

READY FOR THE CHALLENGE

GLOBAL BUSINESS CLIMATE SURVEY 2020

Perspectives from Swedish companies on doing business abroad

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PREAMBLE

The year 2020 will be marked by the unprecedented event of the Covid-19 pandemic and the consequences thereof. At the same time, Swedish export companies have demonstrated great adaption skills and also showed great social responsibility in relation to local communities and companies. Embassies abroad together with Business Sweden, the Swedish Export Credit Agency (EKN) and the Swedish Export Credit Corporation (SEK) have contributed to solve concrete problems related to export restrictions, supply and distribution chains and export financing during the last couple of months.

Sweden’s Trade and Investment Strategy adopted in December 2019 by the Government is more relevant than ever. The strategy is based on two fundamental pillars – sustainability in a broad sense and promotion of exports from the whole of Sweden. The platform Team Sweden, used for coordination among different strategic partners and authorities will be developed. It has facilitated an effective crisis-response cooperation mechanism in various markets these last couple of months.

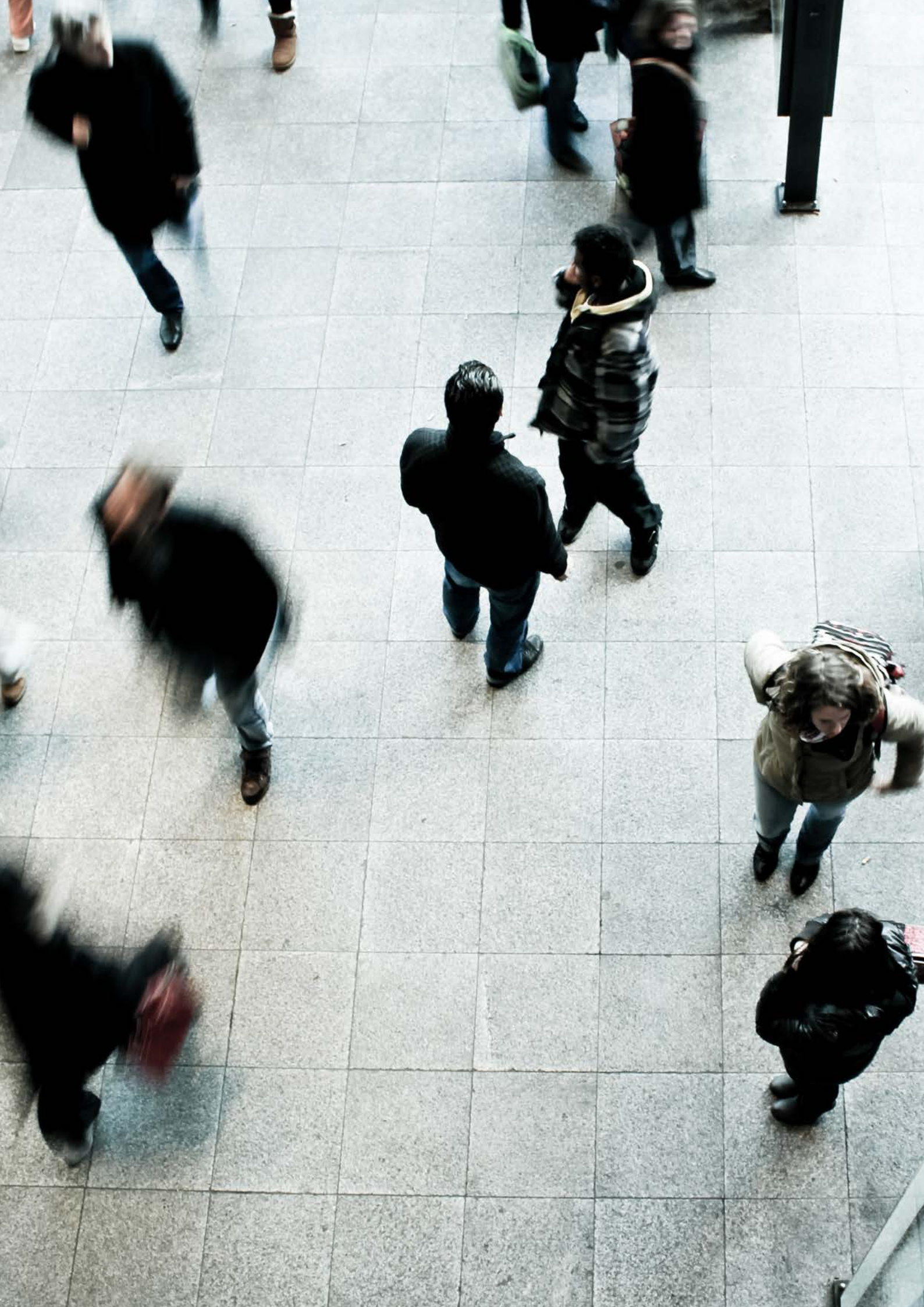
The Government of Sweden and its authorities continuously review and adapt support to Swedish companies to alleviate challenges and to facilitate trade. By compiling local Business Climate Surveys from 24 markets that are important for Swedish companies we are given a better understanding of the factors that matter for Swedish companies’ business operations abroad.

The Swedish economy has a long tradition of international trade and presence globally. Going forward, I wish to continue the dialogue with Swedish companies abroad. Your experiences and lessons learned will help other companies step up from being local to going global.

Anna Hallberg
Minister for Foreign Trade and Nordic Affairs



ANNA HALLBERG
Minister for Foreign Trade
and Nordic Affairs



FOREWORD

ADAPTING TO A NEW REALITY

Swedish companies have a long tradition of doing business in foreign markets. They have established key positions in global value chains and industrial ecosystems. Their success in exporting goods and services topped by extensive production and sales in local markets is the cornerstone of Sweden’s internationally oriented economy.

The global economy is becoming increasingly regionalised and dominated by the three main economic powerhouses North America, Europe and Asia. Many Swedish companies will be forced to ramp up their business activities abroad in order to expand revenue and maintain competitiveness. But rising economic nationalism, trade conflicts, the Covid-19 pandemic and other obstacles make it difficult for companies to operate in the global market. A comprehensive global study of how Swedish companies view the business climate they operate in abroad is more important than ever.

This year, Business Sweden, the Swedish Chambers of Commerce abroad and Sweden’s embassies and consulates have partnered up to produce findings on this topic in individual Business Climate Surveys for 24 markets. Researchers from the Stockholm School of Economics have made vital methodological contributions to the surveys to make the results fully comparable across regions and countries.

Our report Global Business Climate Survey 2020 builds on the results from these surveys. The report’s ambition is to provide business executives and other decision-makers with new insights and an understanding of how Swedish companies assess local market conditions abroad, including which factors give them a competitive edge.

We hope this report will be useful for not only understanding but also navigating change in today’s global markets that are in constant flux.



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CEO, Business Sweden



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THE GLOBAL BUSINESS CLIMATE SURVEY COVERS

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MARKETS WHERE SWEDISH COMPANIES ARE ACTIVE



TOP 3 SUCCESS FACTORS

1. SALES COMPETENCE
2. COST EFFICIENCY
3. BRAND AWARENESS



BRAND SWEDEN

‘BRAND SWEDEN’
CONSIDERED BENEFICIAL
TO BUSINESS



LOCAL CONDITIONS MOST SATISFIED WITH

ACCESS TO QUALIFIED PARTNERS:
– DISTRIBUTORS
– SUPPLIERS
– SERVICE PROVIDERS



LOCAL CONDITIONS LEAST SATISFIED WITH

– DIGITALISATION
– LABOUR MARKET
REGULATIONS
– CORPORATE TAX



ENVIRONMENT

DIVIDED VIEWS
ON CUSTOMERS’
CONSIDERATION OF
ENVIRONMENTAL ASPECTS



SOCIAL RESPONSIBILITY

OVERALL RELATIVELY SMALL IMPACT
FROM CORRUPTION AND SMALL
RISK OF ENCOUNTERING
HUMAN RIGHTS OR
LABOUR RIGHTS
VIOLATIONS



EXECUTIVE SUMMARY

A FRESH LOOK AT THE WORLD

At a time when globalisation is slowing down and the coronavirus pandemic has sent shockwaves through the economy, companies need to accelerate their knowledge of developments in overseas markets in order to identify opportunities and challenges in their international expansion. Success in local and regional markets often requires having a presence on the ground. But where in Asia, for example, should companies establish or expand their operations? In China? In Vietnam? In Indonesia?

