

TE MANU KA RERE: FOSTERING MĀORI ENTERPRISE FINANCIAL CAPABILITY

A joint research report of the
Westpac Massey Financial Education Centre and
Te Au Rangahau Māori Business & Leadership Research Centre
Massey Business School, Wellington

PREPARED FOR
SkyCity Auckland Community Trust

PREPARED BY
Dr Pushpa Wood and Dr Jason Paul Mika

With assistance from Poutama Trust

CONTACTS



DR PUSHPA WOOD
Director
Westpac Massey Fin-Ed Centre
e p.wood@massey.ac.nz
m 021 755 813

DR JASON PAUL MIKA
Co-director
Te Au Rangahau
e j.p.mika@massey.ac.nz
m 021 970 421



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SUMMARY

1. Te manu ka rere: Fostering Māori enterprise financial capability is a project that was conceptualised and conducted by Westpac Massey Financial Education Centre director Dr Puspha Wood and Te Au Rangahau codirector Dr Jason Paul Mika. “Te manu ka rere” is taken from the Māori saying “Ma te huruhuru te manu ka rere,” which means that adorned with feathers the bird can fly. The purpose was to study financial capability of Māori entrepreneurs in Auckland and Northland and its impact on their ability to start and run Māori enterprises.
2. Kaupapa Māori, a philosophy of empowering Māori participation and outcomes, with Māori knowledge, culture, language and lived realities as the accepted context, was the predominant paradigm guiding the research. We used two main methods for data collection, four focus groups with participants in Auckland, Manukau, Whangarei and Kaitaia, and a written survey. The research covered cultural perceptions of (1) financial capability; (2) financial resilience; (3) tax compliance; (4) finance needs; and (5) money and wealth. An intended outcome was to identify actions to strengthen the financial capability of Māori entrepreneurs.
3. We spoke with 27 Māori entrepreneurs, including rangatahi (youth), pakeke (adults), kaumātua (elders) and whānau (families) in Auckland and Northland using the survey and in focus groups. The entrepreneurs identified as Māori and are mostly solely self-employed, with some also working in other jobs. A few are running enterprises that employ others. The entrepreneurs are generally mature (35 years and over).
4. The Māori economies in Auckland and Northland regions are growing. Satisfying this growth requires Māori entrepreneurs who have access to resources, working inside a supportive entrepreneurial ecosystem and markets that value indigenous offerings (Mika, Warren, Palmer, Jacob, & Bradley, 2018). We found that Māori entrepreneurs viewed money as transactional and wealth as transformative, manifesting in multidimensions of social, cultural, economic and spiritual value. Money and wealth were regarded as enabling Māori to uphold tikanga (culture and values) and contribute toward to whānau and community wellbeing.
5. Financial capability improves access to finance; without it access diminishes. The principles and skills of personal financial capability are transferrable, but the context, complexity and risks of business may differ. Debt and age seem correlated; the more mature Māori entrepreneurs indicate debt had previously been a problem for them personally or their business or both. It seems though that such experiences have led to changes in money and wealth management, including increased attention given to savings, budgeting, planning and use of advisors. Our findings contrast with those of Yong and Mooney (2016) in that the majority of participants express confidence in their knowledge of tax, engage professional services in meeting tax obligations, and report positive relationships with the IRD.
6. There seems to be little agreement on whether the problem with literacy services is programme design and targeting or attitudinal and awareness related on the part of entrepreneurs. There is agreement, however, that whānau-centred design, delivery and a youth-focus might yield greater uptake and impact among Māori of existing services.



INTRODUCTION

PURPOSE

7. The purpose of the *Te manu ka rere: Fostering Māori enterprise financial capability* research project was to study the financial capability of Māori entrepreneurs and its impact on their ability to start and run Māori enterprises in the Auckland and Northland regions of Aotearoa New Zealand. The research was funded by SkyCity Auckland Community Trust and jointly conducted by Massey University's Westpac Financial Education Centre and Te Au Rangahau Māori Business & Leadership Research Centre between June 2017 and May 2018.

BACKGROUND

8. *Te manu ka rere* as a research idea originated from shared research interests of Dr Pushpa Wood and Dr Jason Paul Mika in financial capability and Māori entrepreneurship as interrelated preconditions of whānau wellbeing. Their research identified that managing money and wealth are culturally mediated human capabilities with implications for personal and business financial processes and outcomes (Wood & Mika, 2016). Moreover, in work with organisations such as Māori Woman's Development Incorporated, Poutama Trust and Te Puni Kōkiri as business mentors, trainers and facilitators, Dr Wood and Dr Mika found that financial capability presented an ongoing challenge for Māori entrepreneurs, but one that could be mitigated through appropriate understanding and support. Their research also identified that financial resilience (savings), tax compliance (perception and practice), and access to finance (debt and equity), were factors impinging on the financial capability of Māori enterprises (Mika, 2016b; Wood, 2016). An underlying aim to effect whānau wellbeing through entrepreneurship and financial capability prompted a joint proposal for funding to SkyCity Auckland Community Trust in March 2017, which was successful.

RESEARCH AIMS

9. The main research aims were to understand:

- How culture and life stage influence Māori entrepreneurs' thinking about money and wealth?
- How personal approaches to managing money influences Māori business?
- How Māori entrepreneurs approach accessing finance in business?

- How ready Māori entrepreneurs were to meet unplanned financial needs?
- How Māori entrepreneurs approach meeting tax business obligations?

10. An intended outcome from the research was to identify actions that would support Māori entrepreneurs and their whānau. Such outcomes focused on:

- Strengthening the financial capability of Māori entrepreneurs;
- Employment and economic prosperity for whānau;
- Contributing to whānau, hapū, iwi and community economic prosperity;
- Pathways to employment and economic prosperity;
- Healthy and stable whānau.

RESEARCH TEAM

11. The research is a joint effort by the Massey Westpac Fin-Ed Centre and Te Au Rangahau Māori Business & Leadership Research Centre of Massey Business School. The Fin-Ed Centre helps New Zealanders become more financially capable by improving their knowledge, attitudes and behaviour toward money. Te Au Rangahau conducts research on Māori entrepreneurship, innovation and enterprise that is beneficial to the Māori economy. The project team comprised:

- Dr Puspha Wood. Dr Wood is the director of the Fin-Ed Centre and senior lecturer in the School of Economics and Finance. Dr Wood has a long history of adult and financial literacy advocacy. She was previously the Education Manager at the Commission for Financial Literacy and Retirement Income. She has worked across the school, tertiary, and industry sectors to improve adult literacy and financial literacy and is a member of the New Zealand Qualifications Authority's project advisory group reviewing financial literacy unit standards.
- Dr Jason Paul Mika. Dr Mika is codirector Te Au Rangahau. Dr Mika is Tūhoe, Whakatōhea, Ngāti Awa and Ngāti Kahungunu. Dr Mika's research interests are indigenous entrepreneurship, management and methodologies.



METHODOLOGY

MĀORI-CENTRED RESEARCH

13. Research quality is defined by methodology (the philosophy of method-choice) and methods (procedures by which research is conducted) (Denzin & Lincoln, 2005; Patton, 1990). Attention to both is important because they shape what counts as truth, validity and reliability in research (Creswell, 2009). Te manu ka rere employed kaupapa Māori as the overarching philosophy because the research was about Māori, by Māori and non-Māori and for the benefit of Māori and non-Māori. Kaupapa Māori is an indigenous methodology that accepts Māori knowledge, language and culture as valid ways of knowing, being and doing, which empower Māori leadership, participation, and success in research about them, by them for them (G. H. Smith, 1997; L. T. Smith, 1999). Māori-centred research is research that seeks understanding of Māori experience, but incorporates both Māori and non-Māori researchers and research methodologies in the process (Forster, 2003). In practice this means conducting research in ways that engage Māori early in the process, incorporate tikanga and te reo, and provide for Māori ethical considerations throughout (Ahuriri-Driscoll et al., 2007; Eketone, 2008).

QUANTITATIVE AND QUALITATIVE METHODS

14. Kaupapa Māori and Māori-centred research encompass quantitative and qualitative methods (Denzin, Lincoln, & Smith, 2008; Haar *et al.*, 2014). Whether used separately or together, quantitative and qualitative methods offer insights that neither method alone can conjure. This research is primarily qualitative (focus groups) but used a structured survey to aid data collection. Focus groups were used in four site visits and the survey administered at each. We hope that the survey will be more widely used.

ETHICAL CONSIDERATIONS

15. 14. This project was evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of Massey University's Human Ethics Committees (see Annexes 1-3). The researchers, Dr Pushpa Wood and Dr Jason Mika, are responsible for the ethical conduct of this research according to Massey University Human Research Ethics guidelines. Any concerns about the conduct of this research can be raised with the Massey Research Ethics office, phone 06 356 9099 x 86015, or email humanethics@massey.ac.nz

FOCUS GROUPS

16. Focus groups allow Māori entrepreneurs to engage in open discussions with the researchers and other Māori entrepreneurs about the research questions. The sites for these focus groups were geographically located in Manukau and Auckland city, followed by a third in Whangarei and a fourth in Kaitaia.

FOCUS GROUP	DATE	VENUE	PARTICIPANTS
1	24 August 2017	Manukau	9
2	25 August 2017	Auckland	10
3	16 October 2017	Whangarei	5
4	17 October 2017	Kaitaia	7



SURVEY

17. Poutama Trust, in supporting the project, used their network of Māori entrepreneurs to distribute the survey among their clients and invite them to attend a focus group. The survey was confidential with participants' names and details kept anonymous. Only summaries of the results were used for the research report. An electronic copy of the final report will be shared with all participants.
18. The survey was used to assist data collection and is not intended to produce generalisable findings. The survey was designed to take up to 25 minutes to complete and contained six main parts:
 - a. About the individual;
 - b. About their business;
 - c. Cultural perceptions around money and wealth;
 - d. Personal financial capability;
 - e. Financial management in business;
 - f. Access to finance and enterprise assistance; and
 - g. Issues of tax.
19. From the survey results the research team created a spreadsheet from which to analyse the collected data. We have subsequently updated the survey and created a version on Qualtrics, intended for distribution through Poutama Trust and Māori Women's Development Incorporated.

FUNDER REQUIREMENTS

20. The SkyCity Auckland Community Trust is committed to supporting families to thrive and communities to prosper. This trust has a particular focus on financial capabilities and work-related skills and training. In funding research projects such as Te manu ka rere, the trust required the research team to provide audit documentation with information on the specifics of expenditure, invoices and bank statements. We also attended a combined meeting with other funded researchers to share progress and findings.

