

BUSINESS SENTIMENT

4TH QUARTER 2020

98%
SMEs

2%
Non-SMEs

Economic and industry sentiments of Singapore ICT companies saw an uptick in this quarter. The Ministry of Trade and Industry (MTI) has maintained Singapore's GDP growth forecast at 4% to 6% for 2021, with the progress in vaccine development and deployment. Alongside the positive outlook, ICT companies are also looking to increase their budgets for business expansion to seek emerging growth opportunities. Only a minority of ICT companies saw job redundancies in October to December 2020. In all, the ICT industry remains resilient, exhibiting signs of recovery as the economy begins to take a positive turn.

This study was conducted in January-February 2021 with 414 ICT business leaders.



Improving Perceptions of the Economy and Industry Situation

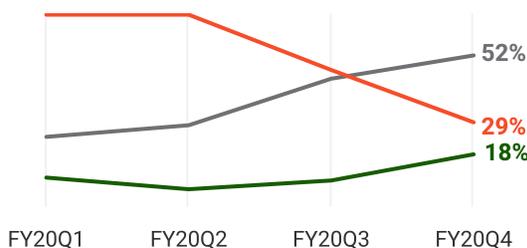


1 in 2

Companies anticipate the economy and industry to be better a year from now

Economic Sentiment

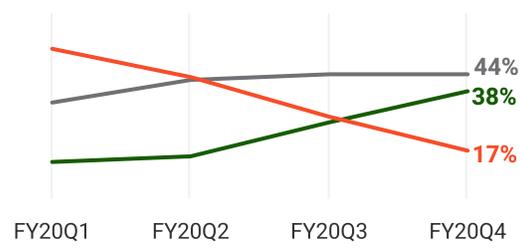
In FY2020 Q4, more companies were positive about Singapore's current economic situation. 'Poor' ratings of the economy stood at an all-time low.



— Poor — Average — Good

Industry Sentiment

Likewise, sentiments on the ICT industry seems to be stabilising, with nearly 2 in 5 companies rating the current ICT industry situation as 'Good'.



Revenue Changes

In Oct-Dec'20, fewer ICT companies reported a Year-on-Year (Y-o-Y) decrease in revenue compared to in Jul-Sep'20. Singapore entered Phase 3 of its reopening on 28 December, with allowance for a broader range of business activities to resume. With the Singapore economy anticipating a gradual recovery, positive revenue trends are forecasted to continue, with 3 in 10 companies expecting Y-o-Y revenue growth in Jan-Mar'21.

53%
of companies profitable in FY2020



34%

of companies expecting Q-o-Q revenue growth in January to March 2021 as compared to October to December 2020



Manpower

In Oct-Dec '20, 3 in 10 ICT companies created at least 1 position. The proportion of companies that reported job redundancies (9%) was also the lowest across FY2020. A higher proportion of companies (39%) is planning to create new positions in Jan-Mar '21. Tech-heavy jobs remained the focus among the new jobs created in Oct-Dec '20. Only 1 in 2 tech-heavy jobs created were filled.

31%

of ICT companies created jobs in Oct-Dec'20



728

positions created in Oct-Dec'20



Critical Infocomm Technology Resource Programme PLUS (CITREP+)

Funding support of up to 90% of course fees for companies to keep pace with technology shifts through continuous and proactive training for employees in relevant areas such as **Artificial Intelligence, Cyber Security, and Data Analytics.**





Business Strategies in 1H 2021

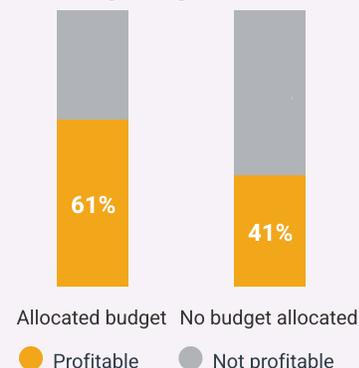
In January to June 2021, almost 2 in 5 companies are looking to increase their business expansion budgets to venture into new markets and start new product lines, while 3 in 10 companies are looking to scale up innovation. Around 2 in 5 companies are considering seeking additional financing to stay afloat or cost-share with other businesses in 1H 2021. Approximately 1 in 3 companies are examining the possibility of reducing staff compensation and re-organising the existing workforce. 1 in 4 companies are contemplating relocating their business line out of Singapore, while fewer companies are looking at laying off staff or winding down their business.



53%

of companies planned to increase or maintain their **training budget**. Companies that planned to allocate a training budget tended to be profitable in FY2020.

Training budget allocation



Building a Singaporean Core

Likely Actions



The Singapore Government has pledged to work with tech companies to develop the sector's Singaporean core, which will help the industry handle the impact of tightened foreign manpower policies. The provision of government support grants such as SGUnited Jobs and Skills Package and Enhanced Hiring Incentive aim to encourage businesses to employ local talent and bridge possible skill gaps.

Companies cited shortage of local talent with the necessary skills and manpower costs as one of their key challenges in building a Singaporean Core. Even so, nearly 2 in 5 companies are looking towards hiring more Singaporeans to fill new roles, and 1 in 5 companies considered retraining Singaporean staff to fill roles currently held by foreigners to build up the local workforce.



Jobs Growth Incentive (JGI)

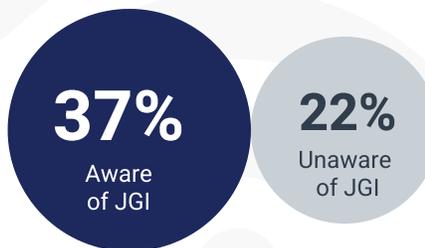
The JGI was launched to provide support and encourage companies to hire more Singaporeans and accelerate the hiring of local employees.

Generally, companies that were aware of JGI were also more likely to report and anticipate an increase in manpower.



*Excludes companies with zero local employees

Companies that observed manpower growth in Oct-Dec'20



Visit our [One-Stop Resource page](#) to browse assistance schemes grouped according to business stage/function.

IndSights Research is a not-for-profit industry research company conducting studies on various issues affecting Information and Communications Technology (ICT) companies, as well as businesses in all key industries in Singapore.

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