

# UOB Business Outlook Study 2024 (SMEs & Large Enterprises)



Singapore Report



# Foreword

In 2023, while uncertainties such as geopolitical tensions persist and global economic activity moderated on the back of slower demand, changing macroeconomic factors still brought about opportunities for businesses to adapt to the changing market dynamics.

Closer to home, ASEAN economies have remained resilient and continue to evolve in the global economy with strong foundations driven by growing consumer markets, a young and dynamic workforce, increased interconnectivity and foreign direct investments.

We are well-positioned to operate in this sweet spot of more than 650 million people in partnering businesses to leverage growth levers to strengthen supply chain management, accelerate digitalisation and progress towards net zero.

The UOB Business Outlook Study 2024 (SMEs and Large Enterprises) surveys over 4,000 companies across industries and 7 markets (800 companies in Singapore across industries), to capture current business sentiments and to understand how we can continue to support their needs, to develop resilience and build growth.

Insights from this Study cover three key areas:

1. The trends that are shaping the growth of businesses, in the areas of Sustainability, Digitalisation, Supply Chain Management, Overseas Expansion;
2. How companies are adapting to a changing business landscape and adopting growth strategies;
3. How UOB and industry partners can continue to support businesses with their growth ambitions

In a region that holds rich potential for business opportunities, SMEs need strategic partners with the ambition and capability to unlock the region's potential and build the future of ASEAN. This is especially critical for companies that are looking to expand their business networks and grow beyond domestic markets.

As the One Bank for ASEAN, we are committed to realise the potential of businesses and facilitate economic flows within and with ASEAN for long-term growth. We connect businesses to opportunities in the region with our industry insights and strong sector expertise. Together with our extensive regional footprint, as well as deep local market knowledge, we enable businesses to navigate market complexities and seize growth opportunities in ASEAN and the rest of the world.

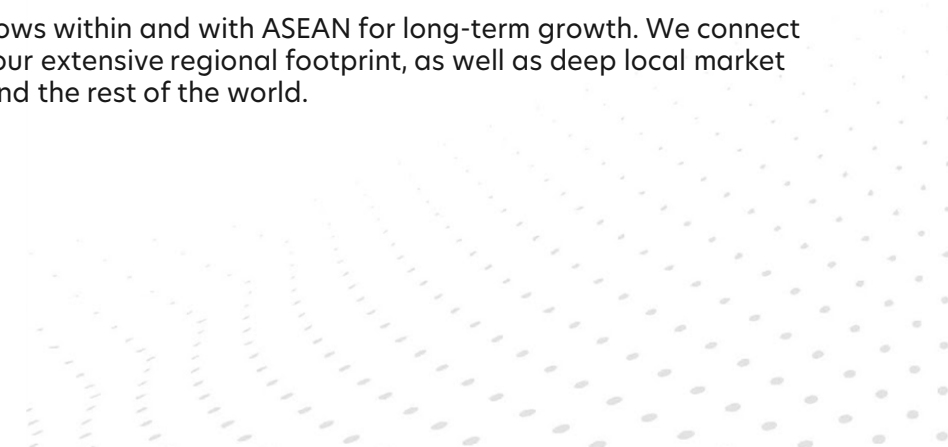
We look forward to connecting you to new growth opportunities across the region and beyond.

## **Eric Lian**

Head, Group Commercial Banking  
Group Wholesale Banking

## **Paul Kan**

Country Head, Business Banking, Singapore  
Group Wholesale Banking



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# Background & Methodology

UOB conducted a Business Outlook Study in Singapore covering 800 business owners and key executives from SMEs and Large Enterprises.

The Business Outlook Study, now in its fifth year since inception, provides a comprehensive understanding of the current business sentiment, inflation impact and outlook among businesses across various sectors in Singapore.

By capturing robust insights around key themes such as Sustainability, Digitalisation, FinTech Adoption, Overseas Expansion and Supply Chain Management, this study can help Singapore businesses better understand the current environment they are operating in and plan for future opportunities and challenges.

## ▶ WHAT

 15-minute online survey


 Data collection:  
End-Dec 2023 - mid-Jan 2024

 Total of 800 interviews

## ▶ WHERE

 Singapore

## ▶ WHO

 Businesses with revenue less than SGD 300 million

 Covers SMEs across key industry verticals

 Owners/C-suite/Management level who are involved with business decision making

Industries	Sample
Tech, Media & Telecom	132
Consumer Goods	127
Manufacturing & Engineering	106
Construction & Infrastructure	105
Wholesale Trade	59
Real Estate & Hospitality	56
Business Services	55
Industrials, Oil & Gas	54
Community & Personal	53
Professional Services	53
Total	800

**Industry verticals:** Consumer Goods; MFG & Engineering; Tech, Media & Telecom; Construction & Infrastructure; Community & Personal; Business Services; Wholesale Trade; Professional Services; Real Estate & Hospitality; Industrials, Oil & Gas

**Classification of businesses used:** Small Enterprises: annual turnover of SGD <10m | Medium Enterprises: annual turnover of SGD 10m to <300m

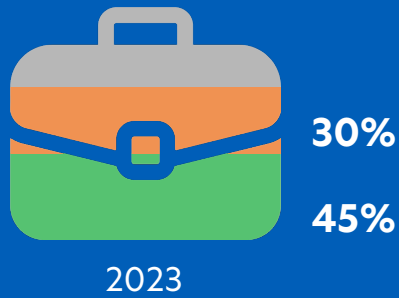


## Business sentiment and outlook



# 3 in 10 businesses in Singapore believe the current business environment is very positive.

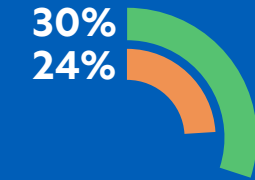
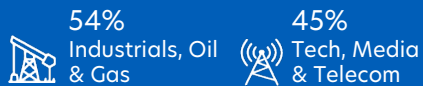
## ▶ Current environment in Singapore



30%  
45%

- Very positive
- Somewhat positive

### Most positive sectors



Business environment has improved in 2023 vs 2022

- 2022
- 2023

### Most positive by turnover



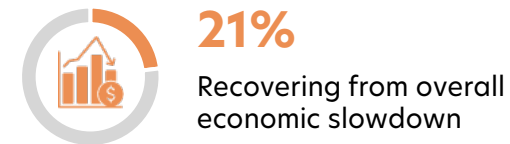
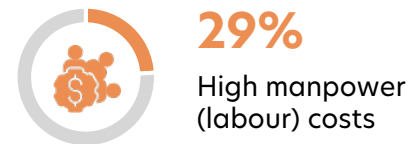
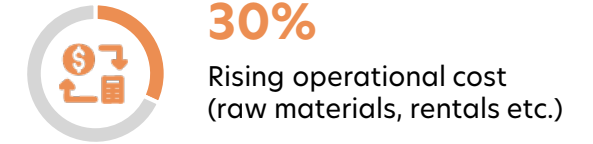
Q. How do you perceive the current business environment in Singapore?  
Base: Total 2023 (800), 2022 (823)

# But businesses have been impacted by high inflation and rising operational cost.

## ▶ Factors impacting businesses in 2023

Nearly 4 in 10 businesses in Singapore are impacted by high levels of inflation.

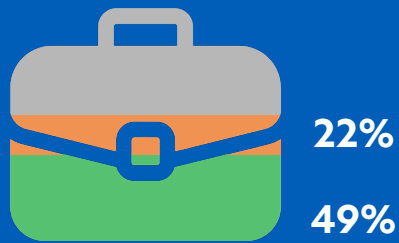
3 in 10 businesses in Singapore are impacted by rising operational and manpower cost.



