Business Health and Wellbeing

Annual Report

May 2026

Rangahau Aotearoa
Research New Zealand

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

ABOUT THIS REPORT

This report, titled Business Health and Wellbeing, is the **second** in a series of Business Health and Digital Monitor reports prepared for the Ministry of Business, Employment & Innovation in April-May 2026 by Research New Zealand (Rangahau Aotearoa).

The reports are as follows:

- Business Motivations, Short-term Goals and Barriers
- Business Health and Wellbeing
- Business Digital Capability

This research is based on a survey completed with business owners and senior managers responsible for businesses

The survey was completed between October and November 2025

It is based on online interviews completed with 2,508 business owners and senior managers; representative in terms of industry category, size and region

THIS REPORT CONSISTS OF THREE SECTIONS

1. Opinions about current trading conditions

In this section, respondents compare their current trading conditions with those 12 months ago, across a range of different, but related aspects such as their business with existing customers, their revenue, costs and profitability. For each, they are asked to identify whether they had noticed an increase, decrease or no change in comparison with the situation 12 months ago.

2. The extent of the changes in trading conditions

In this section, respondents are asked to quantify the extent of the changes (increases and decreases) they have experienced in the last 12 months. For example, are they “slight” or “significant” increases and decreases and in either case, less than 20% or 20% or more.

3. Mental health

In this section, respondents are asked about how often, in the last 2 weeks, they have felt ‘frustrated and worried’ and have experienced a ‘sense of hope and optimism’.

KEY INSIGHTS

Current trading conditions

42% of respondents reported a decrease in their business with existing customers

In addition, 39% reported a decrease in interest from potential customers. As a result, over one-half (54%) reported a decrease in revenue.

Given that 80% also reported an increase in the cost of running their business, over one-half stated their profitability had declined (58%).

Changes in trading conditions

63% of those experiencing a decrease in revenue described the decrease as "significant"

This is related to the fact that 54% of those experiencing a decrease in business with existing customers described this as "significant".

It is also related to the fact that 39% of those experiencing an increase in the cost of running their business described this as "significant".

Mental health

38% stated that, in the last two weeks, they had felt 'frustrated and worried' "many times" or "all of the time"

In comparison, significantly fewer (26%) said that they had felt a 'sense of hope and optimism' "many times" or "all of the time".

The percentage currently feeling 'frustrated and worried' is similar to 2022 (37%) and 2023 (35%).

Opinions about current trading conditions

Overall, business owners reported their current trading conditions as challenging

Respondents were asked to compare their current trading conditions with those 12 months ago, across a range of different, but related aspects such as their business with existing customers, their revenue, costs and profitability. For each, they were asked to identify whether they had noticed an increase, decrease or no change in comparison with the situation 12 months ago.

Significantly **more** respondents reported **decreases** rather than increases in their profitability (58%), revenue (54%), business with existing customers (39%) and interest from potential customers (39%) – all compounded by an **increase** in the cost of running their business (80%).

“The industry is going backwards - burning cashflow. We’re waiting on the economy to show some growth and confidence so that we can save our shirt.” (Manufacturing, 50+ employees)

Figure: 1 **Opinions about current trading conditions (%)**

Q. Compared to your business’s last financial year, has it experienced an increase or decrease in any of the following this year? (n=2,181)

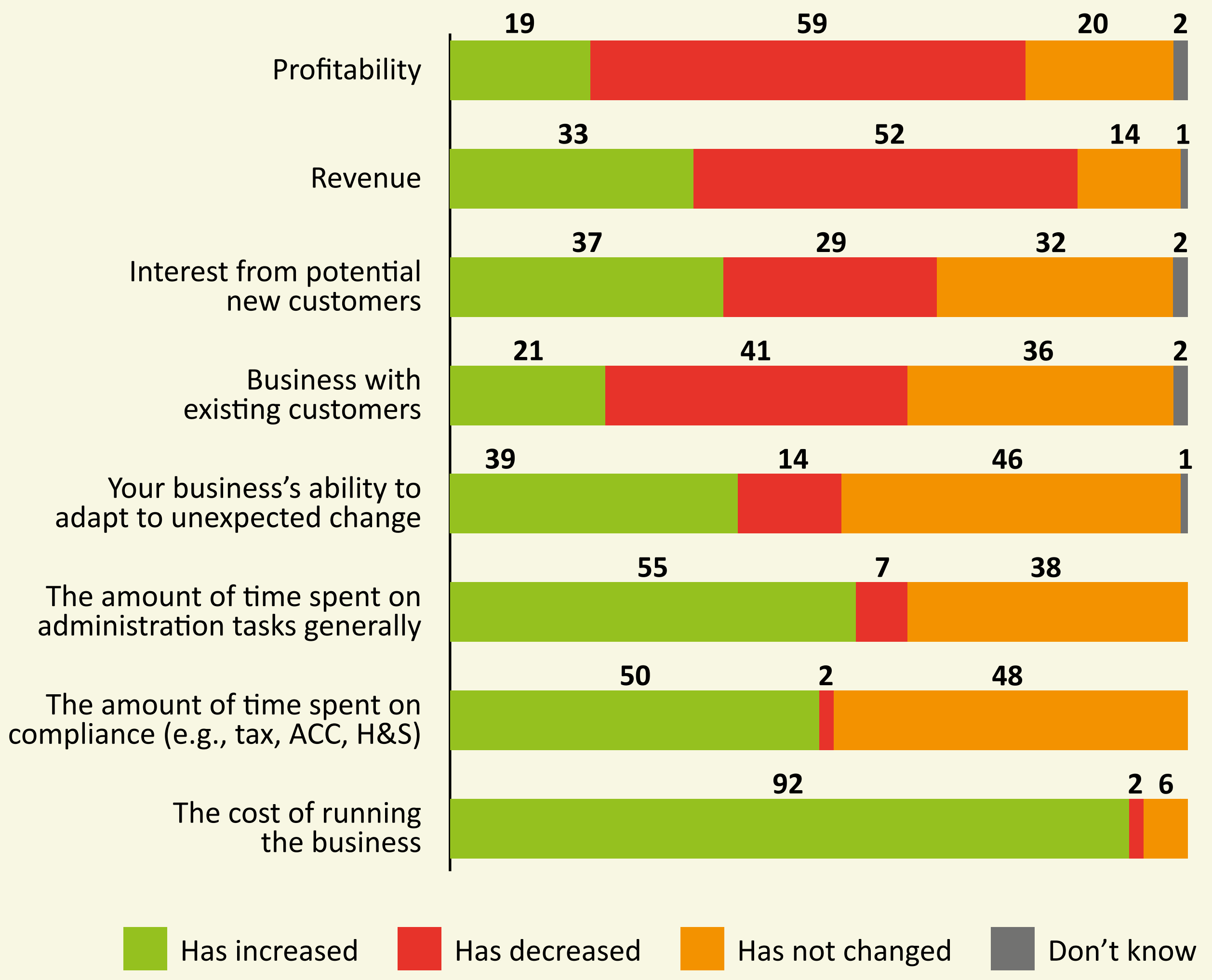
Medium-larger businesses appear to be in a relatively better trading position, although this is not reflected in their profitability

Opinions about current trading conditions differ by business size.

