

A photograph of three business professionals (two men and one woman) in a meeting, seated in a room with many white chairs. A dark blue semi-transparent banner is overlaid on the right side of the image, containing the title text.

SGC Business Sentiment Survey 2023

March 2023



Singaporean-German Chamber
of Industry and Commerce
Deutsch-Singapurische
Industrie- und Handelskammer



AGENDA

- A. COMPANY PROFILE**
- B. BUSINESS ENVIRONMENT**
- C. COST OF DOING BUSINESS AND RENTAL PRICES**
- D. SUMMARY**

Note

104 SGC members participated in the SGC Business Sentiment Survey 2023 (18% of all SGC members).

The survey was conducted between 02 February 2023 – 17 February 2023.

AGENDA

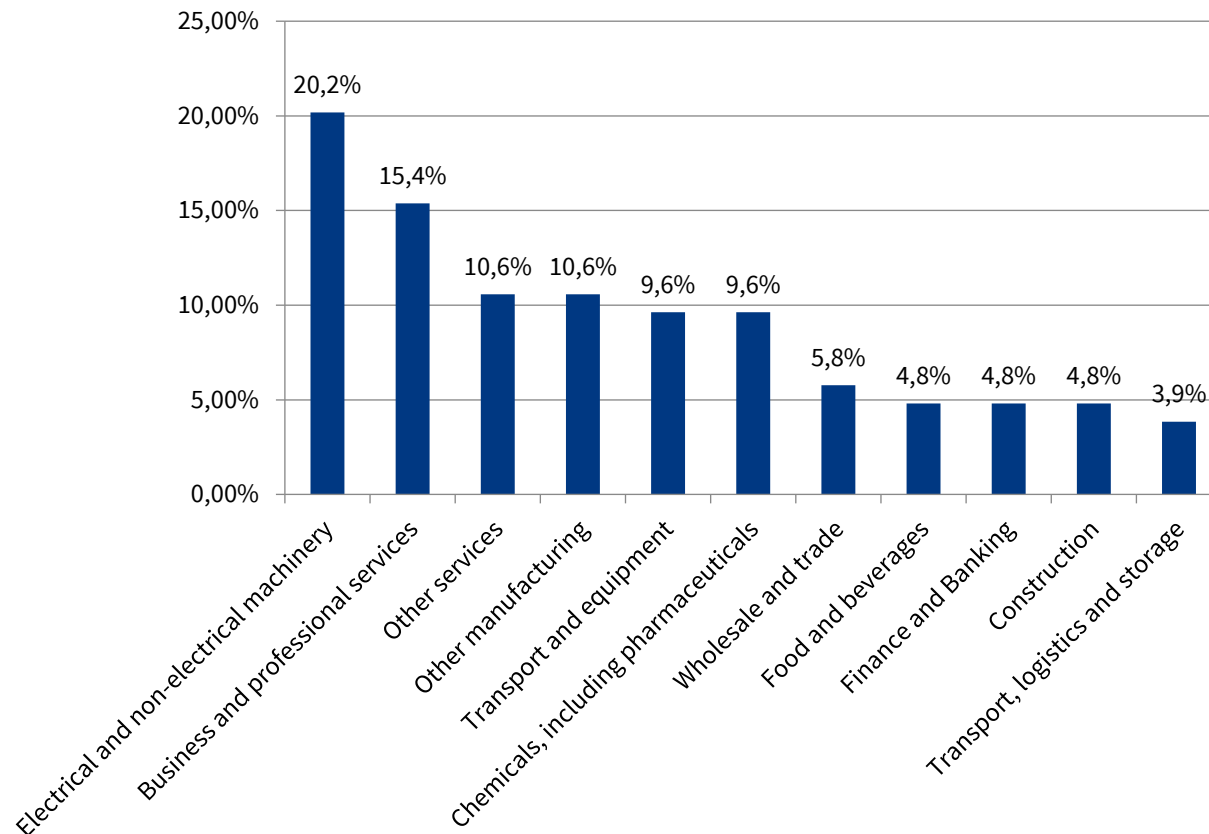
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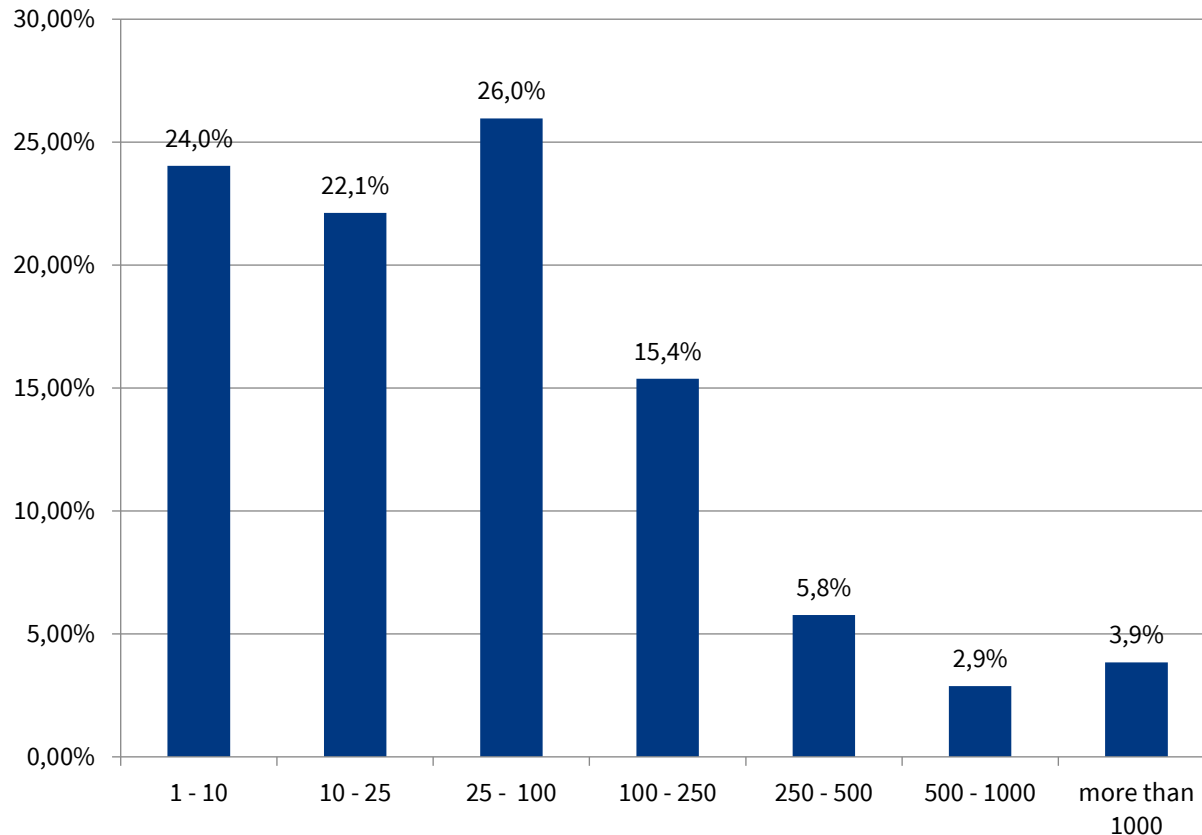


Q1. What sector are you predominantly operating in?



Top sectors of respondents are from Electrical and Non-electrical Machinery (20%), Business and Professional Services (15%), Other Services as well as Other Manufacturing (both 11%).

Q2. How many employees does your company have in Singapore?



Most of the respondents have 25 – 100 employees (26%). Generally, the distribution is about one quarter for 1-10 employees (24%), 10-25 staff members (22%) and more than 100 employees (28%).

