

Germany

HSBC Navigator: the voice of business 2021

German business leaders are just as optimistic about the coming year as many of their global peers.

Businesses in Germany are generally confident about recovery. In line with the global average, **66% of surveyed businesses were optimistic about growth in the coming year** and 89% expect revenue to increase. They expect sales to grow by 9.8% (vs 11% globally) and believe they'll return to pre-COVID levels of profitability by December 2022.

German businesses have some concerns around COVID-19. More than a quarter (**26%**) considered a **resurgence of the virus as a potential impediment to growth**, and just under a third (29%) saw further outbreaks or new strains of COVID-19 as a macro challenge they would have to overcome in the next 12 months. Just **18% thought the pandemic would have no lasting impact on business**. However, German businesses consider the main threat to growth something other than COVID-19. That threat was a labour market skills shortage.

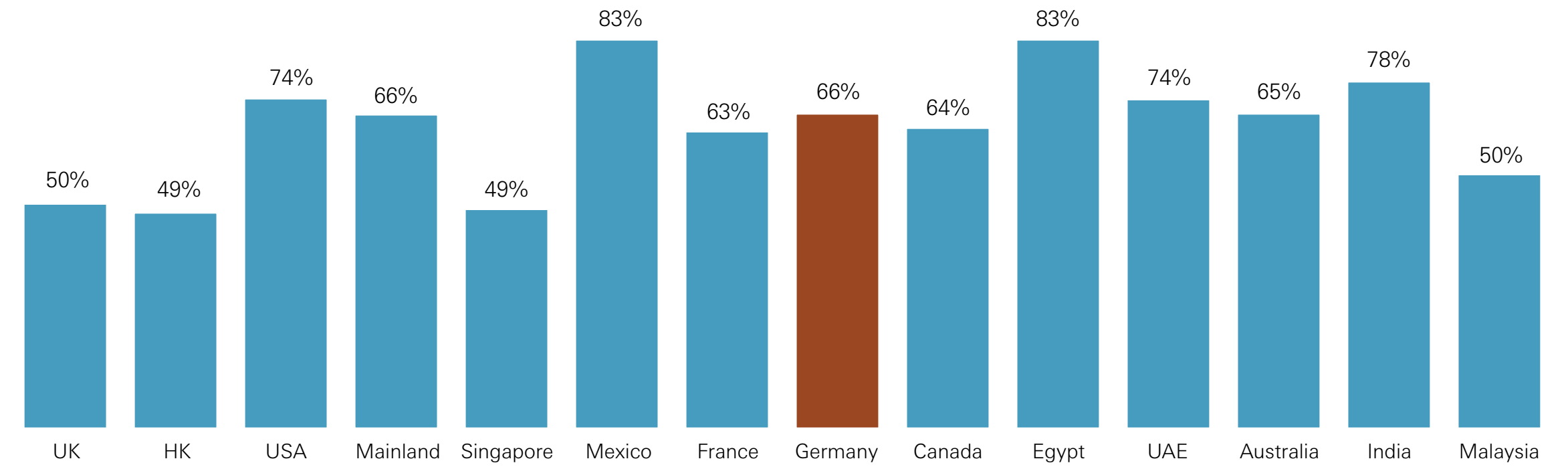
Almost one in three businesses in the region (33%) cited lack of skilled labour as a challenge they expected to face in the next year and nearly one in four (24%) considered hiring new talent a top priority.

As part of future growth plans, **German business leaders were most likely to point to a greater focus on employee well-being (25%) and prioritised investing in new technology or digital tools (33%),** upskilling their existing workforce (27%), and **harnessing technology (40%) to improve remote work efficiencies.** Another key priority for the coming year was supply chain management (24%), with 34% of businesses citing increasing costs and lack of material availability (25%) as top concerns.

