

2022 GLOBALIZATION TRENDS SURVEY

CFOs Eager to Expand Globally but Face Pressing Resistance

Survey finds CFOs are worried about rising wages, inflation, and more.



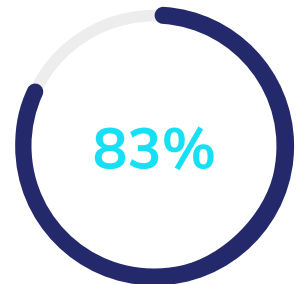
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There is near-universal agreement among CFOs that the ability to capture market share through global expansion is a hot button for their stakeholders. However, mounting concerns over rising wages, talent, and international affairs are causing companies to rethink their globalization strategies.

In fact, nearly half of CFOs report that recession and inflation pressures are impacting their global expansion plans, according to research from Globalization Partners and CFO Dive. Yet, despite these rising concerns, 83 percent of CFOs say that their companies' long-term growth strategies include potential (or ongoing) growth into countries where they do not currently operate.

The findings of this research are based on the fourth annual CFO survey conducted by Globalization Partners and CFO Dive between March and April of 2022. A total of 260 CFOs and other senior financial and corporate executives participated in the research – all of whom work for organizations with more than USD 100 million in revenue (with 2 out of 5 working for organizations with more than USD 1 billion in revenue).



83% of CFOs say that their companies' long-term growth strategies include potential (or ongoing) growth into countries where they do not currently operate.



The data showed that the key focus area for international expansion is the United Kingdom, followed by the Asia-Pacific region, North American region, and the European Union. While CFOs are looking to expand their companies into these areas, none of these regions are safe from global concerns like inflation pressures and talent retention.

“We understand where people are with their uncertainty and how they tend to return to their comfort zone,” says Simone Nardi, Chief Financial Officer of Globalization Partners. “But, we think there’s an opportunity to expand in a smart way, thereby offering CFOs the chance to take some of these pressure points and use them as tools to build a stronger company.”

And that’s what you’ll find in this report – an opportunity to turn resistance into resilience. We’ll dive deeper into what is worrying CFOs and tap into expert insights to help global CFOs find their way forward to meet business objectives.

What Global CFOs Are Most Worried About in 2022

HIRING & TALENT RETENTION



More than 7 out of 10 CFOs (72 percent) are concerned about wages rising to stay competitive.



Almost 9 out of 10 CFOs (88 percent) agree that the “Great Resignation” and retaining current employees is a chief concern for key stakeholders in their organizations.

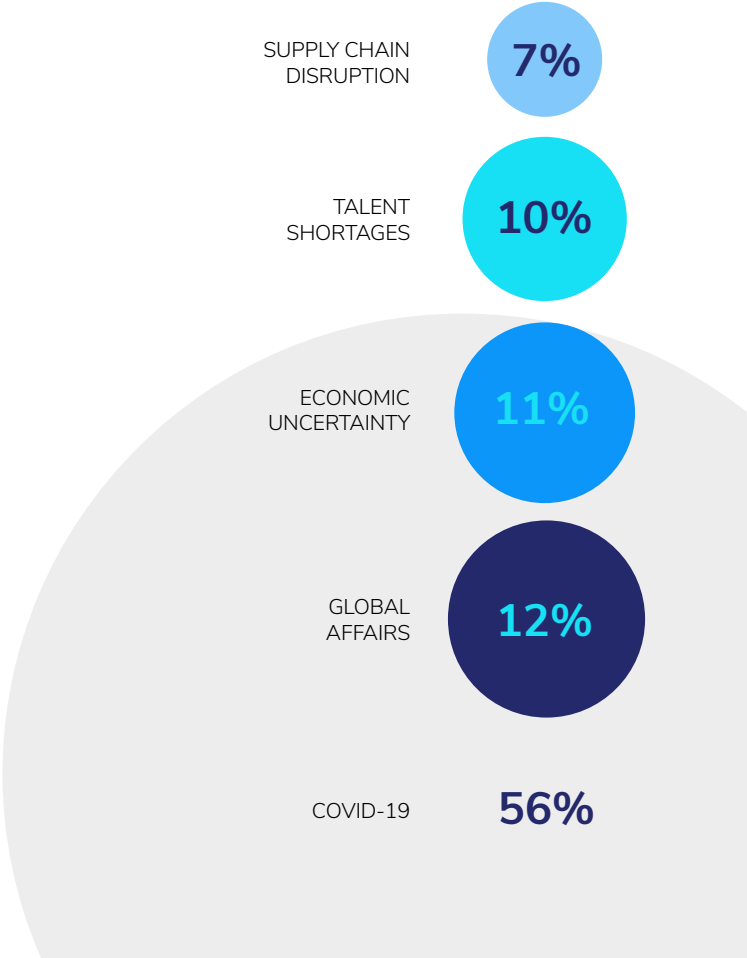
HUMAN CAPITAL MANAGEMENT



More than 4 out of 5 CFOs (83 percent) agree that human capital/talent issues that come with hiring talent globally, such as setting up foreign subsidiaries, managing unfamiliar international HR, and payroll processing, are burdensome to business administration and management.

