Fostering Rural Māori Tourism Business: A Literature Review

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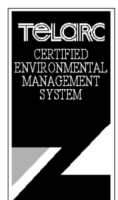
Landcare Research Contract Report: LC0607/123

PREPARED FOR:
Foundation for Research, Science and Technology
Wellington

DATE: April 2007



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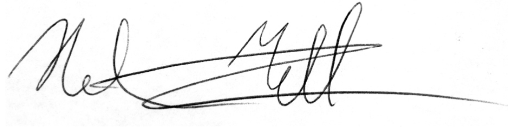	
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Contents

1. Introduction 4
2. Definitional Issues 5
   2.1 Rural vs urban 5
   2.2 Regions in regional development 5
   2.3 Sustainable development 6
   2.4 Māori tourism business 6
   2.5 Our definition 8
3. Barriers to Māori Going into the Tourism Business 10
   3.1 Role of context in creating barriers 10
   3.2 Culture and business 14
   3.3 How government policy impacts on business 15
4. Māori Business and Entrepreneurship: The Current Situation 16
   4.1 Rural Māori tourism businesses 19
   4.2 Cultural influences on business goals 19
5. Business Success Factors 21
   5.1 Influence of social capital on entrepreneurship 23
   5.2 Business relationships 23
   5.3 Business–community relationship 24
   5.4 Staff relationships 25
   5.5 Relationships with other businesses 25
   5.6 Cooperate or compete? 25
   5.7 Networks and network theory 26
   5.8 Why develop networks? 27
6. Fostering Māori Business – What Has Happened So Far? 28
   6.1 Policies and programmes aimed at fostering entrepreneurship 29
   6.2 Local government 31
   6.3 National government 31
   6.4 Evaluating support programmes 31
   6.5 Evaluating training 32
   6.6 Mentoring 32
7. Conclusions 33
8. Bibliography 36

1. Introduction

This report provides a literature review as background to a project on learning how rural Māori can, and are, building sustainable eco-cultural tourism businesses. Our project has two main parts. First, we aim to understand what draws current clients to remote areas to participate in eco-cultural tourism products and what might draw potential tourists into the regions where such products are found. Second, we aim to understand how rural Māori might meet that demand by building sustainable tourism businesses. This review provides background for this second objective.

A range of research literature seems pertinent to understanding rural Māori tourism business development. First, there are researchers who study development among other rural indigenous groups, particularly in Australia and Canada. While there are clear differences between Canada, Australia and New Zealand they all share the structural elements of post-colonialism and because of that the indigenous people in all three countries share some of the same challenges.

The focus on rural Māori makes work on economic development in rural areas pertinent. New Zealand is considered one of the most highly urbanised countries in the world with 85.7% of its population living in urban areas (Statistics New Zealand 2002[1]) and this pattern is of significance to those trying to develop rural areas. Māori, in particular, are affected by this shift, even when they live in urban centres, because like other indigenous or First Nations peoples they have strong tribal connections with a particular place and piece of land. As more Māori become urbanised these connections change and significant strains fall on those living at 'home', particularly when that home is a remote rural area with no access to work in an urban centre1.

Understanding business development and entrepreneurship is also important for this project as is understanding the differences between businesses owned and operated by Māori and those operated by non-Māori. Part of the business literature looks at differences in the ways different ethnic groups around the world see and run business. This literature looks at business in cross-cultural contexts. Because many Māori development initiatives are cross-cultural in nature, i.e. they are put in place by an essentially non-Māori government or agency for the benefit of recipients from a different culture, the literature on working cross-culturally can provide some useful insights into the different ways in which we might need to think of business development.

Before business can develop in a small community, that community needs the capacity to accommodate and provide labour for that business. Someone in that community also needs the skills to start up and manage the business. The perspectives employed in the community development literature on capacity building are therefore of high importance for a study such as ours.

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[1] Statistics New Zealand (no date) defines a range of rural and urban areas based on where people reside relative to where they work They note that there is no internationally agreed definition of urban and rural, which means that it can be difficult to make comparisons for research purposes.

Part of the business literature also overlaps with the growing literature and sets of practices associated with regional development both here and overseas. An example of this is the literature on the benefits of networks and clusters for business – and indeed much of the regional development work going on in New Zealand at the moment is focused on supporting the development of effective regional networks.

Finally, overlapping with nearly all this work is research into sustainable development, some of which has been completed in conjunction with Māori groups working to build tourism enterprise. This literature appears to incorporate many of the strands of the literature above.

This review begins by discussing some definitional issues. It then outlines the published work looking at the barriers, impediments and opportunities for Māori in tourism and the way in which these are affected by the cultural, historical, social and political background to Māori business in New Zealand. This involves highlighting differences between Māori and non-Māori but also looking at the work on regional development and regional businesses. It then moves on to reviewing the work on entrepreneurship and looking at how policy has been used to encourage regional business development and to build the capacity of rural communities.

2. Definitional Issues

This section highlights some definitional issues that have arisen through the course of this review. The aim is not to define terms because the different definitions have validity within the context from which they emerge. Rather, this section alerts the reader to the different ways in which people use the same word and urges care in the comparative interpretation of our research with that of others who use these terms.

2.1 Rural vs urban

It is unclear what should be defined as rural, and what should be defined as urban. To anyone living in a remote rural area most other places appear urban, but to someone living in a big city, many small towns may be considered rural. On the whole, in our work we are looking at remote rural areas with small, dispersed populations. However, even here we are not on safe ground; for example Statistics New Zealand looks at rurality in terms of how many people live in an area but commute into nearby townships or cities for work. In our work with rural Māori, the connections often operate in reverse, with many Māori living and working in urban areas but commuting back 'home' in their non-work time to attend gatherings and meetings. The rural areas often have retired Māori living in them because they can, now that they do not have to work.

2.2 Regions in regional development

Similarly the regional development literature discusses regions at great length and yet does not appear to have grappled with the issue of what a region actually is in a economic development context and the theoretical basis of how regions are defined and why. Schőllmann and Nischalke (2005) discuss whether the internationally very small regions (in population terms) in New Zealand are in fact viable as as separate innovation systems or

whether New Zealand should be seen as a single unit. This highlights the question of how population is spread across landscape and how much patterns of dispersal and the relationship of the population to the land and landscapes affects how communities think of themselves. This tension may have implications for how we think of regions in relation to indigenous communities and their development. For example, if a 'region' were to be defined in terms of ethnic or community identity then it may be that regional development might usefully focus on a group of people rather than on a place, as has happened with the development of the Māori tourism network (New Zealand Māori Tourism Council). This discussion highlights the overlap between regional development, economic development, community development and sustainable development – all of which usefully contribute to the overall development knowledge-base.

