

FRANCE

2022 Business Leaders Outlook

Confidence despite labour challenges

In a survey of midsize businesses, executives share renewed optimism after two years of pandemic disruptions.



Introduction

No matter how you ask the question, the business community is optimistic about the year ahead. The J.P. Morgan Business Leaders Outlook: France survey reveals a pervasive confidence in the global, European and French economies. Executive midsize decision-makers anticipate that their industries will grow and their companies will thrive across a variety of metrics, from sales to capital expenditures.

The optimism comes despite a clear-eyed understanding of the labour shortage. Of the 239 senior business leaders whose companies have annual revenues between €20 million and €2 billion, recruiting and hiring is the growing pain mentioned most often (31%) in our poll. Nearly half (47%) say their employees are working more. The labour shortage has increased the reliance on outside consultants and forced businesses to reduce or adjust their hours of operation. In response, employers have become flexible in ways they can attract and retain talent.

Meanwhile, changing technology, geopolitics and ESG (environmental, social and governance) issues also rate as major concerns for business leaders.

We conducted our survey from the end of November to the beginning of December 2021. It captures attitudes and concerns during a period of rapid change – as the good mood attributed to the approaching holidays and receding wave from the coronavirus delta variant was upended by the sudden rise of the omicron variant. But after nearly two years of disruptions during the pandemic, business leaders are resilient – and their outlook on the year ahead remains bright.

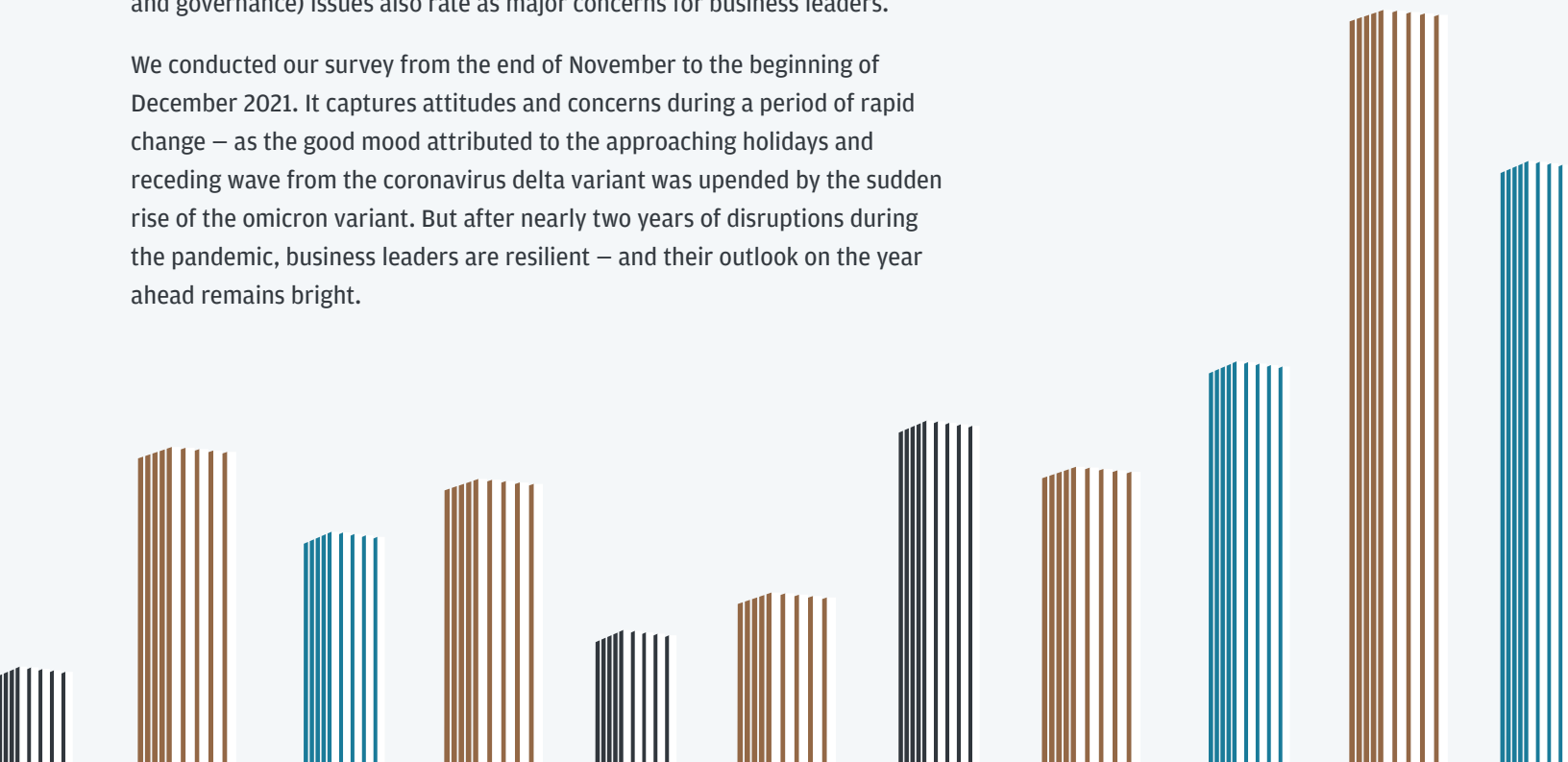
Explore the top four topics from executives in 2022:

