

BETTER FOR BUSINESS INSIGHTS

Better for Business (B4B) works with a collective of agencies to make it easier and more seamless for businesses to deal with government. Part of B4B's role is to understand and support the diverse needs of NZ businesses.

Stats NZ's annually updated business demography statistics¹ and the Ministry of Business, Innovation & Employment's small business factsheets² provide a useful introduction to NZ's unique business landscape.

This short report aims to build on those resources by adding an additional layer of insight into what NZ business look like and how they operate – using those same business demography statistics, along with findings from B4B's research and some additional sources.

This is a glimpse into the information B4B considers when seeking to understand the diverse situations and needs of businesses.

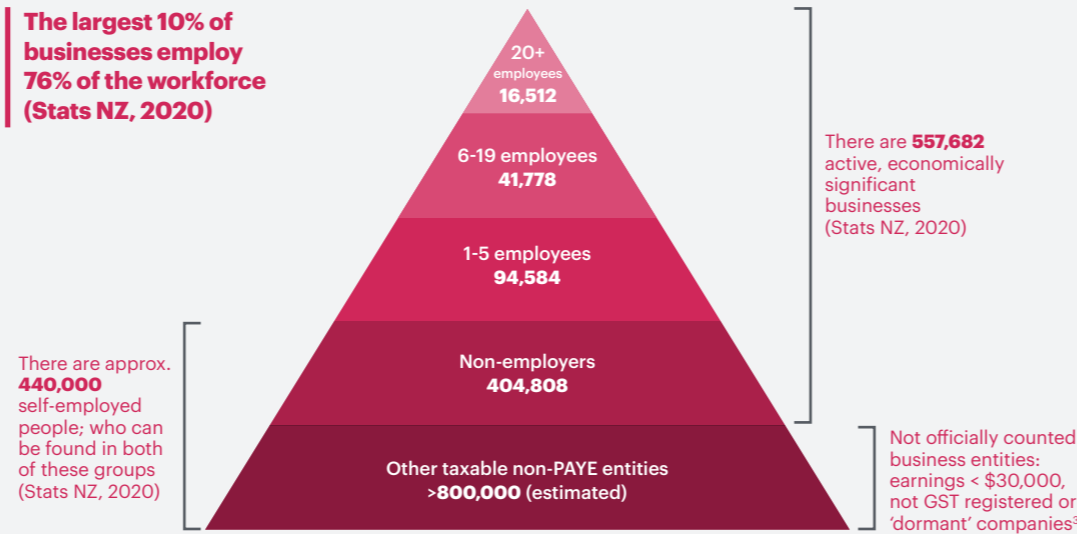
For further information, please email betterforbusiness@mbie.govt.nz.

HOW MANY "BUSINESSES" ARE THERE?

There are likely to be at least 1.4 million different business entities in New Zealand, if we look beyond the definition of an economically significant enterprise³.

The additional entities, not counted in official statistics, still have business-related obligations such as filing tax returns and may have other compliance responsibilities such as paying ACC levies, meeting health and safety or food safety requirements, or obtaining licences from local councils.

The largest 10% of businesses employ 76% of the workforce (Stats NZ, 2020)



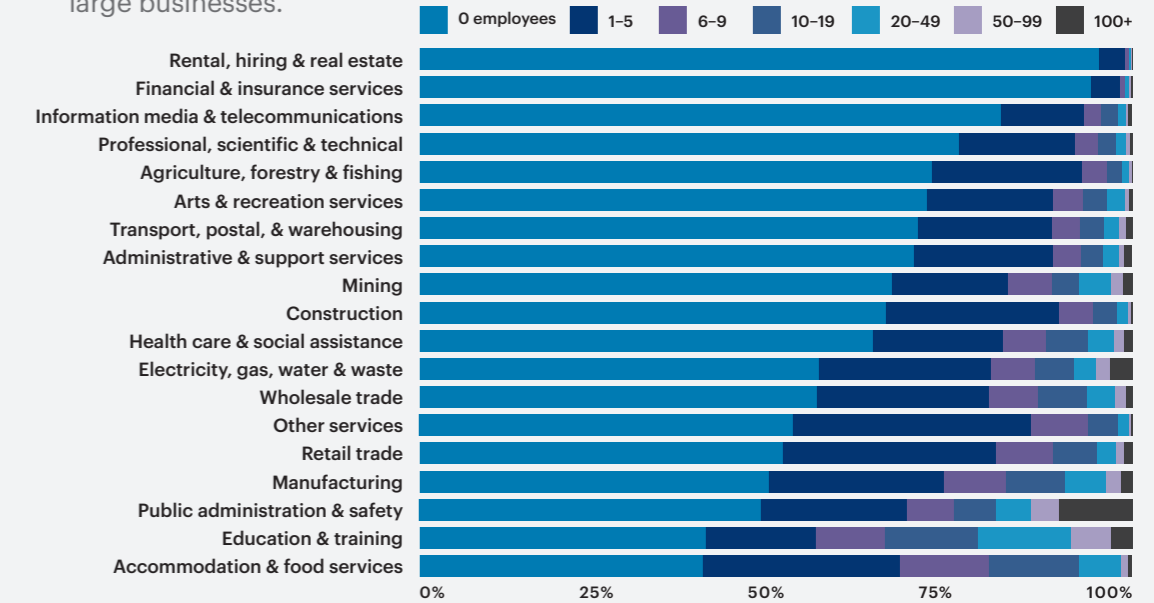
Examples of businesses in this group include: artists/musicians; hobby businesses; lifestyle farmers; one-off contract work; holiday home owners; landlords; community/not-for-profit.

