



1Q2012 VISTAGE-MIER CEO CONFIDENCE INDEX

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CEO CONFIDENCE – LOOKING UP?

The first quarter 2012 Vistage-MIER CEO Confidence Index settled higher quarter-on-quarter at 93.5 points, up 11 points from the previous quarter's 82.5 points which is now the most recent low. This most recent low Index reading is however nearly double that of the previous recent low of 47.6 points recorded in the first quarter of 2009. Year-on-year, the Index is lower by 24.6 points.

All of the Index's 6 component indices settled higher quarter-on-quarter, though they all remain lower year-on-year, some quite substantially.

The Index has spent three consecutive quarters below the threshold level of 100 points, the boundary at which the opposing forces of optimism and pessimism balance out. The 11-point quarter-on-quarter gain in the first quarter 2012 Index suggests an improvement in the growth momentum of the Malaysian economy going forward.

However, considering Malaysia's very open economy, current global economic developments are expected to continue to weigh down on growth prospects in the domestic economy. The IMF's updated World Economic Outlook projections "see global activity decelerating but not collapsing", thus suggesting a deceleration of Malaysia's GDP growth rate going forward.

CURRENT AND EXPECTED ECONOMIC CONDITIONS IMPROVE

The first quarter 2012 CEO Confidence survey results indicate that a large proportion of CEOs (60% compared to 43% previously) feel that the overall economic condition remained about the same in the current quarter, while marginally more (11% compared to 10% previously) feel that things have improved. The results also indicate that more respondents (18% compared to 11% previously) expect improving economic conditions over the next 12 months.

CEOS MORE OPTIMISTIC ABOUT EXPECTED REVENUE AND PROFIT GROWTH

Compared to the previous two quarters, survey respondents are more optimistic about both revenue and profit growth, expecting both to improve over the next 12 months. Proportionally more CEOs indicated that going forward, they foresee higher revenues (59% compared to 45% previously) and profitability (46% compared to 38% previously).

EXPECTATIONS OF HIGHER CAPITAL SPENDING AND HIRING

CEOs expect higher capital spending and hiring over the next 12 months, though the increase in the proportion of CEOs anticipating higher headcount is rather marginal. Proportionately more business leaders see increases in their firm's capital spending (43% compared to 35% previously) and headcount (45% compared to 44% previously).

BRANDING

When asked how much allocation, as a percentage of turnover, is being allocated annually for brand development initiatives in

	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
VISTAGE-MIER CEO CONFIDENCE INDEX	115.9	118.1	111.9	93.3	82.5	93.5
COMPONENTS						
Current Economic Conditions	136	136	124	88	63	82
Expected Economic Conditions	132	133	122	84	62	78
Expected Change in Employment	145	149	147	137	135	136
Planned Fixed Investment	151	148	146	127	118	130
Expected Revenue Growth	163	172	162	144	131	149
Expected Profit Growth	149	155	145	125	115	132

Note: All component questions are scored as the percent giving favorable replies minus the percent for unfavorable plus 100. The VISTAGE-MIER CEO Confidence Index is the sum of the components calculated as a percentage of the level recorded in 2nd quarter 2003 survey.

their organizations, only 15% of CEOs indicated that their allocations are greater than 2%. And when asked which local company they would like to emulate in terms of branding excellence, Air Asia received the most votes (48), followed by Digi (16).

IMPACT OF GLOBAL ECONOMIC DEVELOPMENTS

According to IMF's updated World Economic Outlook, "the global recovery is threatened by intensifying strains in the euro area and fragilities elsewhere". With regard to the impact of the euro zone economic crisis, more than two-thirds (68%) of responding CEOs indicated no significant business impact while 23% indicated negative impact.

In view of the seemingly stalling global recovery and intensifying downside risks, views about what constitutes a safe haven asset can change dramatically. When asked to choose between the US dollar, euro, and gold as an investment, more than half (52%) of CEOs indicated gold. As expected, euro is the least popular with just 3% of the votes.

FLEXITIME

A study at Brigham Young University in the U.S. found that, on average, IBM employees with flexitime and the ability to telecommute were able to chalk up 57 hours of weekly work before reporting a strain on work-life balance, whereas office-bound IBM employees reported struggling to balance work and family life after just 38 hours. When asked whether their companies are practicing flexitime, 60% of responding CEOs indicated "no", 25% responded "yes", while 13% indicated that they are planning to.