AGENDA

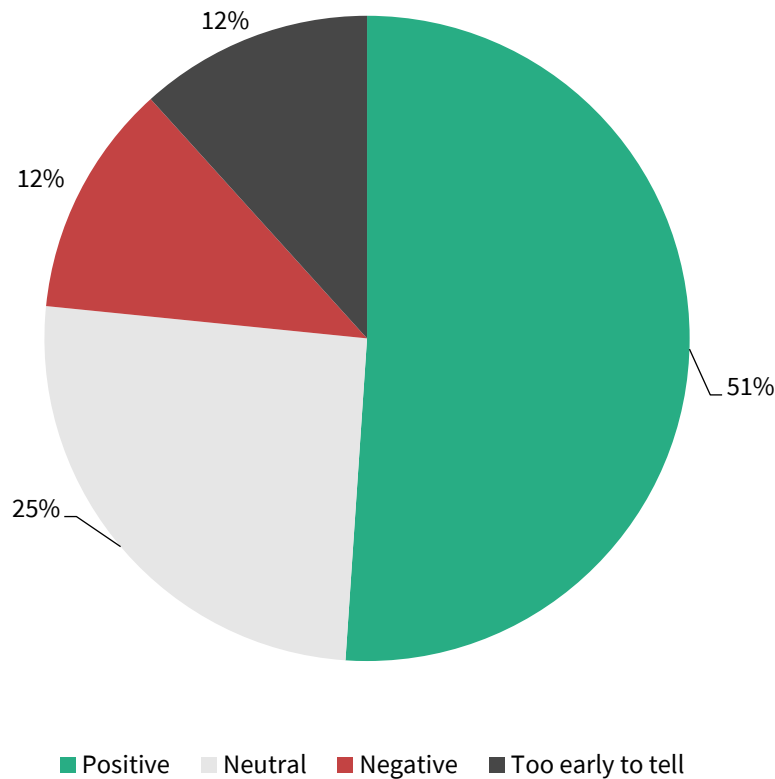
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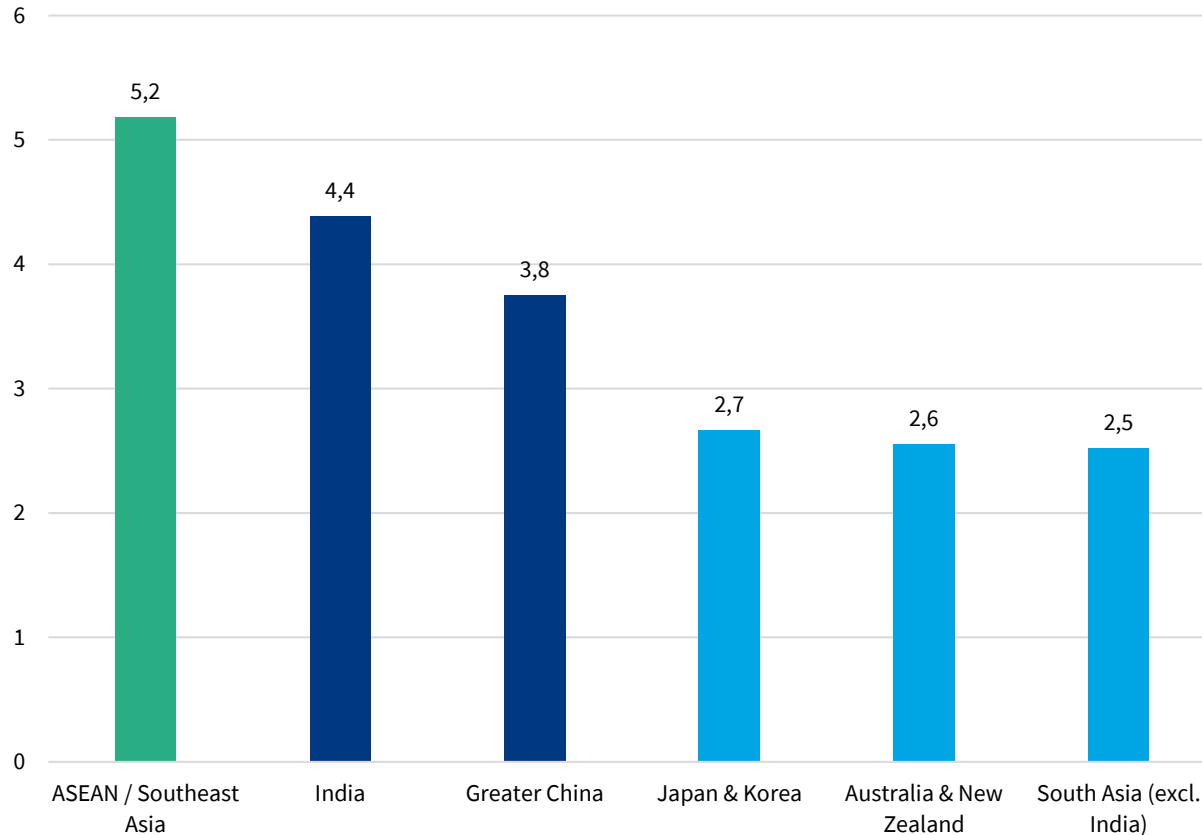
Q3. What is your business Outlook for 2023?



The majority of respondents (51%) have a positive business outlook for the year 2023. Only 12% expect a difficult year.

B. BUSINESS ENVIRONMENT

Q4. How would you rank the following markets in terms of growth potential in the next 3 years? (6 highest potential, 1 lowest potential)



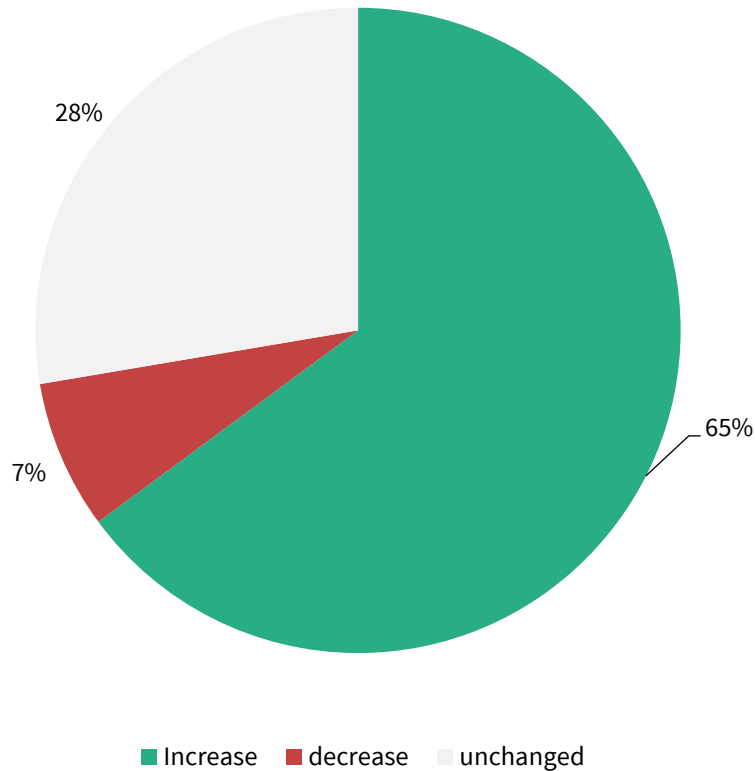
ASEAN / Southeast Asia is clearly perceived as the most attractive region with a weighted average ranking of 5.2. Other interesting markets are India (4.4) and Greater China (3.8). Japan & Korea, Australia & New Zealand and South Asia (excl. India) are seen as approx. equally attractive with rankings between 2.5 and 2.7.



