

# BUSINESS SENTIMENT

## 4<sup>TH</sup> QUARTER 2020

94%  
SMEs

6%  
Non-SMEs

Economic and industry sentiments of Singapore 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, companies are also looking to increase their budgets for business expansion and digitalisation for improved job efficiencies. More companies are also looking to increase manpower.

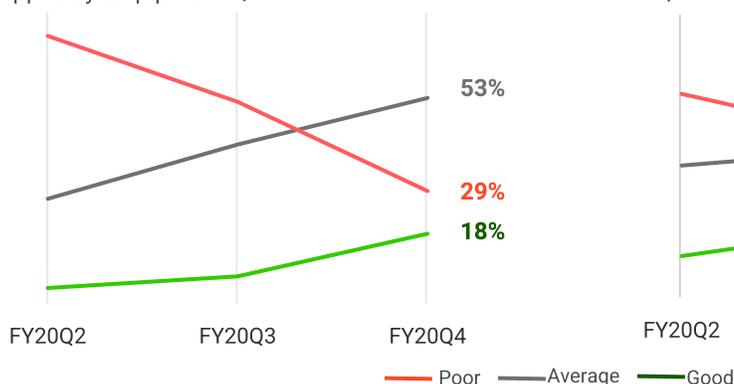
This study was conducted in January-February 2021 with 1,572 business leaders from various industries: Environmental services, Food services, Logistics, Retail, ICT, Security, Wholesale trade, Real Estate, Air Transport, Land Transport, Sea Transport, and Hotels.



### Improving Perceptions of the Economy and Industry Situation

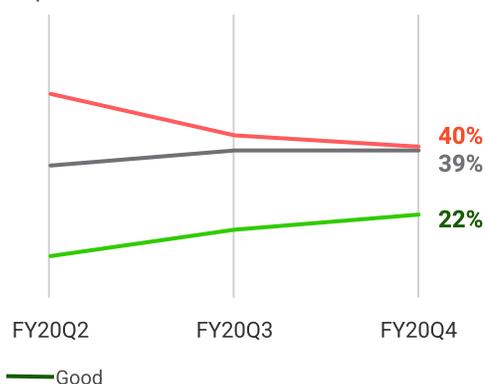
#### Economic Sentiment

In FY2020 Q4, companies' sentiments about the current economy improved significantly. Companies that felt the current economy was poor dropped by 23 p.p from Q3.



#### Industry Sentiment

Likewise, sentiment on the industry is stabilising. Almost 1 in 4 companies felt the current business situation was good, an improvement from Q3.



1 in 2

Companies anticipate the **economy** to be better a year from now



2 in 5

Companies expect a better **business situation** a year from now



### Revenue Changes

In Oct-Dec'20, more companies reported Y-o-Y increase in revenue compared to in Jul-Sep'20. Singapore entered Phase 3 of its reopening on 28 December 2020, 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 – 25% of companies are expecting Y-o-Y revenue growth in Jan-Mar'21.

53%

of companies were profitable in FY 2020



1 in 4

Companies are expecting Y-o-Y **revenue growth** in January to March 2021



### Manpower



In Oct-Dec'20, almost 1 in 5 companies had increased their manpower. Looking forward to Jan-Mar'21, 1 in 4 companies are expecting manpower growth, while fewer companies expect a reduction in manpower. This optimism in hiring is reflective of the positive sentiments towards the Singapore economy and local industry.



In Jan-Jun this year, 1 in 3 companies are looking to increase their business expansions budgets to venture into new markets or start new product lines, while an equal number are prioritising digitalisation. 3 in 10 companies plan to scale up their spending on IT solutions to improve productivity or innovation in products and services through R&D. These may be signs of the industry stabilising as companies look to capitalise on potential growth opportunities.



### Digitalisation

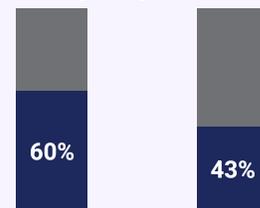
Among companies that did not allocate budget for **Digitalisation**, many had experienced Y-O-Y **revenue decrease** and were **unprofitable**.



# 54%

of companies planned to increase or maintain their **training budget** in 1H 2021. Companies that allocated budget for training tended to be profitable in FY2020.

### Training budget allocation



Allocated budget No budget allocated  
● Profitable ● Not profitable

Around 2 in 5 companies are considering seeking additional financing to stay afloat or cost-sharing with other businesses in 1H2021. Approximately 1 in 3 companies are examining the possibility of reducing staff compensation and re-organising the existing workforce. 1 in 5 companies are contemplating relocating their business line out of Singapore, while fewer companies are looking at laying off staff or winding down their business.



## Building a Singaporean Core

The Singapore Government has pledged to work with local companies to develop the Singaporean core, which will help industries 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 the unattractiveness of job roles, difficulty in staff retention and manpower cost as some of their key challenges in building a Singaporean Core. Even so, more than 1 in 3 companies are looking towards hiring more Singaporeans to fill new roles, and close to 1 in 5 companies considered hiring or training more existing Singaporean staff to fill roles currently held by foreigners, to build up the local workforce.

### Likely Actions



**35%**

**Hire more Singaporeans** to fill new roles/positions



**19%**

**Hire more Singaporeans** to fill roles currently held by foreigners



**18%**

**Train more existing Singaporeans** to fill roles currently held by foreigners



## 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. Find out more about [JGI](#) here



# 62%\*

of companies were aware of JGI



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

Connect with us