

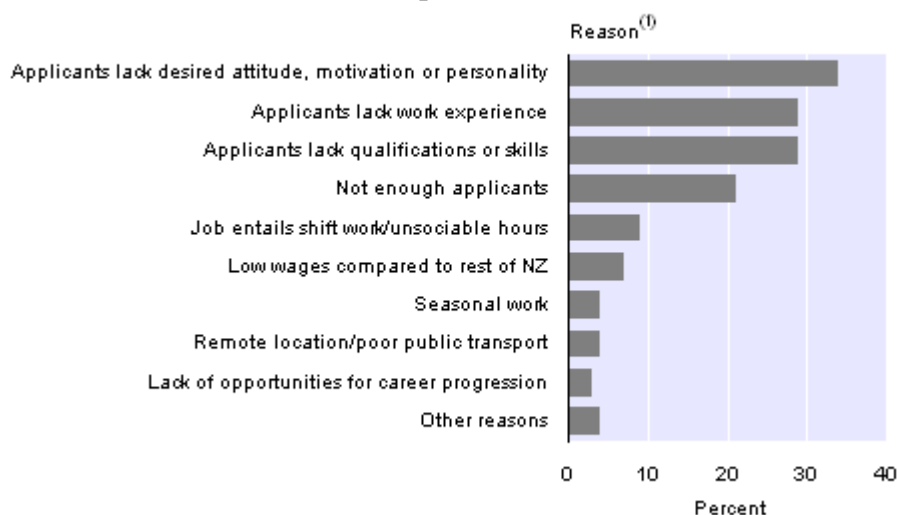
Embargoed until 10:45am – 23 April 2009

Business Operations Survey: 2008

Highlights

- 47 percent of businesses reported vacancies were hard to fill.
- 89 percent of businesses used broadband to connect to the Internet.
- 54 percent of businesses reported that improved responsiveness to customers was an outcome of using ICT.
- Business activities estimates remained similar between 2007 and 2008.

Reasons Why Vacancies Were Hard to Fill At August 2008



(1) Businesses can choose more than one reason.

Geoff Bascand
Government Statistician

23 April 2009
ISSN 1178-0711

See also [Business Operations Survey: 2008 – Media release](#).

Commentary

Business Operations Survey

The Business Operations Survey collects information from a wide cross-section of New Zealand businesses with more than six employees. It aims to build a better understanding of a range of business practices and behaviours that may impact on business performance. The information is collected through a modular survey, that contains a static business operations module, an alternating ICT or Innovation module, and a contracted module which focused on business strategy and skills for 2008.

This is the first release of Business Operations Survey 2008 statistics covering the financial year ending August 2008. Further detailed information from the survey will be published on 29 April 2009.

Classification change

This is the first release of Business Operations Survey statistics on the basis of the Australian New Zealand Standard Industrial classification (ANZSIC) 2006. Further information can be found in the technical notes section of this release.

Business operations

Business activities

The Business Operations Survey collects information on a range of activities businesses may be involved in, such as exporting, tourism, investment in expansion, and overseas holdings or ownership.

Fifteen percent of businesses gained sales from exports in 2008. Larger businesses are more likely to have export sales than smaller businesses. Twenty-nine percent of larger businesses (100 or more employees) indicated they had received sales from exports, compared with only 12 percent of smaller businesses (6 to 19 employees).