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 **PartnerInSingapore**

Q5. Are you planning to increase or decrease your number of employees in Singapore in the next 12 months?

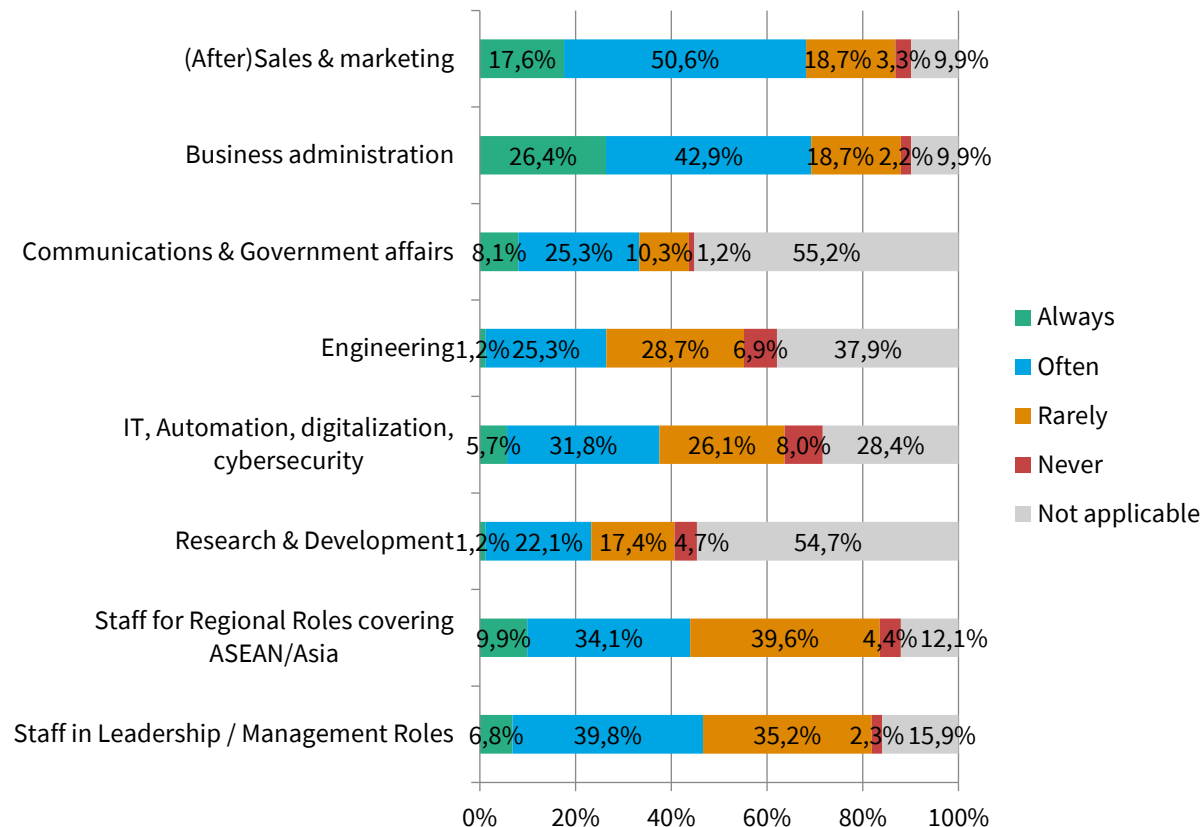


Approx. two-thirds (65%) plan to increase the number of employees within the next 12 months.

Only 7% stated that they will decrease their headcount.

B. BUSINESS ENVIRONMENT

Q6. Do you find enough qualified workers in Singapore for the following business functions?



There are business functions for which it is easier to find qualified employees within Singapore. For Business Administration most respondents (69%*) state that they at least find qualified staff often, for (After)Sales and Marketing (68%*) they indicate the same.

For several other functions it is harder to find staff; 36%** indicate that they either rarely or never find qualified employees in Engineering, and 34%** indicate they either rarely or never find qualified employees in the IT sector. This is a slight improvement compared to last year.

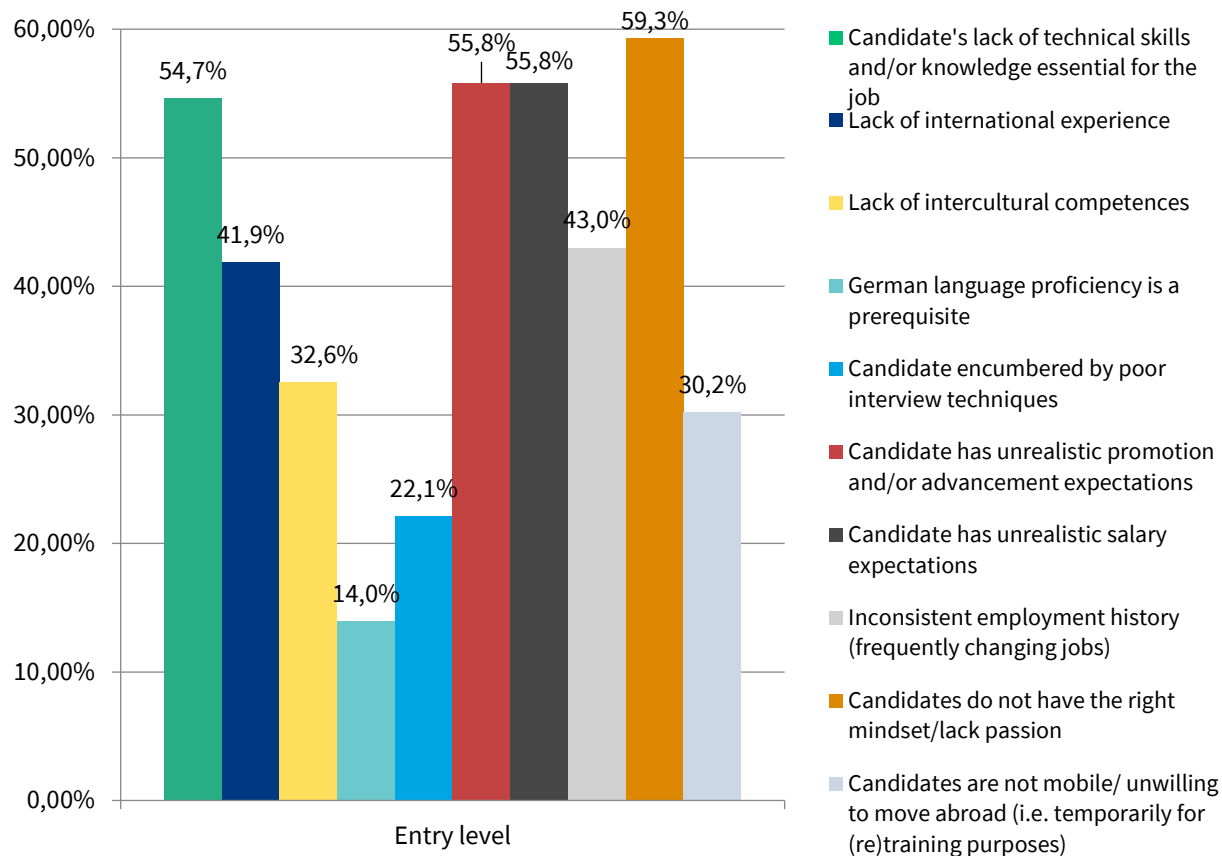
It is even more difficult to find staff in regional roles covering ASEAN/Asia (44%***) and Staff in Leadership / Management Roles (38%**).

