
MYOB Australian Small Business Survey

Special Focus Report:

Global Financial Crisis perceptions, impact and support

March 2009

Report prepared for



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About the Study

This report presents the findings of the Special Focus Questions from the MYOB Australian Small Business Survey. The online survey comprised a national sample of **1,503** small business proprietors and general managers, conducted in **February 2009**. These small businesses are defined as both non-employing and employing businesses with fewer than 20 employees. Results have been weighted to reflect the small business population distribution according to the Australian Bureau of Statistics (ABS) for company size, length of time operating, and selected ANZSIC Industry divisions (refer to ABS publications *Characteristics of Small Business, 2004*; 8127.0 and *Counts of Australian Businesses, Jun 2006*; 8165.0).

The special focus areas presented in this report include:

- Perceived Government response to the global financial crisis
- Impact of global financial crisis
- Accountant and banking support
- Use of websites for personal and business use

Potential for an Australian recession

More than half (63%) of small business owners surveyed believe the Federal Government will announce Australia is in a recession within the next 12 months

Figure 1: Economic recession announced within the next 12 months (%)

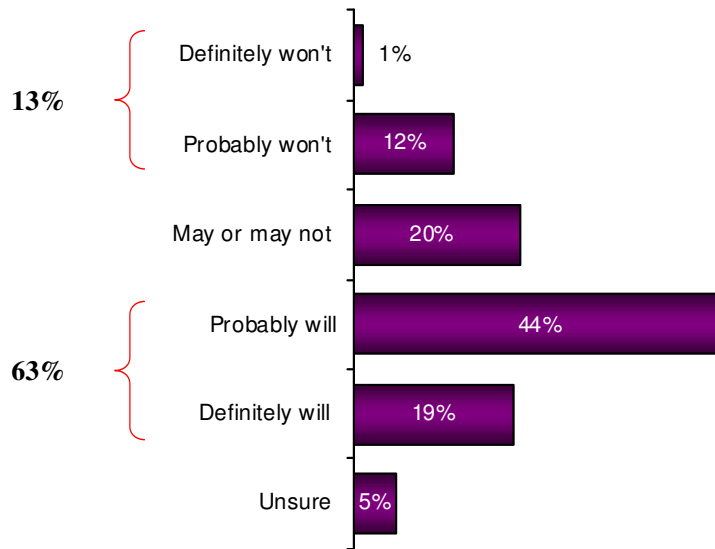


Figure 1.1: Economic recession announced within the next 12 months by annual turnover(%)

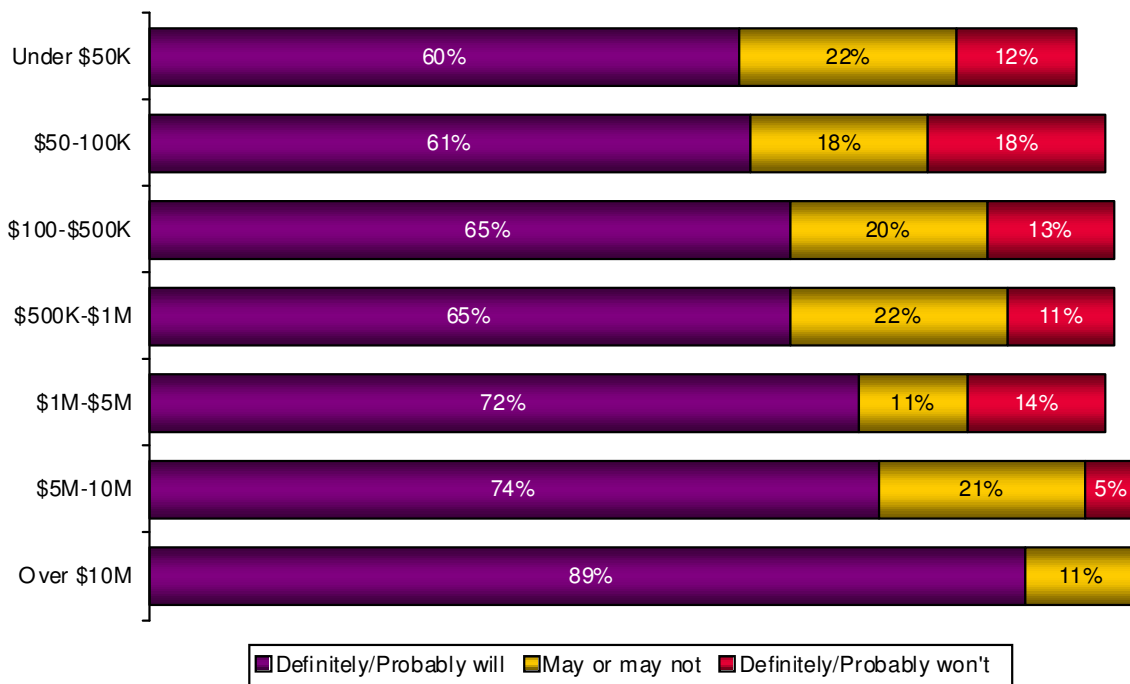


Figure 1.2: Economic recession announced within the next 12 months by industry (%)

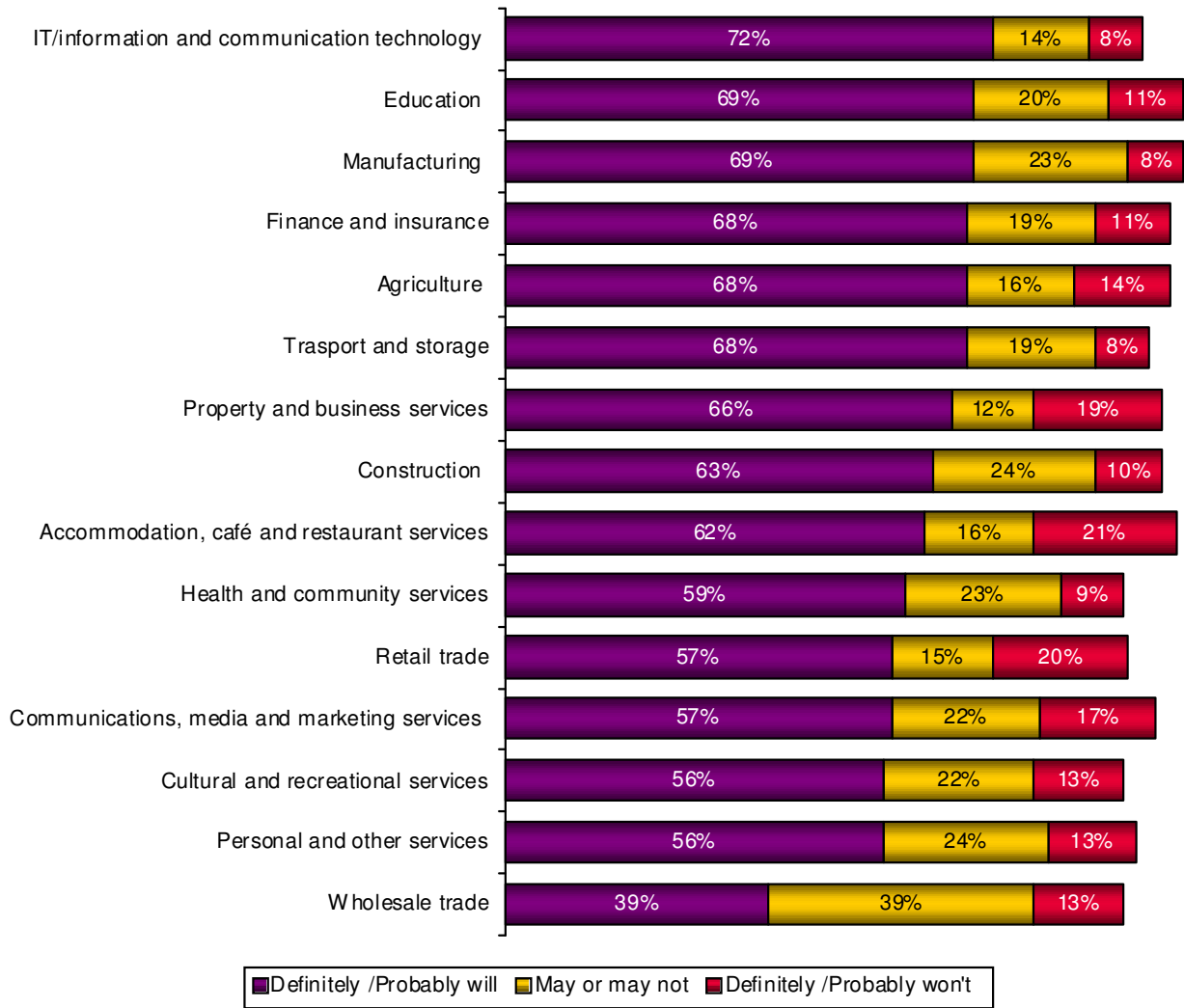
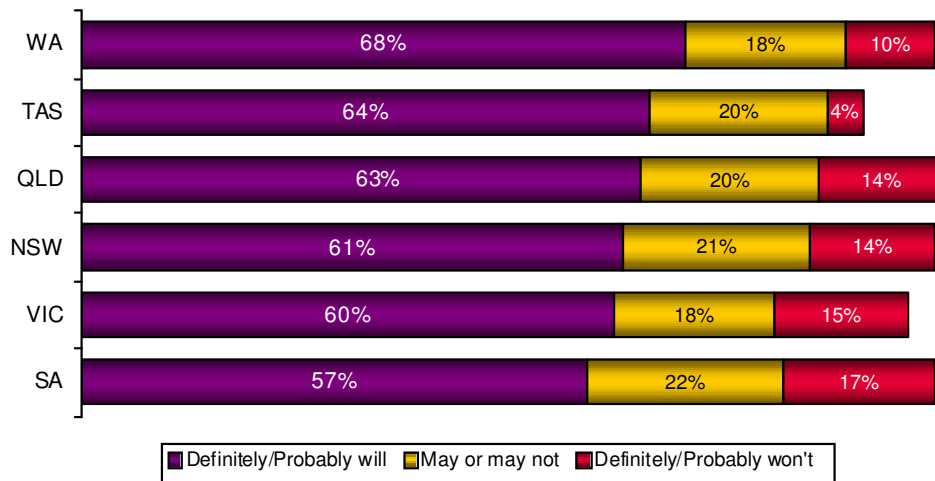


Figure 1.3: Economic recession announced within the next 12 months by State (%)



Base: Small business owners (n=1503)

Q. Do you think that the Federal Government will announce that Australia is in a recession within the next 12 months?

AMR Interactive, March 2009

Over half, 63%, of small business owners surveyed think that the Federal Government probably or definitely will announce that Australia is in recession within the next 12 months. Only 1% of small business owners surveyed are firm that Australia definitely won't announce a recession, and a further 12% believe it probably won't.