This survey report captures the collective instincts and views of Swedish companies regarding the business climate and success factors in 24 markets where their local operations have afforded them valuable experience.

The key message from the 1,300 respondents is clear. Achieving success in foreign markets requires sales competence first and foremost. Closing a sale is the bread and butter of any business. Organisations need to be cost-effective and products need to stand out in the crowded competition. To flourish abroad, companies also need an aptitude for navigating relationships with partners, suppliers and customers. This is particularly true of large companies, who often provide turnkey solutions and emphasise the importance of customer relations. A strong and recognised brand can go a long way and most companies highlight the competitive advantage of having Swedish origins.

The markets where respondents have given the business climate a high ranking are Canada and Singapore, followed by Hong Kong, the UK and UAE. The lowest scores go to Vietnam, Indonesia and South Africa. The findings also make it clear that several markets in Asia are just as developed as the best-performing European markets.

Swedish companies believe that access to qualified partners, distributors and service providers is an essential factor for competitiveness in all the regional markets. Personal safety and customs procedures are also highly ranked in their assessment of market conditions over-

seas. Market transparency, equal treatment, labour market regulation as well as corporate taxation are all low-scoring factors. Parked at the bottom of the ranking are local levels of digitalisation which consistently fail to meet the companies’ needs.

These survey results reflect the reality facing Swedish companies in many developing markets – illustrating that the local business environment can be highly competent even in markets that are otherwise characterised by lacking transparency, discrimination against foreign companies and government intervention in business affairs. Domestic competition can be fierce and China is a typical example.

The companies’ assessment shows that access to specialist skills is scarce in certain markets in Asia and Oceania, which is likely to reflect the stiff competition for qualified talent. In the Americas – primarily in Brazil and Mexico – personal safety is a concern for companies, as is high corporate taxation. The main challenges in Asia and Oceania as well as the Middle East, Turkey and Africa, are the lack of market transparency and discrimination against companies. This, for example, is reflected by difficulties in obtaining licenses or permits in order to operate.

The survey respondents are divided in their assessment of the extent to which customers are willing to pay for more environmentally-friendly and sustainable products. According to the results, Western Europe is primarily the region where companies believe that sustainability plays any larger role. The risk of encountering corruption or violations of human rights and labour rights is overall considered to be relatively low. But the risk increases substantially in markets such as Mexico and South Africa.

During the 1990s until the global financial crisis, the political consensus on the advantages of a healthy business climate was almost universal. Growing economic nationalism now threatens to overthrow the positive development and poses major challenges to companies operating internationally – including Swedish companies.

MAPPING THE BUSINESS CLIMATE

Understanding local business conditions and the factors that give companies a competitive edge is critical for success abroad. The Global Business Climate Survey sets a new milestone in terms of capturing the views of Swedish companies operating worldwide.

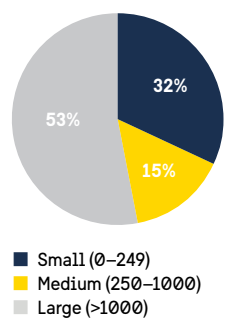
A comprehensive global study of how Swedish companies view the business climate they operate in abroad, has previously been lacking. Business Sweden, the Swedish Chambers of Commerce and Sweden's embassies and consulates abroad have therefore carried out a harmonised survey among Swedish companies in 24 markets, aiming to understand how Swedish companies view the business climate in these markets. While business climate surveys have been carried out among Swedish companies locally for many years, this is the first time a global survey has been carried out that allows for comparison of results across markets and regions, and eventually, over time. By consolidating the business climate surveys, we are building a unique database of viewpoints from Swedish companies on the international business climate.

In this report, Business Sweden has gathered some of the most interesting findings from a comparison of survey results across 24 markets. The report provides insights into what Swedish companies consider to be critical success factors to remain competitive, ranging from sales competence and cost efficiency to brand awareness. It also tracks how local conditions in various markets meet companies' needs, measuring factors such as access to qualified partners (e.g distributors and suppliers), market related and operational related factors, and how sustainability factors affect their business. To some extent, the report also touches upon how views differ depending on the size of the companies, the sectors they operate in and how long they have had a market presence. The definitions of size, sector and maturity used in the report follow the segments seen in the graphs to the right.

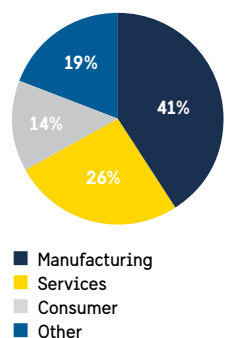
The Global Business Climate report is complemented by country reports for each market where readers can get an in-depth understanding of local business conditions. These reports can be found through local Business Sweden offices or Chambers of Commerce. The survey results are stored in a database that can be used to make further comparative analysis of how companies view local conditions based on company size, sector, maturity and other variables.

Most surveys were started in April 2020 and completed at the end of May. As the surveys were carried out during various stages of the Covid-19 pandemic, the results are influenced by circumstances prevailing at the time. Since the response rate is high for most surveys the results can be generalised for the respective markets. Among the 24 selected markets, three were carried out in the Americas (Canada, Brazil and Mexico), six in Western Europe (France, Germany, Greece, Italy, Portugal and United Kingdom), eleven in APAC (Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Vietnam and Thailand) and four in MEA+ (Russia, South Africa, Turkey and UAE). More details about survey coverage, recipients, response rates, regional groupings etc are presented in a technical note at the end of the report.

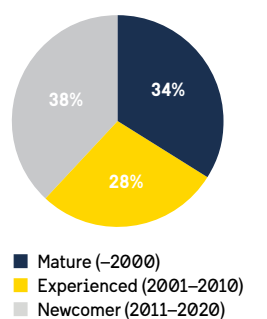
SIZE OF FIRMS
IN SURVEY
Global employees



MAIN SECTORS



MATURITY LEVEL
Year of market entry



GLOBAL BUSINESS CLIMATE SURVEY 2020

SUCCESS FACTORS

SALES COMPETENCE IS KEY TO COMPETITIVENESS

Sales competence is ranked by Swedish companies as the most important success factor for competitiveness. But that's not the only consideration: cost efficiency, brand awareness, partnerships, local relationships and customer collaborations are all deemed critical. Despite large regional differences in the survey, cost efficiency is the common denominator – ranking among the top 3 factors in all regions. Leveraging 'Brand Sweden' is also believed to be advantageous.

