Cost Challenge

Businesses' top cost challenges are those related to wages. This is followed by logistical costs, overall cost pass-through and procurement costs. There is also some concern on utilities cost.



Areas that Businesses Faced Increased Operating Costs



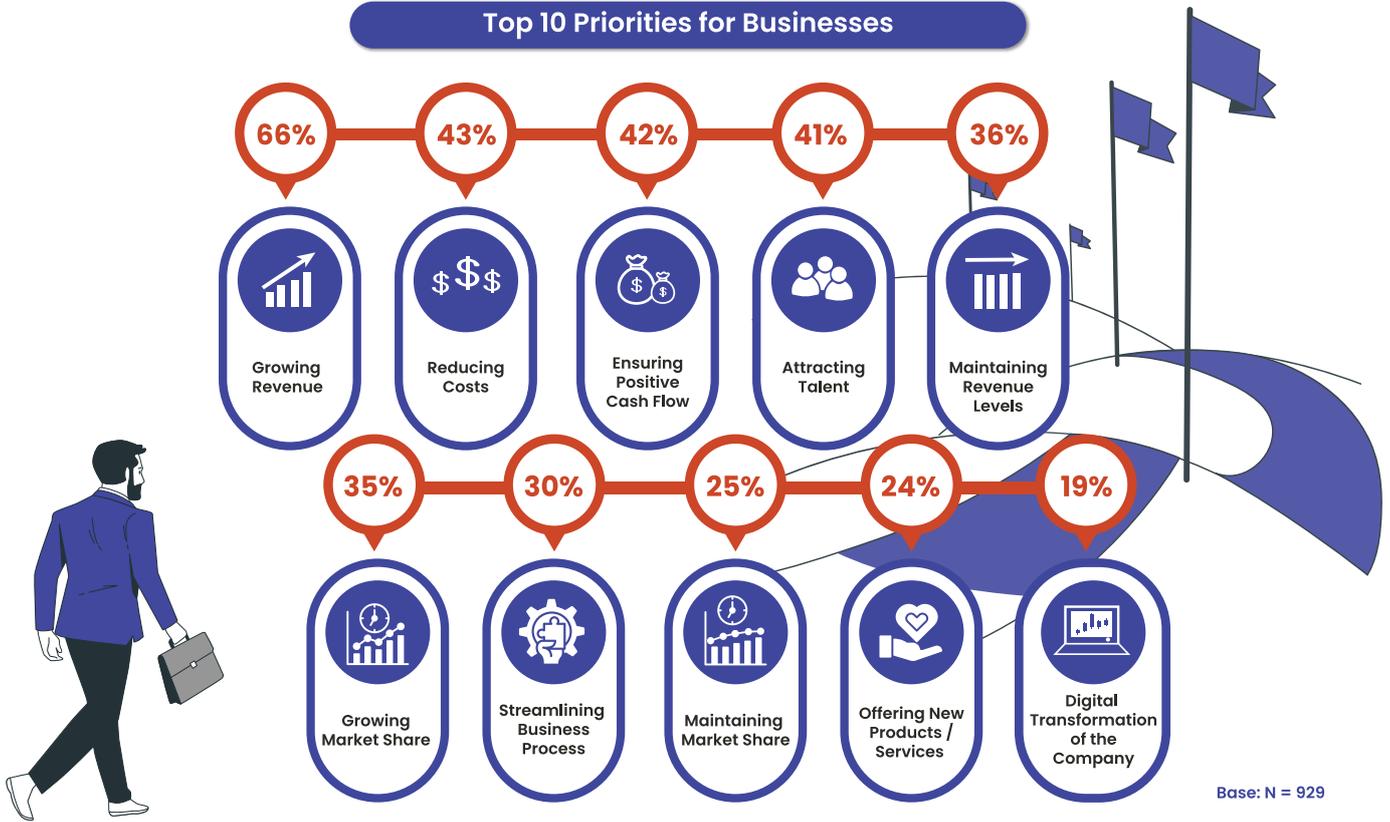
Base: N = 618

Note: Examples of overall cost pass-through include expenses for insurance, security and cleaning, property tax and other business expenses.