GLOBAL DISRUPTION

Well over half of CFOs (56 percent) say that the Covid-19 pandemic is the global disruptor that has had the most impact on companies’ growth goals over the last year. Other global disruptors that are said to have had the most impact on companies’ growth goals are:



INFLATION PRESSURE

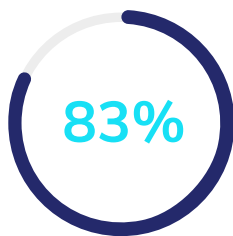


Almost 9 out of 10 CFOs (88 percent) are very or somewhat concerned about the prospect of a recession in 2022.

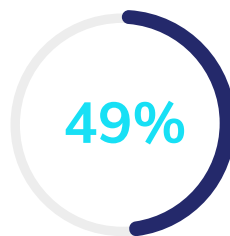


Nearly 3 out of 10 CFOs (29 percent) say that the biggest challenge impeding their companies' international expansion over the next 12-18 months is inflation pressure.

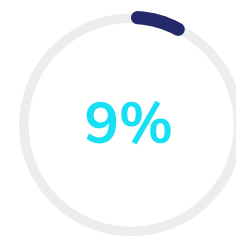
MOST ARE STILL MOVING FORWARD WITH GLOBALIZATION, WITH CONTINGENCIES...



Despite these worries, CFOs remain surprisingly bullish on growth – with 83 percent saying their long-term plans will stem around expansion into new countries (up by 2 percent from 2021).



Almost half of CFOs (49 percent) report that recession and inflation pressures are impacting international expansion plans by causing their companies to move forward cautiously with contingencies.



However, 9 percent of CFOs say they are pausing expansion efforts temporarily.



Where do they want to focus their international expansion efforts? More than 1 out of 3 CFOs (33 percent in the next 12-18 months and 37 percent over the next five years) report that the United Kingdom is the focus of their companies' international expansion.

Hiring & Talent Retention

The Great Resignation and rising wages are top of mind for the majority of CFOs.



The vast majority of global CFOs (88 percent) agree that the Great Resignation and retaining current employees is a chief concern for key stakeholders in their organizations.

At the same time, a good number of CFOs (29 percent) are prioritizing hiring new talent to achieve their business goals and objectives over the next 12-18 months; however, more than 7 out of 10 (72 percent) are concerned about wages rising to stay competitive.

FINDING A WAY FORWARD

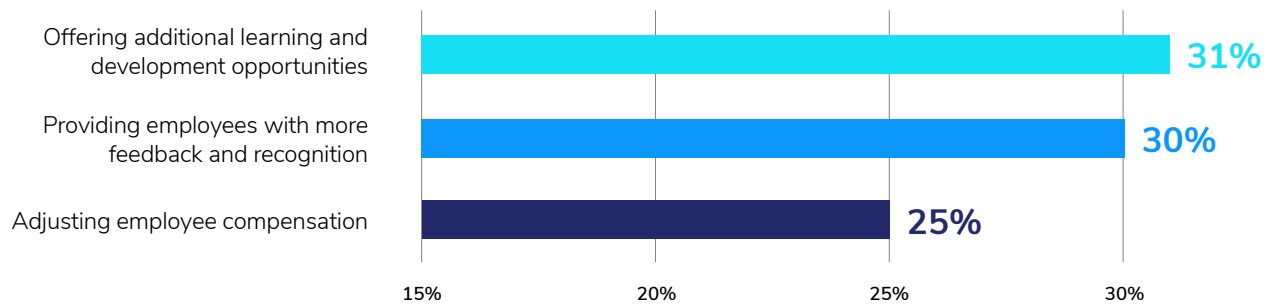
One of the biggest trends among CFOs for talent attraction and retention is a remote-first work policy, with 92 percent of CFOs agreeing a remote-first work policy helps retain and attract top talent.

Nine out of 10 CFOs (90 percent) also agree that a remote-first work policy increases inclusivity because it can provide equal access to career opportunities for people who might otherwise be excluded due to geographic location. This is particularly appealing, as almost 9 out of 10 CFOs (87 percent) feel that Diversity, Equity, and Inclusion (DE&I) has a significant impact, or some impact, on the bottom line.





It's no surprise then that the primary employee retention strategy for the next 12-18 months among 53 percent of CFOs will be expanding benefits, like flexible working arrangements. Other frequently mentioned retention strategies are:



But benefits can only go so far, as company culture is another major player in employees' decision to stay with an employer. "Talent retention is typically driven by the culture in an organization," says Nardi. "And a positive culture is one that helps people focus, deliver, and enjoy what they're bringing to the table."