Q. Which of the factors below had the biggest impact on your business in 2023? Select up to 5.  
Base: Total, 2023 (800)

# Over 1 in 5 businesses in Singapore expect a vastly improved business performance in 2024. Cost reduction will be a top priority.

## ▶ Future outlook 2024



- Vastly improving
- Somewhat improving



Business outlook for 2024 has improved vs. 2023

- Vastly improving, 2023
- Vastly improving, 2024

### Most improved sectors



### Most positive by turnover



## ▶ Business priorities for the next 1-3 years



**36%**  
Reduce costs



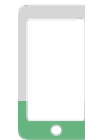
**26%**  
Develop new sources of revenue



**26%**  
Source for new customer base



**25%**  
Re-skill or upskill existing talent

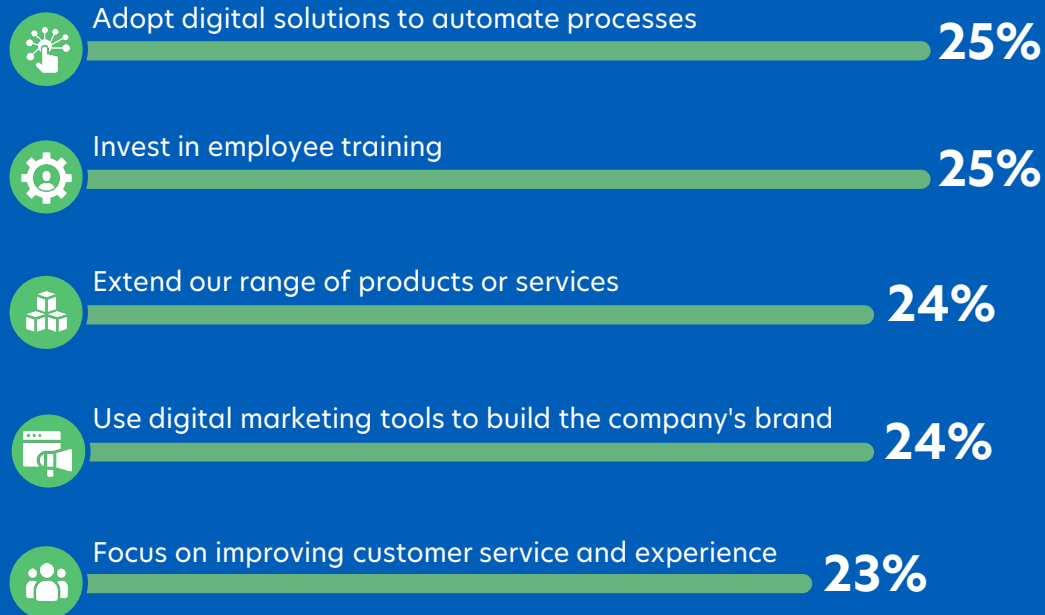


**23%**  
Digitalise the business to achieve business efficiencies

Future priorities reflect the current market reality of high inflation and rising operational cost. Businesses plan a prudent mix of short-term measures like reducing cost and long-term measures like developing new sources of revenue and acquiring new customers.

# Customer experience and automation are key to driving future growth. Businesses are looking to automate and leverage new technologies or AI tools to enhance customer interactions.

## ▶ Plans to achieve business priorities



## ▶ Focus on customer service and experience

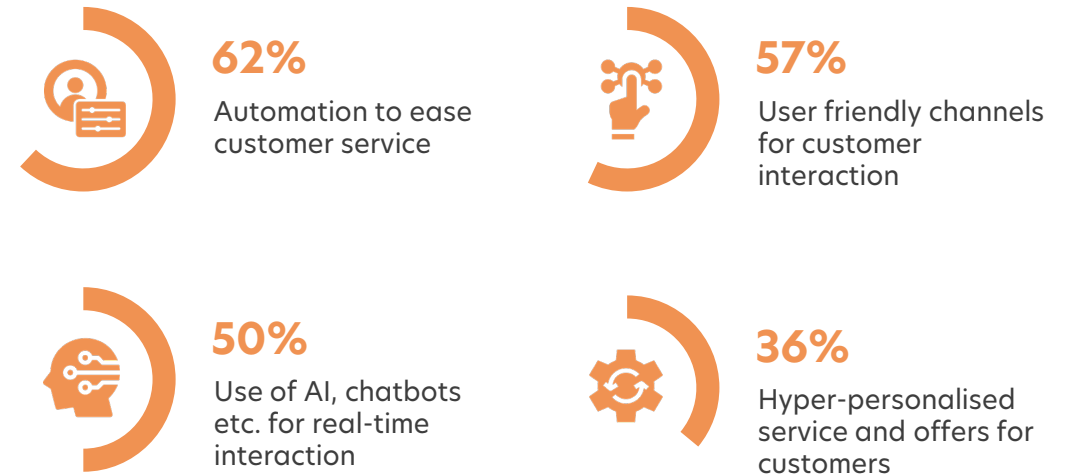
### High focus by sectors



### Higher focus by turnover



## ▶ Key capabilities to improve

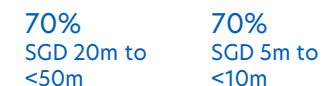


## ▶ Automation to ease customer service

### High focus by sectors



### Higher focus by turnover



Q. What are the key channels/capabilities that your business needs to improve, to handle this change in customer engagement expectations?

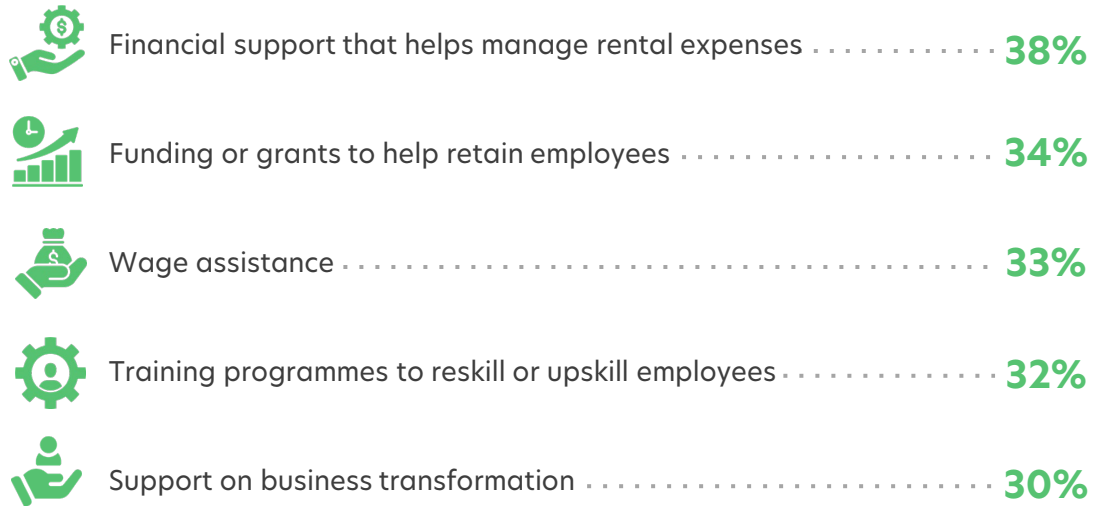
Base: Total, 2023 (800)

Q. How do you plan to achieve these priorities?

Base: Total, 2023 (800)

# Financial support measures are the need of the hour for businesses, particularly in Consumer Goods and Wholesale Trade.