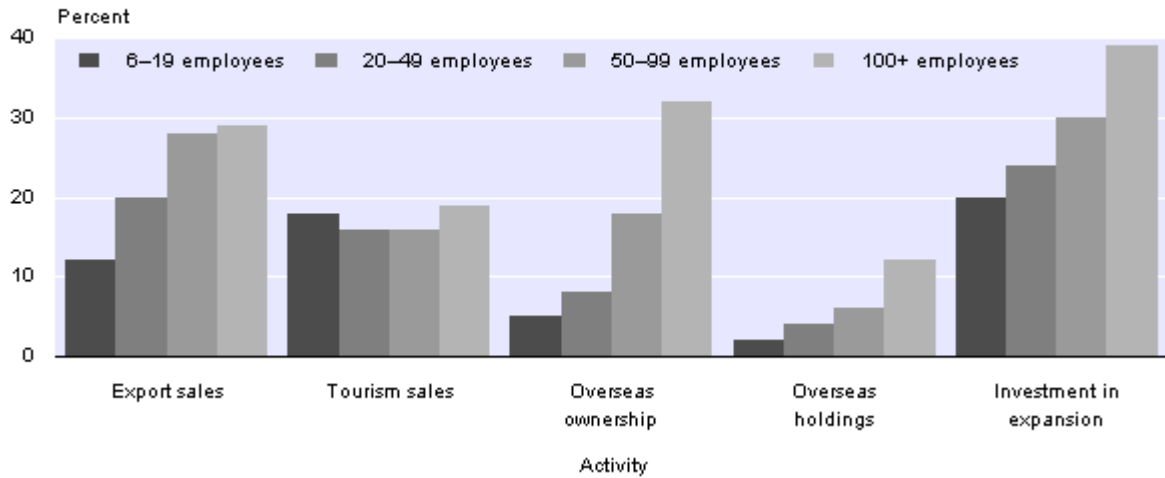
Other activities measured also changed with size. Levels of overseas ownership of New Zealand businesses were higher in the large business size groups. Overseas holdings by New Zealand businesses also increased with business size.

An activity reported by a higher proportion of businesses (compared to the other business activities in the table) was investment in expansion. Twenty-two percent of businesses invested in expansion in 2008, with larger businesses again reporting higher rates of this activity.

The percentage of businesses with sales related to tourism, however, showed little change with business size. This may be explained by the mix of industries dependent on tourism. The industry reporting the highest rates of tourism sales was accommodation and food services, where 67 percent of businesses indicated they had sales related to tourism. This industry has a much higher proportion of smaller businesses than others, according to Statistics New Zealand's [February 2008 Business Demography data](#).

The results for all other activities (such as export and tourism sales, and overseas ownership and holdings) were reported at similar rates in 2007 and 2008.

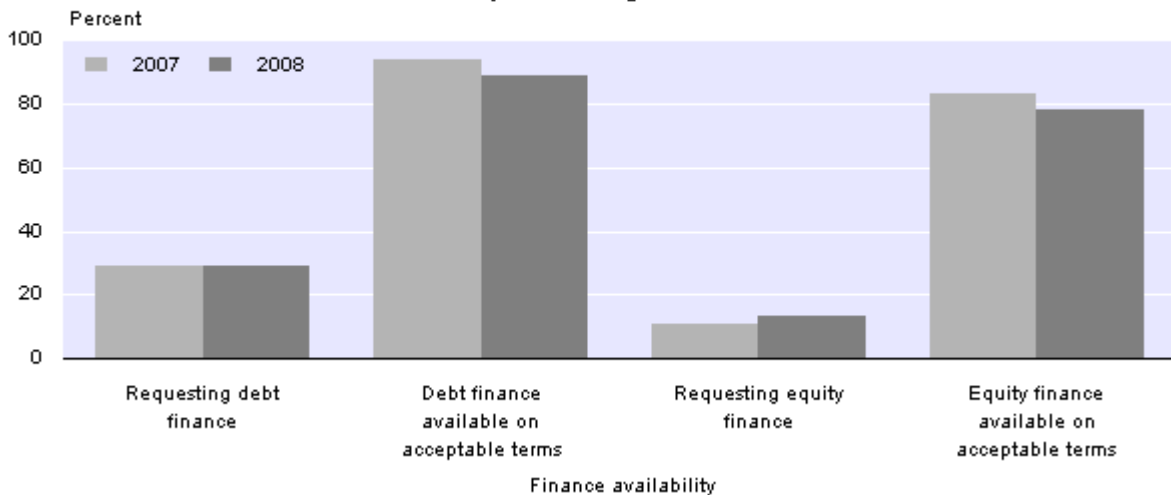
Business Activities by Firm Size At August 2008



Finance availability

Businesses may require additional finance, in order to support either current operations or expansion. In 2008, 29 percent of businesses reported they had requested debt finance. Use of equity finance was reported by 13 percent of businesses. These results were similar to those for 2007, except for rates of acceptance, which appears to show a slight decrease.

