

Malaysia

HSBC Navigator: the voice of business 2021

Businesses in Malaysia are cautiously optimistic about the next 12 months, despite potential concerns like a resurgence of COVID-19 and challenges with international trade. Drawing on lessons from the pandemic, they plan to invest in technology to protect from future shocks and set sustainability targets to increase revenue.

More than half (**55%**) of those surveyed have a **positive outlook** on the next 12 months and **60%** say they are **more optimistic about growth than they were 12 months ago**. On average, Malaysian businesses expect annual **organic growth of 19.4% (vs 18.8% globally)**.

Expanding into new markets is a priority for 38% of Malaysian businesses (vs. 31% globally). Overall, 81% of these businesses are looking to increase trade with Asia. Over the next three years they also expect to increase their trading activity in East Asia (58%), South Asia (51%), Central Asia (48%) and North America (47%).

Aside from a resurgence of COVID-19 (45%) – every market's most commonly identified concern – Malaysian businesses cite macro challenges such

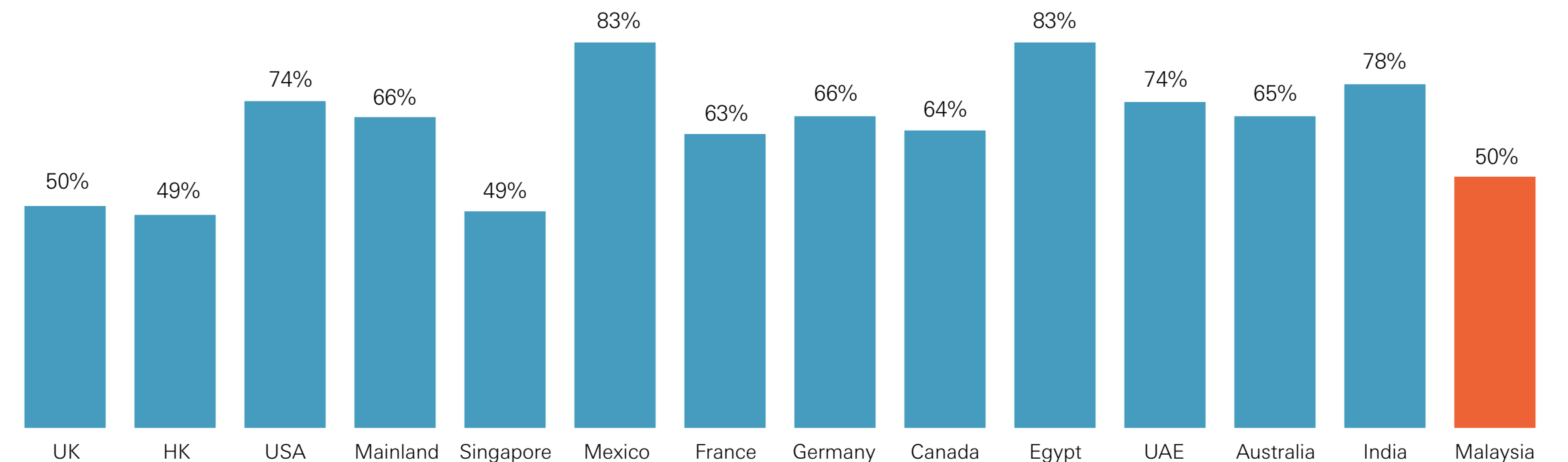
as inflation (31%) and a global slowdown (30%) as threats to growth. However, they also **think an increased focus on sustainability could grow revenue by up to 12% over the next 3 years** (as opposed to 10.7% globally). As a result, **almost 2 in 5 Malaysian businesses (38%) are setting sustainability targets to protect themselves against future shocks**, compared to 32% of businesses globally, and **over half (54%) have already set targets on their energy usage**.

Businesses in Malaysia are not only targeting sustainability. Almost half (46%) are investing in digital tools to protect against future threats and **nearly two thirds (66%) expect to prioritise technology that will enable hybrid or remote work** (fourteen points above the global average). Particularly as **42% of businesses are placing a greater focus on training and upskilling their workforce**.