Medium-larger businesses (6+ employees) were **more likely** than smaller businesses and self-employed to report growth in the last 12 months. That is, relatively more business with existing customers, greater interest from potential customers and, therefore, higher revenue.

However, this was **not** reflected in their profitability, as these medium-larger businesses were likely to report increases in their costs, as well as spending more time on administrative tasks and compliance.

Figure: 2 **Medium sized businesses' (6-19 employees) opinions about their current trading conditions (%)**



Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=371)

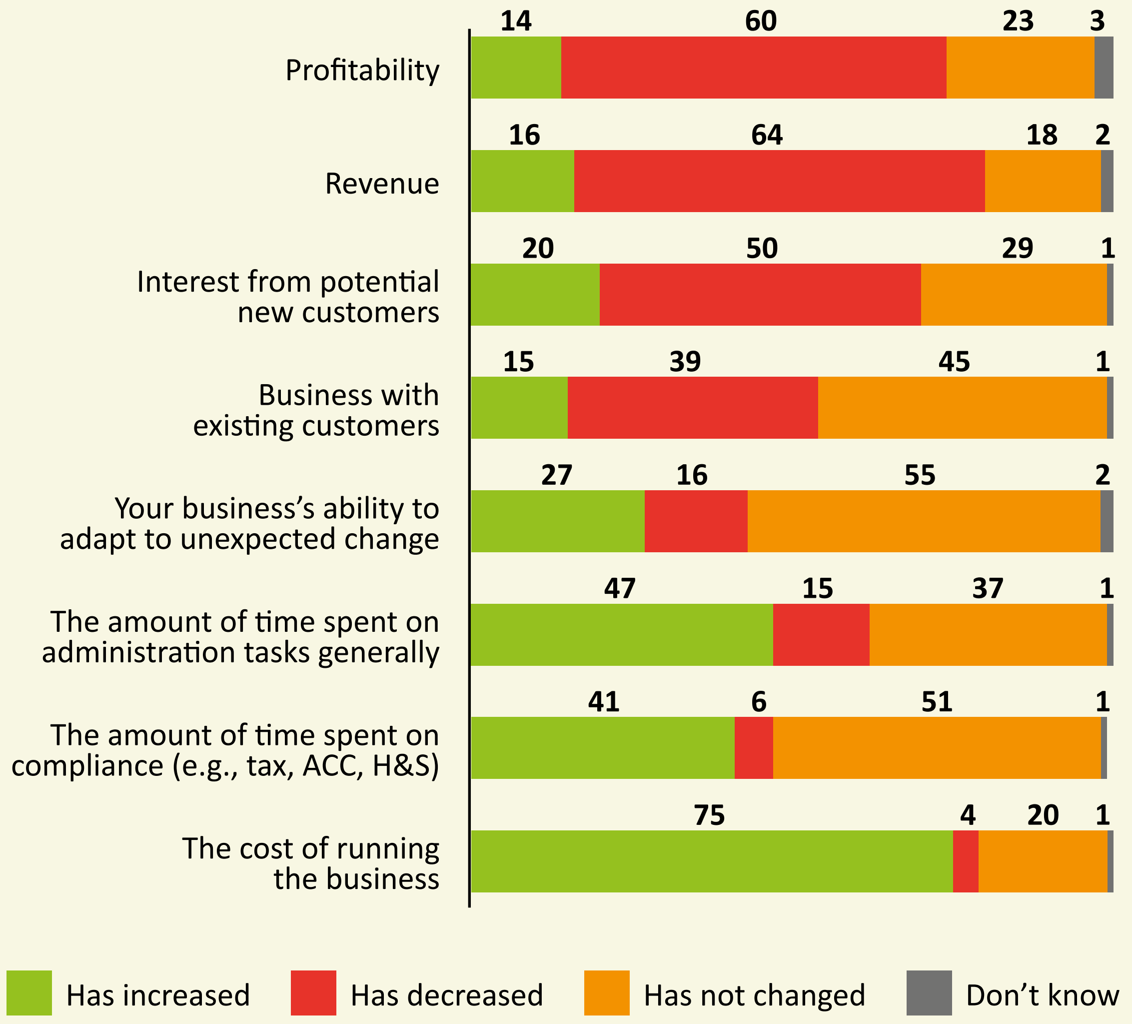
"Managing is the best way to describe it, not exactly thriving, but surviving the storm." (Healthcare & Social Assistance, 10-19 employees)

Businesses in some industry sectors appear to be in a better trading position than others

In addition to the differences by business size, there are also differences by industry category.

For example, in comparison to 12 months ago, construction businesses were relatively **more likely** to report decreases in interest from potential customers (50%), and in their revenue (64%).

Figure: 3 **Construction businesses' opinions about current trading conditions (%)**

