



BDO PŪRONGO PAKIHI MĀORI

2022 BDO MĀORI BUSINESS SECTOR REPORT

BDO

FOREWORD

Welcome to our BDO Māori Business Sector Report 2022. In this year's report, we explore the prominent trends, developments and opportunities in the Maori business sector as well as insights from our BDO Wellbeing & Business Performance Index - BDO Te Rangahau o Ngā Hauora Pai – which has shown that, despite the difficult economic conditions all businesses in Aotearoa face currently, there is a real sense of optimism among Māori businesses.

The sense of optimism evident among many sector business leaders, can in part, be attributed to the growing value placed in te ao Māori across all parts of Aotearoa. Our case study highlights this revival, showing how the highly successful app Rongo supports people in their te reo journeys.

While there are many challenges ahead, and the economic situation may get worse before it gets better, there are many reasons to be hopeful as we head into 2023. We hope you find this report useful as you not only find ways to overcome the challenges facing your Māori business, but also to harness the many opportunities around in the sector.



ANGELA EDWARDS
Ngāpuhi-Nui-Tonu
BDO Māori Business Sector Lead

WHAT'S IN THIS REPORT?

A BRIGHTER FUTURE FOR MĀORI BUSINESS IN AOTEAROA	2
CASE STUDY: RONGO: BRINGING BACK TE REO MĀORI TO THE TIP OF THE TONGUE	4
WELLBEING IN THE MĀORI BUSINESS SECTOR	7

A BRIGHTER FUTURE FOR MĀORI BUSINESS IN AOTEAROA

An interview with Angela Edwards, BDO Māori Business Sector Leader

Current challenges abound for businesses in Aotearoa, and Māori organisations are not immune to the disruption caused by rising inflation and interest rates. That said, there are a lot of reasons for Māori businesses to feel optimistic as we head into 2023.

"High inflation and increased costs are affecting everyone, while low unemployment and a human resource shortage of skilled workers is impacting on the wage and salary expectations across all sectors," explains Angela Edwards, BDO Māori Business Sector Leader. This came through in the BDO Wellbeing & Business Performance Index - BDO Te Rangahau o Ngā Hauora Pai, where there had been a significant 9 point drop in the WHO-5 score for Māori business leaders between our May 2022 and November results.*



WATCH THE VIDEO
INTERVIEW HERE

FINANCIAL ACUMEN CONTINUES TO BE IN DEMAND

Cash flow and financial stresses are highlighted as key drivers of negative wellbeing among Māori business leaders in the recent BDO Wellbeing & Business Performance Index. Furthermore, it was highlighted in our 2021 Māori Business Sector Report that financial acumen was a key priority for Māori businesses, with 41% noting that it was the second most common skill lacking in their organisation behind general experience. This still appears to be an issue - in our November wellbeing report, only one-third of Māori businesses said that they used strong financial management processes, however cash flow and financial concerns were their key cause of stress.

"THERE CONTINUES TO BE A NEED FOR FINANCIAL LITERACY SUPPORT AND FINANCIAL ACCOUNTING AND SYSTEMS TRAINING, PARTICULARLY IN THE REGIONS, WHERE DIGITAL INEQUITY REMAINS. WE NEED TO MAKE SURE MORE MĀORI HAVE THE OPPORTUNITY TO ENTER THESE PROFESSIONS, PARTICULARLY AS THE MĀORI ECONOMY CONTINUES TO GROW."

ANGELA EDWARDS, BDO MĀORI BUSINESS SECTOR LEADER

* The BDO Wellbeing & Business Performance Index is a biannual study which uses the World Health Organisation's internationally recognised WHO-5 wellbeing index methodology to monitor mental wellbeing, as well as business performance, among NZ business leaders. Our sample size was large enough that we were able to break down the results by ethnicity, and the statistics used in this report come from those business leaders who identified as Māori.

SOCIAL SERVICES, HEALTH AND HOUSING PROVIDERS DOING WELL

That said, the WHO-5 score for Māori business leaders in our November wellbeing results was 64 out of 100, 2 points higher than the whole-of-business average, and looking ahead there is a good degree of optimism for the future.

