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Embargoed until 2 Jan 2025, 10am

SBF National Business Survey 2024 – Annual Business Sentiments Edition

Business Optimism Increased for 2025, but Manpower Costs and Demand Uncertainty Remain Key Concerns

Thursday, 2 January 2025 [Singapore]

The Singapore Business Federation (SBF) today released the National Business Survey (NBS) 2024 – Annual Business Sentiments Edition, revealing a more positive outlook for the Singapore economy. According to the survey, 40% of businesses are satisfied with current business climate—a 10%-point increase since mid-2024. More businesses also expect the economy to improve (26%) compared to worsen (22%) in the next 12 months.

2 Conducted from 11 October to 11 November 2024, the survey gathered responses from 519 businesses across all key industries, comprising 83% small and medium-sized enterprises (SMEs) and 17% large companies. The data and insights from the survey seek to inform the Singapore Budget 2025 recommendations to strengthen and build globally competitive and sustainable businesses.

Despite Rising Business Costs and Uncertainty, Businesses Sustain Profitability

3 While manpower costs continued to be the top challenge for businesses (66%), customer demand uncertainty has risen sharply from 30% in 2023 to 45% in 2024 as the second top challenge followed by rental costs from 36% in 2023 to 43% in 2024. Sectors such as Hotels, Restaurants and Accommodations (80%), Retail Trade (75%) and Wholesale Trade (59%) are most impacted with uncertainty in customer demand.

4 Despite rising business costs, one in two businesses (57%) have managed to maintain or increase profitability over the past year. The remaining 43% of businesses reported a decline in profitability with an average decrease of 27.5%. To mitigate cost pressures, 51% of businesses have implemented cost-saving measures, 41% have raised the prices of their products or services, and 30% have improved their inventory management.

5 Reflecting the resilience of our businesses, a significant 54% of businesses indicate they do not face a liquidity issue. However, among the 25% of businesses experiencing severe to moderate credit crunch, 40% lack sufficient funds to sustain operations for the next 3 to 6 months. In response, businesses are prioritising the reduction of non-essential outflows and assessing customers' credit risks to enhance collections and meet liquidity needs. 70% of businesses also seek government support programmes to help manage their financing needs.

6 Nonetheless, more companies are investing in their future, with 36% (7%-point increase) planning to focus on staff training, 37% (5%-point increase) on new technologies and digitalisation and 26% (5%-point increase) on new investments over the next 12 months.

Positive Views on Foreign Talent, but Singapore's Global Talent Hub Status Wanes

7 With limited local manpower and low unemployment rate, a complementary foreign workforce is needed to sustain our economic competitiveness. The majority of businesses (59%) believe that their local employees view foreign workers positively, with only 7% perceiving them as competitive. However,

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the proportion of businesses that rate Singapore as a highly attractive global talent hub has decreased from 43% in the past 12 months to 41% in the next 12 months. The decline is more pronounced among large companies from 55% to 47%.

8 To foster integration between local and foreign workforces, 42% of businesses rely on cross-functional teams. Only 1 in 5 companies have Diversity, Equity, and Inclusion (DEI) policies and are engaged in community or cultural integration activities.

Businesses Seek Support Amidst Challenges

9 Companies expressed strong appreciation for the Budget 2024 measures to help them manage rising costs, build strategic capabilities and enhance sustainability. The top five most welcomed initiatives are the Corporate Income Tax rebate (88%), the SkillsFuture Level Up programme (78%), the extension of SkillsFuture Enterprise Credit (73%), the enhancement of the Progressive Wage Credit Scheme (70%) and the increase of salary support cap for Career Conversion Programmes (CCPs) (67%). These initiatives have been crucial in enabling businesses to navigate economic challenges while investing in their workforce and future growth.

10 In light of the challenges ahead, businesses are seeking Government support to help manage their financing needs (35%), human capital development (34%) and digitalisation for business transformation (33%). The top three wishes from businesses for Budget 2025 are schemes to address cost pressures (64%), attracting and retaining the local workforce (43%) and addressing foreign manpower issues (41%).

11 Drawing from the survey findings and feedback from engagement with the business community, SBF will be releasing the SBF-PwC Budget Recommendations on 9 Jan 2025.

12 Mr Kok Ping Soon, Chief Executive Officer of SBF said, "As we move into 2025, it is encouraging to see a growth in optimism on business outlook, reflecting our businesses' resilience, adaptability and preparedness for the future by investing in capability building. This survey, conducted before the US Presidential election results, shows that many companies are already concerned with the uncertainty in demand arising from geopolitical forces. External factors such as increased trade tensions, potential tariff wars, and spillovers from regional conflicts are likely to dominate business concerns in the coming year."

