How to make it easier for small businesses to interact with government online

Background
Current Government strategic programmes (e.g. Better Public Services Programme R9 and R10; Government ICT Strategy and Action Plan) and business transformation programmes are aimed at not only providing services digital by default, but also making it easier and more seamless for individuals and businesses to use digital channels in their interactions with government agencies. Thus far, research shows that many New Zealanders prefer using multi-channel behaviours in their interactions with government, instead of completing services or administrative compliance processes end-to-end online. Identified opportunities of using digital channels more seamlessly in interactions with government include more efficient service provision, reduced effort and compliance costs, enhanced convenience and an increased proportion of customers who can serve themselves, and increased cost efficiencies.

Simplification of interactions with government also seems to be desirable from the customer's point of view. For example, customer research recently undertaken by the Result 10 team shows that 51 percent of New Zealanders had experienced so-called 'pain points' in their interactions with government: moments in a customer's service journey when they experience difficulties. The more interactions respondents had with government, the more pain points they were likely to have experienced. Furthermore, the more pain points respondents experienced, the more they mattered. One of the most substantial pain points experienced by 44 percent of customers is a situation where they had to provide the same information to several government agencies. Another major pain point identified by 37 percent of the participants is a situation where customers wanted to complete a whole transaction online but were unable to do so.

Thus far, there is substantial knowledge about individuals' attitudes and behaviours in online transactional relationships with government agencies, but not so much is known about the attitudes and behaviours of business individuals or businesses in online government transactions. Similar to other OECD countries, New Zealand has a relatively high number of Small and Medium Enterprises (SMEs), with 97 per cent of enterprises being small businesses in this country (MBIE 2014). Of these small businesses, the large majority (71 per cent) have no employees, 21 per cent have between one and five employees, and 8 per cent have between 6 and 19 employees. In 2014, New Zealand government agencies interacted with SMEs about three million times every four months.

Small businesses up to 5 employees seem to be disproportionally affected by administrative compliance burdens in their transactional relationships with government, compared to medium-sized or larger enterprises. At the same time, the 2014 Small Business Sector Report findings (MBIE 2014) show that, compared to larger enterprises, small businesses between 6 and 19 employees are lagging behind in their uptake of online transactions with government agencies, such as completing and sending online forms (60% of small businesses vs c80% of large companies) and making online payments (75% of small businesses).

Research objectives

- To understand the conditions under which business individuals and small businesses are willing to shift from traditional channels to online channels and use online channels in end-to-end service provision or compliance processes with government;
- To understand the conditions under which business individuals and small businesses find it easier to interact with government online.

Research methods: web survey amongst a sample of business individuals who have filed a GST return and representatives of small businesses of different sizes (1-5 employees; 6-10 employees; and 11-20 employees), semi-structured qualitative interviews; qualitative focus groups.