*cumulation of always and often

** cumulation of rarely and never

B. BUSINESS ENVIRONMENT

Q7. What are the difficulties you face in recruiting local talent (Singaporean and PR)? (1/3 Entry Level)



Compared to other levels, the most difficulty was in recruiting local talent at entry level (compared with the next two slides). Major difficulties which more than half of the companies indicate are that candidates have a wrong mindset/lack passion (59%), ask for unrealistic promotion and/or advancement as well as unrealistic salary expectations (both 56%), and lack technical skills and/or a lack essential knowledge for the role (55%).

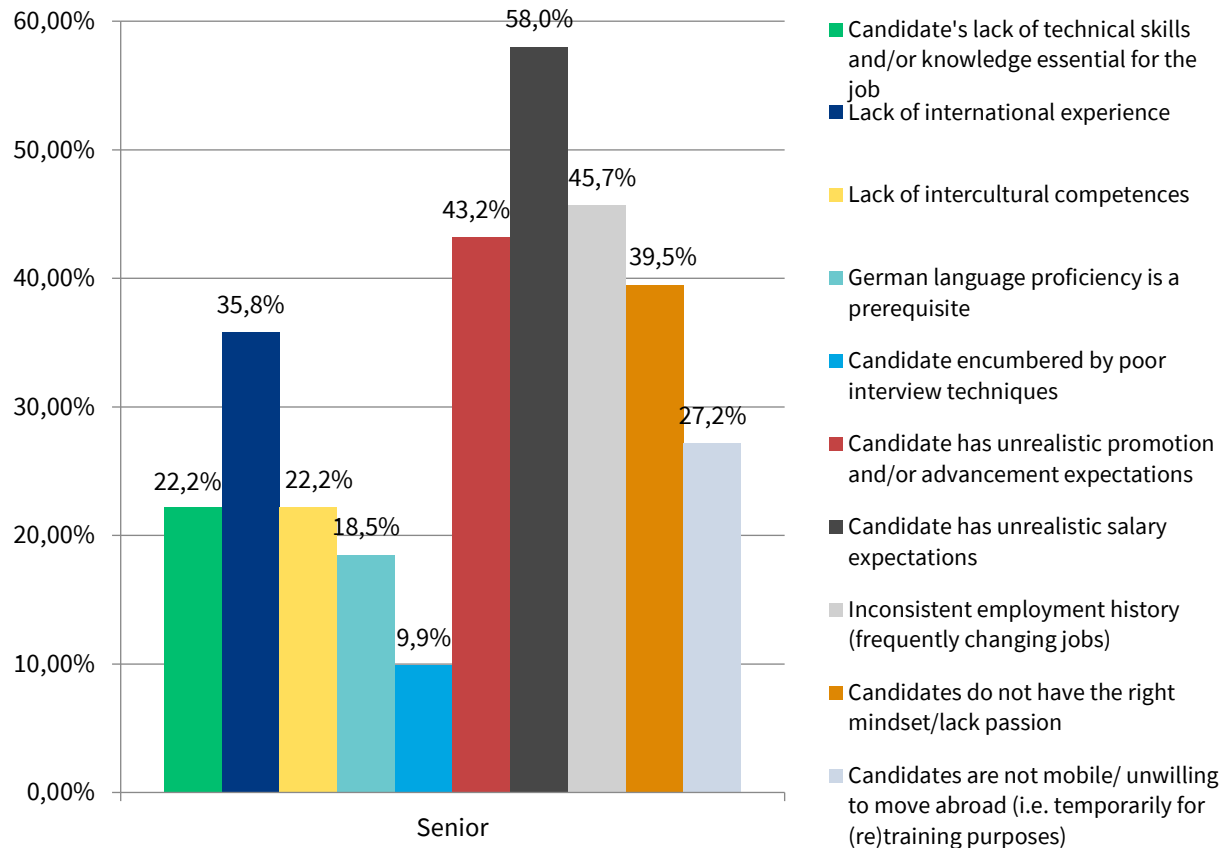


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 **PartnerInSingapore**

B. BUSINESS ENVIRONMENT

Q7. What are the difficulties you face in recruiting local talent (Singaporean and PR)? (2/3 Senior Level)



The majority of companies (58%) named unrealistic salary expectations as main difficulty in recruiting local talent in Singapore at a senior level. Other difficulties are an inconsistent employment history (46%), unrealistic promotion and/or advancement expectations (43%), and a wrong mindset or a lack of passion (40%).

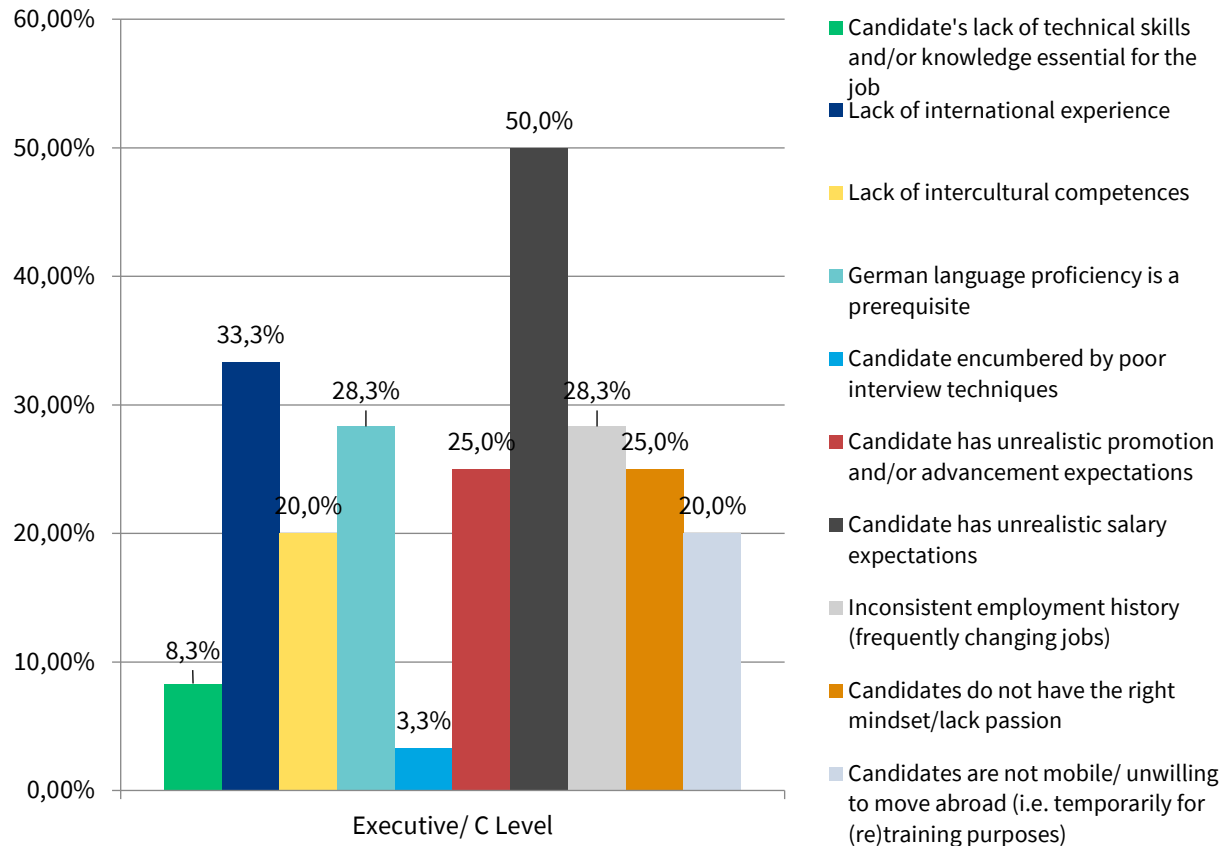
We can see increasing difficulties regarding unrealistic salary expectations (+ 4% points) compared to last year. However, the other top difficulties show a better picture than in 2022.