"There are some sectors that are doing particularly well, and this aligns with a lot of the funding that was provided during this year's Budget," says Angela. "Iwi organisations that are working in social services, as well as health and social housing providers, are stepping up to meet the needs of our people. In addition, Māori organisations have a strong base in primary producing, and those in food, farming and forestry continue to do well."

"This is having a strong flow-on effect to the regions," Angela continues, "and we are seeing more and more Māori businesses investing their funds back into the local community via employment and local contractors."

ESG A STRONG OPPORTUNITY FOR MĀORI BUSINESSES

ESG (Environmental, Social & Governance) has come through as a strong opportunity for Māori businesses. We are increasingly seeing consumers make conscious purchasing decisions based on whether they perceive a business to be sustainable or not. And as Angela says, sustainability is at the heart of te ao Māori:

"WHILE SOME MORE TRADITIONAL ORGANISATIONS TEND TO PUT PROFIT FIRST, MĀORI BUSINESSES ARE ALWAYS LOOKING TO BALANCE PEOPLE, PLANET AND PROFIT, UNDERSTANDING THAT ALL THREE NEED TO WORK IN HARMONY TO MAKE A TRULY SUCCESSFUL BUSINESS."

ANGELA EDWARDS, BDO MĀORI BUSINESS SECTOR LEADER

"Māori businesses already have a head start in this area, and there is an opportunity to expand their focus on sustainability in a meaningful way. We're seeing values-based reporting becoming more important – people want to work with organisations that align with their value sets. While some more traditional organisations tend to put profit first, Māori businesses are always looking to balance people, planet and profit, understanding that all three need to work in harmony to make a truly successful business. There is a real opportunity for Māori organisations to lead the way in this space because values are and will continue to be at the core of their decision-making process."

CHANGING PERSPECTIVES

When asked in our November wellbeing report about future business performance, 83% of Māori business respondents said they expect to feel positive about their business performance all or most of the time in six months' time. This was 16% higher than the whole-of-business average.

Angela believes part of this higher optimism is due to changing perspectives: "I believe some of the optimism is driven by factors that are not just business-related. It comes from a change in perspective and te ao Māori being valued more. We have seen this in a resurgence of te reo Māori, recognition of Matariki with a national public holiday, local Aotearoa history being taught in schools and co-governance being implemented in government. These factors and more make for a brighter future in Aotearoa."

FOR MORE INFORMATION, GO TO THE WELLBEING IN MĀORI BUSINESS SECTION OF THIS REPORT.

CASE STUDY: RONGO: BRINGING BACK TE REO MĀORI TO THE TIP OF THE TONGUE

Whakahokia te reo mai i te mata o te pene, ki te mata o te arero
Bring the language back from the tip of the pen to the tip of the tongue

TE WHAREHUIA MILROY, CHAMPION AND MASTER OF TE REO MĀORI

We are seeing the successful revitalisation of te reo Māori across Aotearoa. However there is a still a long way to go to get te reo incorporated into everyday use. One of the biggest challenges for people learning Māori is fear of mispronunciation – this may end up discouraging them from learning te reo altogether, or from speaking it even if they are happy to write and read it.

A LANGUAGE IS THERE TO BE SPOKEN

However, as the late Te Wharehuia Milroy knew, a language is there to be spoken. This is the central ethos of Rongo – a new app developed to provide te reo learners with an opportunity to practice in a private space without the pressure of speaking it to others.



[WATCH THE VIDEO
INTERVIEW HERE](#)



The app does not use the written word – instead you only hear it, before being given the opportunity to speak it back into your phone. Rongo then gives you feedback, saying whether you got the phrase right or asking the user to try the kupu again because they didn't quite get it right.

Te reo Māori was originally taught this way. In the old houses of learning, students sat in the dark – the tohunga (expert) then recited lines of genealogy that spanned generations. The students learnt the language by focussing on the words, retaining them and then reciting it by themselves to practice.

There is much evidence to support this method of learning languages, and already Rongo is being used across the motu to support people in their te reo journey.

Rongo is one of the Māori language digital tools that have emerged from the Papa Reo project, funded by MBIE – which aims to use data science and artificial intelligence to support and accelerate the revitalisation of te reo Māori, as well as ensure Māori data is only being used with the community's consent.