💡 To retain talent in today's world, it's important for every manager and CFO to ensure people understand 💡 they are part of something bigger that benefits from their input, contribution, work, and ideas.

Simone Nardi

Chief Financial Officer of Globalization Partners

Human Capital Management

CFOs worried human capital management when hiring talent globally creates a burden for their businesses' administration and management.

More and more CFOs are looking to the global talent pool to meet business objectives. Four out of 5 CFOs (80 percent) completely or mostly agree that tapping into a more cost-effective, international talent pool equipped with the appropriate skills would be of interest to them and other key stakeholders in their organizations.



In fact, 52 percent of CFOs say their companies' primary hiring strategy over the next 12-18 months is to attract newer remote talent, unbounded by geographic restrictions of their operating model. However, there's also a consensus among CFOs that human capital and talent management issues that come with hiring and managing talent globally are often burdensome to their businesses' administration and management.

More than 4 out of 5 CFOs (83 percent) point to global human capital management as a burden, including things like:



Setting up a foreign subsidiary



Managing unfamiliar international HR



Payroll processing

“The burden is understandable as employers expanding globally are not necessarily familiar with new territories' tax situation for employment or HR practice requirements,” explains Nardi. “There is also the risk of doing it wrong or not understanding some element because things get lost in translation.”



FINDING A WAY FORWARD

Almost half (47 percent) of CFOs say their companies' talent strategy is based on a hybrid workplace. And more than 9 out of 10 CFOs (91 percent) agree that allowing employees to move to locations of their choice rather than backfilling a position with local talent is the preferred talent strategy for key stakeholders.

Whether hybrid or on-site, a company hiring globally needs to get familiar with new territories. Thus, one of the simplest solutions to human talent management woes, which 93 percent of CFOs agree is worth considering, is having an Employer of Record (EOR) to support global talent management in the face of uncertainty.



“An EOR can help companies understand what is valuable or important for local employees compared to employees from different countries,” explains Nardi. “Building that type of knowledge and expertise takes time, which is why working with a company like Globalization Partners is so exciting to CFOs – because they get the expertise and experience to expand into a new environment in a secure and compliant way.”

Global Disruption

The Covid pandemic affected CFOs' global growth plans – and they're still grappling with its effects (on top of the global disruptions that came next).

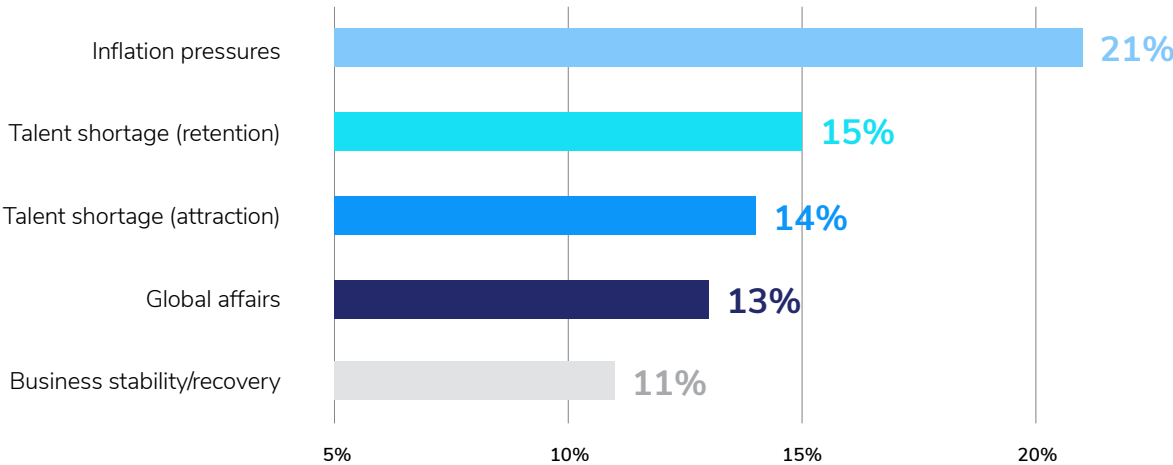
While Covid-19 caused global disruption in 2020, it's not the only disruptor that CFOs are worried about. The research showed that supply chain reduction is most often mentioned (25 percent) as the second biggest challenge impeding companies' international expansion plans over the next 12-18 months.



11.6K
global supply chain disruptions

According to Statista, the number of supply chain disruptions worldwide is rising. In 2021 alone, there were over 11.6K supply chain disruptions around the globe.

Other issues mentioned as the second biggest impediment are:



Global affairs will be one to watch as, according to the [Barcelona Centre for International Affairs](#), geopolitical tensions and leadership changes will shape the global agenda in 2022.