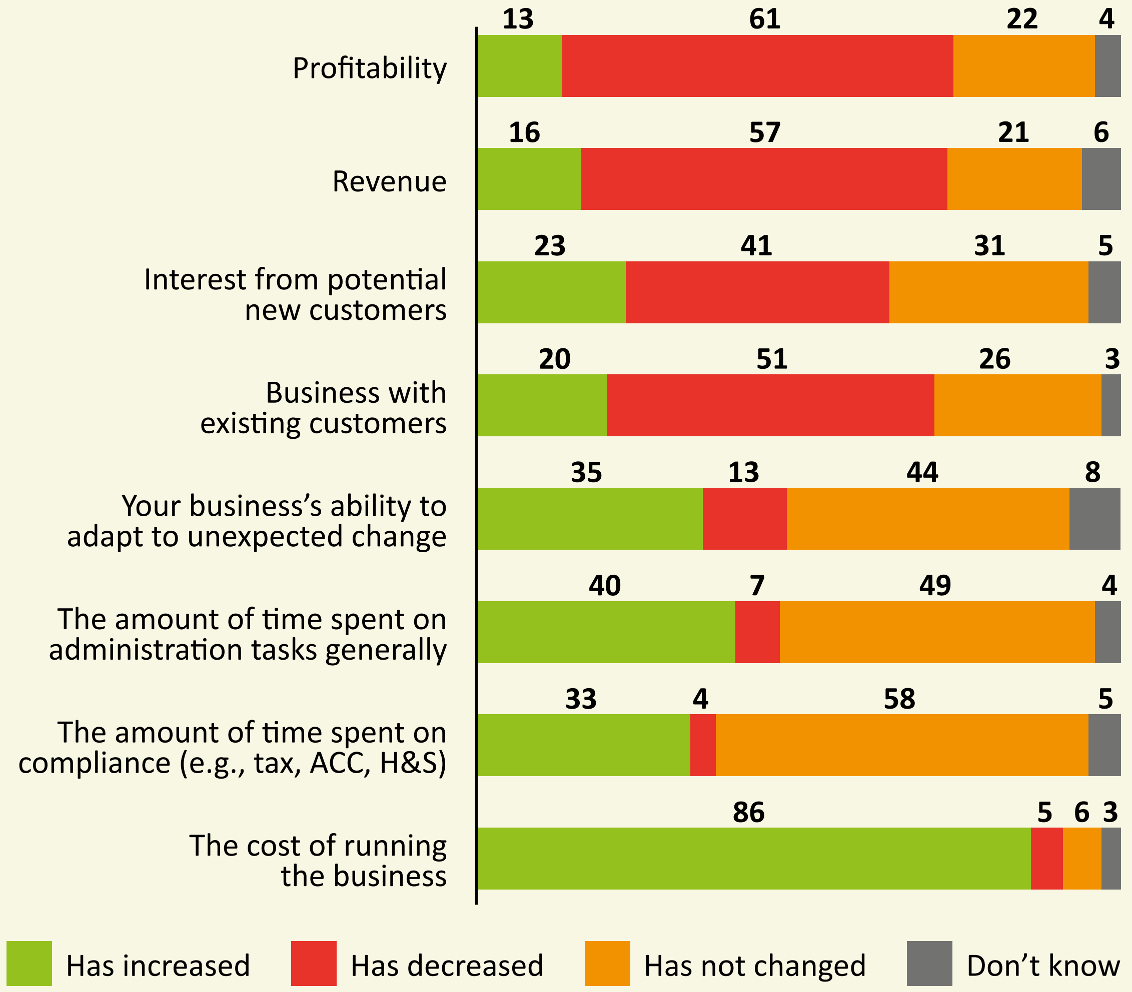


Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=231)

Manufacturing businesses were relatively **more likely** to report a **decrease** in business with existing customers (51%), as well as an **increase** in their running costs (86%).

"Not too bad, but has been our slowest growth year, 2025 has not been what it was talked about." (Manufacturing, 20-49 employees)

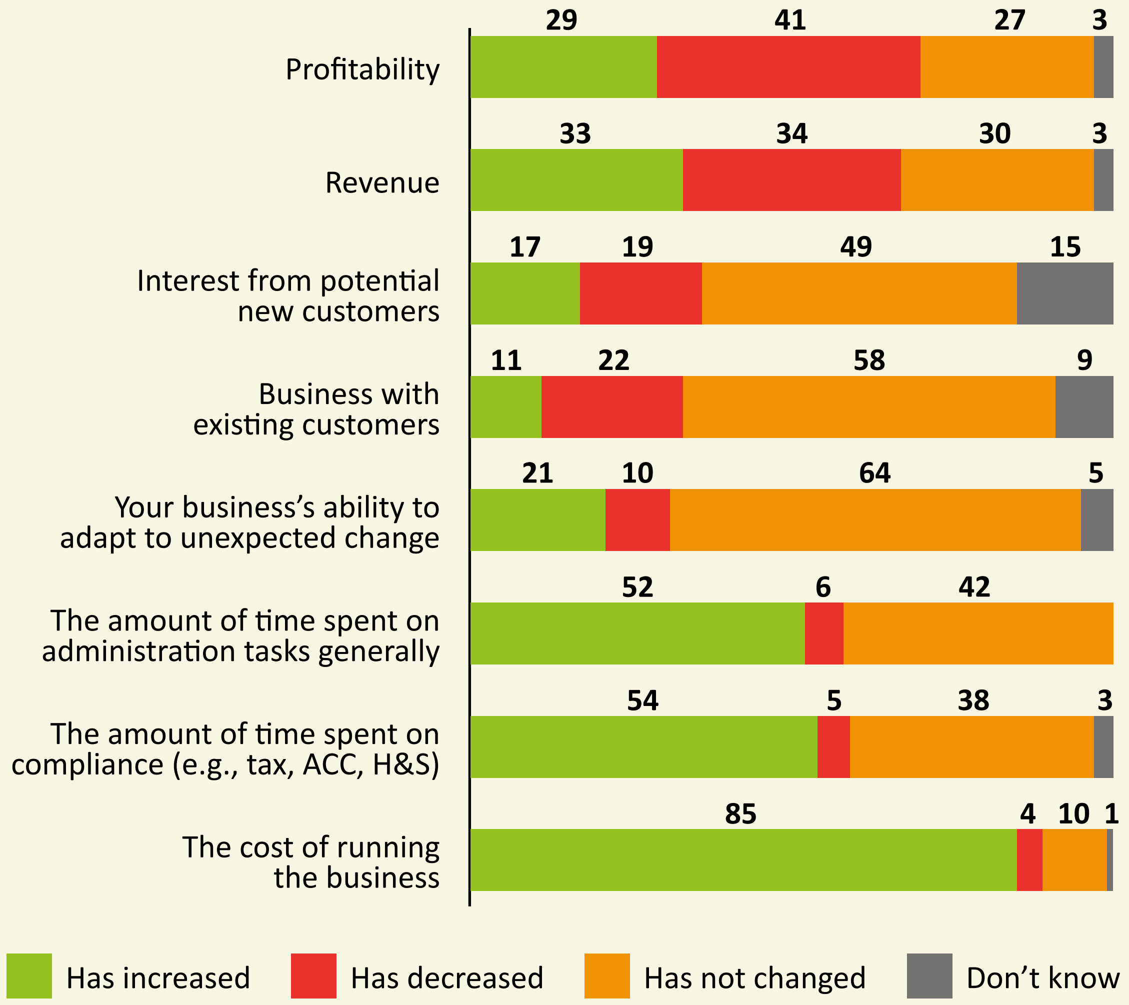
Figure: 4 **Manufacturing businesses' opinions about current trading conditions (%)**



Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=137)

On the other hand, businesses involved in the primary industries (i.e., agriculture, forestry and fishing) were relatively **more likely** to report **increases** in revenue (33%) and profitability (29%). However, they were also **more likely** to report **increases** in the time spent on compliance (54%) and administrative tasks (52%), as well as in their running costs (85%).

Figure: 5 **Primary (agricultural, forestry and fishing) businesses' opinions about current trading conditions (%)**