The Papa Reo project is the culmination of work undertaken by Te Reo Irirangi o Te Hiku o Te Ika (Te Hiku Media) over the last 30 years to instil, nurture and proliferate the Māori language. Te Hiku now make national and international impact from Te Taitokerau, in the area of Māori language regional broadcasting, natural language processing and understanding.

CEO of Te Hiku Media, Peter-Lucas Jones said, "Te Hiku Media is excited about getting this tool into the hands of Māori language learners. They can tackle pronunciation in the privacy of their own home, in the car or by the beach. Wherever they feel comfortable and safe. The app has been a real collaboration between our Māori-language experts, our iwi radio broadcasting production crew, our data scientists, our talented software developers and graphic designers. It was all hands on deck."



MACHINE LEARNING TO BUILD A MĀORI LANGUAGE MODEL

The team at Te Hiku Media used machine learning methods to build a Māori language model, speech recognition, speech synthesis, and real-time pronunciation models, ushering in a new generation of speech tools to help ensure te reo Māori has a place in the digital world. But machine learning wasn't the hardest part. The real challenge was finding ways to gather and manage large amounts of labelled Māori data in a way that ensures the data are treated as taonga and used to benefit Māori communities and the Māori language. The Kaitiakitanga Data License developed by Te Hiku Media does just that, and it is pioneering a vision for a positive, inclusive future of AI.

"Our vision is for a multilingual language platform that will develop cutting edge natural language processing methods and tools," explains Jones. "The programme will begin with te reo Māori, ensuring intergenerational transmission and accessibility to the language alongside the rapid development of technologies."

"OUR VISION IS FOR A MULTILINGUAL LANGUAGE PLATFORM THAT WILL DEVELOP CUTTING EDGE NATURAL LANGUAGE PROCESSING METHODS AND TOOLS. THE PROGRAMME WILL BEGIN WITH TE REO MĀORI, ENSURING INTERGENERATIONAL TRANSMISSION AND ACCESSIBILITY TO THE LANGUAGE ALONGSIDE THE RAPID DEVELOPMENT OF TECHNOLOGIES."

PETER-LUCAS JONES, CEO OF TE HIKU MEDIA

CREATING STRONG FINANCIAL FUNCTIONS TO SUPPORT OUR TE REO JOURNEY

BDO has been working with Te Hiku Media, the company behind Rongo, to help set up their essential financial functions, ensuring this amazing app has strong processes and structures behind it to enable it to reach as many people as possible and ultimately help Aotearoa in its te reo journey.

"The people behind Rongo are whanaunga, and we have a family-like relationship with them which we really value," explains Angela Edwards, BDO Māori Business Sector Leader. "We are finding more and more that Māori organisations we work with are struggling to resource their accounting functions – and they want to find people to help them with these areas who really understand te ao Māori and the kaupapa on which these organisations are based."

BDO's specialist Pākihi Māori team was first contracted to provide support around payroll and HR, as well as to provide advice around the business structure. Now the team provides ongoing virtual CFO services including creating annual financial statements, budgets, GST and liaising with auditors. We are also designing custom reports to be used in governance.

Peter-Lucas said, "It's pivotal for any business to have access to high-quality financial advice and we are so pleased to be connected to Angela Edwards and her amazing team who have supported the growth of Te Hiku Media through applying their unique Māori business lens to the way they provide virtual CFO services, and they have become an integral part of our whānau."

If you would like business support or advice from a team that truly understands te ao Māori and the kaupapa that your organisation is based on, reach out to BDO's specialist Pākihi Māori team today.

"WE ARE FINDING MORE AND MORE THAT MĀORI ORGANISATIONS WE WORK WITH ARE STRUGGLING TO RESOURCE THEIR ACCOUNTING FUNCTIONS – AND THEY WANT TO FIND PEOPLE TO HELP THEM WITH THESE AREAS WHO REALLY UNDERSTAND TE AO MĀORI AND THE KAUPAPA ON WHICH THESE ORGANISATIONS ARE BASED."

ANGELA EDWARDS, BDO MĀORI BUSINESS SECTOR LEADER



WELLBEING IN THE MĀORI BUSINESS SECTOR

in May 2022 we launched our inaugural BDO Wellbeing and Business Performance Index - Te Rangahau o Ngā Hauora Pai. This unique bi-annual study explores the relationship between business performance and wellbeing among business leaders and owners across Aotearoa.

