Te wa o te ao huruhuri ki te Īhanga Whanaketanga Māori
*A time for change in Māori economic development*
The framework above identifies three key enablers that are fundamental to Māori achieving Te Ira Tangata (improved life quality) and realising their potential. All our written information has been organised within these three key enablers or Te Ira Tangata.

**REALISING MĀORI POTENTIAL**

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<td>Mātauranga Knowledge</td>
<td>Whakamana Influence</td>
<td>Rawa Resources</td>
<td>Te Ira Tangata Life Quality</td>
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1. **Mātauranga – Building of knowledge and skills.**
   This area acknowledges the importance of knowledge to building confidence and identity, growing skills and talents and generating innovation and creativity. Knowledge and skills are considered as a key enabler of Māori potential as they underpin choice and the power to act to improve life quality.

2. **Whakamana – Strengthening of leadership and decision-making.**

3. **Rawa – Development and use of resources.**

4. **Te Ira Tangata – The quality of life to realise potential.**

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Whaia te iti kahurangi, ki te tūohu koe, me maunga teitei

*Seek the treasures you hold most dearly, if you bow your head, let it be to a lofty mountain*
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MINISTER OF MĀORI AFFAIRS, ASSOCIATE MINISTER OF STATE SERVICES, ASSOCIATE MINISTER OF EDUCATION, ASSOCIATE MINISTER OF FISHERIES, ASSOCIATE MINISTER FOR SOCIAL DEVELOPMENT AND EMPLOYMENT.

This discussion paper is timely in providing a new take on Māori business activity and seeks to highlight the opportunities for growth and global connectedness, which are core to economic transformation and growing our potential.

This Government is committed to raising incomes and quality of life for all and is emphasising economic transformation as a key focus. Māori are actively participating in the process of economic transformation, reaching new heights in land based production, and across the primary sectors, gaining international recognition in all forms of arts, media and music, and developing innovative products and services in the IT and other technology based industries.

I believe that the growing asset base and global opportunities along side changing perceptions and attitudes are helping to change Māori economic potential. While it is nothing new to our kōrero that the base for this is our traditions and people, this document provides another perspective on raising Māori economic potential, building on those areas where there are natural competitive advantages.

Noho ora mai rā ki o koutou marae, kāinga, ki raro i ngā manaakitanga a te wāhi ngaro.

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Hon Parekura Horomia
Minister of Maori Affairs
This discussion piece is intended to provoke thought. It was commissioned to help develop the discussion on the economic potential of Māori and offers the opportunity for Māori and all New Zealanders to look for strengths and opportunities for prosperity.

In recent times a number of reports have signalled the need to increasingly look to our competitive advantages and grow internationally competitive exporters in order to develop the wealth of the country.

In an increasingly globalised world economy it is through investing in those things which are unique, and by building the infrastructure that cannot be transplanted easily, that we can continue to build our own identity and wealth.

This discussion paper Te wa te ao hurihuri ki te Ohanga Whanaketanga Māori – A time for change in Māori economic development builds on our previous work and highlights the challenge of leveraging the notion of the “Māori edge” to benefit not only Māori but also ‘NZ Inc’ as a whole.

While Māori are actively participating in the process of economic transformation, it is not always in full public view. However, it is becoming clear that as the sleeping giant of Māori economic development awakes, so too will the New Zealand economy be energised.

At its core, the “Māori edge” is simply about being Māori and living Māori. The challenge it creates for us all is how best to springboard from this comparative advantage.

No reira,

Ngā manaakitanga a te Atua kaha rawa ki a koutou katoa.

Leith Comer
Chief Executive
Te Puni Kökiri
Te wa o te ao huruhuri ki te Ōhanga Whanaketanga Māori
A time for change in Māori economic development

Discussion document for
Te Puni Kōkiri
September 2007

This report was prepared by Preston Davies and reviewed by Brent Layton, of the New Zealand Institute of Economic Research.
1. INTRODUCTION AND BACKGROUND

This report is designed to stimulate discussion and debate around the future of Māori economic development. Two streams of research, summarised below, provide much of the motivation and underpinning for this report. Other work too, is important. In particular, the work emanating from the Hui Taumata, as well as research offerings supported by the New Zealand Business Roundtable provide useful perspectives. The time is right to consider what the key messages that flow from this body of research may be and what they might indicate.

Moreover, nascent development themes need to be identified and articulated. Given the relative paucity of useful data, much of the material that follows is conjectural. As a consequence, some of the discussion might be considered somewhat provocative. This is neither deliberate nor particularly worrisome. Rather, such perceptions are a consequence of openly articulating concepts and themes that may otherwise lie dormant. This is important when viewed in the context of an environment where it is no longer expected or accepted for Māori to be on the sidelines of economic development discussions. Māori are now not only participating in such deliberations, but are often setting agendas and leading discussions.

The 2003 report set the scene...

In early 2003, Te Ōhanga Whanaketanga Māori - the Māori Economic Development Report was released. The report, a collaboration between Te Puni Kōkiri and the New Zealand Institute of Economic Research (NZIER), looked at Māori participation and performance in key markets. The main findings of the report were that:

- examining a Māori economy that is separate from the New Zealand economy has some merit;
- Māori value-added (akin to GDP) in 2000 was around $1.2 billion, equating to 1.4 percent of the national economy;
- key sectors for Māori were Agriculture, Fishing, Owner-occupied dwellings and Health;
- Māori are net lenders to the rest of New Zealand (i.e. the Māori economy has a higher savings rate than the New Zealand economy);
- the Māori economy is more profitable than the New Zealand economy (i.e. while accounting for just 1.4 percent of value added, the Māori economy generates 2 percent of operating surplus);
- Māori remit $100 million more in tax than they receive in transfers (benefits);
- the implied growth of the Māori economy generally exceeded growth of the New Zealand economy between 1989 and 2000; and
- Māori are disproportionately open to the world economy (i.e. in 2000 the Māori economy accounted for 2.5 percent of total exports, despite accounting for only 1.4 percent of value added)

In addition to the above, other strands of interest and possible constraining factors were considered, including issues such as access to finance, the ownership structure of
Māori holdings, governance of Māori entities, opportunities for Māori cultural marketisation and the role of Māori innovation. While the tone of the report was that there was much to build on, and much progress had been made, it also recognised that much work remained to be done. Despite this, the report demonstrated that Māori economic development is relevant not only for Māori, but also for the Government as well as private sector business entities.

...followed by a focus on business in 2005

In 2005 further work was undertaken by NZIER for Te Puni Kōkiri, looking in particular at Māori business interests. The focus on business interests was motivated by two factors: the relative dearth of studies focussed on Māori businesses, and the understanding that involvement in business is a key plank of economic development.