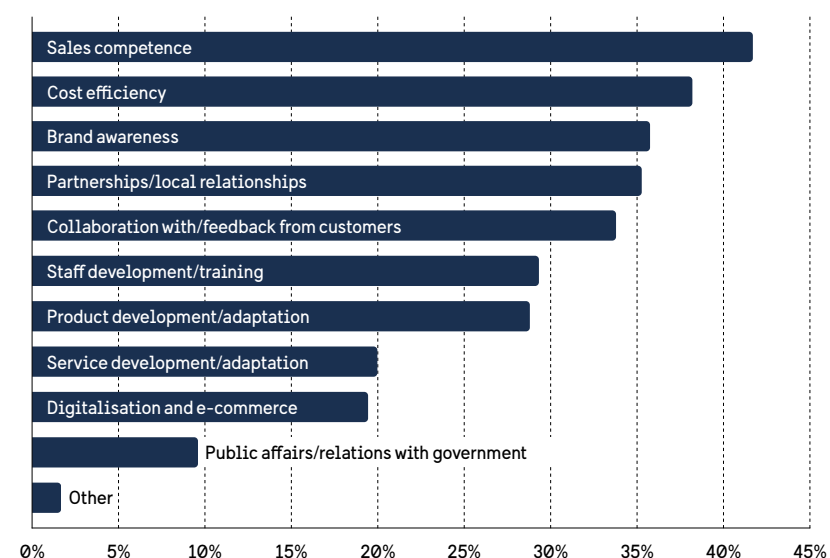
SALES COMPETENCE COMES FIRST

Maintaining competitiveness in global markets depends on several factors including sales competence, cost efficiency and brand awareness. These factors vary, to some extent, depending on which markets companies operate in. This section presents Swedish companies' perspectives on the most important factors that determine success at the local and regional level.

Looking across all the surveyed markets, sales competence is ranked the most important factor for competitiveness. More than 40 per cent of all companies chose this as one of their top 3 factors. Cost efficiency is the second most important, with 38 per cent of companies selecting this factor. Other almost equally important factors for competitiveness are brand awareness, partnerships and local relationships and collaboration with customers.

SALES COMPETENCE RANKS FIRST AMONG TOP 3 SUCCESS FACTORS FOR COMPETITIVENESS

Success factors abroad, percentage share from survey results



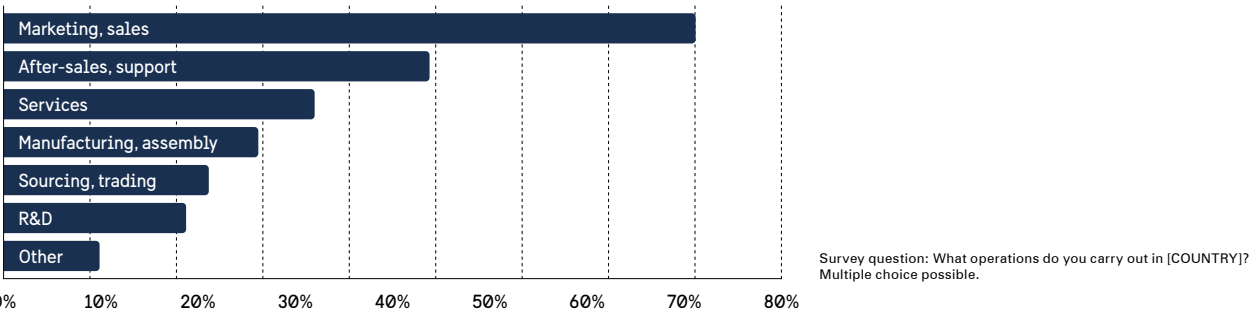
Survey question: To date, which of the following factors have been important in maintaining competitiveness in [COUNTRY]?
Maximum three factors per respondent.

Customer collaboration ranks particularly high among service companies but also among manufacturing companies who tend to sell products integrated with high-value service packages. The interaction between a buyer and seller is at the heart of any service delivery, which is why collaboration is integral. New services often take the form of service improvements or service line extensions. Because of this, successful service delivery often involves service adaptations that help companies of all sizes to continuously generate customer value and remain competitive. This factor also appears to be more important to large companies than small and medium

sized companies. The notion of ‘co-creation’ of value, where the seller and customer (as well as partners such as suppliers, dealers and distributors) work together to create value is especially important when selling advanced services or products-as-a-service.

Considering that 70 per cent of the surveyed Swedish companies are active within sales and marketing worldwide, and 44 per cent in after-sales and local support, the high ranking of sales competence is hardly surprising. Combining these two categories, 74 per cent of respondents are active in either or both sales and marketing and after-sales support on local markets.

THE VAST MAJORITY OF RESPONDENTS OPERATE WITHIN SALES AND MARKETING
Share of companies within different operations, per cent



‘BRAND SWEDEN’ CONSIDERED TO BE BENEFICIAL

Another key factor we have explicitly examined is how ‘Brand Sweden’ contributes to the competitiveness of Swedish companies abroad. Trade and investment promotion organisations such as Business Sweden, the Swedish Institute, the Swedish embassies and consulates, as well as the Chambers of Commerce actively work to promote the image of Sweden abroad. Sweden’s brand identity is synonymous with innovation, equality and sustainability, among other strengths and values, and many companies use their Swedish origin to communicate these brand attributes.

The contribution to competitiveness of leveraging ‘Brand Sweden’ is high according to most companies in the survey. Only a small share (4 per cent) see no value at all in promoting the ‘Swedishness’ of the product or service they are offering. Small companies generally see larger value in taking advantage of ‘Brand Sweden’ than medium and large companies.

LARGE REGIONAL DIFFERENCES

Looking across the regions, there are significant differences in the survey results in terms of which factors are deemed most important

SUCCESS FACTORS RANKED AMONG TOP 3 (by region)

Cost efficiency: All regions

Sales competence: All regions except APAC

Customer collaboration: the Americas

Brand awareness: Western Europe

Product development and adaption: APAC

Partnerships and local relationships: MEA+ and APAC

for future competitiveness. However, common to all regions is that sales competence, cost efficiency and brand awareness are ranked high.

Sales competence ranks among the top 3 factors in all regions except APAC. Cost efficiency is the only top 3 ranked factor across all regions. There are, however, some interesting regional differences in how Swedish companies rank success factors. For instance, while customer collaboration ranks highest among all success factors in the Americas, it doesn’t even reach top 3 in any other region.

Digitalisation, e-commerce and public affairs (relationships with public stakeholders) are ranked low overall in terms of competitiveness. There are, however, a few exceptions in the survey. In both the UK and Canada about a

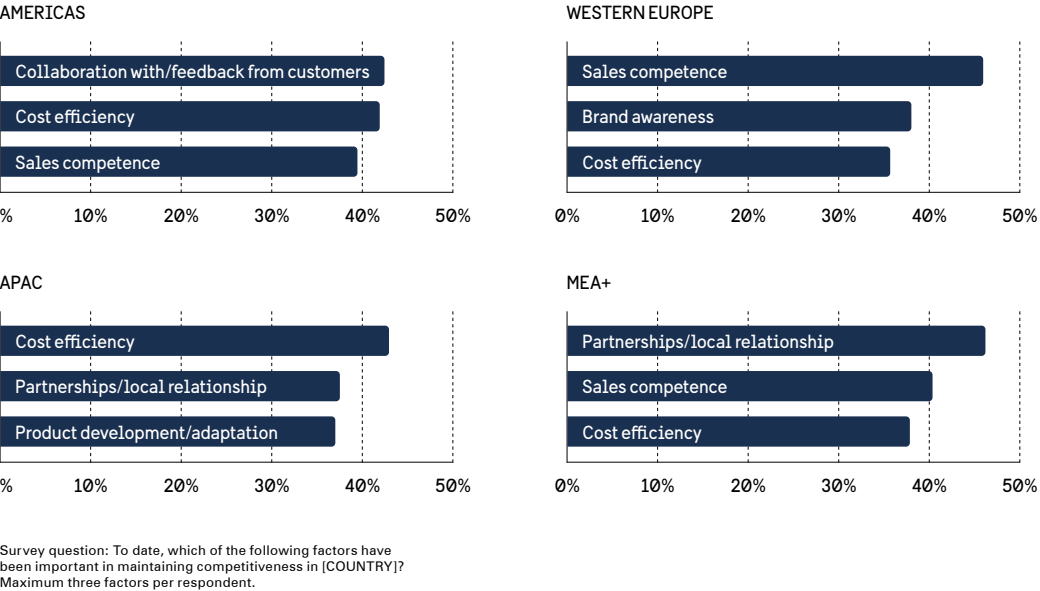
“ The fact that we are a Swedish company is an important part of our identity and can give us an advantage in our contacts with new customers, who often expect everything to be performed with high quality ”

