



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN MALAYSIA 2022

A REPORT FROM TEAM SWEDEN IN MALAYSIA

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Malaysia

Embassy of Sweden in Malaysia

The Malaysian-Sweden Business Association

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FOREWORD

Malaysia's geographical location within the Indo-Pacific region, surrounded by fast-growing economies, along with its sustained track record of good rankings in the ease-of-doing business provides many promising business opportunities for the future. In recent years the Indo-Pacific region has gotten increasingly interconnected through new free trade agreements which will further facilitate and ease trade. Malaysia's position as a regional and global manufacturing hub will likely strengthen.

Malaysia has also developed domestic strategies on how to improve the country's competitiveness, most prominently through their 12th national development plan, revealed in October 2021 that spans from 2021 to 2025, which includes a spending package of up to 88 billion USD of which a large portion of the funding has been allocated towards advancing sustainability. This, in combination with a growing middle-class, rapid digitalisation and initiatives within Smart Cities, E-Commerce, 5G connectivity roll-out and investments in transport and logistics, provides a foundation with business opportunities that particularly suits many of the strengths found within Swedish businesses solutions, products, and know-how.

In 2021, the Malaysian economy made a strong recovery, outpacing average GDP growth in Southeast Asia. Although Covid-19 is still affecting Malaysia and the world, the high vaccination rate and use of booster shots have allowed Malaysia to transition into the endemic Covid-19 phase. Overall, in 2022 Malaysia is expected to grow by almost 8 per cent before stabilising slightly below the region's annual growth rate of about five per cent.

What is presented in this report is an aggregated picture of the Malaysian market opportunities and challenges from the perspective of Swedish business in Malaysia. Despite some uncertainties in the near future, we see that Swedish companies continue to be optimistic about the overall economic outlook and expect to see increased turnover and investments in Malaysia in the coming year. Looking further ahead, we can conclude that there is great optimism for the future, and there are vast opportunities for Swedish companies with a unique value offering, good partner relationships, and a local presence.

This survey captured what Swedish companies perceive to be the main advantages when it comes to doing business in Malaysia. Personal safety, access to distributors, and service providers continue to be key advantages, which is largely in line with previous business climate reports. Similarly, the 'Swedish Brand' continued to be seen as having a positive impact on Swedish companies in Malaysia, although there was a slight decrease compared to the last Business Climate Survey conducted in 2020.

However, concerns and challenges highlighted in the 2020 survey remain in place today. The lack of transparency, unsatisfactory labour market regulations, and finding skilled labour locally continues to be a big struggle for the Swedish companies present in Malaysia. A number of companies also expressed concerns regarding the ability to bring in specialised staff from abroad. It is noteworthy that the companies that experienced difficulties in bringing in specialised staff from abroad, were also more likely to respond that they would not invest more in Malaysia, indicating that improved visa arrangements would go a long way towards attracting more Swedish investment.

On behalf of Team Sweden in Malaysia, we would like to thank all companies who participated in this Business Climate Survey and shared their view and perspective on the local market conditions here in Malaysia. Thanks to your input, we will be able to further assist Swedish companies where needed and continue working to support the growth of Sweden and Malaysia's trade and commercial exchanges. Thank you!



H.E. Dr. Joachim Bergström
Ambassador of Sweden to Malaysia



Emma Broms
Trade Commissioner of Sweden to Malaysia



Carl Malmqvist
President, The Malaysian-Swedish Business Association

EXECUTIVE SUMMARY

COVERAGE

51%



of Swedish companies present in Malaysia responded to the survey

ECONOMY

Current profitability

66%

of respondents report profitability for 2021

Outlook

% of respondents that expect to report increased amounts in 2022 regarding

Turnover **80%**

Investments **54%**



MARKET

Business Climate

Slightly positive



Most satisfying local conditions

Personal safety
Distributors
Service providers

Least satisfying local conditions

Transparency/equal treatment
Labour market regulation
Intellectual property protection

COMPANIES

Business area

47% Industrial

38% Professional services

16% Consumer

Success factors

- ✓ Cost efficiency
- ✓ Sales competence
- ✓ Brand awareness
- ✓ Staff dev/training
- ✓ Partnerships
- ✓ Customer feedback

SUSTAINABILITY

Corruption perception index of

62

out of 100, meaning that it is one of the least corrupt countries in the region, while still being far behind countries like Sweden

ABOUT THE SURVEY

This survey presents the perspective of a wide range of Swedish companies in different industries in Malaysia

Team Sweden has regularly carried out a Business Climate Survey in Malaysia to further understand the local operating environment for Swedish companies in this diverse and fast-growing market. The purpose of this report is to shed light on the Swedish economic engagement with Malaysia and to showcase what Swedish companies perceive to be the opportunities and challenges in Malaysia. In total there are around 80-90 Swedish companies based in Malaysia. For this report, our definition of a Swedish company is companies with Swedish ownership or Swedish origin and identity such as Volvo Cars and ABB.

This report includes representation from various company sizes, industries, and maturity based on year of establishment in Malaysia. In addition to conducting a survey with Swedish companies based in Malaysia, this report also includes additional insights regarding the business climate obtained from interviews with 5 different Swedish companies from 5 different industries.

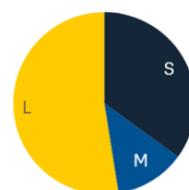
This Business Climate Survey was carried out during Q2-Q3 2022. In total, 74 (77 last survey) companies were contacted, and 41(28) companies completed the survey, resulting in a response rate of 51 per cent (36 per cent). Thus, the views presented in the 2022 Business Climate Survey represent the majority of Swedish companies in Malaysia. Compared to the previous Business Climate Survey report in 2020, there is a slightly smaller pool of companies being contacted, with three fewer companies being contacted due to them no longer operating in Malaysia. On the other hand, the response rate was much higher in this year's Business Climate Survey.

51 per cent of the companies that responded to the survey represent companies with more than 1,000 global employees and 12 per cent represent medium-sized companies with 250-1,000 global employees. Small-sized companies with a global employee count of up to 249 represent 34 per cent of all Swedish companies in Malaysia. Of these small-sized companies, 24 per cent have between 50 and 249 global employees, 2.5 per cent have between 10-49 global employees and 7.5 per cent have less than nine global employees.

The respondents come from a wide range of industries. Industrial companies represent the largest sector at 47 per cent, which is expected given Malaysia's strength as a manufacturing hub in Asia, followed by professional services, which accounts for 38 per cent, and consumer companies at 16 per cent. Out of the responding companies, most companies are experienced (53 per cent) while 32 per cent are mature and 16 per cent are newcomers.

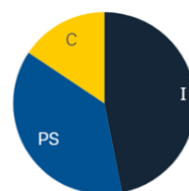
This report is divided into four sections; Economic Outlook, The Market, How Swedish Companies Succeed in Malaysia, and Acting Sustainably.

SIZE OF COMPANIES



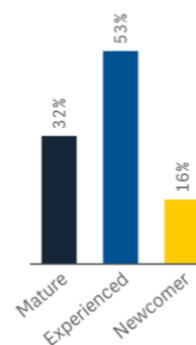
NOTE: Global employees. Large >1,000. Medium 250-1,000. Small 0-249.

MAIN INDUSTRY



NOTE: 47% Industrial. 38% Professional services. 16% Consumer.

AGE OF COMPANIES



NOTE: Mature (<2000). Experienced (2001-2015). Newcomer (2016-)

ECONOMIC OUTLOOK

Malaysia has gone through a rapid economic and industrial transformation since the 1960s

Since gaining independence in 1957, Malaysia has undergone one of the region's most remarkable and fast-paced transformations. Initially a predominantly agriculture-based economy, the country has transitioned into the manufacturing powerhouse and modern economy we see today. During the past 60 years, Malaysia has achieved an impressive average real GDP growth of six per cent per year from 1961 to 2021. This fast-growing open economy is one of Southeast Asia's most dynamic business environments.

Being the third largest economy in the region is no small achievement and the nation is a key partner for many companies and plays an active role in global supply chains. The nation today commands a strong presence in manufacturing, particularly in electrical appliances and electronic parts and components, but also in other sectors such as automobiles, metals, medical devices, and chemicals. Similarly, the service sector has flourished, with the nation attracting several million tourists per year and bringing numerous health tourists to its leading healthcare facilities.

Although Malaysia was not able to meet its initial target of becoming a high-income country by 2020, it is currently on track to achieve this between 2024 and 2028, as targeted by the 12th national development plan. The plan, which was adopted in late 2021, will play a key role in advancing economic growth and enhancing competitiveness, not least by its aim to improve the ease of doing business and continuous productivity enhancement across key sectors.

Malaysia's biggest trade partners are China, Singapore, and the US. US-based companies and suppliers are also increasingly looking for alternative markets for sourcing and production in the midst of the ongoing US-China trade tensions and supply chain issues. Malaysian-US trade has seen a slight increase in later years and will probably continue to do so in light of this. When it comes to the EU, the EU is Malaysia's fifth largest trading partner, accounting for 7.4 per cent of the nation's total trade, with the EU importing 24.6 billion USD and exporting 10.5 billion USD to Malaysia annually. The trade surplus remains positive in Malaysia's favor, and the surplus reported in July 2022 would've marked the 296th consecutive month of trade surplus, had it not been for the deficit in May 2020 during the start of the Covid-19 pandemic.

The Malaysian economic recovery following COVID-19 is well underway

The main drivers behind Malaysia's remarkable GDP growth during the past 60 years have been economic policy liberalisation, rapid industrialisation, and commodity exports. However, the Covid-19 pandemic caused a significant shock to the Malaysian economy and public health. Malaysia's decision to enforce strict lockdowns during the pandemic caused business activity to plummet in many sectors, especially in 2020 when the lockdowns were severe and prolonged. The first round of lockdowns in 2020 is estimated to have led to 306,300 jobs lost and quarterly GDP to plunge to -17.1 per cent in Q2 2020.

