NEW ZEALAND WOMEN PLAYING A SIGNIFICANT ROLE IN BUSINESS

New Zealand women are increasingly playing a key role in the health and vitality of our economy.

Our latest MYOB Business Monitor, a survey of more than 1,000 local small and medium businesses operators (SMEs) including around 400 women, highlights their success. Not only are the local women who own or operate an SME performing well, they are doing so across a broad range of sectors.

From the rural farm to the city professions, women are now represented widely across the influential SME sector. In doing so, they have enjoyed considerable success, finding a place amongst the highest earners and showing significant revenue increases as well as strong confidence in their own performance. The contribution of local women in business extends deep into the broader community, with women more likely to provide jobs for New Zealanders.

Women are also outpacing men in the use of technology in their businesses, with our research finding more women taking advantage of the transformative potential of the cloud. Female business operators are also more likely to use social media to connect with customers, and use the internet to forge stronger customer relationships.

This MYOB Special Report is designed to provide more information on the vitally important contribution women make in the SME economy. By doing so, we also aim to highlight some of the issues women face in business, from higher dissatisfaction with Government support to a greater struggle to achieve work/life balance. We hope this will be a platform for informed discussion and a catalyst for greater recognition of women in business.

By bringing different perspectives, new ideas, and a different dynamic to the working environment, these local entrepreneurs enable New Zealand to become a much richer place to do business.

We applaud them and wish them every continued success!
The latest Monitor survey revealed almost a third (30%) of SMEs operated by women have increased their revenue in the 12 months to August 2013, while 44% have maintained revenue levels. Less than a quarter (23%) have seen revenue fall in the year to August 2013.

Women are slightly outperforming their male counterparts in this respect, with the same level of revenue gains and fewer seeing revenue fall (25% for men).

Looking ahead, the prospects for women SME operators are even brighter, with 43% expecting revenue to increase in the following 12 months. Just 7% expect their revenue to fall. Here again, women have stronger expectations than men, for whom 42% expect revenue to increase in this period, while significantly more – 12% – are forecasting a fall in revenue.

The confidence of female business operators appears to be in part due to a solid August to October quarter, with 37% reporting more work or sales than they would normally have at this time. Just 12% reported less work in the pipeline than usual.

The best performing female-led businesses were in Auckland, where 40% saw revenue increase, closely followed by Christchurch (39%), and then Wellington (31%). Women in business in the rest of New Zealand were slightly off the pace, with 21% reporting revenue up. In comparison, 27% of all SMEs outside the main centres saw revenue increase in this 12-month period.

30% Increased revenue last year
43% Expect more revenue next year

NEW ZEALAND WOMEN IN BUSINESS

New Zealand women business operators are performing strongly in the latest MYOB Business Monitor survey. In several key indicators, including reported revenue over the last year and projected revenue over the year ahead, they are out-pacing their male counterparts. However, women are showing more caution over the potential for a sustained recovery in the economy.
In the second half of 2010, women enjoyed a slightly better 12-month revenue performance than earlier in the year, with 33% reporting revenue up, and 24% down. 2011 was a more difficult year for women in business, entering negative territory when 28% reported revenue up for the 12 months to August 2011, while 31% saw revenue fall. Last year was a small but welcome improvement, with 32% reporting revenue increases in the year to June 2012 and 30% falls (the Monitor cycle was in market slightly earlier in 2012). This year, the August 2013 Monitor highlights a growing stability, with 30% reporting revenue increases in the previous 12 months and just 23% revenue decreases.

Looking at MYOB Business Monitor data over the last three years, women in business have enjoyed a relatively stable financial performance since mid 2010.

\(^1\)Note: all data supplied from MYOB Business Monitor Wave 2, in the second half of each respective calendar year.
New Zealand women’s confidence in the future performance of their business has improved markedly in the last year. Expectations of future revenue gains had dipped over the period from the later half of 2010. Starting from a high of 43% of women expecting revenue gains over 12 months in 2010, and 7% falls, revenue expectations fell to 36% expecting increased revenue and 11% decreased revenue in 2011 before reaching a low of 32% expecting improved revenue and 13% expecting revenue to fall in 2012.

With 43% now expecting gains and just 7% forecasting a fall in revenue over the next 12 months, the performance expectations of women in business have returned to levels last seen three years ago.
CONFIDENCE IN THE ECONOMY

Despite a relative edge in performance, women business operators are more cautious on the economy than their male counterparts.

