



# Māori Business

SURVEY REPORT 2020

**|BDO**



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# OVERVIEW

What an eventful year 2020 has been so far. The responses to this year's Māori business survey are insightful, and in the vein of a tumultuous year, we are only sure of one thing and that is constant change.



KYLEE POTAE  
Head of Māori Business  
BDO New Zealand

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It was pleasing to see that 85% [of businesses] have a strategic plan to aid [in sustainable growth].

The feedback from the market last year highlighted how well Māori fully integrate business practices with the environment and humanity's needs. This is not surprising as Māori undertake business in a holistic way, where we think and act with our whanau in mind. The notion of whanau is broader than our immediate whanau, it extends to the flora and fauna around us as we are all connected through Papatuanuku (earth mother) and Ranginui (sky father).

The difference in the feedback this year was subtle but clear. A focus is being put on profits, not to lift the focus of profits above the people and planet, but to lift the line of sight on profits up for greater alignment with the people and planet. Having alignment of all three is the ultimate sustainable business model for intergenerational businesses.

There was an emerging theme of a desire for sustainable growth and financial security. It was pleasing to see that 85% have a strategic plan to aid this vision, whilst 30% want to review their plans due to learnings through COVID-19. Interestingly, an outcome of the global pandemic saw a decrease to want to trade globally. This brings about a conundrum where real growth comes from international trade. I like to hope this is a short-term reaction to the current trading environment and will pass as we learn to live with the COVID-19 virus globally and borders re-open.

It is always pleasing to report the environmental impact activities where this sector does their bit to look after the planet. Actions are simple yet effective—riparian planting, recycling, paperless offices and because of COVID many are working from home saving a commute into work.

I acknowledge those who took the time to respond to the survey; I am truly grateful. For those reading the report enjoy the content, there is so much to learn from those who are at the front line implementing a fully holistic business model. It is cutting-edge, inspiring, and important to NZ as a nation. We wish those in business well during a year that has had its challenges and continues to do so.

Kia kaha, Kia maia, Kia manawanui.

# WHAT IS IMPORTANT TO THE MĀORI SECTOR?

## PRIMARY PURPOSE

- ▶ Cultural, social, & environmental outcomes
- ▶ Profit to drive purpose
- ▶ Employment
- ▶ Asset growth

## HOW THE SECTOR DEFINES SUCCESS

The top three keys to success for the sector this year are:

1. Happiness & well-whānau
2. Financial performance
3. Cultural wellbeing

Over 34% of respondents identified a happy and well-whānau to provide financial assistance as their primary metric for success. While more respondents selected happy and well-whānau as their highest priority, financial performance was more frequently cited as a second or third priority. Good financial performance will provide the financial assistance and options necessary to pursue these cultural goals.

Encouragingly, over 80% of Māori businesses that responded to the survey have a strategic business plan, suggesting that they are actively working towards these success metrics.

Many businesses will need to reassess their strategic plans in light of the seismic economic changes brought about by the pandemic.

With the economic strain of the COVID-19 lockdown, more members of the Māori business community have made a priority of financial performance. This marks a meaningful shift for a sector that has, in past surveys, prioritised cultural wellbeing and well-whānau over money.

In key respects, this is an easy shift to understand, and may prove less of a change than it initially seems. Cultural and social business outcomes require long-term strategic thinking, but the COVID-19 pandemic forced virtually every business into a reactive position. Short-term thinking became necessary to ensure survival, while long-term strategies were revisited, scaled back, or shelved altogether. We'll explore the impact of COVID-19 in greater detail later in this report.

Ultimately, the economic strain of the pandemic forced the Māori business sector to confront the role that financial performance plays in their capacity to secure positive cultural and social outcomes. The financial security to employ community members and the profits to drive these community efforts appears to be the prism through which these priorities are filtered as the sector—and the rest of the New Zealand economy—recover from the pandemic.

Even with this shift in priorities, however, businesses within the Māori sector remain more likely to identify cultural, social, and environmental outcomes as the primary purpose of their organisations—areas that are generally under-reported in financial context as they are not directly related to compliance or profit margins. This is a reflection of Māori business culture, which embraces sustainable business models as a whole more than profit-oriented strategies. Māori business owners tend to be more community minded, and their output more explicitly cultural.