FINDING A WAY FORWARD

However, to Nardi, disruption could be seen as a chance to reinvent an industry, a company, a model, or even a way of thinking. “It’s important that we take advantage of the opportunity to turn instability into more flexibility,” he says.

Take the shift to remote work, for example. This operational change ultimately wound up meeting some of the needs and requirements long sought after by employees – while changing the world of work forever.

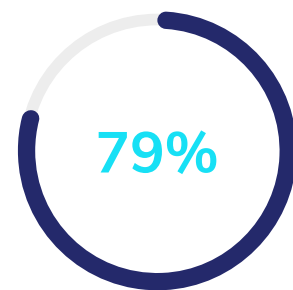
Or, for another example, take innovation. According to the [State of Science Index \(SOSI\)](#), 79 percent of people believe that science will improve life in the next five years. This makes sense, given we’ve already seen how major disruptions like Covid-19 have accelerated trends in technology.

But to find that opportunity, it will take careful teamwork. “Challenging moments need focus, attention, support, and the right level of engagement for operations teams,” urges Nardi.

❗ Instability often creates ❗
a risk that typically
translates into distraction,
friction, and difficulties to
continue creating value
for stakeholders.

Simone Nardi

Chief Financial Officer of
Globalization Partners



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that science will
improve life in the
next five years.

Inflation Pressure

Nearly all CFOs are very or somewhat concerned about a recession in 2022 – while 3 in 10 say inflation pressures are impeding global expansion plans.



Inflation pressures are high on the list of concerns for CFOs worldwide. Almost 3 out of 10 CFOs (29 percent) say that the biggest challenge impeding their companies' international expansion over the next 12-to-18 months is inflation pressure.

And even for the CFOs whose top challenge differed, when we asked them about their second most significant challenge, 21 percent of CFOs pointed to inflation pressures.

FINDING A WAY FORWARD

“Increasing inflation can generate a reduction in spending, which puts pressure on the growth and volume of a business,” explains Nardi. “Inflation can also increase operating costs by generating inflationary pressures on salary, cost of goods, and cost of services needed to operate a business.”

Of course, growing the top line is an essential focal point for the CFO, and, clearly, inflation generates pressure on the bottom line. Nardi points to assessing contracts, increasing efficiencies, and prioritizing investments to get through these inflationary moments.





“Be selective and look at the return on what you’re spending and investing your money in,” says Nardi. For companies putting their money toward global expansion – which our data shows is still the majority of companies – leveraging an EOR – can help CFOs circumvent their concerns.

“Because we don’t require a CFO or teams to invest significant time to learn and get up to speed on the territories where they want to expand, our service allows businesses to continue to grow with more flexibility and more gradual investment structure – making it more efficient, especially in times of uncertainty,” explains Nardi.

The Flip Side

Despite the concerns, CFOs are still bullish on moving forward.

More than 2 out of 5 CFOs (45 percent) say that their companies are in an accelerated growth mode, versus only 40 percent who said the same thing in 2021.

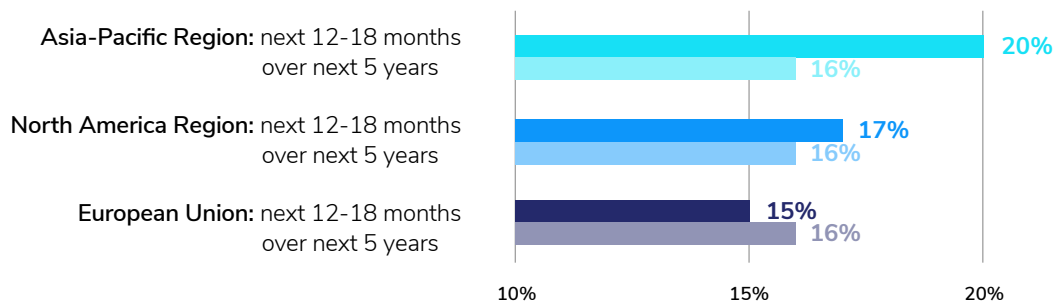
“Sooner or later, the economy will turn around, inflation will go back down, and growth will prosper again,” says Nardi.



It shows that, despite the uncertainty, CFOs are optimistic about the future and taking steps to keep growing internationally. They are so confident, that 54 percent of CFOs believe their companies will exceed goals and expectations in 2022, and only 3 percent say they won't.

As far as top priorities go to meet these goals and expectations? More than half of CFOs believe implementing strategies for global expansion and presence should be top of mind. So, where are they expanding?