In the latest Monitor, 21% of women in business expect the economy will improve from its current position in 12 months or less, compared to 32% of men. Almost two-thirds (63%) of women surveyed expect an improvement in the New Zealand economy to take more than a year (56% of men). However, this level of confidence in a short-term improvement in the economy is an improvement from the previously eroding levels. Expectations of an uplift in the economy within 12 months had previously fallen from a high of 44% in 2010, to 22% in 2011 and 19% in 2012.
PRESSURES ON WOMEN IN BUSINESS

The pressures on SMEs are diverse, ranging from key costs of doing business, to compliance and effective marketing. However, across the whole SME sector, several key pressures have emerged as likely to place the greatest pressure on local businesses in 2014.

According to the Monitor, women in business are slightly more concerned about the top three pressures facing their businesses in the 12 months to August 2014. These are:

**KEY PRESSURES IN 2014**

- **36%** Fuel prices (35% all SMEs)
- **28%** Attracting new customers (27% all SMEs)
- **27%** Cashflow (26% all SMEs)

Other key pressures for women in business include price margins and profitability, with 25% saying it will put pressure on their business (compared to 23% of all SMEs), and competitive activity (25%, compared to 24% of all SMEs).

Women are less concerned about the exchange rate, with 13% citing it as a pressure, compared to 15% of all SMEs (and 16% of men).
**INVESTMENT STRATEGIES FOR THE YEAR AHEAD**

Over the 12 months to August 2014, women in business intend to focus on both reaching and engaging with new and existing customers.

### TOP FIVE AREAS OF INCREASED INVESTMENT

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer retention strategies</td>
<td>39%</td>
</tr>
<tr>
<td>Customer acquisition</td>
<td>31%</td>
</tr>
<tr>
<td>The number or variety or products or services offered</td>
<td>28%</td>
</tr>
<tr>
<td>Value of spending on marketing and advertising online</td>
<td>26%</td>
</tr>
<tr>
<td>Sales of products/services offline</td>
<td>26%</td>
</tr>
</tbody>
</table>

The increased focus on offline sales is greater among women business operators than for the SME average (22%) as is the investment in online marketing and advertising (25% for all SMEs).

Women in business are less likely to be looking to raise prices or increase margins in the year ahead, though not by much. 22% of women intend to increase their prices in 2013/14, compared to an SME average of 25%.

Women are also less likely to increase pay rates for their employees in the coming year, with 15% intending to increase wages, compared to an SME average of 19%.
GOVERNMENT NEEDS TO DO BETTER FOR WOMEN IN BUSINESS

For the first time in 2013, the MYOB Business Monitor researchers questioned business operators on which political party they trust to manage the economy. The result clearly indicates there is much more work for Government to do in securing the backing of the vast majority of SMEs.

For women in business, National is the party they are most likely to trust with the economy, with 55% signalling their confidence in the Government’s economic management. That’s lower, however, than the strong support National has with men (64%). 12% of women trust Labour, compared to 9% of men in business.

2% of women in business most trust the Greens for their handling of the economy, and 2% trust New Zealand First. 20% don’t trust any party more than the others to manage the economy.

Women business operators are far less likely to be satisfied with the support of the Government for businesses like theirs. Just 17% say they are satisfied with the Government’s support (compared to the SME average of 24%) and 31% are dissatisfied (compared to 28% of all SMEs).

Women in business are also less likely to be satisfied by the support of their local council, with just 10% saying they are happy with local government and 30% dissatisfied. This compares to 15% and 29% of all SMEs respectively.

When dealing with government for their business, their contact’s knowledgeability is most important factor for women. 53% want government representatives to provide accurate, reliable and easy to understand information. This is significantly higher than the average importance placed on being knowledgeable (47%). Women also want it to be easy to understand what to do, with 35% saying simplicity is important, and to have a first time resolution of their issues without being passed on to another area (31%).
POLICIES FOR WOMEN IN BUSINESS

A range of policies appeal to the vote of women in business, with a focus on managing or reducing the compliance burden.

Strong vote winners also include limits on foreign investment and Government backed funding for small businesses. Women tend to be strongly opposed to a number of policies likely to be a focus of the 2014 election, including Capital Gains Tax and raising the superannuation age.