BUSINESS EXPECTATIONS

GEOPOLITICS

TECHNOLOGY

ESG ISSUES



Economic outlook

Global economy

Optimistic 62%, Neutral 18%, Pessimistic 19%



European economy

Optimistic 60%, Neutral 22%, Pessimistic 18%



National economy

Optimistic 61%, Neutral 19%, Pessimistic 20%



Industry performance

Optimistic 79%, Neutral 13%, Pessimistic 9%



Company performance

Optimistic 82%, Neutral 10%, Pessimistic 8%



| Business expectations

While 6 in 10 business leaders say they're optimistic about the global, European and national economies, the level of confidence is even higher closer to home. About 8 in 10 are optimistic about the performance of their industries (79%) and their own companies (82%). Within their business, nearly three-quarters (71%) anticipate a rise in revenue/sales, and nearly two-thirds (68%) expect climbing profits.

Revenue/sales

Increase 71%, Remain the same 21%, Decrease 8%



Profits

Increase 68%, Remain the same 21%, Decrease 11%



Capital expenditures

Increase 56%, Remain the same 33%, Decrease 10%



Credit needs

Increase 59%, Remain the same 31%, Decrease 10%

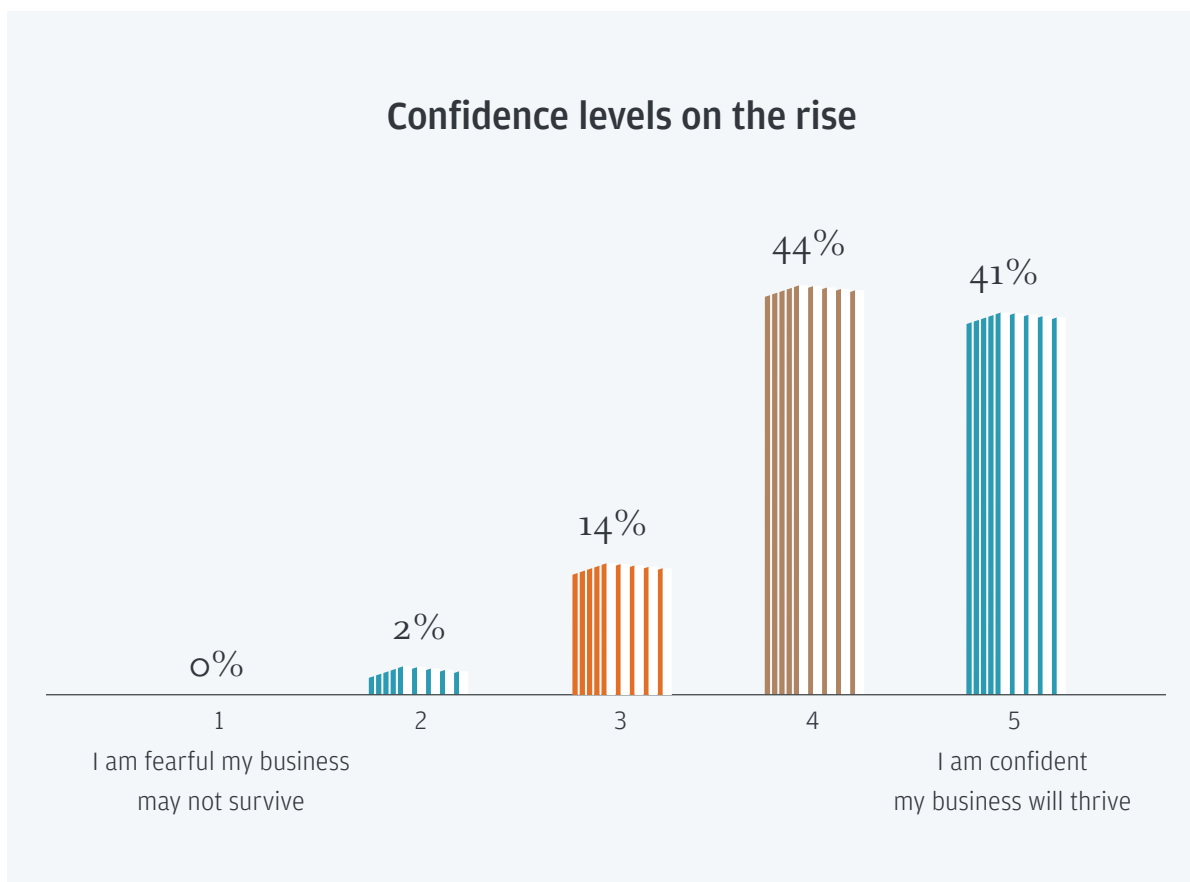


Business expectations cont.

“French companies have remained resilient, despite the lingering effects of COVID-19 disruptions and geopolitical issues. This is likely a result of difficult but necessary decisions midsize companies made early in the pandemic, which have set them up to recover well”.

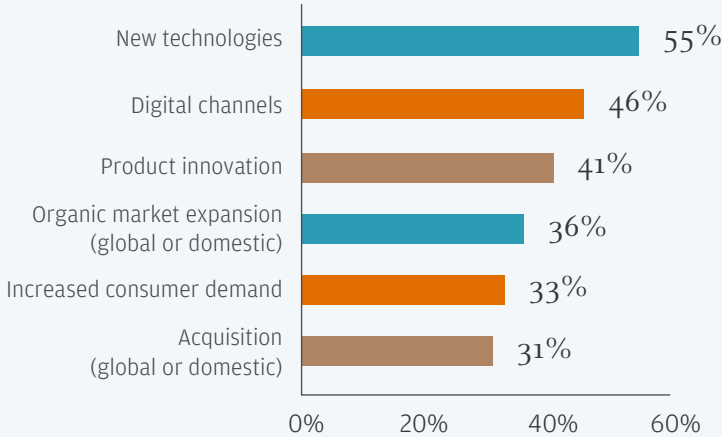
Olivier Simon, Head of Commercial Banking, France
J.P. Morgan

The large majority of executives express moderate or greater confidence that their businesses will thrive in 2022. Fully 9 in 10 expect business growth in the year ahead.



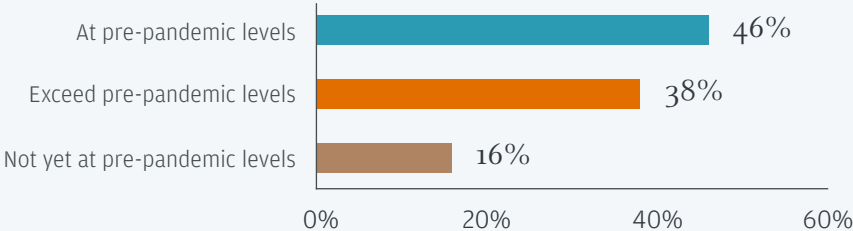
Business expectations cont.

6 ways leaders expect their businesses to grow in 2022



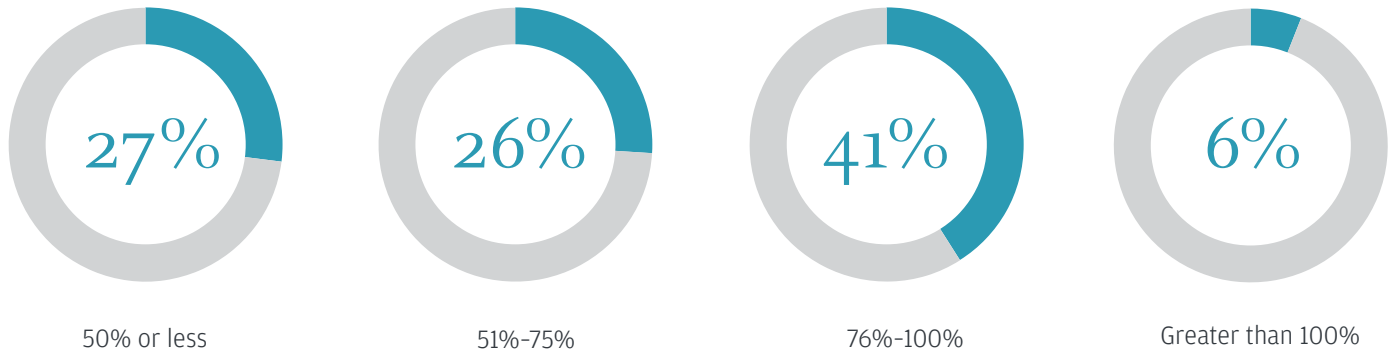
Much of this confidence likely stems from the French economy’s strong recovery from pandemic losses. More than three-quarters (84%) of businesses surveyed report that profits have returned to or exceed pre-pandemic levels.

