In the 1990s and early 2000s the number of self-employed Māori increased at a greater rate than that of non-Māori, though Māori were still less likely to be self-employed than non-Māori in 2009. Māori, along with Pacific Islanders, had the lowest proportion of self-employment in New Zealand. Similar disparities between Māori and non-Māori are evident in general employment statistics. The economic restructuring of the 1980s and 1990s forced many Māori to participate in the small enterprise sector as ‘necessity entrepreneurs’.

Attaining capital

Low earning capacity, low levels of savings, and collective ownership of land and other assets made it hard for many Māori to secure funding for new ventures.

In the early 2000s some mainstream financial institutions were looking to develop policies and procedures that allowed them to take a more flexible approach to lending to Māori, especially where collectively owned assets could be used as collateral or security. Larger Māori-owned trusts and incorporations were also looking at funding their owners’ business ventures, using iwi-owned money, rather than relying on the financial sector.

Business structures

Māori businesses tended to have a wide range of structures in the early 2000s, ranging from a conventional business structure (such as a sole trader, partnership or company) to a marae-, whānau- or iwi-based structure. These businesses did not always follow the generally accepted economic models of best managerial or commercial practice. Collectively owned tribal-based structures sometimes impeded efficient decision-making, management and reporting.

Operational skills

Māori businesses were more likely to have less managerial expertise due to lower levels of education, especially at the tertiary level. The lack of business skills or managerial experience often limited growth. In the early 2000s a large proportion of Māori businesses were still in their infancy, or were very small. Many had not yet gained the essential experience or skills needed to survive or succeed in the competitive business sector.

Cultural obligations

Cultural and social issues, such as the dependence of family groups on business for financial support or employment, often affected Māori businesses and their chances of succeeding. The ‘tātou tātou’ (we all look after each other) philosophy often makes it hard for Māori business owners to say no when asked to give away products or services.

Barriers

The median age of the Māori population was 13 years lower than the non-Māori population in the early 2000s, and Māori often entered the business sector at a younger age than non-Māori, compounding their problems of inexperience.