CFOs Expect Significant Global Incidents Of Labor Unrest

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The job of a Chief Financial Officer

is complex and often high-risk, since CFOs are responsible for their company's financial strategies.

The position also forces CFOs

to think long-term, which allows them to see trends and practices developing well ahead of others in executive management positions.

So it

might be worthwhile to pay attention to the results of the latest annual Duke University/CFO Magazine Global Business Outlook Survey.

Labor Unrest A Global Concern

The survey polled over 840 CFOs from around the world – and one of the more striking predictions to come out from the poll was a growing expectation of labor unrest in several important developing economies.

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Nearly 75 percent of Latin American CFOs surveyed forecast major work stoppages and strikes in their countries over the next 12 months; unrest severe enough to adversely affect national economies. Those labor concerns were highest in Brazil, although the percentage of CFOs concerned was also high in Chile and Peru.

Half of the CFOs in Africa also expected some negative economic impacts from labor unrest there, as did 29 percent in China and 22 percent in Europe. When asked what was sparking labor unrest in their countries, CFOs in China cited poor working conditions, while African CFOs pointed to income inequality.

“Emerging economies have been grappling with reduced demand and slower growth over the past couple years,” John Graham, the survey's director and a finance

professor at Duke’s Fuqua School of Business, said in a press statement.

“Now on top of weak demand, business leaders are dealing with a restless and, in some cases, combative workforce,” he continued. “This is especially concerning in Brazil as it hosts the World Cup.”

In the U.S., concerns about damaging labor disputes were smaller, with only nine percent of American CFOs expecting significant labor troubles in the near future.

Stepping Back From Russia

A large percentage of chief financial officers whose companies have business connections to Russia, meanwhile, have been fretting about the fallout from any additional escalation of economic sanctions against Russia – as part of the ongoing Ukraine crisis.

Campbell Harvey, the survey's founding director, says two interesting business factors have emerged from those concerns. These are factors that are certain to have a negative impact on the Russian economy.

"First, a large number of firms are either considering reducing their footprint in Russia or already actively pulling back," said Harvey. "This includes 22 percent of U.S. firms and 31 percent of European firms."

"Second, there is a lot of talk about China benefiting from the sanctions," he continued. "This is not what the CFOs are telling us. Fifty-five percent of the Chinese CFOs see stepped-up sanctions as bad news and 33 percent are either reducing exposure to Russia or are considering pulling back."

Mistrust Of Business And Government

Another big takeaway from the survey is a growing mistrust by the public of business and government leadership. Sixty percent of U.S. CFOs said public mistrust is creating a drag on the national economy. Those numbers were even larger among CFOs in Africa (64 percent), Europe (68 percent), Asia (71 percent) and Latin America (79 percent).

"Public distrust inhibits the economy from reaching its full potential," said Graham. "Mistrust can reduce growth and it causes companies to devote time and resources

to counteract mistrust's negative effects."

Graham notes, however, there might also be an upside to public distrust of business and government, in terms of having more attention paid to issues like corporate transparency and governance.

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