## ▶ Support for future business success



## ▶ Top support areas

Financial support to manage rental expenses

Most needed sectors

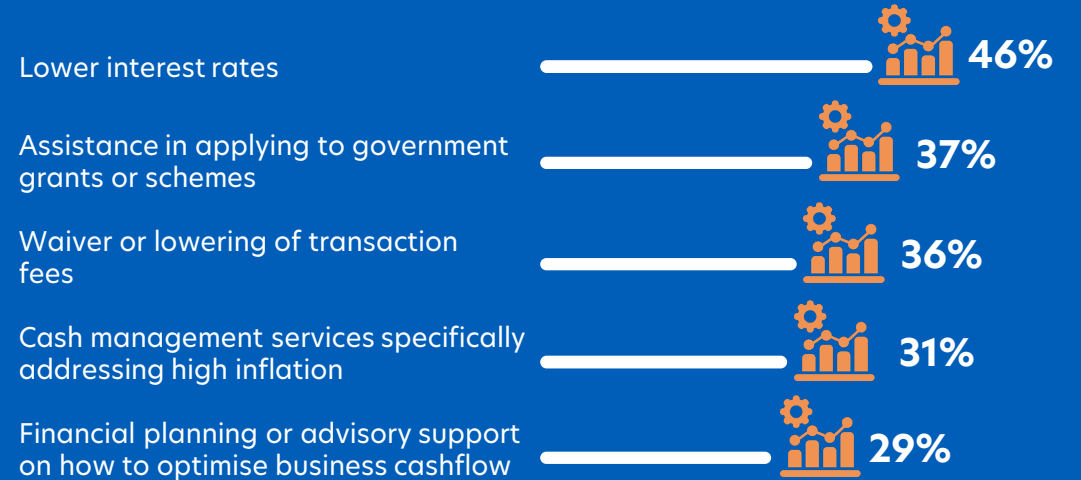


Funding or grants to retain employees

Most needed sectors



## ▶ What can banks and Financial Institutions do?



Providing the right financial support is critical for future business success.

Short-term measures like lower rates and transaction fees should be coupled with cash management services to help address inflation concerns.

Q. What type of support would help your company towards business success in 2024 and beyond? This support could be from government, industry bodies etc.

Base: Total, 2023 (800)

Q. Going forward, what support can banks and financial institutions offer to help companies with business growth through 2024 and beyond?

Base: Total, 2023 (800)

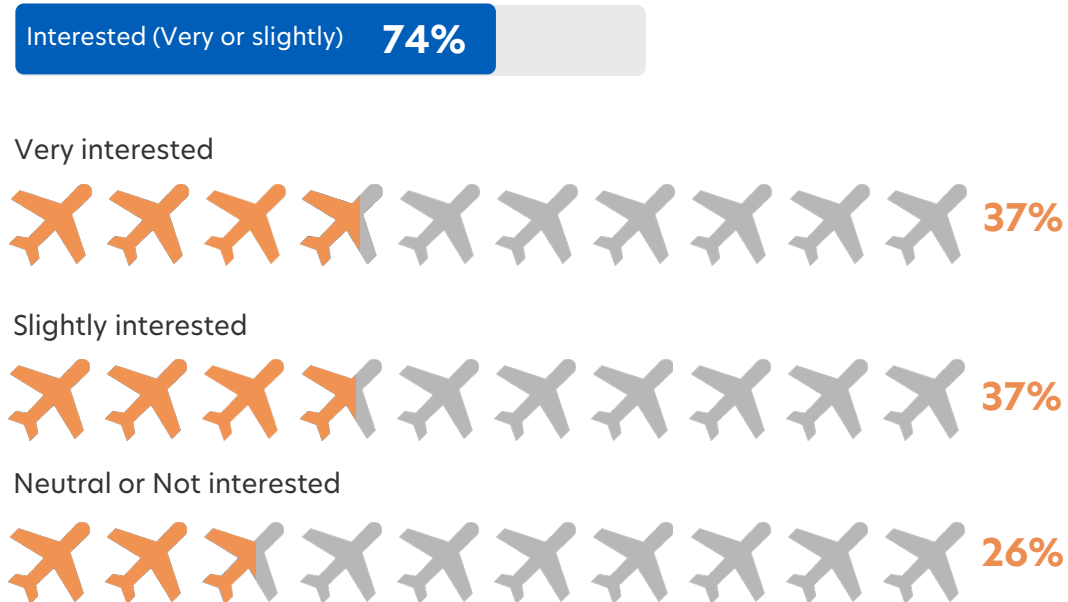


# Overseas expansion



# A desire to improve profitability and grow revenue are fuelling interest in overseas expansion in over 7 in 10 businesses in Singapore.

## ▶ Level of interest in overseas expansion



## ▶ Most expansion interest

### Most interested by sectors



### Most interested by turnover



## ▶ Motivation for overseas expansion



Cross-border digital trade platforms are a popular mean of overseas expansion with over 7 in 10 businesses showing interest in using them.

# ASEAN and Mainland China are key markets for future expansion. Within ASEAN, Malaysia, Indonesia and Thailand are top destinations.

