

Canada

HSBC Navigator: the voice of business 2021

Canadian businesses are less optimistic about the future compared to their global peers, but expect that prioritising investments in technology and upskilling their workforce will pay off.

Canadian businesses are more pessimistic about the prospects of future growth, with only 56% feeling more optimistic than they were a year ago. The drop in confidence is significantly lower than their counterparts in the United States at 72% and 64% of their global peers.

Like almost every other market, Canadian businesses were most concerned about a resurgence of COVID-19 (43%) but also **pointed to workforce morale as a threat to growth (28%)**. More than one in four (27%) businesses in the region also considered supply chain disruptions an impediment to growth and only 12% expect international trade to become easier over the next year, with increasing costs their top concern (43%). Still, **the average impact to revenue that they expect from these supply chain issues is less than every other surveyed**

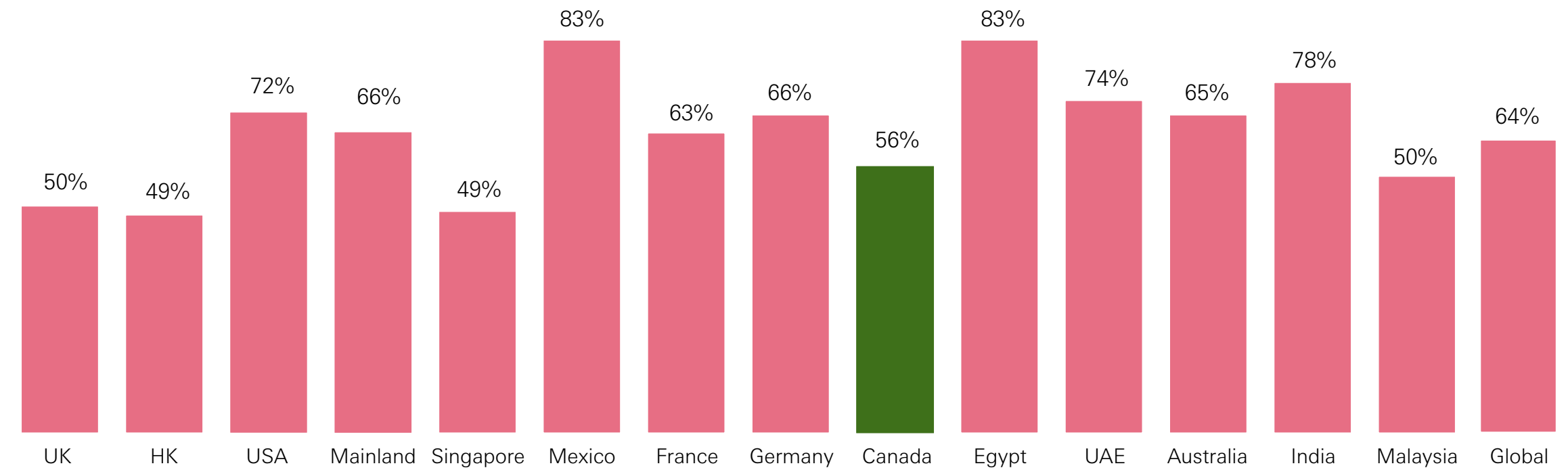
market (19.5%), suggesting confidence they will steer clear of serious losses.

As a result of the pandemic, **33% of businesses in Canada say they've put a greater focus on employee well-being** – more than every other market outside of Asia Pacific – and 32% are upskilling their existing workforce to protect against future shocks. **Businesses in the region have also chosen to prioritise investing in new technology (38%)** more often than their global peers and were most likely to cite technology for improving hybrid or remote work as their biggest priority (with 48% choosing to focus funds there). They also saw cloud-based software (44%) and an increased implementation of data science and AI (38%) as technological priorities.

Canadian business leaders expect to navigate anticipated supply chain disruptions and are thus optimistic about growth in the coming year. They are also prioritising employee well-being by upskilling their workforce and investing in technology to enable remote work.

Businesses have varying degrees of confidence about growth

(% of businesses that are more optimistic than they were 12 months ago)



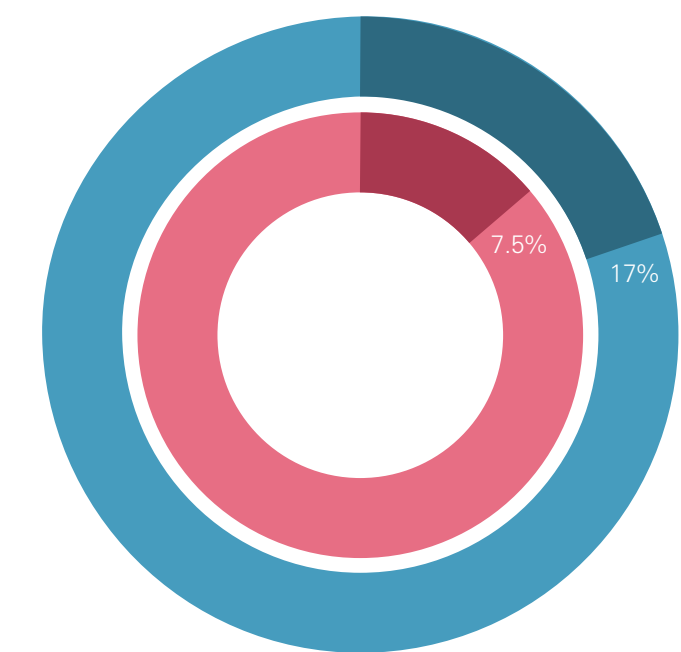
Top 3 measures businesses are taking to build resilience



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

Canada

Key findings:

- Canadian businesses are less optimistic about the future compared to their global peers.
- Resurgence of COVID-19 was viewed as the top threat to revenue growth, but they also cited concerns with workforce morale and supply chain disruptions.
- Businesses in the region are protecting themselves against future challenges by upskilling their existing employees and investing in technology for an increasingly remote workforce.

Cautious optimism

56%

are more optimistic about growth next year than they were a year ago.

Supply chain diversification

38%

are prioritising investments in new technology.

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Despite headwinds, internationalisation will be the engine of growth over the next 12 months.”

Barry O’Byrne

CEO of HSBC Global Commercial Banking