2.3 Sustainable development

Another term needful of discussion is 'sustainable development', which is often used interchangeably with 'sustainability', and 'sustainable management' in the context of New Zealand businesses and agencies (Springett 2003), and is likely to mean something different to rural indigenous communities than it does to someone in an urban business. Sustainability, as Springett notes, tends to relate to environmental sustainability in the minds of many people. However, economic sustainability is probably uppermost on the minds of businesspeople wanting to build a sustainable business, and for many rural Māori there is a strong focus on how business might contribute to cultural and social sustainability (Warren & Taylor 1999). When we discuss sustainability, therefore, we must be mindful of the many different perspectives that different players can use in relation to the term singly and the implications for making meaning from any discussion involving the term in combination.

2.4 Māori tourism business

'Tourism', 'tourism business' and 'Māori tourism' are all terms that may mean different things depending on the context within which they are used. More discussion of the associated terms eco-cultural tourism and Māori tourism can be found in Wilson et al. (2006).

All three words in the term 'Māori tourism business'are open to interpretation and debate. For example, there are potential debates around the definition of 'Māori'. Does this term relate purely to racial characteristics, or is it cultural? If it is cultural what defines that culture as Māori? Similarly, tourism may be an industry, a social phenomenon that results from the actions of tourists, a system, or a resource use to be managed (Simmons & Leiper 1993, 1998). The term 'tourism business' may or may not include the service station, for which 60% of customers are tourists. Likewise, are the post office or grocery store in a tourist destination, which are set up as local services but which are used by tourists in the area, tourism businesses? There are similar questions about the word 'business'.

In deciding whether a business is a Māori business, considerations can include whether it offers Māori tourism products on a casual or part-time basis, whether Māori people participate in providing the tourism product, or whether the business has a Māori owner. Definitions depend on the context in which the terms are used. An agency wanting to target funding will need a different definition from a researcher wanting to understand how businesspeople see themselves, which will differ again to a marketer who focuses on what Māori tourism means to a tourist.

This section scopes the issues and discusses how a working definition might be reached by thinking about the purpose for which we are defining the term and the ethics and ideals associated with attempting to set up participatory research processes. Defining Māori tourism business in the context of this research also requires some clarification of goals for the research itself and a set of ethical guidelines as the context for the working definition.

Other researchers have defined Māori tourism business based on who owns the business, the goods or services that they provide, the resources on which the business relies, and/or the values espoused and embodied in the structure and function of that business. The Stafford Group (2001 p. 48) reported that Māori tourism businesses they interviewed defined themselves as such by describing one to many elements from the following list:

It is directly owned, operated or interpreted by Māori people.

It provides a range of tourism products that utilise cultural, historical, heritage, or natural resources that are uniquely Māori and/or have substantial Māori ownership and control of the business.

- It is a business that the owners and operators believe to be Māori.
- It is more than 50% owned by Māori.
- It uses Māori-owned land and resources.
- It employs Māori.
- It focuses on Māori history.
- It exists where there is some sense of a family operation run by Māori.
- It attends to the values of manaakitanga (hospitality), tohukataka (expertise/knowledge), kaitiakitanga (guardianship), or kaikōkiri (warriorship).
- It focuses on Māori product and lifestyle.

These definitions indicate a variety of criteria that Māori tourism businesses regard as important in defining themselves. Such definitions will change, depending on the discursive context in which the defining is going on. One must note, however, that these definitions might reflect the way people choose to identify themselves in a research context where the researchers have already defined who they would talk to as part of a sample of Māori tourism businesses.

Zygadlo et al. (2003) also asked how Māori businesses define themselves. They found that Māori businesses focus on achieving outcomes and practices that reflect their own values and concerns. All successful businesses must at least break even economically; however, Māori businesses tend to focus on interconnections with family, community, and culture, no matter what their product. In a follow-up study, Zygadlo et al. (2004) found that all the Māori businesses they approached articulated these values and explained their significance to the business. Adherence to these values is echoed by other authors who have found that many Māori businesses have an interest in and want to benefit the wider community (Warren & Taylor 1999; NZIER 2003; Frederick & Henry 2004).

This values-based definition is seldom seen as part of a working definition for people supporting Māori business. However, understanding these values is important because they affect the way the business runs, its purpose, and therefore the way in which its success might be judged. It will also affect what support the business needs and it may be useful for understanding how that support might best be delivered.

For an agency allocating resources, definition has to be more prescriptive. Te Puni Kōkiri (TPK), the Ministry of Māori Development, for example, have defined Māori tourism businesses in terms of the resources on which the businesses rely and their ownership structures. They define a Māori tourism business as one that supplies ‘tourism products that utilise cultural, historical, heritage or natural resources that are uniquely Māori, and that has substantial Māori ownership and control of the business’ (Ingram 1997 p. 2). This definition still has some fuzzy boundaries. It may or may not eliminate Māori businesses that provide mainstream products such as accommodation or transport, or who do not set out to provide a Māori focus to their product but who it might be argued by accident of their Māoriness utilise cultural resources in the process of providing hospitality. It is also unclear how much Māori ownership is ‘substantial’.

This question is important because some Māori feel they benefit from being in businesses with non-Māori. In his study of Māori communities in Northland, Johnston (1999) found that many Māori preferred the idea of business owned by both Māori and Pākehā over the idea of business owned purely by Māori. There were two main reasons for this. First, some respondents felt they did not have the skills or knowledge to run a business on their own. Second, joint ownership seemed most appropriate where Māori were married to non-Māori, and where the family were interested in setting up a business in which ownership would be shared. Altman (2001) and Anderson (1997) also discuss examples of indigenous people in partnership with non-indigenous businesses, in Australia and Canada respectively. In some cases, indigenous groups stated that they had set up partnerships with non-indigenous partners so that people without business experience could gain it by working alongside those with it.

Barnett (2001) focuses her definition more on the product or service that the business provides as well as on the ownership of the business. She suggests that Māori tourism businesses must be substantially Māori-owned and provide a Māori tourism product, i.e. one that specifically and consistently provides a Māori experience for the customer. This definition highlights the underlying cultural components of the product. However, it also depends on what the visitor experiences rather than on the intent and objectives of the business. A key question here is who decides what constitutes Māori content? If the service is delivered by a Māori, and incidentally contains some aspect of Māori culture, then perhaps this could be considered a Māori tourism product as long as the visitor recognises that experience as Māori. However, it is equally feasible that a business may intend a Māori experience for a guest, but that guest may not recognise it as Māori. This complexity makes this a difficult definition to use, but the issues associated with it are potentially important for anyone marketing a business as Māori.

