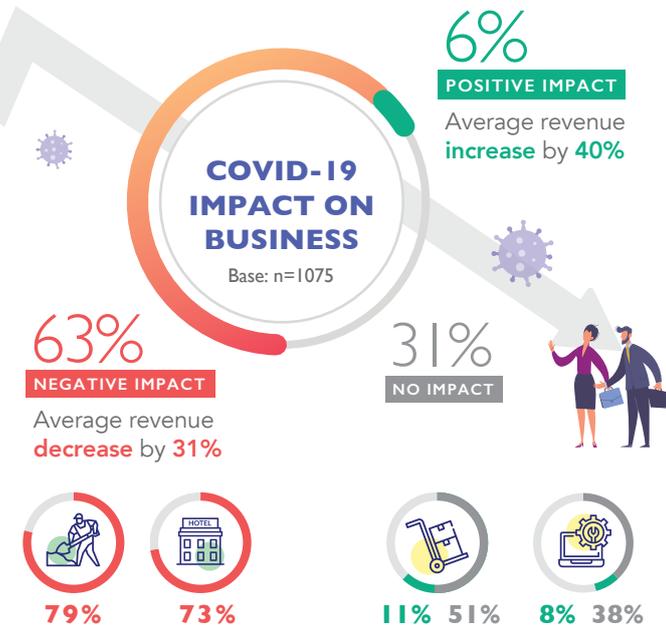


These findings summarise the National Business Survey 2020/2021 conducted by the Singapore Business Federation (SBF). The 13th edition of this annual survey was carried out from 9 October to 28 November 2020, and drew responses from 1,075 companies across key industries. 85% of the responses were from SMEs and 15% of the responses were from large companies.

I. BUSINESS SENTIMENT & IMPACT OF COVID-19

i. COVID-19 has taken a major toll on local businesses.

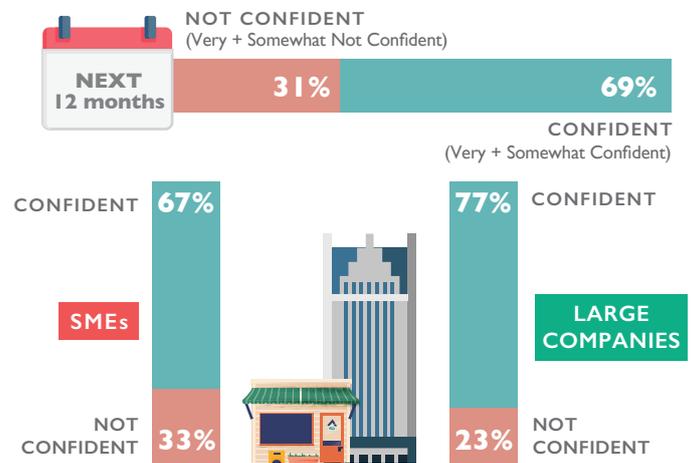
Two thirds of businesses have been negatively affected by COVID-19, though the impact was uneven across industries. Sectors hit the hardest were Construction & Civil Engineering (79%) and Retail, Real Estate, Hotels, Restaurants & Accommodations (73%), while top sectors reporting positive or no impact from the pandemic were Logistics & Transportation (62%) and IT & Professional Services (46%).



ii. Two in three companies are confident that they can sustain their businesses in the next 12 months.

However, a proportion (31%) are unsure about the future of their businesses. This uncertainty is higher amongst SMEs than in large companies.

CONFIDENCE IN SUSTAINING BUSINESS

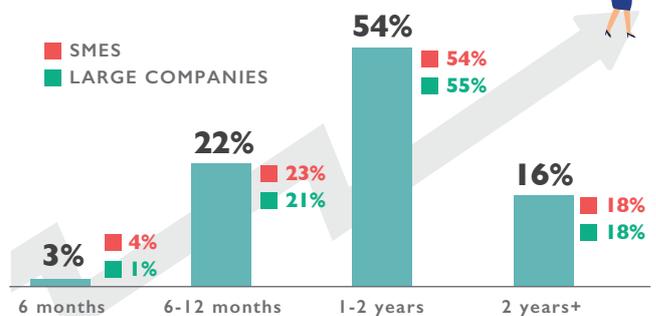


Base: n=1075 | SMEs n=916 | Large Companies n=159

iv. ... but most feel that full recovery will only happen in 2022 or beyond.

