

Having strong small businesses is a challenge for New Zealand in a country extremely vulnerable to natural hazards and at the end of the global supply chain.

Small businesses, those with less than 20 FTE, are a cornerstone of the New Zealand (NZ) economy. They employ 29% of the workforce and contribute more than 25% of GDP.

Forming an integral part of our communities, they provide us with fish and chips, cut our hair, fix our cars, the list goes on and on. Life wouldn't be the same without them. Yet theirs is a precarious position. They experience the highest failure rates, and the owners often find themselves stressed and only focusing on the day to day rather than the longer-term health of the business.

As evidenced by the severe weather events in 2023, these businesses operate in an environment that is highly vulnerable to natural hazards. (NZ has been ranked as the second riskiest country in the world for natural disasters*). At the end of the global supply chain, NZ is also susceptible to external disruptions.

Add in the tailwinds of COVID-19 and it's no surprise that small businesses are reporting more stress than optimism.

International studies have shown the benefits of having stronger businesses, with higher economic contributions, improved mental health of owners and workers, and broader benefits to the community.

Therefore, Better for Business (B4B) commissioned a study to better understand how resilient small businesses are, and how government can best support them to be stronger. Increased business strength will improve small business' ability to survive and thrive through likely future disruptions and transitions.

A thorough three-stage process was undertaken by TRA comprising of:

1. **Two-week** desk research review to assess what is known about resilience amongst businesses.

2. **24** in-depth interviews with a wide range of business owners.

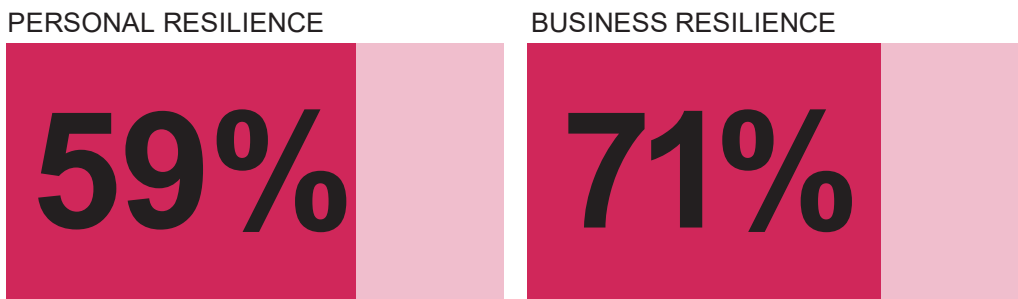
3. **2,278** online surveys from a representative sample of small businesses.

This process was supported by two experts in the field of helping business thrive—in both the personal and business aspects.



Small businesses aren't taking actions to be as strong as they need to be

1. **Small business owners and managers rate themselves relatively highly on their levels of business and personal strength.**

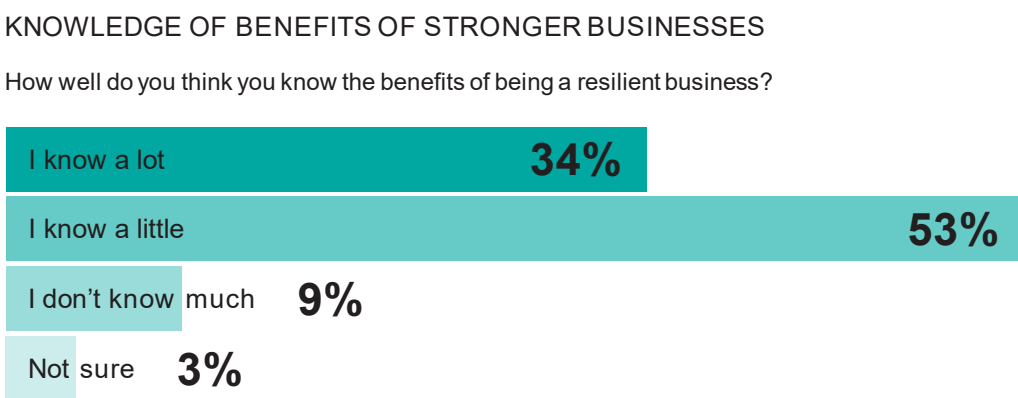


This rates above scores amongst the general population.

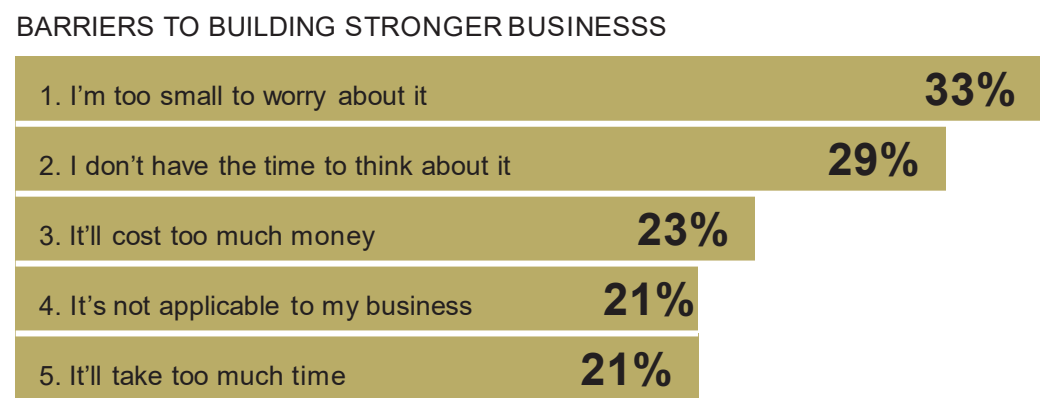
2. **However, they aren't generally undertaking actions which most build strong organisations.**



3. **They don't have deep knowledge of the benefits of stronger businesses, which hinders their actions.**



4. **The busy lives of small business owners means that they see a number of barriers to them becoming stronger.**



Harnessing motivations will help drive businesses to be stronger.

- TOP 5 MOTIVATIONS TO BUILDING RESILIENCE
- 1 Help my business stay around for longer
 - 2 Help me continue to provide for my family and whanau
 - 3 Improve my work/life balance
 - 4 Reduce the amount of stress I have
 - 5 Help my business make more money

Improving resilience amongst small businesses will have benefits to New Zealand's economy and communities. Here are some thoughts:

- Use the resilience research to inform policy and operational initiatives to enable small businesses to be stronger.
- Appeal to business owners' personal motivations for resilience.
- Develop businesses' understanding of the benefits of stronger businesses via peers and advisors.
- Encourage hardiness to be part of everyday business actions and wrap it up in building a better business.
- Monitor levels of specific elements of business strength.

*Lloyds, 2018