Current profit levels



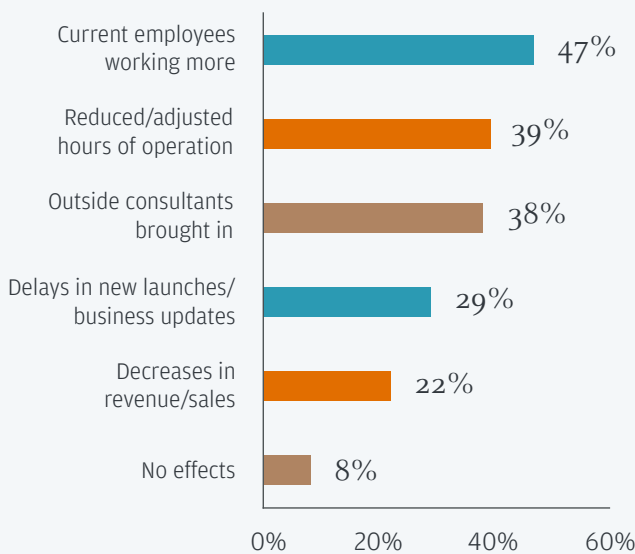
Business expectations cont.

Current business capacity

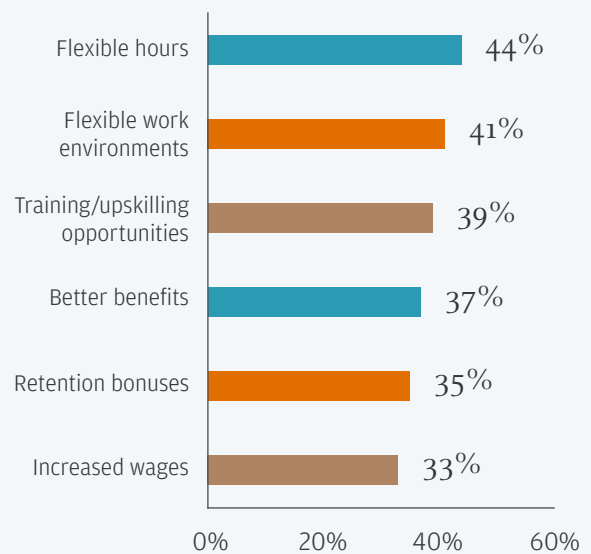


Executives see the labour shortage as the largest impediment to growth, with recruiting/hiring the growing pain mentioned most often (31%). Nearly half of leaders (47%) also report that their employees are working more. As a result, businesses have adapted flexible approaches to meet the new workforce dynamics.

Effects of labour shortage



Retention efforts



Geopolitics

Brexit and the upcoming French elections may explain executives' somewhat lower confidence in the European (60%) and French (61%) economies as compared with their bold optimism for their own companies (82%) and industries (79%). But while geopolitics has made for dramatic headlines, the French business community is largely unconcerned.