Interestingly, small business owners with a higher turnover are more likely to think a recession will be announced in the next 12 months. A total of 89% of small businesses who report an annual turnover over \$10 million, 74% of those reporting between \$5 and \$10 million, and 72% of those reporting between \$1 and \$5 million are expecting an official recession will be announced within the next 12 months. This is in comparison to 60% of small business owners surveyed who report a turnover under \$50,000 and 61% who reported earnings of between \$50,000 and \$100,000.

The IT/Information & communication technology industry is the most pessimistic about the Australian economy with 72% feeling that the Federal Government will announce an economic recession. This is followed by Education and Manufacturing, where both had 69% of small business owners feeling a recession will be announced within 12 months. The Wholesale Trade industry is displaying the highest levels of uncertainty with not only the lowest levels of small business owners reporting they expect a recession announcement (39%), but also a high proportion of small business owners being unsure about Australia's economic future, with 39% reporting that the Federal Government 'may or may not' announce a recession within the next 12 months.

Federal Government response

Two-fifths (39%) of small business owners surveyed rate the Federal Government's response to the global financial crisis as good

Figure 2: Federal Government's response to global financial crisis (%)

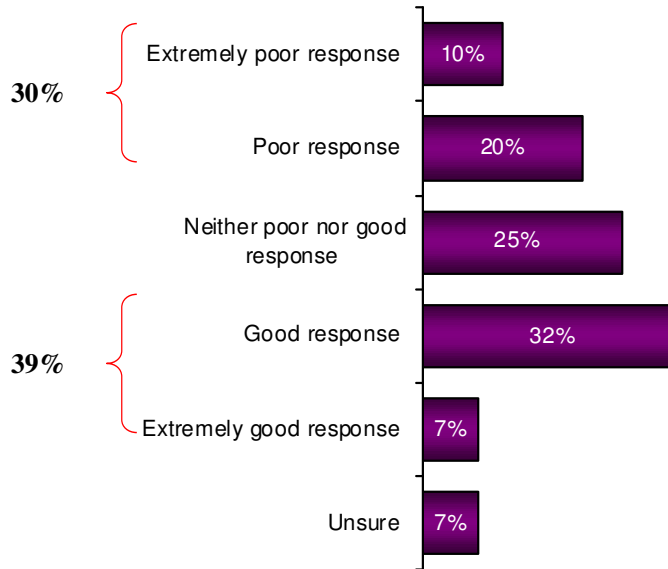


Figure 2.1: Federal Government's response to the global financial crisis by annual turnover (%)

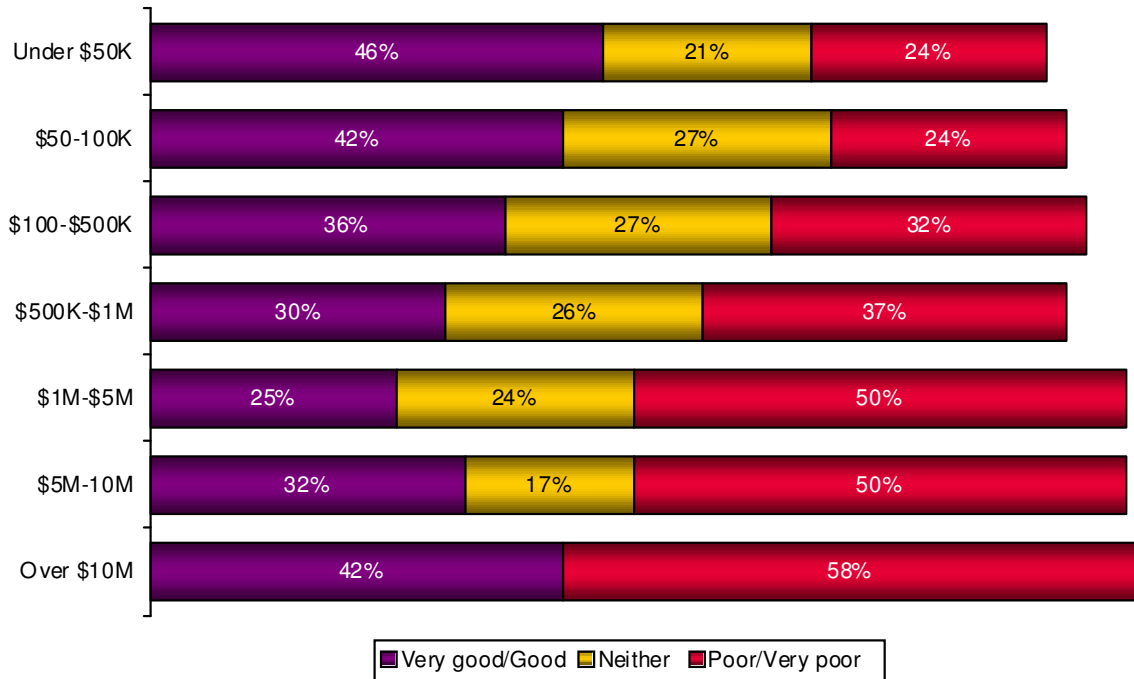


Figure 2.2: Federal Government's response to the global financial crisis by industry (%)

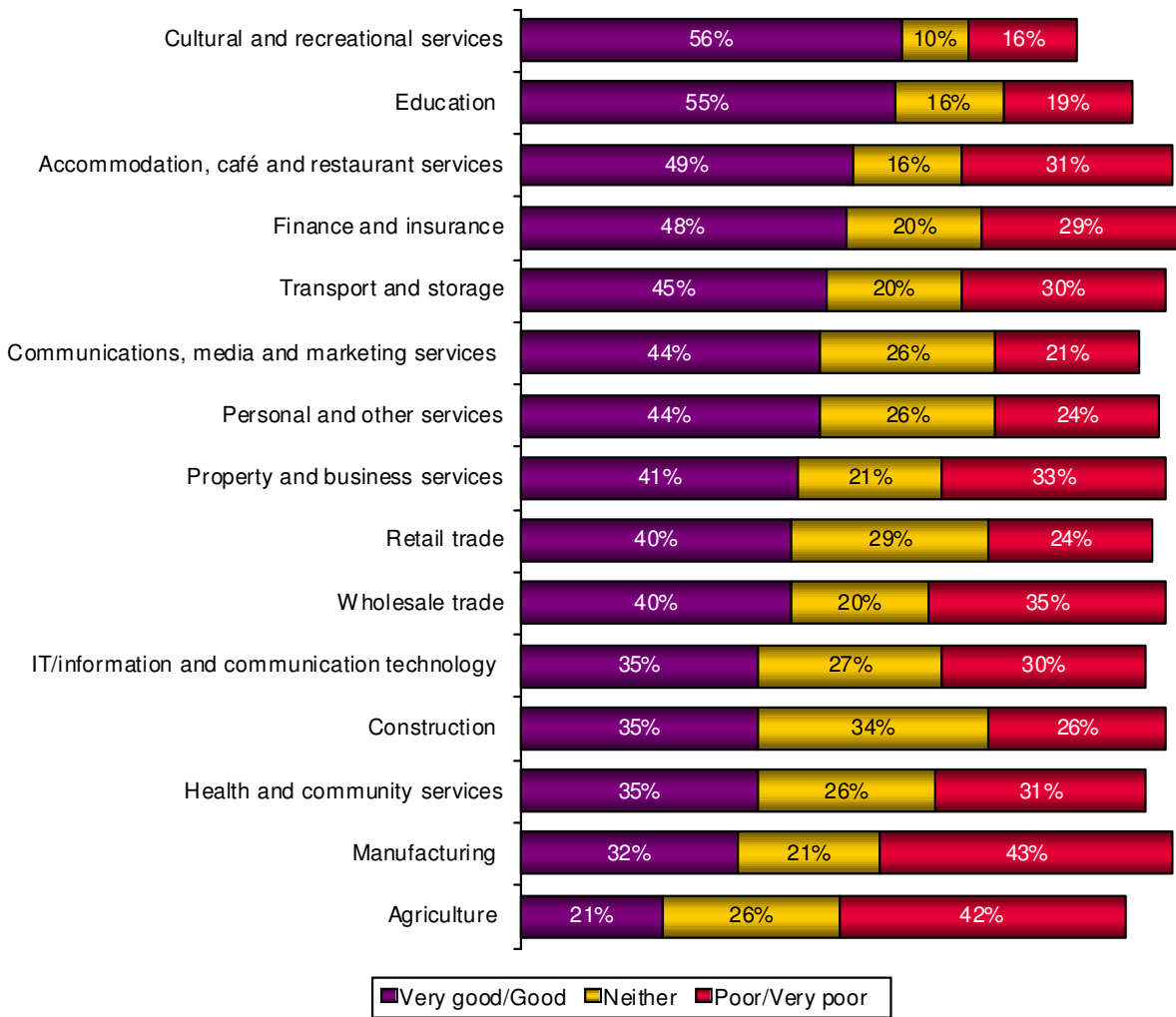
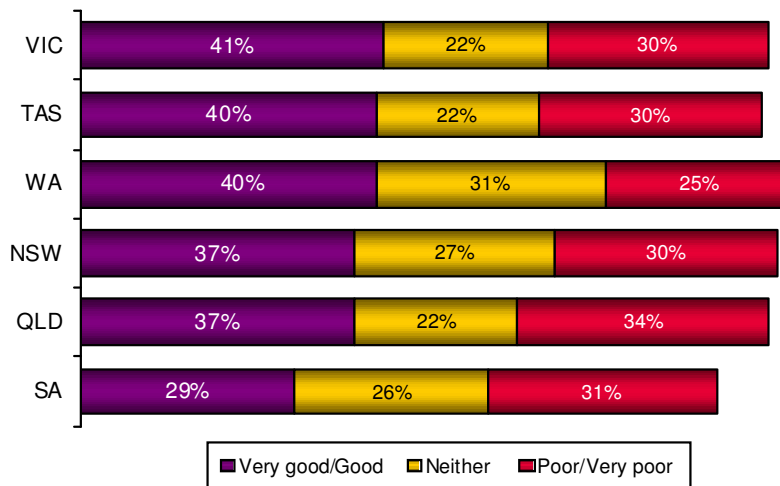


Figure 2.3: Federal Government's response to the global financial crisis by state (%)



Base: Small business owners (n=1503)

Q. How do you rate the Australian Federal Government's overall response to the global financial crisis?

AMR Interactive, March 2009

While 39% of small business owners surveyed believe that the Federal Government's overall response to the global financial crisis was either good or extremely good, a total of 30% report the Federal Government's response as poor or extremely poor.

Small business owners surveyed with a higher annual turnover were more likely to report a poor overall response by the Federal Government with 58% of small businesses with a turnover over \$10 million, 50% with a turnover between \$5 and \$10 million and 50% with a turnover between \$1 million and \$5 million. This is in comparison to only 24% of small business owners surveyed who have a turnover under \$50,000 and 24% with a turnover between \$50,000 and \$100,000 reporting a poor overall response.