But as the nation transitioned towards the endemic phase of the pandemic, GDP growth has recovered strongly. GDP increased by 3.1 per cent in 2021, compared to the Southeast Asia average of 2.9 per cent.

At the time of this report, the economic recovery is well underway as Malaysia has now fully opened up and all domestic sectors operate with little to no restrictions. This catapulted GDP growth in the nation to an impressive 8.9 per cent in Q2 2022, with further strong growth expected as the economy is now at full throttle. Although Covid-19 is still

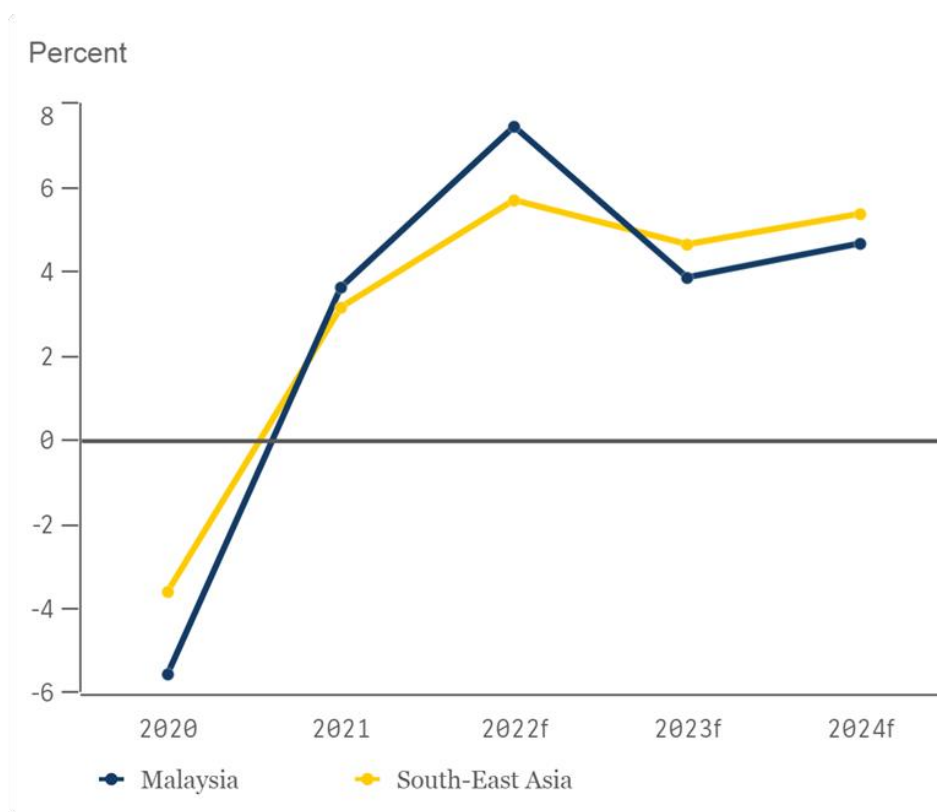
▶ **During the past 60 years, Malaysia has recorded an average 6% growth in real GDP.**

affecting Malaysia and the world, the high vaccination rate and use of booster shots have allowed Malaysia to transition into the endemic Covid-19 phase. Overall, in 2022 Malaysia is expected to grow by almost eight per cent before stabilising slightly below the region's annual growth rate of about five per cent in the coming years.

This strong growth and recovery is primarily driven by the resumption of business activities, improving labour market conditions as well as external factors such as increasing exports, particularly within E&E and commodities such as palm oil and petroleum products. The upcoming 15th General Election could also add renewed momentum and push the economy to higher levels of growth if a strong mandate is obtained which would add more certainty to the policy environment, but there is no consensus regarding this and the outcome could also add to increased complexity in the policy environment.

▶ **Malaysia's Real GDP (Year-on-year growth)**
2020: -5.6%
2021: +3.1%

PROJECTED GDP GROWTH IN MALAYSIA



SOURCE: Oxford Economics August 2022, GDP, real, annual growth. Last update: August 2022.

As an export-reliant emerging economy, there are also several global risks that could derail Malaysia's economic recovery and future growth prospects. These include factors such as continued supply chain disruption, strict measures to contain new variants of the Covid-19 virus in Malaysia or surrounding countries, reduced growth in China and globally, Russia's invasion of Ukraine, and the monetary policy by central banks around the globe to mitigate growing inflation.

Looking towards the future, it is evident that Malaysia is set to recover and reach pre-Covid-19 levels of growth. Its geographical location within the Indo-Pacific region, surrounded by economies with a high growth rate and its sustained track record of good ease-of-doing-business metrics, provide a promising economic outlook for the future and credibility to Malaysia's target as a regional trade hub and its transition towards becoming a high-income nation.

“ The Ukraine war is not as big as the issue in China for us here. Component shortages, freight costs, inflation and the Chinese Covid-19 policy have a big impact on our supply chain.

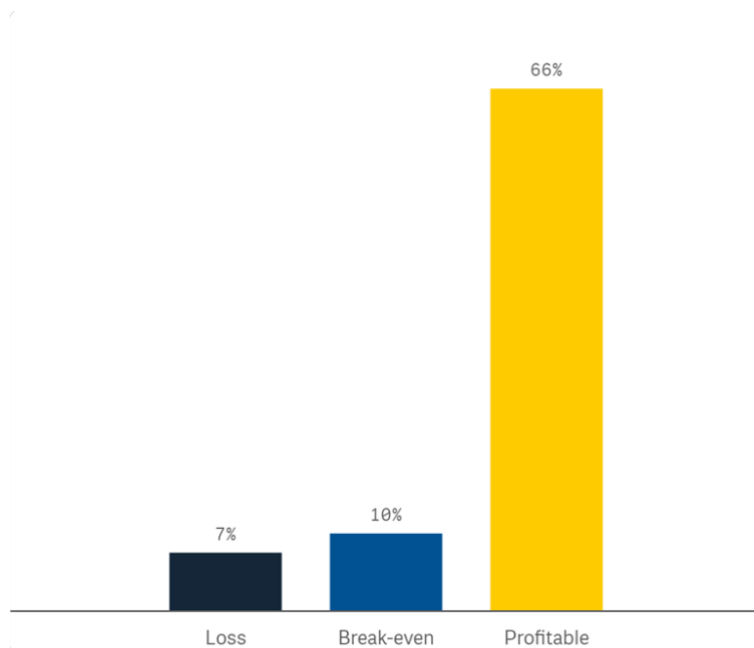
Director

Retail & consumer goods industry

Swedish companies continue to be profitable in Malaysia

The start of 2021 proved to be another period of challenges for business in Malaysia due to the third and fourth wave of Covid-19, which resulted in renewed restrictions and lockdowns. This naturally caused a deterioration in business confidence as the economic outlook darkened. But the resumption of business activities after the summer of 2021, combined with the global recovery and strong resilience and competitiveness of Swedish companies, led to most Swedish companies still being able to stay profitable.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN MALAYSIA IN 2021?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Compared to the previous Business Climate Survey in 2020, Swedish companies experienced higher profitability in 2021 than in 2019, with 66 per cent of the Swedish companies being profitable in 2021 compared to 61 per cent in 2019. Similarly, the number of companies operating at a loss has decreased from 20 per cent in 2019 to seven per cent in 2021.

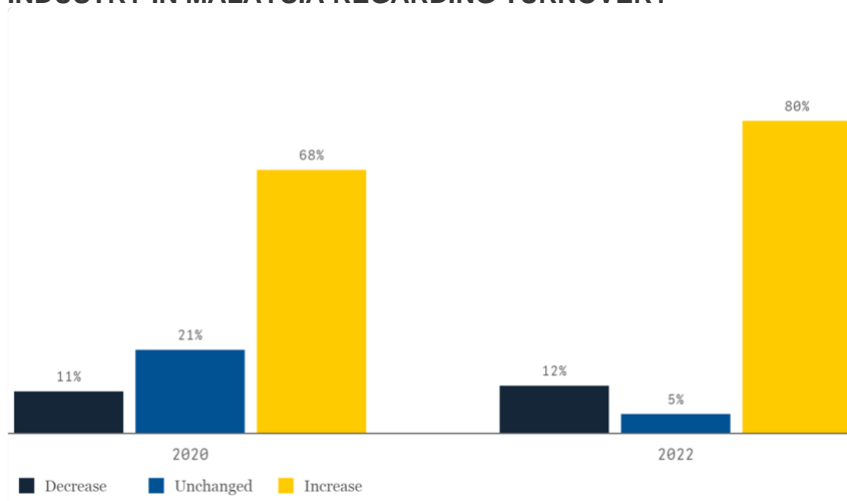
This indicates a very strong recovery and showcases Malaysia's growth potential for Swedish companies looking for alternative production locations or business opportunities outside of Greater China or other typical focus markets in Asia. We see especially positive signs from consumer companies, where 80 per cent of the respondents were profitable, with the remaining 20 per cent not being sure or claiming it does not apply to them.

The increase in profitability can also be explained by Swedish companies becoming more mature and experienced in the market. The previous Business Climate Survey was affected by a very large uptick in the number of Swedish companies entering the market in 2016, as the initial years in a market can be especially challenging for a company.

“ The economy has bounced back very strongly since things got back to normal.

General Manager
Industrial equipment manufacturer

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN MALAYSIA REGARDING TURNOVER?



NOTE: Decrease and increase represent aggregations of slight / significant development changes. The number of respondents for this questions was 41. "Don't know / Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Similarly, the number of Swedish companies forecasting an optimistic outlook for their turnover in the coming 12 months has increased. A total of 80 per cent of Swedish companies expect turnover to increase either slightly or significantly in the coming 12 months. An increase from the 68 per cent recorded in the previous Business Climate Survey. Only five per cent of companies expect to report break-even turnover, compared to 21 per cent in the previous Business Climate Survey, while only 12 per cent expect a slight or significant decrease compared to 11 per cent in the previous survey. This can be explained by the resumption of most business activities and sectors both in Malaysia and the region.