The goal of the work was firstly to establish the current situation in respect of Māori business and economic participation, then assess the inherent potential given such an orientation and finally identify the necessary actions required to facilitate Māori reaching their potential.

Existing data was mined to create a picture of the composition of Māori businesses operating in New Zealand. The existing data was relatively sparse, requiring some inferences and interpolations to derive useful figures. A regional structure was overlaid on this data so that key differences in business activity could be considered on a geographical basis. The next section highlights in more detail the major findings of this work.
This section provides more details on the findings of the most recent round of research completed by NZIER for Te Puni Kōkiri.

**Relatively strong, but tightly centred asset base**

As at 2004, the Māori commercial asset base was estimated to be worth around $9.2 billion. Given the difficulties associated with securing sufficient data, it is possible that this is an underestimate. That is, there is likely to be a significant number of Māori business operators who are not ‘identified’ anywhere as Māori and are not captured in our estimates. In addition, the figure relates to commercial interests only and thus does not include the assets and imputed incomes of Māori as homeowners.

The Māori asset base is centred largely around two broad groupings: agriculture, fishing and forestry ($3.1 billion assets); and property and business services ($2.4 billion assets). While it is relatively well known that Māori have large interests in the ‘Primary’ sector, the major share of asset holdings in property and business services is less well known. There is something of a geographical explanation to the prominence of the latter.

**Regional asset share skewed towards the North....**

As Table 1 shows, the vast majority – over three quarters – of Māori assets are held in the North Island, with Auckland, Waikato, and Bay of Plenty the location for the lion’s share. Māori property investments are heavily concentrated in the Auckland region, with lesser, but still significant assets held in Waikato, Canterbury and Wellington. Auckland property assets are in the main held by Māori employers and self-employed Māori, while major holdings in the other regions mirror the assets held by some of the iwi-based organisations such as Ngai Tahu Holdings Corporation (Canterbury) and Tainui Group Holdings (Waikato).

**... with growth prospects also predominantly lying in the North**

Combining the two streams of information provides some insight into particular regional specialities for Māori and the opportunities presented by such specialities. Table 2 summarises opportunities for Māori business by industry and by region. We have assigned distinctive names to each quadrant for ease of interpretation. Black areas represent higher growth, low risk/cost sectors in terms of the opportunities available for the particular region. The grey areas represent lower growth sectors with low relative risks in terms of opportunities available resulting from a presence in the sector – solid, but slow performers. The blue areas represent higher growth, but higher risk/cost sectors – fast moving, but in need of some control and specific attention to produce results. The fourth areas are white in colour, representing low growth, higher risk sectors.

The table shows some geographical and industry patterns in terms of opportunities for Māori business. The makeup of Māori business in the North Island is more heavily weighted...
Towards higher growth service sectors than the Māori business interests in the South Island. Consequently, Māori business in the North Island appears to have more high growth opportunities.

South Island business interests tend to be weighted more heavily towards agriculture, forestry, and fishing. This suggests opportunities for Māori interests in the South Island may be closely aligned with export strategies, given the opportunities for trade in primary and processed primary products.

**Education, health and social services key**

Māori business in the North Island generally has a much stronger growth platform in the social services of education, health and community services than business in the South Island.
Strong growth platforms in these services may reflect growth in service delivery “by Māori to Māori”. Given the majority of the Māori population is in the North Island, it stands to reason that Māori business in the North Island has developed more robust growth platforms relative to their South Island counterparts.

The nature of opportunities nationwide in health and community services is dependent on how much of the existing growth platform can be attributed to increased delivery of services “by Māori to Māori”. The greatest opportunities are likely to lie in new markets. The Māori population is projected to increase at higher rates than non-Māori meaning an expansion in the existing “by Māori to Māori” Māori market. However, over the longer-term it is non-Māori who may be the major demander of health services. This is by virtue of living longer on average than Māori and having higher incomes and a relatively faster ageing population profile. Therefore, while the platform is there now, the real opportunity may lie in crossing over to non-Māori service delivery.

Despite the presence of outliers in some regions, such as mining, relativities are important if we are to say anything about regional and industry variation in opportunities for Māori business. If we were to focus on the absolute level of the business base in each region our analysis would not be able to say much about industries other than agriculture, forestry, fishing, and property and business services. That said, these are sectors in which opportunities abound from domestic demand and export growth. As such, they should be seen as very important for Māori business nationally.

Population density correlated with growth opportunities, though traditional sectors remain important

There is also a divide between urban and rural regions, albeit a rather predictable one. Urban regions have more opportunities in higher growth sectors such as business services. In general, the breadth and strength of opportunities available to Māori business correlates with the size of the Māori population in each region, and so typically increases south to north. A key driver is that larger populations of Māori are apt to diversify their business interests, particularly away from conventional primary industries.
### Table 2: Summary of Regional Opportunities

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Source: NZIER
A key question arising from the preceding material is whether there is anything meaningful that we can and should take from the work to date? The answer we propose is yes, though the underlying meaning is multifaceted. Like most complex issues there is no single explanation or solution that stands out. Rather, the real meaning is contained in a combination of both latent and easily observable messages and meanings. This section presents discussion of both the obvious and the less obvious themes and places them in a Māori economic development context characterised as a “work in progress”.

Economic development is a process, not a discrete event or graduation. It follows that history, while being potentially useful to avoid repeating the mistakes of the past, is only partially helpful in terms of future directions. To history’s lessons must be added contemporary knowledge, networks and learnings. Not all of these are easily measurable and it is definitely the case that in looking to add dynamic elements to economic development discourse, some risk-taking is likely to be required. Both history and the present are illustrative when considering Māori and risk.

The purpose of this section is to make some observations that we hope are useful and to be more challenging in respect of directional indicators of Māori economic development. By challenging we mean necessarily making judgements where the data is thin, as well as looking to set agendas that are not solely based on mountains of supporting evidence. Instinct and intuition, therefore, have a larger presence in this work than has previously been the case. It is not a case of suspending disbelief; it is simply a matter of not letting data restrictions result in economic development efforts being in a permanent state of inertia.

The challenge is not to Māori alone. It also applies to non-Māori and to government interests, which may have been reluctant to engage with Māori entities because of perceived inadequacies in terms of supporting evidence for their case. This work is a stepping stone on the path towards altering that landscape from one that is focussed on the risks of engagement manifested in terms of the fear of failure, to one where risks are seen in terms of the lost opportunities from non-engagement.

It requires that we carefully consider what the established wisdom is in relation to Māori economic development with a view to separating myth and legend from reality and effectively strip away the bark of misinformation to reveal the real roots of development.