2.5 Our definition

A pragmatic way to deal with this issue is to think about the purpose for which we are using the definition. In this research where we are looking at ways for Māori to facilitate business development for Māori in rural areas, the objective is to understand what practices work in helping rural Māori (individuals or groups) participate more often and more successfully in tourism business. For the purpose of this research, therefore, we begin with a broad definition that includes businesses owned or part-owned by Māori. We want to understand how Māori groups and individuals can build their own business capacity. There may also be merit in working in situations in which Māori are in partnership with already existing business as a pathway towards learning business skills.

A kaupapa Māori (Māori-centred) research approach requires us to account for the ways in which rural Māori both see and organise themselves. Given the tribal structures in which rural Māori operate, it may be that we must include in our study, voluntary groups, such as rūnanga or trusts, who may have a role supporting or developing either business or business capacity. These groups therefore may become part of the tourism system that we are studying and part of our work may be elucidating their role in supporting tourism business.

The demand side of our research is focused on businesses that provide some element of Māori culture in their products. In comparison, the supply side of the work (facilitating business) has the potential to help a wider range of businesses owned by Māori. Tourists need mainstream products such as transport and accommodation that may not have a cultural component, and not all Māori will want to provide the sorts of products that have an obvious cultural component. These people may still form an important part of a network of tourism businesses that provide different aspects of tourism experience for customers in rural areas. This indicates that the work on facilitating Māori business is better to use a definition of Māori business that includes all these possibilities. Likewise businesses that are part-owned by Māori are also included in the ambit of our work for the reasons outlined in the last section.

The Ministry of Tourism (2004) has coined the terms Māori in tourism and Māori tourism to differentiate between businesses providing tourism products that contain Māori cultural elements and Māori-owned businesses with a tourism focus. Notwithstanding that the problems of the levels of Māori ownership and participation needed to be defined either way, this is a useful distinction for helping to understand the breadth of Māori business possibilities. Since we are focusing our research on how Māori can overcome barriers that they encounter when developing small businesses, both types of Māori tourism business are included in this study.

Thus, we are studying small, rural businesses that involve the active participation of Māori and some degree of Māori ownership. Small businesses that provide Māori cultural experiences, but which do not have any Māori owners, are of limited importance in this study. We do this work in the knowledge that the values that Māori businesspeople have may affect how the business operates, the barriers they face, and the mechanisms and strategies they use to overcome those barriers.

The differences between Māori and non-Māori businesses highlight that ours is a multicultural research team looking at a cross-cultural setting. Working in such a setting requires an awareness of the issue of ethnocentrism (where researchers and researched alike may assume that their cultural perspective is either the right one or the only one), and requires the research team to watch for differences between ‘emic’ and ‘etic’ definitions[2] of tourism, business and business success (Berno 1999).

The way in which the research is defined, delimited and conducted can have a significant effect on its usefulness to those who are being researched (Tuhiwai-Smith 1999). As researchers in a post-colonial, cross-cultural setting, we must work with an awareness that the

[2] Emic definitions are those used by people who are “being defined” while etic definitions are those imposed from outside. In this context this is the difference between how Māori in business define Māori business and how researchers outside the setting define Māori business.

definition varies with the purpose of the dialogue in which the term 'Māori tourism business' is used, with the role and perceived power relationships of the people who are participating, and with the cultural and social context in which the businesses sit. Without this awareness, our research could be rendered invalid at worst and irrelevant at best (Berno 1999; Moore 2000; Horn 2002).

3. Barriers to Māori Going into the Tourism Business

This section outlines the barriers that other authors have documented in relation to Māori tourism and rural indigenous business. These barriers provide a starting point for our research, which is primarily to understand how they might be overcome in the complex systems within which they operate. The Stafford Group (2001) outlines the barriers to Māori developing business in tourism, noting that Māori are underrepresented as employees in the tourism industry. They attribute this to a lack of qualifications in tourism, a low level of self-confidence, negative perceptions of the seasonal nature of the industry, the potential impacts on culture, and the expectation of low returns from tourism businesses. Some of these issues are worse in rural areas where income and education levels can be very low.

This section also outlines the findings of researchers working with indigenous groups overseas to show the parallels, and investigates whether we can utilise the findings from overseas in a New Zealand context. It then discusses the context within which Māori in New Zealand are working and how this context impacts on their business practice or potential business practice.

The Stafford Group (2001) identified the key barriers to Māori developing a business as:

- Lack of tailored Māori research into both Māori business and market research for Māori business
- Lack of Māori tourism industry decision-makers
- Difficulty in securing finance
- Lack of appropriate consultation with Māori in key tourism industry decisions
- Lack of appropriate training and education
- Lack of professionalism and understanding on the part of Māori business owners, which stems from lack of experience or training in this area
- Lack of willingness to participate in business on the part of Māori.

According to Frederick and Henry (2004), the last three barriers arise as much from a lack of experience in business and a lack of local Māori mentors, as from lack of education etc. This lack of business education is illustrated by their observation that many Māori have good ideas but they fail to think about the market and the competition. Of some note here is the fact that the focus is on skills of potential or existing individual Māori business persons rather than on the wider socio-geo-political environment within which businesses must operate.

3.1 Role of context in creating barriers

Businesses are affected both positively and negatively by the communities, the culture and the history within which they sit (Gibb & Li 2003; Pavlovich 2003). The patterns of wealth and capital that we see in the New Zealand context in 2006 have emerged from a colonial

history and also, more recently, from the legacy of economic restructuring that took place in this country after the election of the Fourth Labour Government in 1984.

A colonial history

The overrepresentation of Māori in low income groups was partly the legacy of a colonial history that included confiscations of land and resources from Maori, which left them unable to produce goods for trading. Prior to this, Māori had run highly successful businesses, providing much of the food and commodities for settlers during the early days of Pākehā settlement (King 2003). Another aspect of colonisation was the eventual loss of many Māori cultural practices and near loss of the Māori language. Many Māori felt that it was more beneficial for their children to grow up speaking English (King 2003) and the fact that children were even punished for speaking Māori at school meant te reo (the language) was not passed down generations. Similar (possibly well-intentioned) policies aimed at integrating Māori families into urban areas as they moved into the cities during the mid-20th century (Walker 1992) only hastened the loss of cultural identity and marginalised Māori more from mainstream society. For many Māori, halting and reversing this loss is paramount and becoming successful in business is seen as a tool for achieving these ends.

Māori relationships with the Crown and other agencies

History has also left a legacy of distrust between Māori and Crown agencies in New Zealand. This observation is mirrored in other countries with a similar colonial history (Lodder 2003). Colonisation processes in New Zealand led to a loss of Māori confidence and to many of the structural issues that now affect Māori. However, in saying this, the Māori renaissance since the 1970s and the changes that have occurred within at least some parts of Māoridom over the last decade have begun to impact positively on Māori self-esteem and capacity (Frederick & Henry 2004).