Majority (70%) of businesses that have been negatively impacted by COVID-19 predict that they are likely to fully recover after 12 months or more. This sentiment is consistent across both SMEs and large companies.

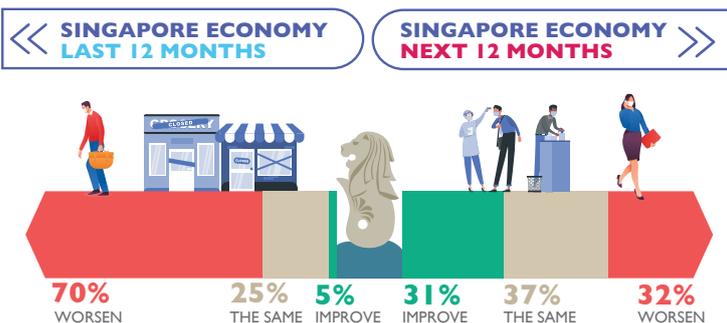
MY BUSINESS WILL FULLY RECOVER IN...



Base: Companies that have been negatively impacted, n=676

iii. Businesses optimistic that the economy will improve in 2021...

Overall, about one-third of companies (31%) expect business and economic climate to improve in the next 12 months, with an almost equal proportion (32%) expecting it to worsen.



Base: 2019 n=1018 | 2020 n=1075

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

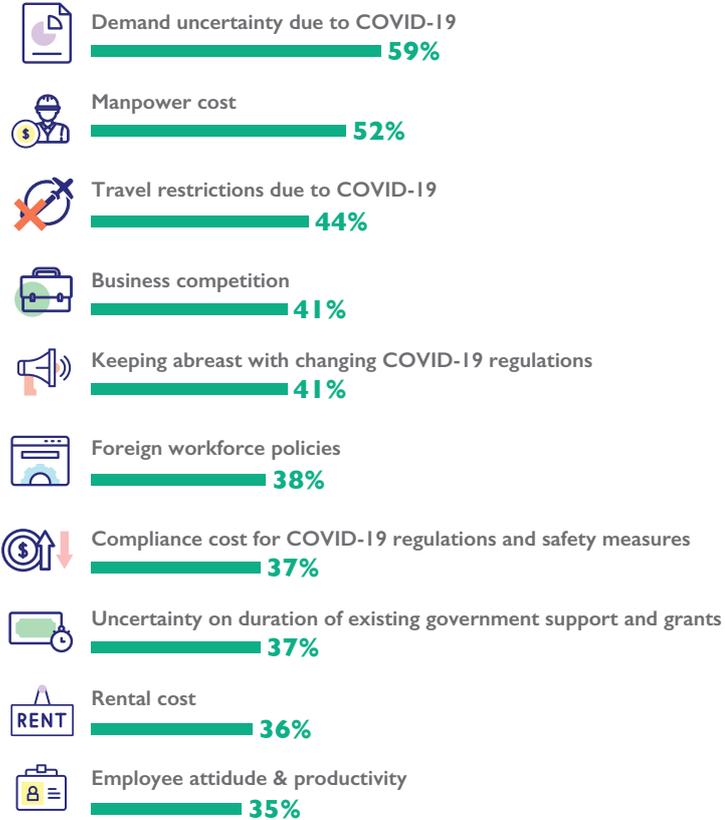


2. BUSINESS OUTLOOK: PRIORITIES & CHALLENGES

i. COVID-19 has given rise to new challenges for companies.

Businesses have to contend with new uncertainties in consumer demand and travel constraints, while handling historical challenges such as manpower costs and business competition.

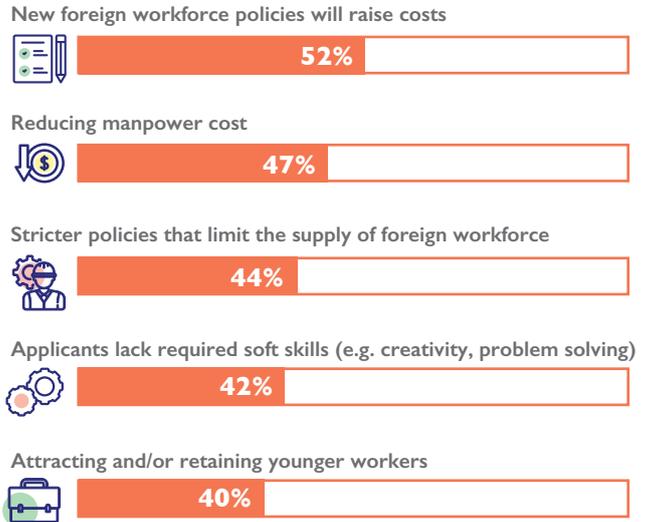
KEY CHALLENGES IN THE INDUSTRY



Base: n=1075

Restrictive foreign workforce policies and the need to reduce manpower cost are the top manpower challenges faced by businesses.

