



## Summary of feedback from Phase 1

*This document provides a summary of the submissions and other feedback we received during the 2021 consultation on the proposed subject of this MBIE-led Long-Term Insights Briefing (the Briefing). Thank you to everyone who provided information and insights to support our consideration of the subject matter for this Briefing.*

### Our approach

On 20 July 2021 MBIE published a consultation document seeking feedback on a proposed subject for a Briefing titled:

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

The consultation period for written submissions was open until 20 August 2021. Through this period, and for several months following, we also met in person with a range of individuals and organisations to get feedback on the proposed subject. This process had a focus on external stakeholders but also included discussion with many people and teams within MBIE. As a large department, it was important for us to test the choice of subject within the organisation.

Amongst external stakeholders, we received feedback from 31 individuals/organisations:

- 15 businesses or business representative groups
- 6 Māori businesses, including an advisory group
- 2 labour/population representative groups
- 1 academic/thought leader
- 7 government agencies

Of these, 5 organisations provided written submissions and the remainder met with us in person.

### What we heard

Overall, written and in person feedback was supportive of the proposed subject. Our discussions helped provide some early insights into the ways that business and others are thinking of their roles in a context of global change brought about through COVID-19, as well as other more longstanding issues related to things such as inclusion, international connections, capability development and skills, and access to government services.

Our consultation document had the following questions:

1. What could the future of business look like?
2. What changes and trends are likely to be important to shaping the future of business?
3. Are you aware of New Zealand businesses rethinking their role and purpose, or developing new business models?
4. Are there any other themes that should be considered instead?



5. Which of the case study themes identified do you think the briefing should consider? (Listed: Stakeholder capitalism; Māori business; Pasifika business; Social/purpose driven enterprise; Circular business; Advanced digital business)
6. How far in the future should the briefing consider (minimum ten years)?

A summary of the responses to these questions follows:

1. What could the future of business look like?

Our stakeholder engagement highlighted that they expect a lot of change in the business landscape in the next ten or more years. This will be driven by the ageing population, the climate crisis, the increased uptake of digital technology, resource scarcity, and different working patterns.

Stakeholders highlighted the fact that there will be an increasing demand for business to deliver on wider outcomes. Some respondents mentioned the development of a circular economy that will reduce waste and emissions.

The future of business was expected to involve more Māori and Pacific business, and through this will have a culture more reflective of these populations and their collective values.

Respondents indicated that business in the future will have a role to encourage a sustainable, progressive, and productive society for all New Zealanders.

2.. What changes and trends are likely to be important to shaping the future of business?

Our stakeholder engagements identified the following themes:

*Consumer preferences have a significant preference on business models*

With consumer preferences shifting towards more of an ethical and sustainable focus, this will have an impact on business outputs and structures and encourage some businesses to adopt a more values driven approach to meet customer demand. Climate change provides a huge opportunity in terms of mitigation and adaptation for businesses in New Zealand.

*Demand for capital and capacity from overseas*

New Zealand is generally seen as a challenging place to invest. Removing regulatory barriers could allow access to finance and abilities that New Zealand does not have. Internationally there is

There will likely be a shift towards sustainable finance, with Sustainable Development Goals at the core of this change – *Government agency*

In the future, there may only be a small number of roles where people are required to be in-office – *Business*

We need to culturalise our commerce, not commercialise our culture – *Wahine Māori business owner*

Many creative businesses are ‘born digital’ and are leading the development of emerging technologies – *Business*

The future of business is social metrics. Future KPIs are not going to be about profitability, but cultural capital – *Pacific business*

Remote working and working for overseas firms from home will become more common as business moves into the future – *Business group*

There is opportunity for New Zealand and the Māori economy in value-based business – *Government agency*



enormous competition for talent, and this is being exacerbated by growing urbanisation and an ageing populations.

*Role of government to enable adaptation*

It was noted that New Zealand businesses tend to focus on risk rather than opportunity when faced with future challenges. As a small economy New Zealand can be agile to respond to trends, but this may mean a role for government to enable this, through infrastructure, connectivity, and talent attraction.

*Lack of understanding of 'alternative' business models*

Models such as co-operatives and social enterprise are not as widely understood or feasible, yet are likely to grow in the future. Stakeholders suggested that government could be more proactive in encouraging this type of business.

*Technology, artificial intelligence and automation provide opportunity*

Improved efficiencies and productivity from uptake of technology will impact business operations and structures. This was considered both an opportunity and potential risk, with some people citing ethical and security challenges emerging from increased technology, as well as the societal impacts of greater automation altering the structure of the workforce.

3. Are you aware of New Zealand businesses rethinking their role and purpose, or developing new business models?

From the engagement, it was clear that the stakeholders we were engaging with were very aware of certain New Zealand businesses that are rethinking their business models. Some of the businesses that were mentioned were co-operatives or B-corporations (businesses that meet high standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose). Many of the businesses mentioned had a strong ethical or environmental focus (ranging from carbon capture to women-owned business).