This history impedes potential partnerships between the Crown and Māori. The Crown and its representatives have a long history of working very badly with Māori. More recently, there have, perhaps, been fewer obvious injustices in the way the Government has dealt with Māori, and in many cases, Crown agencies have been working to improve their relationships with Māori. Despite this there is some way to go to achieve the bicultural relationship implied by the Treaty of Waitangi. Participatory processes inclusive of Māori in New Zealand are limited by capacity (both individual and organisational) both of agencies and Māori communities (Stafford Group 2001).

Similar patterns have been documented outside New Zealand. In South Africa for example, Breidenhamm and Wickens (2004) found it very difficult to get marginalised indigenous rural communities to participate in development initiatives or consultation processes. Negative attitudes to such processes have stemmed from past bad experiences with participation that was tokenistic and of no benefit to these groups. Furthermore, barriers to participation included 'fear, antagonism, [and] distrust created by years of neglect and deprivation' (Breidenhamm & Wickens 2004 p. 75).

Working in marginalised communities, in a post-colonial context, then, can be difficult since issues from the past impact on progress in the present. When marginalised groups have had bad experiences of relatively powerful groups such as an agency or the Crown, it can take a long time to find a common understanding of their work together (Horn & Kilvington 2002). Both groups can find themselves with a lot to learn about each other. Furthermore, trust in each other takes a long time to build, but it can take very little to lose that trust.

For agency staff, working at this interface can be an uncomfortable task, since agency systems and processes seldom take account of the need for relationship building time before any action can be taken, and because the groups they are working with (understandably) do not trust them (Lodder 2003). Likewise, organisations which themselves have to meet stringent requirements in terms of transparency and outcomes may not have the capacity to deal with Māori groups that also may be unable or unwilling to meet these requirements. This is exacerbated when agencies do not necessarily see that they need to change their own skills and processes. It is more common for agency staff to expect changes from the groups with whom they are working.

In this context, the legal requirements that businesses face can be seen by Māori as a form of cultural imperialism. These patterns may limit the ability of some Māori groups to gain access to help and services that might support their economic development. For example an evaluation of the Regional Partnerships Programme set up by the Ministry of Economic Development indicated that engagement of Māori had been less than hoped – for a range of reasons, including resourcing issues, timelines, and perceptions that the programme did not offer a framework that accommodated Māori development initiatives (EDPU 2003 p. 3). These post-colonial patterns indicate that there is a need for considerable learning and change (or capacity building) both on the part of the Crown and of Māori groups (Allen et al. 2002a) in terms of how to work together in a constructive manner.

Effects of rurality on access to capital

In general, 'centres' of capital grow at the expense of their peripheries. Thus, a large town is likely to grow at the expense of the surrounding smaller areas (Britton et al. 1992). Such patterns are described in the geographical literature as centre-periphery patterns (Britton 1996). This pattern occurs at the level of nations (e.g. note the power of the seven richest nations and that the poorest nations tend to remain that way), regions, and down to the level of individuals within a community where, left to their own devices, the rich tend to get richer while the poor usually get poorer – which has happened in recent years in New Zealand. This is echoed in the New Zealand Institute for Economic Research's comments: 'In general, agglomeration of activity within New Zealand – such as in cities – is good for economic growth. People and activity are increasingly drawn to dense urban areas' (NZIER 2003 p. 52).

These patterns of money drifting from the poor to the rich were also reflected in the effects of the economic restructuring that occurred in New Zealand after 1984 (see Britton et al. (1992) for an overview). During economic restructuring, the government dismantled previously existing economic and social interventions aimed at evening out disparities between the rich and the poor and between the regions and the major urban centres (Britton et al. 1992). Māori were already overrepresented amongst low income groups in New Zealand, so economic restructuring had a more negative effect on them (Walker 1992).

These patterns mean that geography matters in understanding barriers to business and economic development. It matters *where* the researchers have focused their attention and *how* that focus has impacted on their analysis. Altman and his colleagues, for example, have focused many of their research efforts on small, rural, indigenous communities, whereas the work of the Stafford Group (2001) does not specify how geography influenced their work and their analysis. However, as the NZIER (2003 p. 52) puts it, Māori geographical location looms as a potentially significant barrier to economic development, because…Māori

represent a significant proportion of the population in rural areas…It is more difficult to develop in rural areas than it is in or near urban areas.

As noted earlier in this section capital tends to attract capital and associated with this is the tendency for urban areas to attract people at the expense of the regions. Tourism is also subject to centre-periphery patterns and, therefore, like other forms of economic development, is not equally distributed internationally (Britton 1991, 1996; Milne 1992) or domestically. In New Zealand, a few places – Auckland, Wellington, Christchurch, Rotorua and Queenstown – attract the majority of tourists (Oppermann 1994). Tourism also does not confer the same economic advantages to all places in which development occurs (Britton 1991, 1996; Milne 1992) nor are the benefits evenly spread across communities that develop tourism (Crick 1989; Byrne et al. 1993; Horn et al. 1998).

The smaller and more remote the community under study, the greater the barriers to developing businesses in general and tourism businesses in particular. For rural areas, centralisation driven by technological change has tended to increase emigration of skilled residents, which makes it difficult for businesses to find and retain staff (Schöllmann & Dalziel 2002). In addition, residents of remote rural areas are distant from potential markets, a fact of some importance in the development of tourism (Hohl & Tisdall 1995; Altman 2001). Rural areas do not have good infrastructure such as roading, telecommunications, sewerage systems, medical facilities, recreational facilities and banking facilities – all of which contribute to local economic development (Leistriz 1992 cited by Lindsay 2004). Rural areas with no indigenous people amongst them are also often marginalised and have similar capacity issues to those found in indigenous communities.

This pattern is explained to some extent by the way in which money cycles out of economies. Small places produce few goods and services and so money leaves the local economy as locals send out for goods and services they cannot procure locally. There are fewer opportunities for people in the local area to attract money back into the local economy, since anything produced locally has to compete with competitors in larger economies where there are economies of scale and transport costs are less. Furthermore, visitors to the area may bring in what they need from outside and spend very little at the destination itself (Hohl & Tisdall 1995; Horn et al. 1998).

Much of the research into economic development tends to be focused on relatively large rural areas where some infrastructure exists. For some of the groups in our study, and for many rural indigenous communities in Australia and Canada, very little of this infrastructure exists.