Fredrik Palm, Business Area Manager at ContextVision, a company active in medical imaging

third of respondents selected digitalisation and e-commerce as a top competitive factor. China scores especially low in this category, with only 8 per cent of companies ranking digitalisation and e-commerce as top three competitive fac-

tors. Public affairs are deemed most important by Swedish companies in Indonesia (26 per cent) and UAE (20 per cent), partly explained by the fact that Swedish companies tend to be involved in large government contracts in these markets.

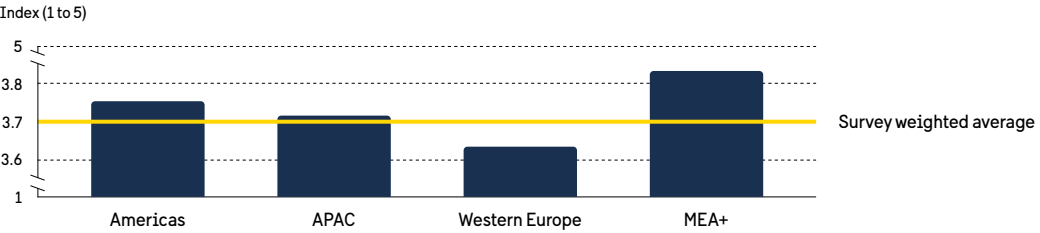
COST EFFICIENCY IS A TOP 3 SUCCESS FACTOR IN ALL SURVEYED REGIONS
Top 3 success factors by region, percentage share of survey respondents



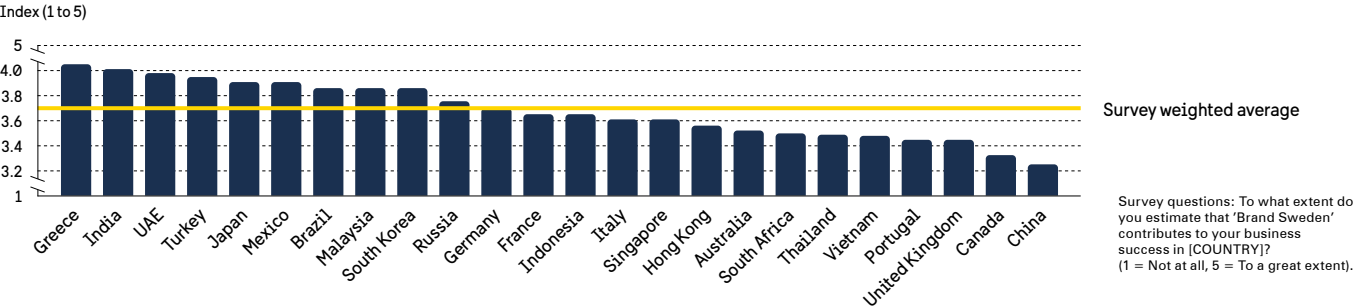
REGIONAL DIFFERENCES IN THE ROLE OF ‘BRAND SWEDEN’
For many companies, ‘Brand Sweden’ contributes greatly to competitiveness. Sweden’s brand identity is valued almost

equally important across all regions. There are, however, slightly larger differences between certain markets. ‘Brand Sweden’ contributes most to competitiveness in Greece and least in China.

LEVERAGING ‘BRAND SWEDEN’ CONTRIBUTES TO COMPETITIVENESS IN ALL REGIONS
Index measuring business impact and contribution of ‘Brand Sweden’



HAVING A SWEDISH IDENTITY CONTRIBUTES MOST TO SUCCESS IN GREECE AND LEAST IN CHINA
Index measuring business impact and contribution of ‘Brand Sweden’



GLOBAL BUSINESS CLIMATE SURVEY 2020

LOCAL CONDITIONS

FINDING THE PERFECT PARTNERS

When it comes to business conditions in the different local markets, access to suppliers, distributors and service providers are the factors that Swedish companies consider to be best met across the regions. Swedish companies are least satisfied with local levels of digitalisation, labour market regulation, corporate taxation, transparency and equal treatment.

The survey results for market and operational related factors (see definitions in table, p.16), indicate large regional differences. However, most factors score relatively high. Western Europe stands out with the highest scoring on most local conditions, except for digitalisation. In the Americas, the survey respondents are least satisfied with corporate taxation, and in APAC and MEA+ they are least satisfied with transparency and equal treatment.

'ACCESS TO QUALIFIED PARTNERS' MEETS COMPANY NEEDS THE BEST

To gain a detailed understanding of how Swedish companies view local conditions in global markets, this section explores key factors such as access to qualified partners, transparency, digitalisation, customs and a range of other topics related to the individual markets and business operations. The companies were asked to rate from 1–9 how well these local market conditions meet their needs. The lower the score, the more respondents consider the factor in question to be an obstacle to competitiveness. And the higher the score, the more they consider it to be an asset for competitiveness. At a regional level, all factors scored

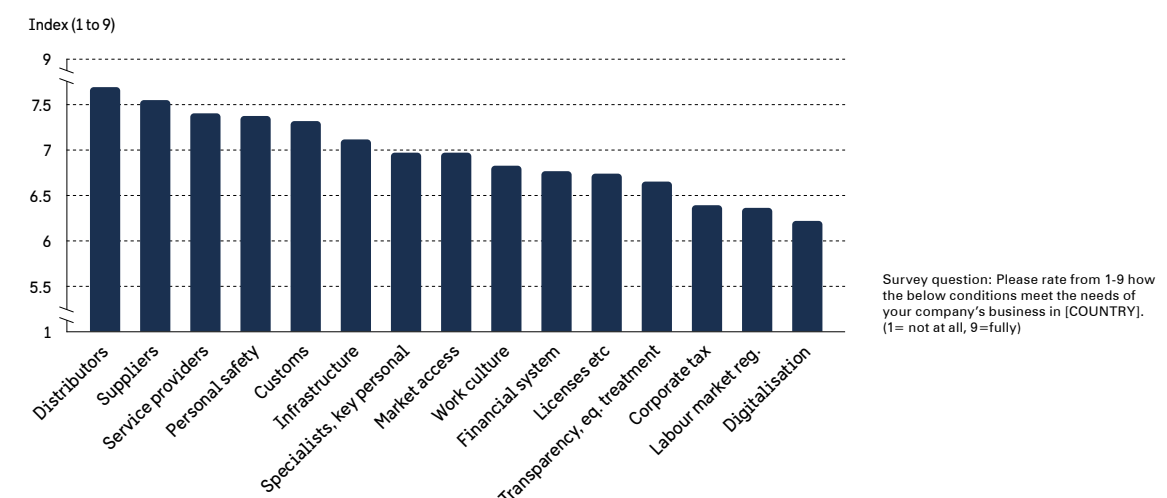
relatively high and are therefore not considered to be obstacles.

