

TE AU RANGAHAU

Māori Business Research

THE PRODUCTIVITY AND INNOVATION OF MĀORI FRONTIER FIRMS

A submission to the
New Zealand Productivity Commission
for their inquiry into frontier firms

16 March 2021



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1. SUMMARY

Te Au Rangahau (Massey Business School's Māori business research centre) was invited by the New Zealand Productivity Commission (the Commission) to provide a review of the Commission's report on its frontier firms inquiry, with a focus on the Māori frontier firms.

The inquiry adopts the Organisation for Economic Co-operation and Development's (OECD) definition of frontier firms – those within the top 10% of firms' productivity distribution in an industry. This definition brings around 30,000 firms into scope for this inquiry. Identifying Māori firms within this cohort becomes functionally complex. Some of the approaches of identifying Māori firms include business owners' ethnicity, employees' ethnicity, the nature of the product and service, or commercial and social enterprises operating with Māori values, philosophy, and tikanga (Statistics New Zealand, 2016). The Commission recognises that there is no single agreed definition of a Māori business or Māori firm as the Māori economy comprises a range of organisational forms and structures under various legal frameworks.

Our review of this report concludes that:

- The Hui Taumata is an excellent idea, provided it is Māori-led, supported by the government, and with all parties working together to discuss issues regarding Māori firm productivity. The focus should be on aspects and characteristics of successful firms compared with others and how to measure the performance of Māori firms in a way that is consistent with Māori values. Notably, the Hui Taumata can also be a significant avenue to discuss Māori aspirations and be reflected in the definitions. The current definitions of Māori business are tailored in meeting governmental expectations and requirements without fully considering Māori perspectives, expectations, and aspirations.
- The need for capacity building, investment, research, and incentives (combined effort from all stakeholders, including the government, Māori, tertiary providers, and industry) to provide a support system for Māori-centred business education should be a priority.
- Māori land cannot be the sole determinant of Māori socioeconomic wellbeing. The productivity of Māori land is essential to Māori and others. However, Māori land alone is

not sufficient to meet the development needs and aspirations of Māori. Non-land based economic development, which relies on human capital, cultural capital, and social capital of Māori people, is just as significant, if not more so, from a sustainable economic development perspective. The focus should also shift to Māori human development and supporting expertise to grow the Māori economy in general and at the frontier.

- Māori aspirations include autonomy and sustaining whakapapa connections to land and resources handed down through generations. The Māori firms operate in the Māori and New Zealand economies, and their purpose is to serve Māori aspirations and wellbeing.

2. RECOMMENDATIONS

We recommend that the Productivity Commission:

- 1. Revise the definition of Māori business with a strong focus on Māori aspirations and wellbeing.**

The accepted definition of Māori business meets government expectations. Our view is to allow Māori to define the Māori economy and Māori business. These concepts are likely to be couched in terms of Māori culture, identity, aspirations, capacities, and wellbeing. Defining and characterising Māori frontier firms must also consider support systems for Māori firms who aspire to be frontier firms to become so. A Hui Taumata by Māori for Māori and supported by the government can be an initial step toward this priority.

- 2. Develop recommendations relating to support systems for increasing the productivity of Māori firms.**

More support for post-settlement governance entities (PSGE) and Māori firms' productivity. Māori firms and PSGEs are looking for new ways of navigating the economic challenges of the pandemic. One such mechanism includes a 90% in cash for business enhancement and development plus investments in equity as shares in the stock market. A further possibility for improving the productivity of PSGE is the concept of supporting collaboration among Māori firms, which when combined with active management and good governance, improves the economic performance of Māori firms.

- 3. Support Māori participation in social procurement within the public and private sectors**

We support the current policy on social procurement—sharing 5% of government-related contracts with Māori firms. The Ministry of Business, Innovation, and Employment (MBIE) and Te Puni Kōkiri will be developing guidance and instructions for agencies around the targets in early 2021 to support implementation. The procurement process will be impacted by the identification of Māori firms, both frontier and non-frontier, selection processes, and general support for the diffusion of innovations and technologies with other Māori firms.

4. Develop recommendations relating to capacity building.

We support the need for Māori-led assistance and support systems to build a pipeline of Māori firms, Māori managerial and entrepreneurial capabilities. For instance, there is a need to support those already in business and management positions to progress, grow and develop, and support future Māori entrepreneurs. Capacity building, investments, and incentives to provide a support system for Māori and non-Māori in business and management education should be priorities.