Small business owners surveyed in the Manufacturing and Agriculture industries are the least likely to be happy with the Federal Government's overall response, with 43% and 42%, respectively, reporting a poor/very poor response. On the other hand, small business owners in Cultural & Recreational Services are the most content with the Federal Government's response with 56% reporting a good/very good response. This is followed closely by the Education sector with 55% of small business owners in this industry reporting a good/very good overall response.

Federal Government consideration of small business

45% of small business owners surveyed feel that the Federal Government has not adequately considered the impact of the global financial crisis on small business

Figure 3: Federal Government's consideration of small businesses (%)

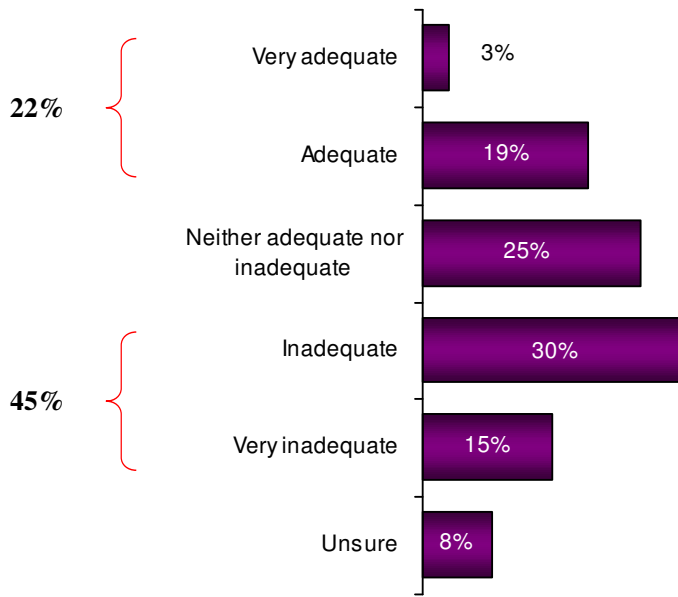


Figure 3.1: Federal Government's consideration of small businesses by state (%)

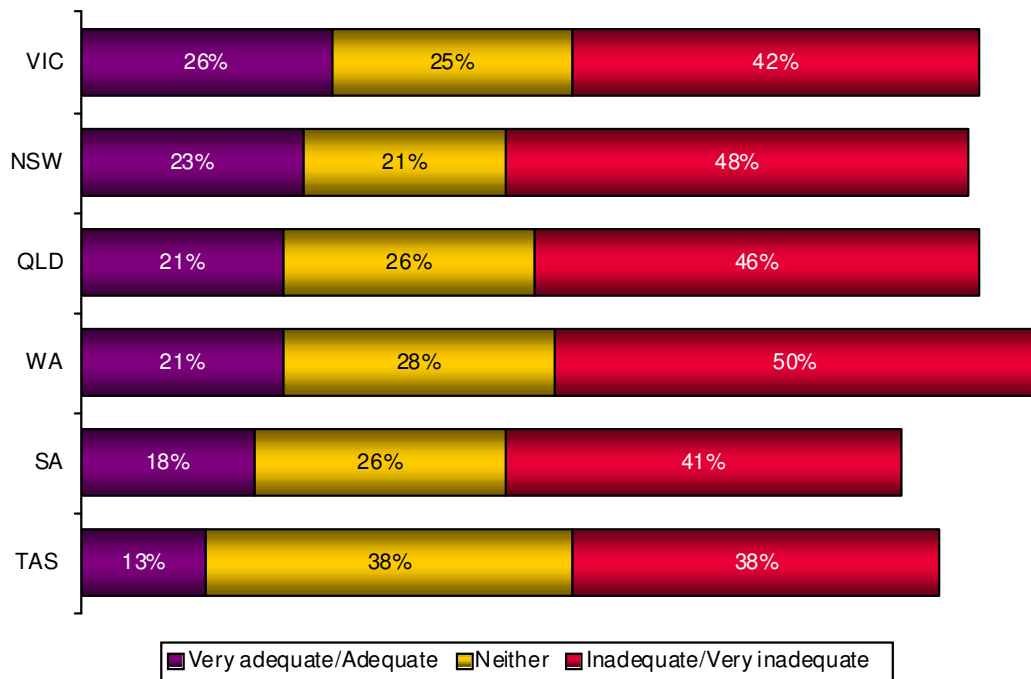
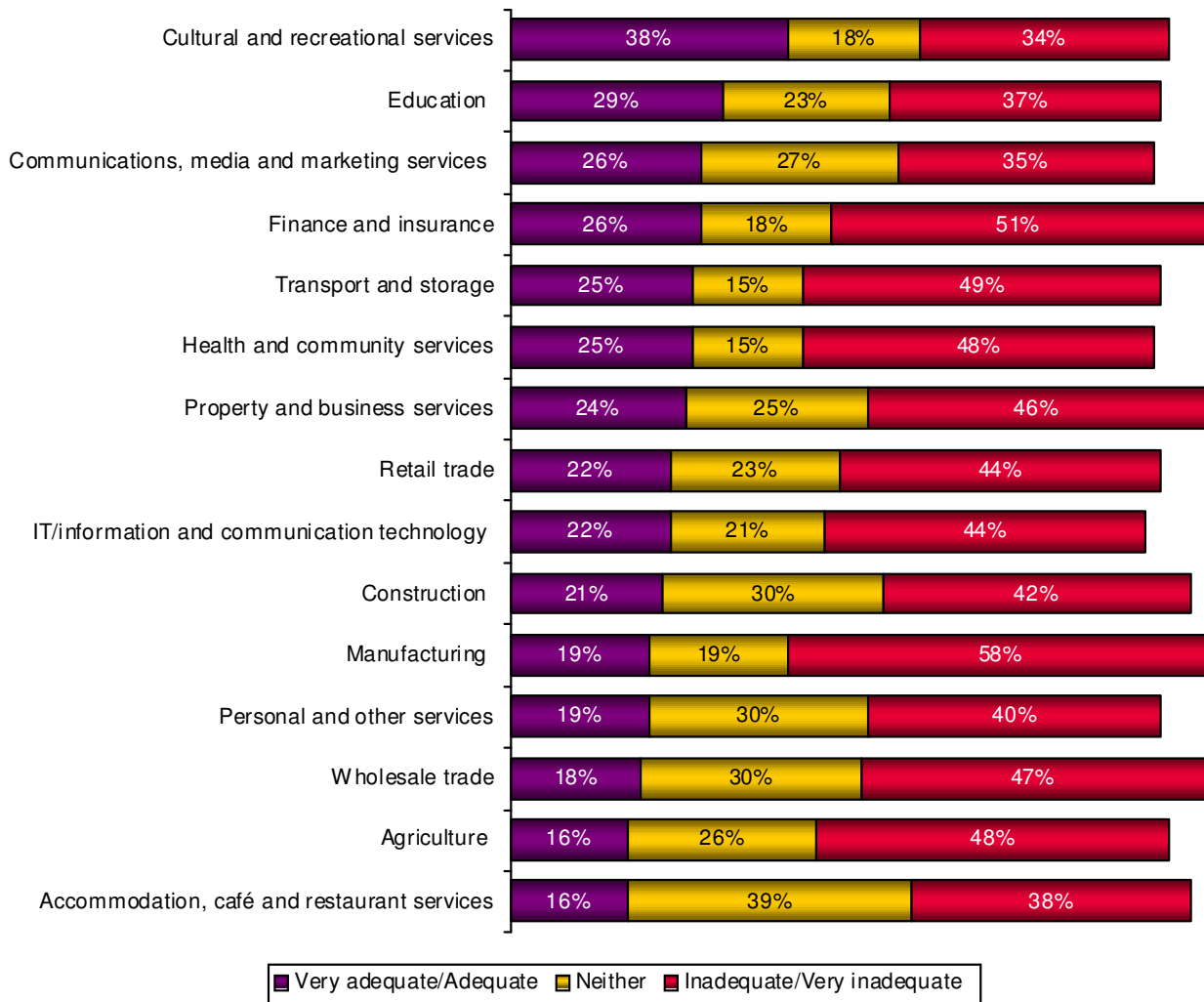


Figure 3.2: Federal Government's consideration of small businesses by industry (%)



Base: Small business owners (n=1503)

Q. To what extent do you feel that the Federal Government has adequately considered the impact of the global financial crisis on Australia's small businesses?

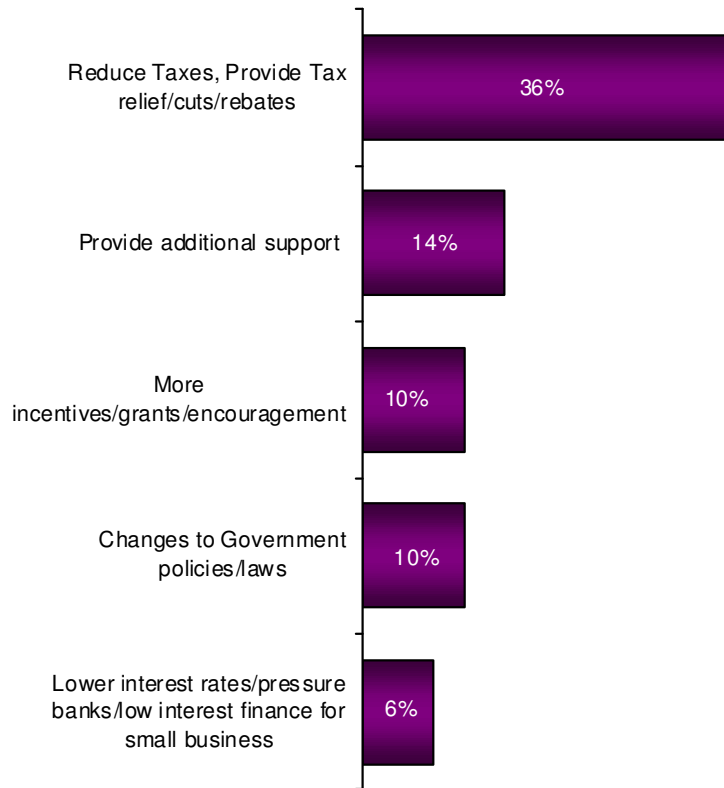
AMR Interactive, March 2009

Despite 39% of small business owners surveyed being happy with the Federal Government's overall response to the global financial crisis, 45% of small business owners believe that the Government has not adequately considered the impact of the global financial crisis on small business. However 22% of small business owners surveyed did report that the Federal Government's consideration was adequate or very adequate.

Small business owners in Victoria and New South Wales are the most content with the Federal Government's consideration of the impact of the global financial crisis on small business, with 26% and 23% respectively reporting an adequate or very adequate response. Small business owners in Western Australia are the least satisfied with 50% of WA small business owners reporting an inadequate or very inadequate consideration of the impact of the global financial crisis on small business by the Federal Government.