Finance Availability Last financial year at August 2007 and 2008



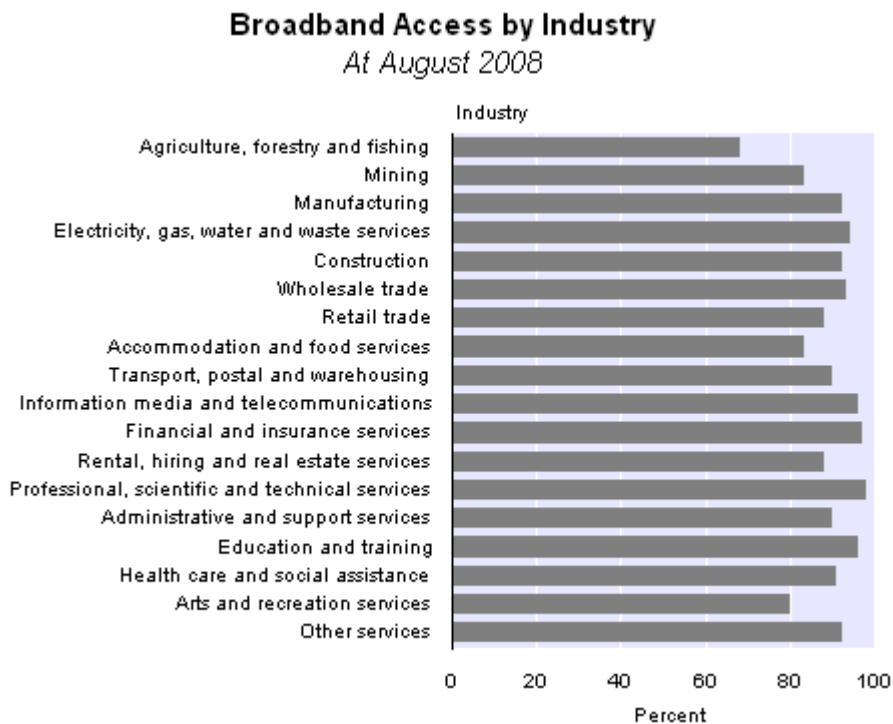
The 2008 data related to businesses' last financial year prior to August 2008. The 2009 Business Operations Survey will collect additional information on businesses' recent financing experiences in order to see if this has changed with the current economic climate.

Information and communications technology (ICT)

Internet connection types

The use of computers and the Internet can help businesses in many ways. Business use of computers and the Internet was high over all size groups and industries.

Eighty-nine percent of businesses use broadband Internet connections, and the most common type of broadband connection was DSL (digital subscriber line), used by 82 percent of all broadband users in 2008. This data echoes that from the Statistics New Zealand [Internet Service Providers Survey: March 2008](#), which shows broadband Internet connections are now more common than other types of connections.