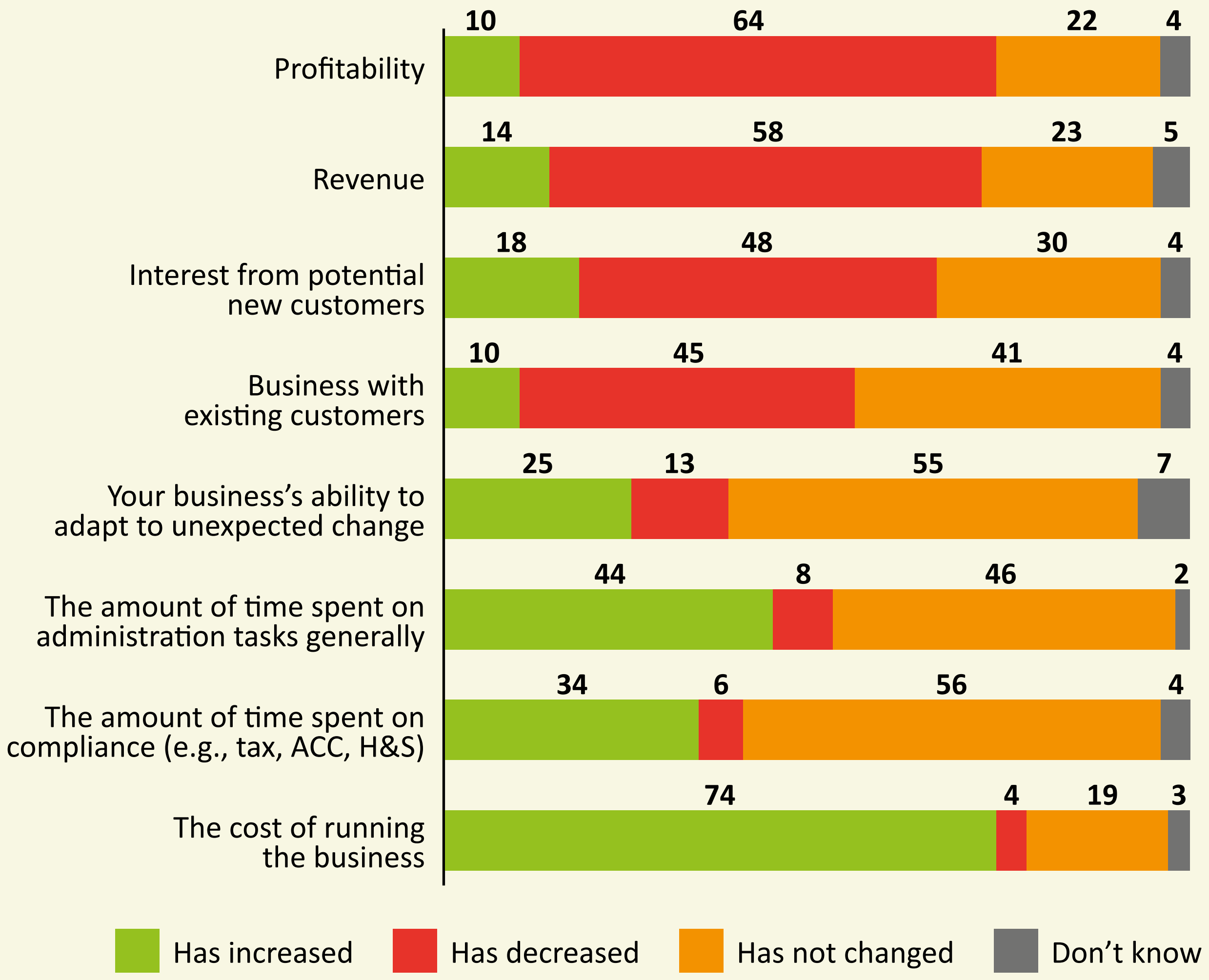
Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=274)

Businesses in some regions of the country appear to be in a better trading position than others

In addition to the differences by business size and industry category, there are also differences by region.

For example, in comparison to 12 months ago, Wellington businesses were relatively **more likely** to report **decreases** in interest from potential customers (48%), as well as in their profitability (64%).

Figure: 6 **Wellington businesses' opinions about current trading conditions (%)**

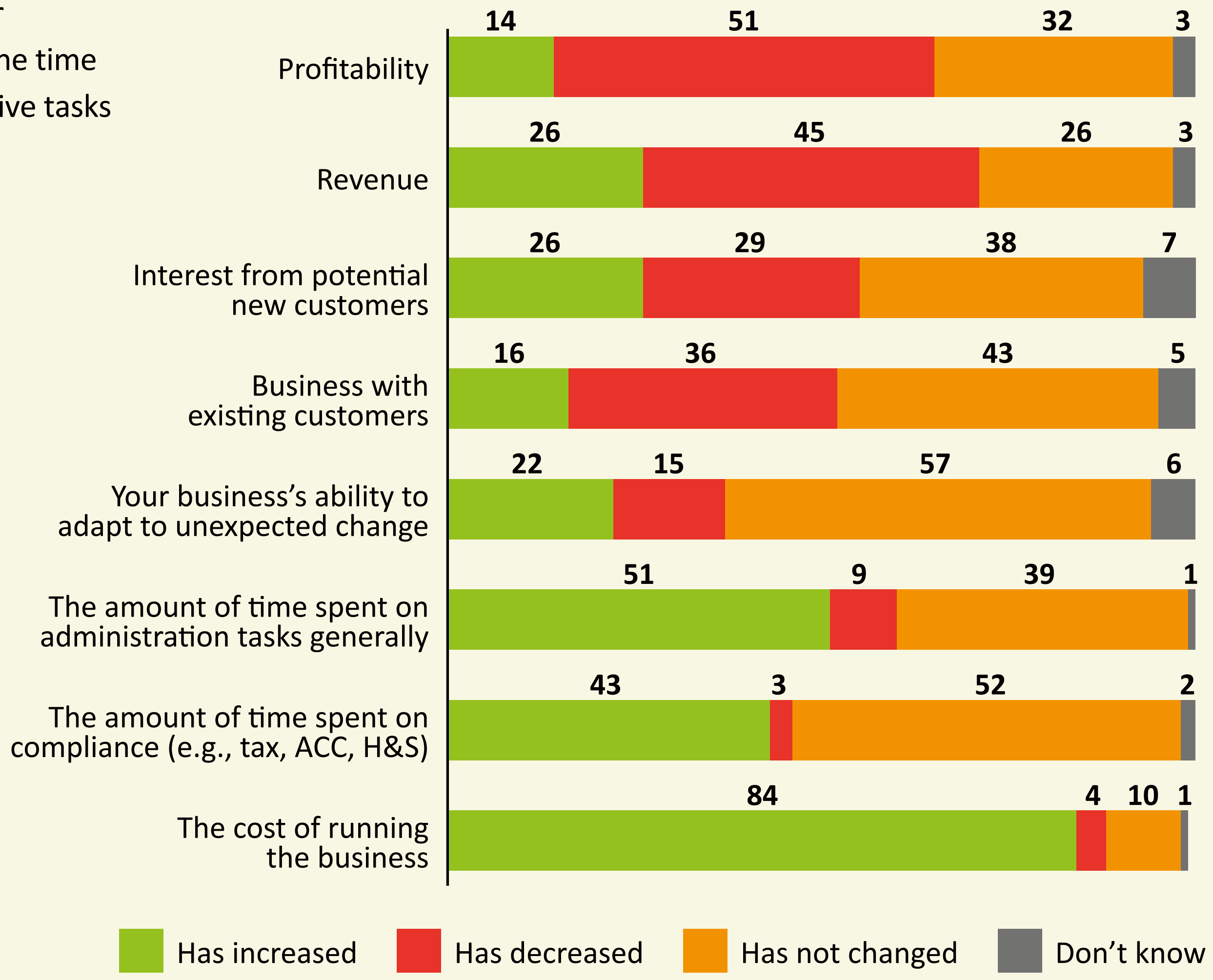


Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=341)

Canterbury businesses were also relatively **more likely** to report an **increase** in the costs of running their business (84%) and the time spent on administrative tasks (51%).