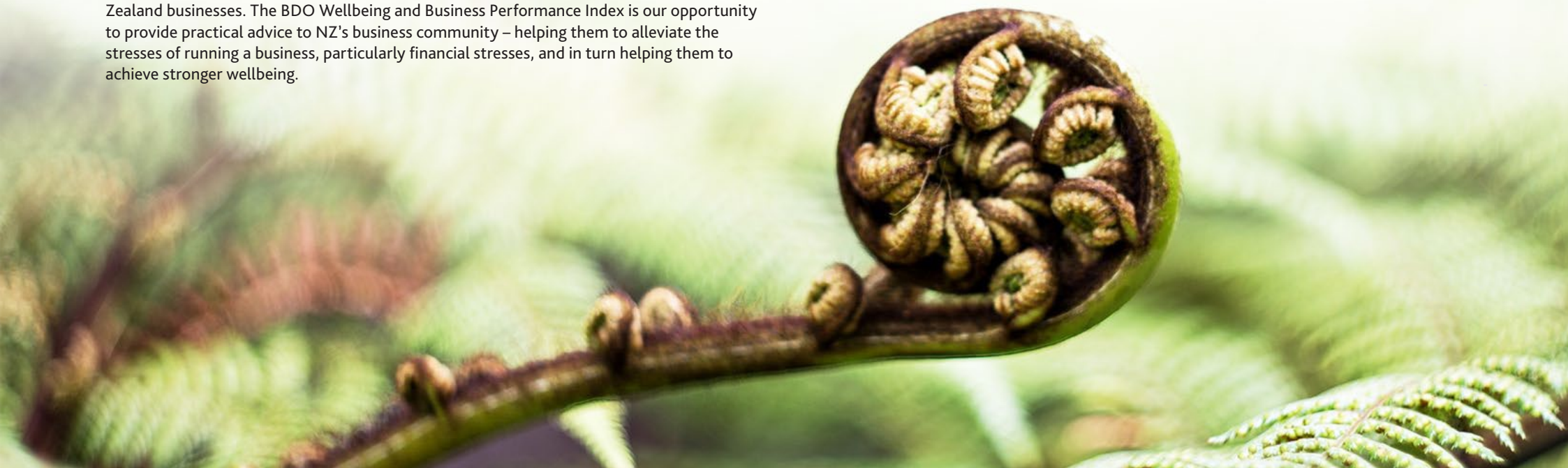
We have now shared the second wave of our report, which has shown a downward trend in wellbeing among New Zealand business leaders – a reflection of increasingly tough economic conditions. You can view these results at bdo.co.nz/wellbeing.

We were also able to break down the results further, including by sector. As part of our Māori Business Sector Report 2022, we wanted to share the results for those business leaders who identified as Māori (which totalled 80 of our 500 respondents), to give a unique insight into the state of wellbeing and business performance in the Māori Business Sector.

At BDO, we're certainly not the mental health experts, however as advisers to over 16,000 businesses across Aotearoa, we are in a unique position to see the impact of events on New Zealand businesses. The BDO Wellbeing and Business Performance Index is our opportunity to provide practical advice to NZ's business community – helping them to alleviate the stresses of running a business, particularly financial stresses, and in turn helping them to achieve stronger wellbeing.

Wellbeing is often only seen in a negative light – but positive wellbeing is something you can top up and maintain; so we also wanted to give tips for people to maintain their wellbeing when it's in a good space.

The BDO Wellbeing and Business Performance Index measures the wellbeing of business owners by applying the World Health Organisation's globally recognised WHO-5 Wellbeing Index methodology. This unique study is the first bespoke investigation of its kind into the link between wellbeing (leveraging the WHO-5) and business performance in the New Zealand business sector.



