



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



The future of business for Aotearoa New Zealand: Opportunities and implications for productivity and wellbeing

Consultation on a subject for a Long-term Insights Briefing

July 2021

What are your views?

The Ministry of Business, Innovation and Employment (MBIE) is seeking written feedback on the proposed subject of its Long-term Insights Briefing (the Briefing) by 5pm on Friday 20 August 2021. This is the first step of a two phase approach to develop our Briefing.

You can make your submission by:

- using the form provided at: www.mbie.govt.nz/ltib-subject-consultation
- email to LTIB@mbie.govt.nz
- post to:

Strategic Policy
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6140
New Zealand

Please include your name, the name of your organisation (if applicable) and contact details in your submission. You may include any evidence to support your views, for example references to research, facts and figures, or relevant examples.

Further information on how we intend to use and release your feedback, and to protect private information are at the back of this document (Annex 1).

Consultation questions

Question 1: What could ‘the future of business’ look like? What opportunities or implications are there in these potential future states?

Question 2: What changes and trends are likely to be important for shaping ‘the future of business’ in New Zealand?

Question 3: Are you aware of examples of New Zealand businesses rethinking their role and purpose, or developing new business models? Please provide these examples with any insights on the opportunities or implications that arise.

Question 4: Which of the case study themes identified do you think the Briefing should consider? You can indicate one or more of the following: stakeholder capitalism; Māori business; Pacific business; social/purpose-driven enterprises; circular business; advanced digital business. Are there other themes that should be considered instead?

Question 5: How far into the future should the Briefing consider (minimum of 10 years)? Why?

Question 6: Would you or the organisation you represent like to be involved in more detailed stakeholder engagements, e.g. workshops, one-to-one discussions, etc?

Contents

Foreword	4
MBIE’s proposed Long-term Insights Briefing	5
What is a Long-term Insights Briefing?	5
What subject does MBIE propose for a Briefing?	5
What could the Briefing cover?	5
Pae mahara / the past	6
Pae herenga / the present	7
Pae tawhiti / the future	7
How could government respond?	9
How will MBIE develop the Briefing?	9
Annex 1: Information use and protection	10

Foreword

Kia ora koutou,

What could the future of business look like in Aotearoa New Zealand? And how could this impact on productivity and wellbeing? These are the core questions that the Ministry of Business, Innovation and Employment (MBIE) is seeking to answer in its proposed Long-term Insights Briefing on:

*The future of business for Aotearoa New Zealand:
Opportunities and implications for productivity and wellbeing.*

Over the next 10 or more years businesses will face new opportunities and challenges because of changes to their operating environment. These changes could arise from global trends, such as climate change, technology change or demographic change. They could also reflect our unique history and characteristics, or shifts in our values.

Some businesses have already adopted a broader purpose, or new business models and practices to achieve a much wider set of outcomes than just profits and returns to shareholders. This means they are contributing towards tackling society's productivity, inclusion, equity and environmental challenges. We are starting to understand the implications of this for how well businesses perform and for the wellbeing of New Zealanders.

The government – as regulator, investor, partner and facilitator – may have a role to enable businesses to achieve wider outcomes through seizing opportunities and managing risks. Understanding what this role might be is particularly relevant for MBIE, as a lead economic and business-facing government agency.

I look forward to hearing your views on the future of business for Aotearoa New Zealand. Of course, nobody knows for certain what the future will look like but your insights will help us to explore the range of possibilities.

Nāku noa, nā

Carolyn Tremain

Secretary

Ministry of Business, Innovation and Employment

MBIE karakia

Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi

Kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

TIHEI MAURI ORA

Retain and hold fast to your mana, be bold, be brave

We turn our attention to the future

That's where the opportunities lie

By working together we will flourish and achieve greatness

Taking responsibility to commit to doing things right

MBIE's proposed Long-term Insights Briefing

What is a Long-term Insights Briefing?