TOP 5 MANPOWER CHALLENGES FOR BUSINESSES

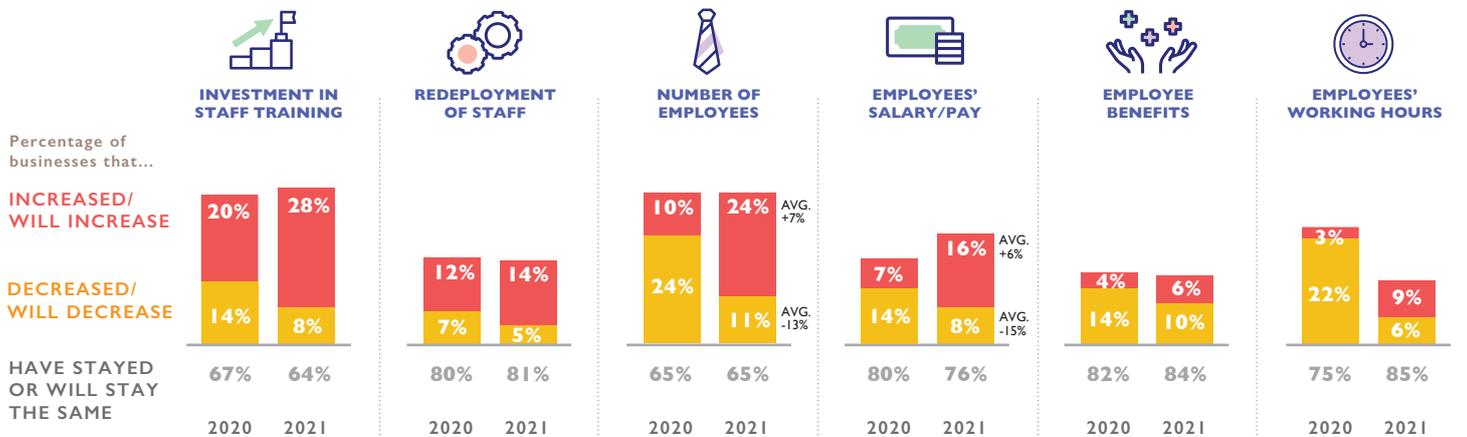


Base: n=956



ii. To emerge stronger from the COVID-19 crisis, companies are reskilling and re-looking their workforce capabilities.

Businesses invested the most on staff training during COVID-19, a trend that will continue into 2021. Conversely, cost-cutting measures such as workforce or salary reduction will decrease in the coming year.



