



Media Release

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Small business confidence and employment holding up - ANZ Business Micro Scope

Small business confidence and hiring intentions are holding up despite ongoing uncertainty over the economic recovery and jobs, according to ANZ's Business Micro Scope survey of small businesses.

Small firms' hiring intentions increased slightly in the three months to 30 September, driven by 'micro' businesses with up to five staff. Firms in the manufacturing, construction and services sectors are leading the way with the most optimistic outlook.

While business sentiment remained relatively stable, the survey suggests that small businesses are finding the going harder than their larger counterparts. Low turnover continues to be the biggest challenge small businesses face, with many also citing increasing costs, economic uncertainty and a lack of skilled staff as significant issues.

"In a difficult trading environment, it's encouraging to see that small business confidence has remained solid, and that some businesses are expecting to take on more staff," says Fred Ohlsson, Managing Director ANZ Business Banking.

"In times like these it's more important than ever that small firms get the expert support and advice they need to manage their businesses. The survey also highlights the value of a good business plan. It's one of the keys to managing a business in uncertain times."

Highlights from September's ANZ Business Micro Scope survey of small firms:
(Note: net percentages reflect the balance of sentiment – i.e. positive minus negative responses)

- **Business confidence across small firms remains solid.** The composite measure shows firms with a positive outlook outnumbering negatives by 12%. Larger firms are, however, more upbeat than their smaller counterparts.
- **Hiring intentions ticked up** for the first time in twelve months, with micro-sized firms accounting for the increase.
- **Trading activity, investment and profitability** remain subdued.
- **The manufacturing sector** is the most optimistic small business sub-sector, followed by construction and services.
- **Low turnover** continues to be the biggest problem, cited by one in four respondents. Small firms also cite increasing costs, economic uncertainty and a lack of skilled staff as significant issues.

"New Zealand's 400,000-plus small businesses are the engine room of our economy. This survey shows that, even in difficult times, our smallest firms can help drive employment," says Mr Ohlsson. "We need to track what's going on in this sector closely, and the Business Micro Scope helps us do this."

ANZ BUSINESS MICRO SCOPE: TECHNICAL NOTES

The ANZ Business Micro Scope is a quarterly indicator which focuses on the prospects of small businesses across New Zealand. The survey was launched in March 2012 to address a lack of ongoing research specific to the small business sector. The Micro Scope covers a range of key business intentions and views on prospects for both respondents' own businesses and the wider economy. Figures released today cover the quarter to 30 September 2012.

The survey takes in responses from 250 firms, comprising micro (up to 5 staff) and small businesses (6 to 20 staff). The sample is taken from the existing National Bank Business Outlook survey, which covers micro up to large businesses. Comparisons from earlier quarters are calculated by extracting corresponding data on small businesses from that survey, which goes back to December 1999.

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