The observations above indicate a need to think about capacity and capacity building as part of business development in small rural areas. Individuals in rural communities need greater capacity and have more calls on their time than individuals in urban communities because in urban areas paid officials and local government take care of much of the social and physical infrastructure needed by communities. Rural communities may not have much of this capacity in their midst, since talented individuals often leave the area to make their fortune in urban areas where the opportunities are greater. Much of the talent that leaves does not return to the area and when new talent arrives it may be greeted with some suspicion as a newcomer, unfamiliar with the community, rather than being seen as a resource that might be tapped.

‘Capacity’ is ‘the ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve their own objectives’ (ECDPM 1998). Similarly, Lavergne and Saxby (2001) suggest that individual, organisations or communities need 'core capacities' to achieve their highest potential. These core capacities include technical skills, knowledge and human resource development, alongside intangible capacities such as conflict resolution, relationships and network building. Capacity, therefore, is about the self-organization of a society and the will, the vision, the cohesion and the values to make progress over time.

Capacity is central to community development where the aim is to empower communities to influence and manage change that affects them in whatever areas they deem important for action. Important aspects of capacity include resourcing (e.g. funding, information, staffing/volunteers), processes (e.g. learning, leadership, empowerment, decision-making processes and achieving outcomes) (Greenaway et al. 2003). Capacity involves individual skills and abilities, but it is how individual skills are brought together and used that really defines a community or organisation’s capacity (SCCD 2001).

Capacity to collaborate is another important aspect of capacity for development. While collaborating is often taken for granted, it is a complex and often difficult process requiring a people to negotiate, use and reflect on a wide range of communication and facilitation skills. Many collaborative groups give little thought to what success means and the default is often that there is no conflict. In fact such an approach can lead to group-think which leads us to the conclusion that good collaboration must include and even encourage different perspectives to come out.

3.2 Culture and business

As Frederick and Henry (2004) put it, ‘Māori entrepreneurs face a number of dilemmas’ associated with being Māori in present-day New Zealand. Although the cultural renaissance that has been in progress since the 1970s has benefitted to Māori, it has also developed tensions between those who are able to converse in Māori and those who cannot. In some ways the focus on rebuilding culture can act to prevent change that might otherwise be beneficial to new generations of Māori. As one of the interviewees quoted by Frederick and Henry (2004 p. 131) said:

…even our own Māori language immersion programme does not empower the kids business-wise to the extent that it should…Unless you have a set of skills that can help your people voyage out into the great unknown, you have actually built a cultural straitjacket that confirms your right to be different.

In addition, these authors note tensions between business leadership models and traditional leadership models. When young people develop businesses they can be seen as undermining the mana (standing/position) of the elders in that area, or they may be accused of moving in their own interests rather than in the interests of the whānau (family). According to Frederick and Henry (2004), many elders are not commercially minded and don’t tend to promote young entrepreneurs who may be suggesting change.

Other tensions exist between culture and business. First, Māori are often uncomfortable putting a price on something they have produced and about creating personal wealth. This presents a significant barrier to business development (Frederick & Henry 2004). Second,

Warren and Taylor (1999) note a potential conflict between the commercial aspects of tourism and traditional practices, which emphasise giving, not selling. Third, tensions emerge from managing sensitive sites, working out what Matauranga (knowledge) to tell tourists, and with managing the use of a marae (community meeting house) for tourism when it might at any time become unavailable when it is needed for a tangi (funeral) or local hui (meeting).

Also, collective ownership of land can be a barrier, for two reasons. First, land owned by multiple owners cannot be used as security for a loan, and second, any developments that occur on the land require considerable efforts at consultation, which is at best a long and expensive process. If an individual can overcome the first problem, he or she may well be impeded by a community that disapproves of the proposed business activity (Warren & Taylor 1999).

Researchers (D. Fisher and D. Harrison pers. comm. 1998) noted the difficulties that Fijian communities and individuals have in developing and running businesses in the context of a collective culture where the concepts of making money, reinvesting in the business, and giving the business priority over other cultural concerns are not widely held values. Such patterns can be significant barriers to the economic and social development of a community. Part of overcoming these barriers is building into a community the capacity to change in ways that are acceptable, through participation, working through conflict, and reaching some form of consensus. This, on its own is a difficult task that will take time (sometimes a very long time) to complete (Briedenhann & Wickens 2004).

A further important point here is that culture and economics cannot be separated and each affects the other significantly, but Castro (2004) points out that a good deal of the development literature assumes the two are in fact separated. This point is important and is reflected in comments that indicate cultural values are anathema to good business development. While cultural patterns may be seen to impede business development or profitability, it is important to remember that these cultural patterns arise from values that people hold dear. Therefore, it will be important to find ways in which business can work within its cultural context. It may also mean changing the yardstick used to measure business success. Business success must also be measured by the way in which it allows people to achieve their own goals and values. The question is not how to get culture to change (as some business literature implies), but to find (perhaps new) ways to meld culture and business practice in a situation where one might expect both to change. It is also likely that forms of business that do take culture into account may not be judged as successful by many of those writing in the business development literature. The issues outlined above also indicate that developing a business in indigenous cultures is likely to be a surprisingly complex and difficult process that will need continuous negotiation. Of course, this difficulty will be compounded by the fact that the people trying to manage it are those with relatively few resources (human, educational, financial, technical) available to assist them in that process of learning and negotiation.

3.3 How government policy impacts on business

A very important part of the context for a small business is the current policy environment and in particular the stability of that environment. While big businesses have a certain level of immunity, small businesses are strongly affected by shifts in policy (Vonortas 2002) and are often left in the situation of ‘running to keep up’ in environments where government policy changes constantly. Businesses must be seen as a part of a complex of business,

business organisations, government policy, culture and natural resources (Porter 1998b). Perpetually changing policies and programmes are described by Frederick and Henry (2004) as a serious problem for Māori entrepreneurs – as they are for entrepreneurs in general. For small business to thrive, a stable policy environment is a distinct advantage.

As an illustration of the ways in which barriers may present as a result of colonial history and rurality, Altman and associates in Australia have outlined the barriers to Aboriginal participation both in business generally (Altman 2001), and tourism in particular (Altman & Finlayson 1993). Altman's (2001) working paper suggests that, among others, the following are of considerable importance in limiting the participation of Aboriginal groups in business:

- Lack of technical and management skills
- Poor education, health, housing and historical land/resource issues that have led to dispossession and marginalisation etc.
- Structural issues, which include family formation, demographic transition and high population growth
- Locational factors: many Aboriginal groups live in areas remote from any market, barring the small local one where everyone is equally poor
- Cultural factors: these include the diversity of indigenous priorities that diverge from mainstream capitalist ones
- The preconceptions and prejudices of Australian society.

Many of these barriers apply also in the wider environment; most have some application to understanding Māori development, particularly for Māori living in remote rural areas.