The survey respondents consider local access to qualified partners such as suppliers, distributors and service providers to be the factor that best meets their needs. Access to qualified partners scores high in all the surveyed regions. Swedish companies are less satisfied with market-related and operations-related factors (see table p.16), and least satisfied with local levels of digitalisation, labour market regulation, corporate taxation, transparency and equal treatment. Consumer-facing companies are especially unhappy with local levels of digitalisation.

In terms of market- and operations related factors (see table p.16) there are large differences both between and within regions, although most factors score relatively high. Furthermore, large companies and to some extent medium sized companies are generally more content than their smaller counterparts when asked about local conditions. The differences between the company size groups are particularly evident in relation to factors such as the financial system, market access and access to service providers.

ACCESS TO QUALIFIED PARTNERS RECEIVES HIGHEST RANKING

Index measuring how well local conditions meet the needs of Swedish companies



CONTRASTING RESULTS WITHIN AND BETWEEN REGIONS

As mentioned above, companies in all regions are most satisfied with access to qualified partners. However, when looking at specific market- and operational related factors (see table below), there are large differences between and within the regions. It is worth mentioning that many of the factors score relatively high.

In the Americas, the survey respondents are on average most satisfied with factors related to access to qualified partners including distributors, suppliers and service providers as well as specialists and key personnel. Broadly, this view is shared among the companies in the other regions except for access to specialists and key personnel in APAC and MEA+. Lowest scoring categories among Swedish companies in the Americas, Brazil and Mexico are related to corporate tax, personal safety and infrastructure.

Swedish companies in Western Europe are satisfied with most local conditions. The lowest scoring categories are among the operations related factors – corporate taxation and labour

market regulation – and market related factors such as levels of digitalisation. In Greece and Italy, the respondents are also relatively unhappy with the financial system.

In APAC, respondents are most satisfied with access to distributors, personal safety and suppliers. The lowest scoring categories are market-related factors such as transparency, equal treatment and digitalisation, and operations-related factors such as labour market regulation. In MEA+ the companies are most satisfied with access to qualified partners (suppliers and distributors) and one market-related factor (infrastructure). The lowest scoring categories are market-related factors such as transparency and equal treatment and financial system, and operations-related factors such as ability to obtain licenses.

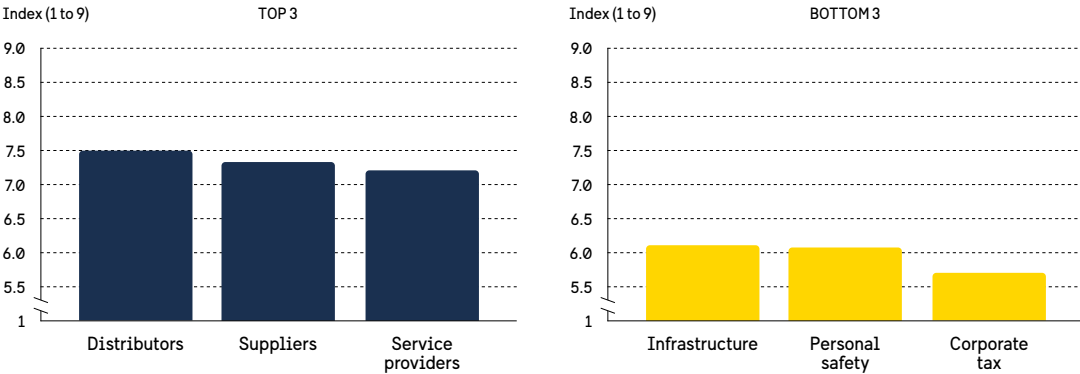
The markets where companies are most satisfied seem to be Canada and Singapore, followed by Hong Kong, the UK, UAE and France (green and yellow for all categories in the table below). And companies appear to be least satisfied in Vietnam, Indonesia and South Africa (red and orange).

RESPONDENTS IN THE AMERICAS ARE LEAST SATISFIED WITH CORPORATE TAXATION

Factors related to the category access to qualified partners receive the highest survey score in the Americas. Lowest scoring categories in

the Americas include corporate tax and personal safety, driven by low scores for Brazil and Mexico. Compared to markets in other regions, Mexico and Brazil are on par with South Africa when it comes to personal safety and Canada is on par with Germany and UAE.

CORPORATE TAXATION GETS LOWEST SCORES AMONG RESPONDENTS IN THE AMERICAS
Top and bottom three factors



Survey question: Please rate from 1-9 how the below conditions meet the needs of your company's business in [COUNTRY]. (1= not at all, 9=fully)

LARGE DIFFERENCES IN HOW WELL LOCAL CONDITIONS MEET RESPONDENTS' NEEDS WITHIN AND ACROSS REGIONS
Index measuring how local conditions meet needs of Swedish companies, where 1 equals not at all and 9 equals fully

		Americas			Western Europe					APAC								MEA+			
		BR	CA	MX	FR	DE	GR	IT	UK	CN	HK	IN	ID	JP	SG	KR	VN	RU	ZA	TR	UAE
Access to qualified partners	Suppliers	7.1	8.0	7.2	7.8	7.8	6.8	7.7	7.8	7.4	7.9	6.7	6.4	7.1	7.7	7.3	6.5	7.4	6.8	7.0	7.5
	Distributors	6.9	8.0	7.6	7.9	7.9	6.8	7.7	8.0	7.5	8.0	6.8	7.0	6.8	8.0	7.4	6.6	7.4	7.5	7.1	7.6
	Service providers	7.0	7.6	7.3	7.6	7.6	7.0	7.6	7.9	7.0	7.5	6.7	6.5	6.7	7.8	7.0	6.2	6.9	6.9	7.2	7.4
	Specialists, key pers.	6.9	7.1	7.0	7.2	7.1	7.1	7.1	7.3	6.9	7.1	6.6	5.5	5.8	7.3	6.7	5.8	6.5	5.6	6.9	6.8
Market related factors	Transparency, eq. Treatment	6.2	7.6	5.6	6.9	7.4	6.2	6.1	7.2	6.0	7.1	5.8	5.0	5.7	7.5	6.2	5.9	5.2	4.6	6.1	6.6
	Infra-structure	5.5	7.4	5.8	7.9	7.3	6.7	6.8	6.8	7.8	7.9	6.0	5.4	7.5	8.0	7.5	5.7	6.4	6.6	7.2	8.0
	Financial system	5.9	7.8	6.0	7.2	7.3	5.7	5.9	7.2	6.7	7.6	5.9	5.3	6.4	8.0	7.0	5.8	5.9	6.7	6.1	6.9
	Digitalisation	6.3	7.1	5.9	6.7	5.8	4.9	6.0	6.2	6.6	6.2	6.3	5.5	4.8	7.6	7.5	5.7	6.2	5.5	6.5	7.2
	Market access	7.0	7.1	6.4	7.2	7.4	6.4	6.5	7.4	6.4	7.3	6.5	5.4	6.0	7.6	6.9	6.0	6.2	5.9	6.9	6.8
Operations related factors	Licenses etc	5.7	7.6	6.1	7.4	7.3	6.0	5.8	7.2	5.8	7.6	5.8	5.2	6.1	7.7	6.6	6.0	5.9	5.8	6.2	6.9
	Customs	5.9	7.9	6.6	8.0	7.9	6.7	7.0	7.6	6.6	8.0	6.1	5.6	6.5	8.0	6.5	6.1	6.4	5.7	5.9	7.7
	Labour market reg.	5.3	7.8	6.5	6.0	6.7	6.1	6.0	7.1	6.1	7.9	5.8	4.8	5.5	7.2	5.8	6.1	6.7	5.3	6.5	6.8
	Work culture	6.7	7.4	6.8	6.6	7.3	6.4	7.1	7.3	6.6	7.2	6.3	5.4	5.9	7.3	6.4	6.4	6.1	6.1	6.6	6.9
	Corporate tax	4.4	7.1	6.1	6.1	6.8	5.3	5.5	7.4	6.4	8.0	6.2	6.2	5.0	8.0	6.2	6.5	6.9	5.6	6.4	7.9
	Personal safety	5.8	8.0	4.8	7.7	8.0	7.4	7.3	7.5	7.4	7.8	6.4	6.5	7.3	8.0	7.3	6.7	6.8	4.1	6.4	8.0