Base: n=1075

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

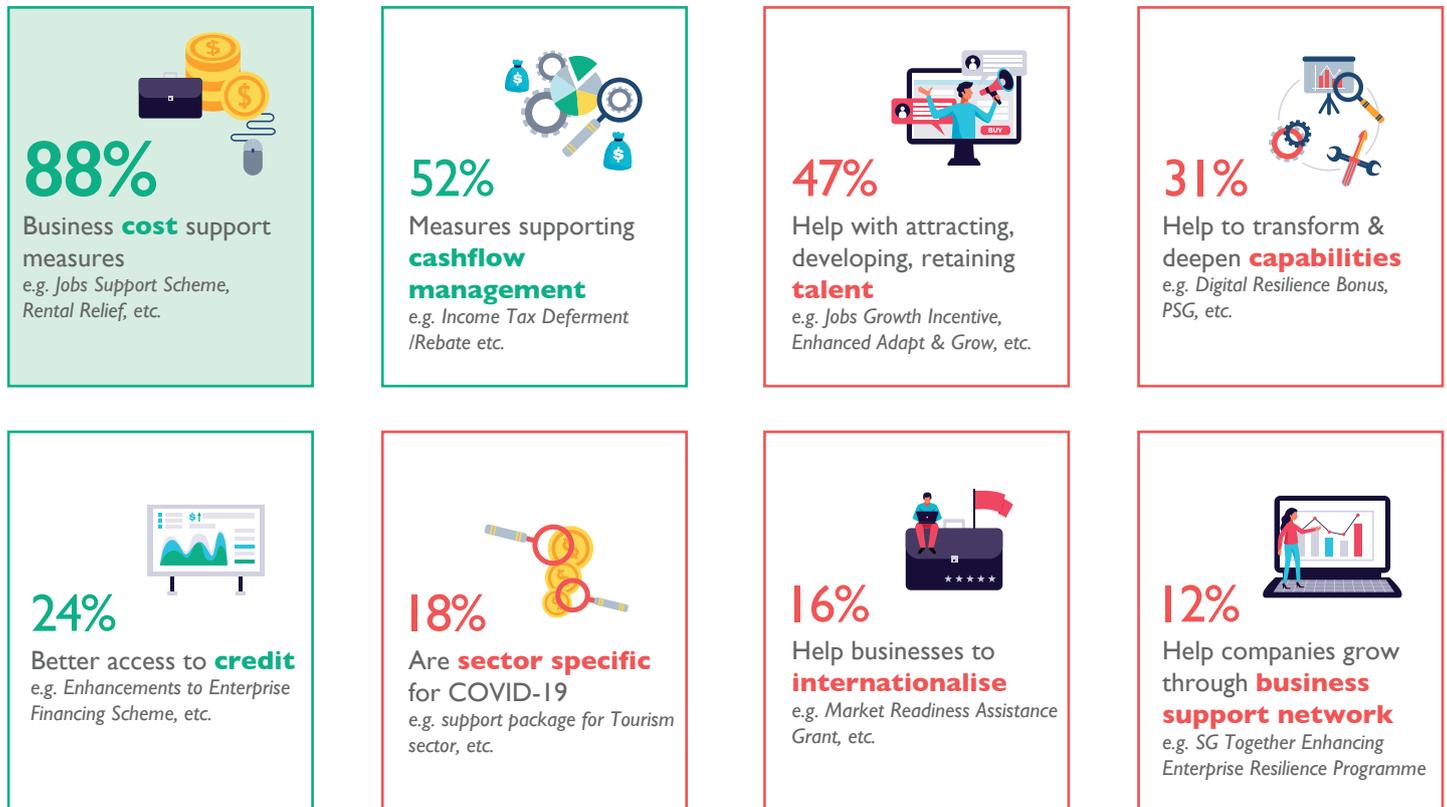


3. GOVERNMENT BUDGET & SUPPORT

i. Government support has been and continues to be vital towards recovery.

Cost support and cashflow management were the most helpful and relevant support measures. Businesses also value schemes that helped with talent hiring and management practices, as well as transform their corporate capabilities.

SCHEMES THAT ARE THE MOST RELEVANT/USEFUL



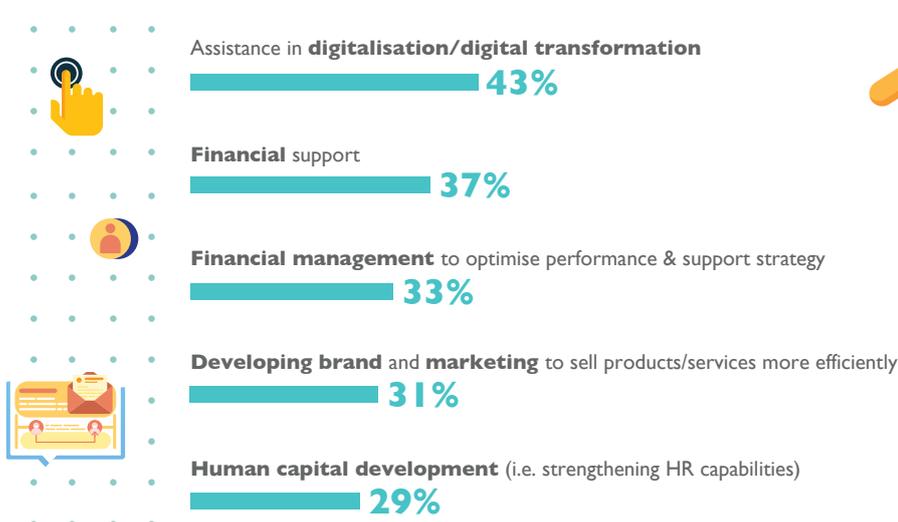
Base: n=1075

■ COST-RELATED ■ OTHERS

ii. Technology, finance and people will be the core pillars to long-term resilience.