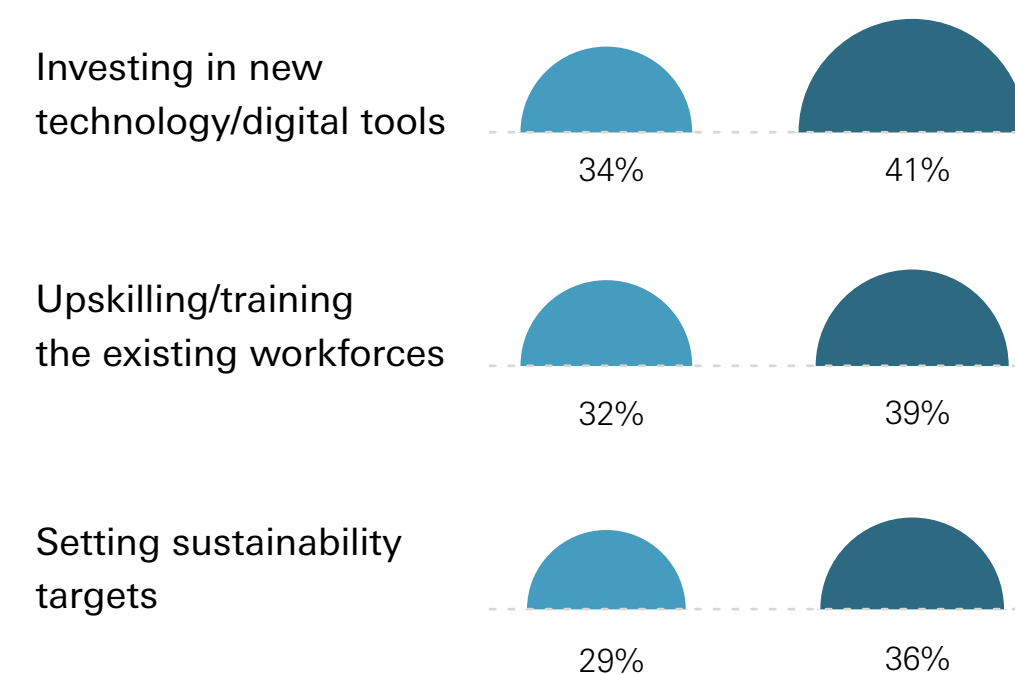
Though COVID-19 remains top of mind, businesses in Malaysia have identified ways to defend themselves against future challenges and set a path towards future growth. This includes becoming more sustainability-driven and acquiring new technology to upskill their workforce and enable remote work.

Businesses are confident about growth prospects

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



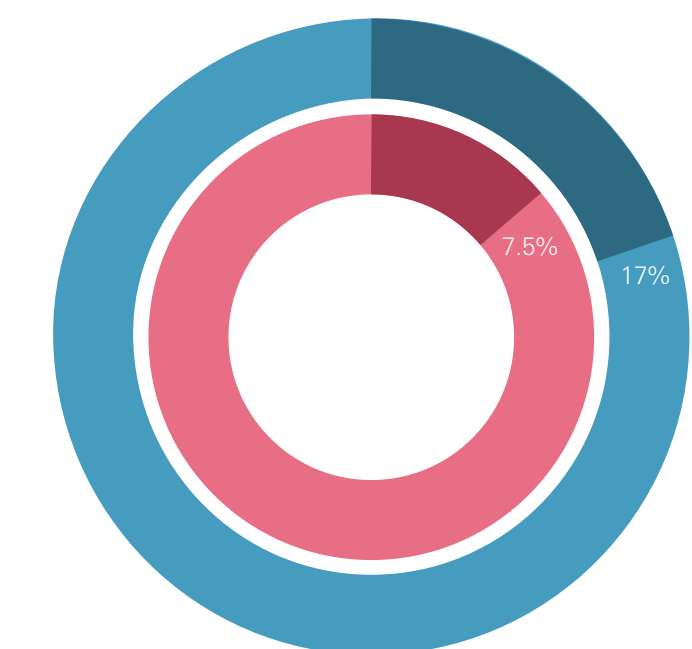
Top 3 measures businesses are taking to build resilience



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

Malaysia

Key findings:

- Like other ASP markets, Malaysian businesses are cautiously optimistic about the next year.
- Businesses in the region have used lessons learned from COVID-19 to protect against future threats.
- They have set energy usage targets as businesses anticipate an increased focus on sustainability could increase revenue.
- Furthermore, businesses in Malaysia are upskilling their workforce and investing in new technology to enable hybrid work and protect against future challenges.

A return to growth

55%

are optimistic about the outlook for future growth in the next 12 months.

Investing for the future

46%

are investing in new technology and digital tools as a way to protect against future challenges / shocks.

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It's critical that business leaders continue to innovate, disrupt and invest in the right areas like improving sustainability, supporting and growing the workforce, and embracing technology to drive greater efficiencies."

Barry O'Byrne

CEO of HSBC Global Commercial Banking