

focus on stress



This supplement is the first in a series of publications focussing on the key findings of the Grant Thornton International Business Owners Survey 2006. This edition is dedicated to stress of business owners around the world.

Stress is an obvious risk for business owners, given the demands involved in running a business and the pressure in getting the right balance between work and leisure. The level of stress is influenced by many factors, including the economic environment, increasing competition, cash flow problems, more demanding customer expectations and shortage of leisure time. In IBOS 2005 we looked at the extent to which these factors contributed to stress. This year we focus on three new areas:

- concern about **job security** and the extent to which this contributes to business owners' stress levels
- the amount of **holidays** taken and the link with stress levels
- **business travel**, which can often highlight an inherent conflict between work demands and social or family obligations.

Further supplements will be released throughout the first half of 2006. To find out more about IBOS and to obtain copies of forthcoming supplements, as well as the 2006 IBOS global report, please visit www.grantthorntonibos.com.

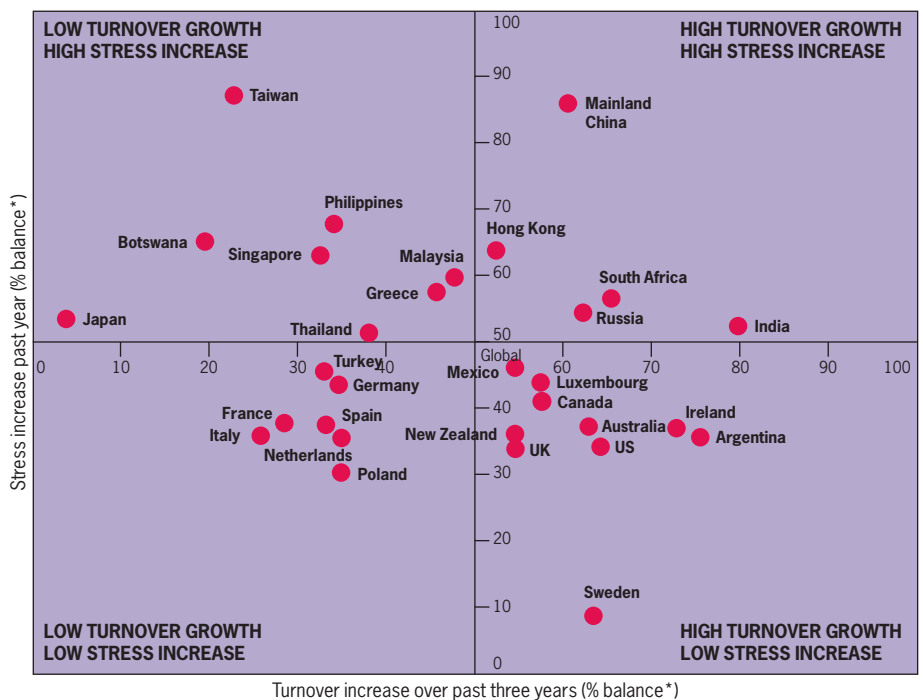
Business performance and stress

In figure 1 we investigate the relationship between a key business performance indicator – turnover – and stress. As in last year's survey, Russia, South Africa and India appear in the high turnover growth/high stress increase group. They are joined on this occasion by Mainland China and Hong Kong. Although the economic growth rate of this group, especially Mainland China, is enviable, it is a mixed blessing. It brings

increasing demands and expectations, and on the evidence of these countries raises stress levels.

Conversely, low turnover growth does not necessarily produce a strong increase in stress. In Poland, Italy, France, the Netherlands and Spain, turnover for the past three years has expanded modestly, yet business owners are among the least stressed in our survey.

Figure 1 – Change in stress level over past year and turnover (% balance*)



* the balance is the difference between the proportion of businesses indicating an increase and those indicating a decrease

Job security concerns highest in dynamic economies

Fears about job security contributed to stress levels among a quarter of all respondents. But in three countries – Japan, Thailand and India – the proportion approached 50%. Turkey also showed a high level of concern about job security, with almost a quarter of respondents perceiving this as an extreme cause of stress, the highest among all countries in the survey. The most relaxed countries on this issue were Sweden, the Netherlands, Singapore and the UK, with less than 10% expressing concern.