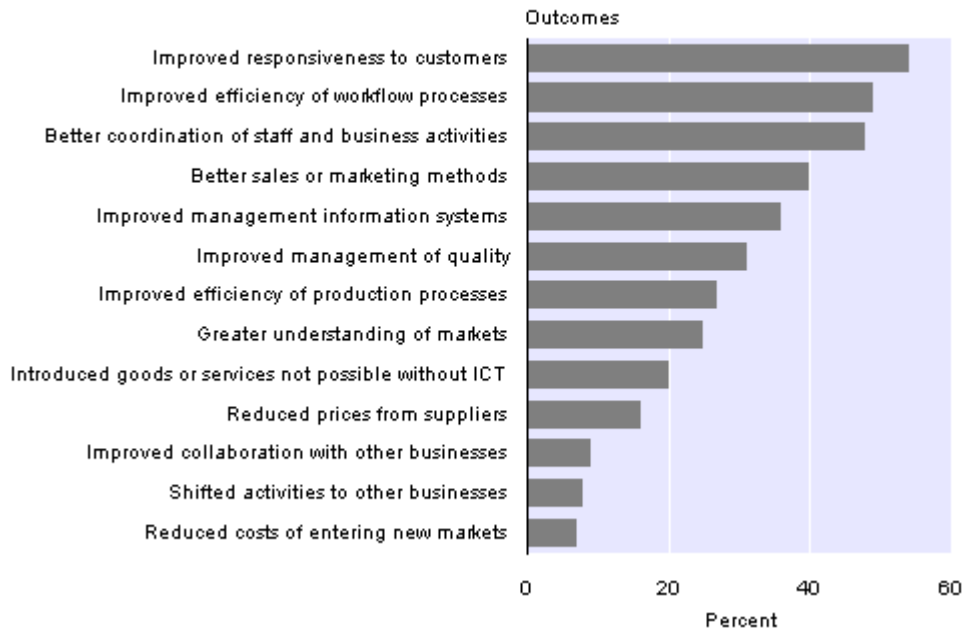


Levels of broadband connections were high across all industries, except the agriculture, forestry and fishing industry where only 68 percent of businesses use broadband. This was noticeably lower than all other industries.

Outcomes of information and communications technology

Businesses can adopt information and communications technologies (ICT) for a range of reasons, and can have many different outcomes from using these technologies. The most common outcome reported by businesses was improved responsiveness to customers (54 percent). This was followed by improved efficiency of workflow processes (49 percent) and better coordination of staff and business activities (48 percent).

Outcomes of Information and Communications Technology *At August 2008*



All the outcomes were reported by higher percentages of businesses in the larger size groups.
Internet activities

The Internet may be used for a number of business related purposes. The most common business use of the Internet was for finance (eg online banking, invoicing or making payments). Eighty-five percent of all businesses used the Internet for this purpose. This was followed by sharing information within the business (38 percent) and internal or external recruitment (36 percent).

Activities vary over the different industry groups. Sixty percent of businesses in the professional, scientific and technical services industry used the Internet for recruitment, whereas only 21 percent of agriculture, forestry and fishing businesses used the Internet for the same purpose.

Online interaction with government

Many businesses need to interact with government on many different levels, and the reasons for accessing local or central government websites are detailed below.

Sixty percent or more of businesses reported using the Internet to download forms, obtain information from government websites or via email, or make online payments.

Results differed over the industry groups. Forty-one percent of businesses in the accommodation and food services industry used the Internet to obtain information from government, compared to 89 percent of businesses in the professional, scientific and technical services industry.

Internet sales

Overall, 40 percent of businesses used the Internet to receive orders for goods or services. Of those with Internet sales, most indicated that Internet sales represented less than one tenth of their total dollar sales. Twenty-two percent reported Internet sales in this range with the remainder reporting smaller proportions of total sales from the Internet.

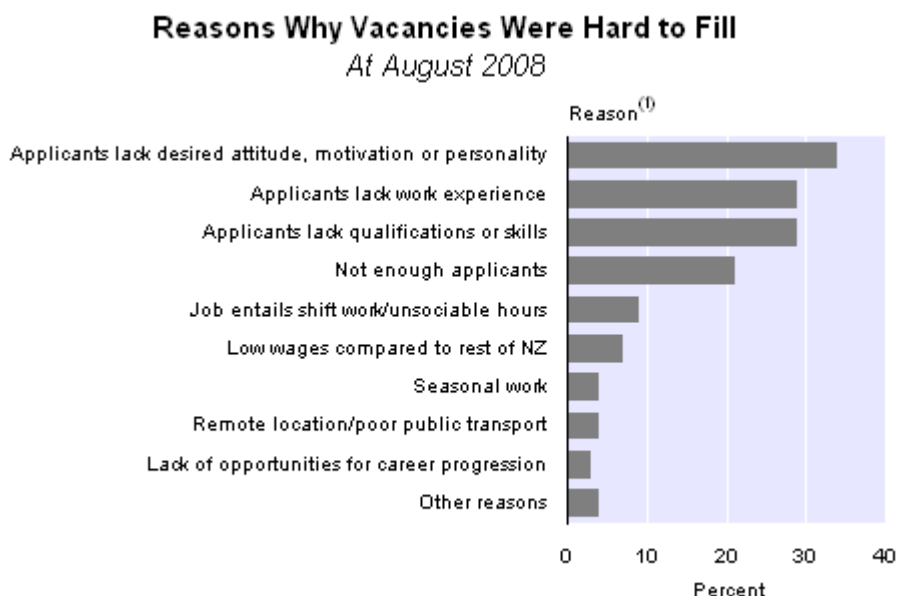
Results were similar across all size and industry groups.