11. Priorities of Singapore Businesses

Businesses are focused on building financial resiliency and strengthening business continuity.

Top 10 Priorities for Businesses



12. Key Actions Taken

Businesses are more likely to push ahead with offering new products or services and collaborating with other companies.



● Currently Doing (%) Base: N = 483
 ● Planning To Do Next Year(%) Base: N = 466

Offer new products / services



Collaboration with Other Companies



Obtain Loans to Meet Cash Flow Needs



13. Business Transformation Continues

Businesses remain committed to driving business transformation, with 96% rating it as either very important or somewhat important. This focus cuts across all businesses, including SMEs (94%) and large companies (98%).

Importance of Business Transformation

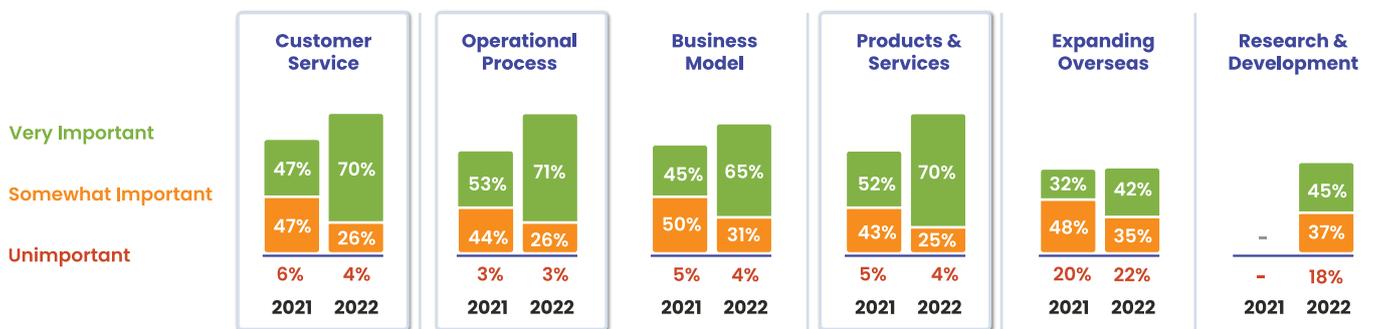
Base: N = 931 (2022) 1096 (2021)



14. Key Business Transformation Areas

More than half of businesses believe that business transformation initiatives are very important for "Operational Process" (71%), "Customer Service" (70%) and "Products & Services" (70%).

Business Transformation Areas: 2021 vs 2022



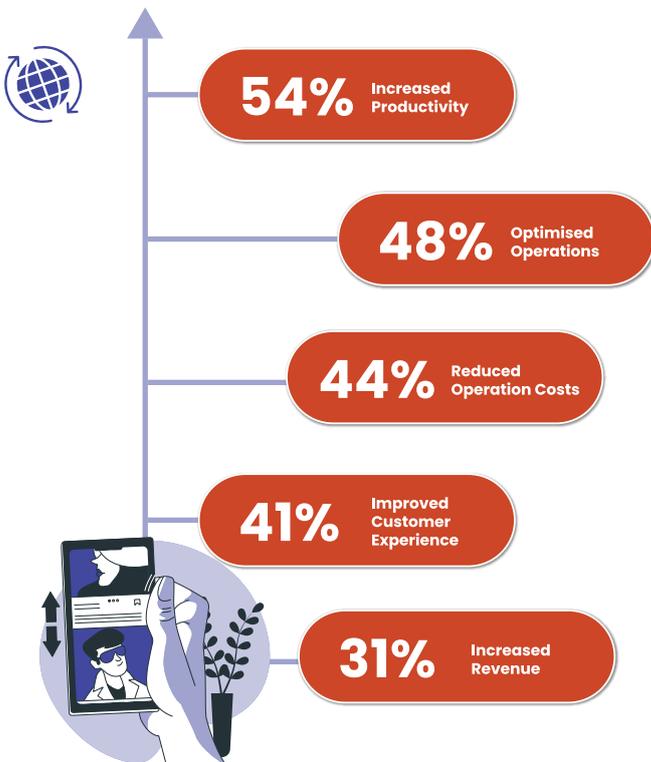
Base: N = 931 (2022) 1096 (2021)