About 1 out of 3 CFOs (33 percent in the next 12-18 months and 37 percent over the next five years) report that the focus of their companies' international expansion is the United Kingdom. The following three areas of focus are:

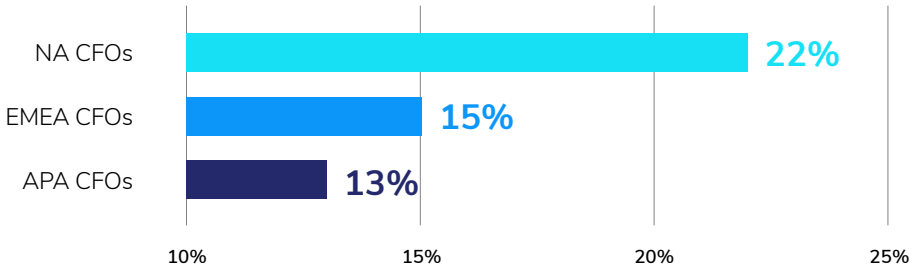


CFOs' Concerns & Solutions – By Region

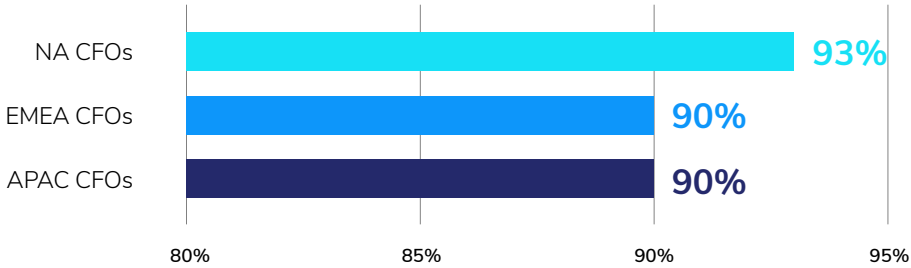
While CFOs across the globe share similar concerns and agree on many of the same solutions, there are some surprising differences across regions.

NORTH AMERICA

NA CFOs are the **most likely** to say that the biggest challenge impeding their companies' international expansion over the next 12-18 months is talent retention.

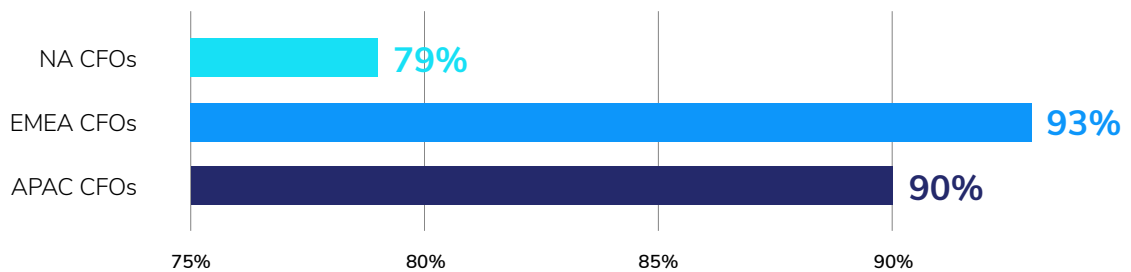


NA CFOs are the **most likely** to agree that having a remote workforce increases inclusivity since it provides equal access to career opportunities and resources for people who might otherwise be excluded due to geographic location.

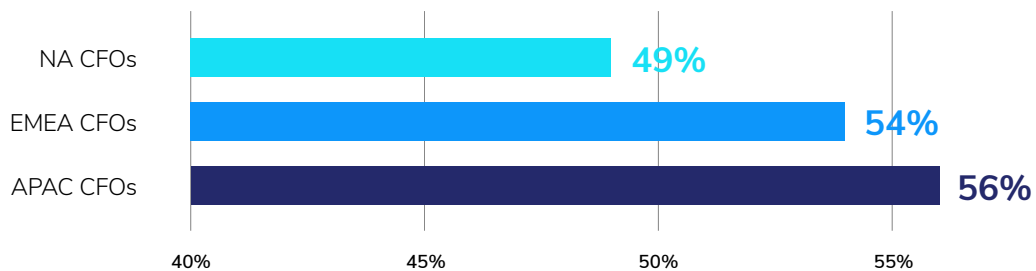




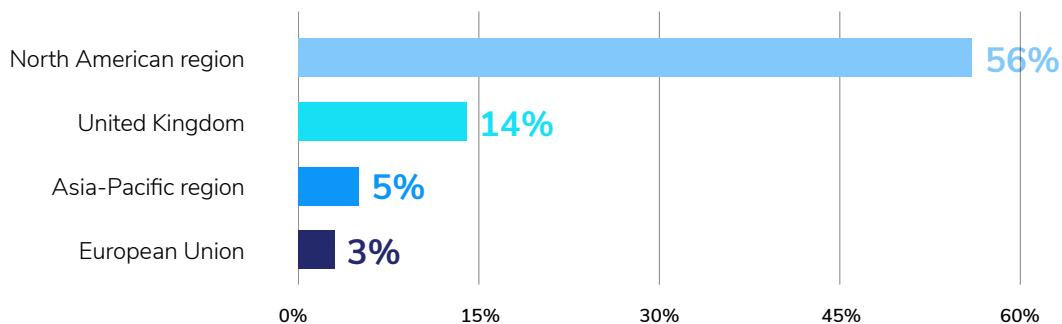
Ironically, NA CFOs are the **least likely** to feel that Diversity, Equity, and Inclusion (DE&I) have a significant impact or some impact on the bottom line.