The focus is on Māori and business. There are both direct and instrumental effects of business ownership which have potential for Māori. The first is that businesses provide a vehicle for the expression of Māori entrepreneurship. Secondly, participation in business provides openings in terms of networks, knowledge and growth that may otherwise not be available, or
available only to a lesser extent. We organise our discussion around three key elements:

- Māori business understanding
- Māori aspirations
- Māori leadership

3.1 MĀORI BUSINESS UNDERSTANDING

Evidence is emerging in favour of the view that Māori see value in getting into business. In the latest Global Entrepreneurship Monitor (GEM) report, it was reported that more Māori (73 percent) than other New Zealanders (60.5 percent) say that starting a business is a good career choice. In addition, Māori were reported to have higher growth expectations, with 12.3 percent of Māori entrepreneurs believing they will create 20 jobs in five years compared to 8.1 percent of the general population of entrepreneurs. Māori entrepreneurs also rate highly in terms of business optimism (Frederick and Chittock, 2005).

Against these positives must be contrasted some negatives. A lower proportion of Māori (6.5 percent) own and operate established businesses, compared to the general population (10.8 percent). In addition, Māori entrepreneurs have lower survival rates than those in the general population. Finally, despite having rates of ‘opportunity’ entrepreneurship – starting a business to pursue an opportunity or idea - that are comparable to Canada, Australia and the United States, Māori have a much higher rate of ‘necessity’ entrepreneurship – starting a business to create a job for oneself – than the general New Zealand population.

Considering these factors together, we have something of a curiosity. Māori entrepreneurs could be classified as irrationally exuberant. While some would suggest that there are cultural influences at play, others might argue that this phenomenon reflects a lack of understanding by Māori of business practices and objectives. The remainder of this section seeks to draw out and discuss what seems to be the Māori understanding of “business.”

3.1.1 Māori business goals and objectives

The goals of Māori organisations are similar to any organisation: to run organisations that are well governed, expertly managed and which provide good returns to stakeholders. In a series of reports between 2003 and 2005, the Federation of Māori Authorities (FOMA) and Te Puni Kōkiri examined the business operations, motivations and governance arrangements for 30 Māori organisations. An understanding has emerged from this work that is illustrative in the context of understanding the objectives of Māori businesses.

The vast majority of Māori businesses understood and embraced the need for commercial returns. There is an acceptance of the need to compete in markets and to make profits. Standard financial indicators are routinely utilised to assess performance in much the same way as any other business organisation would. Organisations were united in understanding the vital role that a core purpose plays in terms of developing the appropriate business structure, as well as in assisting resource allocation decisions to enhance efficiency. Concepts such as wealth creation, diversification, or protection and enhancement of assets are commonplace in these organisations.

A major theme emerging from the case studies of FOMA and Te Puni Kōkiri is that industry leadership is a driving force in many Māori organisations. It is not acceptable for these
organisations to simply be participating, or making up the numbers in an industry. Being widely respected and seen as being at the forefront of industry best practice is the goal. The corollary of this is that organisations have sought to enhance their ability to respond to changes in technology, industry practice and market conditions. Eliminating rigidities that may present a barrier to successful uptake and ergo to the attainment of an industry-leading position is now key.

In short, the goals and objectives of Māori businesses are little different to those of non-Māori. This is not surprising. No organisation sets out with the intention of not making profits or not looking to grow. Even not-for-profit organisations look to expand their reach into new areas, whatever their motivation. In an environment where organisations are required to “run just to stand still,” goals and objectives that include growth, efficiency and evolution are similarly required and embraced by Māori and non-Māori alike.

3.1.2 Practices and processes

While Māori businesses may indeed have the same goals and objectives as non-Māori, there are some key differences in terms of the practices and processes employed by Māori. Perhaps the most obvious difference relates to distribution policies and the uses of profits and/or other growth dividends. There is a much wider sphere applied to Māori businesses in terms of their role and functions. The need for profits is well understood, but profit in Māori businesses is sought in an instrumental sense rather than being an end in itself. That is, surpluses are sought to apply to areas outside the normal purview of businesses. Such areas often include educational grants and other more socially oriented community-based ends that may not result in any direct or tangible benefit to the business.

This view may be considered as being somewhat enlightened in a world that appears to be eagerly promoting and embracing sustainability in business practices. The focus in Māori organisations on the need to keep reinvesting in their communities in order to meet their values and aspirations is a key point of difference that Māori have enjoyed in the past and are likely to continue to do so in the future.

A further relevant consideration is the role of establishing deep and broad relationships. It has been recognised for some time that Māori have advanced social networks. Unfortunately, dense business networks have been missing. This is changing, as high-performing Māori organisations have gained a better understanding of the importance of broadening relationships. In so doing, Māori organisations have been able to forge partnerships to broaden their competence and technical knowledge. This has led to the opening up of new ventures, markets and distribution channels as well as improving the usefulness and profitability of existing resources (FOMA and Te Puni Kōkiri, 2005).

Finally, it is useful to consider attitudes toward risk in Māori businesses. A common perception, confirmed in the case studies by FOMA and Te Puni Kōkiri, is that Māori organisations are inherently conservative in their outlook. They are likely to have very little debt (and generally no bank debt), relying more on “original owners’ capital plus retained earnings to fund business development, downturns and growth” (FOMA and Te Puni Kōkiri, 2005). To a certain extent, this may reflect risk aversion (in line with the
motivation not to diminish current assets) but may also be a result of capital markets that are not accommodating of Māori organisations.

Understanding some of the practices and processes undertaken within Māori organisations relies crucially on the perspective taken. Differences need not always be interpreted as weaknesses. Indeed, there is good support for the view that Māori business practices and processes may actually be enlightened, and possibly before their time, from a quadruple bottom line perspective.

Governance is a perennial feature in the discourse on Māori organisations. Our intention is not to retrace old ground but rather to seek a deeper understanding of factors that impact on governance in Māori businesses. It should be borne in mind that many current Māori organisations largely responsible for managing business assets were not originally designed to operate as commercial bodies. Typically they are required to operate within the dual contexts of the New Zealand legal and commercial system and their own tikanga (NZIER, 2003).

There is a large range of structures that fit under the general rubric of a Māori business and as such governance arrangements inevitably vary. Organisations evolve to arrange resources, including assets and labour, in pursuit of one or many shared purposes. Unlike other organisations, when there is a disjuncture between personal preferences and the purposes of the organisation, free exit (e.g. via sale of shares or other rights) is not generally available. This is most relevant in the case of iwi-based organisations, where membership is involuntary and rights are not generally traded or tradable. Consequently, decisions involving incompatible preferences are resolved by other, often political, means.

Governance structures should therefore reflect the different internal dimensions that operate in Māori businesses. The need to consider the political as well as economic context embedded in Māori businesses explains why there have been some non-standard practices associated with governance. Increasingly, however, there is evidence emerging that organisations are now much more focussed on the role of governance. In particular the need within collective organisations for a clear separation of ownership from control is being recognised and acted on in successful Māori organisations (FOMA and Te Puni Kōkiri, 2003, 2004, 2005 and NZIER, 2003).