Māori and Pacific businesses were often mentioned as ones that have traditionally used models that reflect and incorporate cultural values, such as a focus on whanaungatanga and community, and through this take a multiple bottom-line approach, balancing social, economic, cultural, and other objectives.

The wider purpose or outputs from these businesses were very diverse, such as teaching children to read or opening up share trading to a wider audience. Many respondents mentioned the way in which business was changing the way in which people work (a likely outcome from the COVID-19 pandemic), including more flexible working, shared work hubs, 4-day work weeks, and mental health and wellbeing days.

4. Are there any other themes that should be considered instead?

Some of the feedback from our engagement included the following topics:

- **International connections:** The distinction between exporters and non-exporters; Foreign capital and skills; Changing trends in globalisation
- **Work:** Flexible working; Post-covid employment; Covid impact – rise of home digital work



- **Governance and ownership:** Family oriented business practices; Joint ventures between Māori and Government (e.g. Project Tāwhaki space port – Iwi owning land and co-investment in infrastructure); Corporate governance; Alternative ownership models
- **Digital:** What does ‘big corp’ look like in a digital future?; Virtual worlds/economy; Shift from infrastructure to IoT; Opportunity with global (digital) supply chains
- **Place-based development:** Future of community; Circular local economy; Poor urban performance; Local business support; Urban/rural divide
- **Demographics:** Changing demographics; How do Māori and Pacific businesses really want to drive broader outcomes?; Indigenous economies
- **Climate change:** Climate change adaptation
- **Capabilities:** Policy agility; Improving the tolerance for uncertainty in skillsets for adaptability and planning for the future; Business continuity – educating small business to prepare for shocks; Innovation (innovating ecosystems)
- **Other:** Inequality; Trust in government; Collective impact; Consolidation and monopolisation; Business legal structures; Access to capital; How can you create an environment that allows businesses to connect?

5. Which of the case study themes identified do you think the Briefing should consider?

The table here summarises the responses we received on this question. This gave us a guide to the level of interest, though we note here that not all engagements covered this question.

Theme	Internal engagement	External engagement	Total
Stakeholder capitalism	11	4	15
Māori business	7	4	11
Pasifika business	4	1	5
Social/purpose driven enterprise	8	2	10
Circular business	7	1	8
Advanced digital business	6	5	11

Other comments on case study themes included reframing the theme ‘advanced digital business’ to ‘digital transformation’ to capture a broader set of firms. It was also noted that the proposed themes should not be considered in isolation of one another.

6. How far in the future should the briefing consider (minimum ten years)?

We received 8 responses to this question. Four people said we should consider to 2050 to align with government targets; the rest thought it would be useful to focus on a shorter timeframe.



## How we used the feedback to select the subject

Feedback from our consultation affirmed the relevance of the subject matter at the broad level: ie The future of business for Aotearoa New Zealand.

It also helped us identify the two particular trends to explore in more depth: growth of purpose-led business and the use of blockchain technology (further introduced below).

These trends were chosen as ‘deep dive’ areas for the Briefing, allowing us the chance to gain insights through more detailed exploration of these trends, and making for a manageable scope within the very broad Future of Business theme.

**Purpose-led business:** Our discussions with stakeholders revealed a strong interest in what we decided to call ‘purpose-led business’. We could see how this topic could allow us to explore a variety of aspects of this (and to an extent cover some of the other theme suggestions), for example how business purpose has changed over time, how Māori and Pacific peoples give effect to purpose through their approach to business, and changes in the global landscape for things such as sustainability reporting and ESG (environmental, social, and governance) investment. The theme of stakeholder capitalism could also be encompassed as part of the context for this deep dive.

**Use of blockchain technology:** This trend was selected as an example of emerging technology being adopted by advanced digital businesses and one known to be leading to some transformational impacts on aspects of business activity and form. It was also an area where we heard there was much more limited government activity, compared with other technology areas such as AI, so one where we could add value by supporting greater awareness of developments.

The choice of deep dive trend areas was informed by the responses to our question 5, which signalled most interest in ‘stakeholder capitalism’, ‘social/purpose driven enterprises’, ‘Māori business’, and ‘advanced digital business’.

We were also guided by DPMC advice on selection of a subject which sets out guiding principles and five suggested criteria<sup>1</sup>:

1. The subject matter has not yet received adequate consideration
2. The subject matter is likely to have significant implications for the long-term wellbeing of people in New Zealand
3. The subject matter can ordinarily be sufficiently distanced from current government policy when consulting the public
4. The scope of the subject matter is manageable
5. The subject matter is “particularly relevant” to the department’s functions

In considering these criteria we chose not to include a focus on circular business models. This topic was being developed as part of the government’s Emissions Reduction Plan and would have been difficult to distance from this Long-term Insights Briefing process.

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<sup>1</sup> <https://dpmc.govt.nz/our-programmes/policy-project/long-term-insights-briefings>