Departmental secretaries/chief executives are required to publish a Long-term Insights Briefing (a Briefing) at least once every three years.¹ The purpose of the Briefings is to share:

- information about medium and long-term trends, risks and opportunities that affect or may affect New Zealand and New Zealand society
- information and impartial analysis, including policy options for responding to these matters.

The Briefings are not government policy and are independent of ministers. They provide the chance to explore and better understand critical issues affecting our future.

Chief executives select the subject matter for the Briefing. They do this by taking into account the purpose of the Briefings and those future trends, risks and opportunities that are particularly relevant to their department's functions.

Chief executives must consult the public on the proposed subjects of their Briefings. They must also consult the public on their draft Briefings.



What subject does MBIE propose for a Briefing?

MBIE is proposing to publish a Briefing on the following subject:

*The future of business for Aotearoa New Zealand:
Opportunities and implications for productivity and wellbeing*

MBIE has chosen this subject because New Zealand businesses are rethinking their role, purpose and how they operate in response to global trends such as climate change, technology change and demographic change. New Zealand's unique characteristics, strengths and enduring challenges are also influencing this shift.

There are opportunities and implications for future productivity and wellbeing outcomes for New Zealanders. There may be a role for government to help shape the future of business, for example, ensuring the future outcomes businesses and New Zealanders want to achieve are more broadly aligned. This is explained in more detail below.

What could the Briefing cover?

For the purposes of the Briefing, MBIE will take a broad view of a business. It includes businesses large and small, with different ownership structures and purposes. This means business include:

- publicly-listed corporations
- family-owned firms

¹ Further information on this new requirement is available on the Department of the Prime Minister and Cabinet's website: [Long-term Insights Briefings | Department of the Prime Minister and Cabinet \(DPMC\)](#)

- Māori and Pasifika businesses
- sole-traders
- co-operatives
- state-owned enterprises
- social enterprises.

What they have in common is that they produce goods and services, such as food and houses, for consumers, and create jobs and incomes for workers. This supports wellbeing outcomes for New Zealanders.

The Briefing will predominantly focus on the future. However, the future will be shaped by New Zealand's past and present. The Briefing will consider these aspects where relevant and so will use a 'past, present, future' structure:

- pae mahara / the past: the history that has and will continue to shape New Zealand's business landscape
- pae herenga / the present: through which we will explore and bring together some of the areas of change that are influencing the directions and decisions of business
- pae tawhiti / the future: where we will draw on diverse perspectives and possibilities about what the future of business could look like in a New Zealand context.

Pae mahara / the past

New Zealand's business landscape has changed over time in terms of the roles, purposes and models businesses have adopted, and the capabilities they've developed. This landscape has been shaped by New Zealand's unique characteristics, strengths and enduring challenges. It has also influenced business performance and the performance of the economy.

New Zealand has many strengths and unique characteristics which give it a comparative advantage over other economies and provide a solid foundation on which to build for the future. These include:

- te Tiriti o Waitangi, which sets out the relationship between the Crown and Māori
- knowledge and values from our indigenous Māori (mātauranga), Pacific and other cultures
- our trust and integrity, our natural and geographical advantages, and our capabilities, such as skilled workers and institutional settings (e.g. property rights and regulations).

New Zealand faces enduring productivity, sustainability and inclusiveness challenges, for example:

- our productivity performance is poor compared to other developed economies, resulting in lower incomes²
- our greenhouse gas emissions have increased substantially since 1990 and the quality of many of our rivers and lakes is poor³
- Māori and Pasifika communities, and particular regions, experience worse outcomes on average than Pākehā, such as in income, employment, health and education⁴.

These challenges are well understood but have proven hard to address.

² Productivity Commission, *Productivity by the numbers*, May 2021.

³ Statistics New Zealand, Ministry for the Environment.

⁴ Statistics New Zealand, Ministry of Health, Ministry for Education.