4. Māori Business and Entrepreneurship: The Current Situation

This section outlines researchers' understanding of the general state of Māori business and entrepreneurship at present, and includes some comparisons with non-Māori businesses in New Zealand.

The position of Māori in business would appear to be changing since there are varying reports on the quality and size of Māori business. The Stafford Group (2001) reports that Māori in New Zealand are underrepresented in business taken as a proportion of the population. In comparison, the NZIER (2003) found that although the Māori economy in New Zealand is small, it is strong and in a good position to grow. Furthermore, as Box 1 shows, Māori are highly entrepreneurial and show a high level of business confidence relative to New Zealand rates as a whole – and New Zealand rates are high by world standards. Frederick and Henry (2004) note that New Zealand has the fifth highest rate of entrepreneuralism in the world. Likewise, there are some highly successful Māori businesses, such as Wakatu Corporation and Ngai Tahu Holdings, both of which encompass a range of Māori-owned businesses.

The figures on entrepreneurship in New Zealand and internationally give us some further insight into the questions raised by these apparent anomalies. The entrepreneurship literature distinguishes between 'necessity entrepreneurs' (people who have gone into business because they were forced to by circumstance) and 'opportunity entrepreneurs' (people who have gone into business as a conscious choice to take advantage of an opportunity that they see).

Frederick and Henry (2004) found that Māori have an 11.9% rate of entrepreneurial activity. This compares with with a 14.5% rate for non-Māori and an average rate of 8% across the 36 countries in the Global Entrepreneurship Monitor (GEM). Overall, 83% of New Zealand entrepreneurs are opportunity entrepreneurs, while 16% are necessity entrepreneurs. In comparison, 34.5% of Māori are necessity entrepreneurs, and tend to be younger, and have fewer educational qualifications.

The GEM (2004; Box 1) suggests that necessity entrepreneurs are generally less well prepared to go into business compared with opportunity entrepreneurs. Studying Stanford University graduates, Lazear (2003) found that entrepreneurs tend to be generalists competent in a wide range of tasks associated with setting up a new business. Furthermore, entrepreneurial experience and previous work experience are positively correlated with the foundation and growth of new businesses in knowledge-intensive, high-tech areas (Madsen et al. 2003). These three observations may be linked: the more experience one has, the higher the likelihood of having become a generalist. That Māori have a very high ‘necessity’ rate, are younger than the average entrepreneur and that they have fewer educational qualifications are all factors that increase the chances of business failure. This matches with the Stafford Group’s (2001) observation that many Māori do not have the skills and understanding that might make the path into business easier than it currently is.

Box 1 Article from Ten3 Website (http://www.ten3.co.nz/) summarising findings of the New Zealand 2004 Global Entrepreneurialism Monitor

SURVEY FINDS MĀORI SHOW STRONG ENTREPRENEURIAL STREAK AND ‘EXTRAORDINARY’ BUSINESS CONFIDENCE

Auckland, March 15, 2004 – Māori have once again proven themselves to be more entrepreneurial than the rest of the population, according to a key finding of the soon-to-be-released Unitec NZ Global Entrepreneurship Monitor (GEM) 2003/2004 report.

For the third year in a row, Māori exceeded non-Māori in the Total Entrepreneurial Activity stakes. Just over 17 per cent of the Māori population has attempted to start a business in the past three years as opposed to 13.3 per cent of the non-Māori population.

Māori entrepreneurs are more confident about their future business growth prospects than non-Māori entrepreneurs. The survey found that 80 per cent of Māori entrepreneurs were optimistic about business opportunities in the next six months compared to 61 per cent of non-Māori entrepreneurs.

‘This optimism is extraordinary compared to the 47 per cent rate for New Zealand as a whole and the 34 per cent rate for the GEM world in 2003,’ the GEM report said.

Globally, the Māori entrepreneurship rate surpasses all but three countries in the GEM sample. If Māori were their own country, it would rank as the fourth most entrepreneurial country in the world, behind Uganda, Venezuela and Argentina.

Māori are more likely to be necessity entrepreneurs (forced to start a business due to job loss or redundancy) than non-Māori or the global average. But many more Māori women (83 per cent) than men (30 per cent) identify themselves as opportunity entrepreneurs (spotting a business opportunity).

Māori women were found to be remarkably more entrepreneurial than non-Māori New Zealand women and the global GEM female. Female entrepreneurs account for 13 per cent of the general Māori population, compared to 8.7 per cent amongst non-Māori and 6.4 per cent of the GEM world.

In other Unitec NZ GEM 2003–2004 findings, Māori entrepreneurs were shown to be innovators, exceeding non-Māori entrepreneurs in terms of perceiving that their products and/or services as new and unfamiliar to the market with limited competition. Māori entrepreneurs typically believe more than non-Māori that their technology or procedure is new and innovative.

Many more Māori than non-Māori run their businesses from home. The survey found 81.5 per cent of Māori surveyed worked at least 50% of the time from home compared to 64.9% for non-Māori.

Although New Zealanders are amongst the least ‘fearful of failure’ group of countries, Māori and non-Māori tend to have a much lower level of fear of failure compared to Chinese, Indians and Pacific Islanders.

Unitec NZ GEM 2003–2004 also examined ethnicity and cultural support for entrepreneurial activities and found that Māori perceive a higher-level of cultural support than other ethnic groups.

The full Unitec NZ GEM 2003–2004 report is due to be released on March 29.

(Article downloaded April 2005)

4.1 Rural Māori tourism businesses

Warren and Taylor (1999) found that 34 of the nearly 500 (7%) rural tourism operations that they surveyed were owned or managed by Māori. In their sample, Māori involved in the management of these businesses were more likely to be between 30 and 59, to be women, and to have been involved in the business for less than five years. One-third of the sample involved their families in the business.

Eight percent of these Māori tourism businesses were owned by a Trust or an Incorporated Society (compared with only 3% owned this way across the full sample) while only 6% of them are likely to be run in conjunction with a farming operation (compared with 11% over the entire sample). Almost 50% of the Māori-managed businesses are owned by the immediate family and about 25% of them are owned by individuals which is comparable with the sample as a whole.

Like other rural tourism operators, over half of the Māori operators were accommodation providers and the gross median turnover for both Māori and non-Māori rural tourism businesses was in the region of $25,000. In comparison, in a survey of Māori businesses across both rural and urban areas, Barnett (2001) found that accommodation operations make up 30% of all operations that are owned or operated by Māori.

The majority of rural tourism operators, including Māori, supplement their income from tourism with income from other sources. Rural tourism, overall, is a low-turnover, seasonal operation that operators supplement with income from other sources. Tourism is, however, seen as an important addition to supplement other sources of rural Māori development (Andrew Reid, pers. comm. – PhD student investigating sustainable agriculture as a tool for Māori development).