Top 5 suggested initiatives that would benefit small business

Figure 4: Top 5 suggested initiatives that would benefit small business (%)



Base: Small business owners (n=1503)

Q. What, if any, ideas do you have for Government initiatives that would benefit Australian small business owners during the global financial crisis?

AMR Interactive, March 2009

Global financial crisis - impact on sales

Just under half (43%) of small business owners surveyed report the global financial crisis has had a negative impact on sales

Figure 5: Impact of global financial crisis on sales (%)

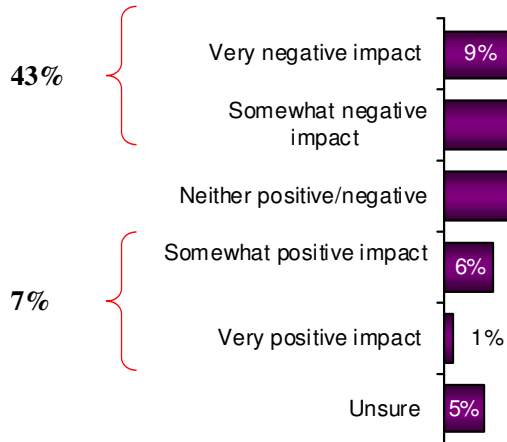
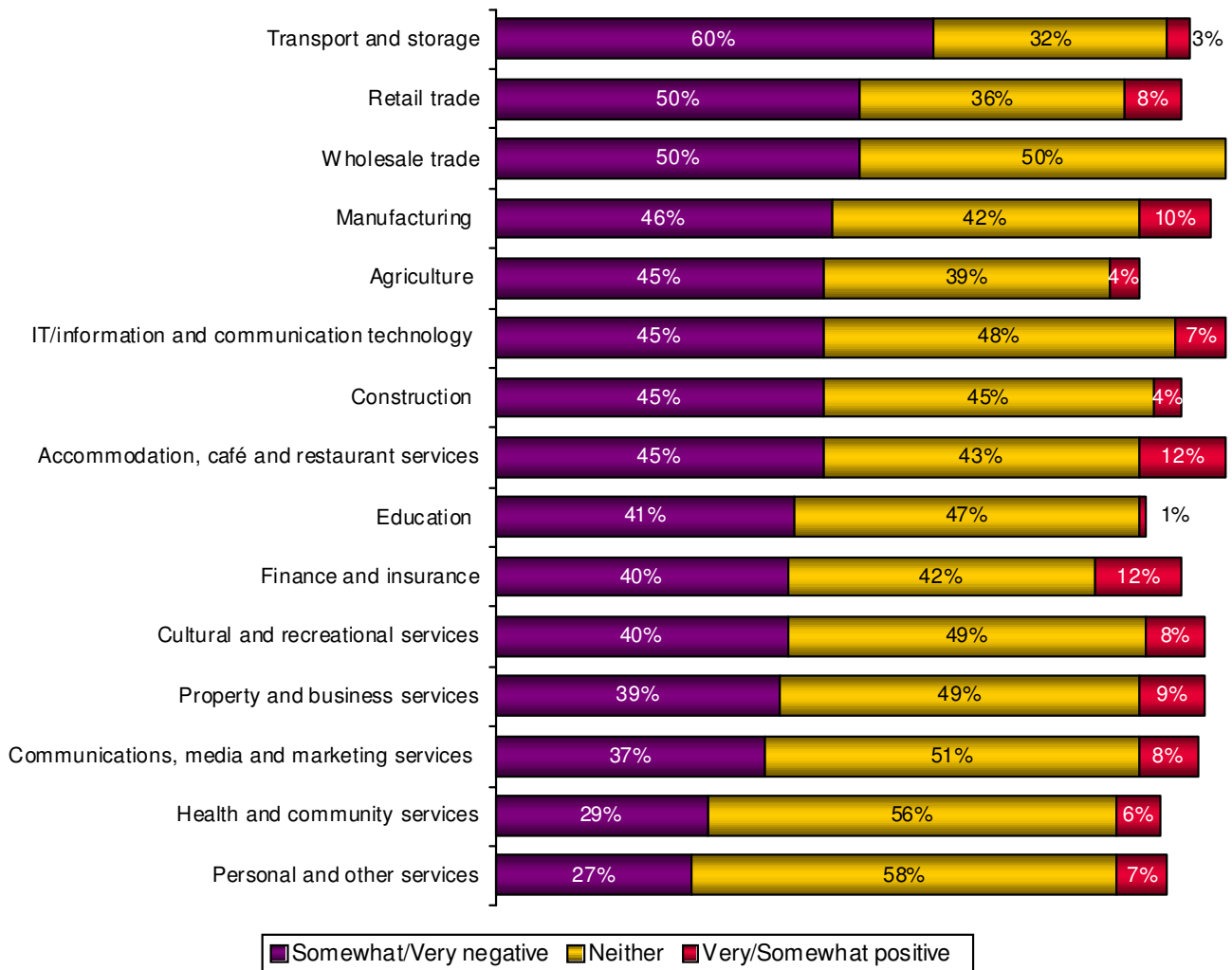


Figure 5.1: Impact of global financial crisis on sales by industry (%)



Base: Small business owners (n=1503)

Q. What impact has the global financial crisis had on your sales?

AMR Interactive, March 2009

Almost half (43%) of small business owners surveyed report that the global financial crisis has had a negative impact on their sales, with 9% of these small business owners reporting a very negative impact. Just under half (45%) feel the global financial crisis has had no impact on sales.

Sales in the Transport & Storage industry have been hit the hardest with 60% of small business owners surveyed in this industry reporting a somewhat or very negative impact. Small business owners in Personal & Other Services along with Health & Community Services seem to be experiencing the least sales impact as a result of the global financial crisis with 58% and 56% respectively reporting neither a positive or negative impact.

Global financial crisis - impact on business costs

39% of small business owners surveyed report the global financial crisis has had a negative impact on business costs

Figure 6: Impact of global financial crisis on business costs (%)

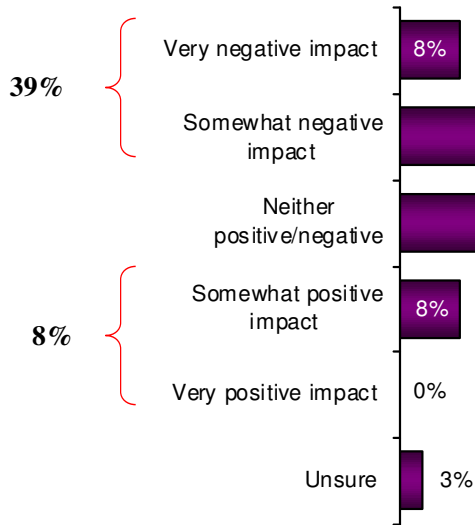
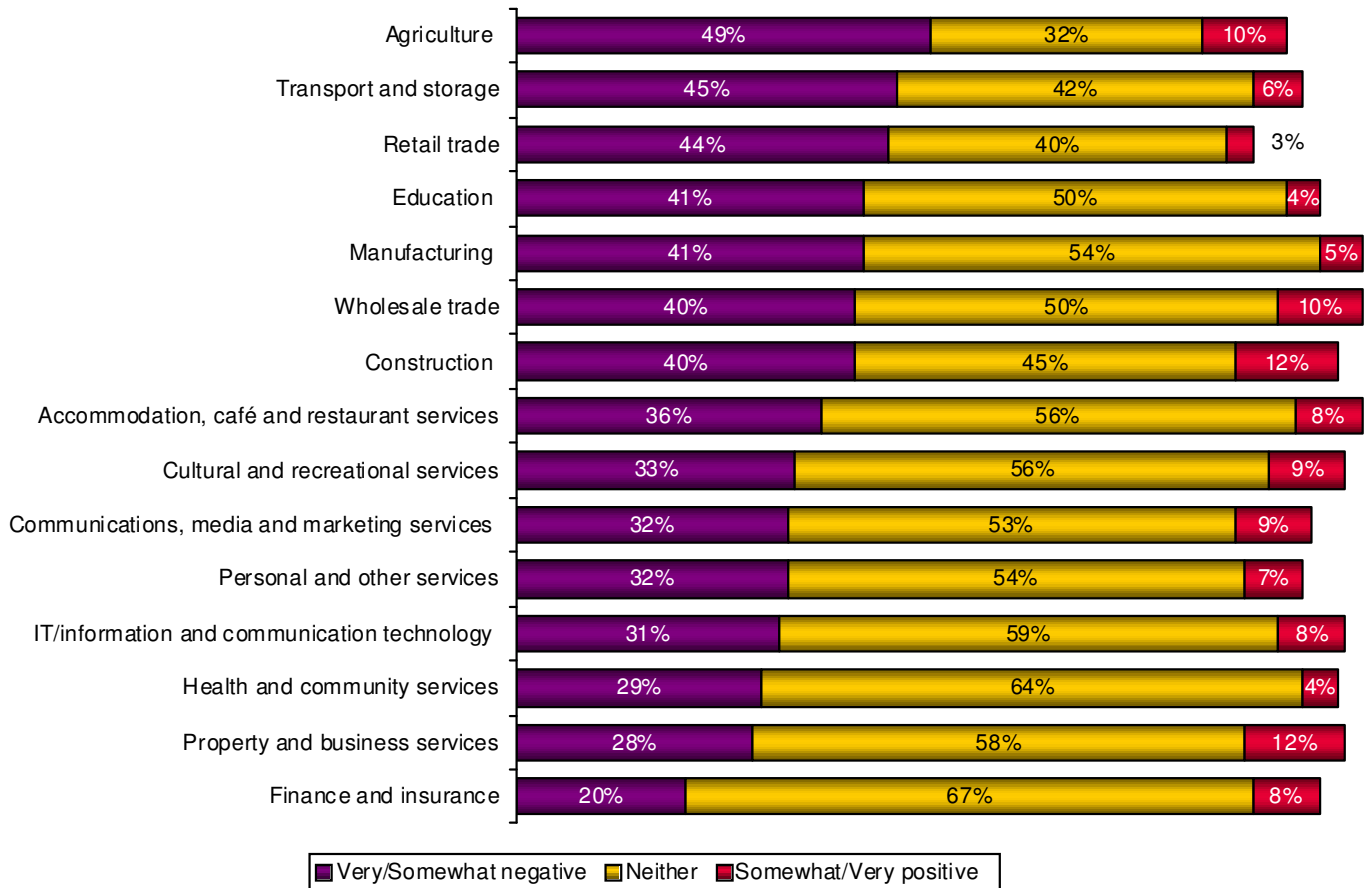


Figure 6.1: Impact of global financial crisis on business costs by industry (%)



Base: Small business owners (n=1503)

Q. What impact has the global financial crisis had on your business costs?

AMR Interactive, March 2009

While 39% of small business owners surveyed report that the global financial crisis has had a somewhat or very negative impact on business cost, almost half (49%) report that there has been neither a positive or negative impact.