The World Bank's Entrepreneurship Survey shows that New Zealand has one of the highest rates of new business density (registrations per working-age population) in the world⁴

WHICH BUSINESSES ARE EMPLOYING/NOT EMPLOYING STAFF?

Among the population of economically significant business entities:

- Many industries are dominated by non-employers. They make up 73% of all entities
- The manufacturing, retail and education sectors contain the greatest volumes of large businesses. Public administration and safety has the highest proportion of large businesses.

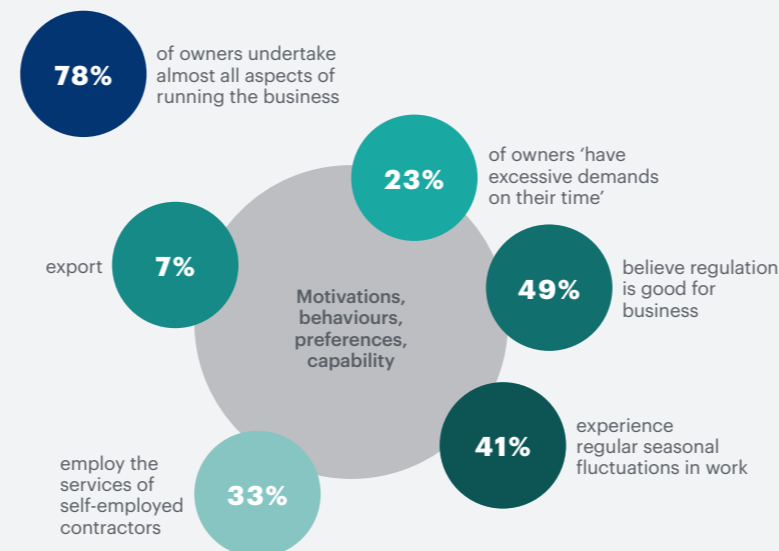


There are 116,000 zero-employee enterprises in Rental, hiring & real estate but only 15,000 of those are self-employed real estate agents. Others are property operators eg landlords. Similarly, self-employed Finance & insurance professionals make up only 8,000 of the 38,000 zero-employee enterprises in that sector. Remainder includes entities eg holding companies.

HOW "BUSINESS-LIKE" ARE NZ'S ECONOMICALLY SIGNIFICANT BUSINESSES?

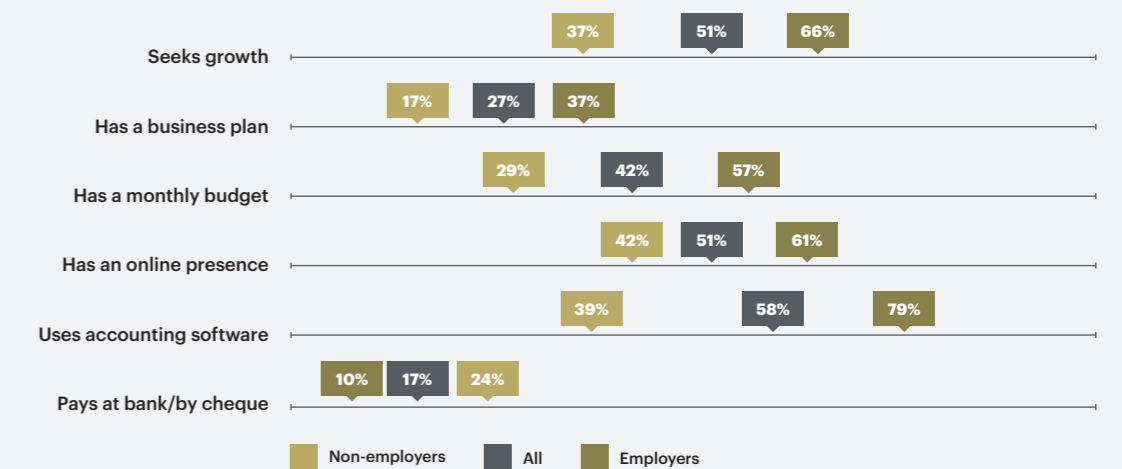
57% of business entities operate a Company structure ⁵	The rest are self-employed individuals, Trusts, Partnerships or other associations
27% of businesses have a business plan	A good business plan is critical if a business is seeking access to finance
38% of businesses are primarily office-based. 23% are mostly based outside	Outdoor businesses have lower uptake of digital and greater use of intermediaries
44% of businesses have operated for more than 10 years	9% have been operating for less than one year
2/5 owners of SMEs (0-49 employees) currently own more than one business	This suggests that not all newly registered businesses will be "starting from scratch"

A B4B research study with small and medium businesses in 2016 found that:



WHY SHOULD WE CARE ABOUT WHETHER A BUSINESS EMPLOYS OR NOT?

As the measures below from B4B's research illustrate, employers and non-employers can be very different. This is just one way of dividing or "segmenting" businesses to gain a better understanding of their diverse circumstances and needs.



¹ <https://www.stats.govt.nz/insights?filters=New%20Zealand%20business%20demography%20statistics%20information%20releases>

² <https://www.mbie.govt.nz/business-and-employment/economic-development/sector-reports-series/#small-business-sector-report>

³ Definition of 'economically significant': <http://datainfolplus.stats.govt.nz/item/nz.govt.stats/9d91f411-1da6-4415-b9e1-773aaada324d/7/>

⁴ <https://www.doingbusiness.org/en/data/exploretopics/entrepreneurship>

⁵ Stats NZ Business Demography statistics, 2020. Obtained from NZ.Stat