

Newsletter #18 Maori Business in New Zealand

We recently attended the Federation of Maori Authorities (FoMA) Conference. The facts and figures relating to Maori business are little known but make impressive reading.

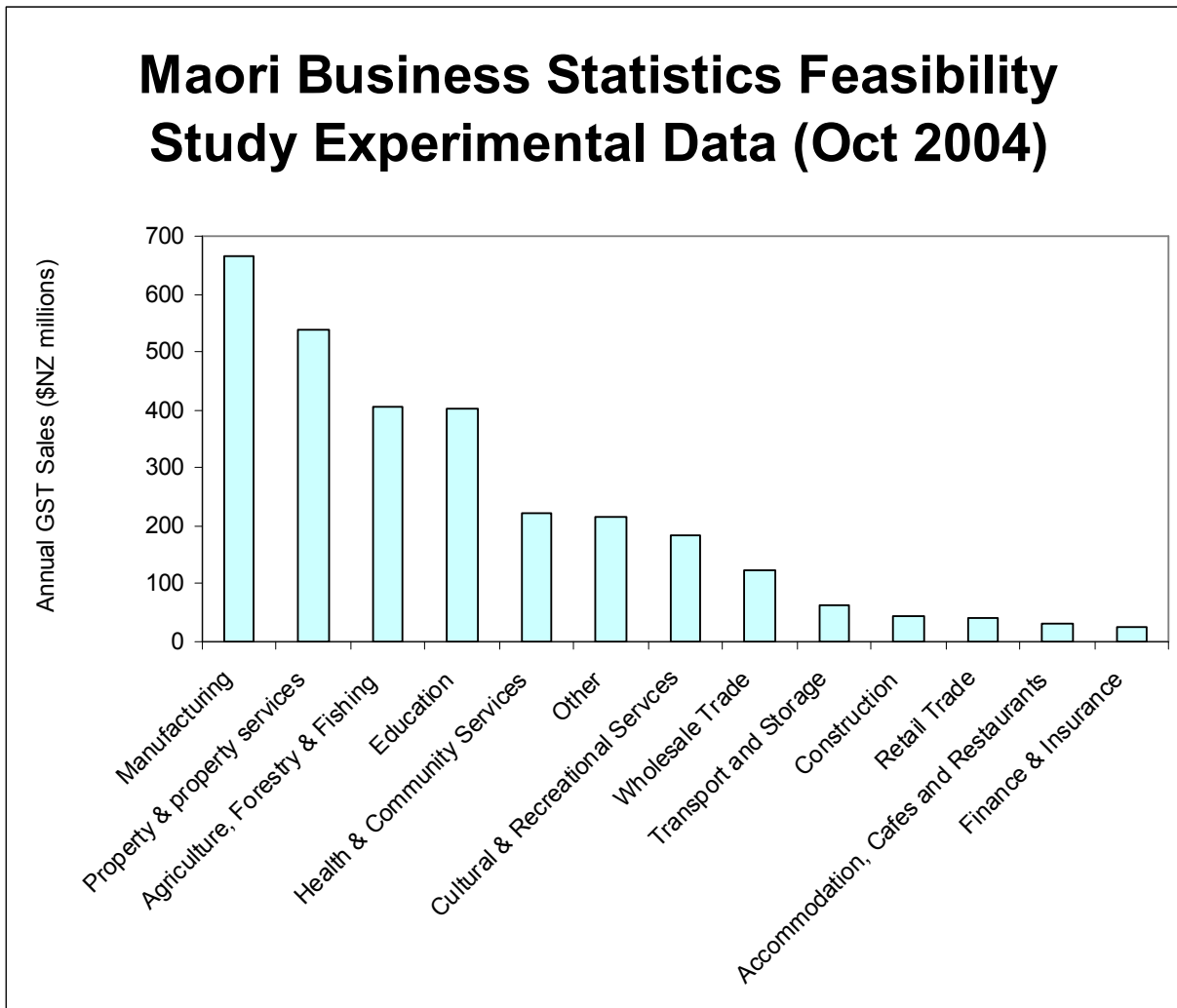
Firstly the figures for Maori business in New Zealand