How Brexit impacted businesses



Employee productivity



Company culture/
employee engagement



Operating costs



Top-line revenues



Trade bureaucracy

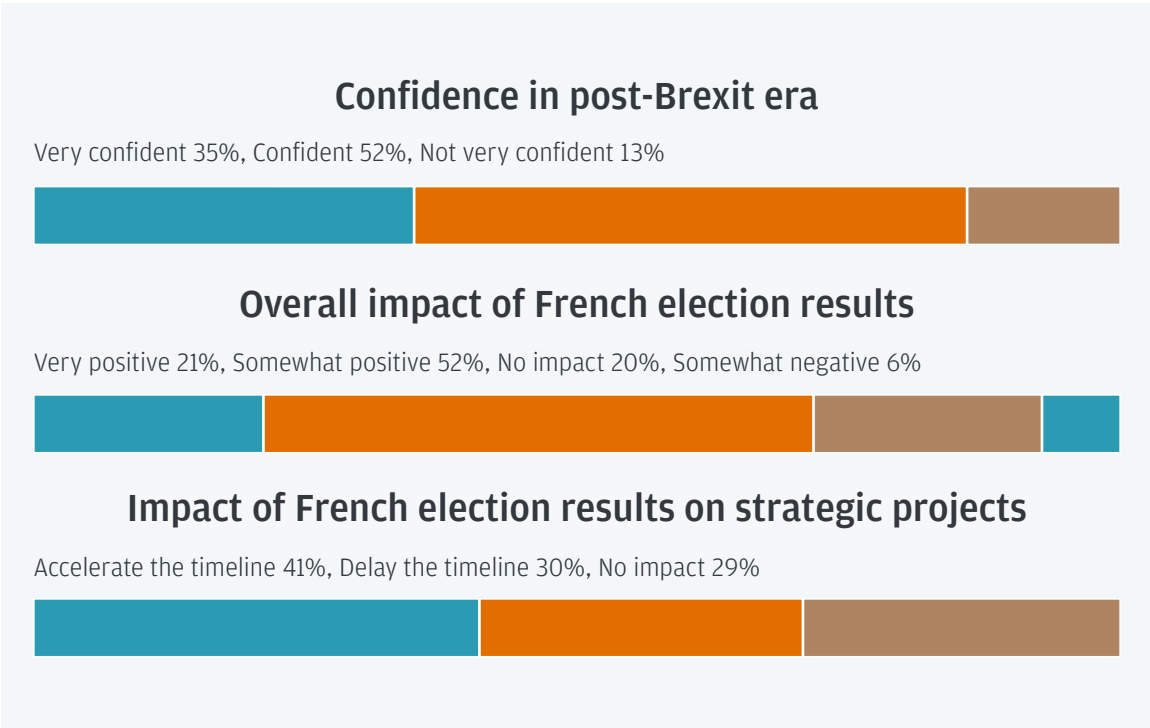


Supply chain issues

Geopolitics cont.

“The current geopolitical climate has not dampened optimism among midsize companies. In fact, most business leaders see the current landscape as a positive environment for business growth”.

Kyril Courboin, Head of France, Senior Country Officer
J.P. Morgan



Technology

Executives have put a large focus on financial technology. Two-thirds of businesses (67%) now use fintech tools in their operations, deploying a wide variety of solutions such as cash flow management. Many also foresee growth in the next year through new technologies to help automate the manual processes (55%) and digital channels, including e-commerce and contactless payment solutions (46%), to create faster and more seamless customer experiences.