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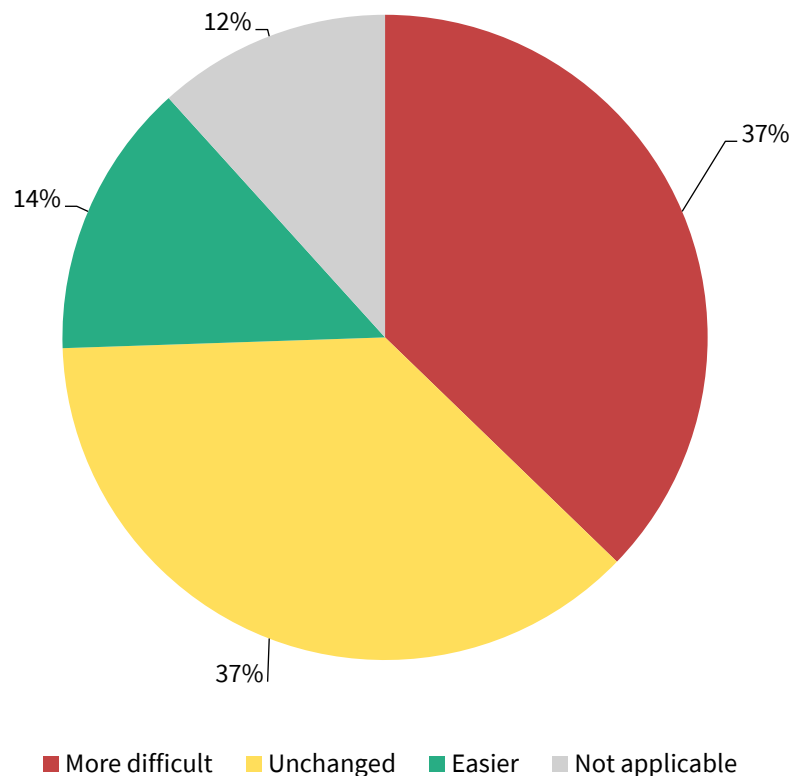
Q7. What are the difficulties you face in recruiting local talent (Singaporean and PR)? (3/3 Executive/ C-Level)



The main difficulty for companies recruiting local talent in Singapore at Executive / C-level is again unrealistic salary expectations (50%). Other difficulties are the lack of international experience (33%), requirement for speaking German and an inconsistent employment history (both 28%).

The main difficulty of unrealistic salary expectations became even more urgent within the last year as in 2022 only 36% stated this issue as difficulty.

Q8. Obtaining an EP has become ____ during the last 12 months.



37% of all respondents stated that they found it more difficult to obtain Employment Passes for their foreign employees during the past 12 months in Singapore.

Likewise, 37% face an unchanged situation regarding obtaining EPs.

Only 14% found it easier to get an EP for their employees.

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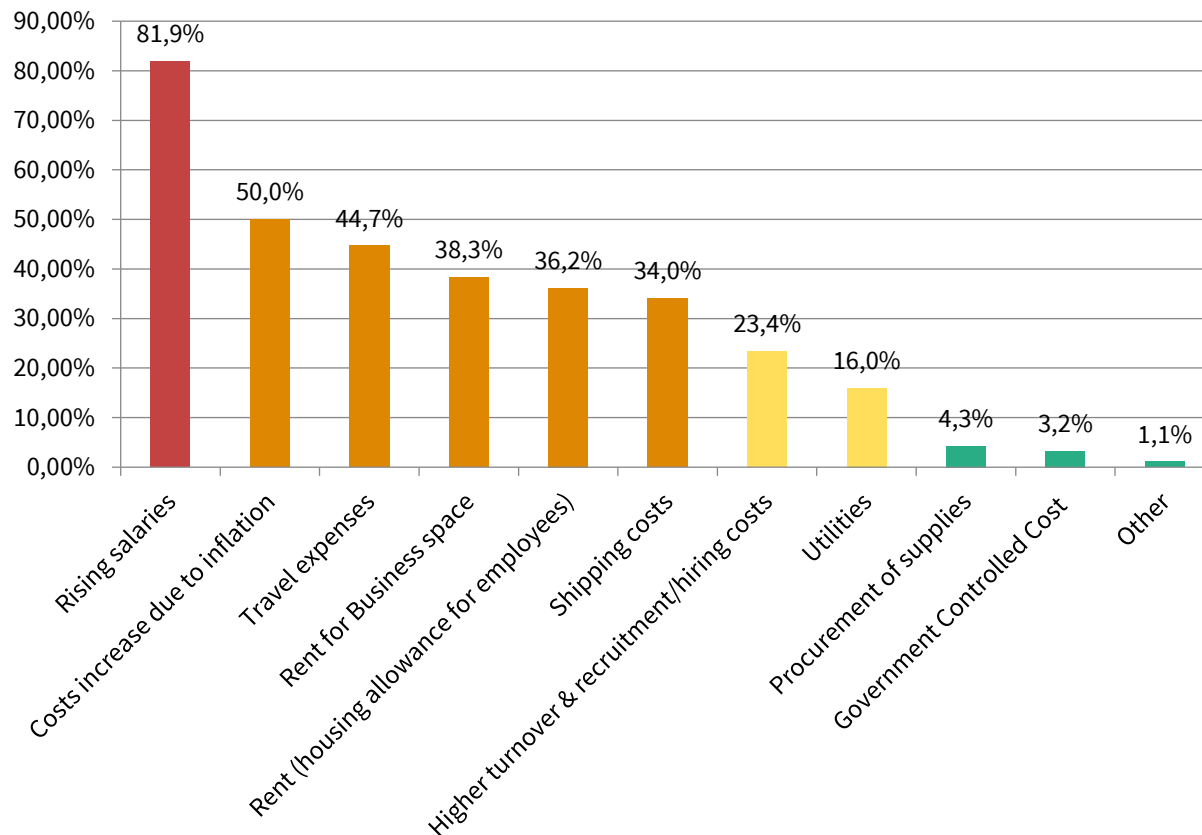


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C. COST OF DOING BUSINESS AND RENTAL PRICES

Q9. Cost of doing business: Name three most important factors that caused an increase in business costs? (Please select top three factors)