Figure 2 shows that in general worries about job security are greatest in dynamic, strongly expanding economies. The pace of change in the business community is more rapid than in the more stable, mature economies such as Australia, New Zealand and in Europe, where concerns about job security are correspondingly much less acute. But there is one major exception, with Japan – a mature economy – registering a high level of stress as a result of job security worries. This probably reflects the lacklustre economic performance of the past 15 years and the uncertainty among business leaders this has generated. Singapore's presence among the least stressed countries is less unexpected, given the relatively stable business environment in that highly successful economy.

Figure 2 – Contribution of concern about job security to stress levels (%*)

Low contribution (0-15%)	Medium contribution (16-33%)	High contribution (34%+)
7 Sweden	18 France	34 Mainland China
9 Netherlands	18 Poland	36 Greece
9 Singapore	18 Taiwan	42 Turkey
9 UK	21 Luxembourg	48 India
10 Canada	22 Philippines	49 Japan
11 New Zealand	23 Mexico	49 Thailand
12 Australia	24 Argentina	
13 Ireland	24 Italy	
13 Spain	25 Hong Kong	
14 US	25 Malaysia	
15 Germany	25 South Africa	
	30 Russia	
	33 Botswana	

* % of respondents rating this 4 or 5 on a scale of 1 to 5, when 1 does not cause stress and 5 causes extreme stress

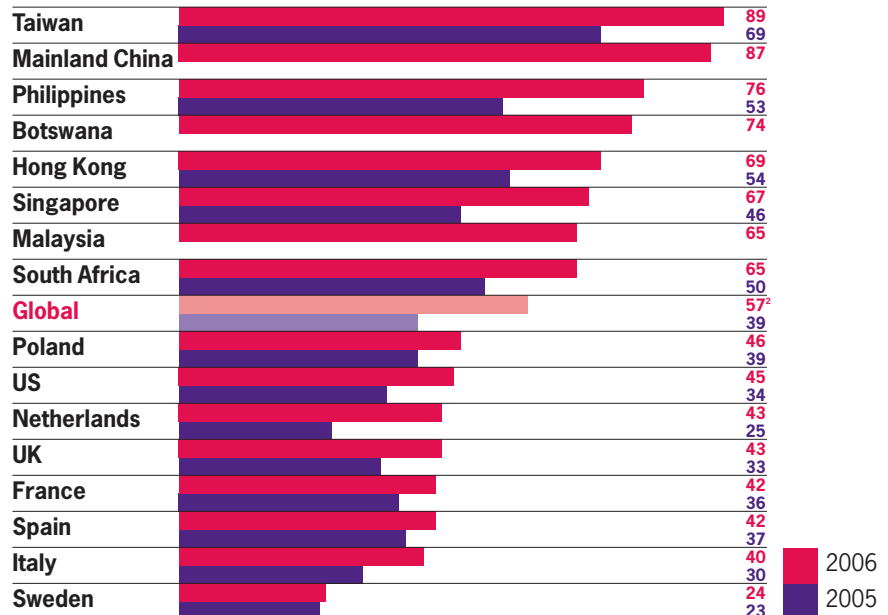


Gabriel Azedo
Divisional director, Asia Pacific
Grant Thornton International

“Stress levels are rising in Asia as competitive pressures intensify and demands on managers increase. This is apparent even in the most dynamic, successful economies where medium-sized businesses are thriving.”

Gabriel Azedo
Divisional Director, Asia Pacific
Grant Thornton International

Figure 3 – Countries with sharpest/lowest rise in stress levels compared with a year ago – increase in stress in 2005 and 2006 (%)¹



¹ % of respondents indicating that stress levels had increased or increased significantly over the past year

² This figure includes data for Mainland China who are not included in the data for IBOS 2005

Further marked rise in stress among business owners

Most business owners (57%) felt that their stress levels had increased over the past year, with only a small minority (6%) reporting a decrease. However, it is interesting that the proportion of respondents saying that stress had eased over the past year was quite sizeable in Poland (16%) and in Sweden (15%), although in both cases business performance indicators such as profitability and exports were less strong than a year ago.

All countries included in last year's survey recorded a sharper increase in stress on this occasion (figure 3). For the second year in row, Taiwan reported the steepest increase in stress levels, in line with the increasingly gloomy view of economic prospects and profitability recorded by Taiwanese respondents in this year's survey. But a marked rise in stress is typical of East Asia as a whole.