Using fintech for operational tools

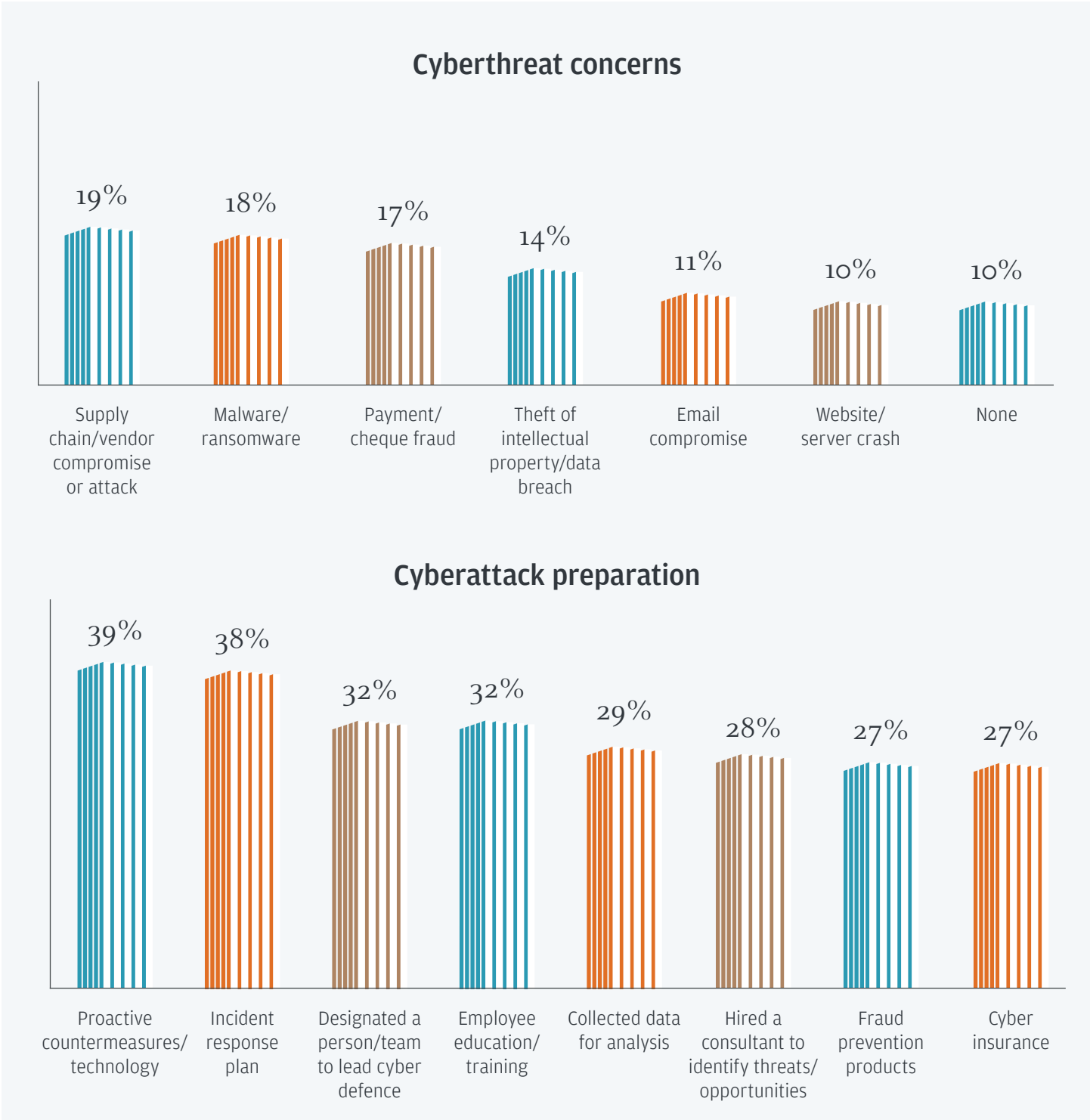


“Bolstering the French technology sector has been a large focus over the past few years, and the results of this survey show those investments have paid off. Midsize businesses now increasingly rely on and plan for growth through technologies that help automate manual processes and prevent fraud”.

Arthur Brunschwig, Head of Commercial Banking Treasury Management, France
J.P. Morgan

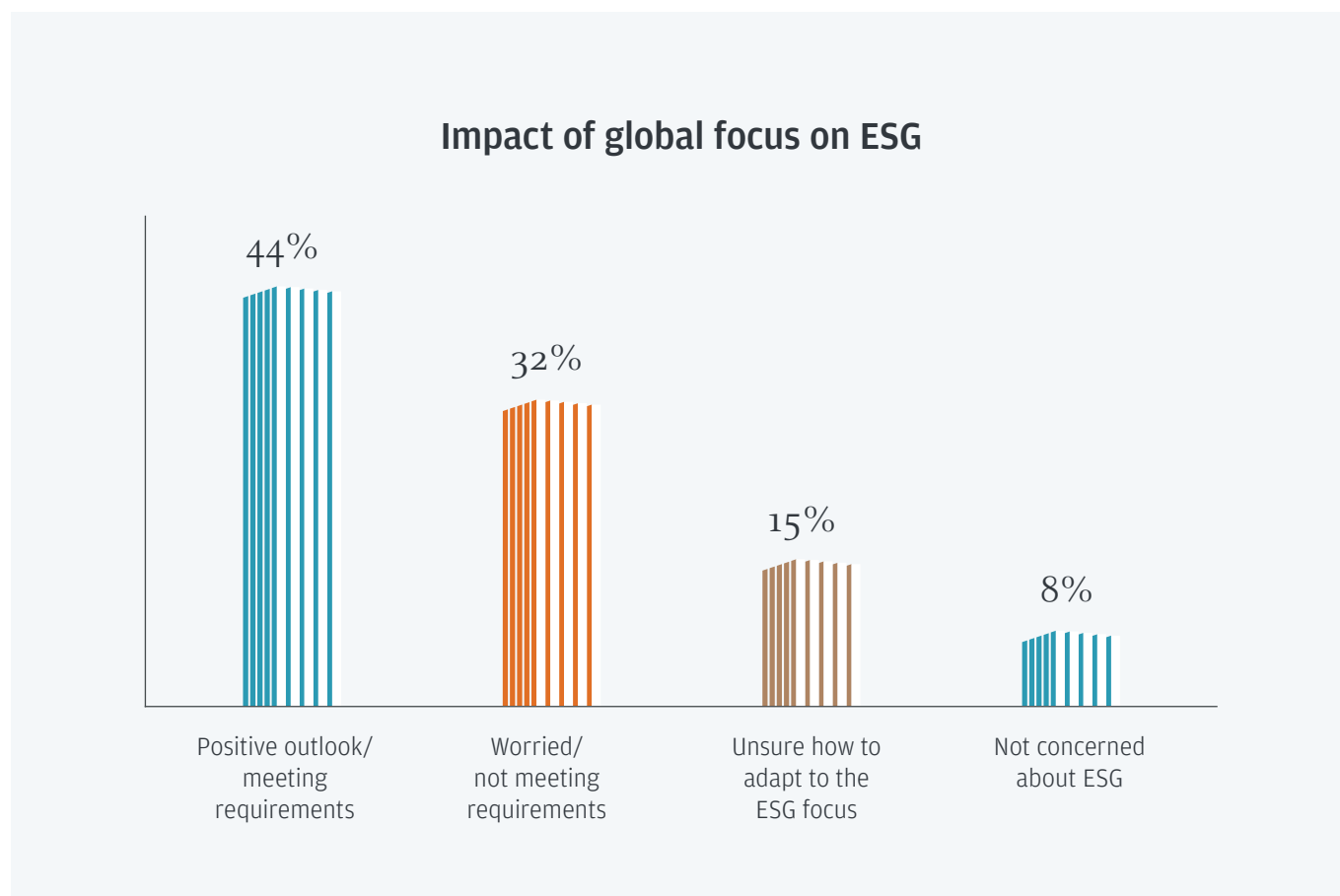
Technology cont.