The small business owners surveyed that have felt the negative impact on costs more so than others are from the Agriculture (49%), Transport & Storage (45%) and Retail Trade (44%) sectors. Small business owners surveyed from the Finance & Insurance and the Health & Community Services industries are the most likely to have felt no impact on business costs from the financial crisis with 67% and 64% of small business owners surveyed reporting a neither positive or negative impact.

Global financial crisis - impact on day-to-day business

Almost half (47%) of small business owners surveyed report the global financial crisis has had a negative impact on day-to-day business overall

Figure 7: Impact of global financial crisis on day-to-day business (%)

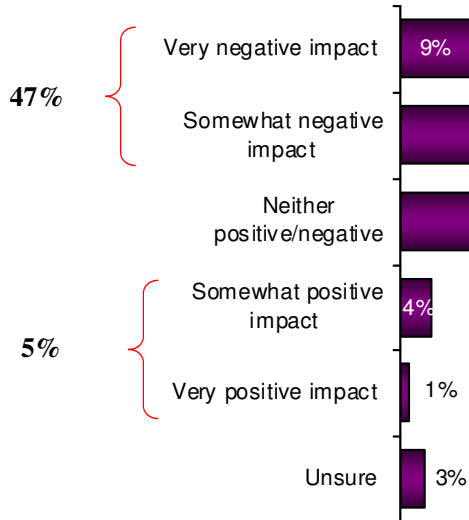
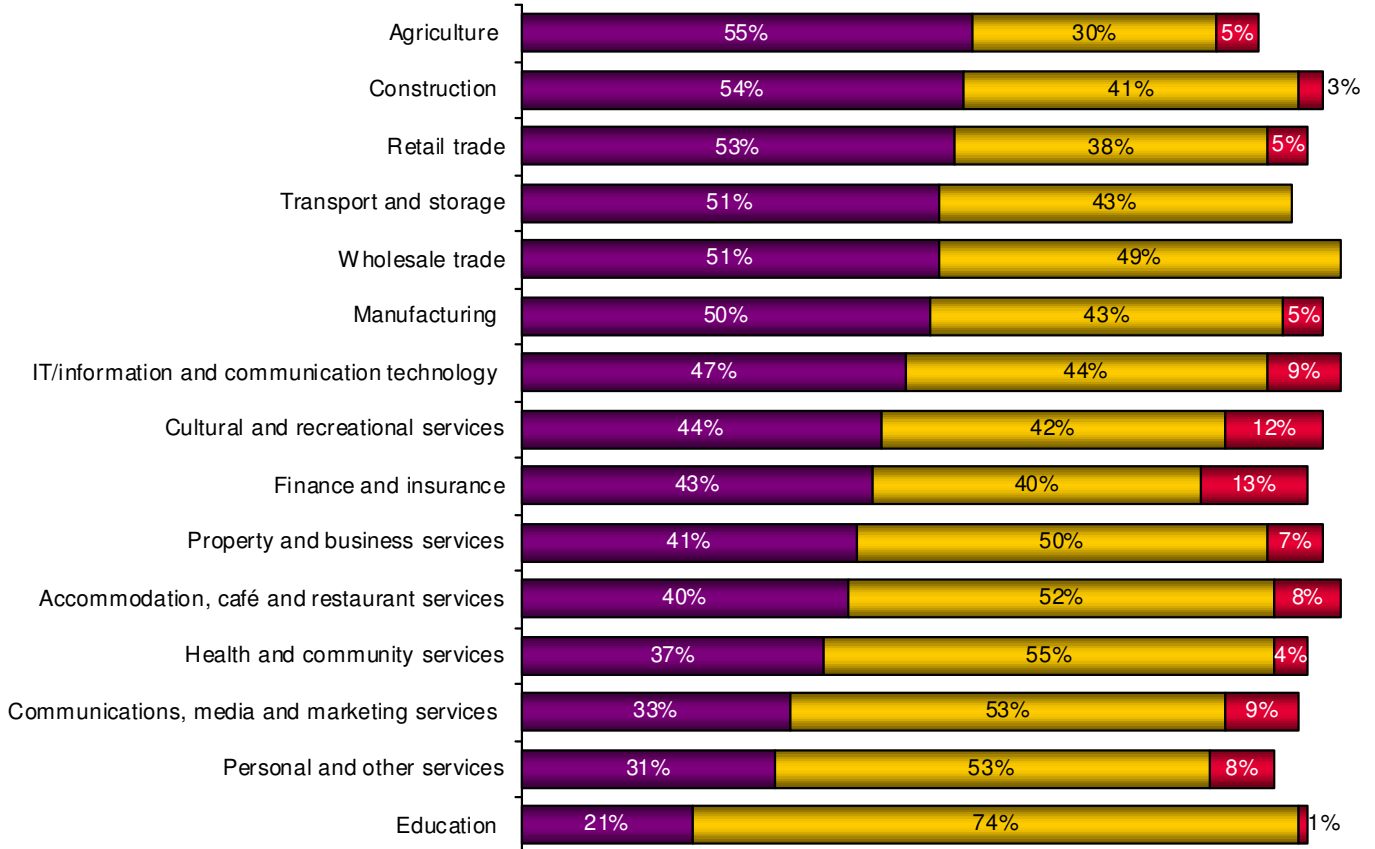


Figure 7.1: Impact of global financial crisis on day-to-day business by industry (%)



Very/Somewhat negative Neither Somewhat/Very positive

Base: Small business owners (n=1503)

Q. What impact has the global financial crisis had on your day-to-day business overall?

AMR Interactive, March 2009

Almost half (47%) of the small business owners surveyed report that the global financial crisis has had a very or somewhat negative impact on their day-to-day business overall. A further 44% have felt no impact on their day-to-day business.

Small business owners in the Agriculture (55%) and Construction (54%) and Retail Trade (51%) industries felt the biggest impact from the global financial crisis on day-to-day business overall.

Small business owners in the Education industry appear to have had the least impact so far, with 74% of small business owners in this sector reporting neither positive nor negative impact from the global financial crisis on their day-to-day business overall.

Spending cuts

More than half (53%) of small business owners surveyed have not cut back on business expenses due to the current economic climate

Figure 8: Cut back on business expenses (%)

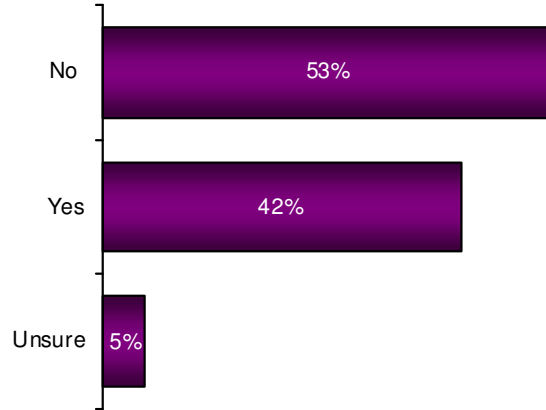


Figure 8.1: Cut back on business expenses by industry (%)

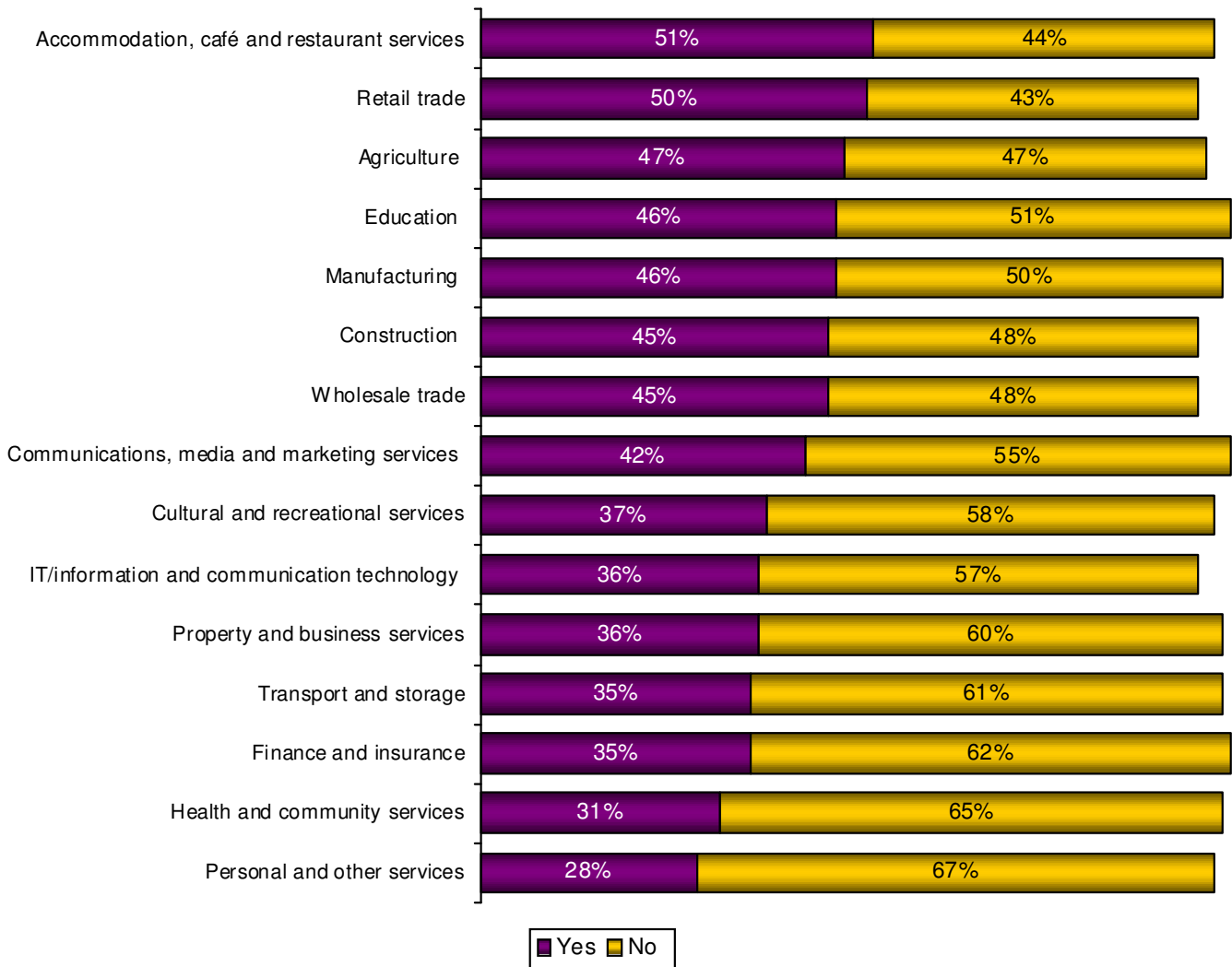


Figure 8.2: Cut back on business expenses by state (%)