SOCIAL NETWORKING TOOLS

In the previous quarter's survey question on what CEOs have implemented or are in favour of implementing with regard to social networking tools, so as to resonate better with Gen Y, 83% indicated Facebook, and 39% LinkedIn. In a follow-up question this quarter on the percentage of business turnover that is being derived from social networking tools, a large proportion (83%) of responding CEOs indicated "5% and below". Only 2% indicated "greater than 20%".



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ENVIRONMENT VS THE ECONOMY

There are concerns that the Lynas plant could turn out to be another Bukit Merah Asian Rare Earth-type debacle. CEOs were asked, as a stakeholder in the Malaysian economy, about their sentiments regarding the Lynas project. More than three-quarters (76%) indicated that they “don’t think the project should go ahead because the radiation risks outweigh the economic benefits.”

GENDER EQUALITY IN THE WORKPLACE

The Malaysian government is encouraging more women representation and participation in organizations. When asked about the percentage of women representation in their organizations, 63% of responding CEOs indicated that women are represented on their Board of Directors, with 95% of these CEOs indicating that up to 60% of their Board Members are women.

DIVERSITY IN THE WORKFORCE

The struggle of the LGBT (lesbian, bisexual, gay, transgender) community has been in the news lately, with regard to their receiving fair treatment in society within the context of their human rights. A majority of responding (74%) CEOs indicated that they are not averse to employing members of this community.

USING TECHNOLOGY TO IMPROVE COMPETITIVENESS

Technology like enterprise resource planning (ERP) systems, supply chain systems, customer relationship management (CRM) software, e-Procurement, etc. are often credited with improving operational efficiency and productivity of business processes in organizations. Survey results show that slightly less than half (48%) of responding CEOs indicated that they believe that their company is maximizing to its full advantage the use of such technology to increase competitiveness. Of the 52% that indicated that they believe that their company is not taking full advantage of such technology, only 29% indicated that they believe they have in-house expertise to identify where the gaps are. The balance indicated either “no” (45%), or “not sure” (27%).

PERSONAL INVESTMENT PLANS

Results show that, just like in the previous quarter, local real estate is again the most popular investment among responding CEOs (43%) looking to invest over the next six months. And just like in the previous quarter, equities (35%) and fixed deposits/cash (34%) are placed second and third in terms of popularity, though with proportionately more CEOs now voting for them.

ABOUT THE VISTAGE-MIER CEO CONFIDENCE INDEX

Vistage Malaysia has been conducting the Confidence Index since 2nd quarter 2003. Effective 4th quarter 2005, Vistage Malaysia entered into a strategic alliance with the Malaysian Institute of Economic Research (MIER) to co-brand the Confidence Index under a joint effort known as the VISTAGE-MIER CEO Confidence Index.

Vistage Malaysia’s membership comprises businesses and companies with annual sales between RM5 million to RM1 billion. Today, it has more than 360 members in more than 65 different businesses. The opinions of these CEOs provide a clear snapshot of their current economic market as well as industry trends and their plans for growth over the next 12 months. The VISTAGE-MIER Index is a compilation of responses from these Vistage Malaysia CEOs, of whom 70% are small to medium sized companies and is the only comprehensive report of their opinions and projection. These insights provide a leading indicator for employment, capital expenditure, sales and revenue trends. Each quarter, Vistage International polls its membership in Malaysia, United States, Canada, United Kingdom and Australia.

ABOUT VISTAGE INTERNATIONAL, VISTAGE MALAYSIA AND MIER

Founded in 1957, Vistage International (www.vistage.com) provides business leaders with tools to outperform both the competition and their own goals. The comprehensive toolset includes peer-group sessions and one-on-one executive coaching for the sharing of best practices and opportunities to seek confidential help in critical situations.

Vistage’s professional development model also includes access to world-class business experts, and a global community of more than 15,000 members. Vistage member companies have revenues between US\$1 million and US\$1 billion, and combined have a total of more than US\$300 billion in annual sales and more than 3.1 million employees. They outperform the Fortune 500, the S&P 500 and the 14 million companies in the ARC Analytics database. In addition, Vistage member companies grow, on average, 2.5 times faster than they did prior to joining Vistage.

Vistage Malaysia has offices in Kuala Lumpur (603-22842199), Penang (604-6426799) and Singapore (65-63398505).

MIER is an independent, private, non-profit organization, devoted to economic, financial, and business research that would serve as a think-tank for the government and the private sector. It is committed to serve the government and private sectors as well as the public at large by providing an objective and impartial understanding of socio-economic issues of national, regional and global importance.



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