## ▶ Top locations seeking to enter



## ▶ Top locations by sectors

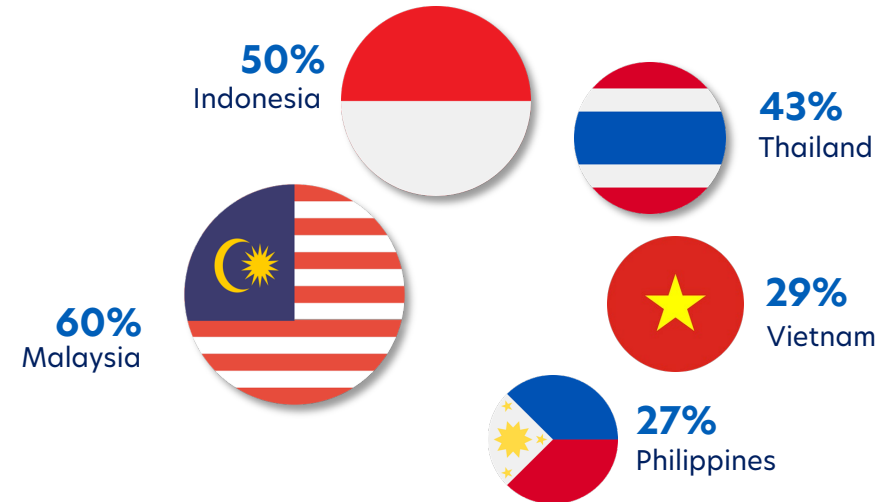
### Venture into ASEAN



### Venture into Mainland China



## ▶ Top ASEAN locations seeking to enter



## ▶ Top ASEAN locations by sectors

### Venture into Malaysia



### Venture into Indonesia

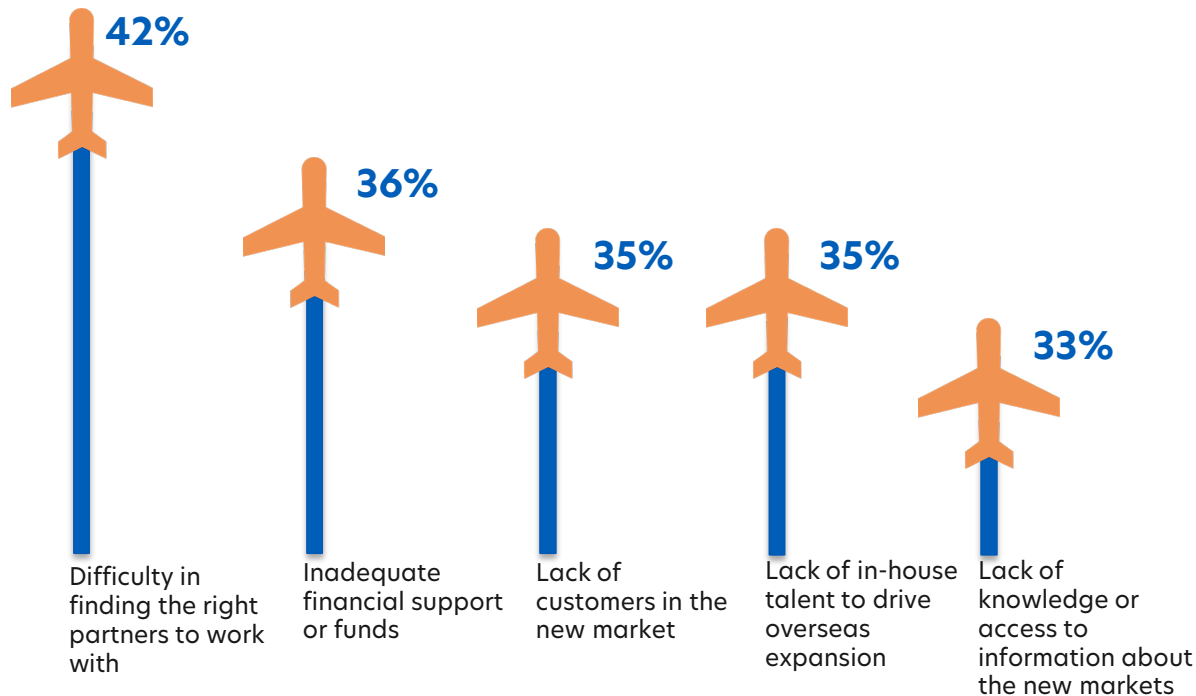


Q. Please select the most important countries (up to 3) in ASEAN that your company is intending to venture into within the next 3 years (by 2026).  
 Base: Interested in overseas expansion (594)

Q. Please select the most important countries (up to 3) in ASEAN that your company is intending to venture into within the next 3 years (by 2026).  
 Base: Interested in expanding within ASEAN 2023 (308)

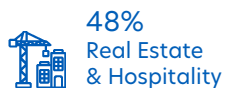
# Overseas expansion is challenging due to difficulty in finding the right local partners to work with, inadequate financial support, and lack of customers in the new markets.

## ▶ Top barriers for overseas expansion



## ▶ Top challenges by sectors

Difficulty in finding the right partners to work with

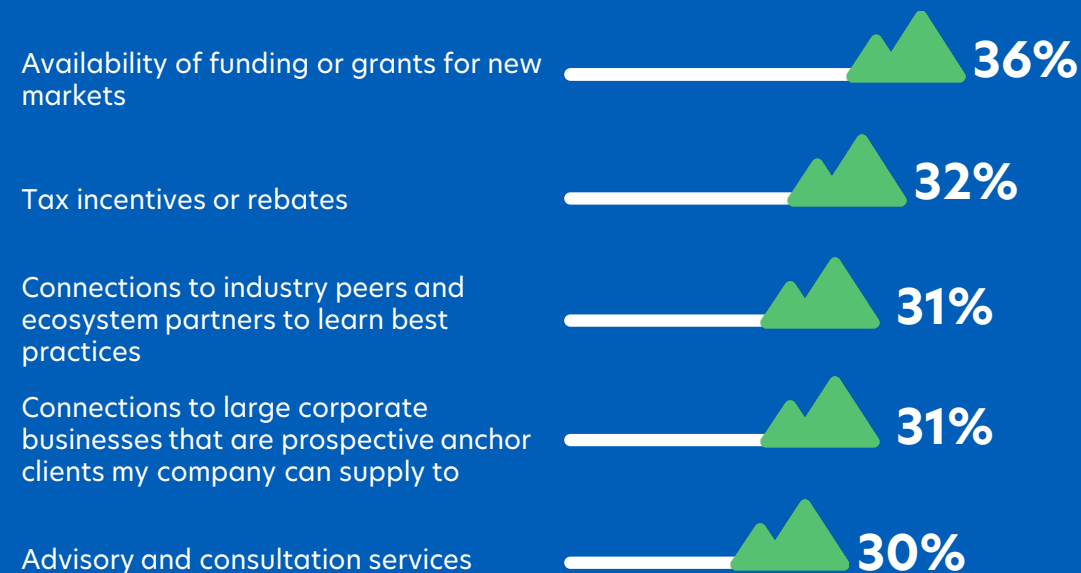


Lack of customers in the new market



Q. What are the key barriers in your effort for overseas expansion?  
Base Total (800)

## ▶ Expected support measures



Financial support is the key to encouraging businesses to expand overseas. Businesses can also benefit from connections to large corporates as anchor clients and connections to industry peers to learn from their best practices.

Q. What support does your business require to expand overseas? This support could be from government, banks, industry bodies etc.  
Base: Interested in overseas expansion (616)