In terms of business practice, Warren and Taylor (1999) found that Māori in their sample did not generally use the Visitor Information Network – a network set up to provide information about accommodation, transport and attractions to visitors. Māori-owned or managed enterprises in their sample had a lower level of investment compared with other rural tourism businesses but were more likely to have a loan and a business plan (the business plan being a likely consequence of having to approach lending institutions).

4.2 Cultural influences on business goals

Culture is most visible through the expression of the values that are held to be important within that culture. Indigenous groups the world over have a wide range of reasons for going into business (Anderson 1997; Altman 2001; Stafford Group 2001). For example, Māori see tourism business as a means to allow them to live on their home ground, maintain their marae, their lifestyles, language and customs, and also to conserve and restore natural resources (Warren & Taylor 1999). Lindsay (2004) notes: 'Māori business managers tend to be motivated more by the social needs of the communities than purely economic objectives. Thus they are often focused on providing employment and training for community members. Likewise, a Canadian First Nations' approach to economic development is predominately centred on that individual First Nation for the purposes of:

- Attaining economic self-sufficiency as a basis for realising self-government
- Improving the socio-economic circumstances of First Nations people
- Preserving and strengthening traditional cultures, values and languages

- Creating and owning businesses to exercise control over the economic development process
- Creating businesses that can compete over the long run in the global economy
- Forming alliances and joint ventures among themselves and with non-First Nation partners to build businesses that are competitive in the global economy
- Building capacity for economic development through education, training, institution building, and through realising treaty and aboriginal rights to land, resources and self-government (Anderson 1997 p. 1485).

These observations indicate that indigenous people have a holistic approach to business development which can mean less focus on the economic sustainability of the business when compared with non-indigenous businesses. Loomis (2000) and Lindsay (2004), argue that Māori also have a more holistic approach to development than non-Māori in New Zealand.
Other research supports these observations and indicates that there are some overall differences between Māori- and non-Māori-owned businesses. Frederick and Henry (2004) reviewed the literature on entrepreneurship, and posited that an ideal-type entrepreneur is typified by the following characteristics:

- They readily accept uncertainty and risk (uncertainty avoidance)
- They do not tolerate hierarchical or unequal relationships (power distance)
- They stress materialism and wealth over relationships and harmony (materialism /harmony)
- They emphasise individual accomplishment rather than group accomplishment (individualism)
- They believe that power and status are earned rather than conferred as a birthright (achievement), and
- They believe that laws and norms apply equally to all rather than individuals having special rights or privileges (universalism).

They tested these traits in a survey of New Zealand entrepreneurs and found that while non-Māori entrepreneurs usually *do* have these characteristics, Māori entrepreneurs often *do not*, as Table 1 indicates.

Table 1 Cultural characteristics of New Zealand entrepreneurs (adapted from Frederick & Henry 2004)

Characteristic	Ideal type	Non-Māori entrepreneurs	Māori entrepreneurs
Avoids uncertainty	Weak (accept)	Weak	Split (about 50% each way)
Power distance	Low (do not tolerate)	Moderate	Split
Materialism/ harmony	Materialistic	Materialistic	Harmony
		91% strongly materialistic	94% strong on harmony
Individualism	Individual	Individual	Collective
		89% individualistic	93% collective
Achievement	Achievement	Achievement	Split
Universalism	Universal	Universal	Split

Of particular note, Māori and non-Māori entrepreneurs in this sample differed in their focus on questions of materialism and individualism. Where 91% of non-Māori entrepreneurs emphasise materialism and wealth, 94% of Māori entrepreneurs emphasised relationships and harmony. Similarly, non-Māori entrepreneurs strongly emphasised individual accomplishment, whereas Māori entrepreneurs emphasised group accomplishment.

Overall then, the literature indicates that Māori entrepreneurs and businesspeople do have some different values and practices when compared with non-Māori businesspeople, although as Lindsay (2004 p. 6) points out: 'Māori have views of business that occupy positions along the continuum between economics-driven, capitalist models and holistic perspectives.'

Any supporting programmes and funding need to understand and take account of these differences – both within Māori businesses and between Māori and non-Māori businesses. Highlighting these differences is not to imply any kind of strength or weakness. Rather it is to highlight the fact that Māori businesses can and do differ from non-Māori businesses, and that this will make a difference to the way in which the businesses operate and to the way in which they define success.

5. Business Success Factors

Business success requires attention to many different issues and skills. Advice to people setting up a small business is available from books (e.g. Higham & Williams 2002) and websites (e.g. the New Zealand Trade and Enterprise website at www.NZTE.govt.nz) and a number of courses are available at polytechnics and universities to help would-be businesspeople on how to set up a business.

Any business needs a good idea, a place to work, an understanding of the market or potential market, and some attention to choosing the way in which the business is set up legally and functionally. There needs to be good record-keeping systems and some understanding of tax and how to manage the issues associated with managing and paying tax. All businesses must become profitable even if they do not break even for some years. For this they need good pricing and planning, and ways of making sure that everything is going according to plan. Most businesses will at some stage need to think about staffing and systems for managing sickness, and other forms of leave. Likewise there are issues such as managing compliance around health and safety, transport, and environmental impacts (to name but a few). Business owners also need to think about insurance, maintenance of equipment and premises, and raising and managing debt.

An important question for our research is how do rural Māori engage with this information and what access do they have to the kinds of learning they need if they are to set up a business? How useful is this advice to these people trying to set up businesses in the particular social and cultural contexts within which they are situated?

This literature review will not explore the many guides available, although it will review how some of these are used to support business development in the New Zealand context in a later section. There are a number of other business success factors that appear less in these books but which are worthy of further exploration. These focus around the development and

management of working relationships both within the business and between the business and other entities that they affect and which affect them. These relationships, the way they work and how they contribute to business development are reviewed in this section.

The Stafford Group (2001) researchers asked businesses what principles and actions they thought were important in their own success. Table 2 presents a summary of the key lessons that seven Māori businesses felt would help others in setting up their businesses.

Table 2 Principles on which four Māori businesses feel their success lies (from Stafford Group Report 2001).