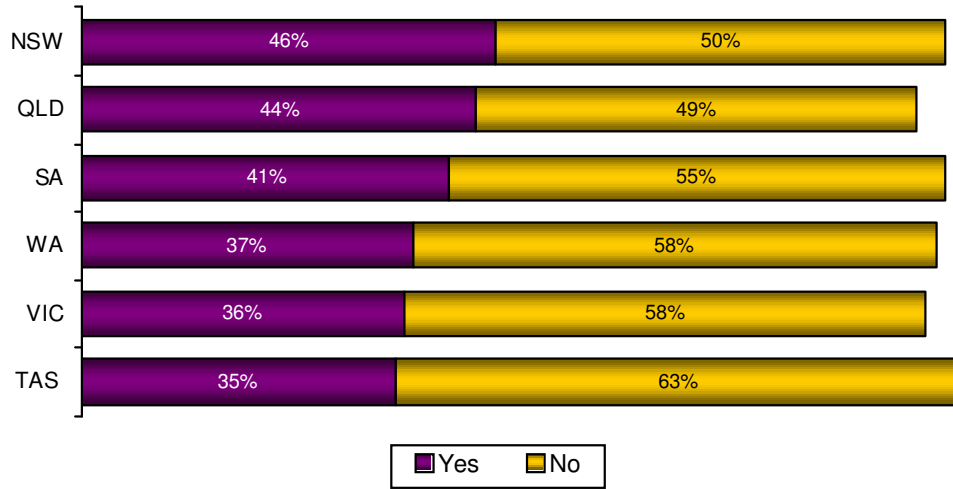
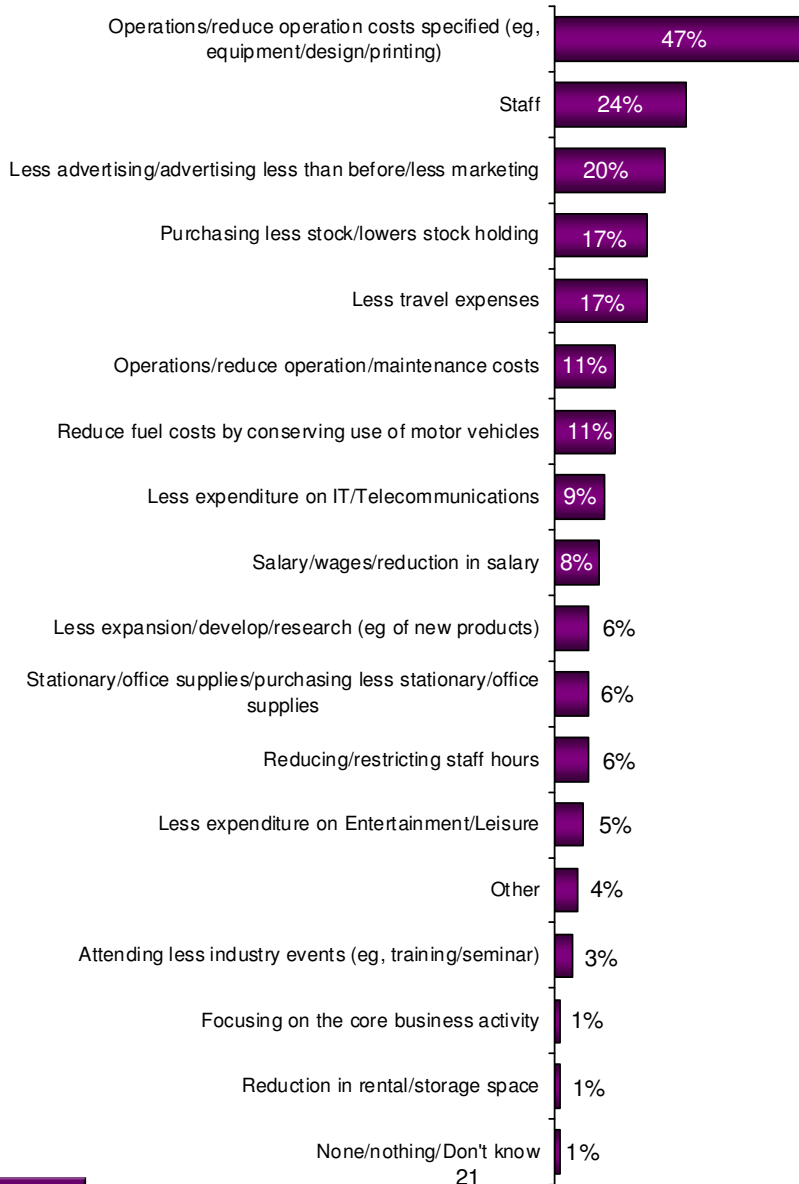


Figure 8.3: Areas of business in which the cut backs have mostly been in (%)



Base: Small business owners (n=1503)

Q. Have you actually had to cut back on business expenses as a result of the current economic climate?

Q. In what area(s) of your business have these cut backs mostly been? (open ended) (n=621)

AMR Interactive, March 2009

As a result of the current economic climate, 42% of small business owners surveyed have cut back on business expenses. Small business owners surveyed in the Accommodation, Café and Restaurant sector (51%) and the Retail Trade sector (50%) are the most likely to have been forced to cut business expenses.

Use of an accountant

Three quarters (74%) of small business owners surveyed visited or used an accountant between 1 and 4 times in the past 12 months

Figure 10: How often accountant used in past 12 months (%)

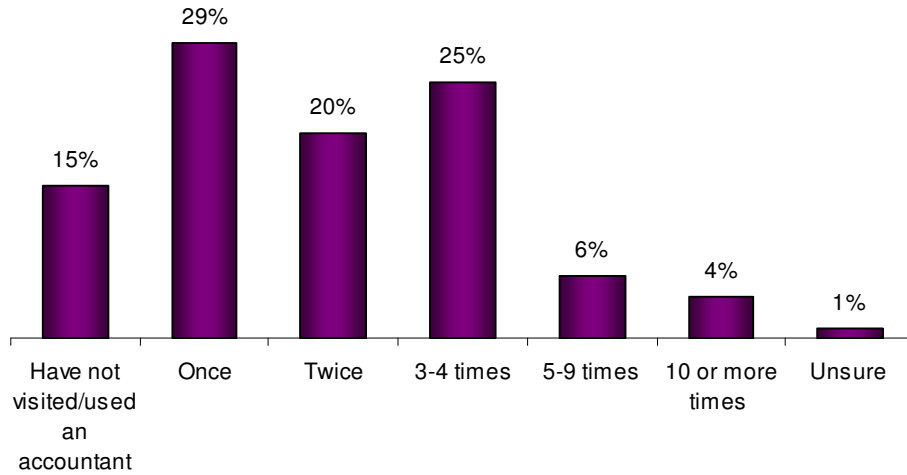


Figure 10.1: How often accountant used in past 12 months by business size (%)

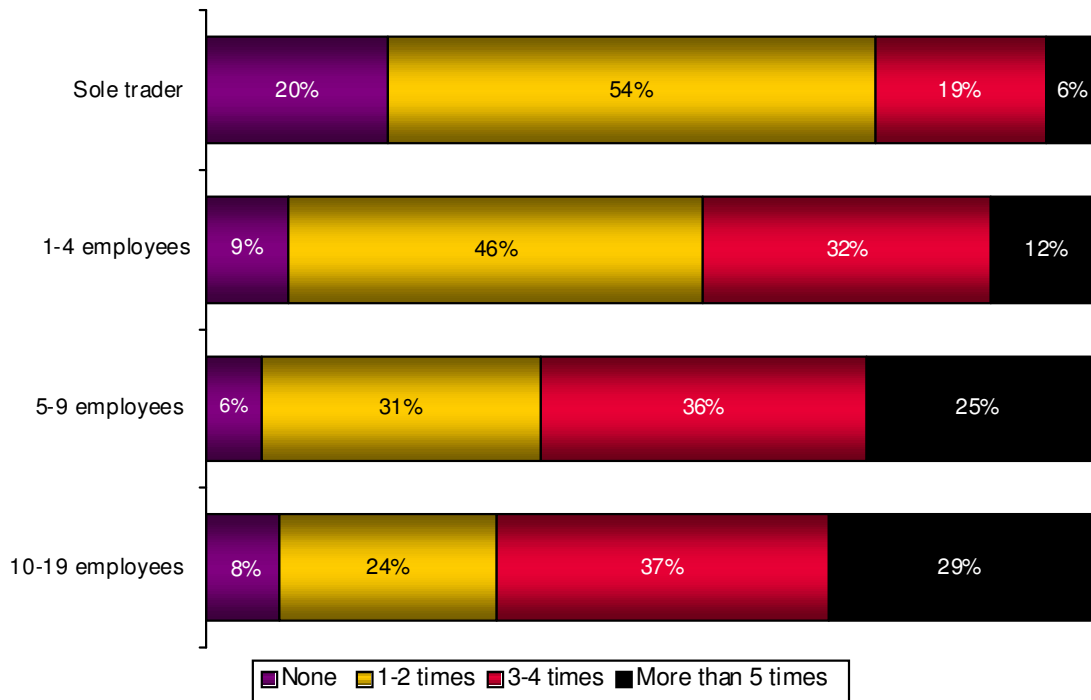
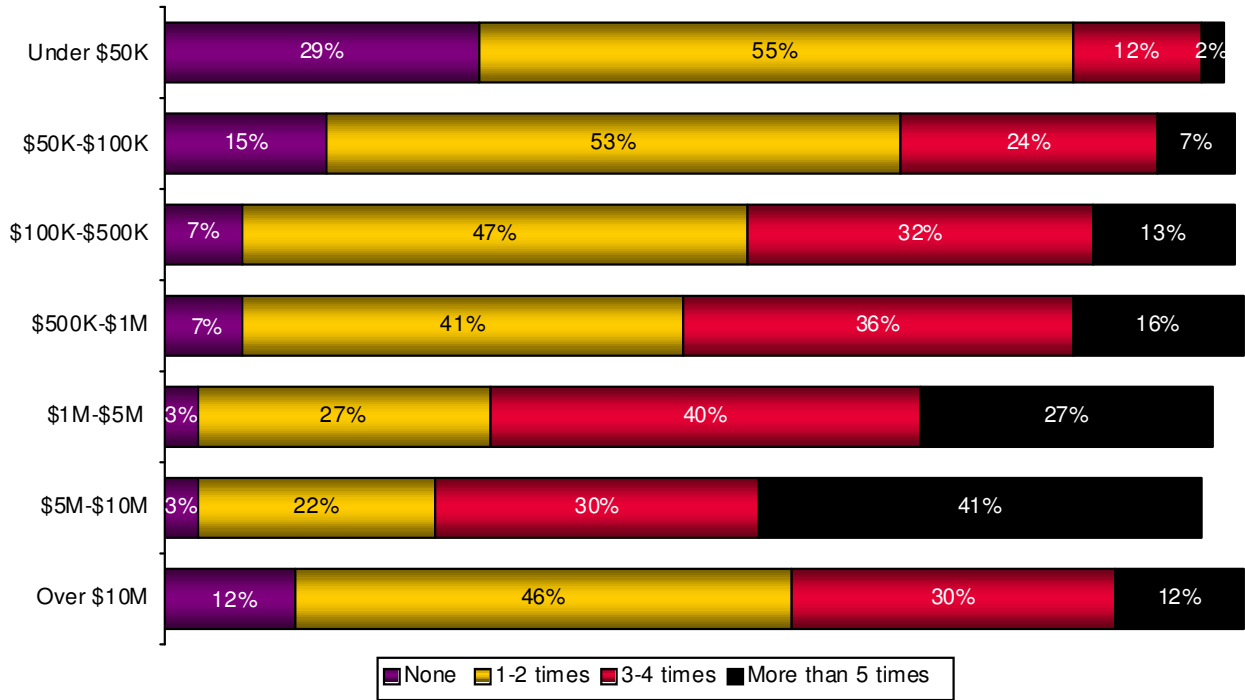