LITERATURE REVIEW

21. This section describes literature relevant to the research. This is intended to help with general understanding of key concepts, identify what has already been written and how this research might add to what is known. The literature review firstly describes the two regions in which the research was based in terms of physical, demographic, economic and Māori characteristics. Subsequently, we review literature on key concepts of Māori entrepreneurship, financial capability, financial literacy, financial resilience, access to finance, and tax compliance. Generic and Māori-specific literature on these concepts is canvassed.

NORTHLAND REGION

22. Te Taitokerau, the Northland region, extending from Kaipara Harbour to Cape Reinga, consists of 13,789 square kilometres of land, 10 harbours, and 3,200 kilometres of coastline (Knuckey, Schoefisch, Leung-Wai, & Hall, 2015). In terms of territorial authorities, the region is served by three councils: Far North District Council, Kaipara District Council and Whangārei City Council. Over 50 per cent of its 151,700 people were rurally located in 2013, with around one-third living in Whangārei, the largest urban centre. Regional GDP in 2013 was \$5.56 billion, with GDP per capita around 26 per cent below the national average. Primary industries dominate the economy, with over 50 per cent of land in pastoral use, 10 in forestry, and 0.5 per cent in crops and orchards (Knuckey *et al.*, 2015).
24. Three distinctive features about the Northland economy are evident from the most recent growth study: (1) building on the natural and cultural assets and industries already utilising such resources arguably represented the most advantageous growth pathway; (2) engaging a youthful and underemployed Māori population was essential; (3) the Māori economy, further boosted by impending treaty settlements, is viewed as an important partner for growth (Knuckey *et al.*, 2015). In 2012, the Northland Māori economy had an estimated commercial asset value of \$2.4 billion made up of \$249 million in Māori authorities, \$841 million in self-employed Māori enterprises, and \$1.34 billion in Māori employers (Robinson, Price, Allen, Schulze, & Dixon, 2015). A year later, an economic action plan for Northland was released in February 2016 by a governance group comprising local government, industry, iwi and community representatives (Ministry of Business Innovation and Employment, 2018b).



25. In 2016, a Māori strategy for growth was produced entitled 'He tāngata, he whenua, he oranga: An economic growth strategy for the Taitokerau Māori economy' (Robinson *et al.*, 2015). The strategy qualifies growth as culturally legitimate when it prioritises human and environmental wellbeing, when economic activity sustains both whānau and whenua. In other words, long run economic prosperity, in a Taitokerau view is premised upon "a hierarchy of tikanga principles and values" starting with manaakitanga ("the sacred obligation to look after people") and kaitiakitanga ("the sacred obligation to protect Papatūānuku") (Robinson *et al.*, 2015, p. 24). This approach contrasts sharply with the mainstream economic modes evident in regional and national economic policy but reflects the determination of Northland tribes to maintain their identity, culture and institutions.

AUCKLAND REGION

25. Tāmaki Makaurau, the Māori name for Auckland, means "Tāmaki desired by many" (Auckland Council, 2018). Tāmaki is a region of abundance in natural resources and strategic opportunities, home to Māori who settled and occupied its territories centuries prior to European arrival (McLure, 2007). Tāmaki is governed by Auckland Council whose jurisdiction encompasses 5,020 square kilometres of land between Te Hana in the north and Waiuku in the south, as well as the Hauraki Gulf islands (Independent Māori Statutory Board, 2016). At 30 June 2017, the estimated population for Auckland was 1,657,200, around 34.6 per cent of the New Zealand population, with average household incomes of \$110,100, total GDP of \$88.252 billion in 2015 and GDP per capita of \$61,924 in 2017 (Ministry of Business Innovation and Employment, 2018a).
26. In the 2006 census, 157,500 Māori indicated they were living in Tāmaki (Independent Māori Statutory Board, 2012). Given Auckland Council's boundary overlaps traditional tribal boundaries, mana whenua groups are recognised as having an enduring influence in the region's governance. Mana whenua are iwi and hapū that have historical and ongoing customary authority over ancestral lands in the region and are identified by their being mandated iwi authorities for treaty settlement purposes. There are 19 such mana whenua groups in Tāmaki (Independent Māori Statutory Board, 2012), whose members comprise 14.5 per cent of the Auckland Māori population. At the same time, matawaka are defined as Māori who live in Auckland and do not belong to mana whenua (Independent Māori Statutory Board, 2012). Sixty-three per cent of Māori in Auckland identify as matawaka, and a further 22.1 per cent of Māori who do not identify with any tribal affiliation.
27. The Independent Māori Statutory Board (IMSB) is an independent corporate entity with nine members established under the Local Government (Auckland Council) Amendment Act 2010 to promote cultural, social, economic and environmental issues of significance to Māori in Auckland (Independent Māori Statutory Board, 2012). It does this by sitting on all council committees, advising council on its responsiveness to Māori, identifying issues of importance to Māori, auditing council's approach to the treaty, developing a Māori plan for long term development and monitoring performance of council against the plan (Independent Māori Statutory Board, 2012, 2016).

MĀORI ENTREPRENEURSHIP

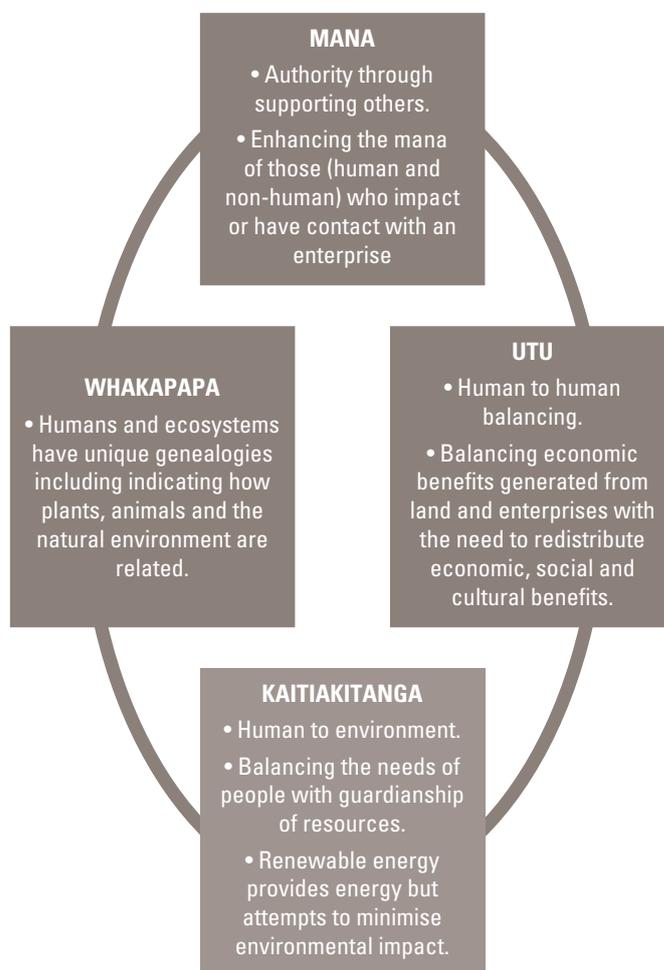
28. Māori entrepreneurial identity, that is, identifying as Māori and an entrepreneur influences thinking, being and doing business at personal, firm, economy and societal level (Mika, Warren, Foley, & Palmer, 2018; Mika, Warren, Palmer, *et al.*, 2018). Self-identity and context, where and when entrepreneurship occurs, have profound effects upon Māori entrepreneurial intentions, decision-making, firm-level characteristics, development and growth and contributions to the Māori economy and Māori society. A kaupapa Māori theory of Māori entrepreneurship as it relates to enterprise assistance is intimated in the following propositions:
- Māori entrepreneurship is distinguished through culture, identity and socialisation as Māori;
 - Māori entrepreneurship is expressed as indigenous self-determination, potentiality and substantive freedom;
 - Māori enterprises are defined primarily by Māori ownership and operation according to Māori values;
 - A Māori way of doing business is predicated upon principles of duality, collectivism, permanence and intergenerationality; and
 - A Māori world view is recognised in Māori entrepreneurship, but integrates within it elements of a Western world view.

(Mika, 2015).



29. Māori entrepreneurial endeavour is a re-emerging phenomena linked to Māori aspirations for self-development, revival of the Māori language and culture, and a determination for Māori-centred approaches to lead Māori participation and success in business, commerce and industry (Mika, 2018b). A Māori approach to economic development is premised upon the pursuit of multiple ends—social, economic, cultural, and environmental and spiritual (Davies, Lattimore, & Ikin, 2005). Singular pursuit of profit is not an endemic trait of Māori enterprises, although financial performance does indeed matter to Māori entrepreneurs, it is not the sole reason of their being in business (Mika & Palmer, 2017).
30. Entrepreneurship, innovation and enterprise within this context represent important means by which Māori and other indigenous groups are realising aspirations for self-determination and sustainable economic development (Mika, Warren, Foley, *et al.*, 2018). Whether private Māori enterprise, Māori land trusts and incorporations, Māori social, health and education providers, or larger Māori corporates, common features throughout these diverse forms of enterprise are identity as Māori, ownership by Māori, the infusion of Māori values, and the balancing of cultural and commercial imperatives (Mika, 2017; Morgan & Mulligan, 2006; Te Puni Kōkiri, 2013). These characteristics differentiate Māori from non-Māori entrepreneurship in Aotearoa New Zealand as enterprises with an ancient ethic of sustainability and distributional equity at their core (Harmsworth, 2009; Henare, 2011).
31. With a neoliberal fixation on growth and performance, New Zealand's mixed economy suffers attendant frailties of cyclical growth and decline, rural and urban disparities, and the unsustainability of current production modes (Frame, Gordon, & Mortimer, 2009; Jackson, 2016; Spoonley, 2016). An earnest search for more sustainable economies began decades ago, but only recently has the idea of environmental limits begun to impose itself upon enterprise and industry (Epstein & Buhovac, 2014; Everard, 2011; Serageldin, 1995). The result is varying degrees of social responsibility, environmental management and sustainability in commerce. Indigenous economies represent emerging alternative from the neoliberal growth model (Altman, 2007; Harmsworth & Awatere, 2013; Peredo, Anderson, Galbraith, Honig, & Dana, 2004). The tendency, however, is to posit indigenous values as the point of difference without theory to explain how these values produce alternative conceptualisations of economy and enterprise. Bargh (2012) argues for the use of ethical coordinates in business as a way for indigenous entrepreneurship to offer true alternatives to neoliberal growth-oriented economies.
32. Ethical coordinates derive from the work of Gibson-Graham and Roelvink (2010), who identify four types: (1) commons: how they are produced and sustained; (2) consumption: how and whether products should be consumed; (3) necessity: what is needed for human and environmental survival; and (4) surplus: how this is distributed among humans and other entities. When adapting this framework to a Māori enterprise context, Bargh (2012) identifies four ethical coordinates to explain alternative ways of thinking and doing business in Māori industry and enterprise contexts that originate from traditional Māori knowledge (E. T. J. Durie, 1998). They are: "(1) *mana* (authority); (2) *utu* (balance); (3) *kaitiakitanga* (guardianship); and (4) *whakapapa* (genealogical connections)" (Bargh, 2012, p. 277).