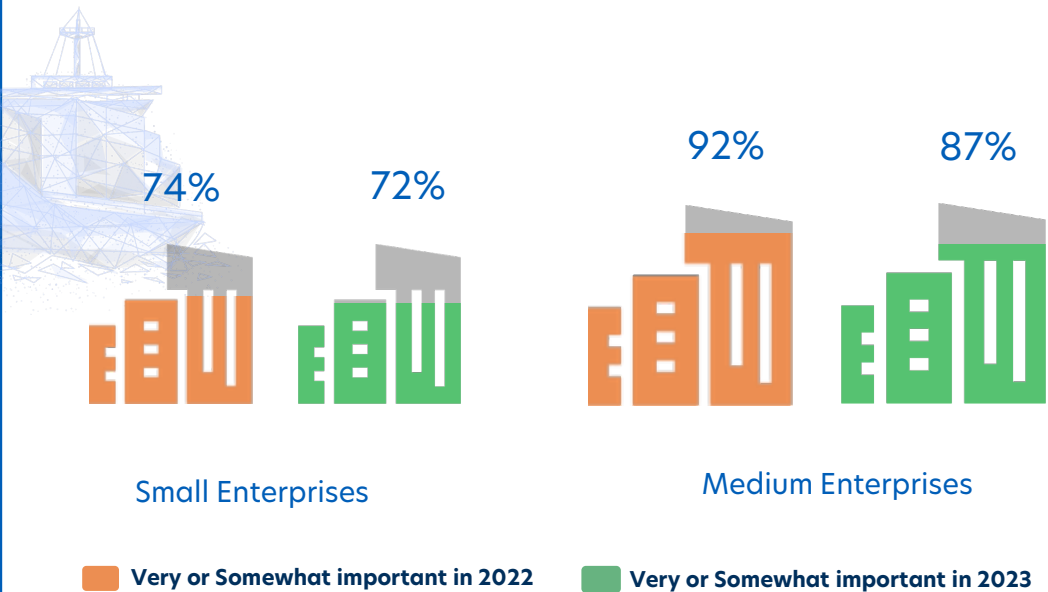


# Supply Chain Management (SCM)



# SCM continues to be important for businesses, but less so for Medium Enterprises than it was a year ago.

## ► Importance of SCM



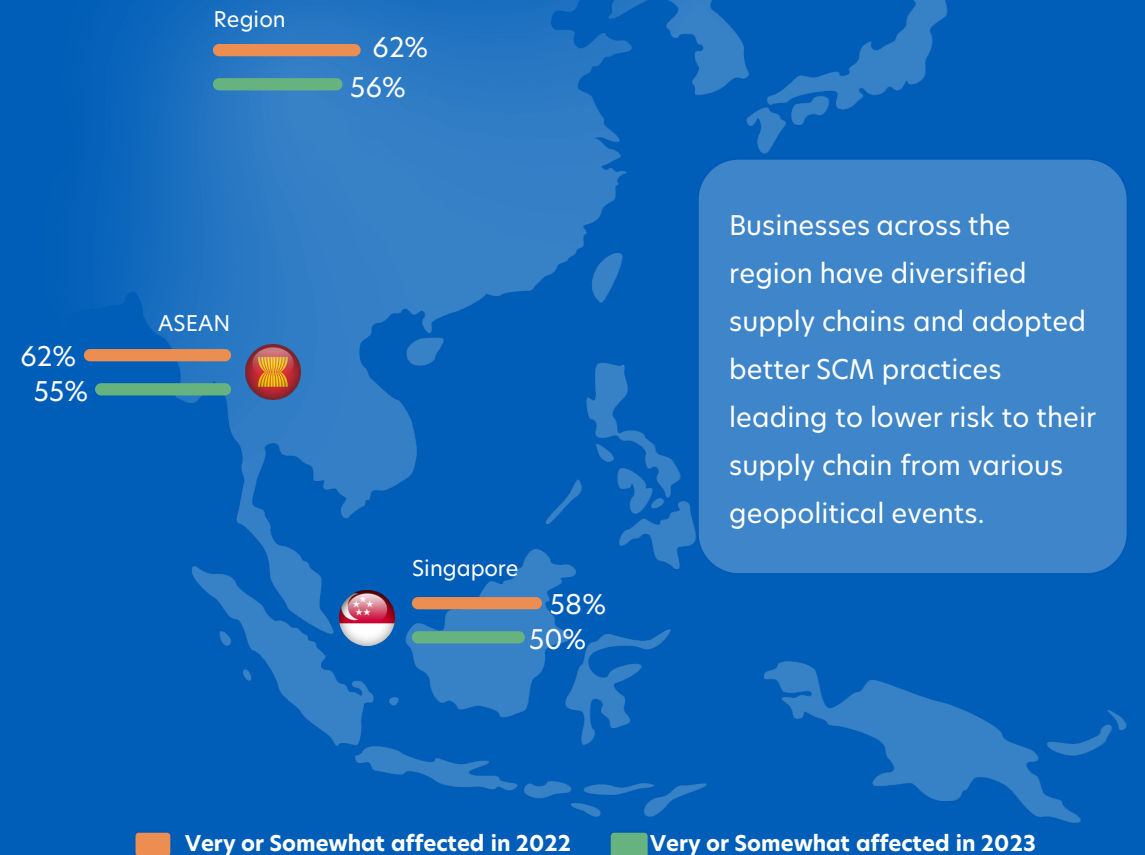
## ► Most important by sectors and turnover



Q. How important is supply chain management to your business?  
Base: Total 2023 (800), Small Enterprises (400), Medium Enterprises (400)

# Fewer businesses are now impacted by geopolitical tensions compared to 2022, both in Singapore and across the region.

## ► Impact of geopolitical tensions on supply chain



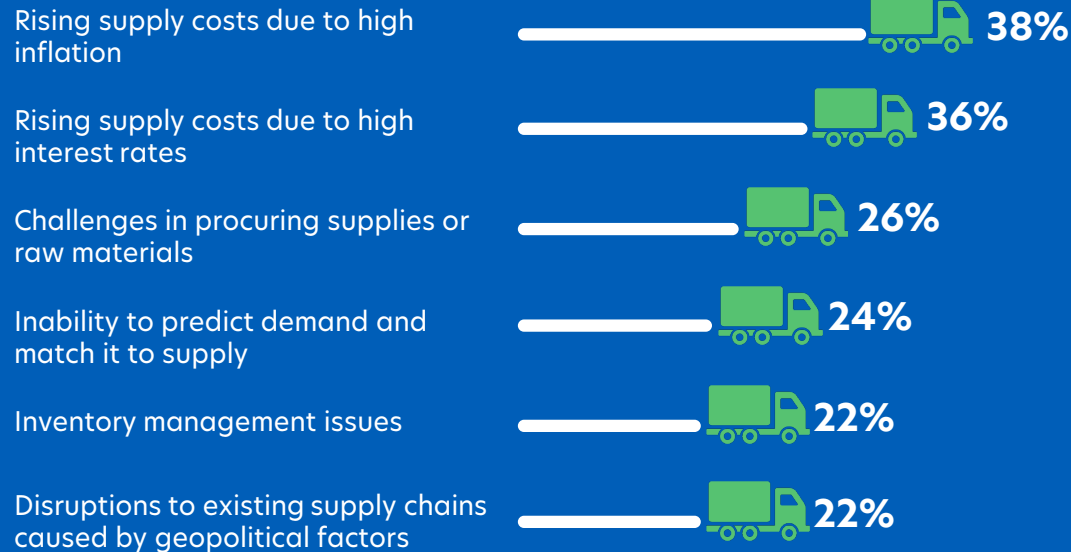
Businesses across the region have diversified supply chains and adopted better SCM practices leading to lower risk to their supply chain from various geopolitical events.

Q. To what extent has your company's supply chain been affected by geopolitical tensions such as US-China trade tensions, Russia-Ukraine conflict, Israel-Hamas conflict etc.?  
Base: Total 2023 (800), 2022 (823)

# Rising supply costs and difficulty in procuring supplies are key challenges. Businesses are adapting by adopting better inventory management practices and investing in supplier relationships.



## ▶ Top challenges in SCM



## ▶ Top challenges by sectors



Q. What are the current challenges faced by the business in supply chain management?  
Base: Total 2023 (800)

## ▶ Actions to stabilise supply chain









## ▶ Top actions by sectors



Q. What steps, if any, have you taken or are planning to take to ensure a stable supply chain in the future?  
Base: Total 2023 (800)

## Businesses seek tax incentives, easier funding, and connections with technology partners and business ecosystem.

### ► Preferred support for supply chain stability

	Top support areas		
	Total	Small Enterprises	Medium Enterprises
Tax incentives or rebates	40%		
Easier access to funding or grants	37%		
Connections to the right technology and solution providers	34%		
Opportunities to collaborate with industry bodies, government-linked companies or large businesses	33%		
Training programmes to reskill or upskill employees	31%		

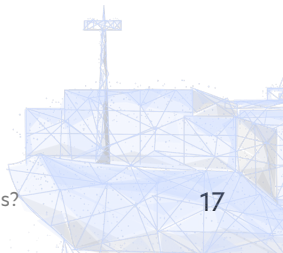
Q. What support in your opinion should be available to businesses to ensure supply chain stability? This support could be from government, banks, industry bodies etc..  
Base: Total 2023 (800)

