

MEDIA RELEASE

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Small businesses believe relief is on the way

Small business owners see light at the end of the recession tunnel, according to the latest Business Confidence Survey from Research New Zealand.

The survey questioned 502 small and medium-sized businesses (including farms) in July about their optimism, or otherwise, for their own business and for the economy.

Research Zealand Director Emanuel Kalafatelis said overall, small business owners were feeling positive about the future although they had mixed views about whether the Government had helped them get through the recession.

“We found 52 percent of small business owners thought trading conditions would get better in the next six months and even more, 73 percent, thought it would get better or much better in the next 12 months.

“The doom and gloom seems to be lifting among business owners and when they look to the months ahead they are optimistic. They predict business will pick up sooner, rather than later,” Mr Kalafatelis said.

The survey found small business owners felt the decisions and plans made at February’s Job Summit made little difference to them. Mr Kalafatelis said 71 percent felt it would have no or a small impact on them and 11 percent thought it would have a moderate impact.

“Many small businesses felt like the Government had done little to help them deal with the recession and there was nothing in the Job Summit for them. And, the jury was out about how constructive the Government’s actions have been in terms of helping small businesses through the recession,” he said.

When asked whether they thought the Government had taken the right steps to manage the effects of the recession on small businesses, one in three small business owners strongly disagreed or disagreed. However, 47 percent agreed or strongly agreed that the Government had taken the right steps, a further 10 percent didn’t know.

The survey found the recession has had a negative impact on 58 percent of small businesses, but interestingly 20 percent thought it had had a positive effect.

Those who had experienced a positive impact commented that as a result of the recession they had increased investment in their business, boosted staff numbers and increased the amount of overtime worked.



Those who felt the recession had had a negative impact on their business said they had reduced overheads and costs, stopped hiring new staff and reduced investment.

“Overall, there was an air of optimism among small business owners. Although the recession had impacted them and many were critical of the Government’s response, most felt that in a year’s time business would be looking up,” Mr Kalafatelis said.

Table 1: Confidence in own trading conditions in the next 6 months

Do you expect trading conditions for your business to get better, get worse or stay the same in the next six months? Will they get just better/worse or much better/worse?

| | Total | North Island | North Central/Lower North Island | South Island |
|-----------------------|------------|--------------|----------------------------------|--------------|
| Base = | 502 | 154 | 201 | 147 |
| | % | % | % | % |
| Get much worse | 2 | 2 | 1 | 4 |
| Get worse | 7 | 8 | 5 | 7 |
| Stay the same | 37 | 36 | 36 | 40 |
| Get better | 35 | 36 | 35 | 33 |
| Get much better | 17 | 16 | 21 | 12 |
| Don't know/no opinion | 2 | 1 | 2 | 3 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

Table 2: Confidence in own trading conditions in the next 12 months

And what about in the next 12 months? Do you expect trading conditions for your business to get better, get worse or stay the same within that time frame? Will they get just better/worse or much better/worse?

| | Total | North Island | North Central/Lower North Island | South Island |
|-----------------------|------------|--------------|----------------------------------|--------------|
| Base = | 493* | 153 | 197 | 143 |
| | % | % | % | % |
| Get much worse | 1 | 0 | 1 | 1 |
| Get worse | 5 | 5 | 5 | 6 |
| Stay the same | 21 | 20 | 19 | 24 |
| Get better | 54 | 58 | 51 | 55 |
| Get much better | 19 | 17 | 23 | 14 |
| Don't know/no opinion | 1 | 1 | 2 | 0 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who have an expectation about trading conditions in the next six months.