Figure 1. Māori ethical coordinates



Source: Bargh (2012, p. 269).



33. While the ethical coordinates framework illuminates differences between Māori and non-Māori enterprises that are non-binary and nuanced, other factors influence how these 'coordinates' are enacted by Māori entrepreneurs. These include entrepreneurial identity, firm-level characteristics of Māori enterprises, and Māori ways of thinking, being and doing business (Mika & Palmer, 2017; Mika, Warren, Foley, *et al.*, 2018). For Bargh's (2012) ethical coordinates to apply, the entrepreneur has to identify as Māori.
34. Zapalska and Brozik (2017) focus attention on factors influencing Māori female entrepreneurship within the context of increasing political, economic and cultural enquiry and change in indigenous communities within Aotearoa. Their account of 10 tourism businesses owned and operated by Māori female entrepreneurs makes three key points. The first is that Māori entrepreneurs are driven by both cultural and commercial imperatives, seeking wellbeing across five dimensions (social, cultural, economic, environmental and spiritual), enacted through an emphasis on equitable distribution of benefits derived from entrepreneurship. The second is that the Māori female participants regarded their Māori male counterparts as having less concern for spiritual wellbeing grounded in Māori traditions, with Māori males instead emphasising economic criteria for commercial success. The third is that Māori entrepreneurship, while born of adversity, underprivilege, disadvantage and discrimination, has become less constrained by cultural norms, entrepreneurial capacity, organisational constraints, and land resources over the last 30 years. Improvements in societal attitudes toward Māori entrepreneurship and Māori entrepreneurial orientation are attributed to changes in governmental policies since the 2000s, but the policies are unspecified. The concurrent commercialisation and preservation of culture within tourism products and services of Māori enterprises present a source of worry about misappropriation and misrepresentation of cultural capital, yet also a source of entrepreneurship and innovation within Māori enterprises.

FINANCIAL CAPABILITY

35. Financial literacy has been defined as "a combination of awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing" (Atkinson & Messy, 2010, p. 4). For these authors, financial literacy includes more than just knowing, it also encompasses behaviours, attitudes and skills (Atkinson & Messy, 2010). Components of financial literacy include: daily money management, financial products knowledge, financial planning, and keeping informed on financial issues (Kempson, Collard, & Moore, 2005, cited in Atkinson & Messy, 2010). This is supported by New Zealand's Commission for Financial Capability, which defines financial literacy as "the ability to make informed judgements and make effective decisions regarding the use and management of money" (ANZ & Commission For Financial Capability, 2013, p. 1). Increasingly, however, there is interest in studying the relationship between knowledge, behaviour, attitudes and outcomes.
36. Further to this, financial capability is about having knowledge and skills to manage money well, and actually taking action to do this (Stuart, 2013). According to Stuart (2013), the shift from being financially literate (knowing what and how to manage money) to being financially capable (acting on financial knowledge to bring about improved wellbeing) derives from the capabilities approach conceived by Sen (1999). Sen (1999) argues that human wellbeing is about increasing people's freedoms to satisfy their aspirations and to do the things that they value and have reason to value. By freedom, Sen is referring to human capabilities rather than confining freedom to civil or political liberties (Alkire, 2005; Gries & Naude, 2011). One of the implications of Sen's approach is a refocusing on the *ends* that make development worthwhile (e.g., social, political and economic arrangements) over the *means* of development (e.g., enterprise activity) (Sen, 1999). According to Stuart (2013), Sen's capabilities approach has three main implications: first, it extends financial literacy to include financial behaviour and access, uptake and use of financial services; second, it behoves financial service providers and policy makers to view financial capability as having mutually reinforcing benefits for other human capabilities (e.g., good financial decisions contribute to good health); third, cultural differences require contextualisation of what it means to be financially capable, accounting for expectations to balance wealth accumulation and redistribution among family members.



37. In Aotearoa New Zealand those expectations are clearly linked to saving for retirement because of the very real prospect of individuals having to meet a larger proportion of their living costs post-65 years given aging populations and the changing nature of work (Commission For Financial Capability, 2013). Yet, for many indigenous peoples, Māori included, financial capability is defined by more immediate financial challenges of meeting day-to-day living expenses. For Māori, saving for retirement seems to be a distant worry, intimidated by lower average incomes, lower savings rates, and household incomes that are less than household expenditure (Tepania-Ashton *et al.*, 2015). Such worries in Māori society use to be somewhat abated by having large families, but the notion of one's children taking care of elderly parents is gradually being eroded by tremendous shifts in social norms, economic imperatives, urban dwelling, and institutional arrangements, which have effectively separated out childhood, adulthood and aged care responsibilities as distinct compartments of contemporary life.
38. The Commission for Financial Capability urges, through its policy and practical work, for individuals to dispense with the seduction of finding a quick fix to meeting one's wealth and money needs and accept the efficacy of 'slow and long' approaches to building up financial capability and its consequential relative – financial resilience (Maxwell, 2015). They are, of course, fighting powerful urges of consumerism and unprecedented ready access to high cost consumer credit to feed unsustainable appetites for immediate gratification. It is unsurprising, then, that private debt, is a major feature of New Zealand's financial landscape, but it is the distribution of that debt among individuals of varying socioeconomic means and the type of debt ('good' versus 'bad' debt) that are the salient points.
39. Complicating the issue is whether improving financial capability is viewed as a private or public responsibility. That is, whose responsibility is it to ensure individuals have enough money to meet current and future levels of consumption – the individual or society? When economic hardship strikes, who is left to help individuals survive, and ultimately thrive, under such adversity? Conversely, when economic fortune strikes, what onus, if any, should there be for individuals to store a portion of such new found wealth for future use, or redistribute some among those less well-off. These issues touch on, but do not delve into, the political economy of financial capability. They are for a broader discussion on financial capability. There is also a cultural overlay, that is, the Māori perspective to financial capability for individuals and groups in Aotearoa New Zealand, and in particular for Māori in Auckland and Northland, that needs to be considered. First, however, further clarification of key terminology may be helpful.
40. The OECD (2017, p. 13) defines financial literacy as "a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being." Financial literacy is considered an essential life skill, fundamental to human wellbeing, entrepreneurship, social progress and success (OECD, 2017), and can be targeted at particular and vulnerable segments of society within national strategies (OECD, 2012). However, national strategies required baseline data on current levels of financial literacy and tools to improve upon this (OECD, 2015). In 2009, the OECD began work on a common measure of financial literacy internationally, resulting in a financial literacy questionnaire and toolkit, covering four aspects: financial knowledge; financial behaviour; financial attitudes; and financial inclusion (OECD, 2017).



41. The questionnaire covers the use of budgets to plan and keep track of finances, managing the costs of living, financial planning over the long term and choices about financial products and services (OECD, 2017). The latest survey results compared financial literacy of some 101,596 adults aged 18 to 79 years in 21 countries (OECD, 2017). The questionnaire assigns seven points for knowledge, nine points for behaviour and five points for attitudes for a possible score of 21 (OECD, 2017). The results show participants achieved average scores of 12.7 out of 21 (60 per cent), indicating scope for improvement. Moreover, results indicate that:

- Only 48 per cent of adults can correctly answer 70 per cent of the financial knowledge questions;
- Men are 11 per cent more likely to achieve minimum financial knowledge levels than women;
- Only 52 per cent of adults achieved the minimum level of six from nine financial behaviours;
- Only 15 per cent of adults seek independent advice when choosing financial products; and
- Around two thirds of adults use a formal and specific payment or savings product.

(OECD, 2017)

42. Most G20 countries had national strategies for financial education, but the results suggest refinements and improvements in delivery, measurement and impact are needed (OECD, 2015, 2017). Aotearoa New Zealand is not a G20 country, but it has a government policy statement focusing on coordinating a collective approach to building financial and investor capabilities (Goldsmith, 2015). Financial capability at a national level in Aotearoa is about “helping everyone to get ahead financially... [which means] “how we successfully navigate our way through products, choices, demands and needs across a lifetime” (Maxwell, 2015, p. 2). Financial capability comprises five key streams: (1) talking about money as a cultural shift; (2) effective financial learning throughout life; (3) planning and preparation for the future; (4) smart use of debt; and (5) ensuring everyone is saving and investing (Goldsmith, 2015; Maxwell, 2015).

43. Financial education as it relates to micro, small and medium enterprises (MSMEs) and potential entrepreneurs is defined by the OECD as being:

the process by which they: recognise the interaction between personal and business finance; know where to go for help; improve their understanding of the financial landscape, products and concepts of relevance; and through information, instruction and/or objective advice, develop the skills, knowledge, attitudes and confidence.

(Atkinson, 2017, p. 9)

44. Atkinson (2017) finds that entrepreneurs in most of the 17 OECD countries surveyed are affected by low levels of financial literacy, which constrain enterprise startups, growth and development. Financial literacy facilitates entrepreneur’s access to finance by aiding negotiation, assessing credit options, presenting an enterprise’s financial position, monitoring and meeting borrower obligations, and assessing personal and business risk (Atkinson, 2017). While the importance of financial education for MSMEs is widely accepted, few countries have specific measures of programme efficacy. Typical content of financial education for entrepreneurs includes: general financial literacy, knowing where to go for help, recognising the interaction between personal and business finance, understanding the business environment, planning and managing business finances, managing financial records, financing opportunities, interacting with investors, and managing financial risks (Atkinson, 2017). Delivery modes include formal and informal education and training, information, mentoring and advisory services (Atkinson, 2017).



