BUSINESS

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SBF's survey, conducted from June 18 to July 16, received responses from 796 companies across all major industries. Of the companies, 82 per cent were SMEs and 18 per cent were large companies.

40% of S'pore businesses plan to expand hiring: SBF poll

Reflecting caution, 48% of respondents plan to maintain current staffing levels

Amid a growing sense of confidence in the economy, 40 per cent of companies here intend to expand hiring in the next 12 months, up from 29 per cent in 2023, according to an annual manpower and wage survey by the Singapore Business Federation (SBF).

More businesses expect the economy to improve (27 per cent) than worsen (24 per cent) in the same period, while about half expect conditions to remain flat, said SBF on Aug 22.

But its chief executive officer Kok Ping Soon noted: "While there are signs of a more positive employment outlook with some businesses seeking to expand hiring and raise wages, a sizeable proportion of businesses continue to be cautious about the future."

Around 48 per cent of respondents plan to maintain their current staffing levels, which SBF said reflected "caution amid the current economic climate".

Fewer plan to cut headcount, at 12 per cent, down 4 percentage points from 2023. Those who plan to do so mostly cited a decline in business activity, economic uncertainty and cost management.

There was more optimism about the economy from companies in logistics and transport, as well as banking and insurance. Those in hotels, restaurants and accommodations, as well as administrative and support services, were more pessimistic.

In general, small and medium-sized enterprises (SMEs) had gloomier outlooks than large companies.

Sentiments for both the global and Asean business climate were more neutral in 2024, with a smaller proportion of respondents feeling either satisfied or dissatisfied compared with 2023.

While close to 70 per cent of businesses said they performed well in the past year, nearly half of all respondents are uncertain about their future prospects.

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Of the companies, 82 per cent were SMEs and 18 per cent were large companies.

Considering the current economic situation, fewer businesses plan to increase salaries in the next year, at 49 per cent, down from 58 per cent in the last 12 months. Similarly, only 16 per cent intend to raise non-salary staff costs, down from 34 per cent.

Instead, more companies are planning to increase investment in staff training, flexible work arrangements and redeployment of staff, compared with the last 12 months.

Rising manpower costs remained the top-cited challenge in 2024 – reported by 75 per cent of businesses, down slightly from 2023's 82 per cent.

But limited local talent is now a close second, cited as a challenge by 61 per cent of respondents, jumping from 40 per cent in the 2023 poll.

Work pass woes are the third-most prominent manpower challenge, with 53 per cent worried that new foreign manpower policies would raise costs, though this fell from 58 per cent previously.

Top sectors with foreign manpower challenges include construction and civil engineering; hotels, restaurants and accommodation; and retail trade.

Higher qualifying salaries for Employment Pass (EP) and S Pass applications are the hardest-hitting foreign manpower policy changes.

For higher EP qualifying salaries, the hardest hit are banking and insurance sector businesses; for higher S Pass qualifying salaries, the most affected are those in the retail sector, as well as the hotels, restaurants and accommodations sector.

SMEs also struggle with increased local qualifying salaries for work permit and S Pass quotas. Large companies are more affected by the points-based assessment framework for EPs, which kicked in in September 2023.

Businesses affected by tighter foreign workforce policies are responding mainly by enhancing local recruitment, outsourcing business functions and delaying business expansion, according to the survey.

Increasing wages to attract locals remains a top strategy but is less popular now than in 2023.

Other ways to appeal to local talent include providing flexible work arrangements and professional development opportunities.

As for what government support could help, the majority of respondents wanted a review of labour market flexibility, including foreign worker-related regulations (63 per cent) – with this sentiment being stronger among SMEs than large companies. This was followed by training and development support, sought by 51 per cent.

Despite hiring challenges, 71 per cent of the companies that were unable to find candidates with matching skill sets have not tapped government schemes to hire "near-fit employees".

There remains room for them to do so, SBF said. But it noted that respondents indicated barriers to tapping government schemes, such as a lack of suitable applicants.

Training and upskilling are a priority, with nearly nine in 10 businesses recognising the need to upskill. Those who saw a high urgency flagged the need to stay competitive, as well as changing customer expectations.