Note: Brazil (BR), Canada (CA), Mexico (MX), France (FR), Germany (DE), Greece (GR), Italy (IT), United Kingdom (UK), China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Japan (JP), Singapore (SG), South Korea (SK), Vietnam (VN), Russia (RU), South Africa (ZA), Turkey (TR), United Arab Emirates (UAE)

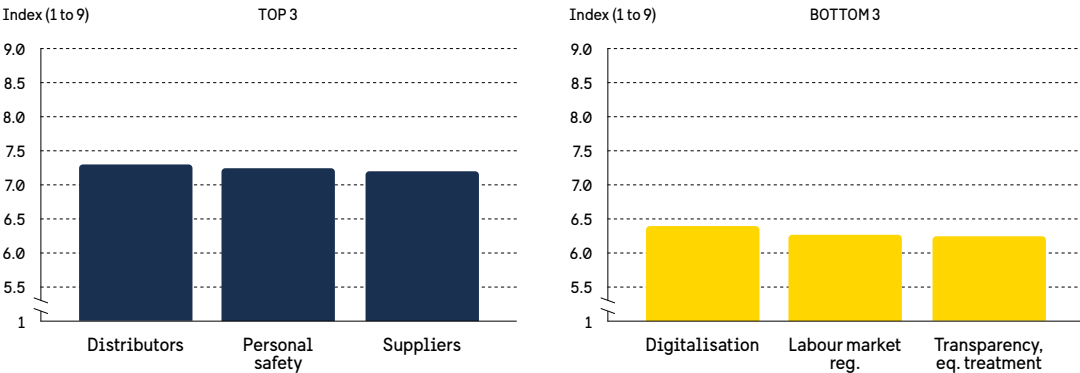
Very low Low Moderate High Very high

RESPONDENTS IN APAC ARE LEAST SATISFIED WITH TRANSPARENCY AND EQUAL TREATMENT

Access to distributors and suppliers as well as personal safety are the highest rated factors elevated by high scores in Hong Kong, Singapore and China. Vietnam, Indonesia, India and, in many cases, Japan have much lower scores than the other markets. Some of the low rated factors, transparency and equal treatment, labour market regulation and digitalisation are ranked especially low in Indonesia and Japan.

As in the Americas, the discrepancies within the regions are significant. For example, as far as the customs factor is concerned, APAC has both the highest scoring markets – Hong Kong and Singapore – in the entire sample and the market with the lowest score – Indonesia. The scores in Hong Kong and Singapore are more in line with Germany, France, Canada and UAE than other markets in the region, while Indonesia’s score is more reminiscent of South Africa’s than any other market in the sample.

TRANSPARENCY AND EQUAL TREATMENT GET LOWEST SCORES AMONG RESPONDENTS IN APAC
Top and bottom three factors



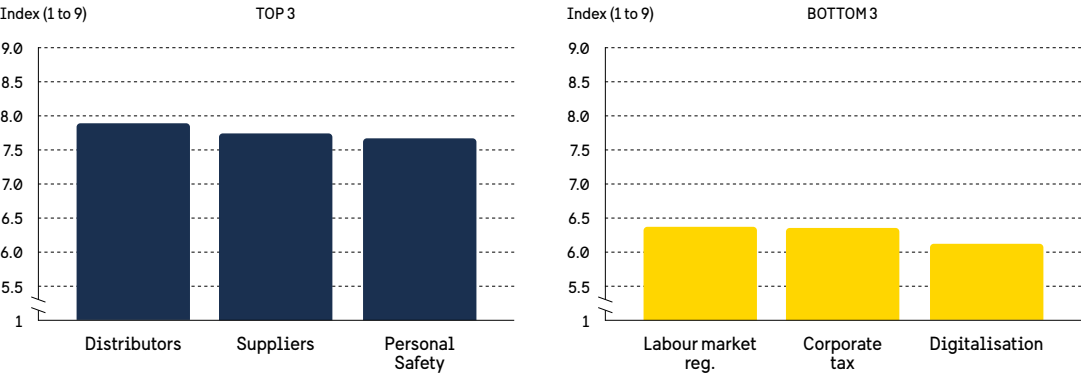
Survey question: Please rate from 1-9 how the below conditions meet the needs of your company's business in [COUNTRY]. (1= not at all, 9=fully)

RESPONDENTS IN WESTERN EUROPE ARE LEAST SATISFIED WITH LEVELS OF DIGITALISATION

Access to distributors and suppliers scores high among the Western European markets, as in many other regions. The UK scores especially high when it comes to access to distributors, and all Western European markets, except Greece, score high for access to suppliers. Personal safety is another high ranked factor among Swedish companies in Western Europe, especially in Germany. Swedish companies in Western Europe are least satisfied with digitalisation, followed by corporate tax and labour market regulation.

In Western Europe, the differences are generally smaller than in other regions, but there is still a clear demarcation line between France, Germany and the UK – where overall scores are relatively high – and Italy and Greece, two countries that generally receive quite low scores. Only on one factor does a Western European market get the highest score. When it comes to access to distributors the UK achieves a higher score than all other markets. Not a single Western European market gets the lowest score for any factor in the sample. However, on levels of digitalisation, Greece receives the second lowest value in the sample. Overall, Western European markets receive relatively low scores on this factor.

DIGITALISATION GETS LOWEST SCORES AMONG RESPONDENTS IN WESTERN EUROPE
Top and bottom three factors



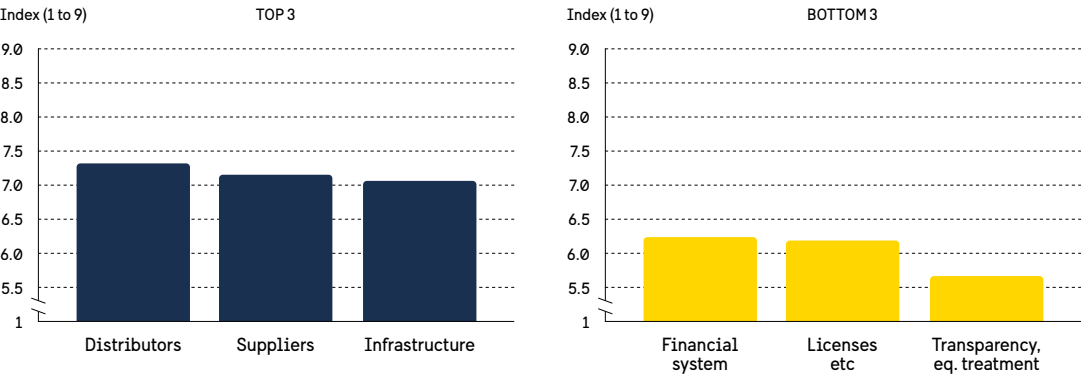
Survey question: Please rate from 1-9 how the below conditions meet the needs of your company's business in [COUNTRY]. (1= not at all, 9=fully)

RESPONDENTS IN MEA+ GIVE TRANSPARENCY AND EQUAL TREATMENT LOW SCORES

In the region MEA+, access to qualified partners such as distributors and suppliers is again ranked highest, along with quality of infrastructure. Overall, UAE scores highest among these factors and many others. Low scoring factors in MEA+ are transparency and equal treatment, ability to obtain licenses and

permits, and financial system. MEA+ has both one of the highest ranked markets, UAE, as well as a bottom-tier market, South Africa. Russia and Turkey get middle-tier scores. UAE scores higher than any other market when it comes to infrastructure. And no market has a lower score than South Africa when it comes to personal safety (UAE is top 3 in the same category).