A sharp increase in the number of investments from Swedish companies is to be expected

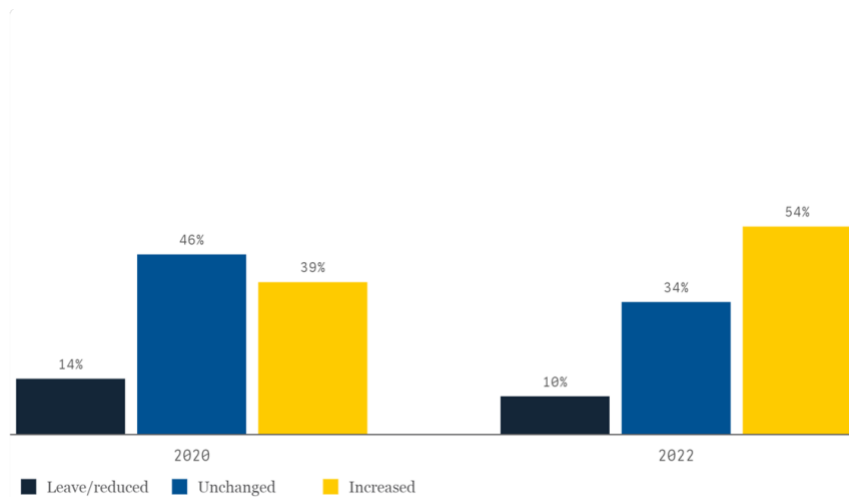
Swedish companies have been operating in Malaysia for a significant period of time and have supported economic development and know-how exchange with Malaysian companies and workers. Although the Covid-19 pandemic has affected global foreign direct investment trends, Malaysia continues to be a very promising investment destination and priority for Swedish companies, covering everything from industrial manufacturing, logistics hubs, and warehouses to consumer products. Most Swedish investments have landed in the Klang Valley, which is the industrial heartland of Malaysia. But other regions, such as Penang and Johor, have also seen significant investment, engagement, and exchange from Swedish companies.

“ This year we are estimating to do better than last year, which is not only because of the economic rebound but due to a wide range of factors.

Director
Retail & consumer goods
industry

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN MALAYSIA, COMPARED TO THE PAST 12 MONTHS?

INVESTMENTS WILL BE...



NOTE: Decrease and increase represent aggregations of slight / significant development changes. The number of respondents for this questions was 41. "Don't know / Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022

Looking 12 months ahead, 54 per cent of Swedish companies in Malaysia expect to slightly or significantly increase their investments. A significant increase compared to the previous Business Climate Survey which revealed that only 39 per cent of companies were planning to increase their investments. Only 10 per cent of companies plan to reduce investments, compared to 14 per cent in the previous Business Climate Survey. This is a strong sign of confidence in Malaysia and demonstrates that despite the impact of Covid-19, Malaysia will continue to be an attractive destination for Swedish companies to invest and grow in Asia.

“ Malaysia in general is conducive to investment. There are large investments in the oil & gas sector, manufacturing (especially semicon), technology, & financial services. Our business in Malaysia relies on MNCs as they are the target customers that can afford our products.

Sales Manager
IT & ICT industry

THE MARKET

Sweden and Malaysia have seen a large growth in trade and investment in the past decade

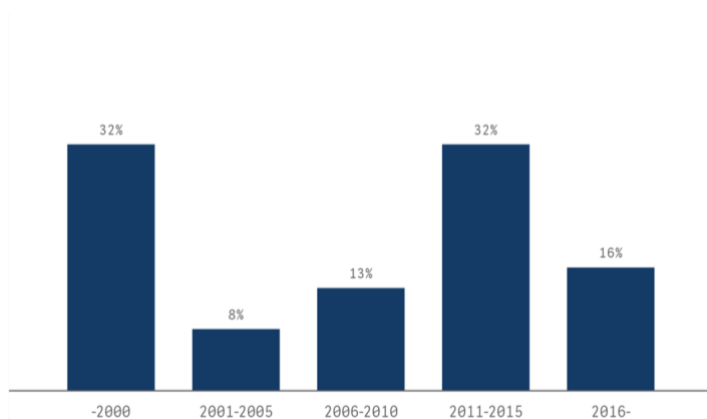
This section of the report focuses on Swedish companies' relation with the Malaysian market, and what aspects contribute positively versus negatively to their business. Malaysia and Sweden established diplomatic relations in 1958, one year after Malaysia's declaration of independence. Trade, investment, and commerce have been the cornerstones of the relationship, with Malaysia being on the agenda for Swedish businesses since the early 1960s. Today, Malaysia is one of the largest trading partners for Sweden in Southeast Asia. Some of the first companies from Sweden to be present in Malaysia include Volvo and Ericsson, two firms with a significant presence in the nation with manufacturing and logistics facilities. Other large typical Swedish industrial companies have also been present on the market for a significant time period, but the nation has also attracted newer companies from a wide range of sectors, including digital services and retail.

Malaysia today is seeing a strong uptick in digitalisation and the adoption rate of new disruptive technologies is increasing. This development is driven by a stronger government push with several new initiatives such as Malaysia Digital, Industry 4WRD, and other initiatives aimed to drive the transition towards digitalisation and industry 4.0. Swedish business plays a large part in this development, as Ericsson is currently setting up 5G networks in Malaysia. Malaysian companies are also showing a growing interest in and recognition of the importance of embracing and incorporating new technology to maintain their competitiveness in global markets.

“ We have expanded our setup in Malaysia since this year, creating 3 times more jobs than what we had 2 years ago. It's an excellent market to grow in Asia as well as to serve your operation globally.

Vice President
Aerospace industry

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN MALAYSIA?

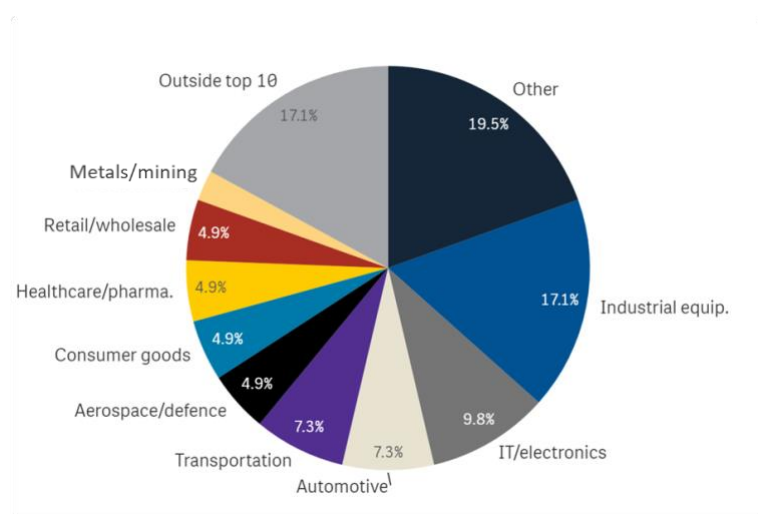


NOTE: The number of respondents for this question was 40. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Looking at the typical maturity of Swedish companies in Malaysia, there is a clearly identifiable trend. Most Swedish companies in Malaysia established operations between 2001 and 2015, with 53 per cent of the respondents entering the market during those years. Malaysia, however, has also been home to many Swedish companies for a significant time, with 32 per cent of the respondents entering the market before or in 2000. Lastly, 16 per cent of the respondents have entered the market since 2016 alone, a good sign of continued confidence from Swedish companies. Some recent market entrants from Sweden include Subtonomy, a Customer & Network Experience Platform provider, and Holm Security, a cloud-based security platform.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN MALAYSIA?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

The Swedish commercial presence in Malaysia also takes place across a wide range of industries, reflecting the diverse nature of Swedish entrepreneurship and the opportunities present in Malaysia. However, some industries are slightly more represented than others, such as industrial equipment 17.1 per cent, automotive & transport 14.6 per cent, and IT and electronics 9.8 per cent. Within these three industries, a slight majority of the companies have been in the market for less than 12 years, particularly in the IT and electronics sector, where most companies have been in the market for 10 years or less.

WHAT IS YOUR COMPANY'S GLOBAL AND LOCAL EMPLOYEE COUNT?

Looking at the typical size representation of Swedish companies based in Malaysia, it is evident that the Swedish commercial presence takes place across a wide range of company sizes, ranging from small-scale companies with only one representative to large multinationals with more than 1,000 employees based in Malaysia.

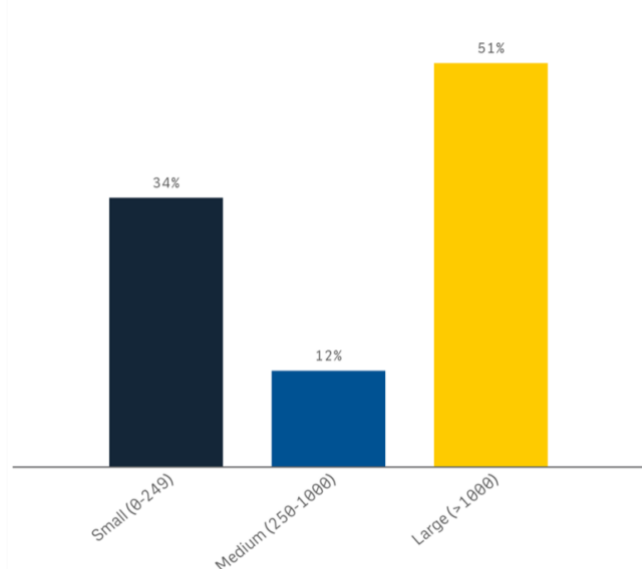
The global employee count of Swedish companies based in Malaysia reveals that 51 per cent of the Swedish companies in Malaysia have a significant global operations count of more than 1,000 employees. This reflects the fact that typically more companies and large-scale companies are operating in Malaysia. There are however a number of medium-sized Swedish firms active in Malaysia, with 12 per cent of the respondents having a global headcount of between 249 and 1,000 employees. 34 per cent of the responding Swedish companies are small-sized companies with a global headcount of up to 249 employees.