Other than financial support and management, businesses require assistance in their digital transformation efforts. Developing brand and marketing strategies, and strengthening human resource capabilities are also key for businesses to emerge stronger.

SUPPORT NEEDED TO EMERGE STRONGER



Base: n=1075

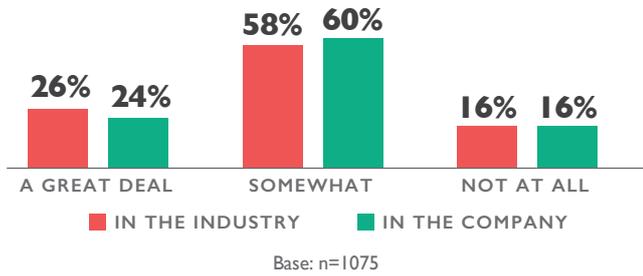


4. DIGITALISATION & TRANSFORMATION

i. COVID-19 has accelerated business digitalisation efforts across industries.

Four in ten businesses will increase investments in new technologies in 2021. 39% of companies report that IT / digitalisation budgets have increased as a result of the COVID19 situation.

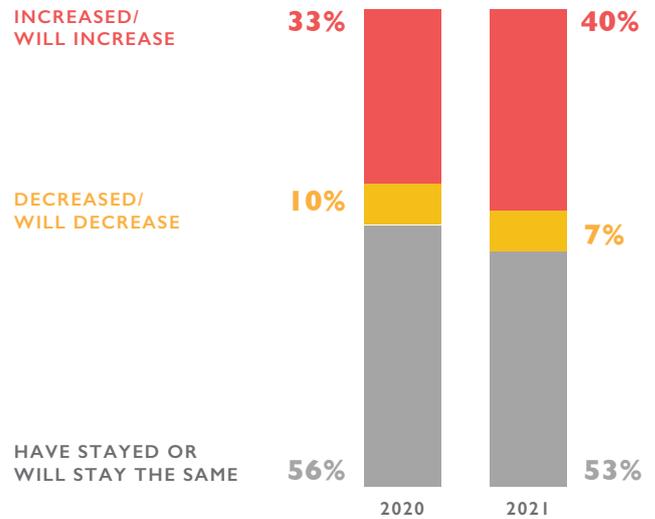
HAS COVID-19 ACCELERATED DIGITAL TRANSFORMATION?



HAS COVID-19 INCREASED IT/DIGITALISATION BUDGETS?



INVESTMENT IN NEW TECHNOLOGY



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

ii. Increasing productivity and streamlining processes are the top reasons to digitalise.

Close to half (45%) of Singapore companies tap on technology to improve collaboration and increase productivity, while 44% do so to optimise operations and automate business processes.

DIGITALISATION STEPS TAKEN DURING COVID

Collaborative technology and tools to increase productivity



Technology to streamline operations & automate processes



Enhance data & analytics capabilities to help with business decision-making



Monitor shifts in customer demands through enhanced data & analytics capabilities



Adopting cybersecurity solutions to minimise digital risks



Base: n=1075

iii. Key barrier to digitalisation is the perceived high investment cost.

Beyond investments, workforce challenges, such as upskilling staff and management support, are obstacles towards the adoption of technology.

TOP 5 TECHNOLOGY ADOPTION CHALLENGES FOR BUSINESSES

58% High cost of technology adoption

35% Upskilling of staff to keep up with the new technologies

33% Expensive licensing (e.g. Payments for commercial use of intellectual property)

32% Cyber security risks (e.g. to prevent data breaches)