3.1.3 Getting things done

It is sometimes lamented that Māori organisations are like ocean liners. While aesthetically very pleasing and often containing ornate fixtures and fittings, they are large and inflexible, taking lots of time and space to change direction. Moreover, it is thought that decision-making in such organisations is similarly afflicted. We suggest that such a characterisation is somewhat harsh. Examining Māori businesses from a different perspective may identify strengths where weaknesses were thought to reside.

In line with their desire to protect assets and provide for future generations as well as current ones, Māori businesses often have a long-term focus. This is one aspect of sustainability as discussed above. With the burden of future generations weighing heavily upon such organisations, it is not surprising that decision-making may take some time.
To the extent that time taken is to secure a robust, enduring decision, rather than being reflective of unnecessary hurdles, there are considerable prudential qualities to such decision making attributes.

Such an approach is also consistent with the observation that many Māori businesses are asset rich, but cash poor (i.e. possessing large assets but earning little from those assets or distributing a large proportion of any surplus returns). Taking a longer-term view, Māori businesses are perhaps content to eschew high-risk/high-return opportunities in favour of safer options. While there might be some support for having a portfolio that includes both alternatives, and options in between, it is perhaps not irrational to pursue a low risk strategy when playing in a longer-term game.

Some may question the efficacy of taking a long-term position by asking what is being sacrificed along the way. Viewed another way, however, the question may well be what are the potential benefits of taking a longer-term view? Both the economics and management literatures have devoted considerable time and thought to such issues, both directly and indirectly.

An important aspect in both literatures is that relationships matter. As discussed above, one of the key findings of the latest round of FOMA and Te Puni Kōkiri Māori business case studies is the broadening of relationships for mutual benefits by such organisations. The merits of relational contracting arrangements, as opposed to one-off, market-based contracts, are widely recognised in the law and economics field. With such relationship-based dealings, the focus moves away from opportunism and chances to extract rents form the other party and more towards preserving the relationship for mutual benefit in the future.

In essence, the existing relationship, and the need to maintain it for future prosperity effectively governs how the parties behave and consequently, their returns. Such arrangements are seen as logical in the face of longer-term contracts, those involving relation-specific assets and multiple dealings. The parties may be sacrificing shorter-term opportunities to ‘hold-up’ the other party, but do so knowing that the returns over the long run may be more lucrative.

In addition, many of the instruments used by companies to reward management e.g. stock options, bonuses for future performance are designed to avoid potentially negative short-term, opportunistic behaviour. The aim is to better align the interests and incentives of officers of the company with those of shareholders, many of whom take a longer-term view. Undoubtedly such instruments have other uses, but they are also about aspects of the relationship between and across players involved in the organisation, with a goal of encouraging the taking of longer-term perspectives.

Table 3 on the following page provides a summary comparison of alternative views of Māori business understanding. While not a full comparative institutional analysis, it is illustrative of the importance of perspectives.
3.2 IS BUSINESS INCREASINGLY THE WAKA BEING PADDLED BY MĀORI?

The discussion above highlighted the evolving nature of Māori business understanding and business practice. This section elaborates on this by taking a wider view. In particular, we look to establish the role of business in the context of Māori aspirations. The major question is whether Māori aspirations are increasingly being manifested in business. That is, do Māori see businesses as a legitimate vehicle for meeting their aspirations? We believe that there are likely to be both direct and instrumental effects at play. The direct effects would result from the reputational elements associated with business success, while the instrumental effects come in the form of being able to provide more of the non-priced socially-based goods and services that are valued by Māori and intrinsic to Māori aspirations.

### TABLE 3: MĀORI BUSINESS UNDERSTANDING SUMMARY

<table>
<thead>
<tr>
<th>AREA</th>
<th>&quot;Established wisdom&quot;</th>
<th>&quot;Alternative view&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business goals/ objectives</td>
<td>Māori organisations have different goals and objectives that are not commercially driven.</td>
<td>Most Māori organisations are well aware of financial and economic imperatives. Top performing Māori organisations are little different from top performing non-Māori organisations in their business goals and objectives.</td>
</tr>
<tr>
<td>Practices and processes of Māori businesses</td>
<td>Convoluted, disorganised and confused about the role of business. Nepotism rife.</td>
<td>Māori organisations possess real strengths in terms of sustainable business practices. Broad social networks enjoyed by Māori are likely to provide a segue into similarly broad business networks over time.</td>
</tr>
<tr>
<td>Decision-making/ attitudes to risk</td>
<td>Inflexible, hamstrung and drawn out decision making routes and inability to make decisions. Too risk-averse.</td>
<td>Such arrangements are consistent with a longer term and more custodial view where possible short-term gains are traded off for longer term stability.</td>
</tr>
<tr>
<td>Governance</td>
<td>Poorly governed by unqualified people. Loose accountability and inadequate reporting functions pervade. Organisations are too insular.</td>
<td>There is no one size fits all governance arrangement. Māori organisations are increasingly seeking to both &quot;make&quot; and &quot;buy&quot; individuals for board-related duties. Much more thought is now being placed on matching the needs of the entity with the skills of those in the governance role.</td>
</tr>
</tbody>
</table>

Source: NZIER
Some evidence of Māori repositioning

Available evidence, while somewhat dated, suggests that the Māori labour market has experienced some dramatic changes. Total Māori employment increased by around 60 percent between the 1991 and 2001 censuses, compared with just 19 percent growth for total non-Māori employment. The rate of self-employment for Māori showed the most spectacular gains in that period, with growth of 72 percent between 1991 and 2001 for Māori, compared to growth of 31 percent for non-Māori. While there are two major caveats associated with this data, it is indicative of a course being plotted by Māori towards business and self employment opportunities.\(^1\)

Moreover, there are also the seeds of an unfolding compositional story for Māori. As shown in Figure 1 below, Māori self employment and employers are not restricted to just the primary sector (agriculture, forestry and fishing). The construction, retail trade and property and business services sectors are also prominent. This data is suggestive of Māori using business enterprises as a vehicle for diversifying into areas that may not have historically been thought of as being strengths. Such a composition is also not altogether dissimilar to that for New Zealand as a whole. Looking more broadly at Māori employment in total, other interesting strands emerge.

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\(^1\) The caveats are that the definition of Māori used by Statistics New Zealand changed between censuses and that Māori were coming from a low base to start with. The former may mean growth rates are overstated, while the latter places some context around such spectacular growth.
Composition important to Māori, with services assuming prominence

Table 4 presents the results of a shift and share analysis of Māori employment by broad industry grouping over time. The comparison is with total employment in New Zealand. Several potentially important points stand out. First, the analysis confirms the findings above that the rate of growth in Māori employment was higher than that for total employment in New Zealand between the March 1997 and March 2005 years. This is shown by there being a significant difference between the actual change in Māori employment (43,500) and the change that would have occurred if Māori employment grew at the same rate as overall employment growth for all New Zealand over that period (26,929).