5. Holistic view of Māori land and its relationship to productivity and wellbeing

There is a view that improving the productivity of Māori land will improve the economic performance of Māori firms and the whānau, hapū, and iwi who affiliate to ancestral lands. Māori land retains a significant spiritual, cultural and material connection to Māori people. However, we suspect that Māori land on its own is likely insufficient to sustain the material and spiritual needs of all Māori; we need a balanced approach to Māori economic development that incorporates tangata (people) and whenua (land) development. This is because 95% of what used to be Māori land is now privately owned or Crown-owned. Thus, 5% of New Zealand's land that Māori still own may not be sufficient to meet the needs of Māori. Moreover, the quality of some parts of them may not support intensive productive use, and Māori may wish to transition land uses that emphasise their non-economic, ecological value.

6. Recognition and adoption of Māori entrepreneurial ecosystems

We also include elements of an ideal model of Māori enterprise assistance that accord with the nature and intent of Indigenous entrepreneurial ecosystems including: the importance of Māori leadership at all stages of enterprise assistance for Māori firms; a diversity of enterprise assistance (micro, macro, public, private, short and longer-term); and the importance of cultural relationships in the functioning of the entrepreneurial ecosystem (Mika, 2015).

3. INTRODUCTION

3.1 Purpose of this paper

This paper sets out our submission on the Productivity Commission’s final draft report on the inquiry into frontier firms focusing on Māori frontier firms. We draw upon current and previous research to support our analysis and advice.

3.2 Inquiry background

The New Zealand Productivity Commission was asked by the Ministers of Finance and of Economic Development and of Trade and Export Growth to inquire into maximising the economic contribution of New Zealand’s frontier firms and report findings and recommendations by 31 March 2021 (New Zealand Productivity Commission, 2020a). The purpose of the inquiry is to provide advice to the government on improving the productivity of frontier firms. The Productivity Commission defines productivity in raising outputs from labour utility, which will then improve wage rates and resources such as health and education and reduce pressure on the natural environment. The inquiry was also to look at the features and the economic contribution of Māori frontier firms. This focus on Māori firms would examine impediments to growth and dimensions that facilitate productivity and can be shared more broadly. The inquiry process uses an intervention-logic that describes New Zealand’s frontier firms’ performance and innovation diffusion, analysis and diagnosis of data, and recommendations.

3.3 The role of Te Au Rangahau

Te Au Rangahau was invited by the Productivity Commission to provide a review of the preliminary inquiry findings with a particular focus on Māori business and the Māori economy. Te Au Rangahau is Massey Business School’s Māori business research centre, with membership comprising Māori staff from across the business school and a dense external network. We work with organisations and leaders to connect te ao Māori (the Māori world) and te ao pakihi (the business world). Our research contributes to the aspirations and wellbeing of Māori people and their enterprises, empowering them to succeed—financially, culturally, environmentally, socially and spiritually—in accordance with tikanga Māori, mātauranga Māori, and kaupapa Māori. We

also collaborate with New Zealand businesses and organisations seeking to engage with Māori business and develop a deeper understanding of te ao Māori. Our mission is to be a catalyst for Indigenous entrepreneurship, innovation, enterprise knowledge, and development.

3.4 Report overview

The remainder of the report is structured as follows. We first provide a summary of the key findings from the Frontier Firms inquiry, with a particular focus on findings relating to Māori business and the Māori economy. We then review the inquiry, identifying gaps and opportunities for expansion or refinement. The report then concludes with recommendations and gap analysis to inform revision or provide commentary around the inquiry.

4. FRONTIER FIRMS INQUIRY—KEY FINDINGS

4.1 How the inquiry defines frontier firms?

The first issue identified in the inquiry report is the lack of cohesive definitions of a frontier firm. There is no single definition of a frontier firm, and the definition selected can have a significant impact on what is measured and the report outcome. The Productivity Commission settles on the Organisation for Economic Co-operation and Development's (OECD) definition of frontier firms “as those in the top 10% of the productivity distribution of firms in an industry” (New Zealand Productivity Commission, 2020a, p. 16), but notes other thresholds have been used.

The Productivity Commission's definition of the frontier as the top 10% of firms' productivity distribution includes around 30,000 firms. The Productivity Commission worked with the National University of Singapore (NUS) to contrast results for New Zealand with other small advanced economies (SAEs) (Belgium, Denmark, Finland, the Netherlands, and Sweden) on their firm productivity distributions. The inquiry adopted the following definitions:

1. **Industry productivity frontiers:** the productivity at the 90th percentile of the labour productivity distributions within each country and industry across time;
2. **National productivity frontier:** the weighted average of a country's industry productivity frontiers (using the number of firms in each industry to define the weights);
3. **Small-advanced-economy frontier in an industry:** looking across the six countries, the average of the national frontier in an industry over 2002-2016 is calculated for each country. The three countries with the highest averages are then used to define the small-advanced-economy frontier in the industry (by taking the weighted average in each year of these three national industry frontiers);
4. **Small-advanced-economy frontier:** this is the weighted average of the industry small-advanced-economy frontiers (using the number of firms in each industry to construct the weights). This is referred to as the small-advanced-economy frontier to distinguish it from the

global frontier used in OECD work (based on OECD countries in the MultiProd dataset) (New Zealand Productivity Commission, 2020a).

