

# KPMG SA big business survey reflects positive economic outlook

According to a KPMG Snap Shot Survey of the top 120 businesspeople in South Africa, difficult times are still expected into 2009, however, many remain positive as to the potential outlook for the country and economy in the future.

KPMG South Africa recently undertook the survey to gauge the immediate views and reactions on the current economic outlook for this country, as well as to determine what strategies big businesses are considering as a means of mitigating any possible further risks that may result from the changing market environment.

"The last two to three months have seen greater changes in economic conditions than in any period in the last decade and economists have warned that more changes are yet to come," says Carol Read, director and policy board member at KPMG. "As a result, KPMG chose to undertake this Snap Shot Survey to gain insight and prognosis into influential key drivers that affect all businesses, no matter what size."

## Survey structure

The KPMG Snap Shot Survey was undertaken over a period of a week and took the form of a questionnaire, with 14 questions that ranged from big business views on the current interest rate; what infrastructure spend by government would have the most advantageous affect; to what their organisations are planning to undertake in the next 12 months to mitigate the current economic crisis.

"Our intention with this survey was to gain an immediate view from leading CEO/COO/CFOs on the South African economy and the outlook for business in 2009," adds Read. "As one of the leading advisory firms locally, we have the capacity to mobilise businesses in this short time period and use this information to assist other organisations in understanding the implications of what this collective is thinking and expected to undertake into the New Year.

"Certainly, while we have had Government's and many leading economists' views as to the state of our economy, we felt it was important to gain insight into some of the leading commerce organisations locally as well."

## Lower interest rates

Of the 120 businesspeople surveyed, 23% felt that in the current economic circumstances, the interest rate should be lower and 60% supported a moderate lowering of rates. According to Read, this is not a surprising result. "We are aware that a key factor in stimulating the rejuvenation and growth of our economy is to give businesses and consumers the means in which to manage their growing debt correctly, as well as the opportunity to develop a market environment that is better

suited for investment opportunities."

## **Focus on energy**

Respondents to the survey also indicated that they believed that if Government focused their infrastructure spend on energy in 2009, this would have the most advantageous effect on the economy of South Africa.

"With the increasing demand on this resource, this result is in line with what we expected," says Read. "If contingency plans are not created for the maintenance of this resource, it could have a detrimental effect on our economy and our ability to attract local and international investment opportunities."

## **Dealing with the crisis**

One question that KPMG believes will generate much interest and debate is big business's response to the inquiry as to what their organisation intended on doing in the next 12 months to mitigate the current economic crisis.

"We are certainly aware that in the current economic crisis many companies are examining which strategies will not only support their ongoing sustainability, but allow for some growth in the long term," adds Read. "Only 35% of respondents to the survey indicated that they are likely to retrench staff, while 65% indicated that they will encourage voluntary staff attrition. At first glance this may seem to be to a negative outlook to the survey results, however, on further examination as to the rationale of this feedback, we found that many businesses view this strategy as merely a short to medium term answer and are therefore examining what other interventions can be undertaken to correct this imbalance to ensure long term prosperity of commerce and growth in our economy."

## **Positive outlook**

The CEO of one of the country's largest industrial companies said, "South Africa will get out of the starting blocks better and quicker than most other countries. I am very positive about this country." The CEO of one of the country's largest construction companies followed the sentiment, stating: "It will be tough but South Africa is still a great place to do business."

According to Read, the purpose of the KPMG Snap Shot Survey is to gain a sense of what is realistically affecting organisations locally to ensure that not only can the right understanding and context be given to these concerns, but that other companies do not feel isolated in their own apprehension. "People need to bear in mind that the long term response to many of the questions posed in this survey have been one of a positive outlook for the potential and growth of our economy," concludes Read.

For more, visit: <https://www.bizcommunity.com>