Figure: 7

Canterbury businesses' opinions about current trading conditions (%)

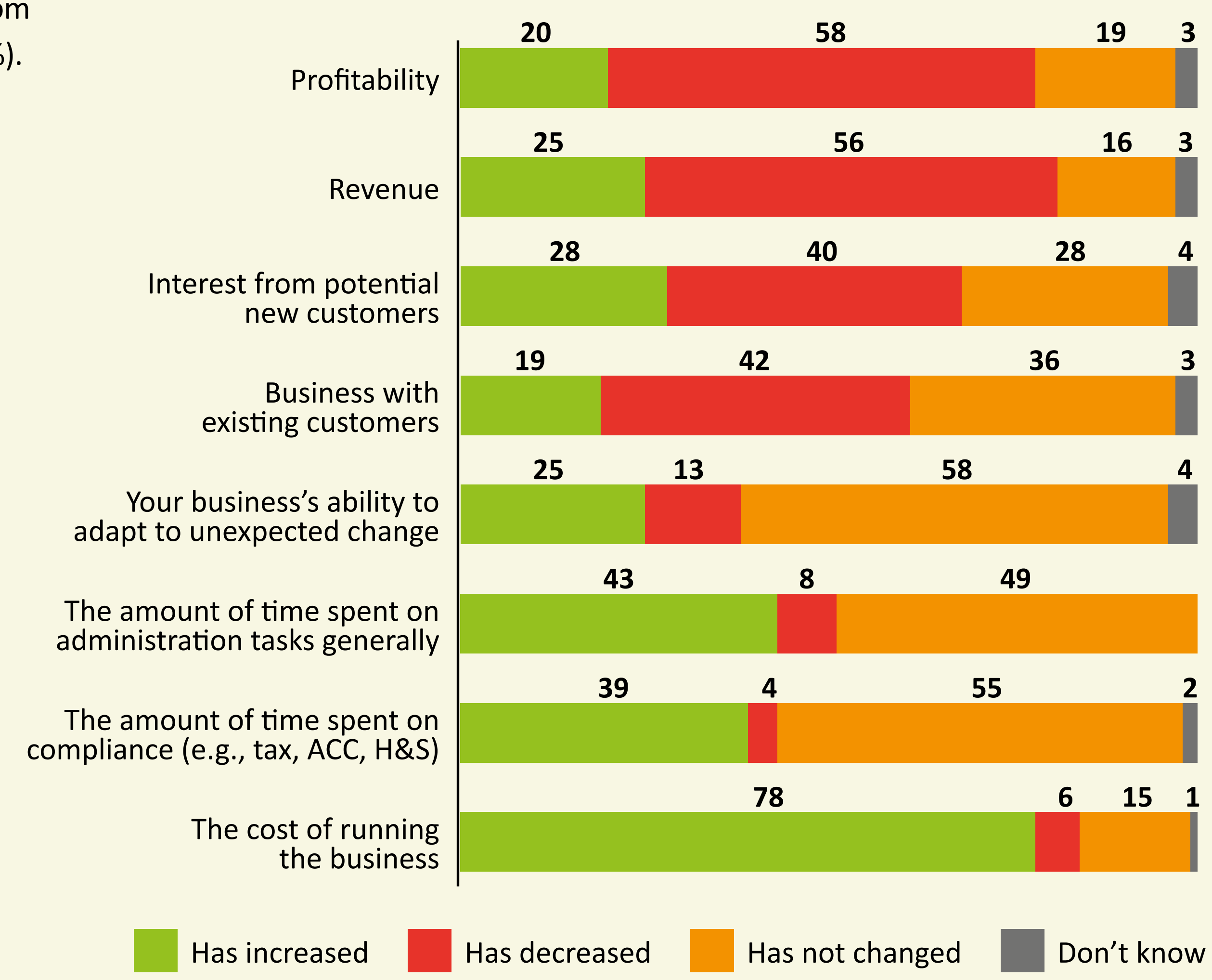


Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=310)

"Business conditions are extremely difficult and employees perception of business owners needs a major reset, especially in light of the current economic conditions and uncontrolled cost increases imposed by third parties, local and central govt, and perception of worth in market." (Transport, Postal & Warehousing, 2-5 employees)

In comparison to other regions, businesses in Auckland were relatively **more likely** to report an increase in interest from potential customers (28%).

Figure: 8 **Auckland businesses' opinions about current trading conditions (%)**



Q. Compared to your business's last financial year, has it experienced an increase or decrease in any of the following this year? (n=639)

Business owners who are frustrated and worried are very despondent

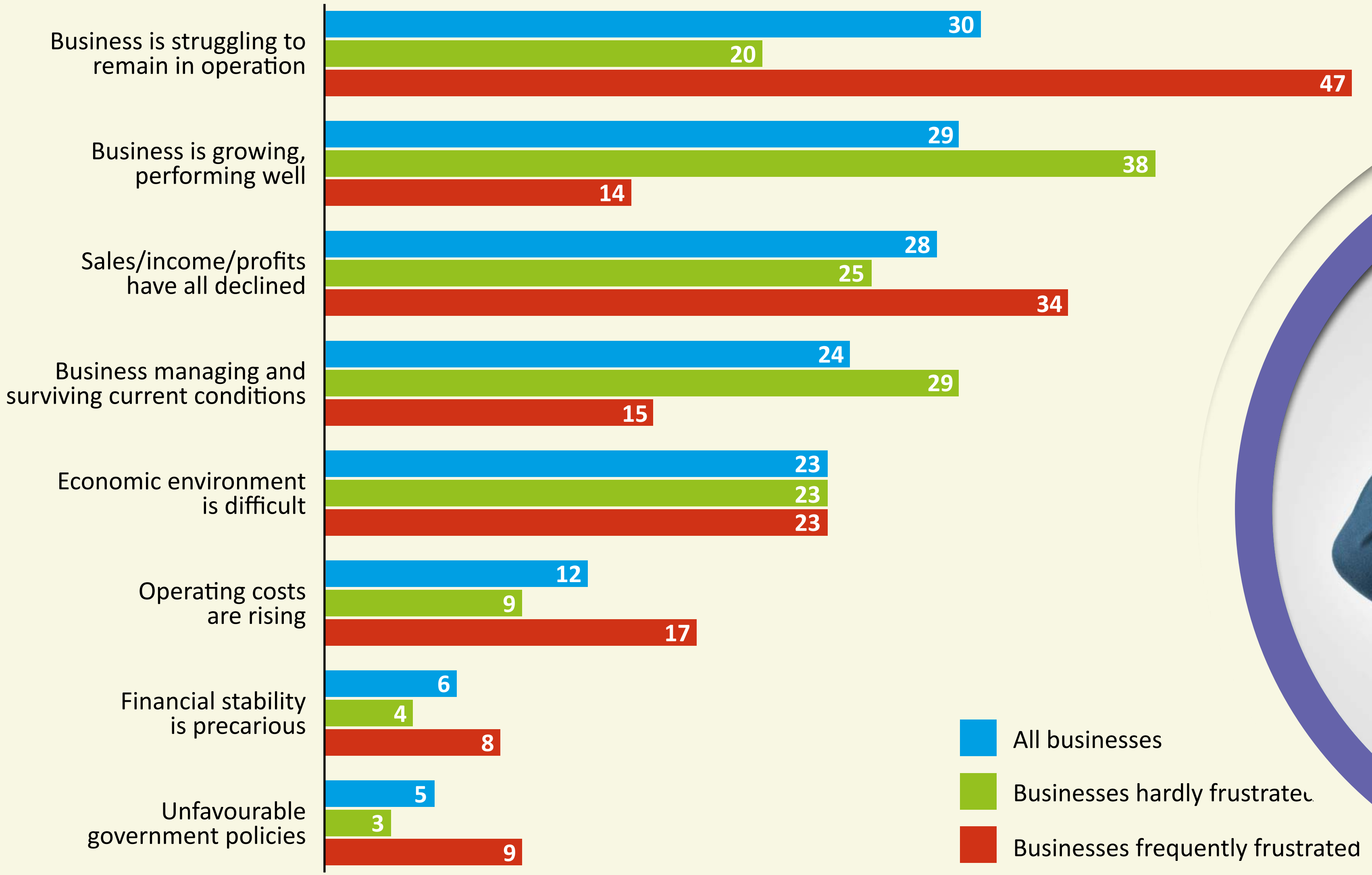
Respondents were asked about their business's current trading conditions. The key themes mentioned are shown in the graph by whether they said they were frequently 'frustrated and worried' in the last 2 weeks (38%) or hardly ever/ not at all (62%).