WELLBEING IN THE MĀORI BUSINESS SECTOR

WELLBEING AMONG MĀORI BUSINESSES: GOING DOWN BUT CONDITIONS STILL BETTER THAN AT PEAK COVID-19 DISRUPTION

The World Health Organisation's 'WHO-5' Index prompts respondents to score how they have been feeling during the past two weeks in relation to five key statements, as shown in Figure 1.*

FIGURE 1:
WHO-5 WELLBEING INDEX



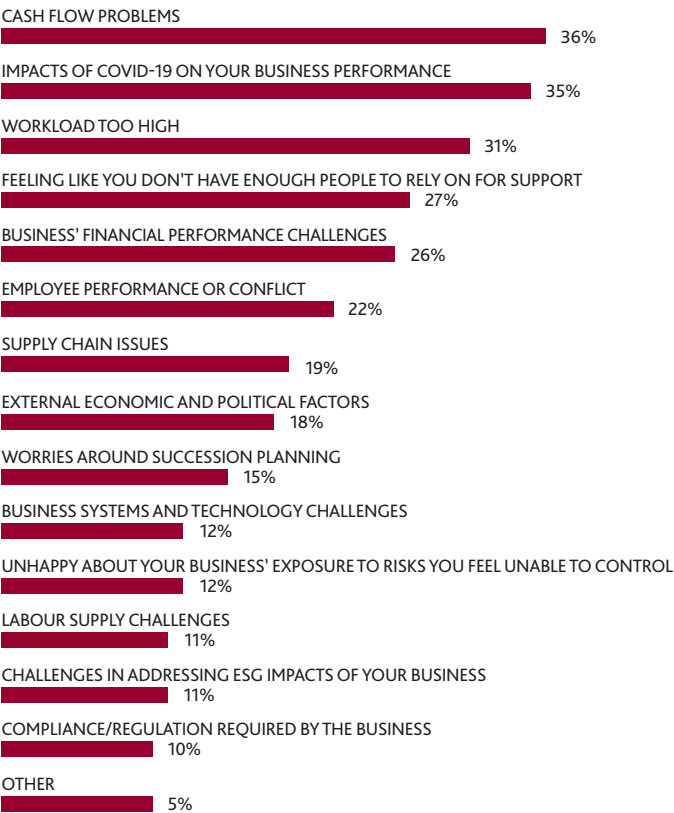
Māori businesses scored an average WHO-5 score of 64 out of 100. While this was 2 points higher than our whole-of-business average, it was also 9 points lower than their score in May, indicating a significant drop in wellbeing. Over half (54%) of Māori businesses said that they had been feeling less mentally healthy than normal – 8% higher than the whole-of-business average.

For those Māori businesses who indicated they had been feeling less mentally healthy than normal, cash flow was cited as the number one business reason causing this, with 36% saying it had been causing them to feel less mentally healthy than normal. Impacts of COVID-19 came second at 35%, followed by workload too high at 31%, not having enough people to rely on for support (27%) and business' financial performance challenges (26%).

* HOW THE WHO-5 SCORE IS CALCULATED:

Someone who scores 'all of the time' on a particular statement is given a score of 5, while if they score 'at no time' they get a score of 0 for that statement. The total raw score, ranging from 0 to 25, is multiplied by 4 to give the final score, with 0 representing the worst imaginable wellbeing and 100 representing the best imaginable wellbeing.

FIGURE TWO: IN THE LAST 6 MONTHS HAS ANYTHING BEEN CAUSING YOU TO FEEL LESS MENTALLY HEALTHY THAN NORMAL IN YOUR BUSINESS LIFE?



