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Business Owners Divided over Severity of Global Financial Crisis

“Major Threat or Mere Whimper?”

Australian business owners are equally divided on the affects of the Global Financial Crisis (GFC) according to a survey released today.

Slightly more than a third of business operators said they had been adversely affected by the GFC, a similar number said it had little affect and the rest, 27 per cent, were unsure.

Queensland and Western Australia were at either end of the spectrum.

Queensland was the most pessimistic with 56 percent of business owners saying they were hit by the GFC.

But in Western Australia less than a quarter (23 percent) said they had been affected and 62 percent - a national high - were adamant that they had not suffered.

Among those bruised by the GFC the worse affected was the transport and storage sector with almost 60 per cent of business owners admitting they had suffered because of the GFC.

The survey of 5000 companies was sponsored by leading international accounting firm, MGI, which specialises in the family and privately-owned business sector.

Today’s research results are part of the *MGI Australian Family and Private Business Survey*, which was undertaken by RMIT University. The researchers undertaking the current study are Professor Kosmas Smyrnios and Mr Lucio Dana. The full report will be available mid-year.

MGI Australasia Executive Chairman, Mal Di Giulio said that half the companies surveyed had cut costs because of the GFC with 34 per cent deferring the hiring of staff, 26 per cent postponing expansion plans and a quarter reviewing the viability of products and services they were offering.

“Some business owners saw the GFC as a major threat. Others regarded it as a mere whimper”, he said.

Tasmanian business was the most savage in response to the threat of the GFC with 80 per cent either having had or anticipating the need to cut costs.

“Small business operators obviously have a good relationship with their banks,” Mr. Di Giulio said.



“Almost half said that their bank had been supportive during the crisis, only 18 per cent said their bank had caused them difficulties and a third were unsure – probably because the GFC washed over them,” he said.

Bankers in Tasmania (67 per cent), South Australia (55 per cent) and NSW (50 per cent) were the most supportive according to business owners.

For further information including state and industry comparisons:

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