About seven in 10 say they have upskilled or reskilled their employees in the last 12 months through formal and informal training. They prioritise digital economy skills, with large companies in particular also finding green economy skills crucial.

As for challenges faced when investing in training, the most cited were limited manpower to cover staff, high training costs, and the fear that employees might not stay long enough for training to be beneficial.

As for non-training manpower-related moves, about two in five businesses have provided staff with career planning in the past 12 months; nearly two in three businesses have adopted the National Wages Council's guidelines; and almost three in four already offer flexible work arrangements.

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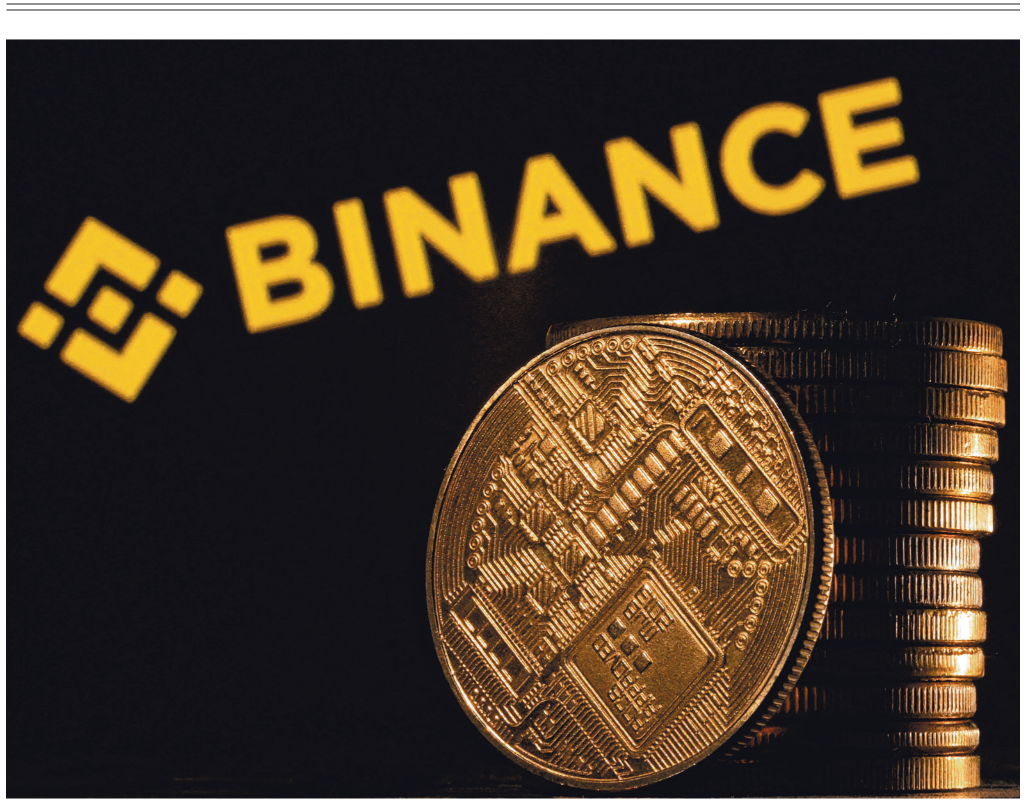

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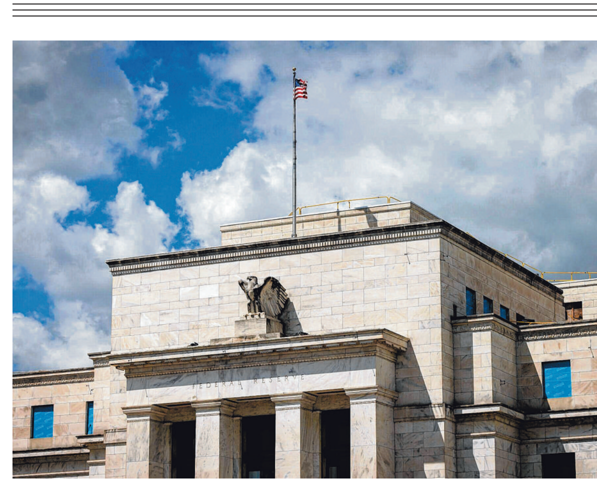

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