13 "While rising business cost is a perennial concern which needs to be addressed, we are heartened that more companies are prepared to invest in people, technology and new businesses. Given our manpower constraints, we need to increase Singapore's absorptive capacity of a complementary foreign workforce to maintain our attractiveness as a global talent hub. With only 1 in 5 businesses having DEI policies and providing community or cultural integration activities, businesses can do more to integrate locals and foreigners at the workplaces." he added.

Annex A: National Business Survey 2024 – Annual Business Sentiments Edition Report

Full Report: [https://www.sbf.org.sg/docs/default-source/about-us/nbs-2024_annual-business-sentiments-edition_full-report-\(draft\)v2.pdf?sfvrsn=e7f00e8a_1](https://www.sbf.org.sg/docs/default-source/about-us/nbs-2024_annual-business-sentiments-edition_full-report-(draft)v2.pdf?sfvrsn=e7f00e8a_1)

Infographic Report: [https://www.sbf.org.sg/docs/default-source/advocacy-policy/nbs-2024_annual-business-sentiments-edition_infographic-\(final\).pdf?sfvrsn=86d80319_1](https://www.sbf.org.sg/docs/default-source/advocacy-policy/nbs-2024_annual-business-sentiments-edition_infographic-(final).pdf?sfvrsn=86d80319_1)



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Annex B: Quote from Companies

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About Singapore Business Federation (新加坡工商联合总会)

Singapore Business Federation (SBF) is the apex business chamber with over 32,000 members across diverse industries. With a vision to advance Singapore towards a globally competitive and sustainable economy, SBF mobilises the business community to be future-ready and magnify transformation opportunities through policy advocacy, partnership platforms and capability programmes.

For more information, please visit: www.sbf.org.sg

Annex B: Quotes from Companies

Ernie Koh
Executive Director, Koda
SBF Council Member and SME Committee Chairman

"The retail trade remains challenging as we enter 2025. High labour and rental costs continue to keep retail prices elevated. Both local and tourist consumption face headwinds due to stronger competition from regional markets. The strong Singapore dollar further reduces the competitiveness of purchases in Singapore compared to neighbouring countries.

Retailers also struggle to find workers, particularly frontline staff, as Singaporeans are reluctant to join the sector, and foreign labour policies remain restrictive. If wages and rentals continue to rise, further consolidation in the retail sector is inevitable."

Ang Yuit
Chief Executive Officer & Founder, The Adventus Consultants
SBF SME Committee Chairman

"This year has been very challenging for SMEs. While sectors like manufacturing show some bright spots, most SMEs face challenges from subdued consumer and business spending, weak

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demand, high costs, and strong foreign competition in the domestic market. Moving forward, SMEs should focus on reducing average costs, driving innovation, and expanding their addressable markets where possible.”

Mark Lee
Chief Executive Officer, Sing Lun Holdings
SBF Vice-Chairman and Honorary Treasurer

“We believe integrating local and foreign employees is vital to building a united and inclusive workplace. It’s encouraging that 59% of businesses view their foreign employees positively. Our organisation fosters teamwork through cross-functional initiatives that unite individuals from diverse roles and backgrounds. Guided by our commitment to Diversity, Equity, and Inclusion (DEI), we prioritise cultural integration and community-building to create a positive environment for all.

Some of our key initiatives include:

- *Regular Engagement Sessions: These sessions give foreign employees a platform to share feedback in a supportive environment, enabling us to address concerns promptly and ensure their voices are heard.*
- *Quarterly Walks: We organise walks to explore various parts of Singapore, such as East Coast Park, Chinese Garden, and Jurong Lake Garden. These outings feature games and activities, fostering connection, relationship-building, and relaxation among employees. For our foreign employees, it’s also an opportunity to discover Singapore’s parks and learn more about the country. Additionally, we’re planning heritage trails to highlight Singapore’s rich history and cultural diversity.*
- *Cultural Festival Celebrations: We celebrate festivals like Chinese New Year, Hari Raya, Deepavali, and Mid-Autumn with festive meals, cultural activities, and sharing sessions. These events foster respect and unity by helping our team appreciate and understand each other’s traditions.*

Such initiatives strengthen relationships, create a sense of belonging, and ensure all employees feel connected to our community and Singapore’s culture.