FINANCIAL LITERACY

45. Financial literacy and improved savings among Māori are key priorities for He kai kei aku ringa, the Crown-Māori economic growth partnership panel (Broughton *et al.*, 2014; MEDP, 2012b). Financial literacy allows whānau to make the most of their income and resources to achieve their aspirations. In May 2014, the partner working group Te Māngai Penapena Pūtea provided a snapshot of financial literacy services for Māori as part of work on He kai kei aku ringa (Broughton *et al.*, 2014).
46. In their report, the group analyse financial literacy services offered to Māori to identify gaps in service provision. Among other things, they found:
- Lack of awareness amongst whānau of financial literacy services available;
 - Lack of service provision in certain regions of Aotearoa New Zealand;
 - Use of delivery mechanisms that do not appeal to whānau;
 - Lack of awareness of the importance and benefits of financial literacy;
 - Lack of financial literacy services targeted specifically to whānau;
 - Lack of funding to deliver targeted financial literacy services;
 - Lack of credibility of service effectiveness;
 - Lack of delivery of financial education in schools; and
 - Lack of leadership to drive change.
- (Tepania-Ashton *et al.*, 2015)
47. The group identify a range of considerations in tailoring services for Māori including: the importance of building relationships; long-term orientation; kanohi ki te kanohi – face-to-face interactions; whānau-focus; te reo and tikanga; and Māori attitudes and beliefs around self-determination (Broughton *et al.*, 2014).

FINANCIAL RESILIENCE

48. According O’Neill (2011, p. 1), financial resilience refers to “the ability to withstand life events that impact one’s income and/or assets,” which can be personal (e.g., unemployment, sickness, divorce) or societal (e.g., recession, natural disasters, terrorism). Financial resilience is aided by financial resources (savings, insurance, and a good job), human capital (knowledge, abilities, physical and mental health), social capital (social networks), as well as a positive, flexible, focused and organised set of life skills (O’Neill, 2011). Specific financial practices that support financial resilience, include: keeping debt low relative to income (under 15 per cent of net pay); an emergency fund of three months or more expenses; continuous training and maintaining good health; adequate insurance; financial education (O’Neill, 2011).
49. Official statistics show that households in Aotearoa New Zealand have had a poor saving record, with most spending more money than they earned, especially since 2001 when the property market was buoyant (Statistics New Zealand, 2015). Household saving in 2015 was negative, at -\$0.9 billion. Household disposable income increased to \$134.4 billion (up 0.8 per cent), held back mainly by a decline in farm income and dividends. Household spending was \$135.3 billion (up 3.3 per cent) in 2015 (Statistics New Zealand, 2015). The Māori Economic Development Panel states that Māori households are lagging in terms of economic wealth (MEDP, 2012a). OECD figures in 2013 showed that households in Aotearoa New Zealand had net savings of 1.1 per cent of disposable incomes (compared to 11.1 per cent for the United States), while BERL modelling indicated that Māori household income was 27 per cent less than expenditure (Tepania-Ashton *et al.*, 2015).



TAX COMPLIANCE

50. In 2007, the OECD regarded the tax system in Aotearoa New Zealand as one of the most efficient, but signaled challenges to the tax base from mobile labour and capital (SBAG, 2008). Such a tax system seeks to be administratively efficient, simple and fair and relies heavily on voluntary compliance. Aotearoa New Zealand has a “broad based, low rate tax system” in which 90 per cent of tax revenue comes from three tax bases: income tax; goods and services tax; and company tax, which equates to 32 per cent of GDP (Tax Working Group, 2018, p. 5). Tax is rarely used to influence or incentivise behaviour, except with respect to alcohol and tobacco excise taxes.
51. Research indicates that financial capability assists entrepreneurs to meet their tax obligations (Atkinson, 2017). Tax is addressed in the financial capability literature as an incentive to save (e.g., tax credits for retirement savings contributions) and a business and individual obligation to be managed (SBAG, 2008; Tepania-Ashton *et al.*, 2015). Managing tax is one of the policy goals of financial education in OECD countries as tax is perceived as a significant cost and management issue (Atkinson, 2017).
52. Yong and Mooney (2016) examine differences in tax compliance of small business operators from the four main ethnic groups in Aotearoa New Zealand: Pākehā (New Zealanders of European descent), Asian, Māori and Pacific peoples. Small enterprises contribute income, wealth and taxation to an economy, but also exhibit poor tax compliance, low tax knowledge and high distrust of tax agencies (Yong & Mooney, 2016). Yong and Mooney (2016) found European and Asian business operators were more confident and able in record keeping and tax compliance, while Māori and Pacific Island participants expressed fear and doubt about tax and a lack of tax knowledge, which was reinforced by tax advisors. Tax advisors attribute low compliance with a low level of financial literacy (Yong & Mooney, 2016). Māori small business operators were unlikely to directly seek assistance from IRD, which one tax advisor suggests may be due to historical effects of colonisation. While pointing to ethnic differences in tax compliance among Pākehā, Asian, Māori, and Pacific, the research carries undertones of bias. There is also uncertainty about whether participants (business owners, experts and advisors) are comparable across ethnic groups in this study. Further research on tax and Māori enterprises is recommended, but from a kaupapa Māori perspective.

ACCESS TO FINANCE

53. Financial capital is an essential resource in all enterprises (Bygrave & Zacharakis, 2014; Massey, 2011). Access to financial capital is, however, uneven. Startup firms, for instance, having no set of historical accounts to demonstrate their financial wherewithal, rely instead on a compelling narrative to acquire the capital they need (Lounsbury & Glynn, 2001; O'Sullivan & Mills, 2012). Micro, small and medium enterprises by virtue of their scale may struggle to obtain financial capital from formal sources at least initially (Storey, 1994). Then there is the socioeconomic position and credit history of the entrepreneur and the part this plays on the minds and in the calculations of financiers (Dickson, 2010b). Māori entrepreneurs, like their non-Māori counterparts, face all of these same kinds of hurdles when it comes to accessing finance for enterprise development at every stage of the business lifecycle (Hawkins, Mariu, Jones, & Mika, 1999; NZIER, 2002; White, 1999). Two points of difference, however, are accessing finance using Māori freehold land as collateral and market failure in the financing of Māori enterprise.
54. The difficulty of financing Māori land-based ventures has been extensively studied over the years, but with few enduring solutions (Māori Multiple Owned Land Development Committee, 1998; McQuillan, 2018; MEDC, 1999; MLIG, 1996a, 1996b). Multiple ownership of Māori land means acquiring title in the event of a serious loan default can be problematic for lenders, yet financing of Māori trusts and incorporations does occur. Evidence of market failure in respect of access to finance by Māori, however, is a far more difficult condition to prove (White, 1999). This is the notion that being Māori somehow makes access to finance less likely, implying some degree of conscious or unconscious bias on the part of capital providers. The problem is that bias is easily denounced as a plausible explanation because other factors are asserted as being the real cause of any failure to obtain and supply finance by Māori enterprises (McCabe, 2012). While anecdotal evidence suggests bankers' and investors' perceptions about Māori business were somewhat negative (Dickson, 2010a; Mika, 2010), industry perceptions seem to be changing given the growing Māori economy, progressive nature of Māori enterprise, the impact of treaty settlements and willingness of banks to be more responsive to Māori enterprise (ANZ, 2015; Mika, 2018a; Norman, 2016).
55. Access to finance for Māori enterprises is affected by demand-side and supply-side factors and these are worth noting to see how financial capability fits within this mix of issues (see Table 1).

Table 1. Factors affecting access to finance for Māori enterprises

SUPPLY SIDE FACTORS	DEMAND SIDE FACTORS
<ul style="list-style-type: none"> Banks and Māori are unfamiliar with the nuances of Te Whenua Māori Act enterprises Complexity and uncertainty about Māori ownership and management structures of Māori assets Credit policies in financial institutions may not accommodate Māori structures and asset types Perception that Māori commercial goals may be compromised by cultural obligations Negative publicity affects decision-making by capital providers Cooperative approaches to Māori enterprises are not well understood by institutions and perceived to be higher risk 	<ul style="list-style-type: none"> Lack of understanding about how to access finance and present bankable propositions Failure to meet credit criteria particularly collateral and equity requirements Lack of awareness of financing options, including debt, equity and asset financing An ability to identify appropriate professional advisers Fear or unwillingness to engage enterprise assistance providers Risk aversion of Māori land owning enterprises Less experience in business ownership and management Less participation in professional business networks and associations

Source: Mika (2010, 2016c)

56. The extent to which financial capability affects access to finance and enterprise development for Māori entrepreneurs is a key focus of the research.

MONEY AND WEALTH

57. In a paper *Cultural perceptions of money and wealth*, Wood and Mika (2016) sought to understand the extent to which culture influences peoples' attitudes to money and wealth. The survey involved 516 respondents (28 per cent male, 72 per cent female) with the majority coming from Aotearoa New Zealand. The survey was voluntary and people were encouraged to participate through various networks.
58. The survey identifies a range of attitudes toward money and wealth. For instance: (1) money is an idea, backed by confidence; (2) money creates wealth; (3) money is for today and wealth is for tomorrow; (4) money is earned through hard work; (5) money is necessary for survival. Several participants comments are instructive:

I think it depends on how you look at it. Money may be something you need to survive.

You can have money but not necessarily wealth if you don't know how best to use it.

Important in that it is needed to pay bills, put the kids through school and enable us to have our basic needs met, clothes, food, roof over our head. Also enable us to have some of the pleasures in life e.g. going away on holiday.

Money and wealth have similar importance.

59. Money carries with it negative connotations, when there is insufficient money to meet basic living costs or viewed as a source of greed and misery (Wood & Mika, 2016). In the survey, wealth is something people think may give them affluence and is needed to be able to sustain lifestyle needs and preferences during retirement or periods of unemployment (Wood & Mika, 2016). Wealth is an outcome of good money management while representing links to finances and physical, spiritual, mental and emotional wellbeing. Wealth also included ideas of money and family, leisure time, education and learning opportunities and a broader sense of community (Wood & Mika, 2016). Wealth is what you build while working. Wealth can be measured using non-monetary units and definitions of wealth are influenced by prevailing culture and social standards (Wood & Mika, 2016).
60. From a Māori perspective, wealth can equate to having your cultural lineage continued through children and mokopuna (grandchildren): *"Our people are our wealth for without them we are poor and perhaps even we would not exist as a people."* Related to this idea are aspirations for growth of money and freedom to make decisions about the future for individual, family and community support. Wealth is a wider and more meaningful concept, and incorporates both financial resources as well as other dimensions of lifestyle. There are, however, expectations of family, peers, friends on how to earn, spend and save. One respondent states: *"I grew up poor and I kind of don't expect to get rich easily (my culture = lower middle class)"* with another articulating the nexus between money and wealth in terms of relationships: *"My culture looks at wealth not in terms of money but rather relationships – being able to give, thinking of others before oneself and living in harmony with others"* (Wood & Mika, 2016). In keeping with the Australasian trait of the 'tall poppy syndrome' (Warren, Mika, & Palmer, 2018), Māori may frown on other Māori when success is defined in terms of monetary wealth (Wood & Mika, 2016).