Business strategy and skills

Reasons vacancies were hard to fill

Seventy-seven percent of all businesses had staff vacancies in the last financial year, and 47 percent found some vacancies hard to fill.

The most common reason businesses reported for vacancies being hard to fill was applicants lacking the desired attitude, motivation, or personality (34 percent). This was followed by applicants lacking work experience or the qualifications or skills required by the business (both with 29 percent).



(1) Businesses can choose more than one reason.

The most prominent reasons reported by businesses were related to employees rather than the nature of the job. Those reasons that could be considered as job related, were all reported by under 10 percent of businesses.

Factors resulting in existing staff not having all the skills to do their job

The most common factor reported by businesses for existing staff not having all the skills to do their job was lack of experience, with 34 percent of all businesses indicating this as a factor. This was followed by staff lacking motivation (16 percent) and recruitment problems (14 percent).

Twenty-eight percent of businesses in the accommodation and food services industry indicated high staff turnover was a reason for staff not having all the skills to do their job, whereas only 12 percent of all businesses indicated the same reason.

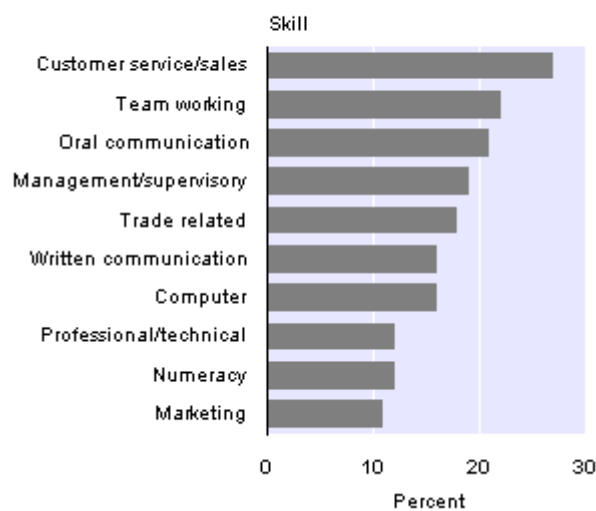
Overall, 50 percent of businesses indicated that all their staff were fully skilled.

Skills existing staff most need to improve

The most common skill that businesses felt existing staff most needed to improve was customer service or sales skills (27 percent). This was followed by team working skills (22 percent) and oral communication (21 percent).

There is variation across the industry groups for particular skills. This may reflect both the type of skills required by different types of businesses and the mix of skills held by their current staff. Twenty-nine percent of wholesale trade businesses indicated that computer skills needed improvement, compared to 16 percent overall.

Skills Existing Staff Most Need to Improve
At August 2008



Customer service skills showed the biggest variations across industries. Fifty-five percent of businesses in the accommodation and food services industry indicated this was a skill their existing staff needed to improve, compared to only seven percent in the agriculture, forestry and fishing industry. Requirements for managerial or supervisory skills improvements were more consistent, ranging between 10 and 27 percent.

For technical information contact:
Kathy Jackson
Wellington 04 931 4600
Email: info@stats.govt.nz

Next release ...

A full set of tables from the survey will be released on 29 April 2009.

Technical notes

Survey background

In order for New Zealand's economic performance to be measured against initiatives aimed at increasing economic growth, a range of data on a variety of measures needs to be collected.

Because of the large range of data needed, Statistics New Zealand has developed an integrated, modular survey – the Business Operations Survey – as a way of collecting the required information while minimising the reporting load for New Zealand businesses. The survey has been designed to include up to three 'modules' and has been run annually by Statistics New Zealand since 2005.

The survey has been developed by Statistics New Zealand in conjunction with the Ministry of Economic Development (MED), The Department of Labour (DOL), The Ministry of Research, Science & Technology (MORST) and Treasury.

The main objective of the survey is to collect information on the operations of New Zealand businesses in order to quantify business behaviour, capacity and performance. In addition, each module in the survey has its own specific objectives. The modules included in the Business Operations Survey 2008 and their objectives are listed below.