## Import services, Letter of Credit and export services are top trading needs that businesses have.

### ► Trading needs among businesses

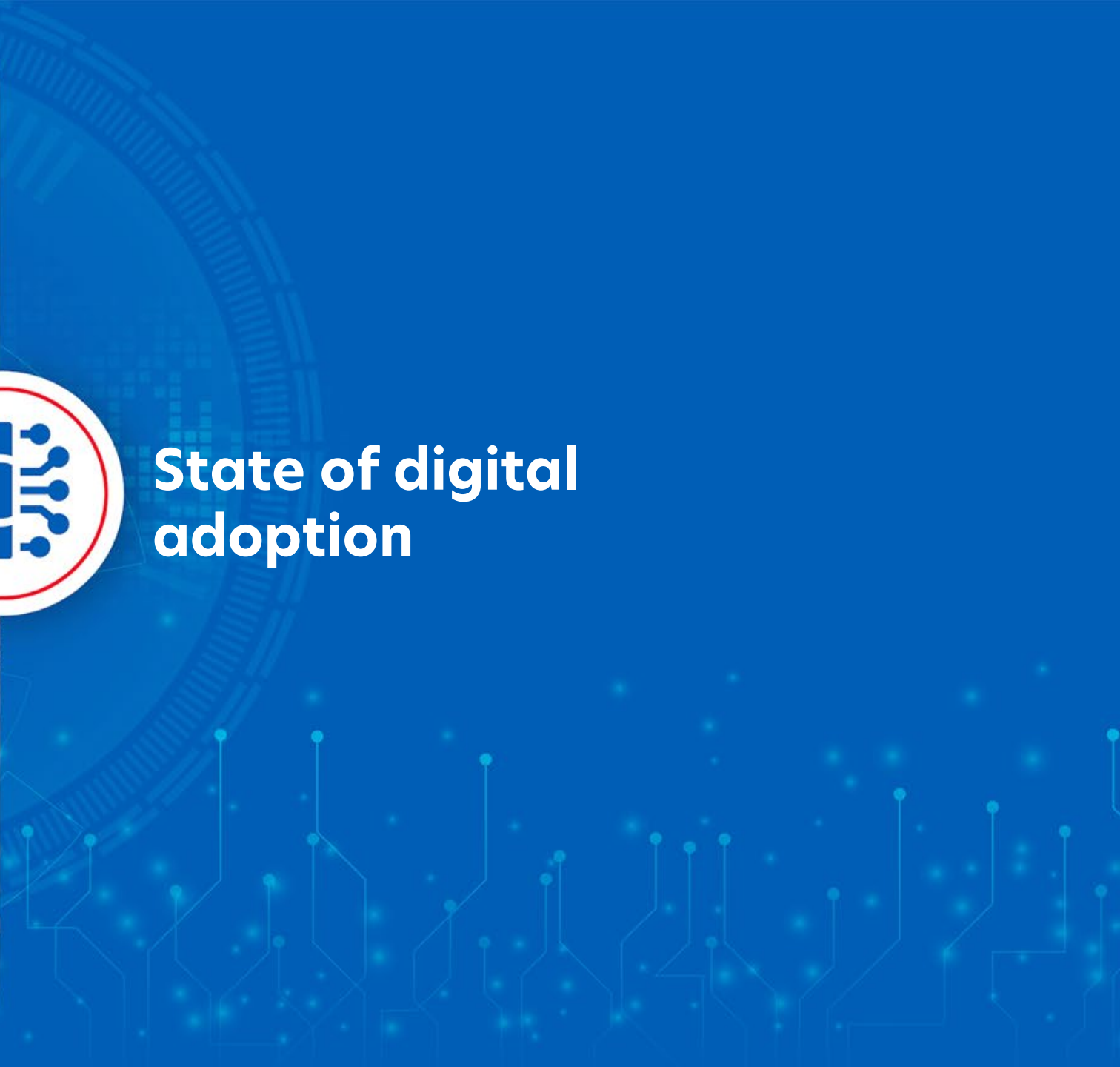


Q. What trade services do you think your financial partner should provide to support your trading needs?  
Base: Total 2023 (800)



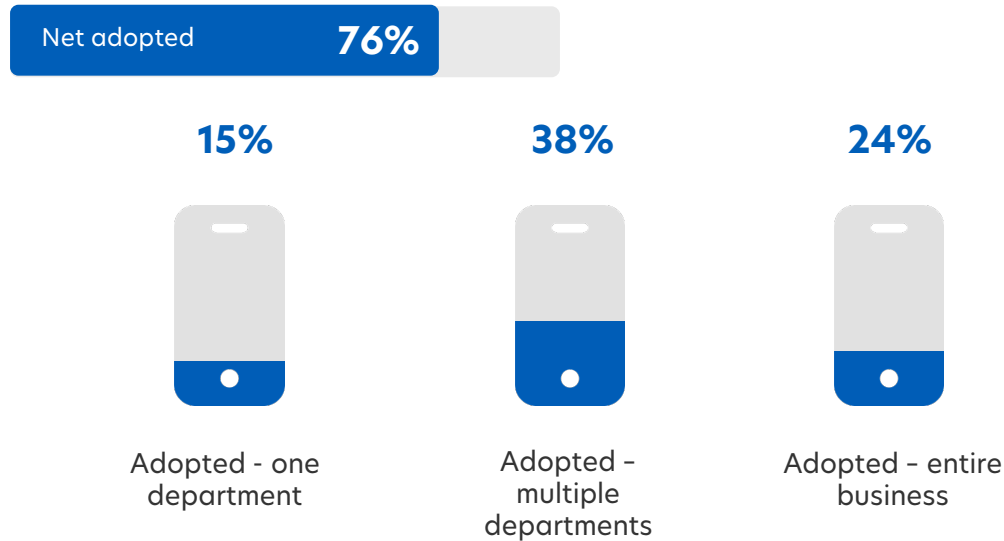


# State of digital adoption



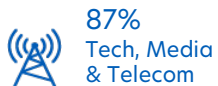
# Over 7 in 10 businesses have adopted digitalisation. Most have digitalised multiple departments.

## ▶ Current state of digital adoption



## ▶ Most digitalised

### Most digitalised by sectors



### Most digitalised by turnover



# Over 1 in 2 businesses have achieved considerable or great success with digitalisation.

## ▶ Success with digitalisation



Success in digitalisation is not just about extensive adoption across departments or the entire business. Even businesses with more extensive digital adoption can be unsuccessful in their digitalisation efforts due to lack of employee expertise, high cost of digital solutions and cost of hiring new tech talent.

## ▶ Most success with digitalisation

### Most successful by sectors



### Most digitalised by turnover



Q. What is the current state of digital adoption in your company?  
Base: Total (800), 2022: (823)

Q.: How much success has your company had so far in its digital adoption journey?  
Base: Those currently trialling or adopted digitalisation in at least one department 2023 (3837)

# In future, businesses plan to prioritise digitalisation of functions like sales, customer service, logistics and SCM.

## ▶ Currently digitalised processes



**32%**  
Payroll



**28%**  
Accounting



**28%**  
Sales



**28%**  
Customer service



**26%**  
Electronic invoicing

## ▶ Processes for future digitalisation



**26%**  
Sales



**25%**  
Customer service



**23%**  
Logistics and SCM



**21%**  
Inventory management



**21%**  
Marketing

Q. Which of these processes did your company digitalise specifically to help your business perform better in 2023?  
Base: Those currently trialling or adopted digitalisation in at least one department (3837)

Q. What business process/es are you looking to digitalise in 2024 to drive business success?  
Base: Total, 2023 (800)

## ▶ Digitalisation spending in 2024

3 in 4 businesses in the region are **planning to spend more** on their digitalisation efforts in 2024, with most budgeting an **increase of 10% to 25%.**

**51%**



Spend 10% to 25%  
more than 2023

**15%**



Spend 25% to 50%  
more than 2023

## ▶ Most digitalisation spending in 2024

Most spending sectors



**78%**  
Industrials,  
Oil & Gas



**73%**  
Construction &  
Infrastructure

Most spending by turnover

**79%**  
SGD 100m to  
300m

**73%**  
SGD 50m to  
<100m

Q. Do you foresee spending more on digital solutions and/or technology in 2024 compared with 2023?  
Base: Total 2023 (800)

# Improved productivity and customer experience benefits from digitalisation efforts are widely acknowledged by businesses.

## Digitalisation impact experienced (Among adopters)

## Digitalisation impact expected (Among non-adopters)



### Top impact areas

#### Higher productivity or efficiency

Most impacted sectors

41%  
Real Estate & Hospitality

41%  
Professional Services

#### Improved customer experience

Most impacted sectors

41%  
Real Estate & Hospitality

37%  
Business Services

Digitalisation has helped both labour-intensive and service-oriented sectors alike to increase productivity and improve customer experience.

