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SBF National Business Survey 2026 – Manpower and Wages Edition

Businesses Turn to Skills-First Hiring, Training and Job Redesign as Skills Gaps Widen

The Singapore Business Federation (SBF) released findings from its National Business Survey 2026 – Manpower and Wages Edition, which highlighted how businesses are adapting their manpower strategies in response to evolving workforce pressures.

Skills mismatch has entered the top five manpower challenges this year, with 41% of businesses citing difficulty finding candidates with relevant skillsets and competencies. Businesses are increasingly looking beyond traditional qualifications in their hiring practices, with 84% having either fully or partially adopted skills-first hiring, up from 72% in 2025.

Businesses are also directing greater investment into training, with 71% having trained, upskilled or reskilled employees in the past year, up from 66% in 2025. However, informal training continues to dominate and workforce skills planning remains largely reactive, suggesting that businesses could do more to connect skills development with long-term transformation goals.

Alongside this, foreign manpower constraints have emerged as the second most cited manpower challenge (47%) after rising manpower costs (68%), prompting broader workforce restructuring. Affected businesses are expanding local recruitment, integrating automation and AI into business processes, and redesigning jobs to enable employees to work alongside digital tools.

Mr Kok Ping Soon, Chief Executive Officer, SBF, said, "Singapore businesses are actively rethinking how they hire, train and deploy talent. Skills are becoming the new currency for hiring, as employers place greater weight on practical ability over paper qualifications. More businesses are investing in training, but training must be tied more closely to business transformation if it is to deliver real impact. At the same time, foreign manpower constraints are pushing businesses to hire more locals, automate faster and redesign jobs for an AI-enabled workforce. The priority now is to help businesses turn workforce investment into an engine of competitiveness and growth."

This National Business Survey is conducted by SBF to understand the needs, concerns and priorities of businesses in Singapore amid an evolving economic landscape. The findings inform SBF's advocacy efforts and engagement with the Government, helping shape policies to support the business community.

A summary of key findings can be found below:

KEY FINDINGS

1. **Growing skills gaps are making hiring increasingly difficult, but compensation expectations remain the top challenge**

Difficulty in finding candidates with relevant skillsets has risen into the top five manpower challenges in 2026, signalling a growing gap between the skills businesses require and those available in the labour market.

Hiring fresh graduates remains challenging, with 54% of businesses citing a lack of required skills or competencies as a key challenge. Other major challenges include limited practical work experience (62%) and insufficient industry-specific knowledge (58%).

Skills and competency gaps also remain a key challenge when hiring mid-career and mature workers aged 50 and above, cited by 39% and 33% of businesses respectively. However, compensation expectations exceeding companies' budgets remain the top hiring challenge for both groups.

2. **Skills-first hiring gaining momentum, but businesses need more support to adopt it with confidence**

As skills shortages become more prominent, more businesses are looking beyond traditional qualifications in their hiring practices. 84% of businesses have either fully or partially adopted skills-first hiring, up from 72% in 2025.

Among businesses that have yet to fully adopt skills-first hiring, 38% are uncertain whether candidates with adjacent skills can perform the job, while 34% are unsure how to assess candidates' required skills without relying on work experience or qualifications.

Businesses see a need for greater support to facilitate skills-first hiring, including financial grants (37%), skills-first recruitment portals to facilitate skills matching (33%), and tools to simplify skills identification, validation and matching using a nationally recognised skills framework (30%).

3. **Businesses are investing more in workforce training, but skills development remains largely informal, reactive and constrained by costs**

More businesses are investing in workforce development, with this momentum expected to continue. 71% of businesses trained, upskilled or reskilled their staff in the last 12 months, up from 66% in 2025. Looking ahead, 72% of businesses plan to train, upskill or reskill their staff over the next 12 months, up from 70% in 2025.