Module A: Business operations module

The objective of this module is to provide a longitudinal series of information relating to business performance. The information required can be grouped into two main categories:

- financial performance measures
- business environment measures.

The purpose of collecting financial measures of business performance is to measure and monitor business performance, and to relate the impact of potential enablers on this performance. An important element of these financial measures is their longitudinal dimension, which will enable changes over time to be analysed. This will assist in the development of models aimed at investigating causal relationships. As well as traditional measures of performance such as turnover and profitability, there is also a need to collect information on such areas as export intensity. The purpose of collecting environmental information is to analyse any relationships between the environment in which a business operates and the results it achieves.

Module B: Information and Communications Technology (ICT) module

The objective of this module is to provide a core set of comprehensive, official statistics on the present state of business ICT utilisation, constraints that businesses face when implementing ICT, and areas where improvements and efficiency gains can be made.

Module C: Business strategy and skills

This module covers data previously uncollected about the strategies of businesses towards their current situation. This module has topics that measure:

- market focus
- current business strategy
- staff breakdown
- vacancies
- internal skill gaps
- training
- future business strategy.

Classification change

This is the first publication of Business Operations Survey Statistics using the 2006 version of the Australia New Zealand Standard Industrial Classification (ANZSIC 06). ANZSIC 06 has been jointly developed with the Australian Bureau of Statistics to ensure that the ANZSIC classification remained current and relevant. It reflects the changes that have occurred in the structure and composition of industry since the previous 1996 edition and recognises changing user requirements for data classified to industry. International comparability has been enhanced by aligning the classification, as far as possible, with the upcoming revision of the International Standard Industrial Classification of All Economic Activities (ISIC) (Revision 4). See [Introducing ANZSIC 2006](#) for more detail including links to the structure and detail of the classification.

All Business Operations Survey releases prior to this release were presented in accordance with the 1996 ANZSIC classification, which was the basis of the sample design in 2005 and 2006. The 2007 survey was run as a dual sample to enable results to be collected and produced in accordance with both 1996 and 2006 version of the classification. The 2008 survey moved wholly to the ANZSIC 06 based sample used in 2007. This release presents results from questions that were in both 2007 and 2008 surveys on an ANZSIC 2006 basis to allow the trends in results to be shown over this period.

The implementation of ANZSIC 06 has resulted in some changes to the industry classification of businesses. This has caused some to move out of scope of the survey and others to come into scope, resulting in changes to the overall target population. The following table shows data from the 2007 survey on both the ANZSIC 96 and ANZSIC 06 basis to indicate the effect on survey results due to these population changes.

Table 1.01 Estimates from 2007 data showing impact of ANZSIC changes

	Population Numbers		Investment in expansion (percentage of all businesses)	
	ANZSIC 96	ANZSIC 06	ANZSIC 96	ANZSIC 06
Business size				
6–19 employees	25,608	26,316	19	18
20–49 employees	6,216	6,342	25	26
50–99 employees	1,719	1,758	31	31
100+ employees	1,458	1,467	41	39
Overall	35,004	35,883	21	21

For businesses remaining within the population, the 1996 and 2006 versions of ANZSIC are two different classifications. Whilst the two versions share many similarities (including the same names given to industries in both classifications), industry estimates produced on an ANZSIC 06 basis can not be directly compared with those produced on the ANZSIC 96 basis.

Reference period

The survey was posted out in August 2008 and collected information for the last financial year for which the business had data available at that point.

Target population

The target population for the Business Operations Survey 2008 was live enterprise units on Statistics NZ's Business Frame that at the population selection date:

- were economically significant enterprises (those that have an annual GST turnover figure of greater than \$30,000)
- had six or more employees
- had been operating for one year or more
- were classified to Australian and New Zealand Standard Industrial Classification – New Zealand Version 2006 (ANZSIC06) codes listed as 'in scope' in List 1 below
- were private enterprises as defined by New Zealand Institutional Sector 1996 Classification (NZISC96) listed in List 2 below.

An enterprise is defined as a business or service entity operating in New Zealand, such as a company, partnership, trust, government department or agency, state-owned enterprise, university or self-employed individual.