- In 1999 the value of Maori assets was estimated at \$5.5 billion, (Te Puni Kokiri). This will have grown significantly since then.
- This asset base is predominantly in areas of seafood (estimated output of \$299 million), agriculture (\$700 million) and forestry (\$43 million) and hence in exporting. Maori exports were worth \$650 million in 2000 (New Zealand Institute of Economic Research (NZIER)) and will have exceeded \$700 million now.
- The Maori share of overall exports in 2000 was 2.5%, compared with the overall 1.4% share of the whole economy. One interpretation of this is that the Maori economy is significantly more open to the world economy than the NZ economy as a whole (NZIER).
- Statistics New Zealand does not collate business activity by ethnicity, making it difficult to accurately appraise Maori progress. However Statistics New Zealand has recently initiated a strategy to measure the contribution Maori business makes to the New Zealand economy. The preliminary data from this exercise, albeit with a number of issues yet to be resolved through further analysis, confirms the size of the Maori economy¹. Figure 1 shows the respective sectors and their estimated values. There were 2,859 business units in this survey and in total they employ 21,700 people.
- In 2003 the NZIER analysis of the Maori economy² noted that:
 - There was a higher savings rate than the overall economy based on Maori incorporations retaining more of their earnings than general NZ business;
 - In aggregate the Maori economy is more profitable than the NZ economy; and
 - Despite volatility the implicit underlying growth rate of the Maori economy has been higher in recent years than the overall economy. The implicit underlying rate of growth ignores one-off transfers such as Treaty of Waitangi settlements.

¹ The categorization into sectors requires further analysis as, for example a company with fishing and manufacturing activities may be classified under Manufacturing depending on the predominant activity.

² Maori Economic Development, Te Ohanga Whanakatanga Maori, NZIER 2003 Available from the NZIER website (www.nzier.org.nz) or you contact us.

Figure 1. Estimated size of various sectors of Maori business³



Secondly what does this mean for research and development and innovation?

As noted in the NZIER report “openness to new ideas – which includes not just adoption of technology, but also business practice, perception of opportunities and new ways of doing things - is a critical element of economic success.” Hence for Maori business the ability to be successful will, as for all other businesses, be based in large part on their ability to innovate, while protecting their base of traditional cultural values.

This was reflected at the FoMA conference with recognition of the value of research and development and the requirement for it in all aspects of business. The question then arises as to how this is accessed and managed by Maori.

³ Data from Maori Business Statistics Feasibility Study – Report On Work In Progress, Statistics New Zealand, Te Tari Tatua, paper presented to FoMA Conference 2004

The 2003 NZIER report on Maori economic development suggests that there is a distinctly Maori approach to innovation. They characterise a number of stylised ideas on Maori approaches to the innovation process and then pose a number of provocative questions about the current configuration of the NZ innovation system and its appropriateness for Maori.

In particular:

- Whether the purchasing system for R&D i.e. through the Foundation for Research Science and Technology (FRST) is appropriate for Maori.
- Whether the predominant research providers can be better organised to reach out and meet the need of Maori, and
- Whether there is a need for go-betweens who understand the Maori way and the requirements needed.

Our own experience of innovation in Maori business is that there is a robust understanding of the connection between R&D and innovation and economic growth and that this has distinct characteristics. These include:

- For land-based businesses, the enduring ownership of the land generates a long-term view and a focus on increasing value of the product itself, rather than land banking.
- The ability to obtain value from indigenous brands, and the recognition of significant future value from this.
- The varying ownership structure.
- The recognition of the inherent spiritual and cultural values of some assets.
- The focus on longer-term relationships rather than one-off deals.

These characteristics offer a wide range of opportunities in many supposedly traditional or sunset areas of the economy, as they foster different thinking and approaches. Often the first step in taking advantage of these opportunities is to structure the thinking in a planned way such as a Technology Strategy which enables ideas to be sorted and prioritised.