

Duke's Fuqua School of Business / CFO Magazine Business Outlook

Results for 93 Chinese firms (own-firm changes expected during the next 12 months)

	Sep 2011	Jun 2011	Mar 2011	Dec 2010	Sep 2010
Weighted Averages for	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months	Expected growth in next 12 months
Earnings growth*	10.1%	6.6%	16.1%	19.1%	11.7%
Capital spending	6.0%	13.7%	7.3%	11.3%	9.2%
Technology spending	5.7%	4.2%	5.1%	8.1%	5.6%
R&D spending	7.1%	3.7%	7.4%	7.1%	5.4%
Advertising and marketing spending	3.2%	4.9%	4.8%	7.6%	8.2%
Employment – full-time	7.1%	9.0%	5.8%	10.4%	14.2%
Employment – temporary	-1.5%	2.3%	2.6%	3.4%	5.3%
Outsourced Employment	0.8%	-5.6%	3.4%	5.3%	10.0%
Wages and Salaries	6.4%	11.8%	7.3%	7.8%	3.1%
Productivity	4.5%	0.4%	3.7%	9.5%	4.8%
Inflation (Chg in prices of own-firm products)	1.1%	2.5%	4.2%	1.5%	0.9%
Health Care Costs	3.4%	10.5%	3.4%	4.1%	9.0%
Dividends*	6.1%	-3.4%	8.7%	20.6%	8.4%
Share Repurchases*	-1.8%	0.0%	0.3%	0.8%	0.2%
Cash on balance sheet*	5.8%	2.6%	8.7%	15.9%	2.2%
Mergers and Acquisitions	Not asked.	Not asked.	36.1% plan to acquire. 15.9% plan to sell part or all of firm.	Not asked.	Not asked.

\* indicates public firms only. All other numbers for all survey respondents (including private)

## Chinese BUSINESS OPTIMISM

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	Sep 2011	Jun 2011	Mar 2011	Dec 2010	Sep 2010
	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.	Compared to last qtr.
<b>Optimism about the country's economy</b>	More opt: 14.1% Less opt: 68.5% No chg: 17.4%	More opt: 26.9% Less opt: 47.8% No chg: 25.4%	More opt: 34.1% Less opt: 31.7% No chg: 34.1%	More opt: 39.8% Less opt: 37.8% No chg: 22.4%	More opt: 33.3% Less opt: 34.3% No chg: 32.4%
<b>Country optimism level</b>	62.8	63.2	73.8	69.0	71.8
<b>Optimism about own company</b>	More opt: 25.3% Less opt: 53.8% No chg: 20.9%	More opt: 26.9% Less opt: 44.8% No chg: 28.4%	More opt: 45.1% Less opt: 24.4% No chg: 30.5%	More opt: 49.5% Less opt: 37.1% No chg: 13.4%	More opt: 48.0% Less opt: 27.5% No chg: 24.5%
<b>Own company optimism level</b>	66.2	65.7	74.1	70.0	73.6

### Top Concerns for Chinese Businesses

#### MACRO CONCERNS

- Consumer Demand
- Price Pressure
- Global financial instability
- Government Policy

#### INTERNAL TO OWN FIRM

- Ability to maintain margins
- Maintaining Morale/Productivity
- Ability to forecast results
- Attracting and retaining qualified employees