Figure 10.2: How often accountant used in past 12 months by annual turnover (%)



Base: Small business owners (n=1503)

Q. In the past 12 months, how many times have you actually visited/used an outside accountant?

AMR Interactive, March 2009

While 15% of small business owners surveyed had not made use of an accountant at all in the past 12 months, 74% visited or used the services of an accountant between 1 and 4 times in the past year. Only 10% of small business owners had visited or used an accountant more than 5 times.

Smaller sized business owners are less likely to have use the services of an external accountant, with sole traders being the most likely to avoid seeing an outside accountant - 20% reported no accountant use and 54% reported either 1 or 2 visits. Small business owners with 1-4 employees had 9% not using an accountant at all, and 46% making 1 or 2 visits. This is in comparison to small business owners with between 10 and 19 employees where 29% had visited and accountant more than 5 times, and 37% had made 3 or 4 visits. Similarly, those small business owners with between 5 and 9 employees reported 25% using an accountant more than 5 times in the past year, and 36% using them 3 or 4 times.

Along with business size, small business owners with lower reported turnover levels are also less likely to have visited or used an accountant over the past year, with 29% of small business owners surveyed with a turnover under \$50,000 reporting not using an accountant at all, and 55% using them either 1 or 2 times.

Accountant assistance with recession planning

Majority (78%) of small business owners surveyed have not spoken to an accountant about a plan for getting through a potential recession

Figure 11: Sought assistance from accountant in developing a plan or strategy for potential recession (%)

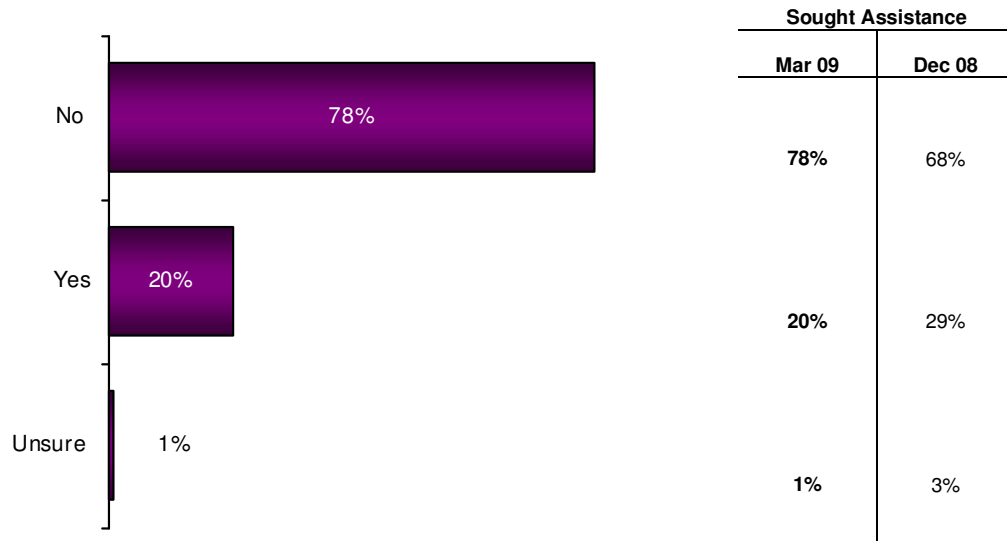


Figure 11.1: Sought assistance from accountant in developing a plan or strategy for potential recession by business size (%)

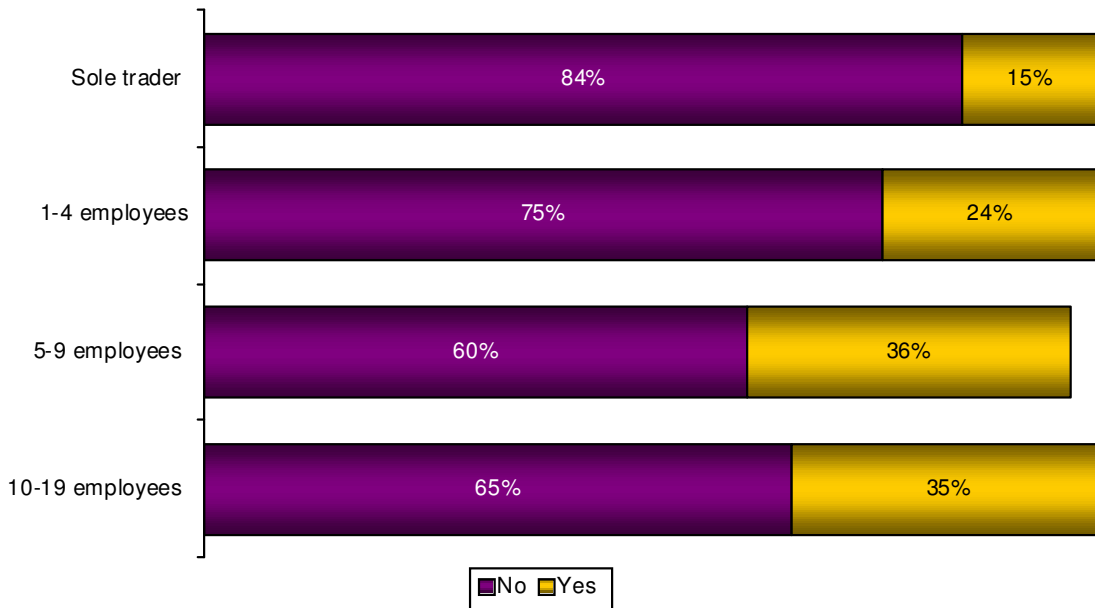
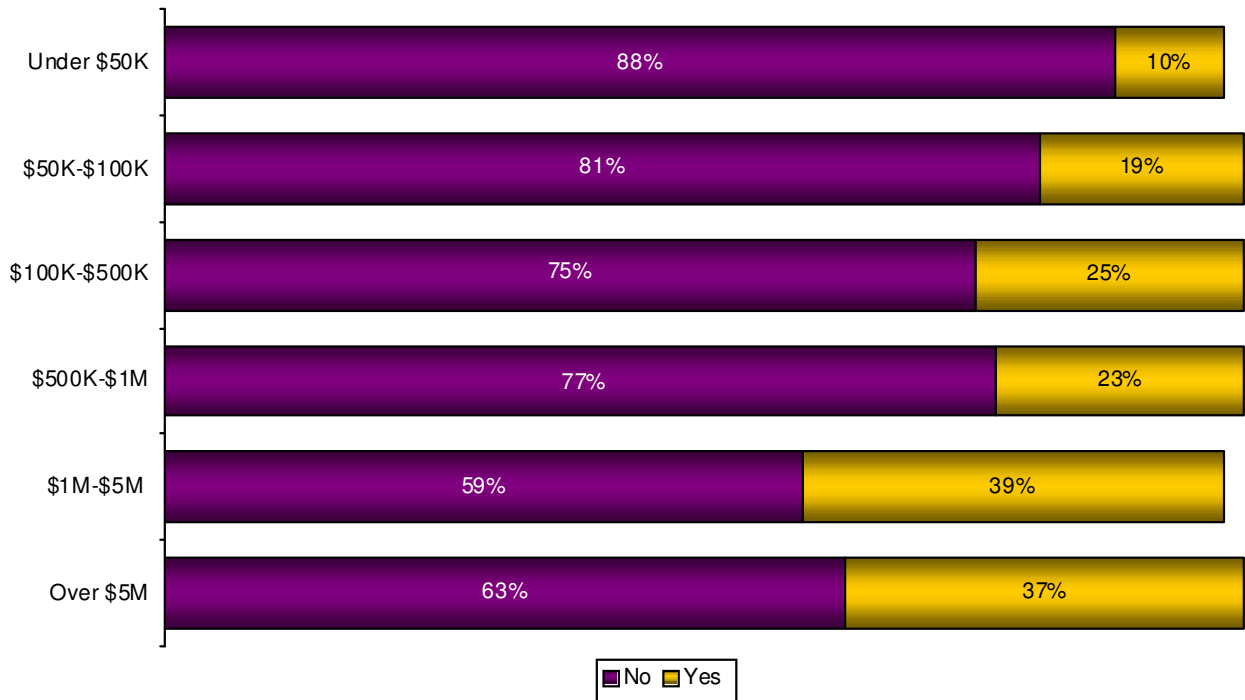


Figure 11.2: Sought assistance from accountant in developing a plan or strategy for potential recession by annual turnover (%)



Base: Small business owners (n=1503)

Q. Have you spoken with an accountant about developing a plan or strategy to ensure your business survives through a potential economic recession?

AMR Interactive, March 2009

Despite many small business owners feeling the impact of the global financial crisis and thinking that the Federal Government will announce a recession in the next 12 months, the majority (73%) of small business owners surveyed have not spoken with an accountant about developing a plan or strategy to ensure their business survives through a potential economic recession.

Small businesses smaller in size are less likely to have sought assistance, with 84% of sole traders and 75% of small business owners with 1-4 employees not having spoken with an accountant about developing a plan or strategy.

Similarly, small business owners with smaller annual turnovers are less likely to have spoken with an accountant for advice, with 88% of small business owners who reported a turnover under \$50,000, and 81% of those who report earning between \$50,000 and \$100,000 not speaking with an account about developing a plan.