4.2 State of New Zealand's frontier firms

The New Zealand frontier weakened from 59% to 46% of the SAE (Small Advanced Economy) frontier over 2003-2016, with the decline happening before 2010 (New Zealand Productivity Commission, 2020a).

The within-country productivity gap between the frontier and non-frontier firms broadened over 2003-2016 in Denmark, Finland, the Netherlands, Sweden, and especially Belgium. The New Zealand distribution's width remained stable over this period, and it is narrower than the distributions in these comparator countries. This narrow distribution clarifies that the diffusion of influences on productivity from the frontier to non-frontier firms in New Zealand is happening quite effectively. Another explanation could also be that non-frontier firms can adapt easily given the New Zealand frontier's somewhat low level and gentle growth.

The apportionment of labour and capital across firms is essential for productivity performance. In New Zealand, labour appears to be well allocated towards the most productive firms—similar to the allocation in European small advanced economies. The allocation of capital is also quite well allocated, but less so than in the European economies.

Looking across New Zealand firms more generally, a key feature is the low number of large firms. Only a small number of firms are internationally engaged at scale. In 2019, 33 firms accounted for over 50% of New Zealand's exports of goods and services (New Zealand Productivity Commission, 2020b).

The inquiry also looks at New Zealand frontier firms defined in two other ways; large exporting firms and large firms by revenue. Examples of large exporting firms include Fonterra, Zespri, F&P Healthcare, Xero, a2 Milk, and Datacom. Skilling (2020) considered the top 10 listed New Zealand firms on the New Zealand main stock market index (NZX) by market value. Four are domestic utilities (Meridian, Mercury, Contact, Vector), two mainly serve domestic customers (Spark,

Ryman Healthcare), two are international infrastructure companies (Auckland Airport, Ports of Tauranga), and two compete in global markets at scale (F&P Healthcare, a2 Milk) (Skilling, 2020).

Deloitte studied the performance of the 200 largest firms in New Zealand by revenue each year from 2000 to 2019 (Deloitte Access Economics, 2020). The Top 200 is a small section of New Zealand firms. New Zealand has around 300,000 firms with employees, so the 200 largest companies are at the top order.

The Deloitte's study revealed 40 companies with revenue above \$1 billion in New Zealand in 2019. This increased from 37 in 2008. The firms' size decreases rapidly, with most of the top 200 having revenue below \$0.5 billion (109 companies in 2019) and a third having revenue below \$300 million (Deloitte Access Economics, 2020). Two industries accounted for around 50% of the top 200 firms' total revenue in 2019: manufacturing (including food processing) accounted for 26%, retail trade, and accommodation 23%. No other industry accounted for more than 10% of total revenue. Among manufacturing firms, 40% of revenue came from just three companies—firms heavily reliant on exports, including dairy and meat processing. For instance, Fonterra had revenue of over \$20 billion in 2019, more than twice the next largest company's revenue by revenue—Fletcher Building (Deloitte Access Economics, 2020).

5. MĀORI FRONTIER FIRMS IN THE INQUIRY

5.1 Defining Māori firms

There are many ways of identifying Māori firms with interpretations, including business owners' ethnicity, employees' ethnicity, the nature of the product and service, or commercial and social enterprises operating with Māori values, philosophy, and tikanga (Statistics New Zealand, 2016). Statistics New Zealand provides statistics on two subcategories; Māori authorities and Māori small and medium-sized enterprises (SMEs). Statistics New Zealand has identified 1,200 Māori authorities and 492 SMEs (Statistic New Zealand, 2020). It also identified 234 Māori tourism enterprises (which may be Māori authorities or SMEs) (Statistic New Zealand, 2020).

Nicholson Consulting (2019) used the microdata in Statistics New Zealand's Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD) to produce statistics on three categories of Māori enterprise:

1. Māori-owned businesses—with a majority of shareholders who are Māori;
2. Māori sole traders; and
3. large employers of Māori—businesses with 75% or more employees who are Māori.

Using these definitions, Nicholson Consulting (2019) categorised a further 8,800 businesses, which have a majority of Māori shareholders, 14,700 Māori sole traders (according to self-reported ethnicity), and 10,200 businesses that are not Māori-owned but are large employers of Māori. The definition and guiding frameworks (as provided) will directly impact the data pertaining Māori businesses. This will also have a significant influence on how these businesses are promoted and supported. From our perspective, how well Māori businesses are operating should also make a difference in sustaining and encouraging collective and holistic wellbeing of Māori and Aotearoa New Zealand as a nation.