Next, the composition of Māori employment highlights that Māori employment growth was constrained somewhat by being disproportionately represented in slow growing sectors. The negative commodity composition effect shows that the Māori presence in relatively slow growing sectors (in essence Primary and Utilities; and Manufacturing) was sufficient to effectively wipe out the gains that came from Māori participation in sectors with faster than average growth. The effect of the relative presence by Māori in slower than average growing sectors was a reduction in Māori employment of 1,177 between March 1997 and March 2005.

A strong positive residual effect is interpreted as a competitiveness effect. This shows the difference between the actual change in Māori employment and the change that would have occurred if each group had grown at the same rate as nationally for that group. Māori were strongly competitive, i.e. the rate of sectoral employment growth for Māori was above the sector-specific rate of growth over the

<table>
<thead>
<tr>
<th>1997-2005</th>
<th>Group 1 (Primary and Utilities)</th>
<th>Group 2 (Manufacturing)</th>
<th>Group 3 (Distribution)</th>
<th>Group 4 (Other Services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Māori employment</td>
<td>7800</td>
<td>3800</td>
<td>9400</td>
<td>8800</td>
</tr>
<tr>
<td>Due to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in total employment</td>
<td>4560</td>
<td>5761</td>
<td>4560</td>
<td>4429</td>
</tr>
<tr>
<td>Commodity composition</td>
<td>-862</td>
<td>-5824</td>
<td>332</td>
<td>945</td>
</tr>
<tr>
<td>Change in competitiveness</td>
<td>4102</td>
<td>3863</td>
<td>4508</td>
<td>3426</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding
Source: Statistics New Zealand HLFS, NZIER
March 1997-March 2005 period, in all sectors. Importantly, this competitive effect held for the faster growing sectors, though it was somewhat less pronounced.

Taken together, the employment-related data suggests a realisation by Māori of the need to diversify while also maintaining existing strengths. Moreover, the across the board competitive effect evident in the employment shift and share analysis is supportive of improved Māori performance in the face of a changing labour market. We amplify some of the discussion around this quest immediately below.

Māori movement towards the service sector is in line with modern economies, where the services sector is now responsible for a larger share of economic activity than previously. What makes this process noteworthy for Māori is that such movement could be interpreted as a marker for wider change. Activity in services is largely about people-to-people based transactions. This is an area where Māori would appear poised to exploit natural advantages that stem from more traditional activities and protocols. Such advantages encompass a high degree of face-to-face and personal dealings, stemming from a preference for trust-based relationships, rather than the more arms-length and discrete approaches that normally characterise commercial activities.

Markers of change not always highly visible

While reflective of broader trends, which would inevitably have some impact on Māori, the evidence supports a view that Māori are themselves responding to change and seeking to involve themselves in sectors and activities with real prospects. Such behaviour is undoubtedly linked to the emergence, or perhaps re-emergence, of commercial and entrepreneurial considerations being central in iwi-based and other entities. Economic goals and strategies now regularly dominate iwi gatherings and annual economic summits are now commonplace.

It is no longer sufficient to articulate aspirations in terms of returns on established assets, e.g. forests. Māori at such hui now demand information on ways to leverage those assets for maximum gain as well as extending the reach into areas where potential gains seem greater. A major part of this apparent drive is the potential for economies of scope, which can arise from an extended product offering. In addition, the acknowledgement of the need to take ideas and products to market and translate these into deals also underpins the approach. Understanding supply and demand processes, the forward and backward integration possibilities and current and potential positions in the value chain are also prominent.

While the treaty settlements process has meant that some Māori entities now have the opportunity, and indeed the necessity, for such aspirational thinking, such demands are also symptomatic of a change in the underlying understanding and appetite for commercial ventures. There is no established way of definitively measuring such an attitudinal shift, but in the current parlance, Māori are an active participant in the process of economic transformation. This is manifest in both a physical manner through sectoral reallocation and in a psychological manner through shifts in attitude.

The nature of the change process itself has some features that might be thought of as
applying specifically to Māori. The first is that outward appearances may be misleading. Like many things associated with Māori activities, it is conceivable that much of the action for Māori businesses takes place beneath the surface or away from public view. It is not the Māori way to be showy or overtly boastful in any dealings. Applied to business, Māori are less likely to over-hype their products, practices or processes, preferring to under-promise and over deliver.

Whatever the reason for this, the “just get on with it without the fanfare” attitude is a prominent feature of Māori dealings. This outward expression of simplicity belies the detailed thinking that often underpins things. In much the same way that historical pa sites which gave rise to the notion of Māori prowess in trench warfare were designed to convey one image while remaining silent on the activity underpinning them, it might be said that Māori business exhibits the same characteristics.

There is also an external factor that may have some influence here. It is the lamentable state of statistical collection in relation to Māori businesses. Because only very limited official information is currently collected on Māori business, little of the body of Māori business is visible. Anecdotal evidence suggests that there are many Māori organisations quietly going about their business and assisting the transformation process without being highly visible, or counted, in the process. Due to the combination of the seeming dislike of overt publicity and little official data collection on Māori business, we are in all likelihood only seeing the tip of the iceberg. Māori economic transformation is more likely a quiet revolution than something from the “big bang” school.

"Māori edge" behind quiet revolution

In our view, this so-called quiet revolution has its underpinning in the evolution of what might be termed the “Māori edge.” While largely conceptual in nature, there are strands of this Māori edge that are capable of further articulation and discussion. It is extremely difficult to fully define what makes up the “Māori edge” but below we set out our thinking on some key elements. As alluded to above, such a concept is still evolving, but the time is right to set things down on paper in order to stimulate debate and assist in the further development and understanding in this important area.

Table 5 contains the key historical and contemporary elements we believe are behind the expression of a “Māori edge.” Taken as a whole, these elements can usefully be thought of as a first attempt at enunciating the “Māori edge.” The distinction between the historical elements and those considered more contemporary is not a firm one as it is the blending of the elements that supports such an edge. Much remains implicit, particularly why and by how much do Māori enjoy an edge in specific areas. This is purposeful, given the desire to elicit discussion and debate. Notwithstanding this, the key elements encompassed by a “Māori edge” concept can be summarised as:

- Resilience/flexibility
- Inherent and acquired trading capacity
- A culture well suited to transactions in growing markets
- Curiosity and increasing willingness to diversify
• Uniqueness/freshness
• Dual world skills

Much remains to be done to ensure that this "Māori edge" is given full effect and not treated as a novelty. For the concept to be something capable of further definition, refinement and development it is important to pose some questions around whether it currently possesses properties considered desirable in making the concept meaningful. We define some of these properties below.

