

Challenges await for privately held businesses

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The International Business Report (IBR) 2008 is a warning to privately held businesses (PHBs) that tough times are ahead and they will need to take decisions to become increasingly competitive, whether the economy continues on its downward slope or not.

All key performance expectations surveyed in 2008 were down on levels seen in 2007 with particularly marked falls in expectations for employment, profitability and investment.



Workforce issues

A key theme of many of the IBR 2008 reports also reveal PHB's concerns about workforce issues. For the first time this century, at 37 per cent, the availability of a skilled workforce became the biggest constraint to business growth, knocking regulations and red tape (31 per cent) off the top spot.*

Also, when asked about corporate social responsibility (CSR) practices, the survey revealed that while PHBs recognise the value of CSR, 65 per cent of PHBs engage in CSR practices in order to remain attractive employers. The IBR 2008 recruitment and retention focus report found that 59 per cent of PHBs are more focused on finding and retaining the right employees than a year ago. Additionally, as 63 per cent of PHBs are

*these figures exclude mainland China.

spending more in staff costs than a year ago, it is vital that they are investing in the right people.

Emerging markets

PHBs around the world are likely to find it increasingly difficult to operate domestically without reference to foreign markets. Emerging markets create new opportunities and exciting growth prospects, despite global financial difficulties. As the global economy eventually emerges from the downturn, any recovery is likely to involve a resumption of strong international trade growth with trade strategies requiring a balance between more established 'safer' markets and the 'riskier' emerging markets.

Also, foreign direct investment (FDI) into emerging markets rose to US\$225.6 billion in 2007. As these economies expand and household wealth increases, PHBs that can supply the right goods and services will find these economies attractive places to do business.

Alex MacBeath, global leader for privately held business services at Grant Thornton International says: "The next 12 months are likely to be the most demanding that PHBs have faced in decades. The overall muted tone of the IBR 2008 survey, in terms of expectations in revenue, exports, employment and investment is a signal of the near future especially with demand set to fall while commodity prices squeeze margins.

"However, economic uncertainty creates challenges but also opportunities. PHBs must understand their current operating environment and ensure they have a strategy in place to mitigate the impact of the threats, while having the discipline to act on existing market opportunities and new openings as the economic situation begins to brighten."

The IBR 2008 Global overview and focus reports are available to download from:
www.internationalbusinessreport.com.

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About IBR:

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 16 years of trend data for original EBS participants and 6 years for original IBOS countries. The 16 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 6 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

IBR 2008 surveyed over 7,800 small to medium privately held business leaders from 34 economies. None of the businesses were publicly listed or open to government investment.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2008, this will result in a donation of over US\$39,000.

The research was conducted by Experian Business Strategies Limited. To find out more about IBR and to obtain details of IBR reports and results please visit www.internationalbusinessreport.com.