Pae herenga / the present

There are many factors that are causing businesses to rethink their role and purpose, and to develop new business models and capabilities. For example:

- environmental – consumers and investors are increasingly considering the environmental impact businesses have, such as on climate change, in their purchasing and investment decisions
- social – consumers and investors are also increasingly taking account of the social impact businesses have on their workers, suppliers and local communities; an aging population is likely to have implications for business ownership and succession, workers working longer, and the types of goods and services demanded
- technological – digital and other technologies are changing how businesses operate and engage with their employees, customers, suppliers and shareholders, as well as opening up new possibilities for products and services⁵
- legislative – many countries, including New Zealand, are working toward goals in legislation to achieve ‘net zero’ carbon emissions at some point in the future, e.g. 2050
- economic – the global economic recovery from the COVID-19 pandemic is providing countries with a once-in-a-generation opportunity to reset their economies and many have published plans to ‘build back better’⁶.

Recent examples of businesses rethinking their role and purpose include:

- a survey by KPMG found that 80% of businesses worldwide and 96% of the world’s largest 250 companies report on their Corporate Social Responsibilities or Environment, Social and Governance metrics⁷
- the American Business Roundtable published in 2019 a statement redefining the purpose of a corporation, which was signed by 181 chief executives who committed to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders⁸
- various academics are calling for a rethink of the role of business in society or a new social contract to achieve sustainable and inclusive economic growth⁹.

The Briefing will explore these developments and trends in more detail from a New Zealand perspective (see consultation questions 2 and 3 below).

Pae tawhiti / the future

The New Zealand economy is likely to look very different in the future, shaped by its unique characteristics, strengths, enduring challenges, and the areas of change outlined above. However, there is considerable uncertainty about what this future could look like. For example, there is uncertainty about how businesses will be impacted by or respond to climate

⁵ For example, during the COVID-19 lockdown many businesses had to adopt technologies to enable their employees to work from home or to create new sales platforms which are likely to endure.

⁶ For example, the European Union’s Next Generation EU recovery plan, the US government’s recovery plans to build back better, the South Korea government’s Green New Deal.

⁷ [The Time Has Come: The KPMG Survey of Sustainability Reporting 2020](#)

⁸ [Business Roundtable - Opportunity Agenda](#)

⁹ Rebecca Henderson, Harvard University, *Reimagining capitalism: How business can save the world*, 2020, Penguin Business. Minouche Shafik, London School of Economics and Political Science, *What we owe each other: A new social contract for a better society*, 2021, Princeton University Press. Colin Mayer, Oxford University, *Prosperity: Better business makes the greater good*, 2018, Oxford University Press.

change or what new technologies may emerge. Similarly, in terms of the business trends outlined above, it is unclear how genuine and enduring these will be¹⁰.

The Briefing will explore the different ways these trends could intersect and evolve over the medium and long term. Their impact on future productivity and wellbeing will be a focus (see consultation question 1). MBIE will seek a range of perspectives on these trends and outcomes, for example:

- What could be the implications for business performance, such as productivity growth?
- How could wider measures of success, such as improved environmental outcomes, help business create impact and better wellbeing outcomes for the future?
- Are there trade-offs between these outcomes or win-win opportunities?

MBIE will develop one or two detailed case studies of existing business models and practices. These case studies will be used to illustrate what the future of business for Aotearoa New Zealand could look like if these approaches were more widely adopted. Examples of the themes these case studies could cover are:

- **Stakeholder capitalism** – traditionally the sole purpose of business has been to maximise returns for shareholders ('shareholder capitalism') however, as noted above, businesses are increasingly taking account of their impact on other stakeholders as well ('stakeholder capitalism').
- **Māori business** – a business or enterprise that identifies as such, typically being owned or directed by Māori and involving staff members, philosophy, tikanga, management practices, branding or marketing, as well as tangible and intangible assets that reflect this identity¹¹. Māori business are typically oriented toward achieving integrated economic, social, cultural and environmental outcomes.
- **Pacific business** – a business or enterprise that identifies as Pasifika, typically being at least 50 per cent owned by Pacific person(s)¹². Pacific businesses typically reflect cultural values in their operation including collectivism with for example a focus on the community outcomes, and strength in relationship development and maintenance¹³.
- **Social/purpose-driven enterprises** – a social enterprise, sometimes referred to as a not-for-profit enterprise, has dual social and business goals, and invests a substantial portion of its income and the majority or all of its profits generated from its trading activities in its social goals¹⁴. Social enterprises are also described as impact-led organisations that trade to deliver positive social, cultural and environmental outcomes¹⁵.
- **Circular business** – the Ellen MacArthur Foundation defines a circular economy as one 'based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems'. The Foundation works with businesses to adopt circular economy practices¹⁶.
- **Advanced digital businesses** – businesses using advanced digital and data-enabled platforms incorporating technologies, such as internet of things, robotics, artificial