5.2 Māori firms' activity and performance

The inquiry highlights that recent periods have seen noteworthy progress and diversification of the Māori economy. From 2012 to 2019, employment by Māori authorities expanded by 52%, in Māori SMEs by 38%, amounting to compound annual growth rates (CAGR) of 6% and 5% respectively, which compares to employment growth of 18% (2% CAGR) across all New Zealand businesses. Within firms, 36% of Māori SMEs reported that they invested in expansion in 2019, compared to 32% across all New Zealand businesses (Statistic New Zealand, 2020).

Māori authorities are still dominated by resource-based industries but have expanded into non-residential property and tourism. Māori SMEs are more diverse than Māori authorities, spanning a greater range of industries (Statistic New Zealand, 2020). According to the Business Operation Survey (BOS), 27% of Māori authorities and 28% of Māori SMEs were involved in goods exporting in 2019, compared to 26% across all New Zealand businesses. Goods exports by Māori authorities totalled \$741 million. The top commodity was kaimoana (seafood) at 49% of total Māori authority merchandise exports, and the top market China, with 48% of goods exports, compared to 28% for all New Zealand goods exports. Goods exports by Māori SMEs totalled \$202 million and went to many countries, with Australia as a top market (Statistic New Zealand, 2020).

Māori enterprises have effective firm capabilities and processes. A quantitative study covering 146 Māori enterprises looked at the impacts of factors affecting firm performance and success, including firm structure, assets, strategy, and entrepreneurial culture (Haar, 2020). Assets included the firm's people, relationships, management, cultural factors, and human resource management (HRM) systems. The performance was measured by product innovation, top talent retention, organisational performance (managerial effectiveness, worker satisfaction, customer loyalty), and breakthrough sales (percentage of total sales generated from new products).

The findings suggest that Māori firms work in ways that align very closely with theoretical and empirical evidence from the Western world. In turn, unique firm assets, right people, good managers, robust relationships, exceptional HRM, and cultural capital can endow a Māori firm with the capability to do well.

A significant limitation of being the first extensive empirical study of Māori firms across these strategic management factors is that comparison data is not available to allay potential concerns around the data's representativeness. Consequently, given the data's self-reported nature, this analysis should be considered in this context, as it may not reflect the overall sample of firms (Haar, 2020). In other words, top Māori firms can combine and leverage these factors to gain success over their competitors.

5.3 Māori firms' characteristics and opportunities

The report stated that Māori entities and firms often integrate Māori values and principles into their strategies, governance, management, and operations (New Zealand Productivity Commission, 2020a). This presents both challenges and opportunities for them.

A challenge is how to define kaupapa Māori values and how they impact an enterprise. Some values and concepts that are relevant and valuable to Māori enterprises include kaitiakitanga (guardianship), rangatiratanga (leadership, ownership), manaakitanga (hospitality), and whanaungatanga (relationship/kinship). Such concepts can benefit non-Māori firms being recognised and adopted in the non-Māori economy (Mill & Millin, forthcoming, cited in New Zealand Productivity Commission, 2020a).

Māori firms often use multiple bottom line approaches such as social, cultural, financial, environmental, spiritual, and political domains. This can be a challenge for decision-making but also an economic opportunity. Multiple bottom lines can also drive relationships and expectations with suppliers and have advantages for Māori enterprises.

Recent decades have seen a revival in Māori entrepreneurial activity, innovation, and technology adoption. For instance, data from BOS show that both Māori authorities and Māori SMEs have higher innovation rates compared to New Zealand businesses overall, total innovation rate—Māori authorities was 55%, and for Māori, SMEs was 60%, compared to 46% for all businesses in 2019 (Statistic New Zealand, 2020).

Māori cultural values distinguish Māori goods and services and provide added brand value overseas. This affords and presents opportunities with growing interest and demand for products

globally in environmental sustainability, corporate social responsibility, sustainable and ethical products (KPMG, 2017). Cultural brand distinctiveness is becoming a significant asset, and Māori branding (tohu Māori) may provide Māori enterprises with a competitive advantage (Harmsworth & Tahi, 2008). Māori firms work within a distinctive Māori business ecosystem, which poses both challenges and opportunities. Challenges ascend from circumnavigating the intricacy of governance structures, relationships, and other dimensions.

Nevertheless, such values also support coherence between Māori enterprises and shared goals. Māori enterprises handling collectively owned assets discrete governance from management functions in turn enables improved management of multiple bottom lines (Mill & Millin, forthcoming). The administrators of Māori enterprises managing collectively owned assets are responsible to multiple owners, which can be a strength—driving transparency around decision making, testing ideas, buy-in for direction, and business proposals.