“ Overall, it is a good place to run a business, especially with the stable political climate and the logistics facilities. Availability of raw materials and accessibility to labor are generally at acceptable levels.

Chief Operating Officer
Med Tech industry

The majority of Swedish companies in Malaysia have a lean headcount, with 78 per cent having up to 249 local employees in Malaysia, while 15 per cent of companies have between 249 and 1,000 local employees. This reflects the fact that the typical representation by Swedish companies involves a relatively lean operation focusing on sales and specific manufacturing cases. But Malaysia is also home to several large Swedish companies, with five per cent of companies identifying themselves as having more than 1,000 employees in Malaysia. As expected, there are also some identifiable trends based on the time of establishment in the nation, with companies established earlier having a far higher local employment count than companies with a more recent history in Malaysia.

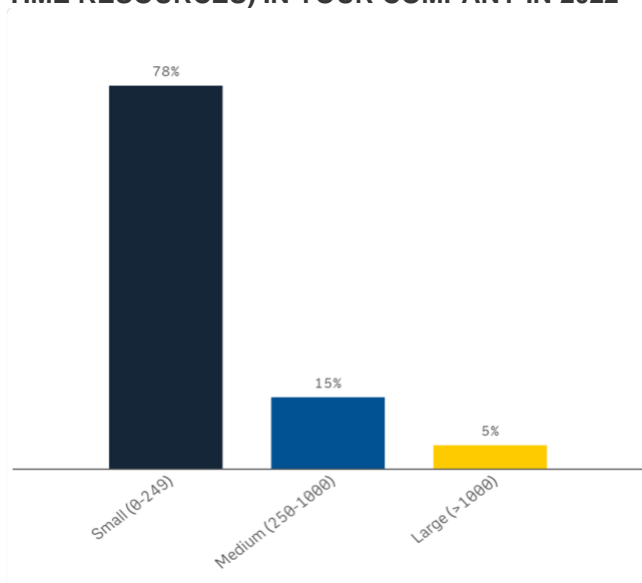
PLEASE ESTIMATE: A) THE GLOBAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2022



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

PLEASE ESTIMATE: B) THE LOCAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2022



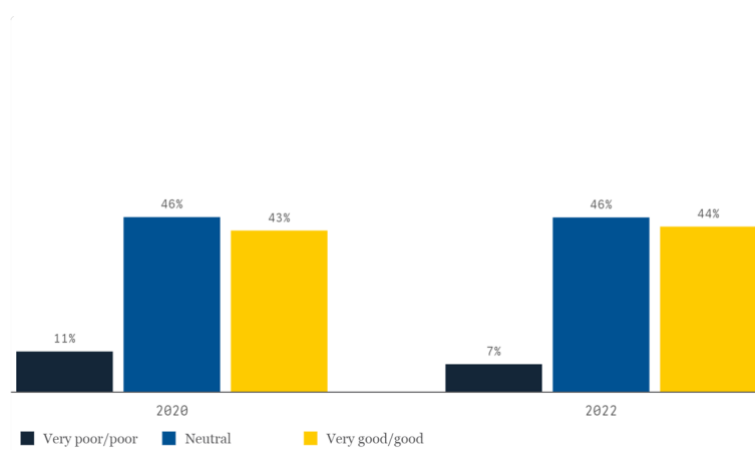
NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

90 per cent of respondents perceive the current business climate to be neutral, good, or very good

Although Malaysia is an emerging market, which typically entails more challenges compared to advanced economies, the overall result of this Business Climate Survey indicates most Swedish companies are content with the operating environment. Most respondents have a neutral or positive perception of the current business climate in Malaysia (46 per cent are neutral and 44 per cent perceive the climate as good or very good) and only seven per cent perceive the current climate to be poor. This result is similar to the previous Business Climate Survey, the difference being the number of companies expressing that the business climate is poor or very poor has decreased from 11 per cent to seven per cent.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN MALAYSIA?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

A correlation can be found between how long a company has been in the market and how they view the Malaysian business climate. Out of the companies that have a negative view of the business climate, none are newcomers in the market. Not much can be observed regarding the relationship between a company's view on the business climate and their size or their industry, aside from the fact that the respondents from the automotive industry have a very positive view of the business climate on average, and that companies that have marketing and/or sales as part of their operations in Malaysia are much more likely to perceive the business climate as good.

“No doubt there are challenges and road-bumps, but with good, close, and continuous support and engagement among all key stakeholders, be it government, businesses, and customers, I believe the business climate can only get better.

Chief Financial Officer
Automotive industry

Safety, qualified distributors, and service providers receive the best feedback, while transparency, labour market regulation and intellectual property protection fall short

To support the growth of domestic and foreign companies in a market, it is paramount to ensure companies have a fair and predictable business environment. This Business Climate Survey also asked Swedish companies to evaluate to which degree certain factors met their needs in the Malaysian market.

A peaceful environment free from unrest is a key requirement for nations to prosper economically, the results from this Business Climate Survey show that Swedish companies across the board view personal safety in Malaysia as very satisfactory. Good access to distributors, partners and suppliers is also key to supporting the growth of domestic and foreign companies. For Swedish companies located in Malaysia, use of distributors is one of the most common market entry strategies as it enables quicker and more risk-free market access. In this Business Climate Survey, distributors, service providers and suppliers were also ranked relatively high. This indicates that most Swedish companies operating in Malaysia are rather satisfied with the local partnerships they have established.

But, noteworthy is that none of the categories was awarded eight or above in the assessment, indicating that there is still room to further improve. It is also possible to attribute the lack of any category scoring very high due to the Covid-19 pandemic. This has for instance had an impact on business relationships due to prolonged periods of movement restrictions such as interstate travel.

The Business Climate Survey also revealed which areas received the lowest marks or least satisfactory conditions according to Swedish companies in Malaysia. In this year's Business Climate Survey, transparency has been identified as a challenge, referring to the lack of clarity and openness when engaging in business in Malaysia. Although the government has announced several initiatives such as the National Anti-Corruption Plan (NACP) to increase transparency and reduce corruption, it continues to affect the market and investor confidence. Malaysia has dropped five spots to position 62 on the latest Transparency International's Corruption ranking.

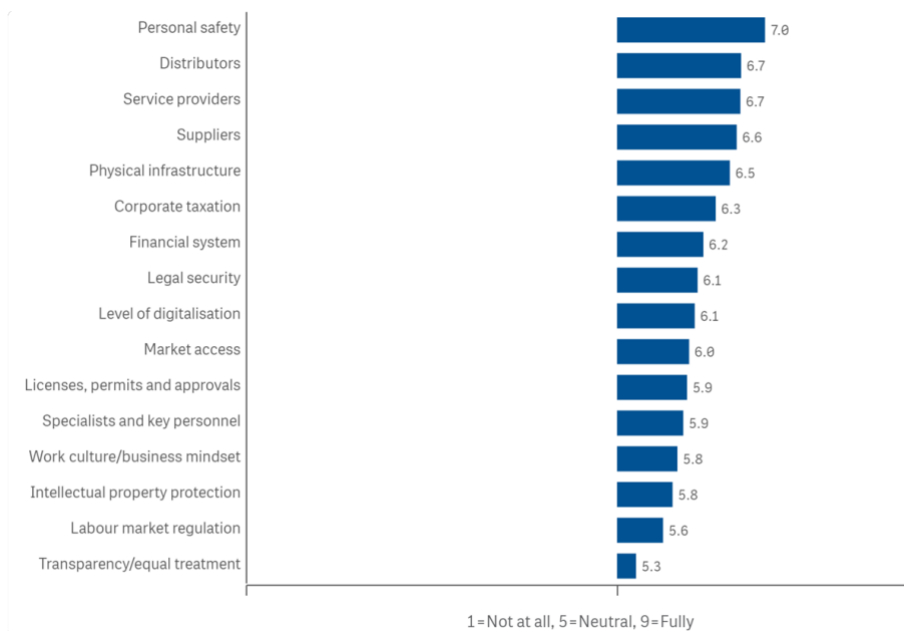
Labour market regulation was also one of the factors that scored lower in this Business Climate Survey. The lack of high ratings for labour market regulation can likely be explained by the sometimes challenging experience in securing the correct labour and work permits to operate across Malaysia. Additionally, this factor is also influenced by several high-profile cases involving suspected forced labour in Malaysia. With almost two million foreign workers, Malaysia has recognised the importance of upholding good labour conditions. But cases such as excessive overtime, abuse, debt bondage and more continue to affect the market, some cases have led to companies losing lucrative contracts in addition to being banned from certain western markets. A recent example of this was Supermax Corp, a Malaysian glove maker which lost a contract with Canadian hospitals worth around 170 million USD due to allegations regarding forced labour practices.

“ We need to start working post-pandemic. Reactivating the contact points so that things start to move ahead again. Establishing a proper network is our primary goal at this point in time.