## HOW THE MĀORI SECTOR WAS IMPACTED BY COVID-19

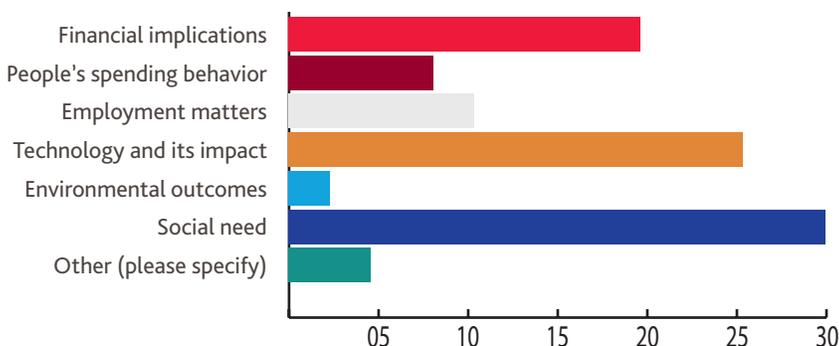
The impacts of COVID-19 on the Māori business sector, both positive and negative, have proven to be largely in line with expectations. The financial strain of closed shop fronts, as well as the stifled market potential of customers forced into isolation, combined to hit the sector hard. However, Māori business is defined by the strength of its community, and New Zealand's lockdown found many of them tending to social needs. That the forestry and tourism industries were hardest hit was also consistent with projections in the early days of lockdown.

With some luck, however, the COVID-19 lockdown will be an aberration—a once-in-a-generation shock to the New Zealand economy that posed challenges with minimal parallels to normal circumstances. While the negative impacts of the pandemic have proven to be quite predictable, the positive outcomes of the pandemic may provide greater insight into the future of the Māori sector and the capacity of businesses to develop greater resilience to future disruptions.

Survey respondents repeatedly pointed to social needs and technology as positive outcomes during the pandemic. Many businesses, out of necessity, expanded their eCommerce potential and strengthened internal communications channels in ways that may permanently broaden their market reach and strengthen their workflows.

More importantly, many Māori businesses found that the pandemic strengthened the relationships between businesses and their communities. This social bond already played an important role in the Māori sector, so it's no surprise that business owners were sensitive to it. Pulling together to address the social needs of communities was the most commonly referenced benefit of the pandemic among our respondents. COVID-19 brought out the best in so many of us, and the Māori sector was a shining example of this.

*In a post-COVID-19 business environment how has your business been positively impacted?*



### Positive Impacts

- ▶ Tending to social needs
- ▶ Increase use of technology
- ▶ Financial implications

Māori businesses found they had an important role to play in their communities during New Zealand's Alert Level 4 lockdown.

Subsequently, some businesses have benefited from heightened efforts to buy local and support community members.

### Negative Impacts

- ▶ Financial
- ▶ Customer and market
- ▶ Employment outcomes

The intense strain of lockdown on businesses' finances, customers, and markets was a common theme among respondents.

With so many respondents employing five people or less, employment outcomes also had an outsized impact. Businesses were challenged to retain workers, obviously a priority for the sector given the priority placed on cultural and social outcomes.

### Risk Registry

68% of businesses either have a risk registry or would like to develop one. The pandemic has revealed the relief and security that a risk registry can provide. Now is the time to prepare one, as the risk of multiple waves continues to hang over New Zealand and risks are fresh in the minds of business owners.

## DEFINING GOALS

# OVER THE NEXT FIVE YEARS

The Māori sector is consistently defined by its commitment to social, cultural, and environmental contributions, and 2020 is no different. Importantly, respondents haven't lost their appetite for stability and growth, despite COVID-19 putting many business owners on their heels and forcing them to focus in the short-term on survival.