Most frequently, respondents who were frequently 'frustrated and worried', said words to the effect that their **business was struggling**:

> *"It's horrible. I have to pick between paying GST and paying rent. I'd be better off working at The Warehouse."* (Healthcare and Social Assistance, Sole trader)

> *"Not growing, despite the effort and time and investment I'm putting into it. My income took a significant hit during Covid and hasn't recovered. I am considering closing my business and returning to my previous role as a teacher."* (Arts and Recreation Services, 2 to 5 employees)

Figure: 9 **Key themes emerging from businesses' description of their current trading conditions (%)**



Q. In your own words – how is your business managing in the current economic conditions? (n=2355)

Q. Given how you've answered the previous questions, how often in the last two weeks have you felt frustrated and worried (n=2470).

Also frequently mentioned were their **declining sales, income and profitability** (34%).

> *"With extreme difficulty. 2025 has been even tougher than 2024. Costs continue to rise while sales are significantly down despite our best and continued efforts in innovative marketing, promotions, offers etc. We had to lay off staff, and have considered closing multiple times. We are just hanging on at this stage. We are a business who was extremely profitable up until 2024."* (Retail Trade, 2 to 5 employees)

> *"Poorly. There is no work coming in. I am marketing way more than I have ever had to. My traditional market has completely vanished."* (Information, Media and Telecommunications, Sole trader)

Business owners who are not frustrated and worried also acknowledged the difficult trading conditions

In contrast, respondents who had hardly ever felt ‘frustrated and worried’ in the last 2 weeks most frequently referred to the fact that their business is **growing and performing well** (38%).

> *“It’s going well. You have to ignore a lot of noise, do your own research from the actual information sources and make changes quickly. Use all productivity tools available.”* (Financial and Insurance Services, Sole trader)

> *“As a mature business we are able to cope with the currently repressed economic conditions.”* (Construction, 10 to 19 employees)

Also frequently mentioned was the fact that their business is **managing and surviving the current conditions** (29%).

> *“Our business is managing steadily despite the tough economy. Higher interest rates and slower spending have made things more challenging, but we continue to adapt, control costs, and support our clients to keep operations stable.”* (Financial and Insurance Services, 2 to 5 employees)

> *“The business is thriving in spite of the challenges other countries are facing.”* (Wholesale trade, 10-19 employees)

The extent of the changes in trading conditions

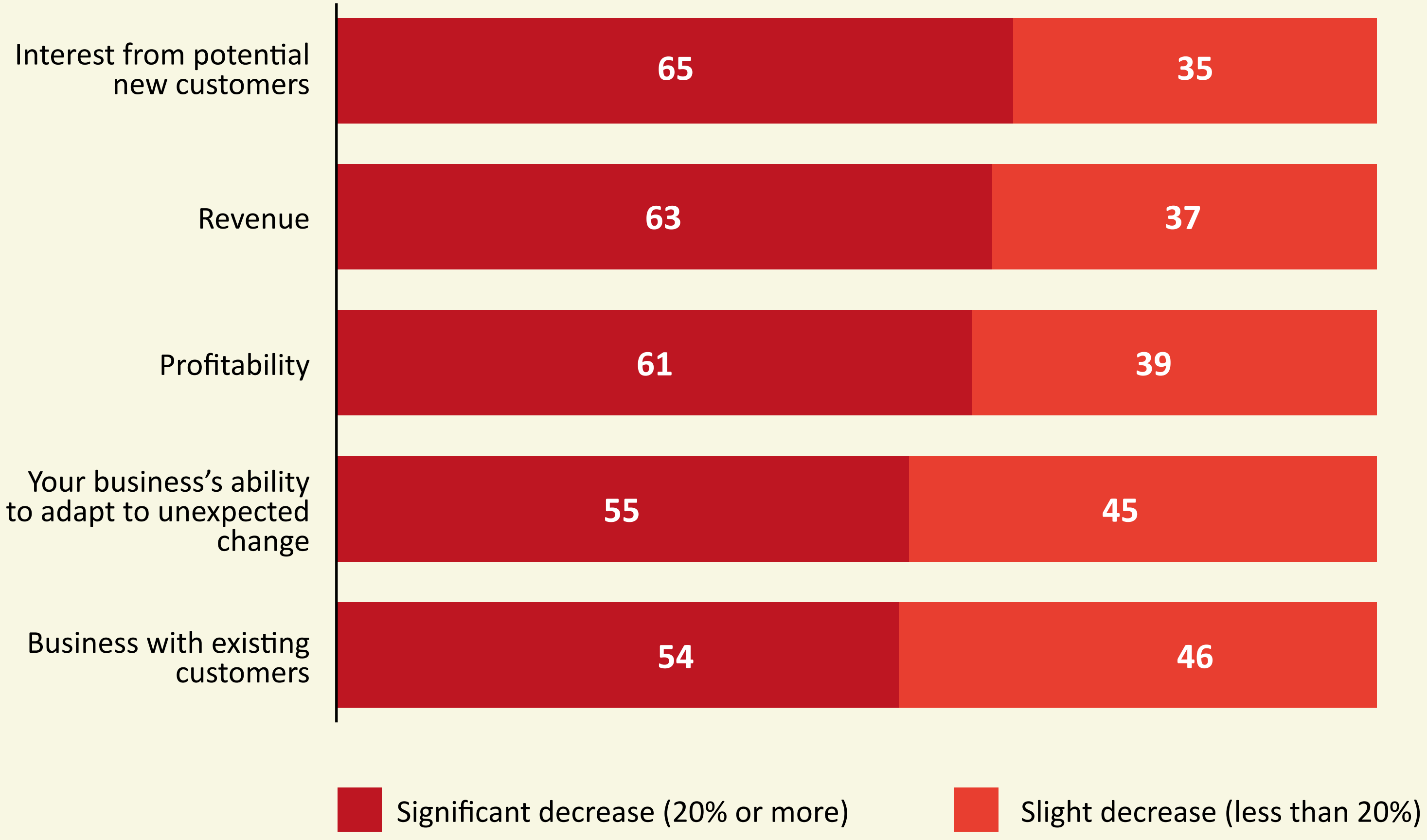
Many businesses describe decreases in revenue and profitability as “significant”

To help understand the scale of some of these decreases in the **amount of business with existing customers, interest from potential customers, revenue and profitability**, respondents were asked whether these decreases were, in comparison to the situation 12 months ago, “significant decreases” (20% or more) or “slight decreases” (less than 20%).