General Manager -
Relations

Energy and Power industry

PLEASE RATE FROM 1-9 HOW THE BELOW CONDITIONS MEET THE NEEDS OF YOUR COMPANY’S BUSINESS IN MALAYSIA

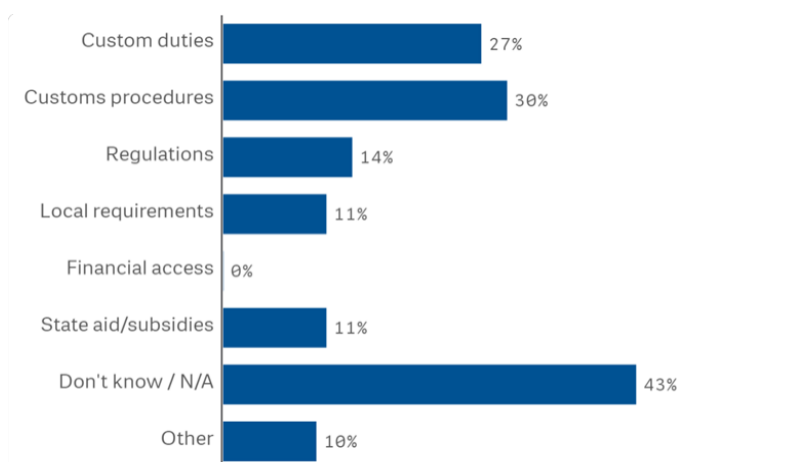


NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Low barriers to trade support business operations

Malaysia has long been a central trade partner for Sweden in Southeast Asia, with Swedish export to Malaysia being steady for the past decade. In 2021 alone, Swedish exports to Malaysia were valued at 400 million USD.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN MALAYSIA WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 37.
 SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

“It’s challenging to tackle corruption here. We have experienced issues and challenges dealing with customs.”

Area Sales Manager
 Retail & consumer goods industry

Trade with Malaysia has been steady for the past decade and slightly less than half of the companies, 43 per cent, have not experienced or are unaware of any trade barriers affecting their operations. However, many companies are reporting to have faced various kinds of obstacles and trade barriers that have had an impact on their operations in Malaysia.

Based on the results of this year's Business Climate Survey, 27 per cent of Swedish companies in Malaysia have experienced difficulties regarding customs duties when doing business in Malaysia. Similarly, 30 per cent of Swedish companies operating in Malaysia have experienced or encountered difficulties related to customs procedures. Although Malaysia continues to liberalise the regulations and guidelines related to import and export, based on this survey, there are still areas to further improve.

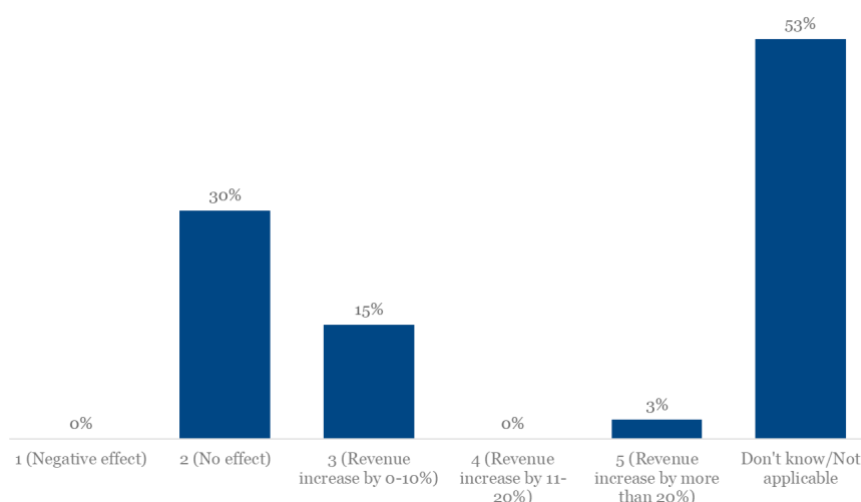
Beyond the customs issues, there do not appear to be any widespread difficulties related to regulations, local requirements, state aid, and more, indicating that Swedish companies in Malaysia are generally not negatively affected by trade barriers.

Looking ahead, several recent developments have occurred which will hopefully have a positive impact and reduce the trade barriers further. Namely, the announcement by Malaysia that it is looking into a free trade agreement (FTA) with the EU again. Such a move would likely lead to a rapid increase in business between Europe and Malaysia due to lower/no tariffs and further streamlined cross-border trade rules. Nevertheless, it remains to be seen when this FTA could be signed due to the political uncertainty surrounding the deal.

Swedish companies lack clarity regarding the impact of RCEP on their business

Malaysia became the 12th signatory country of RCEP on the 18th of March, a new free trade agreement with 15 nations such as China, Australia, Japan, and more, accounting for 30 per cent of global GDP and population. It is estimated that this new trade deal will bring benefits worth up to 174 billion USD in real income by 2030 for the members. As part of this Business Climate Survey, Swedish companies in Malaysia were asked how the deal will potentially impact their revenue.

WHAT WILL THE IMPACT OF RCEP BE ON YOUR BUSINESS IN MALAYSIA?



NOTE: The number of respondents for this question was 41.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Based on the results of this survey, the potential implications of this new FTA for Swedish companies remain unclear, with 53 per cent of Swedish companies indicating that they do not know what the impact will be. 30 per cent of Swedish companies expect

“ Malaysia is a very strategic location following the ratification of RCEP for setting up a manufacturing hub thanks to the reduced tariffs on raw materials. There is a plan for us to set up manufacturing in Malaysia.

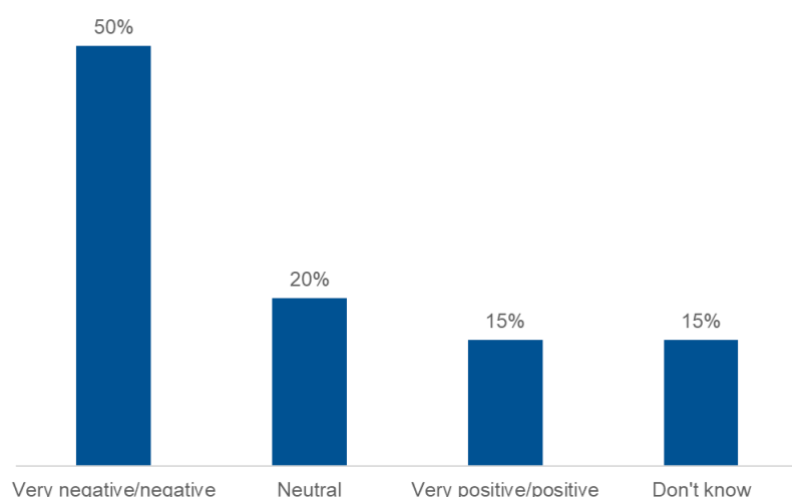
General Manager
Industrial equipment manufacturer

the agreement to bring about no impact on their revenue, while 17 per cent expect revenue to increase because of this deal, with most only expecting a modest 0-10 per cent increase in revenue. Early signs indicate that this FTA has the potential to position Malaysia as a regional hub in Southeast Asia and Asia. The lack of favourable responses can likely be explained by the fact that this deal is still relatively new and was only recently ratified. Although typically larger MNCs will have a larger understanding and awareness of the benefits that FTAs can bring, there was no clear distinction between the responses from larger MNCs with more than 1,000 global staff or small to medium-sized companies with up to 1,000 employees.

More information regarding the specific implications and how Swedish companies can benefit from this new agreement would boost the confidence and outlook regarding this agreement.

Global supply chain disruptions continue to hamper Swedish companies in Malaysia

HOW DO THE GLOBAL SUPPLY CHAIN SHIFTS AFFECT YOUR OPERATIONS IN MALAYSIA?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

The past few years have seen numerous events on a global level that have forced companies to rethink their global footprint and operations, especially when it comes to their supply chain. The US-China Trade War has had a large impact which was further accelerated by the Covid-19 pandemic and subsequent shipping and supply chain disruption. Considering these developments, this Business Climate Survey also asked Swedish companies in Malaysia how global supply chain shifts affect their operations in Malaysia, both to capture and validate the view that Malaysia is a net beneficiary of global supply chain shifts, and to see if the global supply chain problems are affecting Swedish companies in Malaysia, such as shipping bottlenecks and more.

Based on the responses received from Swedish companies, most companies have seen their business operations quite severely affected by global supply chain shifts and turbulence. Half of all Swedish companies in Malaysia reported a very negative to negative impact on their operations from global supply chain shifts, of which most of the responses were negative and only a small minority expressed a very negative impact.

“ One of the strategies in handling these global supply chain disruptions is to be more decentralized; it gives agility to the local operation to tackle issues such as working with new suppliers, partners, distributors, as well as new acquisition.

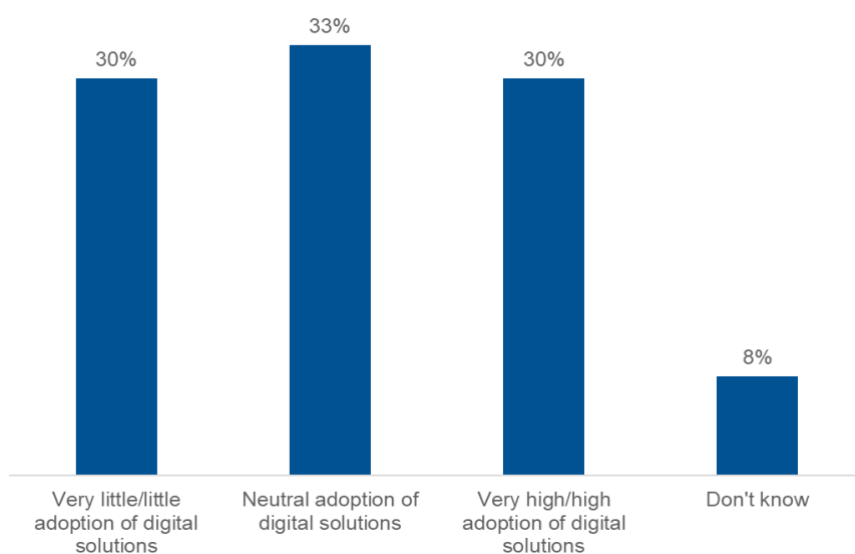
General Manager
Industrial equipment
manufacturer

Twenty per cent of Swedish companies responded that the impact was neutral, i.e. neither negative nor positive, while 15 per cent of companies responded that the impact was positive on their operations in Malaysia. There was no clear distinction when it comes to company size, industry, or maturity in the responses, but of the companies that responded don't know, all responses but one was from small-sized companies with less than 249 employees.