61. Mika (2016a) addresses the conundrum of how indigenous entrepreneurs balance commercial and cultural imperatives in ways consistent with their values, aspirations, traditions and circumstances. Mika (2016a) asserts that the answer may lie within indigenous values, which represent an alternative ethical code for doing business (see for example, Bargh, 2012; Kawharu, 2016). Much remains unknown about the extent to which indigenous values, and reciprocity in particular, can and does alleviate the indigenous entrepreneurs' dilemma (Mika, 2016a). This research works to fill some of the gaps in data when considering Māori and indigenous concepts of money and wealth.

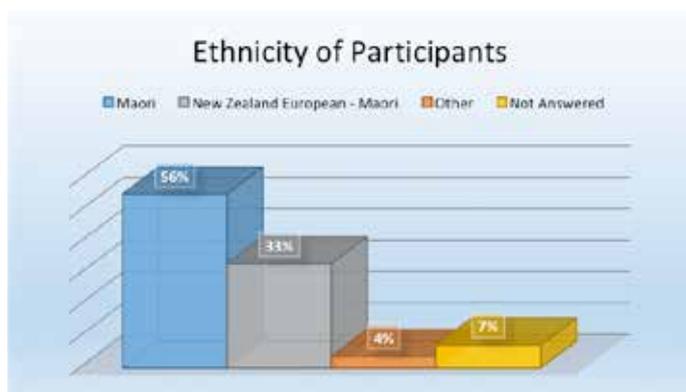
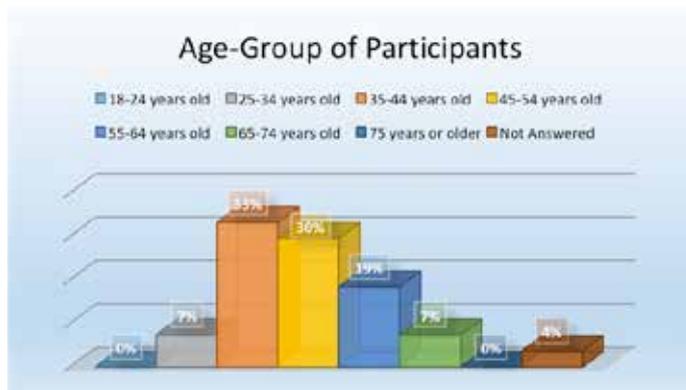


FINDINGS

62. In this section, we discuss findings using notes from the four focus groups and analysis of the 27 completed survey forms. The survey and focus groups are different forms of the same data, the former structured and written, the latter less structured and discursive. Thus, the findings from both forms are discussed together. The survey encompassed questions about cultural identity, cultural perceptions of money and wealth, personal and business financial capability, access to finance, and tax compliance. While percentages are used, the survey findings should be interpreted as qualitative rather than quantitative data given the small numbers of participants.

DEMOGRAPHICS

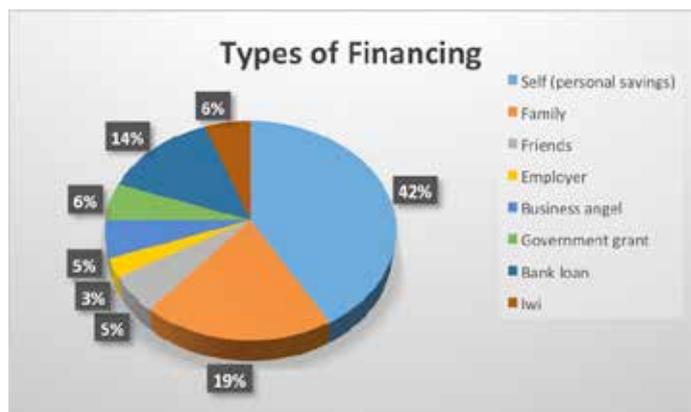
63. Demographically, 19 entrepreneurs were female while 7 were male. Most of the entrepreneurs belonged to the 35-44 years age group, followed by 45-54 years and 55-64 years. Nearly 56 per cent of the participants identified themselves as solely Māori while 33 per cent identified as both Māori and Pākehā. Most participants (78 per cent) completed tertiary education, including certificates, bachelors, masters or doctorate.



64. In describing their employment status, 73 per cent are self-employed, while 19 per cent are employees elsewhere indicating that these participants have a supplementary source of income. Regarding firm size, 67 per cent of participants employ 6-19 people.
65. In terms of cultural identity of the enterprise, 78 per cent consider their business to be a Māori business and 67 per cent acknowledge that culture influences their thinking and attitudes toward money and wealth. For instance, participants commented that a Māori ethos was practiced via tikanga, adhering to culture in their products and services, use of the Māori language in conducting business, and demonstrating a value system and spirit unique to their culture including being responsible towards family and community. One participant indicated that cultural integrity was more important than firm growth and subsequently declined investment because it was seen to compromise tikanga.
66. Participants were asked about money and wealth. We found 85 per cent view money and wealth as two different things. When asked to elaborate, common understandings were money was viewed as a medium of exchange, but wealth was acknowledged as a holistic concept of family, health, assets, and having life choices. 89 per cent felt they are good or very good at personal money management. 67 per cent agreed that personal money management influences their money management in business.
67. Questions about access to various sources of finance revealed that a majority (88 per cent) of participants had experiences with banks ranging from fair to excellent. However, when questioned about the types of finance they accessed, only 13.9 per cent comprised a bank loan. Thus, banking experiences were positive but participation in banking services was limited. Participants were aware of being able to use their homes as collateral, but were discouraged somewhat by unattractive interest rates, numerous "hoops to gain finance" and having to demonstrate a pathway toward repayment. Possible cultural dimensions of access to finance are reflected in participants' comments about perceptions of Māori collective and individual responsibilities, difficulties in asking for help and a belief that treaty settlements will provide the capital Māori enterprises need and impetus to progress.



68. External equity financing was not a popular choice as 40 per cent did not use this source, but those who did indicated a mostly fair or positive experience. With regards to government assistance such as information, grants, advice, business mentors or networks and financial support, a majority had sought this form of assistance. Of these, 64 per cent of the participants had an experience ranging from fair to positive while 36 per cent had a poor experience. The most common source of government assistance significantly cited as helpful was Poutama Trust followed by a few listing Te Puni Kōkiri.



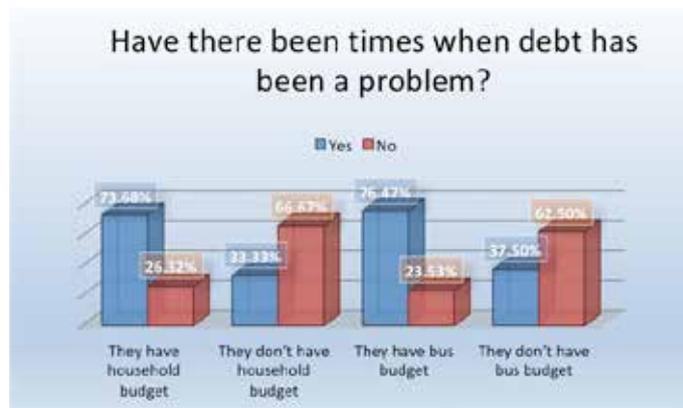
69. The participants revealed that no other grants or sources of government help were sought. Some dismay with governmental assistance was expressed: *"We never seem to meet the criteria;" "which government grants! Poutama has been the only organisation to help us;" "I am not aware of any grants that the business is eligible for;" "not interested - too many strings attached" and "we tend to get forgotten about here in the Far North."* Similarly, there was some degree of reluctance to engage with the banks, attributed in part to a lack of confidence or perceptions of bias indicated by *"banks don't like you when you have a Māori name, our interest rates are 1-2% higher."*

70. When asked about what they would have done differently in starting their businesses, participants identified wanting knowledge, support, and a robust business network. They suggested getting professional help through mentors or an advisory board to create structure; teaming up with various sources such as Callaghan Innovation and Poutama to understand the extent of finance available; and creating a business network especially for women. One participant felt that *"if I was engaged with government agencies early in my startup, I would have been in a much better position."*

BUSINESS PERFORMANCE AND FINANCIAL WELLBEING OUTCOMES

71. On debt, we asked "have there been times when debt has been a problem for your business?" Most of the participants (64 per cent) said it had been a problem in their business. Some of the debt-related comments which highlighted this issue were *"debt continues to be a problem as everything we make goes straight back into the business"* and that *"[we] invested heavily into our business to the point of no return."*

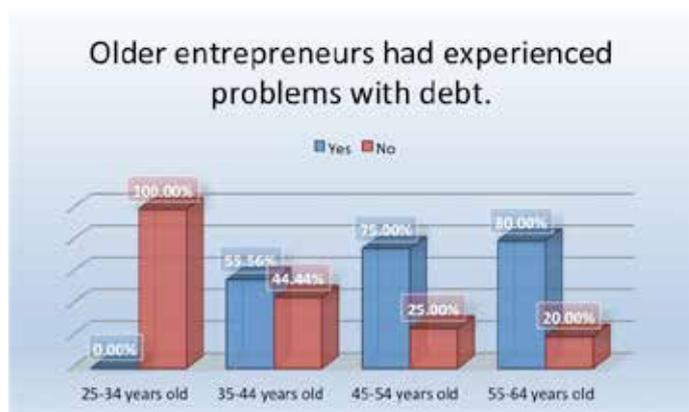
72. An analysis of money management behaviour of the participants revealed an interesting finding. Nearly 74 per cent of those who have household budgets, 76 per cent of those who have business budgets, and nearly 73 per cent of those who have business plans experienced issues with debt. This suggests that those for whom debt was an issue have implemented measures (budgeting and planning) to address it, or that current measures are not working. We found that 81 per cent of participants who found debt to be a problem have a backup plan in case of failure to repay debt.



73. Another important finding was that amongst the 36 per cent who do not see debt as a problem, 89 per cent do not have a backup plan for non-repayment and 56 per cent do not have a business budget. This indicates that debt could be a potential issue and that steps to adequately prepare and plan for such contingencies are warranted.