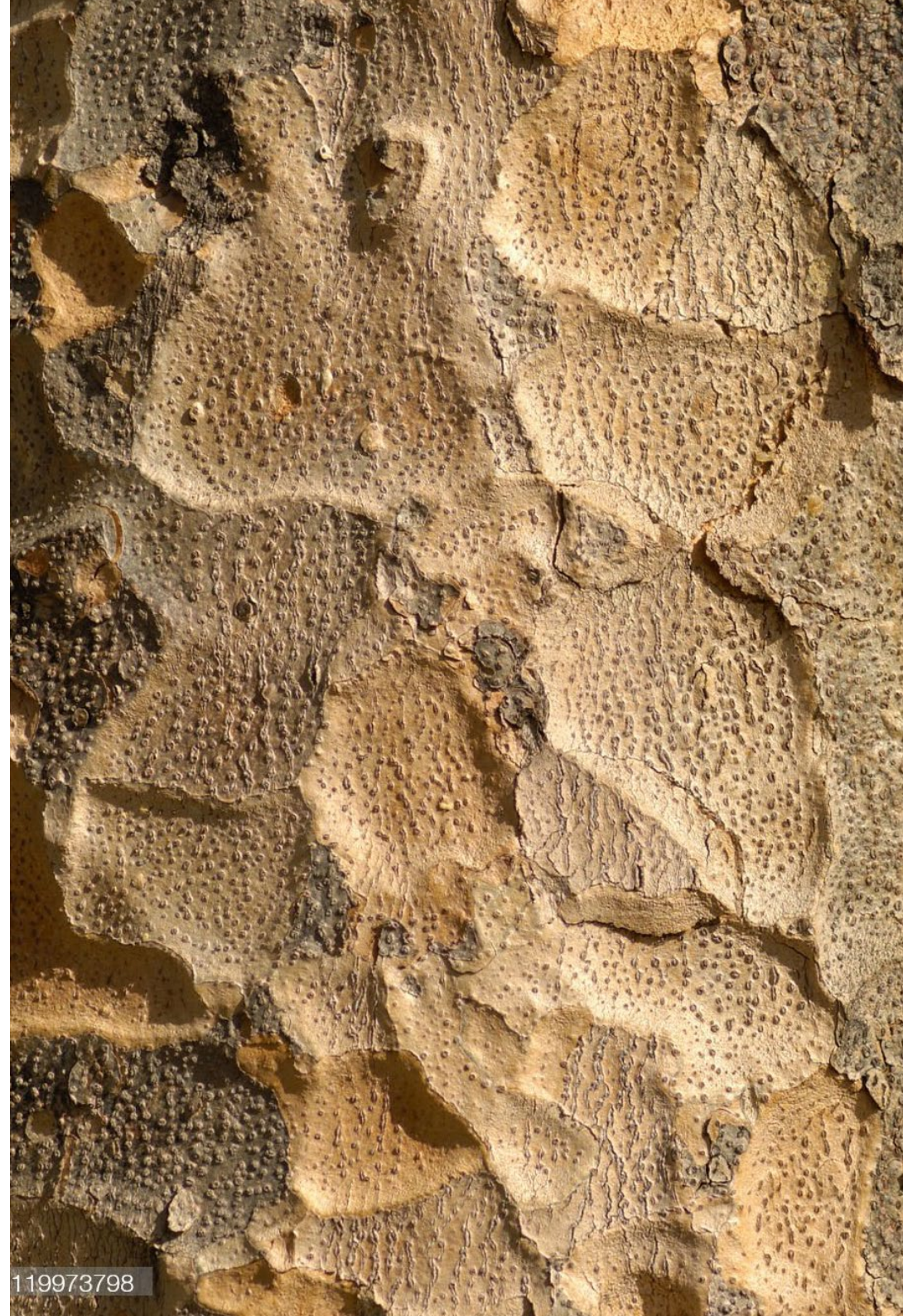
In our last wave, Māori businesses rated COVID-19 as the number one issue causing them concern, and this has decreased by 20% - a positive development that indicates that finally, we are returning to a relative degree of normality when it comes to the pandemic.

Cash flow, on the other hand, has increased by 20% - clearly, inflation and economic instability are causing issues for Māori businesses leaders.

That said, 66% said that they are feeling significantly or somewhat better than when their business was facing the most disruption from COVID-19.

"IT'S REALLY WORRYING TO SEE WELLBEING GOING DOWN AMONG MĀORI BUSINESS LEADERS IN AOTEAROA. CONDITIONS ARE REALLY TOUGH AT THE MOMENT, AND UNCERTAINTY CONTINUES. IT'S REALLY IMPORTANT THAT MĀORI BUSINESS LEADERS SEEK THE HELP THEY NEED – IT CAN BE LONELY RUNNING A BUSINESS, BUT YOU REALLY DON'T HAVE TO GO IT ALONE. THERE ARE PEOPLE AROUND YOU WHO CAN HELP WITH SOME OF THE KEY STRESSORS WE ARE SEEING COME THROUGH FROM THE RESULTS, PARTICULARLY BUSINESS FINANCIALS."

ANGELA EDWARDS, BDO MĀORI BUSINESS SECTOR LEADER



WELLBEING IN THE MĀORI BUSINESS SECTOR

BUSINESS PERFORMANCE AND PERSONAL CONTRIBUTION TO BUSINESS STILL GOING STRONG DESPITE DISRUPTION

Despite Māori business leaders' lower WHO-5 score, their businesses still appear to be performing relatively strongly, with 76% saying that they have felt positive about their business performance all or most of the time over the past two weeks.