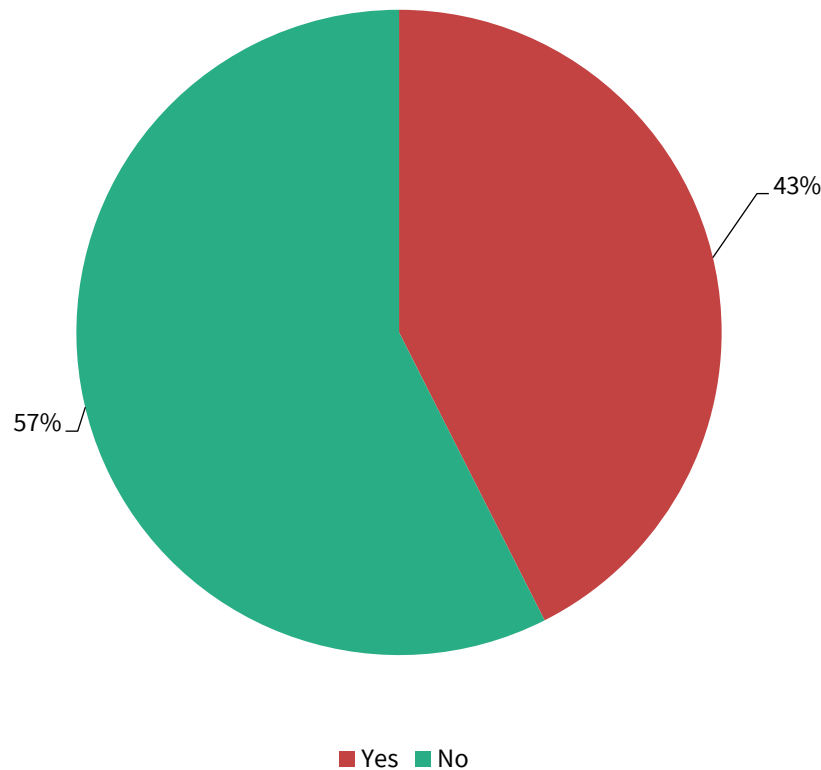


The most important factor for increased business costs are rising salaries (82%). Half of the respondents (50%) name cost increase due to inflation whereas travel expenses is an important factor for 45% of all respondents.

Additionally, approx. one-third of all respondents stated that rent for business space (38%), housing allowance for employees (36%) as well as shipping costs (34%) are important cost factors.

Government controlled cost, like the 1%-point GST hike, do not play a large role for the respondents.

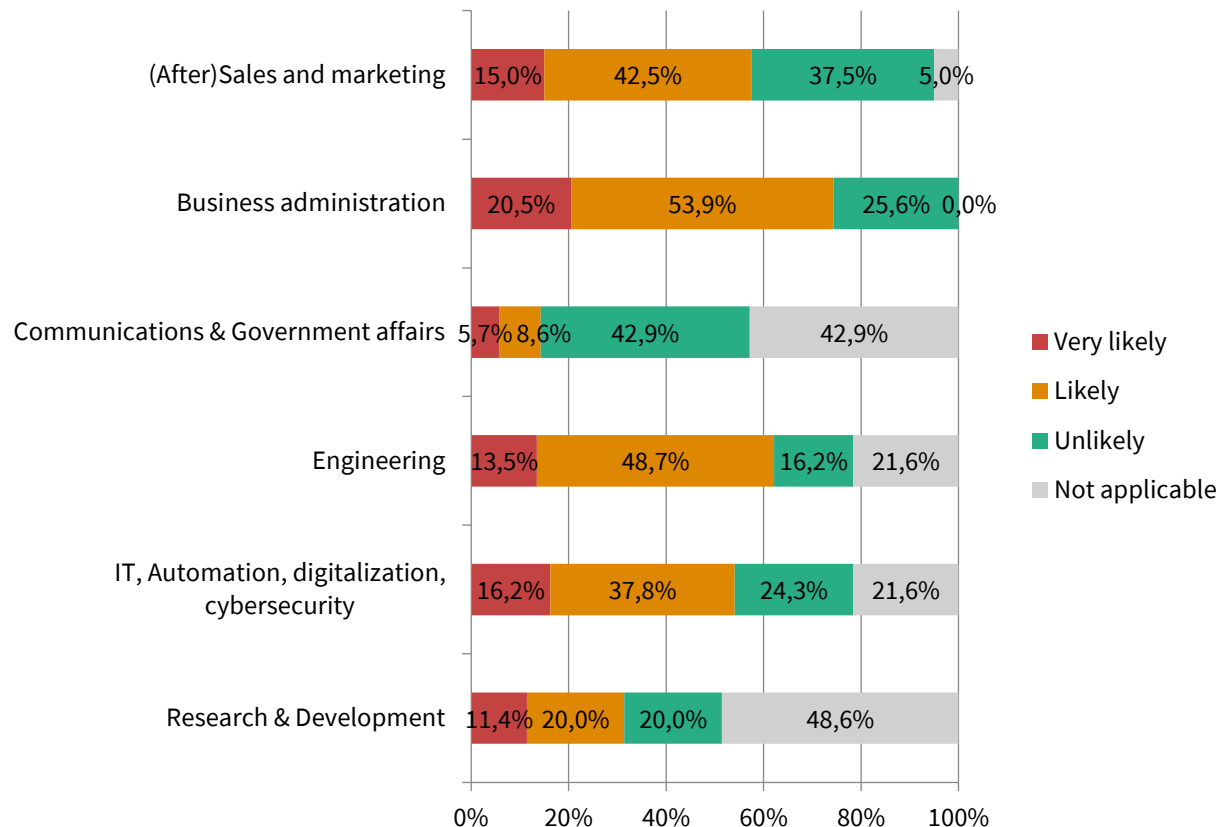
Q10. Challenges due to increasing costs and cumbersome talent acquisition: Would you relocate a business function to another location out of Singapore?



A large stake of respondents (43%) can imagine to relocate certain business functions to other locations out of Singapore due to increasing costs and cumbersome talent acquisition.

C. COST OF DOING BUSINESS AND RENTAL PRICES

Q11. If yes: which Business function are you likely to relocate out of Singapore?



The results show no clear picture as the answers heavily depend on sector and size of companies.

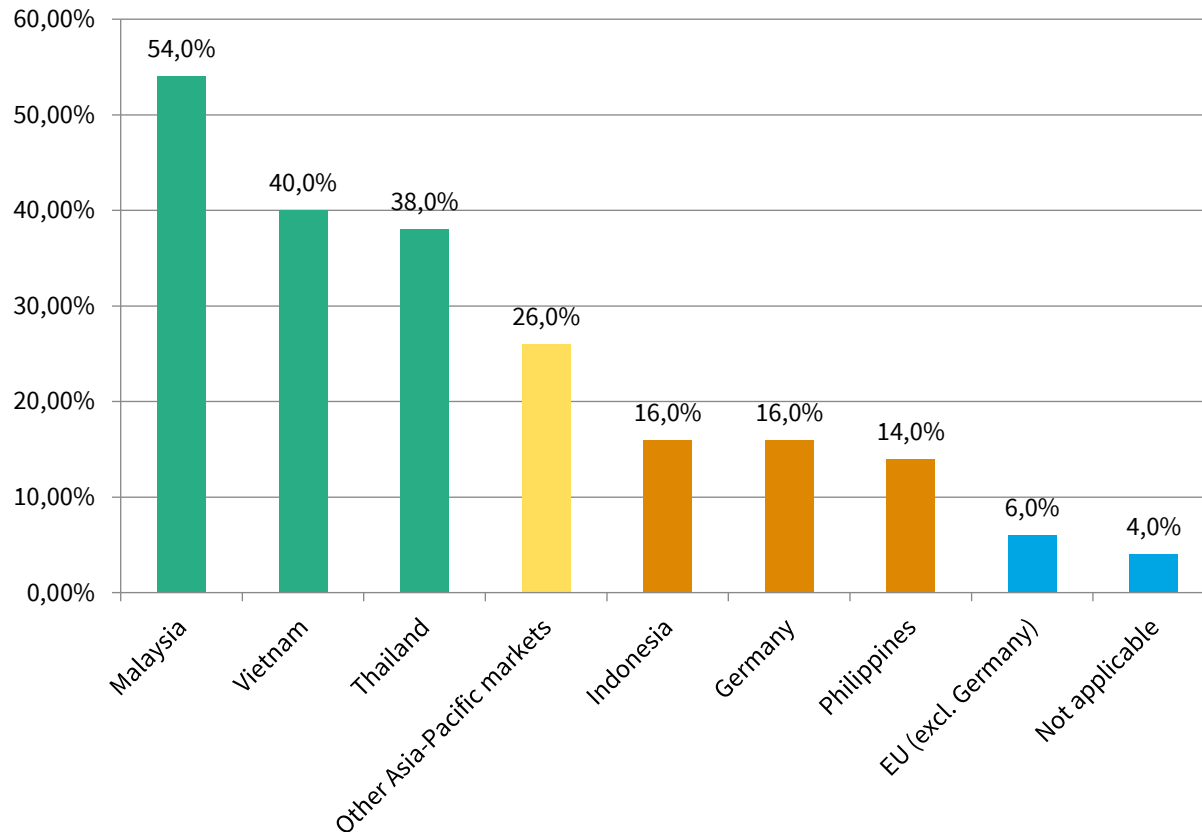
A majority of respondents (74%*) state that they are very likely or likely to relocate the business administration sector out of Singapore. Other sectors which are also considered for relocation are Engineering (62%*), (After)Sales and marketing (58%*), and IT, Automation, digitalization, cybersecurity (54%*).