At the same time, cyberthreats loom on executives' minds. Nearly 9 in 10 are concerned about some type of cyberattack, with supply chain/vendor compromise being their top worry. To prepare for this, businesses are becoming more proactive.



Environmental, social and governance (ESG) issues

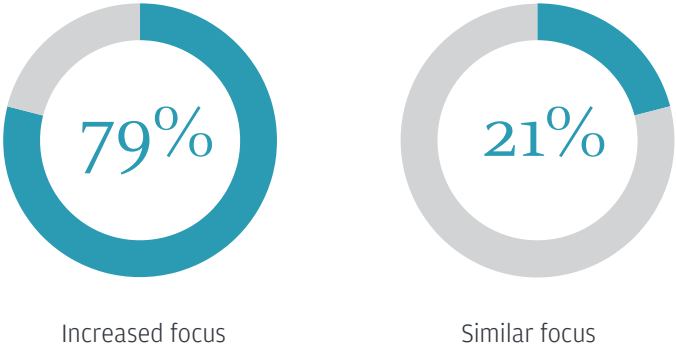
Corporate responsibility is a major focus for business executives, with opinion most commonly positive (44%) because executives believe they are already meeting ESG requirements. However, the large majority (79%) expect ESG to take on even more importance in 2022, with social factors the top concern.



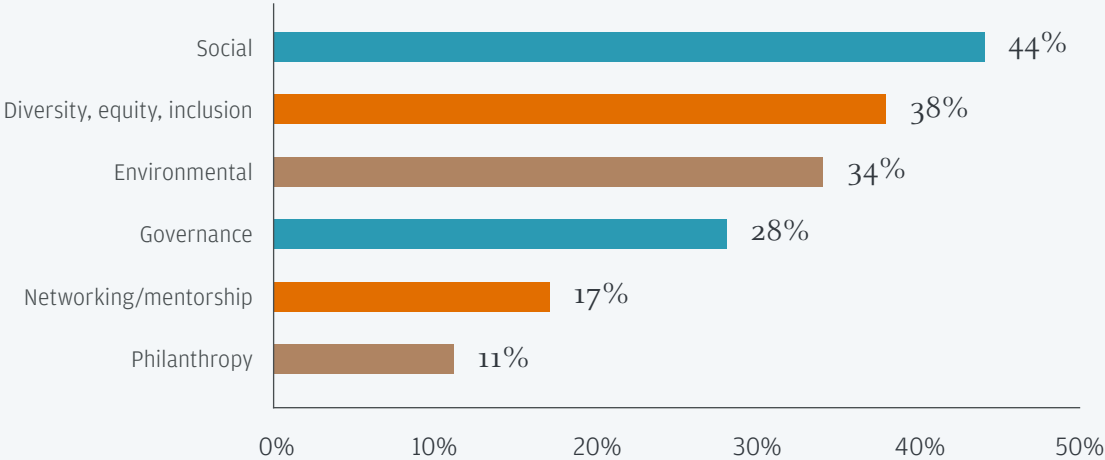
Nearly half of executives polled (46%) see employee retention as the top benefit resulting from their corporate responsibility actions, with another 39% seeing it support company culture. But enhancing marketing (41%) and reinforcing the company's position within the community (37%) also rank high.

ESG issues cont.