• Durability/robustness - the "Māori edge" should be based on sound foundations and capable of withstanding the inevitable fluctuations of business and economic cycles.

• Replicability/appropriability - more particularly, the "Māori edge" should not be easily replicated or the characteristics appropriable by others.

• Portability - features of the "Māori edge" should not be restrictive or arcane in nature and be relatively easy to teach and apply within Māoridom.

• Convertability/definability - for the "Māori edge" to have meaning, it should be able to be converted to visible benefits or returns. In addition, the edge should be capable of definition and attribution should be simple.

In essence, the "Māori edge" is an expression of Māori comparative advantage. Perhaps the most important issue in this discussion concerns relative strengths. In other words, where is it that this edge, or comparative advantage lies? Is it people, products or processes, or some combination of the three? In time, the answers will become apparent, however, it is likely that the balance may shift between the factors for periods of time. Regardless of this, it is conceivable that the people element will always have a strong influence. Distinctive Māori products and/or processes are emerging and look likely to continue to do so and be expressed through Māori business, but at its core, the "Māori edge" will be about being Māori and living Māori.
**TABLE 5: KEY ELEMENTS OF A “MĀORI EDGE”**

<table>
<thead>
<tr>
<th>Historical elements</th>
<th>DESCRIPTION</th>
<th>RELEVANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resilience</td>
<td>Economic and social events over time have disproportionately impacted Māori in a negative way. Yet on every occasion, Māori bounced back.</td>
<td>One key feature of entrepreneurial endeavours is the ability to take losses, get knocked down but get up again.</td>
</tr>
<tr>
<td>Trading culture</td>
<td>Māori have a long trading history and indeed, could be considered natural traders (both within and across iwi and between Māori and Pakeha). Understanding of the potential gains from trade firmly ingrained in Māori.</td>
<td>Keeping an eye on potential opportunities while also sealing deals in existing areas of strength a useful, but scarce talent.</td>
</tr>
<tr>
<td>Highly contextualised</td>
<td>Māori culture is one that could be termed highly contextualised. Such cultures stress relationship building and a long-term perspective. They are characterised by the use of more lengthy and complex, sometime more formal styles and approaches to interactions.</td>
<td>Increasingly, New Zealand’s trades are being developed with cultures who also have highly contextualised cultures, particularly in the Asian region. Western countries, including New Zealand, are seen a being low context cultures. Māori may open more doors, or allow the doors to remain open longer, as a result of cultural similarities.</td>
</tr>
<tr>
<td>Flexibility/ responsiveness</td>
<td>Related to the resilience element discussed above is the ability to undertake relatively rapid change in response to changing conditions. Māori have, perhaps by necessity, developed into a relatively nimble group, which would be reflected in Māori businesses.</td>
<td>The process of creative destruction has much currency and is likely to continue to do so when looking at economic and other transformations. The notion of shedding irrelevant or decaying elements to get to the nub of the issue is well known to Māori. A popular whakataukī, which might be interpreted this way is “Rurea, taitea, kia toitu, ko taikaka anake – Strip away the bark. Expose the heartwood.”</td>
</tr>
</tbody>
</table>

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Table 5: Key elements of a “Māori edge”
<table>
<thead>
<tr>
<th>Contemporary elements</th>
<th>DESCRIPTION</th>
<th>RELEVANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Highly contextualised interactions</strong></td>
<td>Māori have continued to focus on protocols, processes and practices that place business and other dealings within a broader context of relationships and informal and formal institutions.</td>
<td>The ability of Māori, and Māori businesspeople to effectively straddle dual worlds and cultures will be potentially valuable in a globalising world.</td>
</tr>
<tr>
<td><strong>Freshness</strong></td>
<td>Māori culture and perspectives offer a fresh alternative to the sameness that is starting to characterise New Zealand’s dealings with the world. While elements of pop culture (i.e. non-Māori celebrities sporting ta moko) permeate, the ease with which Māori incorporate spiritual elements with the physical world also creates appeal.</td>
<td>Points of difference are difficult to manufacture, but potentially very valuable. The challenge is to capitalise on the inherent ephemerality of Māori being seen as “cool.”</td>
</tr>
<tr>
<td><strong>Renaissance</strong></td>
<td>Domestically, there has been a “re-awakening” of Māori youth to the teachings and merits of Māoritanga which has infused a sense of invigoration.</td>
<td>Confidence stemming from knowing your sense of place provides Māori with a tool that others may not possess. The corollary is an ability to push existing boundaries and break new ground, rather than looking to imitate others.</td>
</tr>
<tr>
<td><strong>Knowledge/skills</strong></td>
<td>Māori participation in training and education is continuing to grow. In the area of governance, increased exposure by Māori has much to offer.</td>
<td>New instruments and approaches to governance that would assist in long-term asset management and growth can be created. Again, being able to effectively operate across dual worlds (e.g. collectives and limited liability organisations) creates something of an advantage for Māori.</td>
</tr>
</tbody>
</table>

Source: NZIER
3.3 COMPASS POINTS TO LEADERSHIP ROLE

Our assessment of the Māori economic development compass suggests that it points strongly magnetic north. The further development and realisation of the "Māori edge" will only add to this positive feel. Looking more widely, questions arise as to where Māori economic development sits in terms of New Zealand’s economic development. No consensus seems to have emerged around whether analysing a Māori economy separate from the New Zealand economy as a whole has merit. Most discourse has focussed on the Māori contribution to the overall economy, where Māori were a subset of New Zealand generally.

More recently, the proposition that a Māori economy could be analysed in much the same way as any other regional or national economy was raised (NZIER, 2003). There are arguments for and against each approach, but regardless of which approach is taken, the prospect of Māori assuming more of a leadership role in economic and business development is one which deserves currency. This is not necessarily about artificially creating a role for Māori toward the top of the economic development food chain as of right, but rather a strategic initiative designed to capitalise on the “Māori edge.”

While New Zealand may enjoy some points of difference and areas of international appeal which are almost indistinguishable from those of Māori, these may very well merge into a greying world over time. Having Māori spearhead the New Zealand assault on the world could provide the impetus needed to stave off the greying process. The basis upon which the leadership role for Māori is founded is further discussed below. The main premise however, is that Māori and non-Māori aspirations are not mutually exclusive.

Complementarities

Economic development is not necessarily a zero-sum game. That is, economic development activities undertaken by one party may not necessarily impinge on the ability of other parties to undertake similar activities. This is especially the case for Māori economic development vis-à-vis non-Māori economic development. Māori and non-Māori interests are complementary and Māori success does not detract from or lessen the prospects of other New Zealanders. In our view, quite the opposite may be the case.