¹⁰ This Economist article presents an alternative view: [The political CEO | The Economist](#)

¹¹ See [NZBN Māori Business identifier](#)

¹² Based on a description developed by the Ministry for Pacific Peoples and Pacific Business Trust.

¹³ Auckland Council (2017). *Exploring Pacific Entrepreneurship: the Characteristics and Experiences of Pacific Entrepreneurs in Auckland*. Technical Report 2017/010. Auckland, New Zealand.

¹⁴ See Department of Internal Affairs, *Legal structures for social enterprise*, June 2013.

¹⁵ The Impact Initiative (2021). [A Roadmap for Impact](#)

¹⁶ See: [What Is the circular economy? \(ellenmacarthurfoundation.org\)](#)

intelligence, virtual reality, and those emerging such as quantum computing, to operate and solve business problems.

MBIE seeks your feedback on which of these themes, or others, the Briefing should consider (see consultation question 4 below).

Consistent with the intent of these Briefings, the Briefing will look at least 10 years into the future. MBIE seeks your feedback on what this timeframe should be (see consultation question 5 below).

Question 1: What could the ‘future of business’ look like? What opportunities or implications are there in these potential future states?

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Question 5: How far into the future should the Briefing consider (minimum of 10 years)? Why?

How could government respond?

There may be opportunities for government to shape and influence how businesses evolve so they are better able to address and respond to the enduring challenges New Zealand faces. It could do this through, for example:

- changes to regulatory settings
- co-investment and partnership opportunities with business
- social procurement
- mission approaches, that focus effort on tackling big challenges.

The Briefing will explore in more detail these strategic choices, their pros and cons, and how other governments are responding. MBIE will seek feedback on the role of government in its public consultation on the draft Briefing.

How will MBIE develop the Briefing?

MBIE will develop the Briefing by:

- engaging with stakeholders to hear their insights on:
 - the likely future trends, and the opportunities and implications they present
 - the themes selected for case studies and the content of these
- building an evidence base by reviewing New Zealand and international research and literature on the role and purpose of business, business models, and analysing New Zealand data on the business landscape and performance
- identifying possible future states based on the observed trends and using these to inform the potential opportunities and implications.

Question 6: Would you or the organisation you represent like to be involved in more detailed stakeholder engagements, e.g. workshops, one-to-one discussions, etc?

Annex 1: Information use and protection

Use of information

The information provided in submissions will be used to inform MBIE's Briefing. MBIE may contact you directly if we need to clarify any matters raised in your submission.

Release of information

MBIE intends to publish submissions received on its website: www.mbie.govt.nz/have-your-say. MBIE will consider you to have consented to publication by making a submission, unless you clearly specify otherwise in your submission.

If your submission contains any information that is confidential or you otherwise wish us not to publish, please:

- indicate this on the front of the submission, with any confidential information clearly marked within the text
- provide a separate version excluding the relevant information for publication.

Submissions remain subject to requests under the Official Information Act 1982. Please set out clearly in the cover letter or e-mail accompanying your submission if you have any objection to the release of any information in the submission, and in particular, which parts you consider should be withheld, together with the reasons for withholding the information. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act.

Private information

The Privacy Act 2020 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of the Briefing. Please clearly indicate in the submission template, or cover letter or e-mail accompanying your submission if you do not wish your name, or any other personal information, to be included in any summary of submissions that MBIE may publish.

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