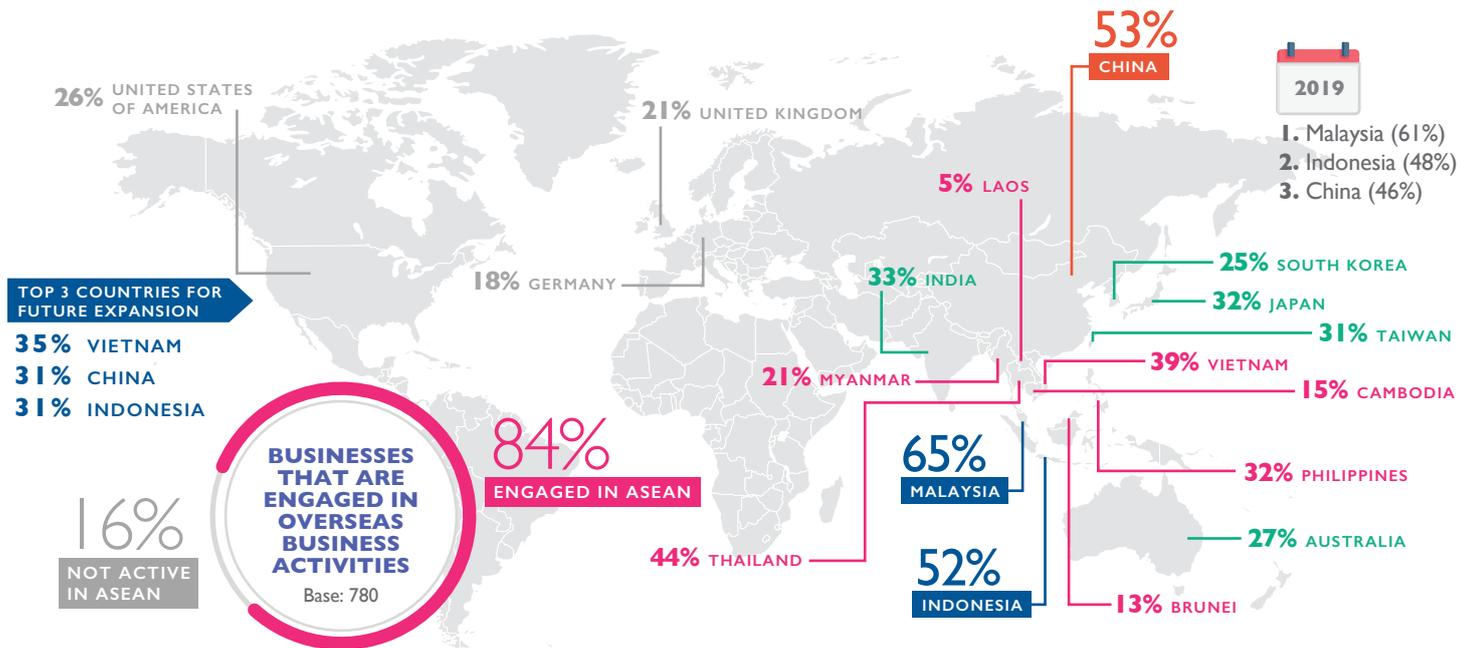
30% Lack of management expertise to drive the technological change

Base: n=1075

5. INTERNATIONALISATION

i. Singapore businesses still focused on expanding within ASEAN and beyond.

7 in 10 Singapore businesses report a presence in at least one overseas market, down from 8 in 10 in 2019. Despite the travel constraints and various issues brought about by COVID-19, Singapore businesses are staying committed to overseas expansions in the region and beyond.

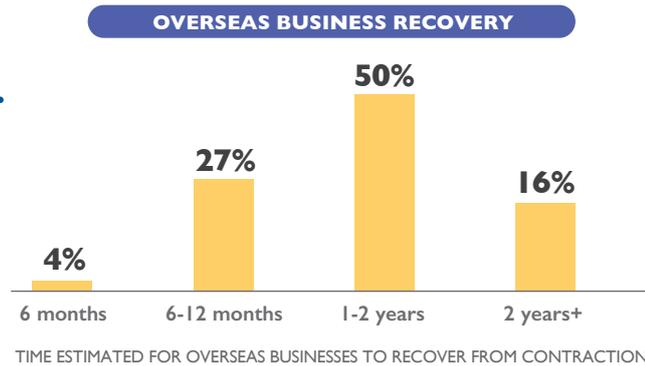


ii. Recovery of overseas business activities will take at least 1-2 years.

66% of businesses estimate that it will take more than a year for their overseas businesses to fully recover.

Base: Companies whose international businesses have contracted, n=369

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



iii. 1 in 2 companies experienced contraction in their overseas business.

Global economic disruption has hindered overseas business expansion and operations. Two-thirds of companies (66%) state that travel is a key aspect for successful overseas business presence.