This results also mirror the findings of Q6.

*Cumulation of very likely and likely

C. COST OF DOING BUSINESS AND RENTAL PRICES

Q12. If yes: in which location(s) are you likely to relocate to? (multiple choices possible)

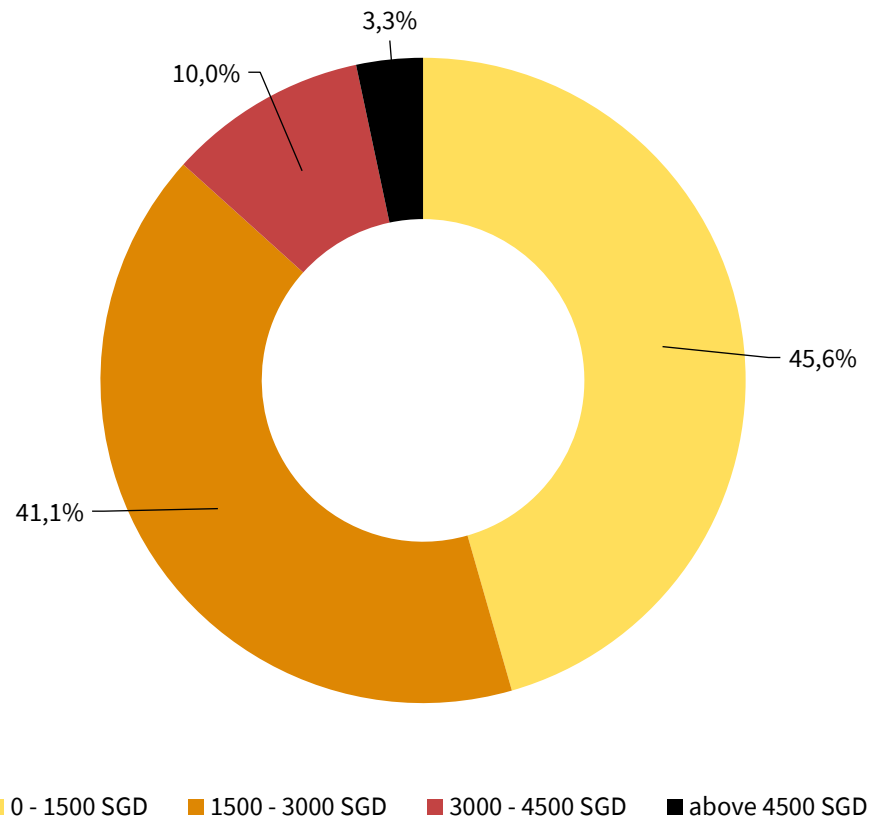


Of all respondents who can imagine to relocate certain business functions out of Singapore more than the half (54%) find Malaysia an attractive market. Other ASEAN countries such as Vietnam (40%) and Thailand (38%) are also perceived as very attractive.

One-sixth of respondents (16%) can also imagine relocating back to Germany.

C. COST OF DOING BUSINESS AND RENTAL PRICES

Q13. Cost of living/rental costs in SG: What amount do you have to plan add. for affected staff members* to cope with rising rental costs per month?

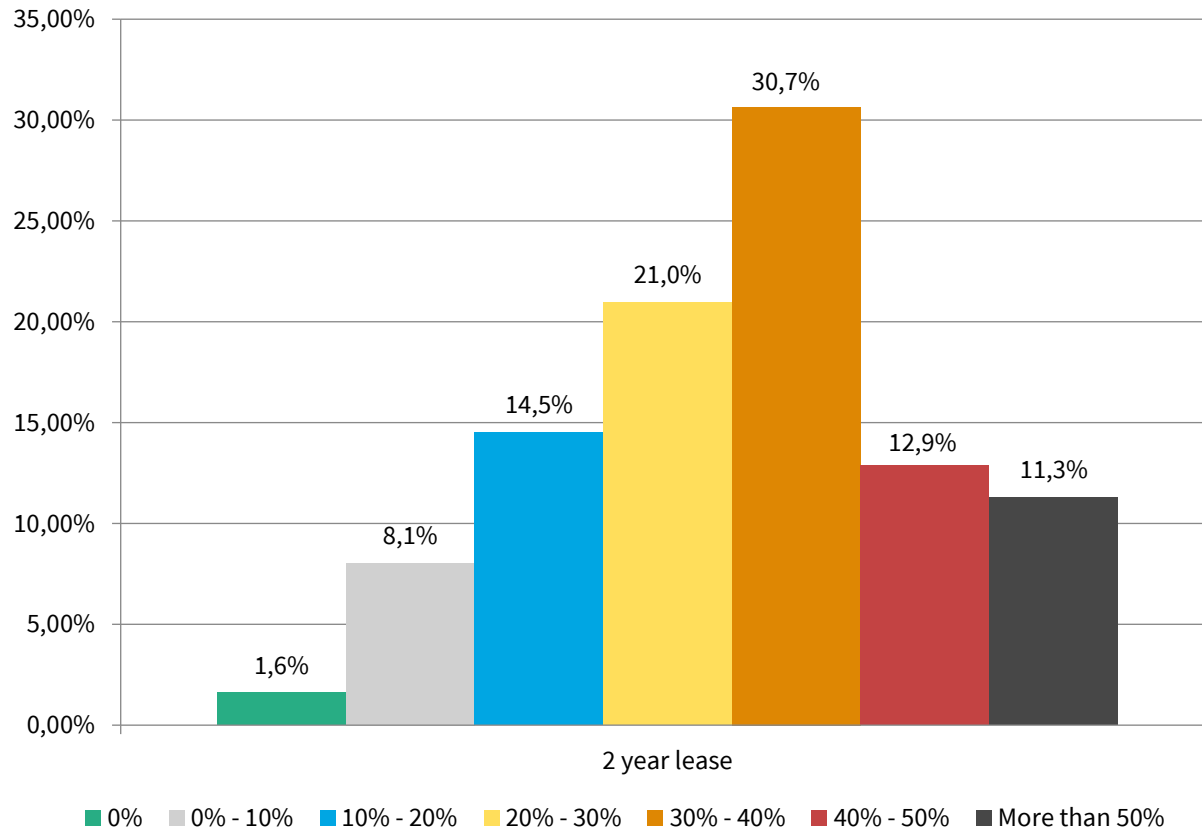


A large percentage of respondents (46%) had to plan additionally up to 1,500 SGD on average per affected staff member for rising rental costs per month. The majority (51%) state that they have to additionally plan 1,500 – 4,500 SGD. 3% stated that they have to additionally budget even more than 4,500 SGD.