**TOP VOTE WINNERS FOR WOMEN IN BUSINESS**

- Simplify provisional tax rules (71% men)
- Restrict foreign purchases of NZ land and infrastructure (55% men)
- Simplify PAYE rules (58% men)
- Government-backed investment in small business start-ups (55% men)

**TOP VOTE LOSERS FOR WOMEN IN BUSINESS**

- Capital gains tax (66% men)
- Raising superannuation age (57% men)
- FBT on productivity tools (mobiles, tablets & laptops) (43% men)
WOMEN MORE SOCIAL IN BUSINESS

Having a web presence is becoming increasingly important for business operators across a range of sectors, as a key means of reaching customers, selling goods and promoting services.

Just under half (49%) of women in business have some form of online presence for their business, with significant numbers demonstrating solid performance improvements as a result. The key benefits women in business have reported due to having a website are:

**WEBSITE KEY BENEFITS**

- **55%**  More interaction with customers
- **48%**  More customer enquiries or leads
- **39%**  The ability to be more competitive
Women in business are also embracing new opportunities on the web, especially in the use of social media. 11% of women in business have a social media site such as a Facebook page or Google+ only for their business, compared to 9% of men. Women are also more likely to combine a social media site and a website to create an online presence (16%), compared to male business owners (13%).

Women business operators with a social media site also report the following key benefits:

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More interaction with customers</td>
<td>64%</td>
</tr>
<tr>
<td>More customer enquiries or leads</td>
<td>58%</td>
</tr>
<tr>
<td>The ability to be more competitive</td>
<td>28%</td>
</tr>
</tbody>
</table>

LinkedIn, the business networking site, is the social media platform most commonly used by women (24%) followed by Facebook (19%) and Google+ (5%).

Women in business are also more likely to use internet technology to accept online payments (52%), and promote their business via search engine optimisation or marketing (29%).
WOMEN PUTTING BUSINESS IN THE CLOUD

Women are also leading the way into cloud computing, with 20% now using internet software, infrastructure and data storage services. This compares to 16% of men.

Women are using the cloud to support a more flexible operation or the ability to manage both work and home commitments, with 57% saying the ability to work at a location other than their business premises is a significant benefit of the technology.

KEY BENEFITS OF THE CLOUD INCLUDE:

- Work at location outside business: 57%
- Staying up to date with technology: 31%
- Reduced time spent on IT issues: 30%
- Access to more technology: 25%
- Increased data security: 23%
BALANCING WORK AND LIFE

Starting a business is a courageous move, requiring considerable commitment and sacrifice from the business owner. While business owners – especially those in the start-up phase – can expect to work long hours managing a wide range of requirements, being your own boss can also provide welcome flexibility.

Lifestyle is the key reason more than a third of female business owners established their SME:

**WHY DID I START MY BUSINESS?**

- **37%** Say they were looking for a total lifestyle change from what they were doing previously
- **24%** Have established their business as an investment strategy for the future
- **21%** Have taken the opportunity to make money from a hobby or an interest

Running a business is personally rewarding, with almost two-thirds (64%) of women in business reporting that they are happy with their work/life balance, while 17% are dissatisfied and the remainder (19%) neither satisfied nor dissatisfied.
Women are clearly demonstrating the breadth of their contribution when it comes to the SME community. They are performing strongly in this latest MYOB Business Monitor, and are confident about the prospects for the year ahead. Women have also demonstrated a growing use of the technological tools that have the potential to have a transformational effect on their success. And, while many have combined running a business with family commitments, most are satisfied with the balance they have achieved. Overall, this research demonstrates that women in business are going from strength to strength and are likely to continue playing a key role in the growth and development of the New Zealand SME economy.

**HOW HAVE I VALUED MY BUSINESS?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>Compared the market value of their business</td>
</tr>
<tr>
<td>29%</td>
<td>Sought a specialist valuation</td>
</tr>
<tr>
<td>29%</td>
<td>Based it on their average turnover</td>
</tr>
<tr>
<td>11%</td>
<td>Relied on ‘gut-feel’</td>
</tr>
</tbody>
</table>

Many are also planning ahead, however, with almost half (43%) of women SME business operators having an exit strategy in place for their business. 38% have established the value of their business. To reach the valuation of their business:

Women are clearly demonstrating the breadth of their contribution when it comes to the SME community. They are performing strongly in this latest MYOB Business Monitor, and are confident about the prospects for the year ahead. Women have also demonstrated a growing use of the technological tools that have the potential to have a transformational effect on their success. And, while many have combined running a business with family commitments, most are satisfied with the balance they have achieved. Overall, this research demonstrates that women in business are going from strength to strength and are likely to continue playing a key role in the growth and development of the New Zealand SME economy.