Digital solution adoption rate still lagging behind

Digitalisation has in recent years emerged as one of the most important strategic areas for both companies and governments around the world to focus on. In Malaysia, the government has taken several steps and launched new initiatives to boost the adoption rate of digital solutions, particularly among SMEs. Similarly, matters pertaining to digitalisation have become paramount to business owners in Malaysia due to the impact of the Covid-19 pandemic, which demonstrated the need for businesses to adopt and implement digital solutions to stay in touch and reach new customers. Digitalisation will continue to be a key focus area in the coming years, and thus this Business Climate Survey also asked Swedish companies in Malaysia how they view the adoption rate of digital solutions among Malaysian companies.

HOW DO YOU SEE THE ADOPTION OF DIGITAL SOLUTIONS AMONG MALAYSIAN COMPANIES?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Looking at the responses received regarding the adoption rate of digital solutions, there is no clear majority among the respondents. 30 per cent of the respondents indicated that there is very little or little adoption of digital solutions, while 33 per cent responded that there is a neutral level of adoption, and 30 per cent responded that the adoption rate is very high or high. This lack of a majority in any of the categories can likely be explained by the fact that digitalisation has only recently emerged as one of the top strategy agendas for local companies, but it is predicted that this adoption rate is set to exponentially grow in the coming years.

There is no clear trend regarding views on local adoption of digital solutions based on industry or sector, however, it is noteworthy that all IT and electronics companies except one participating in this poll stated that the adoption rate is high or very high.

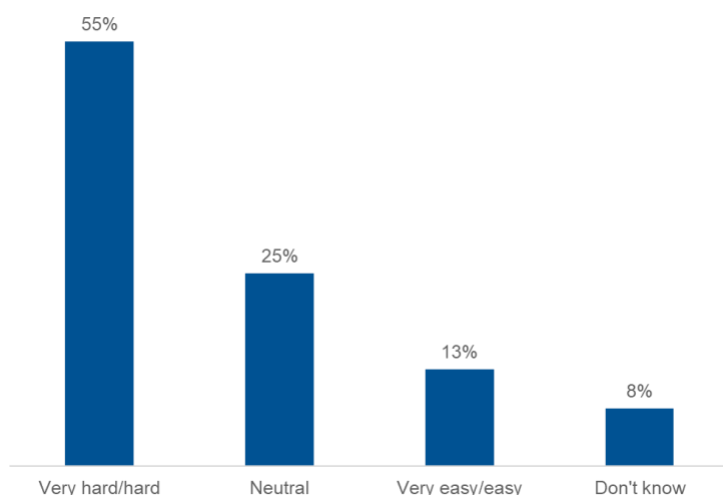
“ I would say companies really want to move into more digital ways of working. We can see a huge demand for this area. Biggest challenge is that companies do not know what they want or need.

Managing Director
Software & IT industry

Access to skilled labour remains a significant challenge for Swedish companies in Malaysia

Local access to human capital is one of the first considerations foreign companies consider when deliberating on where to set up a local presence and invest. For Malaysia to continue to be an attractive investment destination and future regional business hub, access to qualified labour will be essential. Similarly, for Malaysia to achieve its long-term development goals, such as becoming a high-income nation with high productivity, talent must be readily available. This section explores how Swedish companies perceive the labour market to be, with a focus on domestically available talent.

HOW WOULD YOU DESCRIBE THE ABILITY TO FIND SKILLED LABOUR FOR YOUR INDUSTRY/COMPANY WITHIN MALAYSIA?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Based on the results of this Business Climate Survey, most Swedish companies experience difficulties in finding skilled labour for their industry in Malaysia. 55 per cent of the responding companies selected very hard or hard, and of those, the majority selected hard. 25 per cent of the respondents feel that it is neither easy nor hard to find skilled labour, while 13 per cent of the respondents indicated that it was easy or very easy to find skilled labour in Malaysia.

Although there was no explicit clear trend based on industry, both companies that have been in Malaysia longer and companies that are larger globally had an easier time finding skilled labour in Malaysia. Very interesting to note as well was that companies that have a hard time finding specialised labour in Malaysia were less likely to be looking to increase their investment in Malaysia in the next year, likely meaning that more companies could be swayed to invest more should it become easier to find skilled labour.

Mixed responses in regard to bringing in specialised staff from abroad

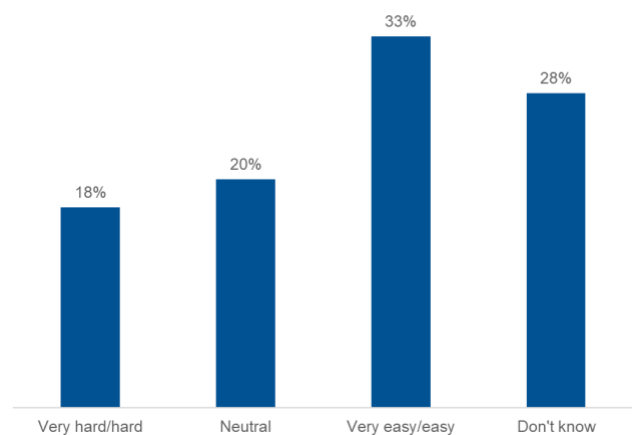
Much like having good local access to human capital, being able to bring in specialised staff is an essential requirement for some industries and investors when deciding on where to set up a local office. Good access to specialised staff from abroad will help

“Accessibility to the labor is generally at an acceptable level. Specialised staff can be recruited, but the shortages will cause a lot of turnover if retention plans are not in place.

Chief Operating Officer
Med Tech industry

nurture and support the growth of foreign, and domestic companies and further increase the labour productivity of Malaysia. This section dives into whether Swedish companies have experienced immigration-related obstacles when bringing in specialised staff from abroad.

DO YOU ENCOUNTER PROBLEMS/DIFFICULTY BRINGING IN SPECIALISED STAFF DUE TO IMMIGRATION RELATED OBSTACLES?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Based on the results of the Business Climate Survey, approximately one-third of firms feel that it is a relatively easy process to bring in specialised staff from abroad, with 33 per cent of the respondents selecting very easy or easy. 18 per cent of the respondents indicated that it is very hard or hard to bring in specialised staff, whereas 20 per cent indicated neutral. The number of respondents who selected 'don't know/not applicable' for this question was also quite high, with 28 per cent of respondents selecting this option.

When analysing the maturity of the examined firms and their issues with immigration-related obstacles, one can observe a significant positive correlation between having had immigration-related obstacles and the maturity of the firm in Malaysia, meaning the longer the firm has been present in the market, the more likely they are to have encountered problems. We can also see that firms that have fewer local employees were more likely to respond "don't know".

Another interesting observation is that companies that have had issues with immigration are less likely to be looking to increase their investment in Malaysia in the coming year. This suggests that improved visa arrangements for specialised staff would encourage Swedish companies to invest more in Malaysia, which is further exemplified by one manager from a large company noting that their business would be helped greatly if it was to be made easier to bring in specialised staff from outside of Malaysia.

“ A lot of challenges in the hiring of foreign talents, especially red tapes in the immigration process. This problem is getting more severe, although still not a major issue, and the government needs to improve.

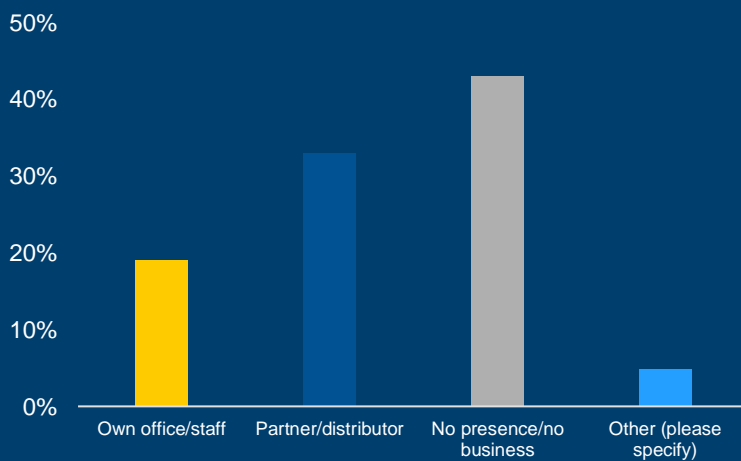
General Manager
Industrial equipment
manufacturer

Borneo still holds a lot of potential and opportunities for Swedish companies to closer explore

Most Swedish businesses in Malaysia remain focused on the western Malaysian peninsula and have limited business in Sarawak and Sabah. Less than a fifth of the respondents have their own office or staff on the Borneo island, and as many as 44 per cent have no business at all. The remaining respondents operate through a partner or a distributor in the region.

While presence is limited, 2 out of 3 respondents have a plan to grow their business in East Malaysia. Some see great potential in the area, while others are more sceptical of the opportunities. Several respondents state that they have not investigated the region yet, but that they see the growth and need to start developing a presence soon.

WHAT IS YOUR CURRENT FOOTPRINT IN EAST MALAYSIA (SARAWAK AND SABAH)?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022

DO YOU PLAN TO GROW YOUR BUSINESS IN EAST MALAYSIA?