Two-thirds of those experiencing a decrease in their revenue described this as “significant” (63%), while 61% experiencing a decrease in their profitability described this as “significant”.

These results are probably related to the fact that many respondents experiencing a decrease in business with existing customers, described this as “significant” (54%), as well as those experiencing a decrease in interest from potential customers (65%).

Figure: 10 **Opinions about whether decreases are “slight” or “significant decreases”(%)**



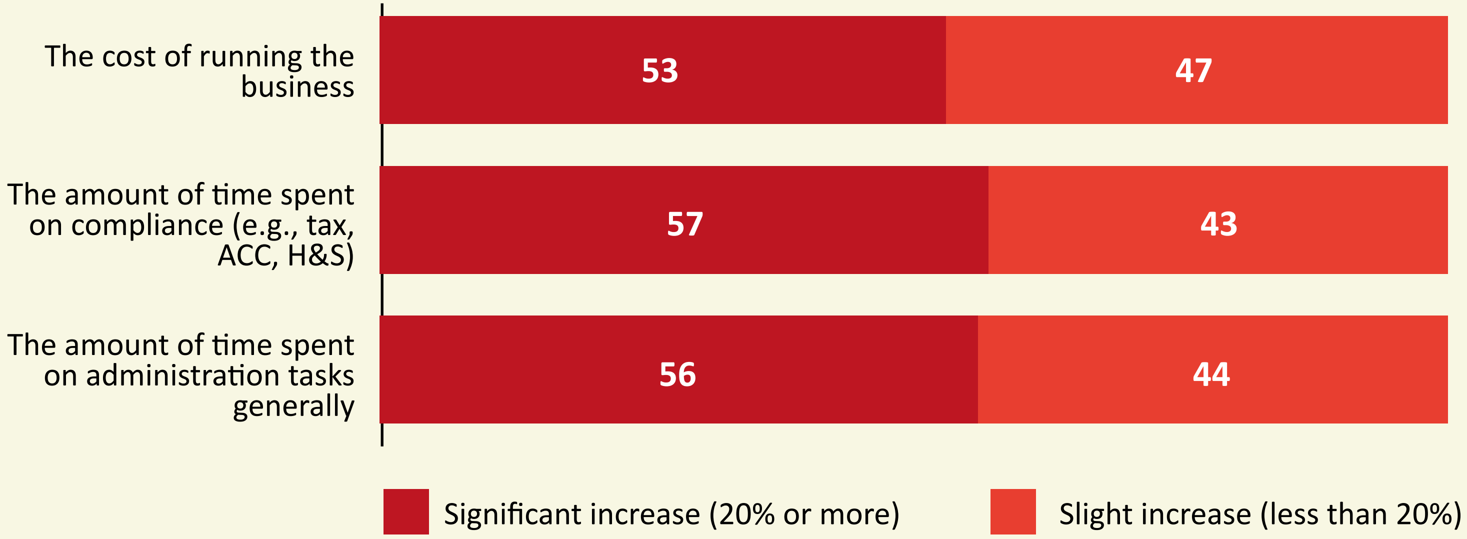
Q. Please indicate if each **decreased** by 20% or more, or less than 20 percent
(n= varies depending on the number of respondents reporting a decrease in each task)

Many businesses describe increases in the cost of running their business as "significant"

In addition to understanding the scale of the decreases in business with existing customers, interest from potential customers, etc., we also asked about the scale of the increases reported in relation to **the time spent on administrative tasks, tax and compliance and the cost of running their business**. That is, whether these increases were, in comparison to the situation 12 months ago, "significant increases" (20% or more) or "slight increases" (less than 20%).

Over one-half of respondents experiencing an increase in their running costs described this as a significant increase (53%), as did those experiencing an increase in time spent on compliance (57%) and on administrative tasks (56%).

Figure: 11 **Opinions about whether increases are "slight" or "significant increases"(%)**



Q. Please indicate if each **increased** by 20% or more, or less than 20 percent (n= varies depending on the number of respondents reporting a decrease in each task)

‘Tax and compliance’ is identified by many businesses as the task that takes "too much time"

As noted earlier, some respondents reported increases in the cost of running their business (80%), as well as in the time they were spending on administrative tasks (43%) and tax and compliance (38%).

Given that many described the increases as “significant”, we asked respondents about the amount of time it took to complete these and other tasks. In most cases, respondents stated these tasks took about “the right amount of time”.

However, the ones that took “**too much time**” included ‘tax and compliance’ (40%) and ‘marketing and social media’ (39%). The percentages quoted are based on those who provided an opinion, and exclude those who “didn’t know” or who stated the task was not applicable to them.