Bank or financial institution support

With the current financial uncertainty, over half (57%) of small business owners surveyed feel they have received no additional support from their bank or financial institution

Figure 12: Level of additional support given by bank/financial institution (%)

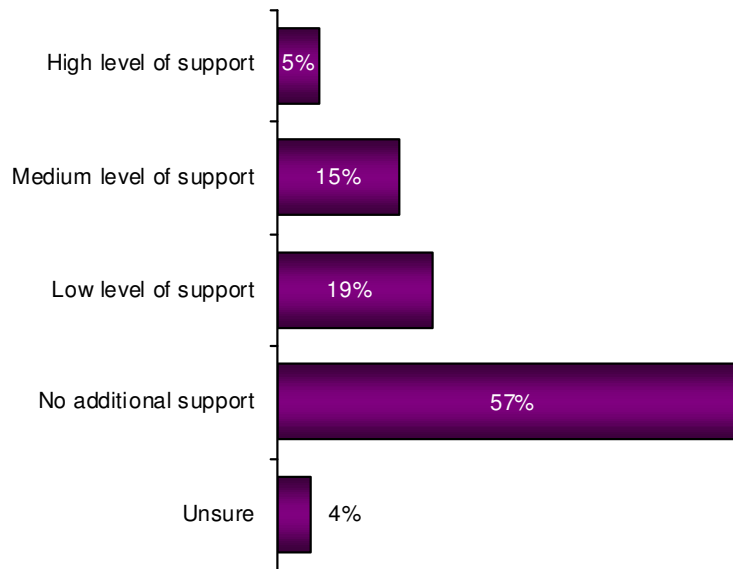
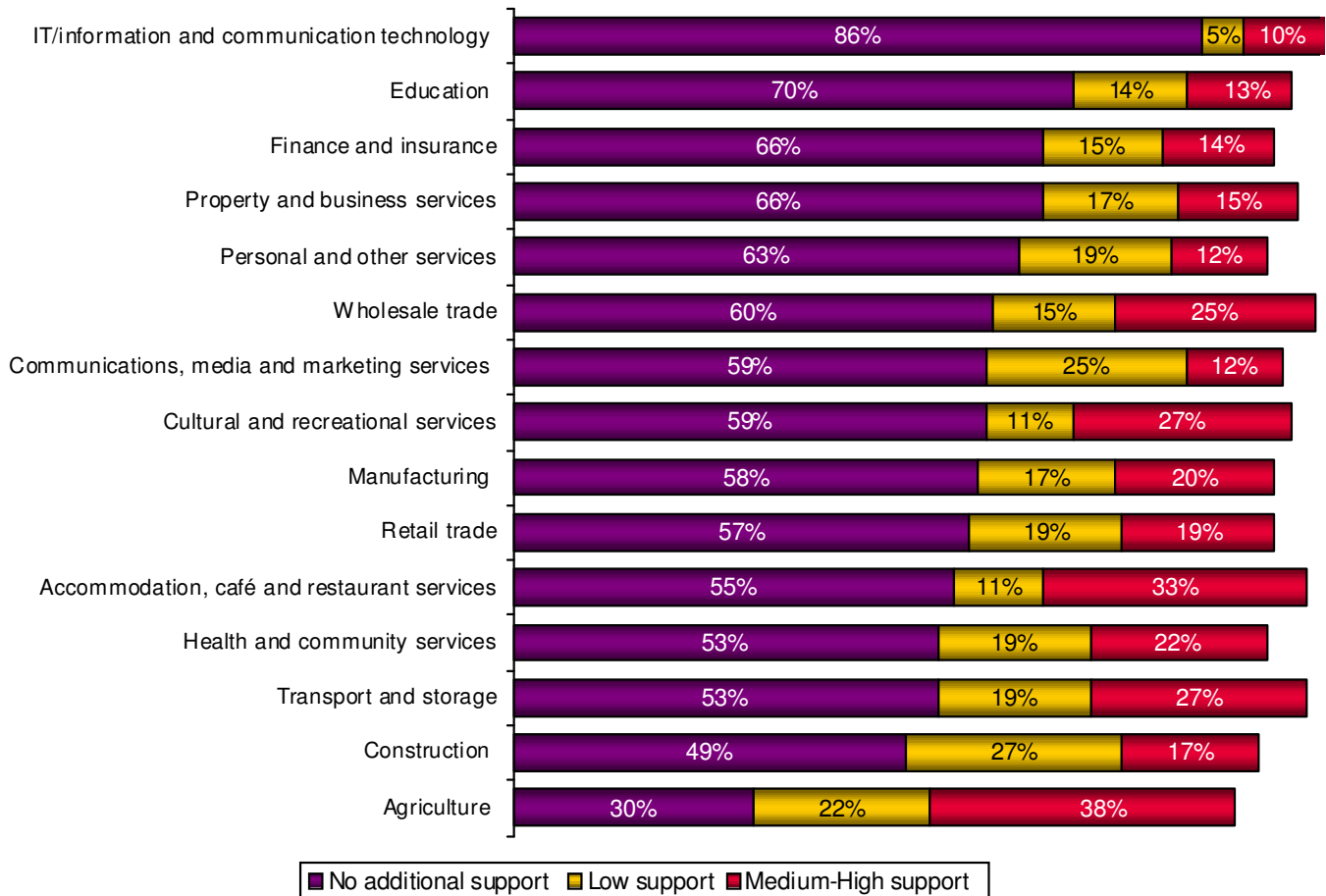


Figure 12.1: Level of additional support given by bank/financial institution by industry (%)



Base: Small business owners (**n=1503**)

Q39. With the current financial uncertainty, what level of support do you feel you are receiving from your bank or financial institution?

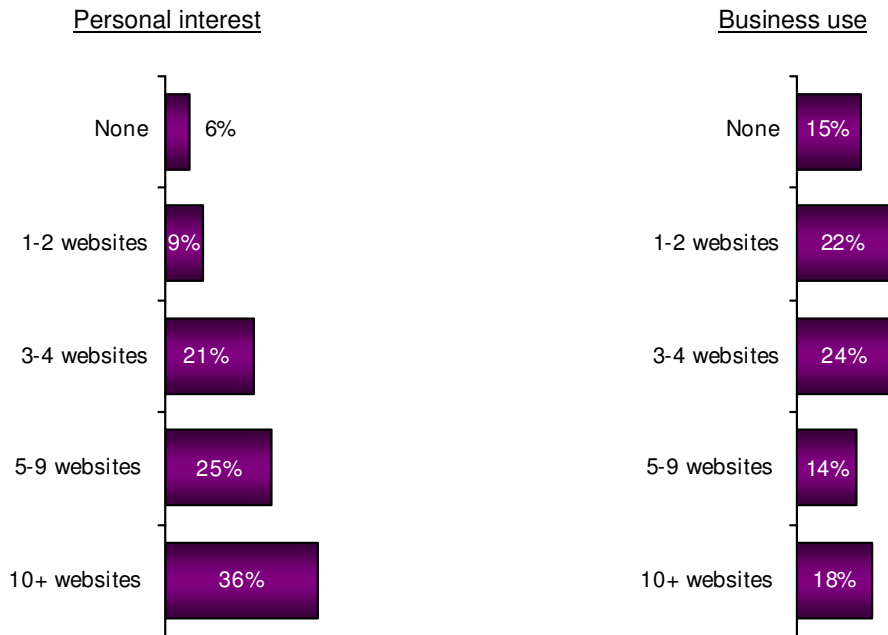
AMR Interactive, March 2009

With the current financial uncertainty more than half (57%) of small business owners surveyed feel they have been given no additional support by their bank or financial institution. This is particularly evident in the IT/Information & Communication Technology industry (86%) and the Education industry (70%).

Use of websites

The small business owners surveyed are more likely to regularly visit a website for personal interest rather than business use

Figure 13: Number of different websites visited regularly for personal interest or business (%)



Base: Small business owners (n=1503)

Q. Approximately how many different websites do you visit regularly (at least once a week) out of personal interest?

Q. Approximately how many different websites do you visit regularly (at least once a week) for business purposes?

AMR Interactive, March 2009

When questioned on the number of websites visited regularly for personal interest, the majority (61%) of small business owners surveyed reported that they regularly visit 5 or more websites (with 36% visiting 10+). This is substantially more than the number of websites the small business owners reported visiting regularly for business use. Only 32% of small business owners reported regularly visiting 5 or more websites for business use. Almost half (46%) of small business owners surveyed instead visit between 1 and 4 websites regularly for business use.

Appendix 1: Survey Questions

Q. Do you think that the Federal Government will announce that Australia is in a recession within the next 12 months?

1. Definitely won't
2. Probably won't
3. May or may not
4. Probably will
5. Definitely will
9. Unsure/don't know

Q. How do you rate the Australian Federal Government's overall response to the global financial crisis?

1. extremely poor response
2. poor response
3. neither poor nor good response
4. good response
5. extremely good response
6. unsure/don't know enough to comment

Q. To what extent do you feel that the Federal Government has adequately considered the impact of the global financial crisis on Australia's small businesses?

1. Very adequate
2. Adequate
3. Neither adequate nor inadequate
4. Inadequate
5. Very inadequate
9. Unsure/don't know.

Q. What, if any, ideas do you have for Government initiatives that would benefit Australian small business owners during the global financial crisis?

Open-ended _____

Q. What impact has the global financial crisis had on your sales?

1. Very negative impact
2. Somewhat negative impact
3. Neither positive/negative
4. Somewhat positive impact
5. Very positive impact
9. Unsure/don't know

Q. What impact has the global financial crisis had on your business costs?

1. Very negative impact
2. Somewhat negative impact
3. Neither positive/negative
4. Somewhat positive impact
5. Very positive impact
6. unsure/don't know

Q. What impact has the global financial crisis had on your day-to-day business overall?

1. Very negative impact
2. Somewhat negative impact
3. Neither positive/negative

4. Somewhat positive impact
5. Very positive impact
6. unsure/don't know

Q. Have you actually had to cut back on business expenses as a result of the current economic climate?

1. Yes
2. No
3. Unsure

Q. Approximately how many different websites do you visit regularly (at least once a week) out of personal interest?

1. 1
2. 2
3. 3
4. 4
5. 5-9
6. 10+
7. None - don't visit any websites weekly or more often for personal interest
8. Unsure/don't know

Q. Approximately how many different websites do you visit regularly (at least once a week) for business purposes?

1. 1
2. 2
3. 3
4. 4
5. 5-9
6. 10+
7. None - don't visit any websites weekly or more often for personal interest
8. Unsure/don't know

Q. In the past 12 months, how many times have you actually visited/used an outside accountant?

1. Have not visited/used an accountant
2. Once
3. Twice
4. 3-4 times
5. 5-9 times
6. 10 or more times
9. .Unsure/don't know

Q. Have you spoken with an accountant about developing a plan or strategy to ensure your business survives through a potential economic recession?

1. Yes
2. No
3. Don't know

Q. With the current financial uncertainty, what level of support do you feel you are receiving from your bank or financial institution?

1. high level of support
2. medium level of support
3. low level of support
4. no additional support
9. Unsure/don't know