Table 3: Confidence in the economy in the next 6 months

Now, thinking about the outlook for the New Zealand economy in general. Do you think the economy will get better, get worse or stay the same over the next six months? Will it get just better/worse or much better/worse?

| | Total | North North Island | Central/Lower North Island | South Island |
|-----------------------|-------|--------------------|----------------------------|--------------|
| Base = | 502 | 154 | 201 | 147 |
| | % | % | % | % |
| Get much worse | 3 | 3 | 2 | 3 |
| Get worse | 14 | 17 | 14 | 12 |
| Stay the same | 43 | 36 | 45 | 46 |
| Get better | 34 | 41 | 29 | 32 |
| Get much better | 3 | 1 | 4 | 4 |
| Don't know/no opinion | 3 | 3 | 4 | 3 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

Table 4: Confidence in the economy in the next 12 months

And what about in the next 12 months? Do you expect the outlook for the New Zealand economy in general will get better, get worse or stay the same within that time period? Will it get just better/worse or much better/worse?

| | Total | North North Island | Central/Lower North Island | South Island |
|-----------------------|-------|--------------------|----------------------------|--------------|
| Base = | 485* | 150 | 192 | 143 |
| | % | % | % | % |
| Get much worse | 1 | 1 | 1 | 0 |
| Get worse | 9 | 11 | 8 | 7 |
| Stay the same | 18 | 13 | 20 | 21 |
| Get better | 60 | 63 | 57 | 63 |
| Get much better | 10 | 9 | 12 | 8 |
| Don't know/no opinion | 2 | 3 | 1 | 1 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

*Sub-sample based on those respondents who have an expectation about the economy in the next six months.



Table 5: Opinion regarding the impact of the Recession on their business

As you are aware, New Zealand is officially in a Recession. Would you say the Recession has had a positive or negative impact on your business? Is that a big or a small positive/negative impact?

| | Total | North North Island | Central/Lower North Island | South Island |
|-----------------------|-------|--------------------|----------------------------|--------------|
| Base = | 502 | 154 | 201 | 147 |
| | % | % | % | % |
| Big positive impact | 8 | 8 | 8 | 8 |
| Small positive impact | 12 | 15 | 10 | 11 |
| No impact | 20 | 15 | 22 | 22 |
| Small negative impact | 33 | 30 | 35 | 35 |
| Big negative impact | 25 | 29 | 24 | 22 |
| Don't know | 2 | 3 | 0 | 2 |
| Total | 100 | 100 | 100 | 100 |

Total may not sum to 100% due to rounding.

Table 6: Action taken by those businesses feeling the Recession has had a positive impact on them

Which of the following types of action is your business planning to take, or has your business already taken as a result of the recession?

| | Total | North North Island | Central/Lower North Island | South Island |
|---|-------|--------------------|----------------------------|--------------|
| Base = | 102* | 36 | 38 | 28** |
| | % | % | % | % |
| Increased the number of staff | 28 | 25 | 34 | 21 |
| Increased the amount of overtime worked | 32 | 39 | 29 | 25 |
| Increased investment | 43 | 47 | 39 | 43 |
| Purchased businesses | 11 | 14 | 11 | 7 |
| No changes | 36 | 36 | 37 | 36 |
| Don't know | 2 | 0 | 3 | 4 |

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who report that the recession has had a positive impact on their business

**Caution: low base number of respondents-results are indicative only.



Table 7: Action taken by those businesses feeling the Recession has had a negative impact on them

Which of the following types of action is your business planning to take, or has your business already taken as a result of the recession?

| | Total | North Island | North Central/Lower North Island | South Island |
|---|-------|--------------|----------------------------------|--------------|
| Base = | 292* | 90 | 118 | 84 |
| | % | % | % | % |
| Not replaced staff who have left | 37 | 33 | 37 | 42 |
| Stopped hiring new staff | 46 | 48 | 44 | 48 |
| Restructured in order to reduce the number of staff | 29 | 28 | 25 | 40 |
| Introduced a 9-day fortnight | 3 | 3 | 3 | 4 |
| Introduced some other scheme to reduce hours worked | 21 | 17 | 19 | 27 |
| Reduced costs & overheads generally | 73 | 70 | 75 | 74 |
| Reduced investment | 32 | 30 | 29 | 39 |
| No changes | 12 | 17 | 12 | 7 |
| Don't know | 0 | 1 | 0 | 0 |

Total may exceed 100% because of multiple response.

*Sub-sample based on those respondents who report that the recession has had a negative impact on their business

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