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

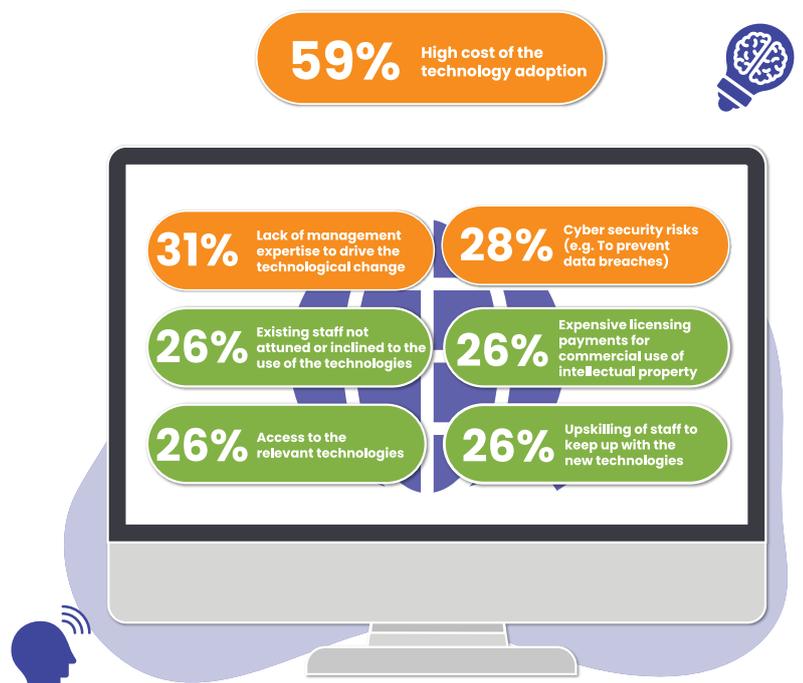
15. Benefits and Challenges of Digital Transformation

Digital transformation has led to an increase in productivity (54%), optimisation of operations (48%) and reduction in operation costs (44%). The top challenge to technology adoption is the high cost (59%).

Key Benefits of Digital Transformation



Key Challenges in Adopting Technology



Base: N = 931

Government Budget & Support

16. Businesses' Wishlist for Singapore Budget 2023

In the face of an inflationary climate and ongoing manpower issues, businesses hope that the Singapore Budget 2023 will support them in addressing costs and manpower challenges.



Base: N = 931

17. Key Areas of Support Needed

To enhance business resilience, companies require assistance in financial management (41%), business strategy development advisory (41%) and financial support (33%).



Base: N = 920

Green Transition of Businesses

18. Top Environmental, Social & Governance (ESG) Areas Implemented

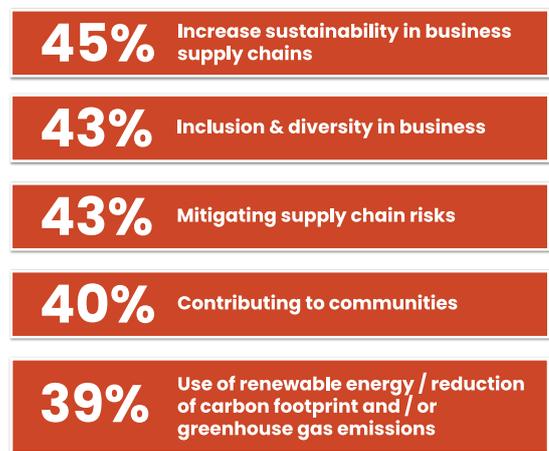
Singapore businesses are incorporating ESG as part of their company activities, with 75% having implemented at least one ESG area.