NA CFOs are the **least likely** to say that their retention strategy over the next 12-18 months is to expand benefits, including flexible working arrangements.



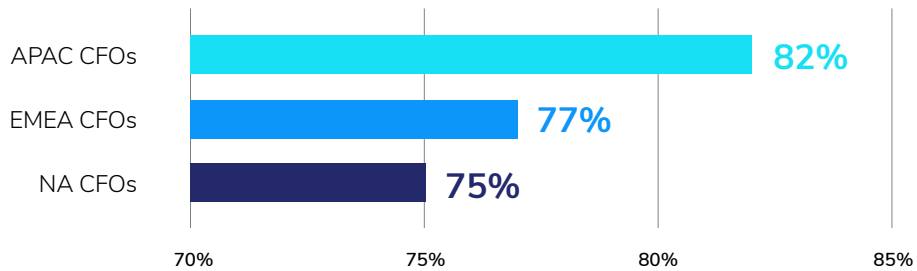
Where are they expanding in the next 12-18 months?



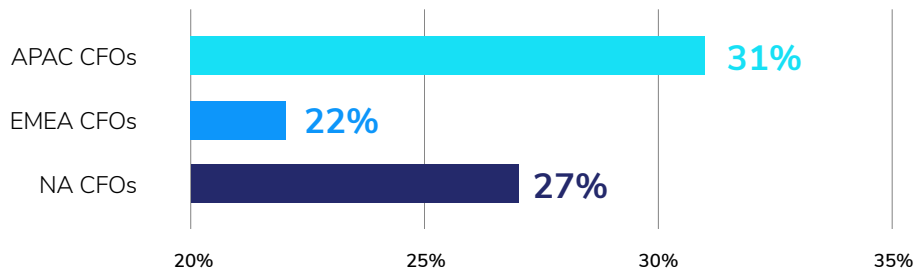


APAC

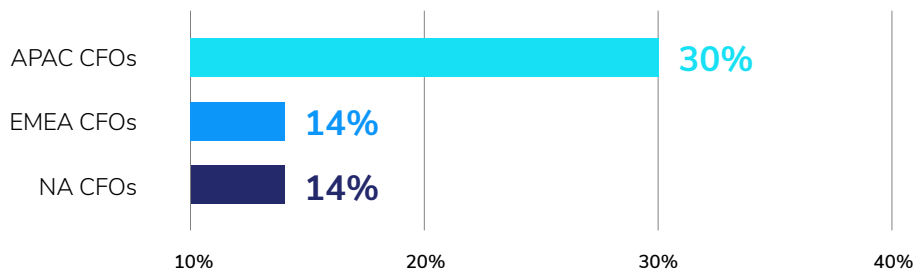
APAC CFOs are the **most worried** about the Great Resignation and retaining current employees as a result.



APAC CFOs are also the **most likely** to say that their retention strategy over the next 12-18 months is to adjust employee compensation.

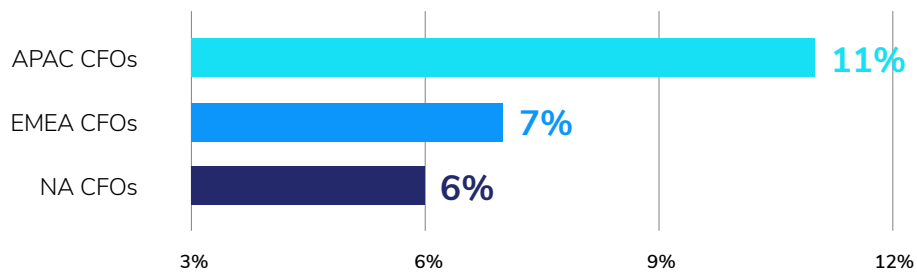


APAC CFOs are the **most likely** to say that the biggest challenges impeding their companies' international expansion over the next 12-18 months are global affairs.

