

Cost of staff skyrocketing for privately held businesses

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League table of countries reporting increased staff costs

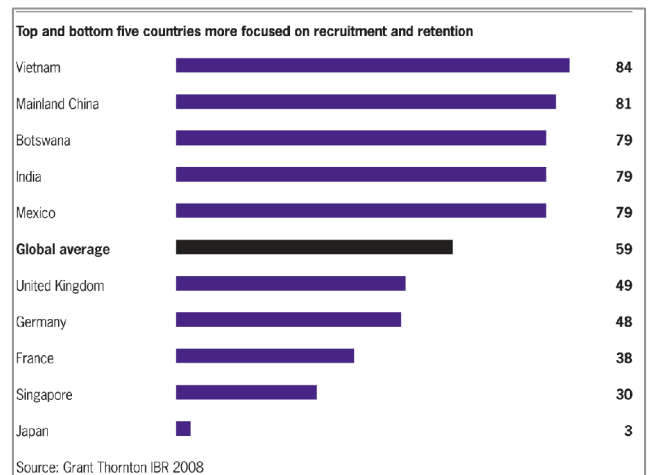
	Mainland China	91
	Botswana	86
	India	85
	Turkey	83
	Poland	82
	South Africa	82
	Belgium	79
	New Zealand	79
	Singapore	78
	France	76
	Argentina	75
	Malaysia	74
	Australia	73
	Denmark	70
	Vietnam	69
	Germany	68
	Hong Kong	68
	Philippines	68
	Russia	68
	Brazil	66
	Ireland	65
	Canada	61
	Greece	60
	Netherlands	60
	Armenia	57
	Mexico	53
	Taiwan	53
	United States	48
	United Kingdom	47
	Italy	45
	Thailand	45
	Sweden	36
	Spain	34
	Japan	17
	All businesses	63

Source: Grant Thornton IBR 2008

Globally, 63 per cent of privately held businesses (PHBs) are paying significantly more in staff costs than a year ago according to the International Business Report, produced by Grant Thornton International. China (91 per cent), Botswana (86 per cent), India (85 per cent) and Turkey (83 per cent) have the highest percentages of businesses reporting higher staff costs.

Alex MacBeath, global leader for privately held businesses at Grant Thornton International says, "Significantly, it is the emerging economies that are being hardest hit by increased staff costs. This is real evidence that the era of downward pressure on inflation in emerging economies is coming to an end."

Businesses are more focused on recruitment and retention of staff than they were 12 months ago. The survey found that 59 per cent of PHBs are more focused on finding and retaining employees than they were a year ago. Emerging economies were most focused with Vietnam top with 84 per cent of businesses more focused, followed closely by mainland China (81 per cent).



Alex continues, "Staff shortages and an increasing awareness of the importance of people to competitiveness are driving PHBs to take action on recruitment and retention policies."

64% of IBR respondents are working to improve retention by ensuring that all employees understand the company's core values, making this the most common means of engendering employee loyalty. PHBs are also focused on succession management. Providing training and mentoring opportunities for those on track for leadership positions is reported by 57 per cent of respondents.

Laurie Kalman, executive director, HR strategy for Grant Thornton International adds, "Retaining the right employees is important to the long term success of any business but is particularly critical for PHBs. Recruitment is an expensive process and an organisation that continuously hires while losing talent internally will not be

able to prosper and grow.

Laurie continues, "With a tight market for talent, companies are developing a full portfolio of interventions to attract and retain staff. While organisations have to offer competitive packages, people rarely exit a company solely because of pay. Often it because they lose the connection with the work they are doing and/or people for whom they are working. The relationship an employee has with their organisation is just like any other relationship. It is all about believing in what they are doing, who they are working with, the values of the organisation and being treated well."

PHBs are more likely to feel the consequences of staff attrition than larger multinational organisations. Reliance on staff is high for PHBs, and as such, they need to have solid retention strategies in place. Increased workload for remaining staff is identified as the biggest consequence of staff attrition, identified by 41 per cent of businesses globally. Other consequences PHBs identified included increased operating costs, loss of business and a drop in customer service standards.

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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.

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.