As alluded to above with reference to business interests, Māori goals and aspirations are very similar to other non-Māori organisations in New Zealand. Therefore, much could be gained through increased cooperation and collaboration between Māori and non-Māori businesses that might otherwise be seen as competing. The most obvious example where there are very strong complementarities is tourism. Māori attractions are at the forefront of the New Zealand offering, and in general these activities complement those of non-Māori.

Clearly, there is considerable scope for Māori leadership in this arena, based on a mixture of what might be considered natural advantage, but also on abilities that have been learned and applied. While it is possible that tourist expenditure is fixed and therefore there is an element of competition between Māori and non-Māori for such spending, an enhanced leadership role for Māori would provide valuable guidance by way of prioritising tourism offerings. Other areas where there is a possible
case for further Māori leadership include the traditional natural resource based industries (fishing, forestry and fishing) but also the “new 3 Fs” emerging for Māori - film, fashion and food. Furthermore, strong activity in the property development and social service provision areas suggest further Māori leadership prospects.

Māori collectives have been in operation some time. The use by non-Māori of collective-based schemes is also not new. While these offer potential for scale and scope economies they also come with particular governance demands. Māori experience and guidance may be useful, particularly in high-performance organisations. Opportunities for increased networking, partnerships and strategy development provide further complementary support.

For Māori to assume a greater role in domestic economic development efforts requires buy-in and cooperation from non-Māori. A set of commitments, duties and rights will need to be negotiated and agreed on, though much could remain tacit. There are two main drivers for such an arrangement. First, it would build on the treaty relationship and general sense of cooperation that characterises Māori/non-Māori dealings. This could breathe some life into the relationship. Māori leadership would be built on the complementarities mentioned above while also being a demonstrable acknowledgement of Māori as tangata whenua. Perhaps more importantly, there are external considerations that support such a stance. We discuss these below.

External growth good for all in New Zealand

The importance of trade (i.e. exports) has recently been highlighted in a number of papers (see Skilling and Boven, 2005 and 2006). There are not necessarily new insights contained in these papers, but they confirm that New Zealand’s export performance has not been stellar in recent times. They also suggest that a lift in productivity growth, necessary to lift relative incomes to previously enjoyed levels, will require a substantial improvement in our export performance. Elsewhere, a study by Hall and Scobie (2006) re-confirmed the importance of agriculture to our economy. Māori are acknowledged as major players in the primary sector, and thus have a role to play that is based on existing strengths. In addition, a greater role for Māori in terms of branding and relationships could also pay dividends.

Māori and non-Māori have been trading for a long time, and continue to do so. While there is evidence of Māori conducting trade with overseas countries prior to European settlement, much of the interest for Māori has been around participating in domestic trades with the larger non-Māori population. The basic thesis advanced here is that Māori and non-Māori should, together, look to trade externally.

There can be little doubt that external trade is beneficial in terms of increasing incomes and also choices. Enhanced external trade has three basic benefits:

- Access to larger markets - growth opportunities are created by the ability to sell goods and services to a larger number of people than is possible on-shore.
- Risk spreading - firms involved in overseas trade are able to diversify their revenue risks. While also being exposed to certain new risks, such as exchange rate fluctuations, the opportunity to manage risk is enhanced by external trades.
- Benefits from doing what we are best at - external trade creates potential growth in...
incomes through allowing specialisation. It is not necessarily the case that the country that is able to produce a certain good or service the cheapest should do so. It is about comparative advantage - what matters is that a country is relatively better at producing one good than another, compared to the trading partner (that is, have a relative cost advantage).

New Zealand’s comparative advantage has not changed over the past 15 years and, in the case of merchandise trade, is firmly fixed in land and sea based industries (NZIER, 2005). Māori have heavy investments in land and sea based businesses, the scale of which is much larger than other Māori businesses. In addition, the world is also in the midst of a services boom. This has benefited New Zealand since the services we trade in, mainly tourism and education, are subject to few barriers.

By definition, external trade involves a much wider sphere than a domestic concentration. Participating in merchandise and services trades entails different approaches, which Māori are well placed to exploit. As mentioned above, similarities in culture and characteristics may be beneficial when trading with certain, particularly high-context, cultures. More broadly, and especially in relation to services (e.g. tourism) points of difference should be accentuated. Māori provide this. It seems natural for such uniqueness to be at the forefront of campaigns presenting New Zealand, its people, products, practices and processes.

The opportunity to showcase obvious business and trading talents possessed by Māori is one that should be grasped for the benefit of all New Zealanders. Māori experiences, history and success may provide learning models on-shore, alleviating the need to always look off-shore for relevant and usable models. Finding ways to further apply and capture the significant Māori added value externalities which accrues presently to tourism would also be a feature of a more enhanced leadership role for Māori.

A highly visible example relates to the traction that the success of Michael Campbell is having on clothing label Kia Kaha. This is not merely about prime exposure, but also about the ease with which spiritual and cultural elements are fused with consumer preferences. Interest in the clothing range stems not just from “bandwagon effects” following sporting success, but also in designs that have actual meaning and that tell a story. Māori images and people create a segue into the “New Zealand experience” in ways that can’t be replicated, opening doors for non-Māori opportunities along the way. It is questionable whether such added value externalities exist for non-Māori.
Most musings on Māori economic development have very strong backward looking elements. To a certain degree, this is a valid approach. However, we believe that the emphasis should now change. Data and anecdotal evidence strongly suggests that Māori are making significant economic development strides. The focus should therefore be on prosperity, and the ability of that prosperity to provide for those here as well as those who follow kaitiakitanga. This guardianship concept has always had a place in Māori beliefs, but now it is starting to be expressed in financial as well as other terms.

Thus, the need for a forward focus calls for us to examine “weather patterns” to plan to enjoy the golden times but also prepare for stormier conditions. To be sure, we cannot ignore the past, but the past is now useful only in so much as it adds to the future. This may require seeing things through a different lens. The approach needed is one that looks not to the pall cast by the shadows of history, but rather for the vistas of the present.

There can be no doubt that any reading of the Māori economic development compass and the likely weather being faced along the development path is positive (see Table 6). There is, as always, a need to continue to capitalise on opportunities, maintain the growth directions and be vigilant, especially in terms of governance and management. The key consideration in all this is the extent of diversification. While suffering setbacks in the process, Māori have embraced notions of risk spreading and portfolio management and appear to have used the diversification process as a tool to improve performance, rather than an excuse for lack of it.