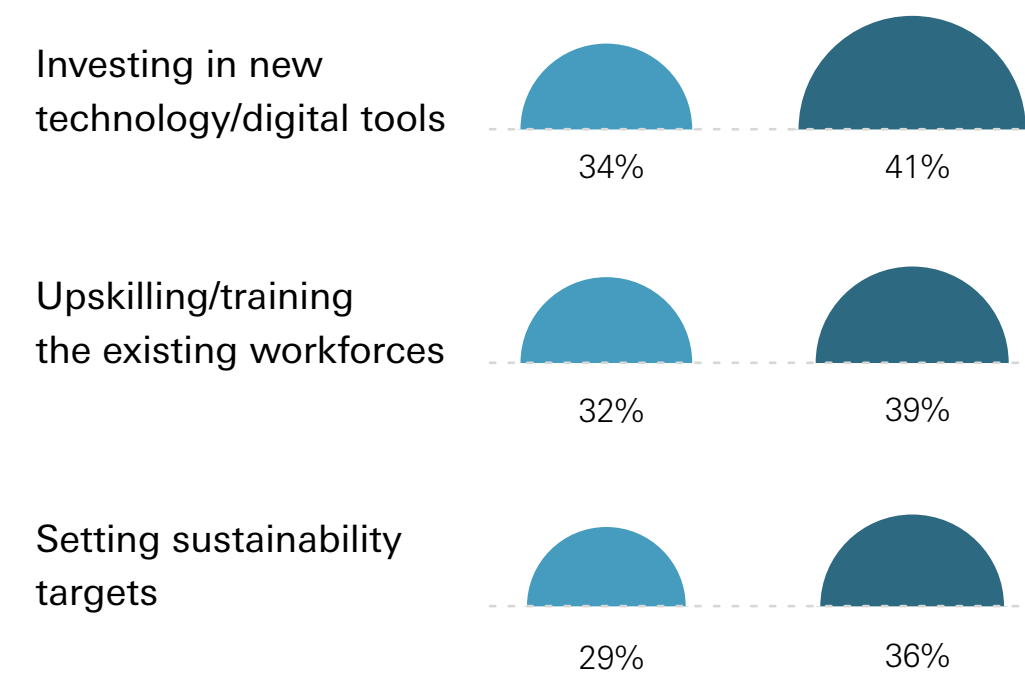
While businesses in Germany were as likely as their global peers to claim optimism, they were less likely to consider COVID-19 a threat to future growth. To tackle labour market shortages, they've put greater focus on employee well-being and investing in digital tools to enable remote work.

Businesses are confident about growth prospects

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



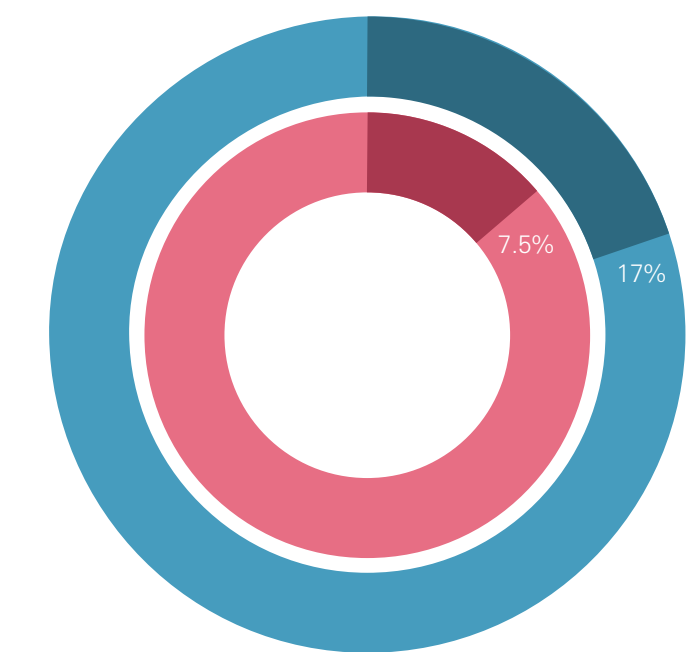
Top 3 measures businesses are taking to build resilience



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

Germany

Key findings:

- Businesses in Germany share the same level of confidence as the global average that growth is on the horizon.
- They were less likely to cite COVID-19 a threat to that growth and were instead concerned with a labour market skills shortage.
- Since the pandemic, German business leaders have put a greater focus on employee well-being and are investing in technology for improving or enabling remote work.

A positive outlook

66%

of businesses are optimistic about growth in the next 12 months (equal to the global average).

Tech-enabled working

40%

of businesses are investing in new technology to enable remote work.

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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