Focus of corporate responsibility factors in 2022



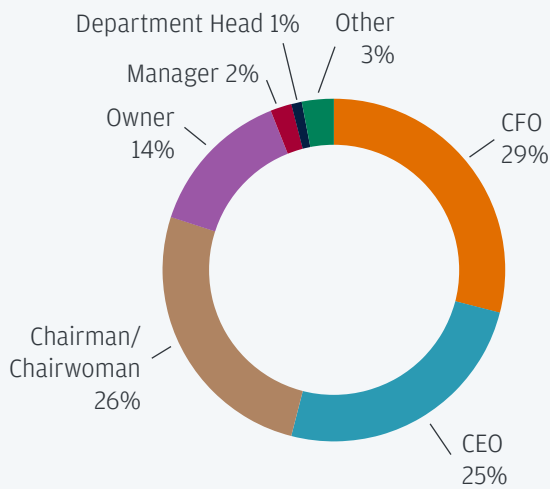
Most important corporate responsibility factors



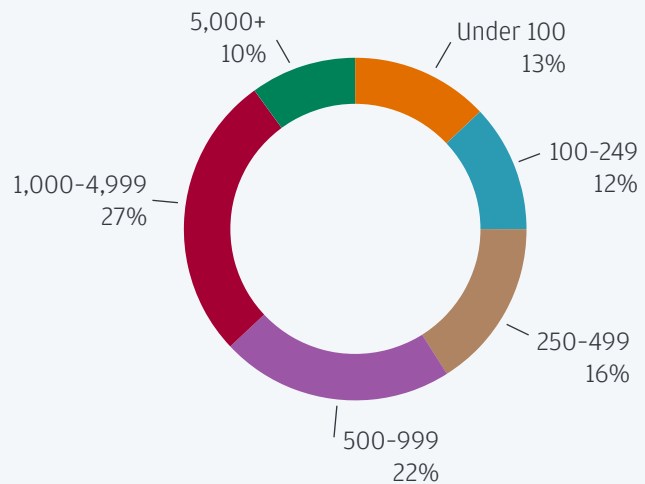
About the survey

The inaugural J.P. Morgan Business Leaders Outlook: France survey captures a moment in time for the business environment at the close of 2021. Conducted between 23 November and 6 December 2021, the poll reflects the sentiments of 239 senior business leaders whose companies have annual revenues between €20 million and €2 billion.

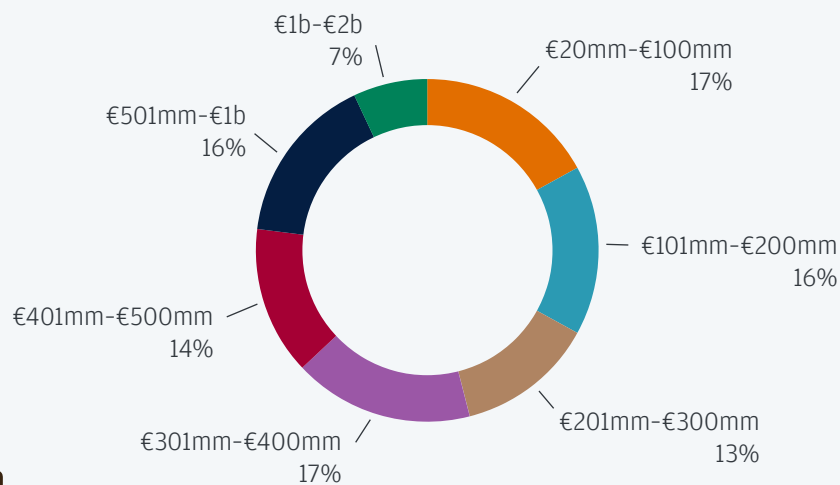
Who took the survey



Company size by number of employees



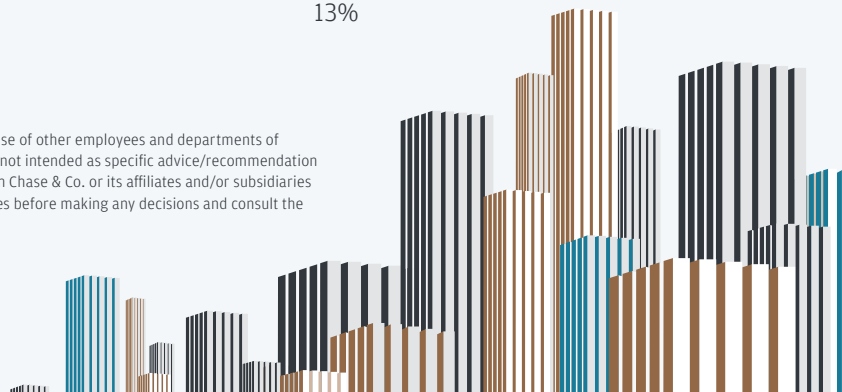
Company size by annual revenue



J.P.Morgan

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| Our experts



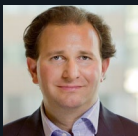
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