Base: N = 931

19. Top ESG Areas that Companies Plan to Implement

The drive to incorporate ESG into their businesses continues, with a focus on sustainability and contribution to communities.



Base: N = 611

20. Challenges Encountered in "Green" Transition

The top challenges faced by businesses include not knowing how to kick-start the process, lack of clear strategy to drive transition and lack of management expertise to drive transition.



Base: N = 931

Don't Know Where/How to Start (%)



Lack of Clear Strategy to Drive Transition



Lack of Management Expertise to Drive Transition



Access to Relevant Technology

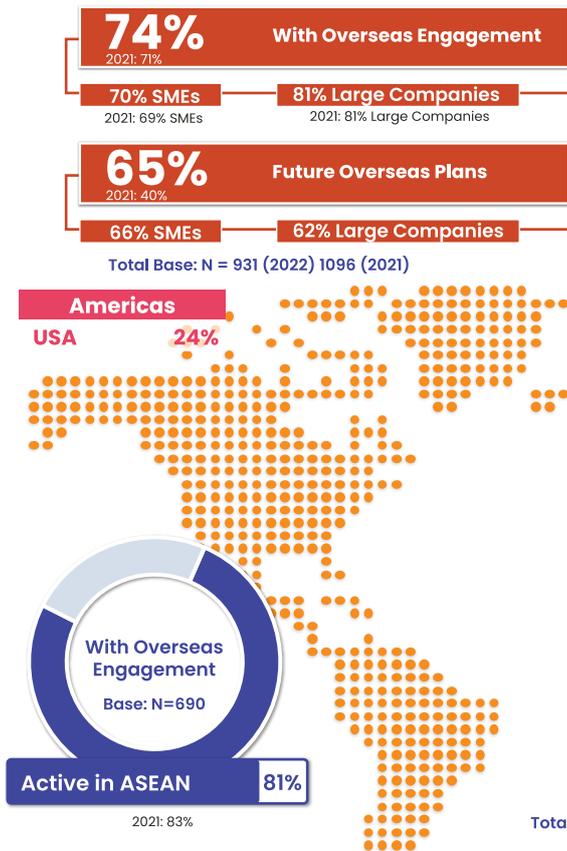


High Cost of Adoption



Venturing Overseas

21. Businesses are Increasing Their Presence Overseas



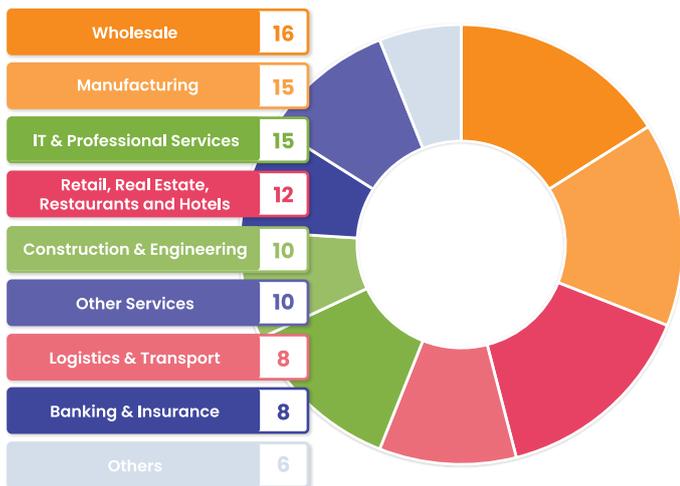
22. ASEAN and China Remain the Top Regions for Overseas Expansion

Singapore businesses' current overseas ventures remain focused on ASEAN, with Malaysia and Indonesia being top destinations. Beyond ASEAN, China is another popular region for overseas expansion.



About National Business Survey 2022 / 2023

Respondents by Sectors (%)



Survey conducted by
Research & Publishing
Advocacy & Policy Division
Singapore Business Federation



If you require any clarifications, kindly contact research@sbf.org.sg.



Stage of Development (%)



30% Local Shareholding



Business Mode (%)



Annual Sales 2021 (%)



Base: N = 931

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