LOW SCORES FOR TRANSPARENCY AND EQUAL TREATMENT IN MEA+
Top and bottom three factors



Survey question: Please rate from 1-9 how the below conditions meet the needs of your company's business in [COUNTRY]. (1= not at all, 9=fully)



GLOBAL BUSINESS CLIMATE SURVEY 2020

SUSTAINABILITY

SWEDISH SOLUTIONS FOR A GREEN FUTURE

Companies are divided in their assessment of customers' consideration of environmental aspects in their purchasing decisions. About a third of the survey respondents confirmed that customers care a lot or very much about environmental aspects of a product or service, and another third care little or very little.

Swedish companies have a long history of developing products and services that improve environmental outcomes. For this to be a selling point on international markets, customers need to care enough about environmental benefits and be willing to pay for these outcomes. To determine if this is the case, we have tried to uncover the extent to which Swedish companies believe that environmental features of products and services are important in their customers' purchasing decisions.

DIVIDED VIEWS ON CUSTOMERS' CONSIDERATION OF ENVIRONMENTAL ASPECTS

About a third of the survey respondents replied that customers care a lot or very much about environmental aspects of a product or service in their purchasing decisions, and

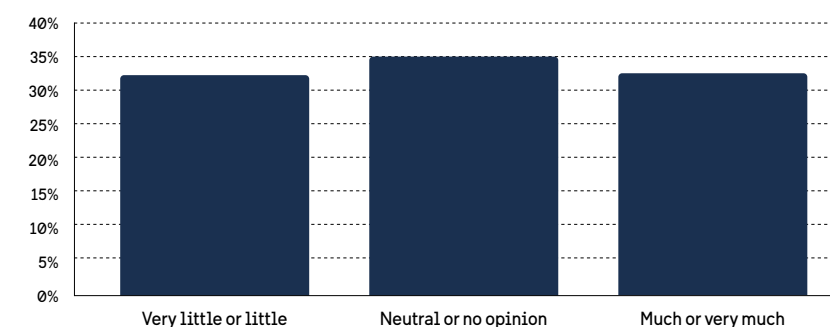
another third cared little or very little. Large companies see a slightly higher degree of focus among customers on environmental benefits of products or services than their medium and small counterparts.

The survey respondents believe that customers in Western Europe consider the environmental features of products and services to a higher degree than anywhere else.

Additionally, Swedish companies in the survey see a relatively small impact from corruption on their business, as well as a small risk of encountering human rights or labour rights violations in their operations. When these two factors are compared the respondents consider corruption to be a greater threat than the risk of encountering human or labour rights abuse. Brazil and Mexico are considered to be markets where corruption has the largest impact on business.

MIXED VIEWS ON HOW CUSTOMERS VALUE ENVIRONMENTALLY-FRIENDLY SOLUTIONS

Share of respondents who believe environmental benefits of products or services are important in customers' purchasing decisions, per cent



Survey question: In your view, to what extent do customers in your industry in [COUNTRY] consider environmental aspects of a product or service in their purchasing decision? (1= not at all, 5= to a great extent)

IMPACT OF CORRUPTION GREATER THAN RISK OF ENCOUNTERING HUMAN OR LABOUR RIGHTS ABUSE

Some markets can be hard to navigate for Swedish companies wanting to adhere to sustainable practices, which means they must spend more time and resources to ensure that standards are met in all aspects of their operations.

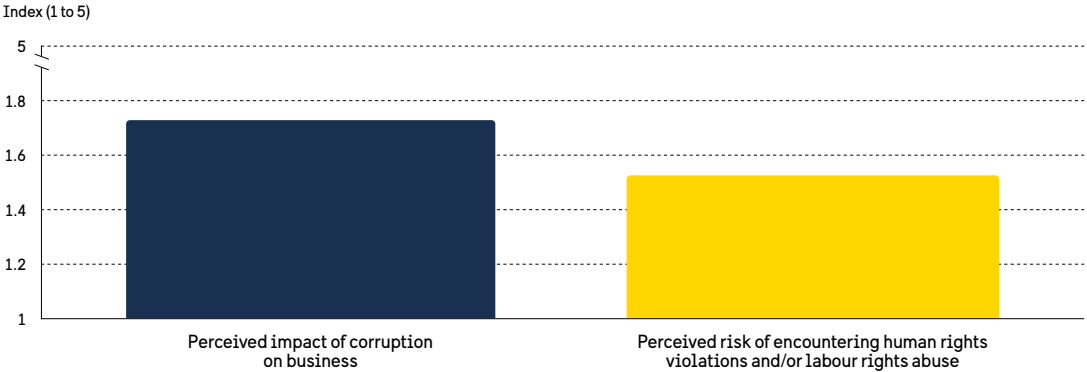
Overall, Swedish companies in the survey see a relatively small impact from corruption on their business, as well as a small risk of encountering human rights or labour rights violations. The average index values for companies in the survey is 1.7 for corruption and 1.5 for human or labour rights violations, on a scale where 1 equals no

impact or risk, and 5 equals very high impact or risk. It is worth noting that the view of corruption, human rights and labour rights can differ between markets which can affect the results.

Comparing these two issues, Swedish companies see a higher impact on their business from corruption than the risk of encountering human rights violations or labour rights abuse. According to the findings, manufacturing companies consider corruption to be a bigger issue than consumer and service-oriented companies, while no disparities are recorded on aggregated level with respect to sectoral affiliation, when it comes to risk of encountering human rights violations or labour rights abuse.

CORRUPTION A GREATER CHALLENGE THAN THE RISK OF ENCOUNTERING HUMAN OR LABOUR RIGHTS ABUSE

Index measuring the perception of risk/impact regarding corruption and human/labour rights abuse



Survey questions: 1) To what extent do you perceive that corruption in [COUNTRY] affects your business? (1= not at all, 5= to a great extent) and 2) How do you perceive the risk of encountering human rights violations and/or labour rights abuse when conducting business in [COUNTRY]? (1= no risk, 5= very high risk).



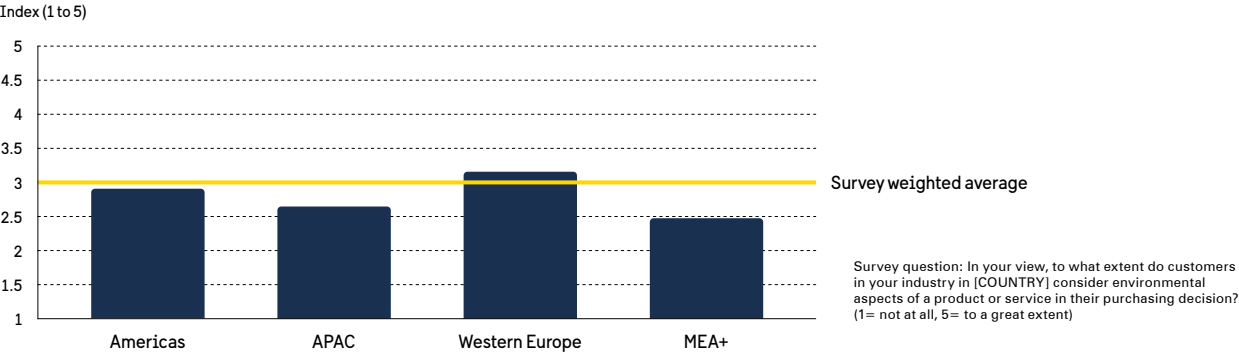
ENVIRONMENTAL BENEFITS MOST IMPORTANT IN WESTERN EUROPE

According to the survey results, customers in Western Europe consider the environmental benefits of products or services in their purchasing decision to a greater extent than elsewhere. An exception in Western Europe is Portugal, where customers do not care as much about environmental aspects. Germany is the market where Swedish companies believe that customers care most about environmental aspects.

