

Business leaders 'concerned' about SA's future

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Nearly half of South African business leaders say that they are delaying important decisions about the future because of uncertainty regarding the political direction the country is taking, according to a survey from global consultancy Grant Thornton.



Grant Thornton

Around a quarter of companies surveyed during the fourth quarter of last year said they are seriously considering investing offshore in a country seen as more stable than South Africa, the business consultancy said .

"Over and above post-recessional blows, nationwide strikes and instability in our mining sector, additional issues - particularly political insecurity, regulatory concerns and public policy issues - are adding further pressures on the stability of South Africa's business environment," Grant Thornton said in a statement.

The survey's results suggest that efforts made to reassure business by the ruling African National Congress (ANC) have failed to dispel private sector concerns about crime and corruption, skills availability and poor government service delivery.

South African companies are hoarding more than R530bn in cash and low-yielding instruments because they are reluctant to invest, according to estimates last year from Nedgroup Investments.

Deepak Nagar, national chairman of Grant Thornton SA said that the constraints have consistently been the same for an extended period of time, emphasising just how critical issues such as crime, corruption, skills and service delivery were for local business.

When SA business owners were asked what barriers or constraints were affecting business growth and expansion for the future, a lack of skilled workers (47%) continued to be cited as the key growth constraint, well above the average for the Bric group of emerging economies (36%), the survey showed.

The group includes Brazil, Russia, India and China, with SA a recent addition.

"In line with Bric business leaders, 42% of executives in South Africa agree that over-regulation and bureaucracy constrict business growth and this highlights how stifling regulatory systems and processes have an impact on the day-to-day functions within a company," Nagar said.

However the survey showed that businesses were as optimistic about prospects for this year as their peers in the Bric group, with about 38% of south African companies saying they were 'positive' compared with an average of 39% for their peers in the group.

Grant Thornton points out that South African business confidence was sharply down from 60% in 2010.

The Grant Thornton *International Business Report* (lbr) provides quarterly insights into the views and expectations of over 12 000 businesses surveyed across 44 economies.

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