5.4 Growing Māori frontier firms

Māori enterprises that manage collectively owned assets often have their origins in what the Crown has done to negate Māori rights and interests in land and other natural resources historically, such as land confiscations in the 1860s (Boast & Hill, 2009), and in more recent times, such as the passage of foreshore and seabed legislation in 2004 (Hickford, 2015). This includes the creation of the Māori land tenure system, land trusts, and incorporations in order for the Crown and private interests to acquire land from Māori. It also includes the loss of land and other assets through confiscation or other unjust means that are returned as settlement redress.

The significance of settlement entities—better leveraging Māori-Crown relationships and the Crown’s treaty obligations—point to government procurement processes as a vehicle for this. However, there are concerns about the difficulty of navigating government agencies and support for Māori business. There are calls for government support and resourcing for Māori to define the Māori economy and design work to optimise the Māori business ecosystem.

Māori enterprises face legislative constraints to developing their land due to Māori land tenure and compliance requirements of Te Ture Whenua Māori Act 1993. In practical terms, it is very difficult

to sell the land owned by these entities and securitise the land with debt finance from banks and other financial institutions.

Although generally dissatisfied with these legislative constraints, Māori enterprises saw some benefits. Māori enterprises developed ways to work around or mitigate the constraints to operate their businesses effectively and optimally, as in buying and using neighbouring private land that can be used as security.

Lastly, there is a need for high-quality data and analytics to inform Māori business innovation and development. Haar (2020) recommended several areas warranting further research, including exploring how firms' cultural values and practices relating to firm operation and performance, investigating different performance measures, and comparing findings with non-Māori firms.

Work to estimate and compare the productivity of Māori firms has not yet been undertaken but would be a valuable addition to the knowledge base. Mill and Millin (forthcoming) identified the pressing need to build significant capability, skills, and experience for the governance and management of Māori entities and businesses. They described a small pool of Māori with the necessary skills and experience. At the same time, the demands on this talent pool are increasing due to the growing number of treaty settlements and other entities managing collectively owned assets and competing demands from non-Māori organisations for Māori business skills. Māori are also keen to grow the pipeline of Māori business talent, including in older age groups which need to be recognised and supported with a focus on strengthening the productivity for Māori but also contribute to Māori aspirations and wellbeing.

5.5 What the Productivity Commission recommends for Māori frontier firms

The recommendations for Māori frontier firms in the inquiry's final report include:

- Issues of leveraging Māori-Crown relationships to unlock the potential of Māori frontier firms;
- Facilitating a hui taumata for national discussion by Māori for Māori on ways to support productivity; growth, innovation, and resilience in the Māori economy;

- Investing in qualitative and quantitative research on Māori firm performance and productivity; building the pipeline of Māori entrepreneurs and Māori managers; and
- Compliance requirements of Te Ture Whenua Māori Act 1993—balancing land retention with effective governance and management to raise productivity and returns for Māori landowners.

6. DISCUSSION

6.1 Leveraging Māori-Crown relationship

The issue paper stated that nearly all Māori businesses that manage collectively owned assets have their origins in acts or omissions of the Crown. This comprises the creation of the Māori land tenure system, land trusts, and incorporations in order for the Crown and private interests to obtain land from Māori. It also includes the loss of land and other assets through appropriation or other unjust means that are returned as settlement redress. The report also emphasised the importance of settlement entities being able to better leverage the Māori-Crown relationship and the Crown's Treaty obligations and pointed to government procurement processes as a vehicle for doing this.

The report voiced the views of Māori in stating that the conventional government procurement process needs to be decluttered to allow Crown-Māori business partnerships to be pursued and realised more effectively (in all areas of development). Māori needs assistance from the government to unblock red tape and the jostling caused by artificial procurement processes. Māori is the perfect private partner in development partnerships because they own land, get in investors, care about the communities and holistic support, and have an intergenerational view of effort and success.

The view of Te Au Rangahau on this issue is double-pronged, including treaty-based entities and social procurement processes. The first aim is to boost Post Settlement Government Entities (PSGE) and Māori companies' productivity. PSGE and Māori corporate wealth continue to grow and considering the assumption of continued economic and social pressure on Māori families, we expect that more PSGEs will be looking for new ways of navigating the economic turbulence the world is going through. One such mechanism is to include a 90 % in cash for business enhancement and development plus investments in equity as shares in the stock market.

A further avenue for improving the productivity of PSGE is the concept of supporting collaboration within Māori entities topped with active management of assets to produce economies of scale. Some of the benefits of collaboration include achieving economies of scale, retention of land by iwi and hapū, balancing land retention with development, improving farming efficiency

and quality. Collaboration allows landowners to buy out incumbent investors, single desk models generate bargaining power and maximize sales revenue and substantial brand value, focusing on research and development, innovation, market excellence, and productivity, and shared management and transparency for stakeholders (Joseph et al., 2016).