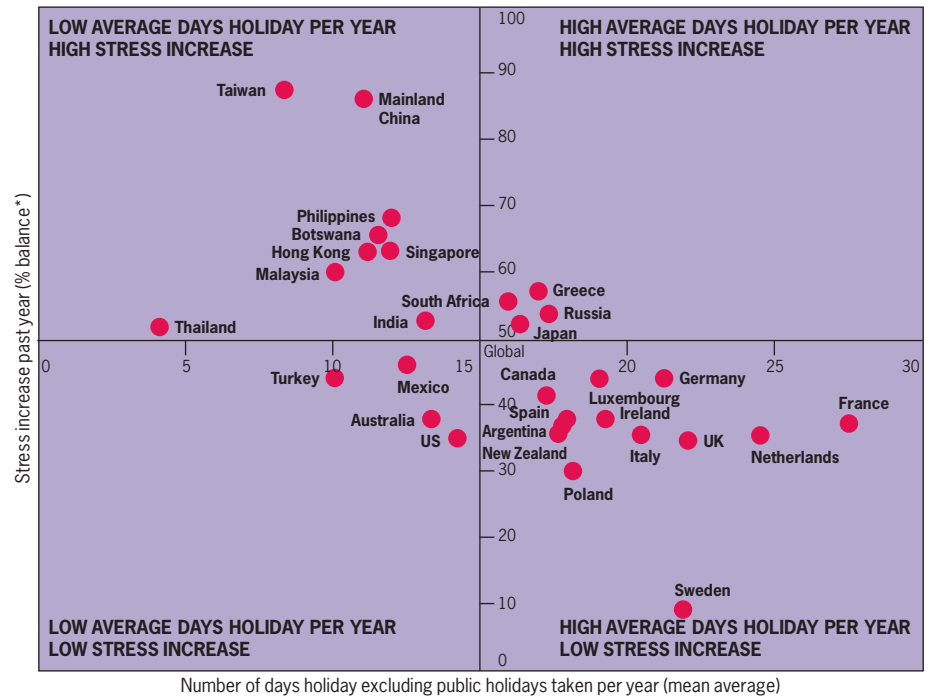
Notwithstanding the region's impressive economic growth performance, pressures on businesses in East Asia are intense. Very high proportions indicating increasing stress were observed in Taiwan (89%), Mainland China (87%), and the Philippines (76%). Next came Botswana (74%), then another batch of East Asian economies – Hong Kong, Singapore and Malaysia.

Sweden stands out among the countries with relatively modest increases in stress levels over the past year. 24% of respondents said that stress had increased, but as noted earlier, as many as 15% felt that there had been a reduction. A number of other EU members feature prominently among those countries reporting increases in stress that are well below the global average (figure 3).

“One has to question whether the European model of long holidays is sustainable in the long run, especially as the East Asia countries move up the knowledge and productivity ladder.”

Andrew Godfrey
Grant Thornton, UK

Figure 4 – Change in stress level over the past year and holidays taken



* the balance is the difference between the proportion of businesses indicating an increase and those indicating a decrease

Managing stress

We asked business owners how many days holiday (excluding public holidays) they took last year. Significant differences were seen between respondents in European countries and those elsewhere. In Europe, France led with a mean average of 27 days vacation, followed by the Netherlands (25), Sweden and the UK (both 22), Germany 21 and Italy 20. By contrast, Thailand reported an average of only 4 days, Taiwan 8 days, Malaysia 10 days and Mainland China, Hong Kong and Singapore 11 days. The results for all countries in the survey are shown in figure 4, plotted against the increase in stress over the past year.

The chart highlights an interesting correlation between the reported increase in stress and the number of days holiday taken. It could be argued from this that the Europeans have found one way of managing stress – the more holidays taken, the more limited the stress rise. With Europeans having more public holidays than elsewhere, the results may well understate the differences between European and other countries. However, it could equally be argued that because the Europeans are relatively less stressed they feel able to take more holidays than their East Asian counterparts.