# Implementation cost, security concerns and inadequate skillsets are major constraints in digitalisation efforts.

## ▶ Top challenges for digitalisation



33%

Expensive to implement



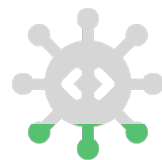
30%

Concerns over cybersecurity issues



27%

Lack of digital skillset among employees



27%

Increased risks of data breach or cybersecurity threats



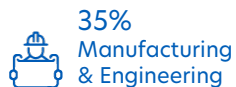
25%

Incompatibility between old and new systems

## ▶ Top challenges by sectors and turnover

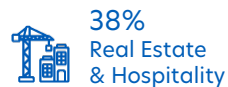
### Expensive to implement

Most impacted sectors



### Concerns over cybersecurity issues

Most impacted sectors



## ▶ Top support needed for digitalisation

Tax incentives or rebates

39%

Easier access to funding or grants

39%

Training programmes to reskill or upskill employees

35%

Connections to the right technology and solution providers

34%

Access to knowledge and expertise in the area

33%

Financial support through tax rebates or grants can help to tackle high implementation cost of digitalisation. Training programmes are needed to address the lack of digital skillsets. Connections to the right technology partners can address cybersecurity concerns.

Q. What challenges have you faced or expect to face in your digital adoption journey?

Base: Total, 2023 (800)

Q. What support measures should be available to businesses in their digital adoption journey?

This support could be from government, banks, industry bodies etc.

Base: Total, 2023 (800)



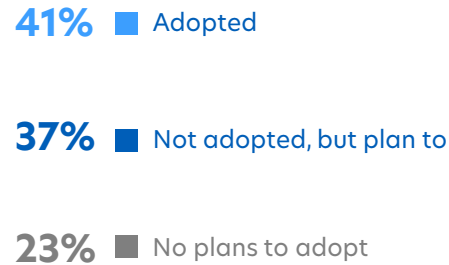
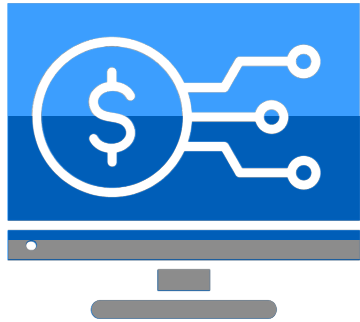
# Fintech adoption



# There is high FinTech adoption in Singapore driven by solutions for payments, remittances and finance & accounting technology.

## ► Status of FinTech adoption

Net Adopted or Plan to adopt **77%**

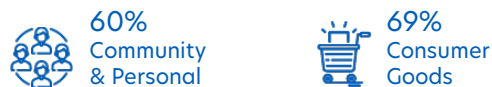


## ► Higher adopted or plan to adopt - sectors

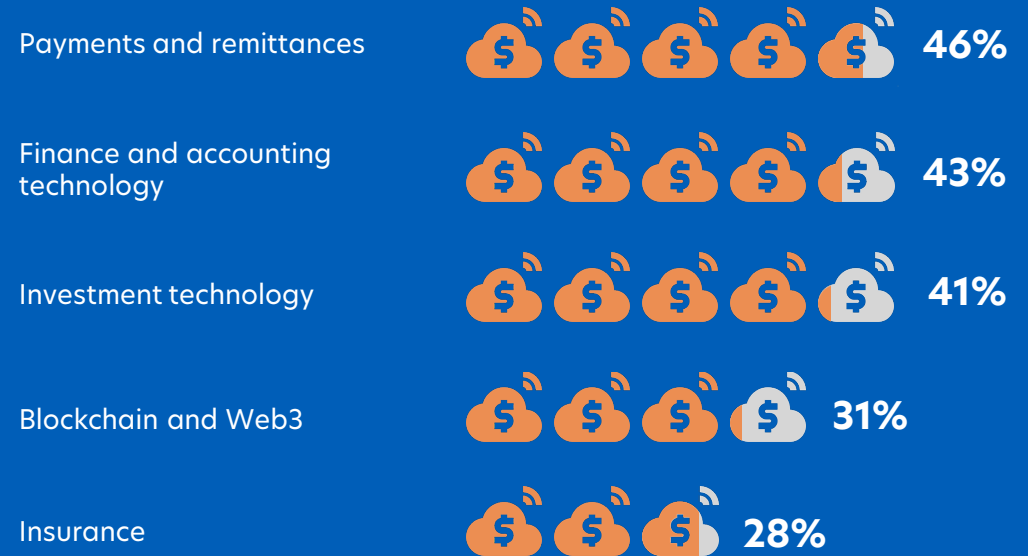
Most adopted/planned sectors



Least adopted/planned sectors



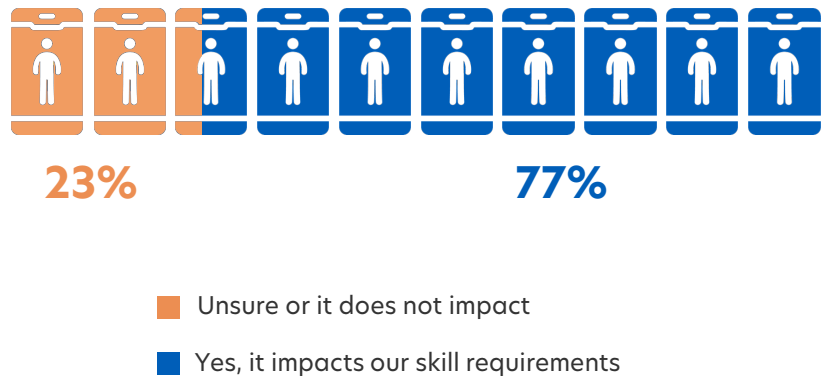
## ► Top FinTech solutions adopted or planned



Business Services sector adopts FinTech the most for payments and remittances. Real Estate & Hospitality sector adopts it the most for finance and accounting solutions. Professional Services use investment technology solutions the most.

# Most businesses believe that FinTech impacts their skill requirements. But only 6 in 10 have invested in training or hiring new staff.

## ▶ Impact of FinTech on skills requirement



## ▶ Higher adopted or plan to adopt - sectors



## ▶ What are businesses doing about it



There is a need to bridge the investment gap in training or hiring new staff to harness the value of FinTech solutions, particularly among sectors like Business Services and Community & Personal that are lagging.

## ▶ Invested in training or hiring



Q. Do you believe that FinTech adoption has an impact on the skill requirements for your workforce?  
Base: Adopted or planning to adopt FinTech (619)

Q. Has your company either considered or invested in training/hiring new staff to manage or create the value that FinTech solutions can bring?  
Base: Adopted or planning to adopt FinTech (619)

# FinTech solutions are seen to be cost-effective, quick and convenient. But concerns around security, lack of knowledge and regulatory uncertainty hamper wider adoption.