We also support the idea behind social procurement and the need to increase the percentage of government-related contracts going to Māori businesses supporting and promoting the sector's general growth and productivity.

6.2 Conducting a Hui Taumata

The report stated that the government should facilitate a Hui Taumata (national Māori business summit) of iwi and Māori business stakeholders and workers. The Hui Taumata would provide the following functions: enable a national discussion by Māori for Māori on ways to support productivity, growth, innovation, and resilience in the Māori economy; focus on defining the Māori economy and consider ways to improve the Māori business ecosystem; and formulate ideas for how the Government and Māori business networks can work better together. Scoping of the Hui Taumata could be led by Te Puni Kōkiri, working closely with the Ministry for Business, Innovation and Employment, the Treasury, the Ministry for Primary Industries, and the Māori Economic Development Advisory Board.

The Hui Taumata will be an excellent idea provided it is Māori-led supported by the government and all parties working together to discuss issues regarding the productivity of Māori enterprises and, importantly, the discussions around Māori aspirations. The MOU between Te Taumata and MFAT stated the critical ideas of MFAT's engagement with Māori on trade policy and New Zealand's broader trade negotiating agenda and on Māori priorities within those areas. It also includes overall trade strategies and ensures discussion to help inform New Zealand's position at the international level (Ministry of Foreign Affairs and Trade, 2019).

6.3 Investment in research

The report accentuated that more work is essential to better comprehend the productivity and performance of Māori firms and how they contribute to the wellbeing of Māori. Promising areas

of future quantitative research include using integrated data. Infrastructure/Longitudinal Business Database and other datasets to investigate Māori firm performance and productivity. Complementary qualitative research would help explore the reasons behind the characteristics and relationships observed in quantitative work.

A further potential area of inquiry is deeper exploration of lessons that innovative Māori clusters and collaborations offer for both Māori and non-Māori firms. The Government, and the Productivity Commission, should invest in further qualitative and quantitative research on Māori firm performance and productivity. This work should be coordinated with the work being led by Te Puni Kōkiri and the Ministry for Business, Innovation, and Employment on the government's current Māori Economic Resilience Strategy.

Te Au Rangahau is in full support that a space is preserved for continuing research - qualitative and quantitative research and working on the processes and practices underlying successful Māori enterprises. The focus can also be on the aspects and characteristics of successful firms compared with others and how to measure the performance of Māori firms in a way that is consistent with Māori values, including multiple outcomes beyond the fiscal. This can contribute to more reliant information, which can be used to develop and grow Māori enterprises.

6.4 Building a pipeline for Māori businesses and human resources

It is noted that there is a small talent pool of Māori with the necessary skills and experience to govern and manage Māori frontier firms. The demands on this talent pool are increasing due to the growing number of Māori commercial entities and competing demands from non-Māori firms for Māori business skills.

The document also identified the pressing need to build significant capability, skills, and experience for the governance and management of Māori entities and businesses. There is a small pool of Māori with the necessary skills and experience. At the same time, the demands on this talent pool are increasing due to the growing number of Treaty settlements and other entities managing collectively owned assets, as well as competing demands from non-Māori organisations for Māori business skills (Mill & Millin, forthcoming).

Māori entrepreneurs and Māori managers operate both within the Māori economy and the general New Zealand economy, and it is agreed that they all came from a limited pool of human resources. In order to grow the Māori frontier firms and the productivity of all Māori firms, there will be a demand to draw on Māori entrepreneurs and managers from the Māori economy and the New Zealand economy. There is a need to support those already in business and management positions to progress, grow and develop, and support future Māori entrepreneurs. Capacity building, investments, and incentives to provide a support system for Māori in Māori centred business studies should be a priority.

6.5 Issue of land versus effective governance

The inquiry acknowledges Māori land-based enterprises face constraints from the land tenure and compliance requirements of Te Ture Whenua Māori Act 1993. It also states the persistence of challenges in balancing land retention with land development. It is not surprising that some of the values of companies engaging in collaboration include the viable option for creating independence/self-governance and self-determination of Māori entities. This includes a longer-term intergenerational perspective of business and has a shared vision of kaitiakitanga, and sustainable business practices that safeguard future generations to enjoy the benefits of current business experiences given the land will not be sold but passed on through the generations (Escobar, 2006; Harmsworth, 2005; Kawharu, 2000). In their research on Māori enterprise collaboration, Joseph et al. (2016) found that efficacy, performance, and efficiency were used to justify collaboration, along with good governance and active management.

There is always a significant emphasis on the impediments of Māori land rather than how it can support businesses to benefit Māori. There are genuine issues to be improved regarding Māori land development, but the baseline is that even if all Māori land are utilised in maximum capacity, it would still be insufficient to sustain Māori people. Therefore, Māori land cannot be the sole determinant of Māori socioeconomic wellbeing. The focus should also shift to Māori human development and supporting expertise to grow the Māori economy in general and at the frontier.