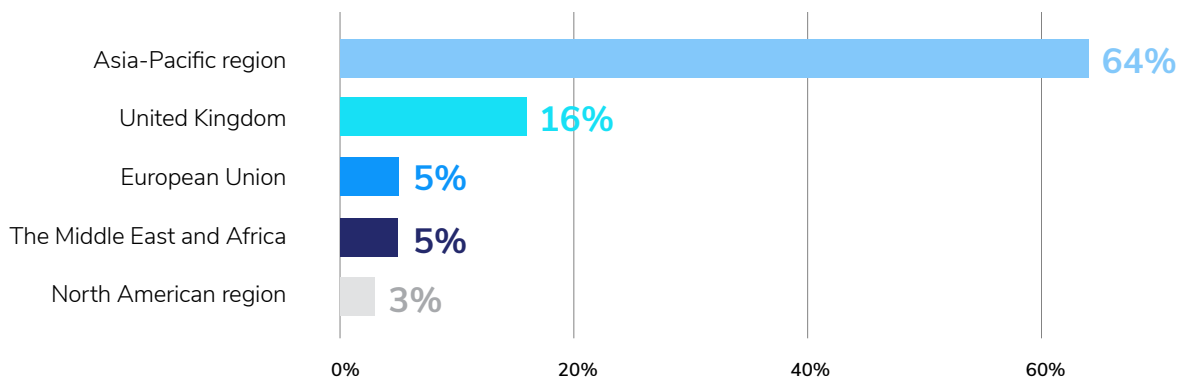




While most APAC CFOs agree that having a remote-first work policy helps retain and attract top talent, more than 1 in 10 (11 percent) somewhat or strongly disagree.



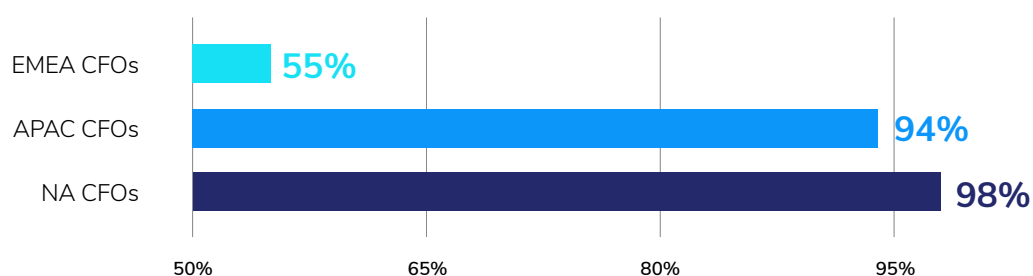
Where are they expanding in the next 12-18 months?



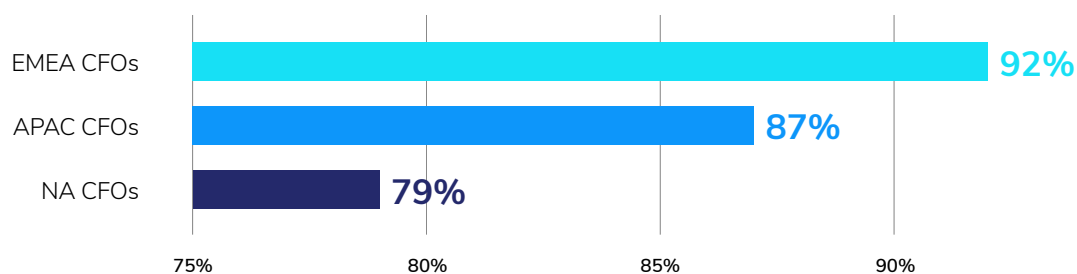


EMEA

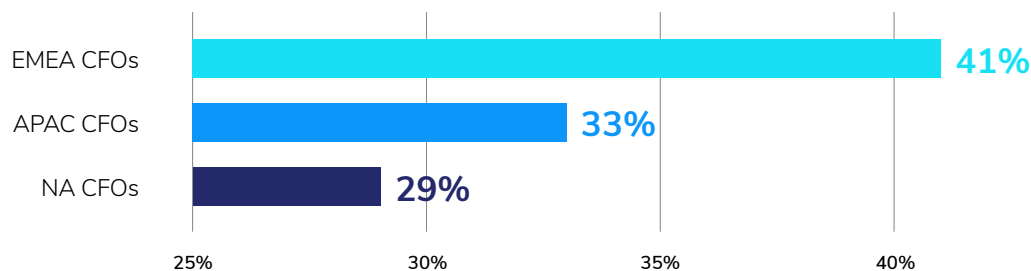
CFOs in EMEA are the **least optimistic** about meeting goals in 2022.



CFOs in EMEA are the **most concerned** about the prospect of a recession in 2022.

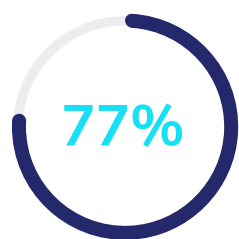


EMEA CFOs are the **most likely** to say their companies' primary hiring strategy over the next 12-18 months is to attract newer remote talent – unbounded by geographic restrictions of their companies' operating model.