The final estimated population size for the 2008 Business Operations survey was 36,075 enterprises.

List 1 – ANZSIC06 Codes in scope

In scope

ANZSIC06 code – description

- A – Agriculture, forestry and fishing
- B – Mining
- C – Manufacturing
- D – Electricity, gas, water and waste services
- E – Construction
- F – Wholesale trade
- G – Retail trade
- H – Accommodation and food services
- I – Transport, postal and warehousing
- J – Information media and telecommunications
- K – Financial and insurance services
- L – Rental, hiring and real estate services
- M – Professional, scientific and technical services
- N – Administrative and support services
- P – Education and training
- Q – Health care and social assistance
- R91 – Sport and recreation activities
- R92 – Gambling activities
- S94 – Repair and maintenance.

Out of scope

- O – Public administration and safety
- R89 – Heritage activities
- R90 – Creative and performing arts activities
- S95 – Personal and other services
- S96 – Private household employing staff and undifferentiated goods and service producing activities of households for own use

List 2 – NZISC96 Codes in scope

In scope

NZISC96 code – description

- 1111 – Private corporate producer enterprises
- 1121 – Private non-corporate producer enterprises
- 1211 – Producer boards
- 1311 – Central government enterprises
- 2211 – Private registered banks
- 2221 – Private other broad money (M3) depository organisations
- 2291 – Private other depository organisations nec
- 2311 – Private other financial organisations excluding insurance and pension funds
- 2411 – Private insurance and pension funds.

Out of scope

1321 – Local government enterprises

21 – Central bank

2212, 2213, 2222, 2223, 2292, 2293, 2312, 2313, 2412, 2413 – Central and local government financial intermediaries

3 – General government

4 – Private non-profit organisations serving households

5 – Households

6 – Rest of world

Sample design

The sample design was a two-level stratification according to ANZSIC industry and employment size groups. This information was obtained using enterprise ANZSIC industry and employment information from Statistics NZ's Business Frame.

The first level of stratification was 36 ANZSIC groupings. Within each of the ANZSIC groups there is a further stratification by employment size group. The four employment size groups used in the sample design are:

- 6–19 employees (small)
- 20–29 employees (medium 1)
- 30–49 employees (medium 2)
- 50 or more employees (large).

The two medium groups have been amalgamated, and the large size group further broken down for this publication, as these businesses were of particular interest for some of the results.

Measurement errors

The Business Operations Survey 2008 results are subject to measurement errors, including both non-sample and sample errors. These errors should be considered when analysing the results from the survey.

Non-sample errors

Non-sample errors include mistakes by respondents when completing questionnaires, variation in the respondents' interpretation of the questions asked, and errors made during the processing of the data. In addition, the survey applied imputation methodologies to cope with non-respondents. Statistics NZ adopts procedures to minimise these types of error, but they may still occur and are not quantifiable.

Given the nature of the data collected, there are limitations on the level of accuracy that can be expected from the survey. Businesses' records may not be kept in the form required for the survey and some estimation by the respondent may be required.

Sampling error

The estimates in this report are based on a sample of business. Somewhat different figures might have been obtained if a complete census of the entire business population had been taken using the same questionnaire and processing methods etc. Because the estimates are based on a sample of businesses, all estimates have a sampling error associated with them. The variability of a survey estimate, due to the random nature of the sample selection process, is measured by its sampling error.

The majority of the tables in this release are percentages of the total number of New Zealand businesses within each size and industry. The absolute sampling errors for the overall New Zealand business population are presented in the following table. These errors should be used as a guide for judging the reliability of figures contained in the tables. The table should only be used on the overall estimates that are percentage of all New Zealand businesses.

Table 1.02: Sampling errors for total population of Business Operations Survey 2008

Size of Estimate (%)	Sampling Error
1	0.4
2	0.6
3	0.8
5	1.0
10	1.3
20	1.8
30	2.1
50	2.2
70	2.1
80	1.8
90	1.3
95	1.0
97	0.8
98	0.6
99	0.4

The sampling errors provided above are measured at the 95 percent confidence level.

