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Digital adoption, sustainability and employee empowerment key for island businesses as world faces two-speed recovery from Covid-19

Island businesses will need to focus on their sustainable performance, employee empowerment and digital adoption if they are to thrive, according to a new report by HSBC Commercial Banking looking at how the Covid-19 pandemic is redefining business success and which identifies a two-speed global economic recovery from the pandemic.

Drawing on the views of over 10,000 companies in 39 countries and territories, HSBC's annual [Navigator](#) survey finds that 8% are more profitable than they were before the Covid-19 outbreak and 45% expect to return to pre-Covid profitability by the end of 2021.

However, 28% and 11% of businesses expect it will take until the end of 2022 and of 2023 respectively just to claw back ground lost during the pandemic, while 6% are looking at 2024 or beyond.

Although the number of companies projecting sales growth in the year ahead (64%) has dropped 15 percentage points from a year ago, four in ten (42%) businesses are expecting sales growth of more than 5% in 2021. A distinguishing feature of these 'high growth' companies is that nearly all (89%) are going on the offensive by increasing investment.

Other findings from the report include:

- **Digital is key** to success during the pandemic, with 'high growth' companies now making more sales online. 32% of high growth firms expect technology-driven efficiencies to be a key driver for their recovery, more so than businesses with lower or no growth. As a result, 88% plan to invest in digital tools and platforms.
- **Empowering employees:** The workforce is a key priority for high growth firms, with 90% planning to upskill employees and to invest in staff wellbeing.
- **ESG commitment:** The vast majority of companies surveyed (86%), from the optimists to the pessimists, think efforts to boost their sustainability performance will help increase sales. Three in four have set environmental, social and corporate governance (ESG) targets, with the greatest focus on environmental and social goals.

In addition, the report finds that, while half of businesses expect cross-border trade to become more difficult than it was pre-pandemic, their commitment to pursuing international opportunities appears undiminished. Three quarters of businesses are positive on their international trade over the next two years. At the same time, firms are reshaping their supply chains, through diversifying (28%) rather than reducing (20%) suppliers.

Aline Ayotte, Head of Commercial Banking, HSBC Channel Islands and Isle of Man, commented on the findings:

"Companies in the islands have proven remarkably resilient in weathering the turmoil brought by Covid-19, but this new environment will significantly shape their decisions to invest, to embrace technology, and to target future growth. What they all recognise is that responsibility, resilience and reputation underpin long-term success.

"Doing this will be a challenge but, given the islands' focus at a jurisdictional level on digital innovation and sustainable finance, and given their natural tendency to be outward-looking and globally dynamic, they should be well placed to be successful in this new environment and support global recovery."

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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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