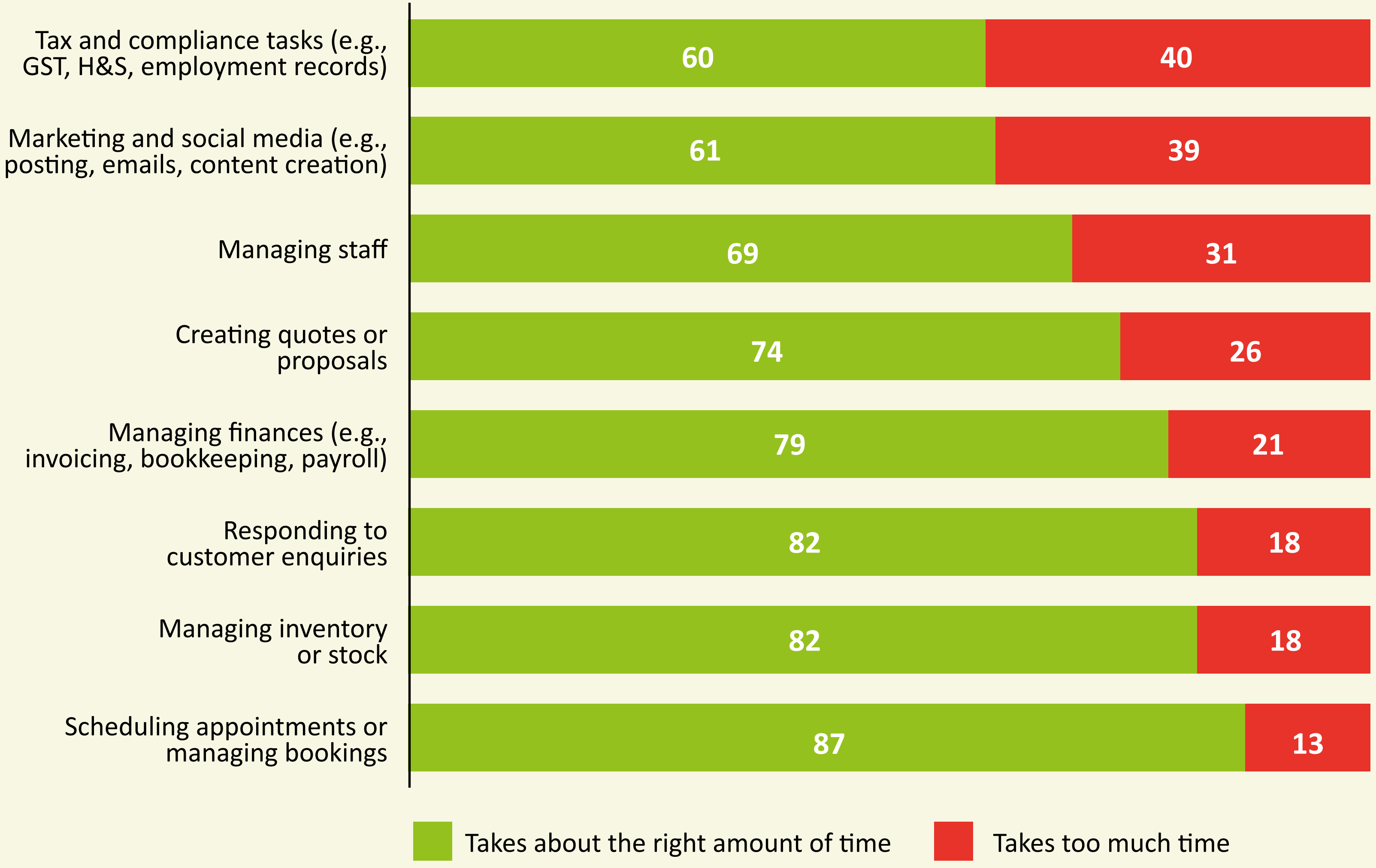


Figure: 12 **Opinions about the time taken to complete tasks (%)**

Q. Please indicate whether in your opinion the following tasks take about the right amount of time, or too much time (n= varies depending on the number of respondents reporting an increase in each task)

Mental health

More businesses are ‘frustrated and worried’ than are feeling a ‘sense of hope and optimism’

Given the challenging trading conditions as outlined earlier in this report, over one-third of respondents (38%) stated that, in the last two weeks they had felt ‘frustrated and worried’ “many times” or “all of the time”. In comparison, significantly fewer respondents (25%) stated they had felt a ‘sense of hope and optimism’ “many times” or “all of the time”.

‘Frustrated and worried’ business owners are more likely found in retail, manufacturing and construction businesses, and in the South Island.

The percentage of respondents currently feeling ‘frustrated and worried’ is similar to the percentage feeling this way in 2022 (37%) and 2023 (35%).

Figure: 13

Times in the last 2 weeks felt … (%)

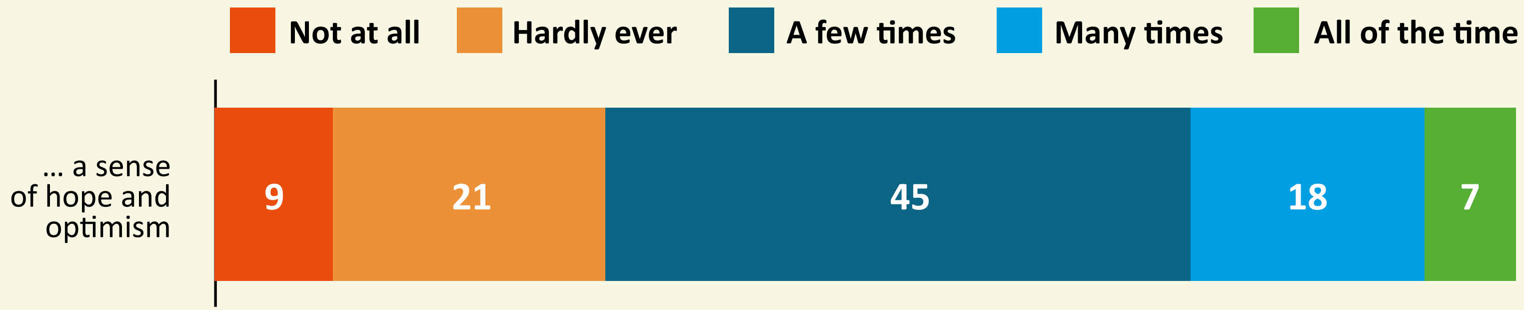
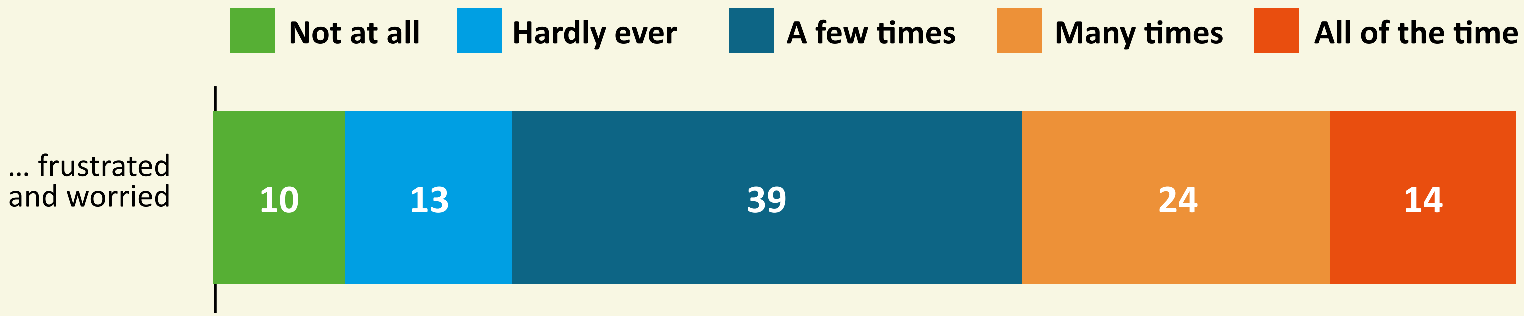


Figure: 14

Times in the last 2 weeks felt … (%)



Appendix

Method

The sample of businesses used for the Business Health and Digital Monitor in 2025 came from previous surveys conducted for MBIE including the B4B Business Monitor, the B4B Business Health and Digital Monitor, and the Digital Boost research. All these surveys had 'repeat' respondents who had agreed to be recontacted for a follow-up survey. As such, very new businesses were not included in the survey.

Respondents were invited in a way to fill pre-set quotas based on **business size and industry category**. This ensured that the achieved sample would be representative of all New Zealand businesses.

Respondents were primarily **business owners** (and some managers).

All interviewing was completed **online**.

Although quotas were set on the basis of business size and industry category, the achieved sample was weighted by business size and industry to ensure it is **representative** of the New Zealand business population. The weighting parameters were sourced from Statistics New Zealand's 'Enterprises, geographic units, and employee count', tables by industry (ANZSIC06) as at February 2025.

Although geographic region was not used to set quotas against, the profiles of the unweighted and weighted samples are very similar in terms of this characteristic.

Results based on the total weighted sample of n=2,508 are subject to a maximum margin of error of +/- 2.8% (at the 95% confidence level). This means that when interpreting the results based on this total sample, differences of more than 3% should be considered **statistically significant**.