Business travel – a major source of stress in India

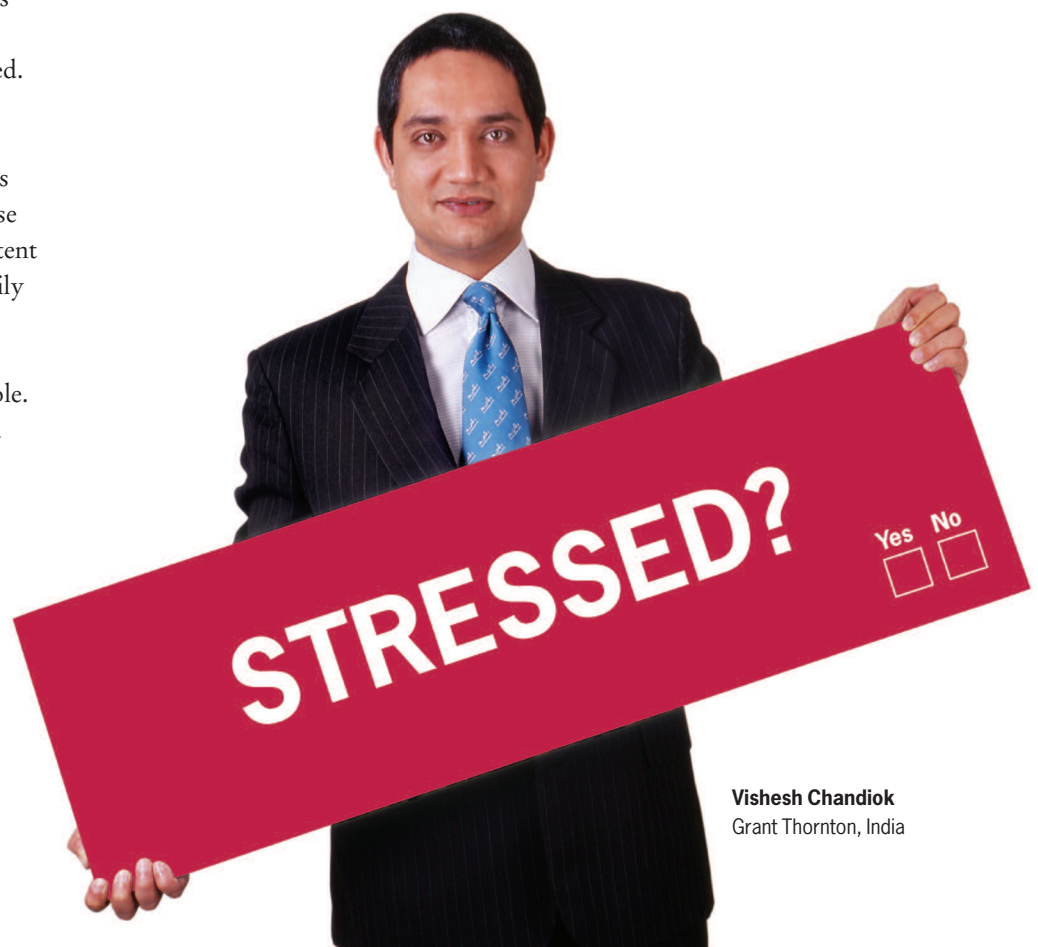
Our research revealed a number of interesting differences among the various countries in the survey regarding the stress created by business travel. In Australia, for example, almost 60% of respondents regarded business travel as a negligible issue in terms of creating stress and a further 18% viewed it as a relatively small contributor. But in India, 41% of business owners felt it was a major cause of stress, suggesting that business travel was vital to the success of their enterprise and had to be undertaken despite the stress it created.

Figure 5 shows the most stressed and least stressed countries as a result of business travel. The seven countries where travel on behalf of the enterprise generates most stress highlight the extent to which the difficulties of satisfactorily reconciling work and leisure are exacerbated where travel is time consuming and not always comfortable. These countries cover a large area and possess a developing infrastructure. By contrast, countries with very well developed transport systems, generally comfortable travel and good transport links domestically and internationally show relatively low stress levels as a result of business travel.

Figure 5 – Countries where business travel contributes most/least to stress levels (%*)

India	41
Philippines	22
Botswana	21
Mainland China	20
Malaysia	18
South Africa	18
Turkey	18
Global	14
Australia	8
Italy	7
Sweden	6
Ireland	5
Taiwan	5
UK	5
France	4
New Zealand	4
Poland	4
Netherlands	3

* % of respondents rating this 4 or 5 on a scale of 1 to 5, when 1 does not cause stress and 5 causes extreme stress



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The Grant Thornton **International Business Owners Survey (IBOS)** was carried out among more than 7,000 owners of medium-sized businesses from 30 countries during Q4 2005. IBOS began in 2002 and builds on the European Business Survey (EBS) which Grant Thornton ran from 1993 to 2001. The research was conducted by Experian Business Strategies Limited and Harris Interactive.

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