

Global report

HSBC Navigator: the voice of business 2021

Internationalisation is set to supercharge growth in 2022, with sustainability and supply chain investment also high on the agenda of leading firms.

This is no hypothesis: this is straight from the source. HSBC Navigator has received the results of our latest on-the-ground survey of businesses around the world. We wanted to know the appetite for expanding into new markets, hopes and fears around supply chains. Who will invest in new tech, new skills? Whose focus is on sustainability? Where, in summary, is business heading and what can we learn right now from those leading the charge?

We asked more than 7,300 business leaders across 14 markets what they were thinking, feeling, and planning right now for the year ahead and the response is loud and clear: 90% predicted a return to growth, and internationalisation is a core strategy. They are optimistic. But also, they're facing into challenges – challenges that are eternal, and challenges that are unique to our times.

In terms of sector, it's the service industry that is feeling the most confident. Is this because these businesses are less reliant on supply chains? They are also well placed to thrive in remote working conditions. Geographically, the hot spots of confidence are in entrepreneurial emerging markets: those getting ready to ride the wave of future growth include Mexico, Egypt, and India – as well as the more established markets such as the USA.

However, this confidence is not without its uncertainty. Almost nine in ten businesses (87 %) expect to experience a

lasting impact from COVID-19 with nearly 40% indicating a resurgence of the virus as the main threat to their growth – a sentiment felt most strongly across Asia Pacific markets, such as Singapore, mainland China, and Malaysia. This is maybe why these markets also told us they were focused on employee wellbeing. They have seen the positive outcomes of a supportive working environment and they will build on that to help their colleagues and therefore their business weather storms.

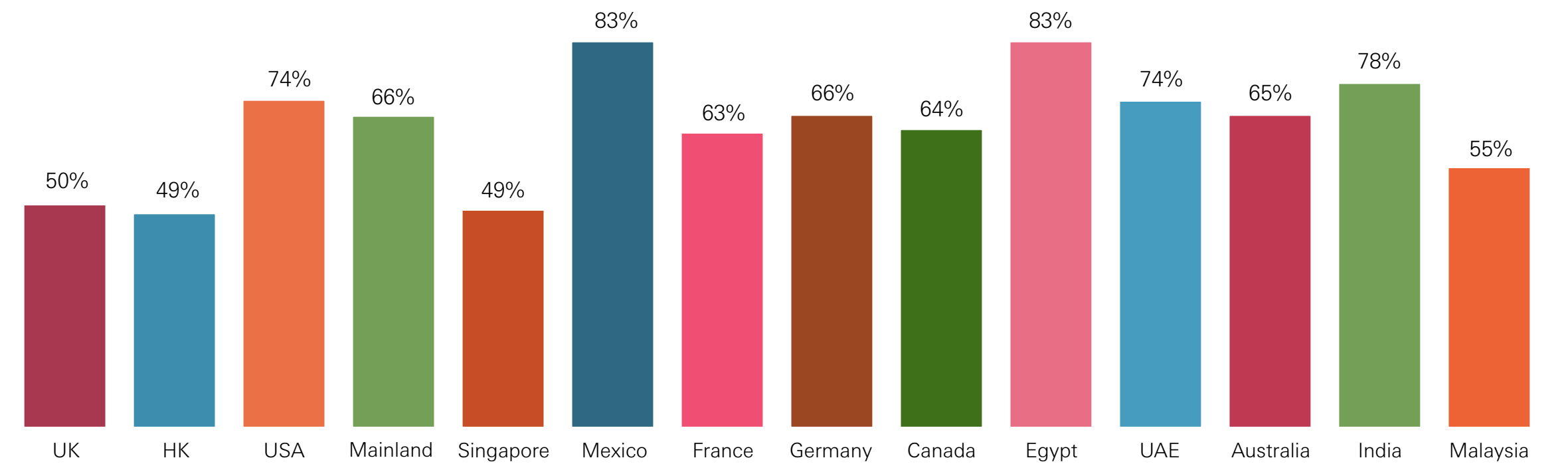
Similarly, we are all too aware of supply chain issues and it seems that businesses are facing ongoing difficulties as 71% of businesses anticipate supply chain disruptions and expect this to threaten revenue growth. As almost three in four businesses (73%) predict delays in the movement of goods and services in the next year, 58% of companies foresee greater difficulty in international trade as a result.

The answer? It seems businesses are investing more in their supply chains, thinking past what they clearly see as temporary issues and into the long term. Leading businesses are taking extra care in determining who they can rely on and judging future partners on sustainability metrics – for instance, 92% evaluate diversity of workforce as part of their due diligence. Further investment is on the agenda for new technology and digital tools, too, with a third of corporate leaders globally focusing funds in that area.

Overall, although they face challenges, leading businesses have a plan. They recognise that retaining and investing in international markets, supply chains and technology remain core elements for growth – and they are overwhelmingly positive about the future.

Businesses are confident about growth prospects

(% of businesses that are optimistic about future growth over the next 12 months)



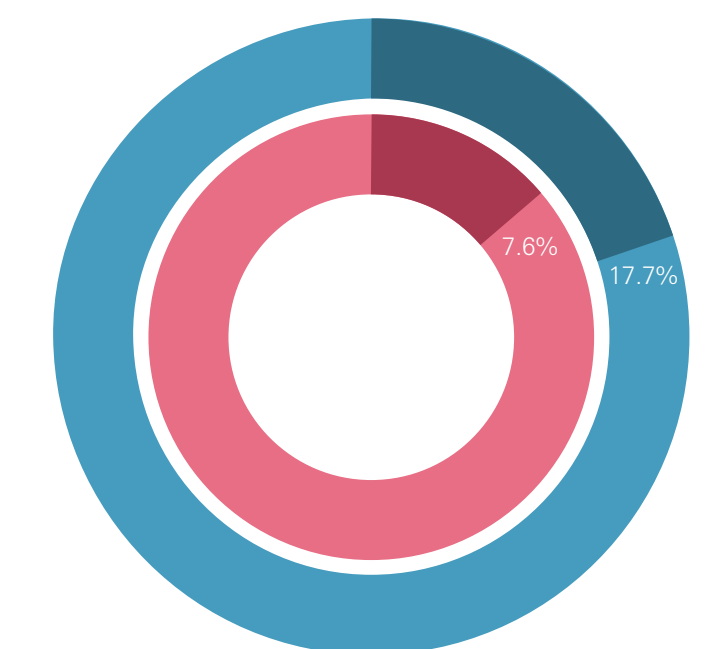
Top 3 measures businesses are taking to build resilience



Rest of world
Asia Pacific markets

Anticipated average revenue increase from greater focus on sustainability

(Global figures)



Businesses expecting 30% or more growth
Businesses expecting 30% or less growth

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Key findings:

- **90% of businesses are confident a return to growth** is on the horizon and are looking to internationalisation to aid recovery in the year ahead
- **Supply chain disruptions are anticipated by 71% of businesses**, as well as increased material and production costs, both of which are expected to threaten revenue growth
- Corporate leaders are focusing on their supply chains and taking a longer-term view and **a third of businesses are investing more in tech**
- **24% of firms are looking to implement sustainability agendas** – and many are expecting a boost in revenue as a result

Optimism around sales revenue

90%

of businesses expect overall sales revenue to grow with one third looking to internationalism to power this growth

Supply chain concerns

42%

of construction businesses are much more likely to find costs to be a concern regarding their supply chains as opposed to those in agriculture (18%).

Change to number of suppliers internationally over the past 24 months

