



Nov 21, 2019 11:00 +08

## A third of business leaders in Singapore reducing headcount due to automation

As a result of increased automation 31% of businesses in Singapore are reducing headcount and 22% are substantially changing employees' roles.

- One in three Singapore business leaders are not confident of revenue growth over the next 12 months (33%).
- Half of business leaders in Singapore surveyed by PwC (51%) say advanced automation and AI are top strategic priorities in the next two years.

**Singapore, 21st November 2019** – As businesses increasingly adopt automation, one in three businesses in Singapore are planning to reduce headcount (31%). This finding comes from the latest survey by PwC of over 1,000 business leaders from all 21 Asia-Pacific Economic Cooperation (APEC) member economies, of which 77 were from Singapore.

In Singapore, more businesses had reflected a reduction in headcount than an increase in headcount (31% reduce headcount, 24% increase headcount) due to automation. This is the reverse in Asia Pacific where more businesses (36%) are creating jobs as a result of automation than are reducing headcount (24%).

More businesses also say they are redefining roles and responsibilities as a result of automation. Even as some businesses create more jobs, they are struggling to fill them with 15% of those in Singapore saying they are finding it hard to recruit the talent they need.

Yeoh Oon Jin, Executive Chairman, PwC Singapore said:

“The case for upskilling is clear – there is a mismatch in the skills people have and skills businesses are looking for. While business leaders have made automation, digitisation and extracting the value of data (including artificial intelligence) a priority in their business, their workforce must be able to complement the value that these new technologies bring.

“Each member of the ecosystem - business leaders, governments and educational institutions – must work together to upskill our people to meet the workforce needs of the future and drive sustainable economic growth for Singapore.”

This upskilling journey has already begun. Faced with increasing barriers to movement of labour in some markets, business leaders in Singapore are now ramping up their investment in upskilling their workforce with 87% (86% in Asia Pacific) saying they will increase the budget allocated to digital skills development in the year ahead.

### **Revenue growth prospects**

Despite today's uncertain geopolitical climate, business leaders across Asia

Pacific remain positive about prospects for their own organisations, with 34% “very confident” of revenue growth in the year ahead, little changed from 35% in 2018.

In Singapore, however, confidence was far lower than their Asia Pacific counterparts. Only 22% of business leaders in Singapore reflected that they were very confident about revenue growth over the next year, a significant drop from last year’s high of 41%. Another 45% of Singapore business leaders were somewhat confident and 33% reflected that they were not very confident or not confident at all.

### **Cross border activities**

Business leaders in Singapore and across the Asia Pacific experienced more barriers to cross border activities in 2019 than they had expected and they anticipate similar level of restraints in 2020. Business leaders in Singapore predict increased challenges in the year ahead with 42% expecting an increase in challenges hiring foreign workers (25% in Asia Pacific), 34% saying the same for providing or receiving services across borders (26% in Asia Pacific) and 34% saying moving data (24% in Asia Pacific) will become even more of a challenge in 2020.

Viet Nam continues to top the list for an increase in foreign investment with Australia taking the second position and Singapore third. For the first time since 2015, when PwC began analysing net future investment targets across borders in Asia Pacific, neither China nor the US make the top three.

Yeoh Oon Jin, Executive Chairman, PwC Singapore said:

“It isn't surprising to see Singapore on the list of most favoured economies for cross-border investments. Policy makers in Singapore are very focused on making Singapore the digital hub for the region with a clear vision on AI, cyber security, data analytics, privacy protection, workforce skills development and, above all, sustainability. Businesses which rethink strategies and footprint to align with the new digital world will be tomorrow's winners.”

### **Regulation and Trust**

The survey found that a majority of business leaders across Asia Pacific say additional regulation is needed to enhance public trust in the areas of artificial intelligence (72% in Asia Pacific, 84% in Singapore), cyber security (76% in Asia Pacific, 83% in Singapore) and privacy (70% in Asia Pacific, 64% in Singapore).

The need to move quickly on a coordinated policy framework is reflected in how business leaders are now viewing advanced automation and AI. Fifty-one per cent of business leaders in Singapore say AI and automation is a C-suite priority for them (37% in Asia Pacific) with another 34% saying it is a priority at a division or IT level (49% in Asia Pacific). Only 13% of Singapore business leaders (12% in Asia Pacific) are not viewing AI and automation as a key factor for their business in the next two years.

Bob Moritz, PwC's global chairman, concludes:

“Business leaders don't often call for more regulation but companies are acutely aware of the risk that disconnected or ineffective policies in areas such as AI, cyber security and privacy protection can have on their plans for investment and the trust that consumers have in business.

“With regulation of AI at an early stage there is a real opportunity for policy makers across Asia Pacific to develop standards that support innovation but also promote inclusive and responsible AI. But the time to act is now and we must ensure that fragmented AI policies don't become a new digital barrier to progress in the Asia Pacific region.”

**ENDS**

**Notes to editors:**

Read the Singapore findings at [www.pwc.com/sg/en/publications/apec-business-leaders.html](http://www.pwc.com/sg/en/publications/apec-business-leaders.html)

Find the full report “Doing business across borders in Asia Pacific 2019-2020” at [www.pwc.com/apec](http://www.pwc.com/apec)

PwC surveyed 1014 Asia Pacific business leaders from June to July 2019. 77 of these business leaders were from Singapore.

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