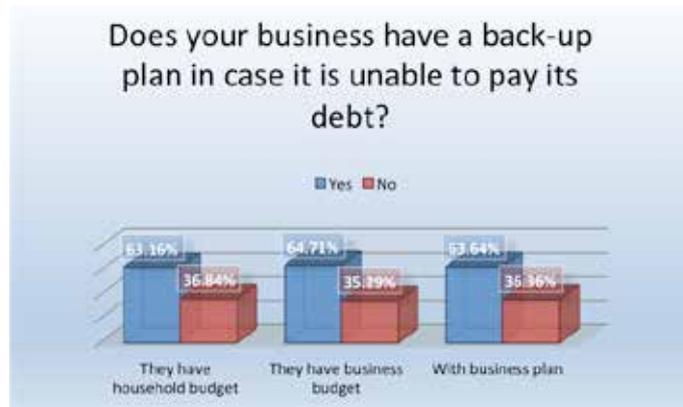
74. We found that relatively older entrepreneurs had experienced problems with debt. A high proportion of entrepreneurs (75 per cent of participants in the age group of 45-54 as well as 80 per cent of the participants in the age-group 55-64) found debt to be an issue. A possible explanation for this could be pre-existing debt at the time of entering business as well as family obligations. On the other hand, relatively younger entrepreneurs had not experienced issues with debt, with 100 per cent of the entrepreneurs in the 25-34 age group as well as 44 per cent of entrepreneurs in the 35-44 age group indicating this.



75. We also found that 87.5 per cent of participants that view debt as a problem are solely self-employed. Whereas 100 per cent of participants who were both self-employed and employees elsewhere did not find debt to be an issue. This indicates supplementary income cushions debt, meets living and family costs or is reinvested in the business.

BACK-UP PLAN FOR DEBT NON-REPAYMENT

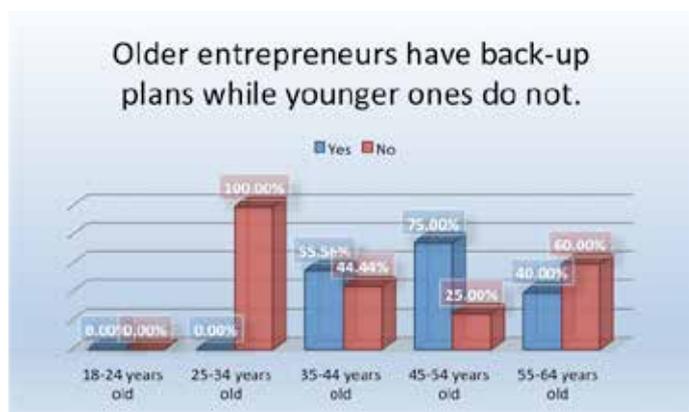
76. We asked, “does your business have a backup plan in case it is unable to pay its debt?” We found that more than half (56 per cent) have a backup plan in case of failure to repay debt, while 44 per cent do not. An analysis of money management related questions revealed that those who do not have a household budget and backup plan were nearly 67 per cent of participants. Similarly, those who do not have a business budget and backup plan were 62.5 per cent of participants. There is a small group who have neither a business plan nor backup plan for repayment of debt.



77. We found more than half the entrepreneurs who were self-managing their money do not have a backup plan, whereas those sharing money management with outsiders such as accountants and finance managers had backup plans. This suggests professional help may be linked to prudent debt management.



78. We found that all those who have a backup plan are relatively older entrepreneurs, with positive responses falling in the age range of 35-74 years. More than half the entrepreneurs (nearly 56 per cent) in the 35-44 age group, and 75 per cent in the 45-54 age group have backup plans. Alternatively, those who do not have a backup plan are relatively younger, with negative responses falling in the age range 25-64 years. All the entrepreneurs in the 25-34 years age group indicated they did not have backup plans. Education level appears to have a slight bearing, with most of the tertiary educated entrepreneurs (nearly 67 per cent) having a backup plan. Of the participants who do not have a backup plan, the majority (nearly 73 per cent) are solely self-employed, and therefore, do not have supplementary employment (and income).



79. The demographic analysis indicates that older entrepreneurs are more prone to debt, but have a backup plan, are solely committed to business, and may perceive debt as necessary for firm survival or expansion. Such a necessity causes them to have a repayment plan. Younger entrepreneurs who see debt as less of a problem, however, do not have backup plans, have employment elsewhere offering a secondary income source, while possibly operating on an as and when needed basis. Having greater access to debt might make younger entrepreneurs susceptible to impulsive behaviour regarding money.

LEVEL OF CASH RESERVES

80. We asked participants “how would you describe the level of cash reserves i.e. savings you have in your business?” We found more than half the participants (56 per cent) have no or low levels of cash reserves in their businesses. Of these participants, 78 per cent have a household budget and 85 per cent have a business plan. This indicates that these participants may have taken up budgeting and planning as a measure to mobilise savings.



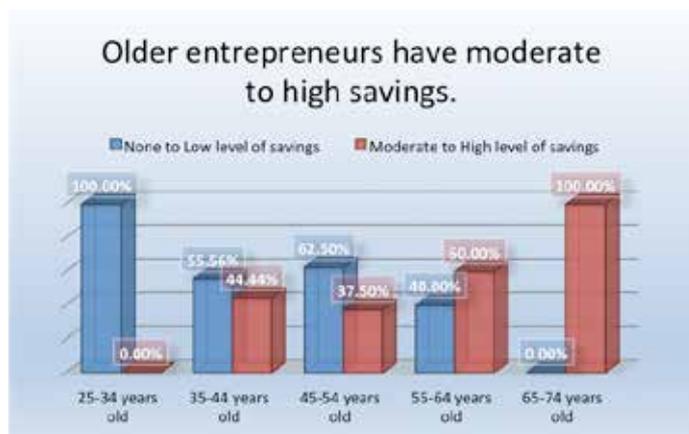
With an effective business budget at hand, cash reserve levels can be enhanced. This was visible in the survey results where 88 per cent of participants who have a business budget have cash reserves. By contrast, only 63 per cent of people without a business budget have some level of cash reserves and 38 per cent of the participants without a business budget have no cash reserves at all. Participants with cash reserves found this fluctuates seasonally.



81. We found that of participants who solely manage money themselves, 86 per cent have no or low levels of cash reserves. However, all the participants who manage their own money themselves and use an accountant have moderate to high cash reserves in their businesses. This suggests that use of an accountant enhances financial resilience.



82. We found that relatively older entrepreneurs (35-74 years) have moderate to high savings. All participants aged 65-74 years and 60 per cent of participants from the 55-64 age group have moderate to high reserves. On the contrary, all entrepreneurs aged 25-34 years have no cash reserves and nearly 56 per cent of participants from 35-44 years have no or low level of reserves. Those who are employed elsewhere have more cash reserves than those who are solely self-employed.



TAX COMPLIANCE

83. We asked participants three questions on tax. We found that more than half (58 per cent) of participants rate their understanding of tax as good, very good or excellent while 27 per cent and 15 per cent rate their understanding as average and poor respectively. More than half the participants (64 per cent) seek some form of external help via an accountant, finance manager, finance administrator, or their spouse for managing business tax. Equal numbers of participants (32 per cent) manage their tax obligations or use an accountant. Only 12 per cent indicated they are self-managing tax and using an accountant.



When asked to describe their relationship with the Inland Revenue Department (IRD) regarding business tax, 72 per cent felt positively about it. Most participants are on good terms with the IRD, while some indicated that their accountants managed this relationship.

DISCUSSION

84. The distinguishing feature of this research is that we are examining familiar business challenges and aspirations for wellbeing among Māori entrepreneurs within the context of the Auckland and Northland regions. We have taken no more than a snapshot, a singular and localised portrait of how Māori entrepreneurs and Māori small business owners view themselves, the enterprises they have created and how they approach managing money, wealth and finance in their personal and business lives. There is a case for more extensive research and analysis, but we offer the following as an initial preview into this area of study and comment on its implications for policy, research and practice. We discuss the findings in relation to:
- How culture and life stage influence your thinking about money and wealth?
 - How your personal approach to managing money influences your business?
 - How you approached accessing finance for your business?
 - How ready you are to meet your financial needs (planned and unplanned)?
 - How you approach meeting your tax obligations in business?

HOW CULTURE AND LIFE STAGE INFLUENCE MONEY AND WEALTH

85. At a macro-level, the Māori economy is growing, and its subparts – Auckland and Northland in this case – exhibit Māori economic potential (Nana, Khan, & Schulze, 2015; NZIER, 2005). Fueling this growth requires capable and willing entrepreneurs, equitable access to resources, a receptive entrepreneurial ecosystem, and a marketplace that sees value in this indigenous economy's distinctive offerings (Mika, Warren, Palmer, *et al.*, 2018). At a micro-level, Māori are engaging in entrepreneurial activity grounded in a revitalised and evolving indigenous culture. Māori entrepreneurs are identifying their enterprises as Māori reflecting their affinity for an ethical code which resonates with the relatively recent emergence of Western ideals of sustainability that are slowly catching with up precolonial indigenous practice (Cole, 2017; Petrie, 2006).
86. Māori entrepreneurs' attitudes to thinking about managing money and wealth are culturally and socially mediated. This means cultural identity (self and collective) and socialisation (upbringing and status) as Māori are material considerations in how entrepreneurs view money, its use and efficacy. We found that Māori entrepreneurs viewed money as transactional and wealth as transformative, manifesting in multidimensions of social, cultural, economic and spiritual value. Money and wealth were regarded as enabling Māori to uphold tikanga (culture and values) and contribute toward to whānau and community wellbeing. In other words, money and wealth, and enterprise and economic growth, should not involve compromising tikanga, identity and wellbeing, but rather enhance these characteristics of culture and identity.