6.6 A Māori approach to defining economy and enterprise

The reports call on government support and resourcing for Māori to define the Māori economy and design work to optimise the Māori business ecosystem. This idea is linked to the Hui Taumata (national Māori business summit) of iwi and Māori business stakeholders, to focus on the Māori economy, Māori business resilience, and innovation in the Covid-19 recovery environment. This forum would enable a national discussion by Māori for Māori through the sharing of information, insights, and knowledge. The hui would aim to formulate ideas and recommendations about how the Government and Māori business networks can work together to encourage and promote productivity and growth in the Māori economy.

Our view on this issue is firmly centred on the idea that Māori needs to lead a process of defining a Māori firm, Māori economy, and Māori wellbeing. This can be used as the basis for accountability and supporting the Māori economy, Māori frontier firms, and non-Māori frontier firms. The current definitions are tailored in meeting governmental expectations and requirements without reserving for Māori expectations and aspirations to be reflected in how these concepts are defined. For instance, in the Māori economy, the assets are quantified, whereby non-economic entities that are significant to Māori wellbeing are unaccounted for. In general, Māori firms and the Māori economy exist to support and advance Māori wellbeing. This process will also link to the Hui Taumata and validate the need that Hui Taumata to be led by Māori focusing on these significant issues.

Mainstream economic views are quite different, which can be disconnected from the Māori world view. The New Zealand economy is guided by Anglo-Western economic essentials with a focus on profit and growth-seeking imperatives. These bounded economic engagement systems seek to maximise growth with the ‘trickle down’ from the wealthy to the deprived, failing to materialise, necessitating a paradigm shift. In the oft-quoted Māori proverb, *he aha te mea pai?* What is the most important thing? *He tangata, he tangata, he tangata!* Humanity, humanity, humanity (Hēnare, 2014b). The Māori world view affirms that a good life is the ultimate qualitative measurement of both the meaning and purpose of life (Hēnare, 2011); thus, a Māori view of a ‘good life’ should also be central to the consideration of the function, form, and support for frontier firms, including Māori frontier firms.

The concept of mana's economy has been the spiritual essence of Māori economic activity from subsistence to market-based exchange and early exporting (Dell et al., 2018). It is based on anthropological, philosophical, and historical kaupapa Māori conception of business, economics knowledge dissemination, epistemology, and value creation.

The mana economy was conceived by Hēnare (2014a) with structures and fundamental relational support of te ao Māori. The following themes emanate from Hēnare's seminal work: (a) rooted in Māori worldview and informed by traditional Māori economics; (b) stimulated by four wellbeing-spiritual, ecological, kinship, economics; (c) it is embedded in the ecological system that sustains it; (d) it necessitates a multidisciplinary approach to its research; (e) an economic system capable of reorganising itself to create new futures; and (f) also manifest as reciprocity and gift exchange (Dell et al., 2018). Dell et al. (2018) define an economy of mana as an economic system in which decisions regarding investment, production, consumption, and wealth distribution are influenced by the interplay of mana-enhancing interactions between people and the environment. These enlighten the parameters that can prompt thinking and discussions regarding the Māori economy and the business ecosystem supporting Māori firms at the frontier.

The value of the Māori economy pre-pandemic has recently been estimated at \$69 billion in 2018 (Nana et al., 2021), up from \$42.6 billion in 2013 (Nana et al., 2015). This level of economic development and value creation warrants consideration of Māori frontier firms, specifically, how do such firms conceive of and approach growth? Māori frontier firms are likely to have two distinctive features: (1) a focus on intergenerational planning for sustainability; and (2) a holistic approach to business encompassing social, ecological, and cultural dimensions (Mika & O'Sullivan, 2014). Propositions about improving Māori wellbeing have focused on capitalist frameworks. Te Ururoa Flavell delineates Māori aspirations: "we want our rangatahi to have good qualifications, we want healthy whānau; warm, dry houses; better jobs; flourishing Māori businesses taking on the world; and we want our assets managed in a way that is consistent with our aspirations for our people, and our own ancestral values of love, respect, dignity, kinship, and integrity" (Hanita et al., 2016, p. 6).

We recommend the support the Productivity Commission's call for government, Māori, and others working collaboratively to devise economic strategies, innovative management, and business

support systems that will assist Māori frontier firms to contribute to the realisation of Māori aspirations and Māori wellbeing.

6.7 Māori managerial capability

The inquiry notes that the pool of Māori managerial talent is small. Māori firms—frontier and non-frontier—will need an expanded pool to contribute to Māori wellbeing over the long term, and to do so in ways that remain competitive in te ao whānui (wider world) and culturally grounded in te ao Māori. Thus, successful growth and development of Māori frontier firms require Māori managers that possess dual competencies (Māori and Pākehā) and the capability and confidence to deploy them (Mika & O'Sullivan, 2014).