## ▶ Top differentiators for FinTech solutions

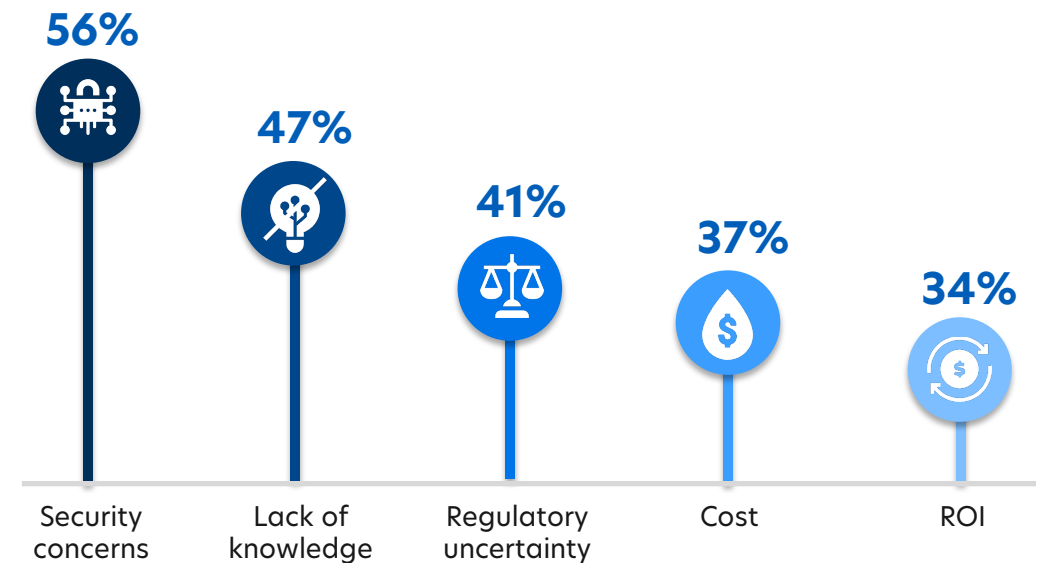


## ▶ Top differentiators by sectors



Q. In what way do you think FinTech companies are better than conventional banks?  
Base: Adopted or planning to adopt FinTech (619)

## ▶ Top challenges of FinTech solutions



More Medium Enterprises have adopted FinTech solutions compared to Small Enterprises. Consequently, they encounter more challenges particularly around lack of knowledge and regulatory uncertainty.

Q. What are some of the barriers you faced/expect to face in adopting FinTech solutions?  
Base: Adopted or planning to adopt FinTech (619)

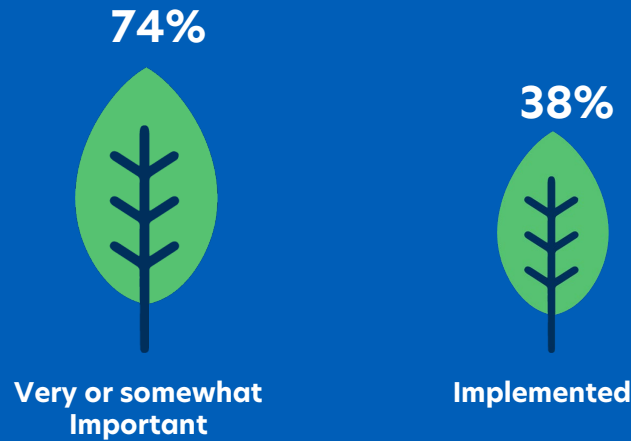


**Sustainable business**



# There is a clear disconnect among businesses on importance of sustainability and actual adoption.

## ▶ Current state of sustainability



## ▶ Least adopted businesses

Least adopted sectors



Least adopted by turnover



Q. How important is sustainability (Environmental, Social and Governance considerations) to your business?  
SB1C. What stage is your company at today in the adoption of sustainability practices?  
Base: Total 2023 (800)

# Increase in cost to customers, lack of manpower and lack of awareness are holding back higher adoption.

## ▶ Key barriers to sustainability



## Increase in cost of products or services

Most concerned sectors



Most concerned by turnover



Q. What are the major barriers to implementing sustainability practices in your company?  
Base: Total 2023 (800)

# Sustainability helps build business reputation, eases working with MNCs and attracts investors.

## ▶ The motivators for sustainability adoption



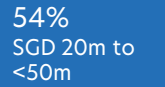
## ▶ Motivators by sectors and turnover

### Improved reputation and better branding

Sectors most important for



Size most important for



### Easier to work with MNCs

Sectors most important for



Size most important for



# Sustainable practices leading to efficient use of resources or energy are prioritised by businesses to help derive cost savings.

## ▶ Current vs future sustainable practices



## ▶ Most incorporated by sectors and turnover

### More efficient use of resources

#### Most incorporated by sectors



#### Most incorporated by turnover



## ▶ Most planned by sectors and turnover

### More efficient use of resources

#### Most planned by sectors



#### Most planned by turnover



Q. What sustainable practices (based on the ESG considerations) have you already incorporated within your business at present?

Base: Those who have implemented sustainability practices (300)

Q. What sustainable practices (based on the ESG considerations) do you plan to incorporate within your business in future?

Base: Those who have not implemented sustainability practices (500)

# Businesses are most concerned about increase in cost to customers once sustainability is implemented. Financial measures like tax incentives and easy access to funding can help allay these fears.

## ▶ Top sustainability challenges



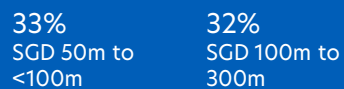
## ▶ Biggest challenges by sectors and turnover

### Concerns about negative impact on profits

#### Most concerned by sectors

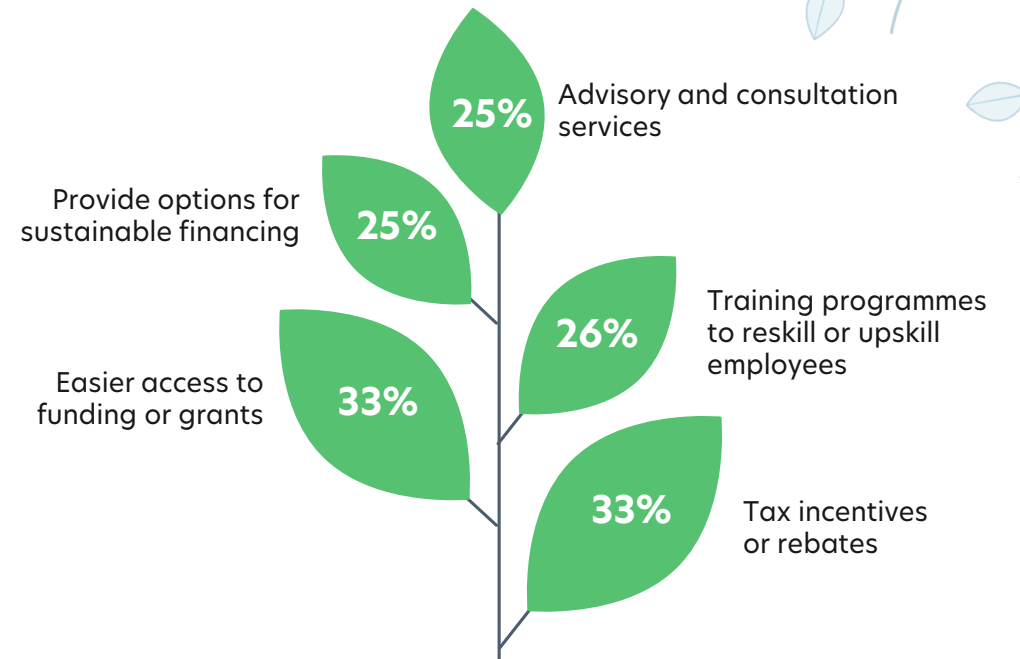


#### Most concerned by turnover



Q. What are the major barriers to implementing sustainability practices in your company?  
Base: Total, 2023 (800)

## ▶ Top support areas for sustainability



Training programmes to reskill or upskill employees can address concerns around lack of knowledge among 1 in 3 businesses. Training can be catered to helping businesses identify and execute the right sustainability initiatives.

Q. What support would you like in helping your business incorporate sustainable practices into your business?  
This support could be from government, banks, industry bodies etc.  
Base: Total, 2023 (800)



**Right By You**

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