HOW PERSONAL APPROACHES TO MANAGING MONEY INFLUENCES BUSINESS

87. The entrepreneurs in our research identified as Māori and are mostly solely self-employed, with some also working in other jobs. A few are running enterprises that employ others. The entrepreneurs are generally mature (35 years and over) with considerable life and business experience, consistent with the literature on the typical age range of entrepreneurs being 40 years and over (Marks, 2018). Thus, family wellbeing is likely to be a driving imperative in business, and business in this sense, should not compromise whānau wellbeing. As small business owners in the main, resource scarcity, time limitations, the importance of generalist managerial skills and broad responsibilities constrain growth, create work life crises and influence the flow of time and resources between personal and business life. The extent to which such conditions reflect the experiences of the entrepreneurs in our research requires further research.
88. Our participants generally agreed personal and business financial capabilities and outcomes were related. They had had positive and negative experiences in life with money, debt and wealth, and were taking steps to mitigate against the latter through planning, savings, and advisory services. International literature identifies low uptake of financial literacy training and services among entrepreneurs and similarly poor awareness, access, uptake and use of such services among Māori entrepreneurs in Aotearoa. Yet, the benefits of financial literacy are well-established in terms of improved personal financial capability, with spinoffs for business in terms of performance and access to finance.
89. There seems to be little agreement on whether the problem with literacy services is programme design and targeting or attitudinal and awareness on the part of entrepreneurs. There is agreement, however, that whānau-centred design, delivery and a youth-focus might yield greater uptake and impact among Māori of existing services. When viewed as part of an effective entrepreneurial ecosystem for Māori entrepreneurs, other design considerations come into play. These include providing for Māori entrepreneurial identity, Māori entrepreneurial capabilities, Māori industry and sector participation, and the nature and dynamics of regional and national Māori economies (Mika, Warren, Palmer, *et al.*, 2018). What this means for financial literacy services and providers is the involvement of Māori in programme design, delivery and evaluation, services linked to the varying needs of Māori enterprises, and modified mainstream offerings.



HOW ENTREPRENEURS APPROACH ACCESSING BUSINESS FINANCE

90. Financial capability improves access to finance; without it the opposite experience is had. The assertion is that the principles and skills of personal financial capability are transferrable, but the context, complexity and risks of business may differ.
91. Debt and age seem correlated; the more mature Māori entrepreneurs indicate debt had previously been a problem for them personally or their business or both. It seems though that such experiences have led to changes in money and wealth management, including increased attention given to savings, budgeting, planning and use of advisors. Younger Māori entrepreneurs in the research report fewer encounters with debt and problems with debt. This is likely correlated with them having less assets and lower incomes as bases upon which formal credit is secured at younger age-ranges.
92. Participants are aware of bank finance, but somewhat weary given the apparent costs, risks and worries about how Māori are perceived. The cultural dimension to debt is typical of Māori entrepreneurs: an aversion to risking one of the most prized pieces of personal collateral (the family home); the cost; and the possibility of compromising tikanga. Some fear of negative stereotyping by capital providers was identified, but this seems to be limited.

HOW READY ENTREPRENEURS ARE TO MEET THEIR FINANCIAL NEEDS

93. Skills, knowledge and abilities in managing money become that much sharper if there are funds to manage. Financial resilience is indicative of financial capability at a personal and firm level. That is, the ability to overcome shocks to income and wealth due to controllable and uncontrollable forces is highly desirable among entrepreneurs. This is not just about having savings, but how much savings is needed over short and longer timeframes. In addition, health and wellbeing are essential parts of financial resilience, but what constitutes good health for Māori is slightly different. Mental, physical, spiritual and social wellbeing are collectively representative of good health when all four are in balance (M. H. Durie, 2001). It is difficult, for instance, to be effective in business when whānau relationships are damaged or non-existent. Another corollary is the concept of work-life balance, which can have consequences for financial resilience because of health and wellbeing effects for entrepreneurs (Haar, Roche, & ten Brummelhuis, 2017).

94. Three aspects of financial resilience were evident in the research: (1) the absence and presence of a backup plan; (2) supplementary employment and income; (3) learning from mistakes. A backup plan in this sense constitutes a way of covering living costs, business costs and debt repayment in the case of a sudden substantial loss of income. This might take the form of planning, savings and insurances. Interestingly, those with backup plans tended to be entrepreneurs who had previously experienced problems with debt, whereas about one third of participants had no problem with debt, and most of them having no backup plan or budget. This suggests financial resilience and degree of financial preparedness for the unexpected is more attitudinal than capability deficiencies. Anxieties about debt were somewhat reduced by supplementary employment in addition to self-employment. This begs the question about whether these enterprises are generating sufficient revenue to fully compensate owners. In practice, forgoing compensation is not an uncommon method of financing startups, but it would be interesting to ask entrepreneurs how long they had gone without compensation or were fully compensated for the investment of time given to the business.

HOW ENTREPRENEURS APPROACH THEIR TAX OBLIGATIONS IN BUSINESS

95. Financial capability aids tax compliance, which is essential for entrepreneurial success. Tax compliance may be hampered by a lack of awareness, knowledge and interest in tax, unfounded mythology that the first year in business is tax-free, an aversion to bureaucracies or previous negative dealings with tax officials. Scant literature is available on the taxation of Māori enterprises save Māori authorities, which have specific income tax rules applying to them (Mika, 1994, 1995). None of the participants operated Māori authorities, but many are likely to affiliate to one or more as owners of Māori land. The one study we did review, compared tax compliance among Pākehā, Māori, Asian and Pacific entrepreneurs and small business owners (Yong & Mooney, 2016). The study concluded that tax compliance among Māori small business owner-operators was comparably lower because of lower financial capability, lower tax knowledge, and discomfort about engaging with the tax department.

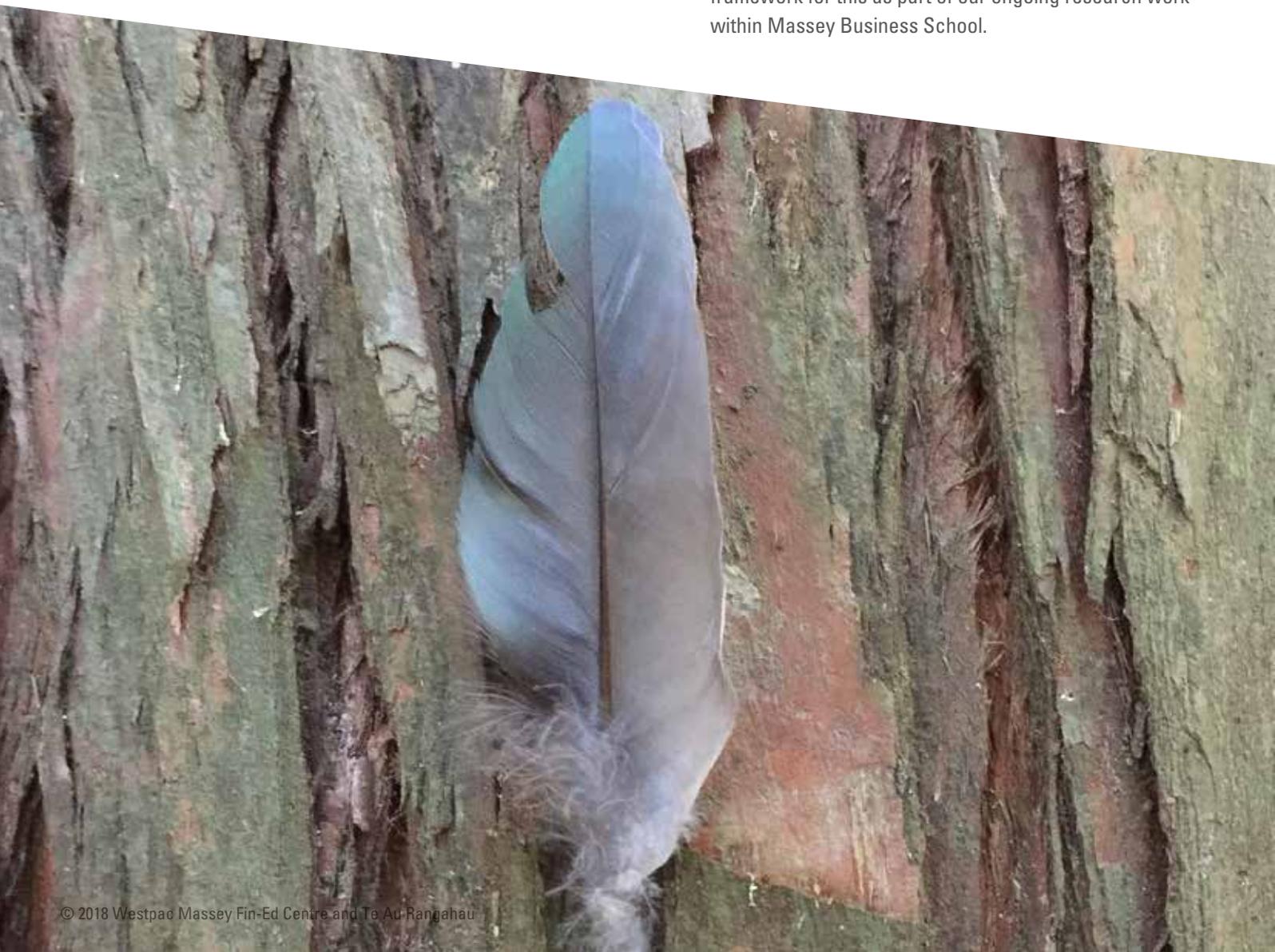
96. Our findings contrast with those of Yong and Mooney (2016) in that the majority of participants express confidence in their knowledge of tax, engage professional services in meeting tax obligations, and report positive relationships with the IRD. Most are managing their own tax or using an accountant or both, which implies a degree of confidence and capability. While the results indicate a higher degree of comfort with tax, there are likely others who feel challenged by tax and either wait too long before seeking expert help or act on incorrect or inadequate information and advice. Tax ought to be a feature of financial capability for Māori entrepreneurs at a personal and business level. On that pleasant note we conclude.