The managerial capability of this calibre and nature is limited but highly valued. Management education in university business schools remains largely unmodified, obliging Māori students to proceed through standard offerings as individuals rather than as members of tribal and nontribal Māori communities and Māori enterprises (O'Sullivan & Mika, 2012). Several Māori-specific business and leadership programmes have been devised in universities, wānanga, and polytechnics, which are laudable, but there is a need to incorporate within mainstream management education and qualifications elements of te ao Māori to allow Māori and non-Māori access to this knowledge and practice.

6.8 Māori entrepreneurial ecosystems

Indigenous entrepreneurs represent a growing segment of the business community in many countries but sometimes face stark challenges in starting and running enterprises (Mika, 2020). Indigenous entrepreneurs' success matters because they draw upon their indigeneity as sources of inspiration and innovation, contribute to the collective wellbeing of Indigenous peoples, and some represent world-class exemplars of sustainable ways of doing business (Warren et al., 2018).

While enterprise assistance for entrepreneurs is almost universally accepted as a worthwhile use of public funds, few guidelines exist to help policymakers and providers understand Indigenous entrepreneurs' needs and how best to respond. A focus on entrepreneurial ecosystem efficacy (how well the system of support for enterprise works) for Indigenous entrepreneurs allows us to address

this question within the context of Māori entrepreneurs in Aotearoa, New Zealand, through research underpinned by Indigenous values, language and methods.

According to Mika (2015), an ideal model of enterprise assistance for Māori entrepreneurs consists of at least seven main elements:

1. Enterprise assistance should operate within an entity substantially owned and controlled by Māori;
2. Partial government funding;
3. Delivery by Māori together with nongovernment and private providers;
4. A multiplicity of assistance is offered (e.g., financial and nonfinancial, generic and specialised, localised, national and international);
5. A focus on cultural authenticity, flexibility and responsiveness;
6. Long term rather than short term relationships with Māori enterprises; and
7. Assistance varies over time according to the changing needs of Māori enterprises and lessons about what works for Māori entrepreneurs.

These elements of an ideal model of Māori enterprise assistance accord with entrepreneurial ecosystems in four important respects: the importance of Māori leadership at all stages of development; and enabling entrepreneurial organisations, owned neither by government nor industry, but with the capacity to act; a diversity of enterprise assistance (micro, macro, public, private, short and longer-term); and the importance of cultural relationships in the functioning of the ecosystem (Dell et al., 2017; Mika, 2015).

Highlighted by four key aspects, we argue for specific and content relevant definitions of Indigenous entrepreneurial ecosystems' unique characteristics, functions, and attributes. These interrelated features of the rationale include:

- Entrepreneurial identity: recognition that identity shapes how Indigenous entrepreneurs see themselves and, on that basis, how they interact with the world and do business;

- Entrepreneurial context: Indigenous entrepreneurship exists within development contexts that have rich histories, distinctive economies, and enterprises guided by Indigenous owners and values, which together, will affect how ecosystems evolve and how Indigenous entrepreneurs interact with them;
- Entrepreneurial practice: An Indigenous way of doing business predicated upon Indigenous values, identity, methods are likely to influence the form and function of entrepreneurial ecosystems; and
- Enterprise assistance: as part of the fabric of enterprise assistance, entrepreneurial ecosystems need to account for Indigenous business needs, build Indigenous entrepreneurial capabilities, and stimulate and sustain Indigenous enterprise growth.

Therefore, implications for research, policy, and practice, as increasing evidence supports, requires government and Indigenous peoples' participation and the design of entrepreneurial ecosystem principles that centre on, and accommodate enterprise assistance applicable to the distinctiveness of Indigenous entrepreneurs.

7. CONCLUSION

Māori still endeavour for autonomy and keep the whakapapa connecting to their land and resources preserved through generations. The Māori businesses operate within the Māori economy and New Zealand's economy, and the common and key philosophy for their establishment is to serve Māori aspirations and wellbeing.

To question the number of Māori businesses at the frontier is complicated understanding that it will require tailored evaluation strategies and criteria. Our primary concern is to get things done right at the stage of defining Māori business, Māori economy, and Māori aspirations. This will then provide a platform to define Māori firms at the frontier and the kind of support systems to promote them and diffuse knowledge, information, technology, and innovation.

The Māori economy has shown growth and resilience in the past, and there is capacity to flourish in terms of productivity in the future. Māori are performers in the New Zealand and global economy with the evolutionary processes of developing what we have and harness the economy to benefit the present and future generations. There will be massive benefits if equitable, appropriate and ethical support is rendered for Māori business evolution and development.

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