How to use the sampling errors:

For example, the estimated number of businesses with export sales in 2008 is 15 percent. This estimate is subject to a relative sampling error of approximately plus or minus 1.55. This means roughly that there is a 95 percent likelihood that the true value lies between: 15 - 1.55 and 15 + 1.55, that is, between 13.45 and 16.55.

Sampling errors vary from estimate to estimate, and with population breakdown and population size. Table 1.02 shows approximate sampling errors for all New Zealand level estimates of the whole Business Operations Survey population. Similar tables of approximate sampling errors at a size and industry level can be provided upon request if required. Exact sampling errors can be produced for each variable within the Business Operations Survey upon request if required.

Response rate

The Business Operations Survey 2008 targeted an 80 percent response rate. The survey achieved an actual response rate of 81.1 percent, which represented 5,543 businesses.

Non-response and imputation

Unit non-response

Unit (or complete) non-response occurs when units in the sample do not return the questionnaire. The initial selection weight of the remaining units in the stratum was adjusted to account for the unit non-response (no item non-response imputation would occur for the units that did not return the questionnaire).

Item non-response

Item (or partial) non-response is when units return the questionnaire but some questions are not answered. No item non-response imputation was carried out for units that did not answer 60 percent or more of the questions they were required to answer (based on questionnaire routing rules). The respondents who did not meet this criterion were classified as unit non-responses and the weights were adjusted accordingly.

Imputation of numeric variables

The imputation methods used were weighted mean imputation and donor imputation.

Using the weighted mean method, a weighted mean was calculated from linked responding units for each numeric linecode within each imputation cell. Non-responding units were then imputed with the weighted mean for their imputation cell. Weighted mean imputation was used to impute totals.

Donor imputation randomly selected a donor from within each imputation cell. The non-respondent was then imputed with the value(s) from the donor. Donor imputation was used to impute components and percentages so that the distribution was maintained.

Imputation of categoric questions

For categoric imputation the method used was nearest neighbour imputation, which involved finding a donor with the most similar responses. The donor supplied responses for all categoric variables requiring imputation. If the donor unit did not respond to any of the variables requiring a response, then we chose the next best donor to supply this information. This was continued until all the variables had a response.

Definitions

ANZSIC: Australian and New Zealand Standard Industrial Classification System – New Zealand Version 2006.

Business Frame: A register of all businesses operating in New Zealand.

Employees: The number of employees is defined by an enterprise's rolling mean employment (RME) count. RME is a twelve-month moving average of the monthly employment count (EC) figure. The EC is obtained from taxation data.

Enterprise: A business or service entity operating in New Zealand. It can be a company, partnership, trust, estate, incorporated society, producer board, local or central government organisation, voluntary organisation or self-employed individual.

Goods and Services Tax (GST): Respondents are asked to exclude GST if possible in the financial figures provided in the questionnaire. If they did not, Statistics NZ takes out GST to make all enterprises comparable.

Last financial year: For the purposes of this survey, this refers to the last financial year for which the business had results available as at August 2008, as entered on the questionnaire.

Information and Communications Technology (ICT): this refers to the last financial year for the collection, processing or transmitting of information which can be in the form of voice, images or data. Examples include computers, software, the Internet, telecommunications, networks and new development such as video conferencing and GPS (global positioning system).

More information

For more information, follow the [link](#) from the Technical notes of this release on the Statistics NZ website.

Copyright

Information obtained from Statistics NZ may be freely used, reproduced, or quoted unless otherwise specified. In all cases Statistics NZ must be acknowledged as the source.

Liability

While care has been used in processing, analysing and extracting information, Statistics NZ gives no warranty that the information supplied is free from error. Statistics NZ shall not be liable for any loss suffered through the use, directly or indirectly, of any information, product or service.

Timing

Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.

Tables

The following tables can be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

1. Business Activities, last financial year
2. Finance Availability, last financial year
3. Internet Connection Types, August 2008
4. Outcomes of Information and Communications Technology, August 2008
5. Internet Activities, August 2008
6. Online Interaction with the Government, August 2008
7. Internet sales, August 2008
8. Reasons for which Vacancies Were Hard to Fill, August 2008
9. Factors Resulting in Staff not Having all the Skills to do Their Job, August 2008
10. Skills Existing Staff Most Need to Improve, August 2008