When asked what Māori businesses most hoped to achieve over the next five years, listed below are the most representative responses:

- Sustainable business growth
- Whānau prosperity and employment
- Uri engagement
- Hospitable marae
- Community opportunities

This does not mean that COVID-19 did not temper ambitions, however. Only 26% of respondents said they had aspirations of trading globally, down nearly 16% from our 2019 survey. To date, only 6.59% of the Māori market is already exporting internationally. This may well be a reaction to New Zealand's shuttered borders, or anticipation of a more localised economy as much of the rest of the world continues to grapple with the pandemic. It may also be the result of a renewed commitment to local communities struggling to recover themselves.

Real growth comes from trading offshore, however, and the Māori business sector's appetite for growth is inconsistent with its reluctance to engage in global trade. International trade demands the right advisors and mentors, and the capacity to manage considerable logistics and reporting obligations, skill sets currently lacking in the sector.

### Priorities for the next five years

- ▶ Growth
- ▶ Employment opportunities
- ▶ Cultural engagement

We asked our survey participants what they hoped to achieve over the next five years. The collection of responses paint a vivid picture. Pervasive efforts to provide opportunities for the Māori community define the long-term vision of the Māori business sector.

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Real growth  
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trading  
offshore.



## THE WERO

# CHALLENGES FACING THE MĀORI BUSINESS SECTOR

The New Zealand Government's recent investments in education and tertiary development have had a positive impact on the Māori sector, though personnel remains a hurdle for businesses.

The sector is still grappling with a shortage of qualified workers, making recruitment and retention a challenge and placing further pressure on entities to develop talent from within. As a result, the sector relies meaningfully on funding programs to account for this skill shortage.

According to the survey, Māori businesses primarily struggle with access to the following:

1. Funding
2. People – capability & capacity
3. Access to capital

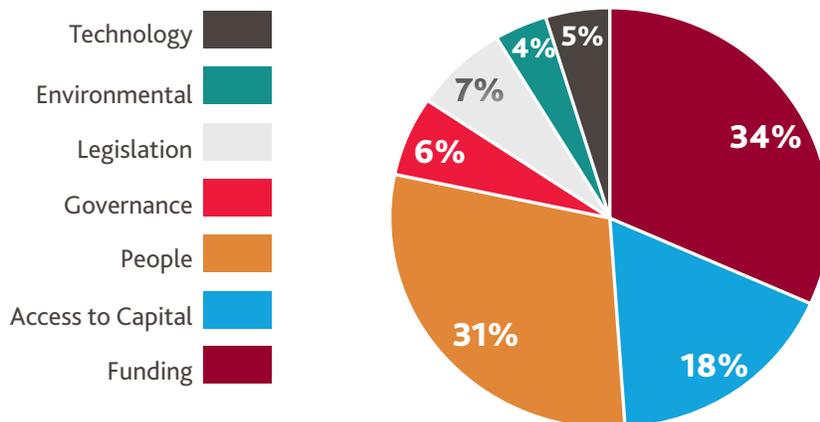
### Entities Offering Funding

- Iwi organisations
- Poutama Trust
- Department of Conservation
- MBIE
- Ministry of Primary Industry
- Provincial Growth Fund
- Community Trusts
- Callaghan Innovation
- NZ Trade and Enterprise
- 1 Billion Trees
- Department of Internal Affairs
- Community Organisation
- Grants Scheme
- Te Mātāwai
- Local government institutions

These challenges are closely linked. Funding and capital are necessary for the resources to tackle recruitment and development, and to achieve the growth the sector aspires to.

The funding presently available to the sector is a challenge all its own. Many funding programs entail lengthy and/or confusing application processes that prove too difficult for many business owners.

### *What do you see as your main barriers for achieving planned outcomes?*



## THE WERO: **CHALLENGES FACING THE MĀORI BUSINESS SECTOR** (continued)

Just 45% of respondents felt they received adequate support from the government, up 6% from last year. This may owe to the intensified need for government support in the wake of COVID-19, but clearly much work remains to be done.