However, just as with our whole-of-business results, business financial performance scored the lowest, with only 58% saying that they felt positive about their business' financial performance all or most of the time.

Similarly, Māori business leaders are confident in their personal contribution to their business, despite the issues around inflation and other business stressors. Over three-quarters (77%) said that over the past two weeks they have felt they are having a positive personal contribution to their business all or most of the time.

A POSITIVE OUTLOOK FOR THE FUTURE

Generally Māori business leaders remain positive about the future, with 83% saying that they expect to feel positive about their business performance all or most of the time in six months' time. This is 16% higher than the whole-of-business average.

Māori business leaders also had a much more positive outlook for future life satisfaction, with 80% saying that they expect to feel satisfied with life all or most of the time, 8% higher than the whole-of-business average.

"IT'S GREAT TO SEE THAT, DESPITE SEEING TOUGH TIMES AT THE MINUTE, THERE IS STILL A GOOD DEGREE OF OPTIMISM AS MĀORI BUSINESSES LOOK TO THE NEXT SIX MONTHS. WHILE ECONOMIC CONDITIONS ARE TOUGH, THERE ARE STILL OPPORTUNITIES AHEAD. LOTS OF CONSUMERS AND OTHER ORGANISATIONS ARE INCREASINGLY FOCUSED ON SUSTAINABILITY, AND MĀORI BUSINESSES, JUST BY NATURE OF RUNNING A BUSINESS THROUGH A TE AO MĀORI LENS, ARE ALREADY AHEAD OF THE GAME IN THIS AREA."

KYLEE POTAE, BDO MĀORI BUSINESS ADVISORY PARTNER

WELLBEING IN THE MĀORI BUSINESS SECTOR

TIPS FOR STAYING MENTALLY HEALTHY

We wanted this report to not only provide a measure of wellbeing among business leaders in Aotearoa, but also to provide practical advice for businesses to stay mentally healthy. So we also asked respondents to select what they do in both their personal and business life to stay mentally healthy.

In their personal life, socialising, getting enough sleep and recreational and community activities all scored highly for Māori business leaders. In their business life, adopting flexible work came top at 63%, followed by managing boundaries at 52%. Next was delegating tasks when workload is too high (38%), seeking business advice from people you trust (33%) and having strong financial management processes (30%).

These results were consistent with our whole-of-business figures and showcases that flexible work is a key way for business leaders to manage wellbeing, particularly as concerns around workload increase.

The results also indicated an opportunity for business leaders who are finding that current financial issues, particularly cash flow, are causing them to be less mentally healthy than normal. One-third of respondents said they use strong financial management processes as a way to stay mentally healthy in their business life. This included creating a cash flow management plan, reviewing accounts regularly, and following a business strategy/plan closely.

With cash flow a key pain point for businesses at the moment, there is an opportunity for this figure to be even higher.

VIEW OUR FULL BDO WELLBEING AND BUSINESS PERFORMANCE INDEX -
TE RANGAHAU O NGĀ HAUORA PAI – RESULTS AT [BDO.NZ/WEELLBEING](https://bdo.nz/wellbeing).

WHAT DO YOU DO TO STAY MENTALLY HEALTHY GENERALLY IN YOUR BUSINESS?



"HAVING A STRONG UNDERSTANDING OF YOUR FINANCIALS IS SO IMPORTANT AT A TIME LIKE THIS. YES THERE'S INFLATION, BUT IF YOU HAVE AN UNDERSTANDING OF YOUR CASH FLOW, AND IF YOU CAN STRESS TEST THAT AGAINST DIFFERENT SCENARIOS FOR INFLATION AND OTHER ECONOMIC SITUATIONS, THEN YOU WILL HAVE A MUCH BETTER UNDERSTANDING OF WHAT YOU NEED TO DO OVER THE NEXT PERIOD TO NOT ONLY SURVIVE BUT CONTINUE TO THRIVE."

PHILLIP ROTH, BDO MĀORI BUSINESS ADVISORY PARTNER.

BDO MĀORI BUSINESS SECTOR LEADERS



ANGELA EDWARDS
NGĀPUHI-NUI-TONU
BDO MĀORI BUSINESS SECTOR LEAD



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