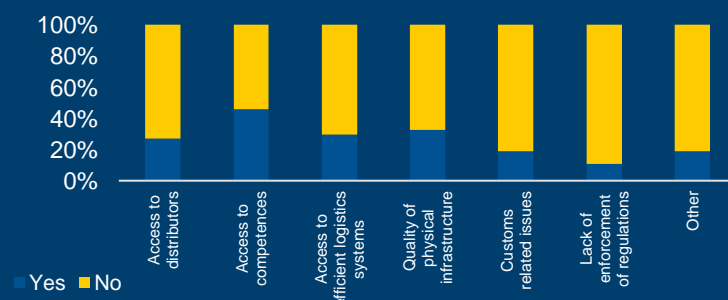
NOTE: The number of respondents for this question was 40.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022

“We have recently appointed a new distributor in East Malaysia and expect to see the results and impact by next year.”

Director
Retail & consumer goods industry

The number one limitation or consideration identified by Swedish companies in Malaysia relating to the east side of the country is limited access to competencies, with almost half of respondents raising this issue. A high number of respondents also indicated that poor access to distributors, limited efficient logistics systems, and the quality of infrastructure being lacking also negatively affected their prospects in Borneo. When this survey was conducted two years ago, the number one issue in East Malaysia was limited access to distributors, which is a noteworthy shift in opinion. Worth noting also is that customs-related issues were more likely to be raised among companies not looking to grow their business in east Malaysia, indicating that a solution to these issues might encourage the more sceptical Swedish companies to change their minds about Borneo. Customs-related issues were also more common among companies with a larger footprint in East Malaysia.

ARE THESE AREAS CONSIDERED MAIN LIMITATIONS / CONSIDERATIONS FOR YOU TO GROW IN EAST MALAYSIA?



NOTE: The number of respondents for this question was 37 on an average for each sub question.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022

“It is a challenge to find distributors and skilled resources in East Malaysia.”

CFO
Automotive industry

“East Malaysia is a very challenging market, we would rather focus on our business in Peninsular Malaysia instead.”

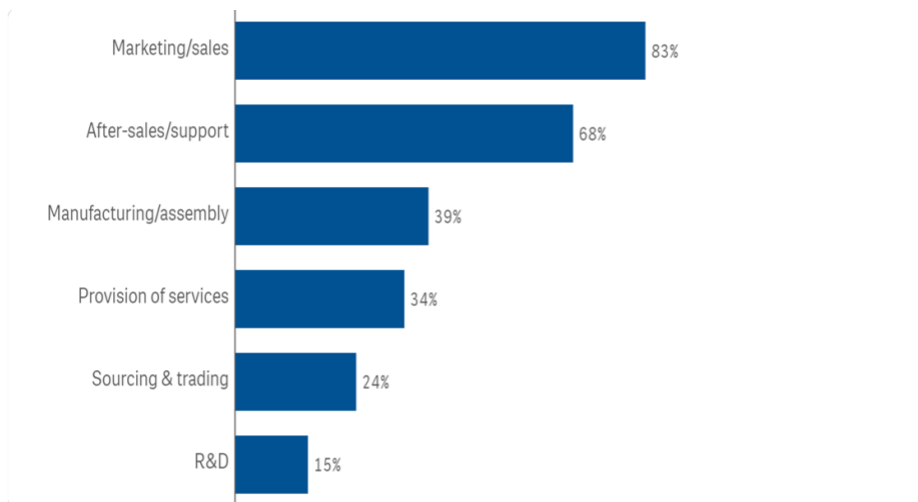
Managing Director
Safety industry

HOW SWEDISH COMPANIES SUCCEED IN MALAYSIA

Most Swedish companies are engaged in sales and marketing in Malaysia

Malaysia is an important market in Southeast Asia for many Swedish companies, both due to the rapid development and economic growth in the past 60 years, but also due to the large middle class and strategic location of the nation. The Swedish companies that entered the Malaysian market in the 1960s have now been joined by additional companies from a wide range of sectors and company sizes. Malaysia is home to traditional Swedish industrial and manufacturing giants such as ABB, SKF, Scania, and Volvo to new and emerging industries such as IT, FinTech, and Green Tech. Swedish companies in general are perceived as innovative and leading in their market segments, as Swedish entrepreneurship is typically characterised by a strong focus on global markets and trends considering the rather limited size of the domestic market in Sweden. Hence, Swedish companies tend to prioritise innovation and internationalisation which requires products to be adapted to the local context, both in terms of product functionality and service offering. As Malaysia's digitalisation and adoption of new and innovative technology solutions continues and sustainability gradually becomes an integral part of business, Swedish companies are in a good position to accelerate the upcoming technological and sustainability transition in Malaysia.

WHAT OPERATIONS DO YOU CARRY OUT IN MALAYSIA?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

The results from the Business Climate Survey show that the Swedish commercial presence in Malaysia takes place in a wide range of business activities; from the manufacturing of industrial and commercial goods, through sourcing and trading to R&D and marketing/sales. As mentioned previously, the majority of Swedish companies in Malaysia typically have less than 249 local employees, hence it is no surprise that the majority of Swedish companies operating in Malaysia are engaged in sales, as this is the

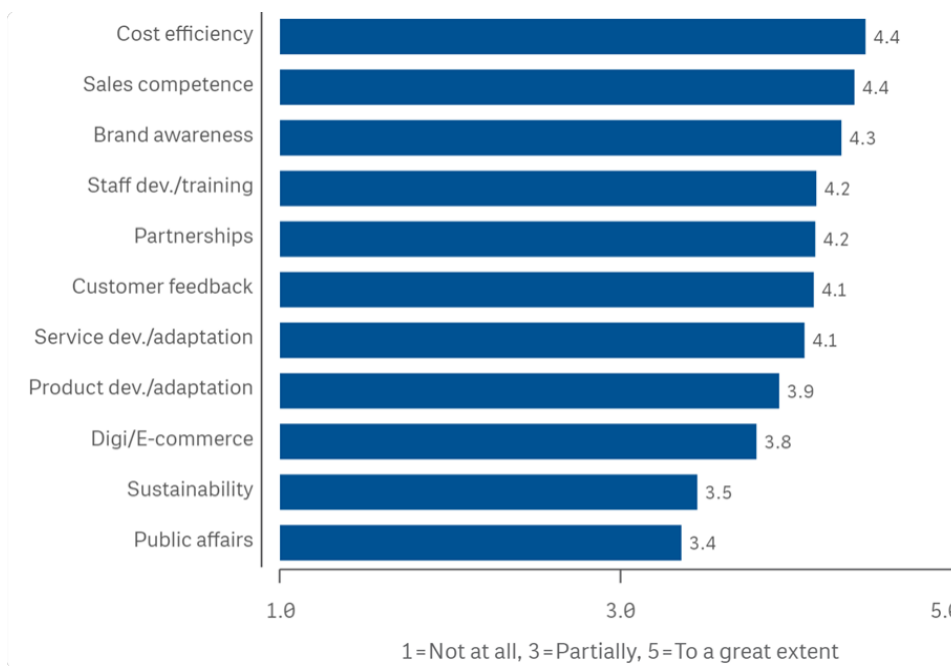
core activity for smaller companies. 83 per cent of the survey respondents indicated that they are engaged in marketing/sales and 68 per cent indicated they are engaged in after-sales/support. 39 per cent have manufacturing operations, while only 15 per cent of Swedish companies have R&D operations in Malaysia. But the figures for manufacturing and R&D operations could potentially grow in the coming years as companies continue to look for alternative production locations in Asia and R&D activities typically follow where manufacturing sites are located.

Cost efficiency continues to be the top success factor for Swedish companies in Malaysia

This Business Climate Survey also investigated what factors contribute more or less to the success of Swedish companies operating in Malaysia. Based on the results, the most important factors that drive success are cost efficiency, sales competency, and brand awareness. Compared to the last Business Climate Survey conducted in 2020, there are some small shifts, namely that partnerships have fallen out of the top 3 categories and been replaced by sales competency.

Swedish exports to Malaysia amounted to 400 million USD in 2021, while Malaysian exports to Sweden reached 600 million USD.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN MALAYSIA?



NOTE: The number of respondents for this question was 37.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Although Malaysia is moving up the value chain gradually and adopting more advanced solutions that typically come at higher price points, for now, cost is still a key consideration, and it is still essential to be cost-efficient and deliver value for money to be successful in the Malaysian market. This factor has also likely been impacted by Covid-19 where companies review their spending and ensure maximum resource efficiency. Similarly, for sales competency and brand awareness, the continued high ranking of these factors indicates the strong need to establish robust sales networks and have a good understanding of who and where your customers are as well as having a clear

brand identity and message. Although partnerships have fallen out of the top three categories, this factor continues to score high on the key success factors that lead to the success of Swedish companies. Given that Malaysia as an emerging market offers a very different operating environment compared to markets closer to Sweden, having the right partner with a good local understanding is key for Swedish firms. This is particularly true for the more recent entrants into the market, as they weighed this factor more than their more experienced mature companies.

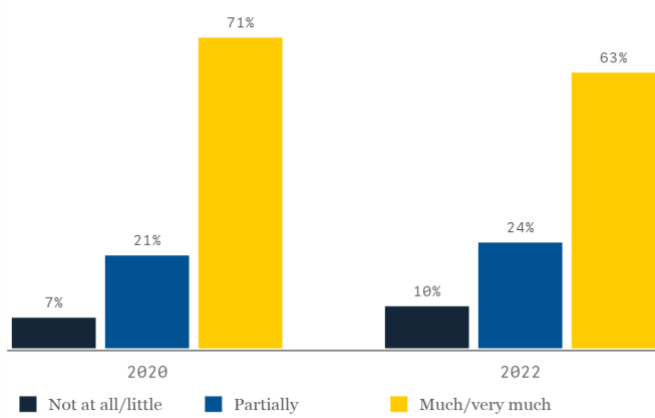
However, looking at the responses from the Swedish companies in Malaysia, it is evident that all of the identified factors closely follow each other as the difference between the highest and lowest ranking factor is only one point.

