# **News Release**



2 December 2020

## New Zealand's COVID-19 response presents opportunity for NZ businesses

### Company culture, sustainability key to their future success

As the world awaits widespread access to Covid-19 vaccines, a new report from HSBC signals an opportunity for New Zealand businesses due to the country's successful COVID-19 response.

Drawing on the views of over 10,000 companies in 39 countries and territories – including New Zealand - HSBC's annual <u>Navigator</u> survey finds that with supply chain disruption becoming more commonplace due to COVID-19, businesses globally are reviewing and reshaping their supply chains to build resilience.

More than nine in ten companies globally (93%) have concerns relating to their supply chain, and more businesses are diversifying (28%) than reducing (20%) their suppliers in response. The most significant short-term change they're making is choosing suppliers based on countries' COVID-19 situation.

"New Zealand's outstanding response to the COVID-19 pandemic presents a real opportunity for New Zealand businesses with almost a third of companies globally looking to diversify their suppliers based on their country's control of COVID-19," said Rob Roughan, Interim Chief Executive Officer of HSBC New Zealand. "New Zealand companies also recognise that company culture, including employee well-being and improving environmental and ethical sustainability, is key to their future business success," he added.

90% of New Zealand businesses also have concerns about their supply chains, of which the greatest is increasing costs (50%), followed by financial resources/time spent on managing supply chain (30%).

Of the New Zealand businesses surveyed, 8% are more profitable than they were before the COVID-19 outbreak (in line with businesses globally) and 28% expect to return to pre-COVID profitability by the end of 2021 (vs. 45% globally).

Six in ten New Zealand companies are projecting sales growth in the year ahead (vs. 64% globally), and three in ten businesses are expecting sales growth of more than 5% in 2021 (vs. 42% globally).

One of the most striking differences between New Zealand businesses and their global counterparts was that they viewed company culture/great place to work to be the dominant quality of a successful business in future (42% vs. 25% globally). New Zealand businesses viewed this as being even more important than resilience to market changes, reputation and leadership team (all 36% for NZ businesses vs. 32%, 31% and 27%, respectively, globally).

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Accordingly, around two thirds of New Zealand businesses plan to prioritise employee well-being for immediate investment compared to less than half of businesses globally (64% vs. 44% globally), with customer experience (58% vs. 49% globally) and upskilling workforce (56% vs. 42% globally) also key investment priorities.

Nine in ten New Zealand businesses also see opportunities in improving environmental and ethical sustainability (vs. 94% globally), of which the most pronounced is becoming a more attractive employer (40% vs. 28% globally). Over four-fifths of NZ businesses also expect sales growth from a greater focus on sustainability (82% vs. 86% globally).

Similar to their global counterparts, around three quarters of NZ businesses have set environmental, social and corporate governance (ESG) targets, while over nine in ten NZ companies have already launched measures to assess their performance on various aspects of ESG (92% vs. 95% globally).

#### Ends/more

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#### Note to editors:

#### **HSBC Navigator:**

The Navigator survey is conducted on behalf of HSBC by Kantar. This survey of over 10,000 businesses spans 39 countries, markets and territories. It was conducted between 11 September and 7 October 2020.

Markets in scope: **Europe:** Belgium, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Russia, Spain, Sweden, Switzerland, UK. **Asia-Pacific:** Australia, Bangladesh, mainland China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam. **Middle East & North Africa:** Egypt, Saudi Arabia, Turkey, UAE. **North America:** Canada, Mexico, USA. **South America:** Argentina, Brazil. **Rest of Africa:** South Africa.

For more information visit: https://www.business.hsbc.com/navigator

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