6%

EXPANDED

TOP REASONS FOR EXPANDING

- Increased demand for products/services overseas **95%**
- Lack of demand for products/services in Singapore **40%**
- Reputation of Singapore brands, especially in light of COVID-19 **40%**



47%

REMAINED THE SAME

47%

CONTRACTED

TOP REASONS FOR CONTRACTING

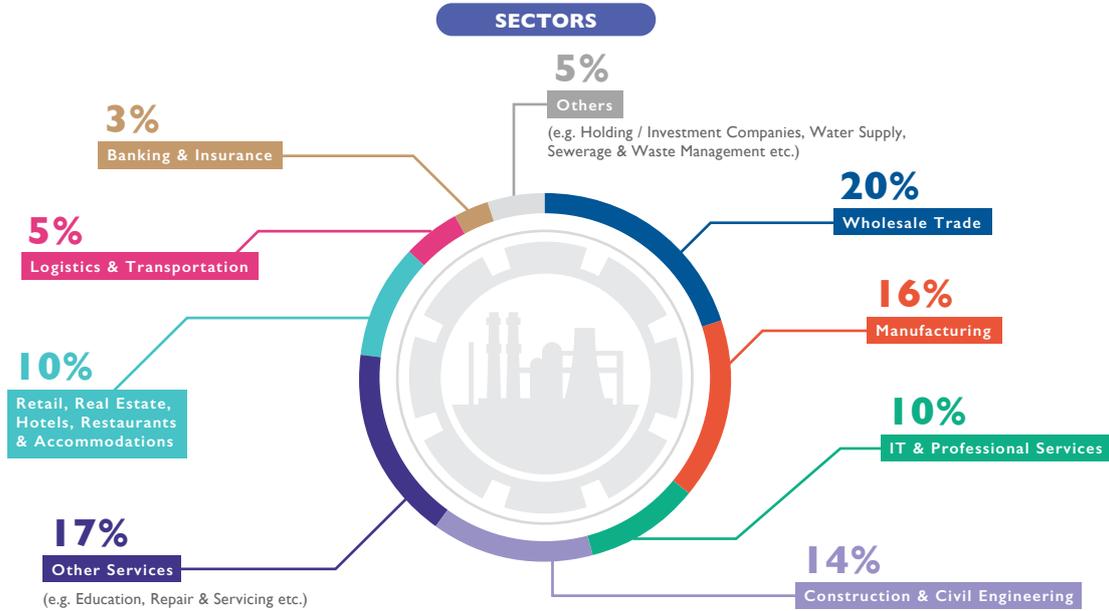
- 93%** Overseas market(s) affected by COVID-19
- 63%** Decreased demand for products/services
- 47%** Physical presence required in overseas market hindered by travel restrictions

66% say ability to travel overseas is key to effective business operations.

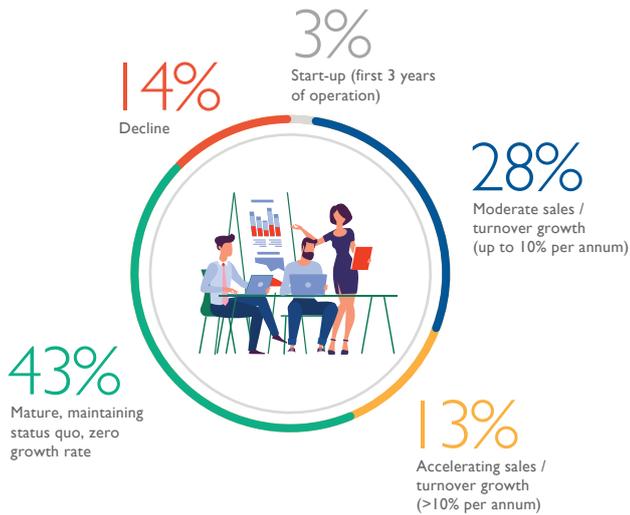
Base: Those who have overseas presence, n=780



6. ABOUT THE NATIONAL BUSINESS SURVEY 2020/2021



CURRENT STAGE OF DEVELOPMENT



MAIN MODE OF BUSINESS



COMPANY SIZE



MINIMUM LOCAL SHAREHOLDING OF 30%



ANNUAL SALES



Base: n=1075 | Decimal points have been rounded up. The total may not add up to 100%.

Survey conducted by Strategy & Development Division, Research & Publishing, Singapore Business Federation



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

In collaboration with Blackbox Research