Swedish companies in other developed countries outside Western Europe, such as Canada, Australia and Japan, also believe that customers place greater value than elsewhere on the environmental benefits of products and services they purchase. These are affluent countries where environmental awareness, standards of living and disposable incomes are all high, which can partly explain the greater consideration of environmental advantages in these countries.

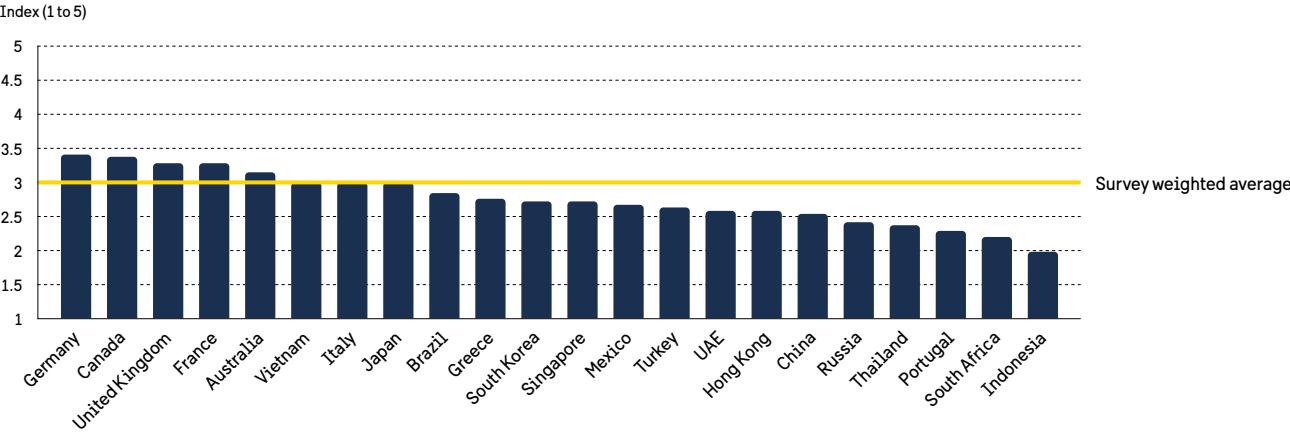
THE ENVIRONMENT BELIEVED TO BE A KEY CONSIDERATION FOR CUSTOMERS IN WESTERN EUROPE

Index measuring extent to which customers consider environmental aspects of products or services in their purchasing decisions



RESPONDENTS BELIEVE CUSTOMERS IN GERMANY CARE MOST ABOUT ENVIRONMENTAL BENEFITS

Index measuring extent to which customers consider environmental aspects of products or services in their purchasing decisions



CORRUPTION HAS LARGEST IMPACT ON SWEDISH COMPANIES IN BRAZIL AND MEXICO

Companies see the overall largest impact of corruption on their business in the Americas, followed by MEA+. For the risk of encountering human or labour rights violations the order is reversed: here MEA+ has the highest risk followed by the Americas.

The results for human rights violations in the Americas are mainly driven by a low score in Mexico (low in this context means a high rate). Mexico also scores very poorly for corruption. Although low scoring, Brazil performs better than Mexico in both categories, and significantly better for human rights violations. Canada on the other hand scores very good for both categories – better than the survey weighted average (good in this context means a low score).

All markets in MEA+ score equally poor for both impact of corruption and risk of encounter-

ing human or labour rights violations, all worse than the survey average. Companies in South Africa see an especially large impact of corruption on their business.

The markets in APAC, except Hong Kong, Japan and Singapore, score worse than the survey weighted average for the risk of encountering human or labour rights violations, with Indonesia followed by China scoring the worst. For impact of corruption, Hong Kong, Japan and Singapore again get relatively good scores, better than the survey weighted average, while Indonesia, Vietnam, South Korea and China score relatively poorly.

In Western Europe, all markets except Greece score better than the survey weighted average for both impact of corruption and risk of encountering human or labour rights violations, with the UK and Germany scoring the best for both categories.

CORRUPTION HAS THE LARGEST IMPACT ON SWEDISH COMPANIES OPERATING IN THE AMERICAS

Index measuring the risk/impact that companies perceive of corruption and human/labour rights abuse



TECHNICAL NOTE

ABOUT THE SURVEY

The Global Business Climate Survey covers 24 markets in total. The countries included in the survey cover over 60 per cent of employees at Swedish companies operating in global markets. Note that the Nordic countries are important trading partners to Sweden and are not included in the survey. Neither is the US included.

Data for all countries in the survey is not available for all questions. Data from pilot surveys carried out in 2019 are included in the analysis, and as the survey design was changed between the two years, data for all 2020 questions are not available for the pilot surveys. Additionally, the survey in India only covers part of the questionnaire.

SURVEY RECIPIENTS AND RESPONSE RATES

The survey was sent to companies with Swedish ownership or Swedish origins and identity such as Volvo Cars and ABB. The survey was sent to C-level management in the respective companies and contained 17 standard questions, with some additional market specific questions. In total, more than 1,300 representatives of Swedish companies abroad responded to the survey. Surveys from most markets have a high response rate.

REGIONAL GROUPING

The markets included in each regional aggregate are listed below.

Americas Brazil Canada Mexico	Western Europe France Germany Greece Italy Portugal (partial, 2019) United Kingdom
Asia Pacific (APAC) Australia (partial, 2019) China Hong Kong India (partial, 2019 & 2020) Indonesia Japan Malaysia Singapore South Korea Vietnam Thailand (partial, 2019)	Middle East, Africa and Turkey (MEA+) Russia South Africa Turkey UAE

WEIGHTING OF AGGREGATE DATA

The number of respondents from the regions covered in the survey does not reflect the actual number of companies operating in these different regions. In order to obtain a more realistic picture, the results reported on an aggregated level (sometimes referred to as survey weighted average and sometimes as total or aggregate) have been weighted with respect to the number of Swedish companies operating in the various regions. This means, for example, that answers from Western European surveys have a heavier weight than data from the region Middle East, Africa and Turkey in the survey aggregate, as there are more Swedish companies doing business in Western Europe than in MEA+. The weights are based on the number of Swedish subsidiaries in the respective region in 2017, based on statistics from the Swedish Agency for Growth Policy Analysis.

THE WEIGHTS USED FOR EACH REGION IN THE AMERICAS

Region	Weight
Western Europe	62,6 %
APAC	22,6 %
The Americas	8,4 %
MEA+	6,4 %

In the regional aggregates, the responses have not been weighted, since the various markets' shares of the total regional number of responding companies in each market accurately reflects the actual regional share of Swedish companies operating on the respective markets. This means, for example, that there are more answers from companies in China than from Malaysia, since there are more Swedish companies in China than in Malaysia. Thus, the results from the Chinese survey have a larger weight in the APAC aggregate than the results from the Malaysian survey, creating a natural weight reflecting the larger number of Swedish companies in China.

Please note that the Nordics are not included in the regional aggregate called Western Europe, and the US is not included in the regional aggregate called the Americas.

ORGANIZERS



READY FOR THE CHALLENGE – GLOBAL BUSINESS CLIMATE SURVEY 2020