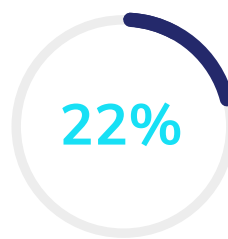




EMEA CFOs are the **most concerned** about rising wages (77 percent) to stay competitive, and the **least likely** to say increasing compensation is a part of their retention strategy (22 percent).

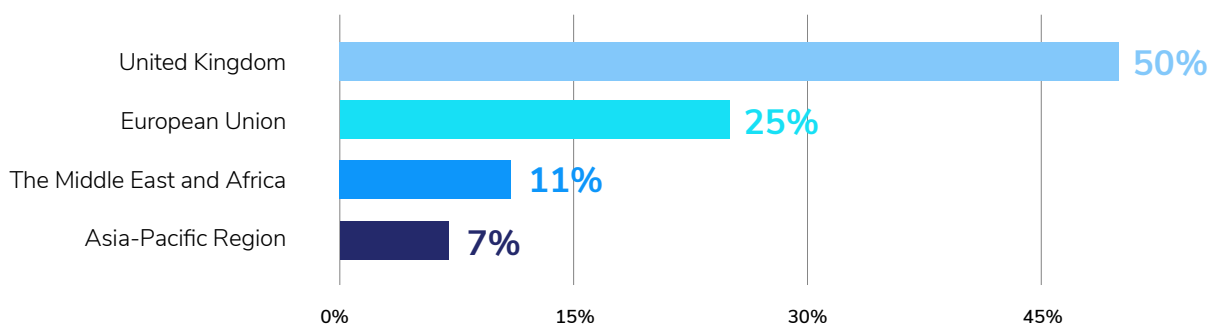


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Where are they expanding in the next 12-18 months?



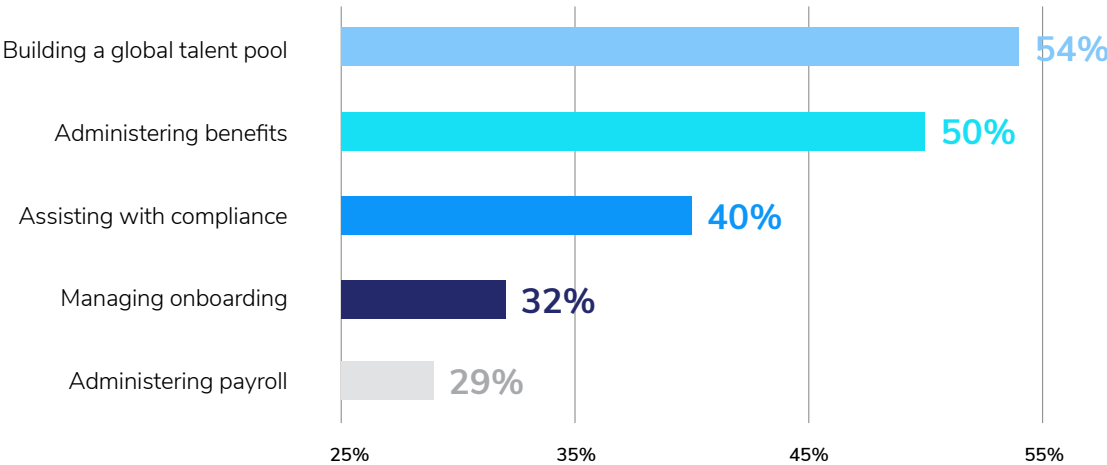
Find Your Resource to Face Resistance

Even in uncertain times, firms can continue to expand into new markets and drive growth, while reducing cost and risk with an EOR. An EOR allows your company to hire people worldwide without setting up a legal entity.

Partnering with an EOR is a highly sought-after strategy for the overwhelming majority of CFOs. More than 9 out of 10 CFOs (93 percent) agree that having a go-to resource like an Employer of Record to support global talent management in the face of uncertainty would be something stakeholders in their organizations would consider.



Plus, half of CFOs say that EORs can help their companies the most to meet their goals and objectives over the next 12-18 months by:





Partnering with an EOR isn't only appealing to CFOs, but to stakeholders as well. Nearly 9 out of 10 CFOs (89 percent) agree that having a resource to manage cross-border M&A activity while avoiding transition service agreements (TSAs) would appeal to key stakeholders in their organizations.



Suppose you're one of the bullish CFOs looking to expand to meet your business objectives. All that stands in your way from turning pressing resistance into opportunity and securing your path for growth is taking the leap to partner with an EOR. Turn resistance into resilience with Globalization Partners.



GLOBALIZATION PARTNERS

Hire international talent quickly and easily. Use our AI-driven, automated, global employment platform powered by our in-house worldwide HR experts. Trust the named industry leader that consistently attains 98% customer satisfaction ratings. Globalization Partners: Succeed Faster. To learn more, please visit: globalization-partners.com or connect with us via [Twitter](#), [LinkedIn](#), [Facebook](#), or check out our [Blog](#).

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