CONCLUSIONS

97. *Ma te huruhuru te manu ka rere* is a Māori proverb that refers to the fact that to fly, a bird must have feathers. The bird in this case is our veritable entrepreneur and the feathers are the entrepreneurial capabilities that make entrepreneurship worthwhile and possible. In this perspective, entrepreneurship is an enabling process of Māori human potential contingent upon entrepreneurial capabilities (Mika, Warren, Palmer, *et al.*, 2018). Entrepreneurial capabilities from a Māori perspective comprise social capital, human capital, cultural capital, financial capital and spiritual capital, and integrate within each Māori and Western knowledge and capabilities (Mika, 2017). Financial capabilities in this broader perspective are not just the mechanical processes of managing money and wealth, but the coherence of Māori and Pākehā views on what constitutes money and wealth and how this is applied to achieve Māori aspirations of self-determination, freedom and human potentiality (Mika, 2016b).
98. At a more practical level, financial capabilities directly affect whānau wellbeing enabling whānau to transcend present circumstances through entrepreneurship. Financial capabilities include fundamental knowledge, skills, abilities and orientation essential for effective management of money and wealth in personal and business terms. Financial capabilities are a priority for governments internationally and locally because these capabilities are linked to improved personal and business outcomes. Māori entrepreneurs access, uptake and use of financial literacy services is lacking, reducing the value and impact that these capabilities might offer entrepreneurs. There is uncertainty about whether low uptake and efficacy is a design-fault or a perceptual-fault.
99. Financial capabilities facilitate a circular flow of capital between whānau and whānau enterprises. The issue this research addresses is what is the state of financial capabilities among Māori entrepreneurs in Auckland and Northland and how can we advance this for the benefit of whānau? We set out to understand this by talking with Māori entrepreneurs about dimensions of cultural identity, entrepreneurship, and financial capability using focus groups and a survey. We were fortunate in working with and alongside Poutama Trust to facilitate access to Māori entrepreneurs in these regions. The 27 Māori entrepreneurs who completed the survey and attended the focus groups provided us with insights into a much larger picture of two regions with considerable potential to grow their Māori economies.
100. A major limitation of the research is the small number of participants, but this is at the same time one of its main strengths because of the richness of qualitative enquiry. We intend to address this limitation by the distribution of an electronic version of the survey among Māori providers of enterprise assistance. We anticipate that over time we might gain a national picture of Māori entrepreneurial capabilities and their transformative effects upon whānau wellbeing.
101. We found that Māori entrepreneurs identify as Māori on the basis of their whakapapa and tribal affiliation. This identity as Māori entrepreneurs extends to their enterprises which many identify as being Māori businesses, owned and operated by Māori. As Māori enterprises, the use of te reo and tikanga Māori in business was indicated in the nature of the products, processes and people involved, and an ethic of responsibility for whānau and community. Most participants were tertiary qualified, self-employed and at the same held other jobs, and owned small and medium enterprises that employed others.
102. Money was viewed as transactional serving immediate consumptive needs as a medium of exchange while wealth was viewed in holistic terms constituted as health and wellbeing, assets and life choices. Māori entrepreneurs expressed confidence in their money management skills and recognised the relationship between personal and business finance in the sense of the transferrable nature of financial capabilities and the benefits that flow from their application in the home and at work.



103. Most Māori entrepreneurs had good experiences with their banks, but few had taken up formal debt finance given the costs, risks and worries about negative perceptions. External equity finance was used by some with mixed results. Government assistance and grants were generally positively received, but some negative experiences were recounted. A desire for early intervention was seen as a helpful approach to assistance.
104. Debt had been a problem for most, especially among older entrepreneurs, but changes in behaviour including budgeting, planning and advice were features of current practice of Māori entrepreneurs. When debt is seen as a potential issue, action is taken to mitigate risks of non-payment with some kind of backup plan, whereas for others who see no issue with debt, no such action is taken. Supplementary income and employment were ways entrepreneurs limited their exposure. Most Māori entrepreneurs have backup plans in case of loan default. Over half the entrepreneurs have some cash reserves, but whether these are adequate is unknown. Budgeting and planning are associated with savings.
105. While the literature suggested Māori entrepreneurs had relatively low-level capability in managing tax, avoided the IRD and did not seek professional advice, our research shows Māori entrepreneurs express confidence in their ability to manage tax.
106. Some of the implications of the research for policy, practice and education include: (1) earlier intervention with enterprise assistance; (2) engaging Māori in the design, delivery and evaluation of financial literacy services for Māori entrepreneurs; (3) researching the impact of financial capability on whānau wellbeing and whānau-entrepreneurship; (4) enquiring about the relationship between money and wealth and financial capabilities contribute to wealth; (5) changing perceptions about the role of debt and equity financing; (6) financial resilience training to understand minimum levels of savings needed; (7) a kaupapa Māori based study of tax and Māori entrepreneurship.
107. Measuring the impact of the research upon whānau health, wellbeing and prosperity is necessary but beyond the scope of this project. We will develop an evaluative framework for this as part of our ongoing research work within Massey Business School.



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ANNEX 1: INFORMATION SHEET

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TE MANU KA RERE: FINANCIAL CAPABILITY OF MĀORI ENTREPRENEURS

BRIEF OUTLINE OF THE RESEARCH PROJECT

This project will study the financial capability of Māori enterprises, with the help of a grant from SkyCity Community Trust. Westpac Massey Fin-Ed Centre director Dr Puspha Wood and Te Au Rangahau codirector Dr Jason Paul Mika are leading the research. The project's name 'Te manu ka rere' is taken from the Māori saying "Ma te huruhuru te manu ka rere," which means that adorned with features the bird is able to fly. The purpose is to study the financial capability of Māori entrepreneurs and its impact on their ability to start and run Māori enterprises. We are hoping to talk to around 30 Māori entrepreneurs, including rangatahi (youth), pakeke (adults), kaumātua (elders) and whānau (families) in Auckland and Northland using a survey and in focus groups.

WHAT ARE WE TRYING TO FIND OUT THROUGH THIS RESEARCH?

If you consent to participate in this project, we would like you to:

- Participate in a focus group with other Māori entrepreneurs at a time convenient to you. We will be looking at organising focus groups in Auckland and in Northland.
- Once you have completed and returned the Consent Form, we will email or post a brief survey to you (as appropriate) to answer some questions that will inform the researchers about your financial capability.
 - We will discuss with you in depth through the focus group **to identify:**
 - How culture and life stage influences your thinking about money and wealth
 - How your personal approach to managing money influences your business
 - How you approached accessing finance for your business
 - How ready you are to meet your financial needs (planned and unplanned)
 - How you approach meeting your tax obligations in business
- The researchers will be available throughout this period to answer any questions or provide further information/support if required.
- The information you will provide to us through your survey questions and focus group participation will be kept confidential to the researchers only and no one else will have access to this information without your prior permission. This information will be used for research purposes only and you will not be identified individually.

WHAT WILL WE USE THE DATA FOR?

The data collected from these focus groups will help to gain insight into the financial capability of Māori entrepreneurs in Auckland and Northland. The research will explore a process for government, community, private sector organisations and educators to work together to implement an effective approach for equipping Māori entrepreneurs with tools and resources to make wise business decisions. We will store your information in a secure place at Massey in computer and print form for seven years, after which it will be archived in accordance with university policy and ethics guidelines.

WHY DO WE THINK THIS RESEARCH IS NEEDED?

Our research with Māori entrepreneurs and financial capability with Māori communities highlighted a need for some concrete data to guide targeted programmes that combine entrepreneurship and financial capability. This research will provide much needed data to inform future work.

WHAT WILL YOU GET OUT OF THIS PROJECT?

- You will be contributing to very important work that will help to develop some valuable resources to help Māori entrepreneurs and whānau enterprises;
- You will be empowering whānau to be smart with money and successful in business, contributing to whānau wellbeing;
- You will have an opportunity to examine your own thinking and practice around financial management, personally, and in business, and identify areas to improve;
- You will have an opportunity to learn some new skills as we will be happy to run some workshops in business and money management if needed by participants;
- We will provide fuel vouchers for participants to help towards travel costs;
- And of course an opportunity to meet up with others who are involved in this project over a cup of tea and cakes!!

If you want to discuss any details about the project itself, please feel free to contact us – Dr Pushpa Wood, m: 021 755 813 or e: P.Wood@massey.ac.nz; or Dr Jason Paul Mika on m: 021 970 421 or e: J.P.Mika@massey.ac.nz.

Thank you very much in advance for your participation.



Dr Pushpa Wood
Director
Westpac Massey Fin-Ed Centre



Dr Jason Paul Mika
Codirector
Te Au Rangahau

PLEASE NOTE:

“This project has been evaluated by peer review and judged to be low risk. Consequently, it has not been reviewed by one of the University’s Human Ethics Committees. The researcher(s) named above are responsible for the ethical conduct of this research.

If you have any concerns about the conduct of this research that you wish to raise with someone other than the researcher(s), please contact Dr Brian Finch, Director, Research Ethics, telephone 06 356 9099 x 86015, email humanethics@massey.ac.nz”.

ANNEX 2: CONSENT FORMS

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TE MANU KA RERE: FINANCIAL CAPABILITY OF MĀORI ENTREPRENEURS

FOCUS GROUP PARTICIPANT CONSENT FORM

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I understand that I have an obligation to respect the privacy of the other members of the group by not disclosing any personal information that they share during our discussion.

I understand that all information I give will be kept confidential to the extent permitted by law, and the names of all people in the study will be kept confidential by the researcher.

Note: There are limits on confidentiality as there are no formal sanctions on other group participants from disclosing your involvement, identity or what you say to others in the focus group. There are risks in taking part in focus group research and taking part assumes that you are willing to assume those risks.

I agree to participate in the focus group under the conditions set out in the Information Sheet.

Signature: _____ **Date:** _____

Full Name printed _____



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TE MANU KA RERE: FINANCIAL CAPABILITY OF MĀORI ENTREPRENEURS

CONSENT FORM

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree / do not agree to the interview being sound recorded.

I wish / do not wish to have my recordings returned to me.

I wish / do not wish to have data placed in an official archive.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signature: _____ **Date:** _____

Full Name printed _____

ANNEX 3: FOCUS GROUP QUESTIONS

Westpac Massey
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School of Management, Massey University, PO Box 756, Wellington 6140
T +64 4 801 5799 extension 62070 M +64 21 755 813 E P.Wood@massey.ac.nz

TE MANU KA RERE: FINANCIAL CAPABILITY OF MĀORI ENTREPRENEURS 27 JULY 2017

Our primary question: What is the financial capability of Māori entrepreneurs?

Identity

1. Whereabouts are you from originally (tribal affiliation, where born and raised)?
2. Are you in business or are you considering starting one? Tell us about your business?
3. What does being Māori in business mean to you?

Cultural perceptions

4. What are your views about money and wealth?
5. What is your relationship like with money?
6. How does culture influence your thinking about money and wealth?

Where personal and business financial capability meet

7. How would you describe your personal approach to managing money?
8. How does your personal approach influence how you manage money in business?
9. If there are differences, why do you think that might be?

Financial capability

10. Do you have a budget?
11. Do you have a business plan?
12. Who manages the money in the business and how does that work?

Access to finance

13. How did you finance the startup and running of your business?
14. What has been your experience with accessing bank finance and outside capital?
15. What has been your experience of accessing public grants for business?

Financial resilience

16. Does the business have cash reserves (savings)?
17. Have there been times when debt has been a problem for the business?
18. Does the business have a back-up plan in case it is unable to pay its debts?

Tax compliance

19. How would describe your relationship with tax - good, bad or otherwise?
20. Who prepares and files your business tax returns (GST, employer and income tax)?
21. What's been experience of dealing with the IRD on tax?

Any other comments?

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