Swedish brand still largely positive for most companies despite small decrease

Sweden in general enjoys a good reputation in Malaysia, with many people associating Sweden as a Nordic manufacturing powerhouse with a leading edge in innovation, technology, and sustainability. Many companies use this ‘Swedish’ brand advantage as part of their marketing to highlight the product manufacturing or design origin in Sweden to gain an advantage. As part of this Business Climate Survey, Swedish companies were asked how the brand image of Sweden contributes to their success in Malaysia.

The results of the survey show that a majority of companies in Malaysia believe that the brand image of Sweden contributes to their business in Malaysia, with 63 per cent of all respondents stating that the brand image of Sweden has had much or very much impact on their business in Malaysia. Compared to the last business climate survey, however, there was a slight drop from 71 per cent or 63 per cent who felt that the brand image of Sweden contributes much or very much to their business in Malaysia. This can likely be explained by other factors such as pricing taking greater importance during the Covid-19 pandemic rather than product origin. Interestingly, while more mature companies were more likely to deem the Swedish brand to be beneficial in Malaysia, when looking at company size, it was the smaller companies who judged the Swedish brand to have helped them the most.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN MALAYSIA?



NOTE: The number of respondents for this question was 41. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

ACTING SUSTAINABLY

Importance of sustainability continues to grow in Malaysia

This section delves into Swedish companies' view on sustainability in the Malaysian market, with the main focus being on the presence of corruption in the country, as well as environmental challenges.

Malaysia has over the last five decades experienced tremendous social, economic, and environmental change. As the country has gone from low-income to a soon-to-be high-income country, the country has inevitably come to change a lot. To keep up with this change, policy-makers have done their best to make sure issues such as deforestation are mitigated, though there is still a lot of work to be done.

Malaysia recently launched their 12th national development plan, where they identified what they will focus on and where money will be spent from 2021-2025. One of the three themes of the plan is 'advancing sustainability', which showcases Malaysia's commitment to becoming more sustainable and indicates a willingness to reach the Sustainable Development Goals (SDG) 2030 goals set by the UN. The plan includes ambitions to develop green mobility solutions and to increase their ability to generate renewable energy. They have also targeted becoming carbon neutral by 2050, which is one of the most ambitious targets of its kind in the region, and their optimism in this area is something Swedish companies can capitalise on. Malaysia's eagerness to become more sustainable is further evidenced by the fact that they have, since 2010, had the second lowest increase in greenhouse gas emissions in the Asia-Pacific.

According to the latest SDG rankings released by the UN, Malaysia is ranked 72nd in the world in the pursuit of accomplishing the 17 goals, which is only good enough for fourth in the ASEAN. Meanwhile, Sweden ranks third in the world in these rankings. Thus, while Malaysia is committed to working towards the SDGs, as showcased by the fact that Malaysia's policy efforts specifically targeting the goals are greater than Sweden's, major challenges remain. One responder of the survey stated that there is a lack of suppliers offering sustainable options in the market, while another stated that while the awareness is there, the practical implementation is still largely lacking.

Widespread view on corruption in Malaysia differs from Swedish experiences

The companies surveyed were asked one question regarding corruption in Malaysia and one on human and labour rights. In response to both questions, companies overwhelmingly responded that they had experienced none. 77 per cent of companies said that to their knowledge they had not experienced bribery or fraud, and 86 per cent said they had not witnessed human or labour rights abuse. In contrast to this, Malaysia is only ranked as the 62nd least corrupt country in the world, showing that corruption is still prevalent in the country. One business leader noted that corruption and human rights issues are big risks in Malaysia, but that this then becomes a potential area of focus for Swedish companies to lend their support. When compared to the countries around them, however, Malaysia ranks quite well, with only Singapore in the ASEAN performing better in the 2021 rankings.

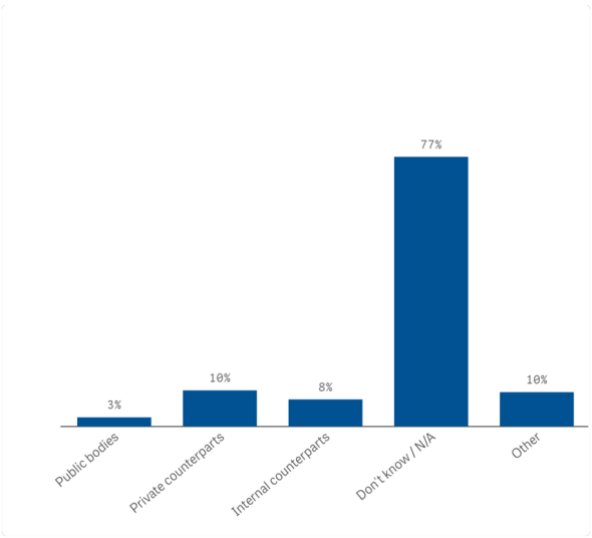
“ I can see that the topic is finally starting to come up a bit with more seminars and events. I can also hear a bit that our customers' customer (bigger MNCs) start to at least talk with their local suppliers about it. We can be pioneers of this transition towards sustainability.

Managing Director
Software & IT industry

“ Corruption and Human rights issues are foremost on the risk perspective as a Managing Director in Malaysia.

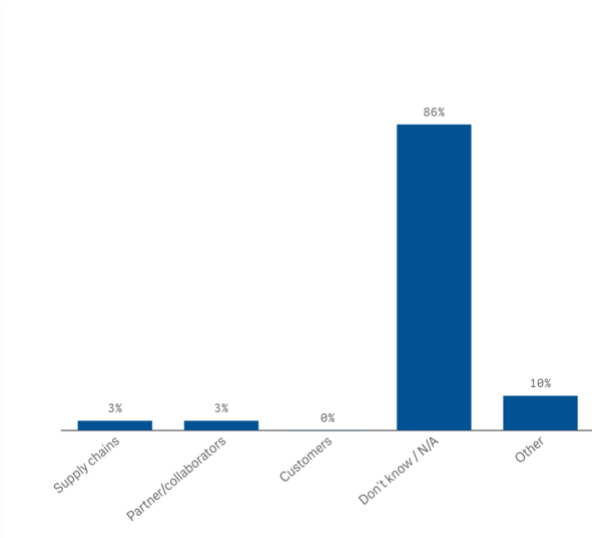
Managing Director
Automotive industry

HAS YOUR COMPANY IN MALAYSIA BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



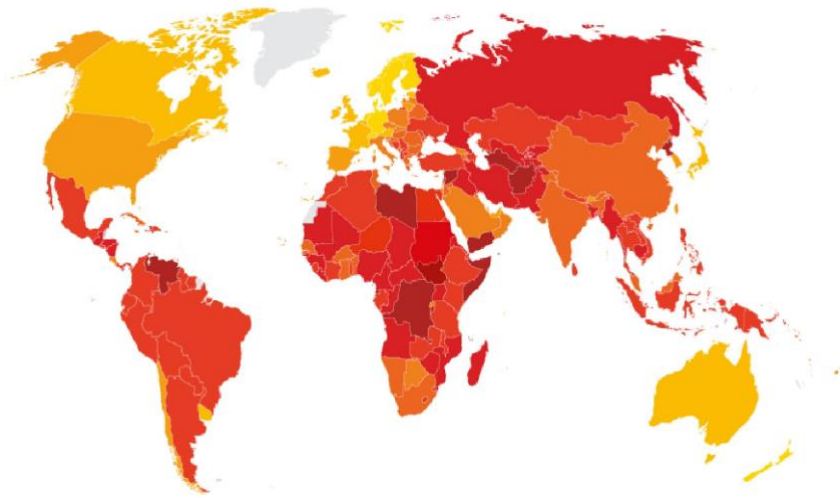
NOTE: The number of respondents for this question was 39.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

HAS YOUR COMPANY IN MALAYSIA ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN ANY OF THE FOLLOWING AREAS?

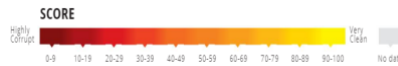


NOTE: The number of respondents for this question was 37.
SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022

CORRUPTION PERCEPTION INDEX 2021



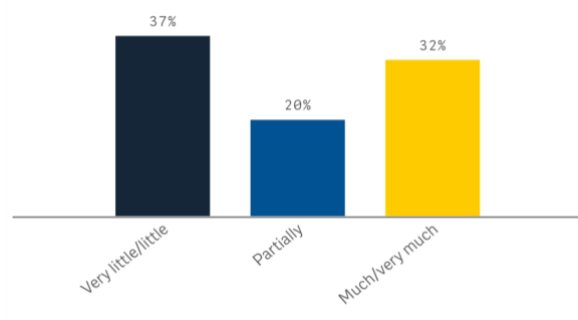
SOURCE: Transparency International.



No clear consensus regarding consumers’ environmental considerations when purchasing

When asked to what extent Malaysian customers consider environmental aspects in their purchasing decisions, the answers among Swedish companies were split. On average, the responses were slightly in favour of environmental impact not being important to customers rather than important, though the majority was so narrow that it should be deemed insignificant. Instead, the main takeaway from these responses is that Swedish companies are divided on the issue. Also of note was that companies who judged Malaysian customers to be wary of the sustainability of a product were also considerably more inclined to believe that their Swedish background contributes to their business in Malaysia.

IN YOUR VIEW, TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN MALAYSIA CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in Malaysia 2022.

Final words

Overall, there are many factors that affect the operations of Swedish firms in Malaysia. The upcoming election remains an uncertainty and will have an impact on the operating environment, regardless of the outcome. Similarly, the current global economic and geopolitical turbulence adds additional uncertainty for companies in Malaysia and globally. However, the shift of gravity towards Southeast Asia together with Malaysia's strong regional position could serve to bring more opportunities to Malaysia. As evidenced by this report, Swedish firms' positive results and eagerness to increase investment signifies that Malaysia is an excellent destination for Swedish and global investment.

Team Sweden