### Table 6: Outlook for Key Māori Economic Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>External trade</td>
<td><strong>Positive</strong> - Māori already heavily involved in commodity trade, but augmentation is possible</td>
</tr>
<tr>
<td>Domestic relations</td>
<td><strong>Neutral</strong> - Further discussions and effort required in order to gain more domestic traction</td>
</tr>
<tr>
<td>Sectoral composition</td>
<td><strong>Positive</strong> - No reason to suspect that the diversification/re-orientation process will stall</td>
</tr>
<tr>
<td>Skills/knowledge</td>
<td><strong>Positive</strong> - Māori look set to continue to upskill and have these skills valued by the market</td>
</tr>
<tr>
<td>Governance/management</td>
<td><strong>Weak positive</strong> - Possibility of management gap opening if focus is skewed towards governance. Still some vigilance required in gaining clear separation of functions</td>
</tr>
</tbody>
</table>

Source: NZIER
Economies of scale and scope also look likely to play a part. Alignment of these economies with the further enunciation and development of the “Māori edge” suggests that the “Māori edge” could appreciate over time. This is especially so in relation to international relations and concomitant external trade. Prospects on the international horizon remain relatively positive. Given the positive outlook and relatively strong state Māori economic development finds itself in, now is an opportune time for the waka to lead the New Zealand fleet.

In the recent past, New Zealand has led the world in terms of economic reform. Prior to that, New Zealand was at the forefront of social changes. In some instances, New Zealand is acknowledged as being well advanced in terms of indigenous development, but in others not so. Perhaps it is time that the boldness with which economic and other changes were embraced was applied to the economic development aspirations of the country in general, where Māori become the point of the arrow rather than the feathers.
5. CONCLUDING REMARKS

Given the relatively wide-ranging discussion above, it is useful to briefly summarise the main messages. These messages are based both on what we can see presently (i.e. data based), as well as what we would like to see (i.e. emerging strands).

Māori economic development is a complex but worthy undertaking

The impact of history, culture and the internal and external polity combine to make analysis of Māori economic development challenging. The process of economic development, while influenced by Treaty settlements, is best considered separately from the settlements process. Treaty policy, on the other hand, is likely to continue to play a role in shaping Māori economic development. The potential returns to Māori and non-Māori alike from a well developed understanding and strategy for Māori economic development mean that it is an area worthy of considerable attention. Given such inherent complexity, it is perhaps even more unfortunate that there is a relative dearth of data and what data there is only allows limited conclusions to be drawn (see Coleman, Dixon and Mare, 2005).

Business plays prominent role in Māori development aspirations, creating unique opportunities

Available evidence, while only partial in coverage, suggests that Māori increasingly see running a business as a legitimate and valuable exercise. Māori recognise the role of business and in many ways have sought to augment that role. Payoffs to Māori from planning and preparation are emerging. Top performing Māori businesses have carefully considered their response to some negative perceptions around the ability of Māori to successfully run and grow businesses that create wealth. They have let their actions do the talking by pursuing excellence in all organisational aspects in order to overcome these lingering perceptions. While there is still much ground to cover, there are signs that Māori are becoming far more comfortable expressing aspirations through business endeavours.

Māori are no longer content to merely be in business, they want to be the best in the business. This has flowed through to other spheres of Māori development in both direct and instrumental ways. Disbursements from retained earnings/profits allow other non-business related areas of development to be supported. Moreover, not only is the evidence suggesting greater participation, but also that Māori performance in business is equally noteworthy. Māori are adding value, particularly in service industries, through branding and looking to get closer to the markets they serve.

Traditional areas of Māori strength (forestry, fishing, and farming) have been augmented by activities in film, fashion and food, as well as property development, and social service provision. Identifying and applying the value added externalities that Māori possess in tourism to other sectors will create opportunities that are not available elsewhere.
Time is right for change, with Māori at forefront

The strong sense is that Māori stocks are rising in terms of economic and business potential. Given the complementarities between Māori and non-Māori interests, Māori understanding of business practices and the points of difference Māori bring, particularly on the world stage, it would make sense for Māori to assume a more prominent, leadership-based role in terms of New Zealand’s economic development. This is not about exclusivity - the intertwined nature of New Zealand relations means that what delivers results for Māori also delivers results for New Zealand as a whole. The question is more whether the magnitude of these results could be increased through such a role for Māori.

Viewed in light of the push towards sustainable business, Māori views as applied to business may be considered enlightened. In addition, the high context culture that favours relationship building and putting faces to names suggests that Māori are well suited to play a leading role in negotiating and securing potentially lucrative deals with some overseas trading partners. Many Asian groups have similar high context cultures and have often proven hard nuts to crack in the past. Māori may be the key to unlocking some of the wealth creating opportunities that have remained elusive.

Timing is an important issue. There may be benefits from acting now rather than later. Capturing the positive demand for aspects of Māori culture, particularly internationally in the creative industries, would provide the catalytic spur for broadening the appeal more widely. In simple terms, it appears ‘cool’ to be Māori. Such ‘coolness,’ however ephemeral, is an important aspect underpinning the concept of the “Māori edge” which will drive further progress. We have sought to initiate debate and elicit feedback with our enunciation of key elements that comprise a “Māori edge.” While there may be debate about the composition of a “Māori edge” there can be no doubt that such an edge will provide impetus to maintain the progress witnessed to date.

We see exciting times ahead, with a real sense of drive and initiative for Māori. This has obvious benefits for New Zealand as a whole. As detailed in previous work (NZIER, 2003) a number of parties have roles to play in ensuring the settings are such that the full rewards can be reaped. By definition, there will be costs borne by Māori and non-Māori alike from not recognising the potential and prospects of a leading role for Māori over time. The relevant question from now on is not why Māori should assume a lead role, but why not?

More debate and discussion needed

This paper has touched on a number of important issues in respect of Māori economic development, particularly from the perspective of Māori business. Some of the questions and alternative views contained in the report might be considered as challenging the prevailing wisdom and in that regard the content may be controversial. The intent was to put on record some key messages and a basic proposition. The main messages were that Māori understand business; they are increasingly expressing their aspirations through business; Māori have some qualities that may give them an edge in terms of growth; and Māori economic development complements New Zealand economic development.

In short, the proposition is that a leadership role for Māori in business and economic
development is one that requires further thought. The combination of some positive news from the admittedly sparse data and a better understanding and embracing of business as a vehicle suggests a larger part to be played by Māori in the future direction of the country. Much water needs to flow under the bridge before these issues are settled, but the need for discussion and debate is obvious. We suggest that the following would form a useful set of hypotheses upon which to drive the discussion and debate:

- Aspirational goals that look not merely to maintain position, or catch-up, but to achieve quantum leaps to the cutting edge are needed.
- Nascent opportunities are available for Māori, but require the development of diversification planning (i.e. leveraging off existing strengths into newer growth areas).
- External growth is paramount for Aotearoa/New Zealand and Māori should be at the forefront of exporting strategies.
- The concept of a “Māori edge” has merit and should be articulated further to harness and exploit the points of difference that Māori possess.
- The Māori edge points to a leadership role for Māori, with concomitant benefits for Aotearoa/New Zealand.
- A commitment to measuring and monitoring Māori progress is needed - the first part of which is more and better data.