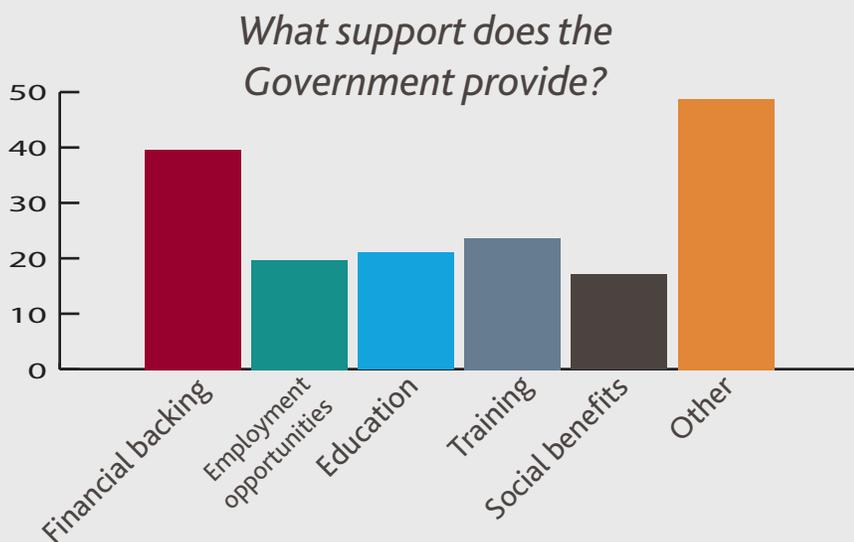
Organisations can consider the following to improve the likelihood their applications will be accepted:

1. Fine-tuning your organisation's narrative to effectively impart its message
2. Reaching out for support – a second set of eyes can add value to an application

## HOW HAS THE SECTOR BENEFITED FROM **GOVERNMENT SUPPORT?**

About 55% of Māori businesses do not feel they receive adequate support from the government. While this is an improvement on the 61% who felt this way in 2019, this is an interesting statistic given the important role the New Zealand government played in supporting small businesses of all backgrounds during the pandemic.

Indeed, some respondents referenced the COVID-19 wage subsidy as the primary support they received. However, it is clear that the government can do more to support and facilitate growth within the Māori sector.



### Entities Offering Funding

1. Enable organisations to continue operating
2. Access to Resources
3. Staff retention
4. Access to quality information for decision making
5. Growth
6. Sustainability
7. Community involvement
8. Increased workforce/ employees



## HOW THE MĀORI SECTOR IS EMBRACING COLLABORATION

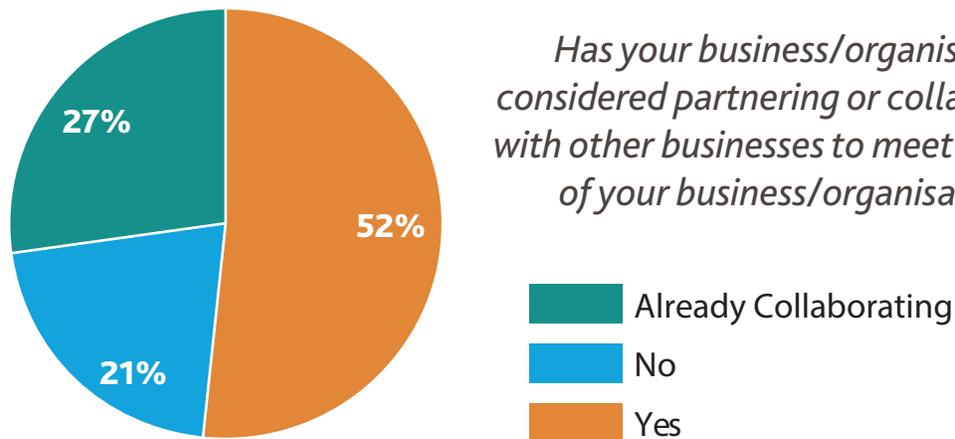
The Māori sector clearly understands that the key to sustainable future growth is collaboration and engagement with the broader New Zealand market and, indeed, with the rest of the world.

Over three-quarters of Māori organisations either currently collaborate or are interested in collaborating with other businesses to achieve their goals. Many are interested in pursuing partnerships with organisations whose goals and values align with theirs. Others are interested in project shareholders and advisory services. This bodes well for the sector, as organisations recognise the many potential avenues for growth available to them.

This willingness to collaborate seems to end at New Zealand's shores, however. Half of our respondents were not interested in collaborating with overseas investors. This may be a reaction to the limitations of international partnership post-COVID-19, but the sector is missing opportunities by ignoring the potential for global partnerships.