*in average per staff member

C. COST OF DOING BUSINESS AND RENTAL PRICES

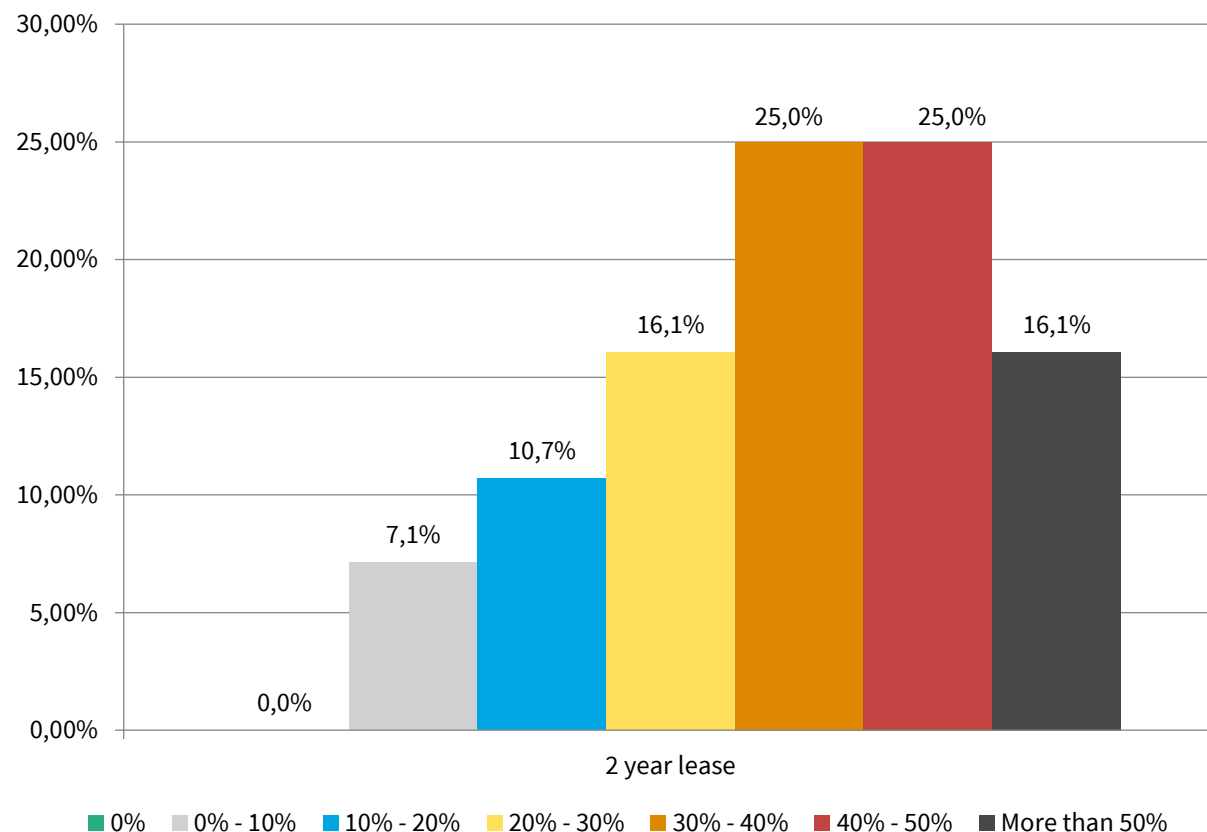
Q14. How much did housing rental increase if you had to renew your lease in 2022?



We focus on a standard 2-year-contract. Most respondents (31%) who renewed their lease in 2022 experienced a 30-40% price hike.

C. COST OF DOING BUSINESS AND RENTAL PRICES

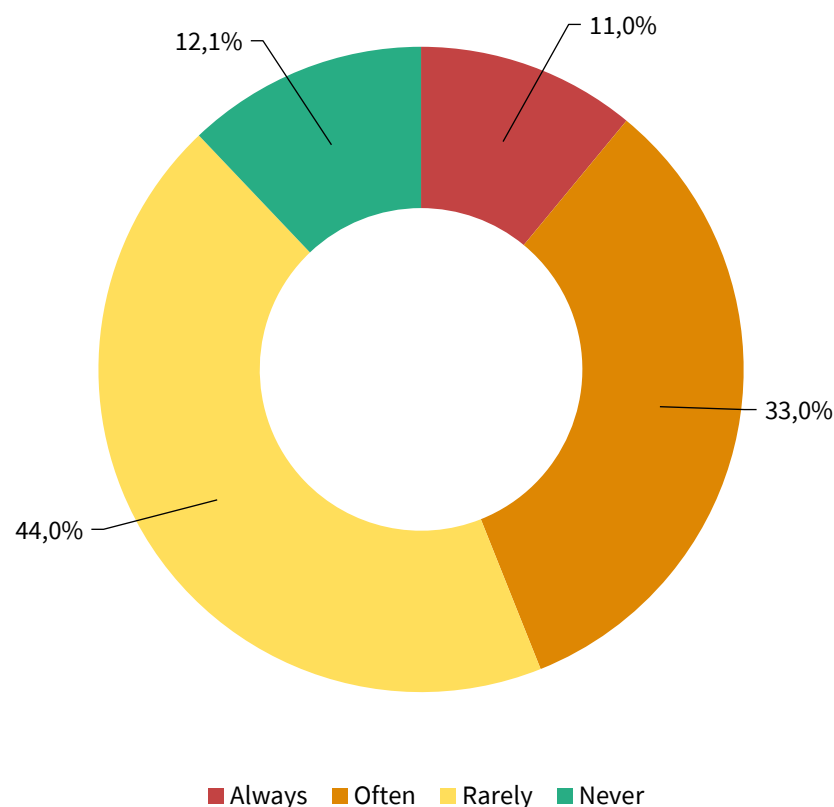
Q15. If you have to renew your lease in 2023, what surge in housing rental costs do you anticipate?



We focus on a standard 2-year-contract. One quarter (25%) each of respondents expect either a 30-40% or a 40-50% increase in rental prices in 2023.

This shows that the housing rental costs are expected to even increase more in 2023 than in 2022.

Q16. Is psychological distress and lower work performance visible among your staff due to unpredictable housing situations?



44 % of all respondents stated that they notice the impact of the situation often or always.

Only 12% of respondents never notice psychological distress and lower work performance among their staff due to unpredictable housing situation.

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Summary

Key findings of the SGC Business Sentiment Survey 2023 are:

- Most companies (51 percent) have a positive business outlook and see a great potential within Southeast Asia.
- India and Greater China are also seen as attractive markets with high growth potential.
- Many companies (56 percent) would like to increase their number of employees in Singapore; however, it is hard for them to staff certain business functions.
- Especially rising salaries are a huge cost factor which worries companies, other major factors are cost increases due to inflation, travel expenses and rent expenses.
- Many companies (43 percent) can imagine to relocate certain business functions out of Singapore. Especially other Southeast-Asian countries like Malaysia, Vietnam and Thailand are attractive for relocation.
- Rental prices for housing trouble the companies and their employees, and the uncertain housing situation causes loss of work performance.



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Thank you for your attention !



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The logo for PartnerInSingapore. It features a stylized hashtag symbol (#) in blue and grey, with a small red and white flag icon integrated into the top bar of the hashtag. To the right of the hashtag is the text 'PartnerInSingapore' in a bold, blue, sans-serif font.