Informal training remains the predominant mode of training, pointing to a gap between structured training provision and businesses' needs. 72% of businesses provided informal training in the last 12 months, compared with 57% of businesses that provided structured training through Government-related programmes and 64% of businesses that provided structured training through non-Government-related programmes. This suggests that while structured training provides more formalised support, businesses continue to rely heavily on informal training to address immediate and job-specific needs.

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Training needs remain strongly business- and job-oriented. Specialised skills required for job roles were the top priority for skills upgrading (63%), followed by leadership and management skills (51%) and analytical, conceptual, evaluative and problem-solving skills (47%). This reinforces the importance of training that is closely aligned with evolving job requirements and business needs.

However, workforce skills planning remains more reactive than strategic. 56% of businesses review future workforce skills needs only when specific requirements arise, while just 10% have integrated future workforce skills assessment into regular strategic planning. This suggests that training is not yet consistently linked to longer-term workforce planning or broader business transformation.

Businesses face both financial and operational barriers to training. Cost of training (51%) and limited manpower to cover employees undergoing training (46%) are the top constraints. Businesses highlighted schemes to defray training costs (42%), financial incentives to offset business costs in other areas (38%), and more flexible and accessible training programmes (37%) as key areas of support.

4. **Businesses are redesigning jobs and work processes to boost productivity and adapt to workforce changes, but skills and change-management challenges remain**

Businesses are increasingly using technology and process redesign to address workforce needs. 53% of businesses made changes to their work processes in the last 12 months, including automating or digitalising specific tasks (54%), introducing Artificial Intelligence (AI)-enabled tools (49%) and redesigning end-to-end processes (33%).

These changes are delivering workforce benefits, while creating new skills requirements. 47% of businesses reported higher productivity per worker, while 41% of businesses reported greater need to reskill or upskill existing employees.

Job redesign is also gaining traction, with 32% of businesses implementing job redesign in the last 12 months. The most common approaches were redesigning roles, tasks or job scopes (74%), digitalising or automating tasks or workflows (39%), and introducing productivity and innovation initiatives (38%).

Most businesses implementing job redesign are preparing employees ahead of implementation. 82% of businesses put measures in place, with communication and engagement to build openness towards technology, AI and new ways of working (50%), and early identification of employees for reskilling or redeployment (48%) being the most common measures.

However, people-related challenges remain. Employees' resistance to change (41%) and the need to upskill staff to meet new or revised job scopes (30%) are key challenges in implementing job redesign.

5. **Foreign manpower policies leading to high costs is a major business challenge, but are driving workforce restructuring" to draw out the trade-off**

Foreign manpower policies that raise costs (47%) are now the second most cited manpower challenge after rising manpower costs (68%). Among the foreign manpower policy changes, increases in S Pass and Employment Pass qualifying salaries for new and renewal applications were viewed as having the most negative impact on businesses.

The impact is particularly pronounced in sectors reliant on foreign manpower and skilled foreign talent. Hotels, Restaurants & Accommodations, IT & Related Services, Professional Services and Real Estate Activities sectors were among the sectors reporting the greatest negative impact from higher S Pass and Employment Pass qualifying salaries.

At the same time, businesses welcome measures that expand access to foreign manpower, such as the expansion of the Non-Traditional Source Occupation List to include eight new occupations.

Tighter foreign manpower conditions are also prompting businesses to accelerate workforce restructuring. Businesses are responding by expanding recruitment efforts to hire locals (39%), redesigning business processes through automation or AI to reduce manpower needs (31%), and redesigning jobs and task mixes to enable employees to work alongside digital or AI tools (31%).

While workforce restructuring is accelerating, sufficient access to foreign manpower remains important during the transition, particularly for manpower-dependent sectors. At the same time, professional and technology-intensive sectors remain more sensitive to the rising cost of skilled foreign talent.

Annex A: SBF National Business Survey 2026 – Manpower and Wages Edition

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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 34,000 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: https://www.sbf.org.sg/