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## REPORTING

# THE NUMBERS & BEYOND

The significance of social and cultural outcomes in the Māori sector is not reflected in the percentage of organisations that report on them. Fortunately, however, the percentage of respondents who do not report is down, from 39% to 34%. 22% of respondents would like access to a tool that could help with impact reporting.

Social and cultural outcomes are more difficult to report on than more cut-and-dry financial metrics. However, this reporting is a valuable tool to help the Treasury establish accurate Wellbeing Budget targets and living standards frameworks. The Māori sector would benefit from more organisations reporting on these impact metrics.



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The Māori sector would benefit from more organisations reporting on “impact metrics”

### Impact Reporting

The changes that result from your business's bottom line results are often under-reported. Impact reporting is an attempt to process key business data in a way that measures the impact that data has had on the organisation's desired outcomes.

Impact reporting, by extension, measures the impact an organisation has on the cultural, environmental, and social outcomes it pursues. This reporting helps organisations more clearly define the community outcomes they aim to achieve, measure stakeholder engagement in those outcomes, and align the organisation's outcomes with government efforts.

BDO helps NZ businesses look beyond their financials to understand the change they're creating in their communities, industries, and business sectors.



## SECTOR GROWTH

# PEOPLE & CAPABILITY

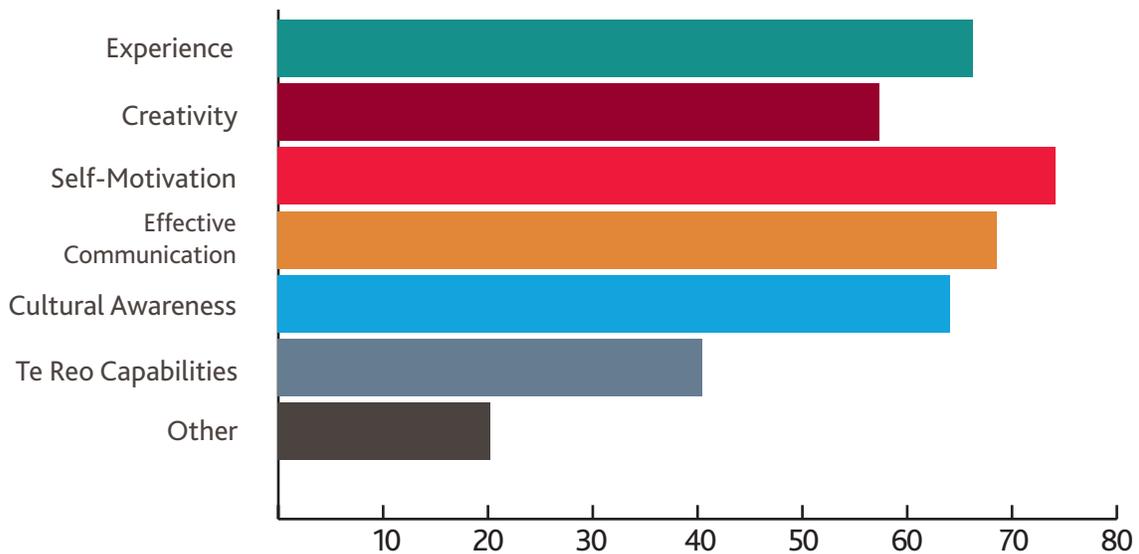
A recurrent theme among the respondents of the survey has been the commitment to social and cultural outcomes, well-whānau, and community engagement.

For many Māori organisations, these priorities are most evident in their recruiting practices. Businesses and Iwi continue to invest heavily in training and mentoring programs, but a learning and development review may still be necessary to ensure these investments are yielding positive results, as over 34% of respondents still say that relevant work experience is the quality most lacking in their organisation. The sector faces a shortfall of strategic thinkers, and businesses are leaning on government (and, to a lesser extent, Iwi) support for additional skills training.

Consistent with the sector’s affinity for community and whānau, many businesses use a tuakana/teina system to develop skills and talent within their organisations, pairing new workers with more experienced mentors to pass along skills and wisdom.

Issues with capability have a direct impact on capacity. Cross-trained and multi-disciplined personnel alleviates capacity issues by minimising the need for specialised positions within an organisation. Employees with attributes such as self-motivation, communication, teachability, and relevant experience empower businesses to achieve higher capacity through training, mentoring, and team building.

*What are the qualities you look for when employing people?*



## DOES THE SECTOR CELEBRATE DIVERSITY?

### Te Reo Māori

Te Reo Māori remains a point of pride within the sector, yet many organisations still have a need for the skill among available personnel. Over 40% of respondents claimed that they lacked Te Reo Māori skills in their business or organisation.

However, most respondents take active measures to support and encourage diversity within their organisations, and many pointed to whānau engagement as a touch point to pursue that diversity. Others provide cultural awareness programs through the organisation, such as cultural classes and inclusive education.

Other challenges include personal barriers that may be inhibiting the role Te Reo Māori could play in the



cultural footprint of Māori business. Less fluent Māori speakers or those with softer pronunciation may lack the confidence to korero Māori in their workplaces. The sector's consistent embrace of diversity and inclusion should be limiting the whakamā about te reo Māori fluency. More bilingual messaging may help to bridge this divide.

Language is a gateway to culture, and more people with strong Te Reo Māori skills within the Māori workforce would better represent the cultural identity the sector considers so important.

## ENVIRONMENTAL SUSTAINABILITY

**Nearly 80% of Māori businesses consider themselves sensitive to environmental sustainability.**

The most common sustainability practices referenced were recycling and turning off unnecessary lights and equipment, and nearly half of respondents actively sought out energy-efficient equipment and appliances. A considerable percentage have also gone paperless, and are using safer cleaning products. One innovative respondent has even begun re-purposing forestry waste as a usable fuel. These are small but

meaningful steps toward a greener New Zealand.

Consistent with our survey results from last year, the Māori business sector continues to demonstrate leadership on the issue of sustainability and sets an example that the rest of New Zealand could learn and benefit from.



## THE IMPACT OF IWI ON **MĀORI BUSINESS**

The impact of the post-settlement phase continues to benefit individuals within the Māori sector across many areas. Organisations primarily received support from their Iwi in the following areas:

1. Connectivity and collaboration opportunities
2. Financial funding
3. Enhanced cultural identity and pride
4. Business advisory support

Last year, the most common form of Iwi support was social and cultural benefits. This shift is likely the result of more hands-on, explicit business support during the pandemic.

The relationships between Māori businesses and their Iwi may benefit from reviews to determine whether these outcomes align with Iwi strategic intent. If so, organisations can be confident they are engaging with their Iwi in productive ways.

This also highlights a response to the challenges in the sector, whereby Iwi are addressing similar concerns to have a positive impact.

## THE SPACE IN MĀORI BUSINESS FOR **WELLBEING**

The Treasury has 12 domains of wellbeing which are at the heart of the Wellbeing Budget. We asked the sector what they viewed as the most important to assist with developing the Māori economy going forward. The responses are listed on the next page in order of importance.

Consistently, the sector values cultural identity and pride above more conventional business metrics like income or time use. That said, the domains by which Māori business defines wellbeing are varied, and clearly perceive employment as an integral piece of a

larger and more substantial whole. Knowledge, health, and housing were all highly valued, though housing, as well as job and earnings, were not considered important in 2019.



## THE SPACE IN MĀORI BUSINESS FOR **WELLBEING** (continued)

Testing and measuring these objectives will be a vital challenge moving forward so that Māori businesses can continue to make informed decisions about wellbeing and commerce in their communities. Testing and measuring these objectives will be a vital challenge moving forward so that Māori businesses can continue to make informed decisions about wellbeing and commerce in their communities.

With COVID-19 relief efforts and an increase in organisations feeling supported by the government, we can see that headway has been made with the Māori sector. Impact reporting that aligns with sector goals can continue this positive trajectory through an accurately focused Wellbeing Budget.

*In line with the government's "12 Domain of Wellbeing," what do you think is the most important to support and develop the Māori economy going forward?*



# KEY MĀORI BUSINESS CONTACTS

## AROUND THE NETWORK



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