Principles
Using Māori resources and knowledge Seeking counsel of elders Encourage Māori content Value unique Māori knowledge and taonga (treasures)
Build capacity Use successful Māori role models Shared decision making consistent with Māori values Nurture and build skills of people in the business and of potential employees Manage things in achievable bites
Stay with Māori values Ensure cultural, environmental and social sustainability Care for the community as well as for the business Shared decision making consistent with Māori values Maintain Māori values and principles Understand Māori practices
Economic independence Get business structure right Understand commercial focus Remain consumer-led Avoid government handouts Employ best person for the job

The advice in Table 2 points to the importance of cultural and social sustainability for Māori, along with the need for good business practice. This advice also reflects something of the history of government intervention and colonisation processes that have been outlined above. For example some of the pointers indicate a clear sense of tino rangitiratanga meaning, in this case, 'self determination'. To use terminology from the psychology literature, this reflects an internal locus of control (a belief that achievement and good fortune come from one's own endeavours and work) and high perceived self-efficacy (the belief that one is capable of managing such endeavours even if they involve much learning and maybe even failure on the way). Successful Māori businesses (and one might suspect any successful business) are run by people with a sense they can and must help themselves and that they have the capacity to do that and to accept that there is much to learn on the way.

5.1 Influence of social capital on entrepreneurship

Ulhøi (2004) argues that understanding the linkages between people is vital to understand entrepreneurship. He also highlights the importance of social and cultural linkage patterns. In other words, the way that people relate to each other influences the level of entrepreneurship in a community. This may have implications for understanding entrepreneurship amongst rural Māori (and also amongst rural New Zealanders overall). First, a cultural dislike of high achievers in many small communities can make them an uncomfortable setting for people who might excel in some areas of endeavour. Second, in some communities there may be very strong within-community (bonding) linkages but relatively few highly productive between-community (bridging) linkages. This means that trust may exist within groups but may not exist between groups because of a lack of constructive communication and interaction (Stone 2003).

Working in a North Hokianga community, Johnston (1999) was surprised to find there did not appear to be high levels of trust within the community when it came to developing business. Such communities are close-knit, but the networks they have may not support entrepreneurial or even business activity. This lack of trust may reflect a lack of belief in the skills of either self or others, and so may be interpreted less as a lack of interpersonal trust but more as a lack of trust that the community has the capability to develop successful businesses.

Cultural or social norms may cause considerable stress for an individual when the needs of the business do not align with community norms. Thus, an important need in building a business in rural areas is understanding how existing networks and norms support (or not) those in business and thinking about how a business person can manage these pressures.

5.2 Business relationships

Businesses must foster and manage a range of relationships. For example, Porter (1998b) suggests that business strategy rests on understanding the roles and effects of the bargaining power of suppliers, the bargaining power of customers, rivalry among existing businesses, the threat of businesses that offer substitute products, and the threat of new entrants to the business arena. Porter draws attention to the fact that there are range of ways in which a business might work to compete and to become successful and that a businesses strategy for success must take account of business values, the expectations of the wider community, the strengths and weaknesses of the business, and the industry opportunities and threats. Finding ways to get good, timely information into a business and out from it are, therefore, critically important. For small businesses much of that information is carried through the networks within which they are situated (Pavlovich 2003).

Other writers focusing on this area include community development researchers working on the concept of 'social capital'(Greenaway et al. 2003), network theorists who span a range of disciplines from physics and mathematics to social science (Watts & Strogatz 1998; Buchanan 2003), regional development researchers and practitioners who focus on building regional alliances (Schöllmann & Dalziel 2002; SGS Economics & Planning 2002; EDPU 2003), and business researchers and practitioners who talk about the importance of business clusters and networks (Knuckley et al 2002; Pavlovich 2003; Bøllingtoft & Ulhøi 2005; Johns & Matsson 2004; Ulhøi 2004). Stemming from this are a number of regional economic

development initiatives that concentrate on cluster building (Cluster Navigators 2001) and building networks and institutional linkages.

5.3 Business–community relationship

Local communities affect local businesses, especially in rural areas, in a number of ways. This is particularly recognised in the sustainable development literature (e.g. Lindsay 2004; Woytek et al. 2004). Lindsay (2004) looking at sustainable development in Māori communities suggests that community capacity building must usually precede business development. In general, in small rural communities, the way in which people work together and approach problems significantly affects how that community supports economic development. Communities that have experience working together to accomplish their goals tend to be more successful at economic development. Mistrust between factional groups can and does limit economic development (Briedenhann & Wickens 2004). This mistrust makes sense when seen from the perspective of those in the setting. In marginalised communities, having local 'winners' further marginalises those who do not win. In other words, to the people involved, there is the potential for further loss of status or power when others gain status or power in some way (Briedenhann & Wickens 2004). Thus: 'proactive entrepreneurs, who seize opportunities to embark on innovative ventures, are frequently the catalyst of friction, culminating in intertribal disputes, power struggles, jealousy or perceived challenge to traditional leadership' (Butler & Hinch 1996 cited in Briedenhann & Wickens 2004 p. 75)

These patterns of factionalism, jealousy and win-lose (also sometimes referred to as 'tall poppy syndrome') can be found across many small rural communities internationally (See Johnston (1998), Horn (2002), Sampson (2004) for New Zealand examples; Fisher (2000) for a Fijian example; Lordkipanidze et al. (2004) for a Swedish example). These patterns are linked to the phenomenon of boundary maintenance and self-identity (Cohen 1985) and are maintained in the discursive patterns (Ibarra & Kitususe 1993) and stories that local people tell about each other. Boundaries create a lens through which people view each other and they can shift and change with circumstance (Horn 2002). So, for example, family groups may provide a convenient boundary in a small community and any good fortune that befalls one family may be viewed with some suspicion by another (Horn et al. 1998; Horn 2002). The same two families may strongly identify with each other in situations where some form of tension arises, say, between racial groups in a community.

Local people may also be direct customers of the business, or they may recommend the business to others. In the case of tourism businesses, they can do this by making recommendations to their friends or the people they meet, by bringing friends or family with them to the business and by accepting tourists in their midst. In Rotorua, this contribution is recognised and repaid by some businesses who offer locals free entry if they bring their friends or by having 'locals-free' days in which local people can visit an attraction for free (Horn et al. 2000). This approach took a considerable number of years to develop and in some cases was facilitated by the work of Tourism Rotorua, which spent a great deal of time in its early days building industry cooperation.

Businesses can, and sometimes do, contribute significantly to the well-being of the local community, for example through sponsorship, opening facilities up for local use, subsidising educational fees for young people (as happens, for example, in Invercargill (SIT Website) and in Kaikoura (Horn et al. 2000)). This would imply that any business starting up should

think about its relationships with the local community and what actions might be most likely to build local goodwill.

5.4 Staff relationships

Businesses need good relationships with current and potential employees. Knuckley et al. (2002), in their New Zealand-focused study, found that many businesses consult very little with their staff, whereas all businesses seek some kind of feedback from their clients. Those in the group of top performers were significantly more likely to say they consulted with staff than those businesses in lower-performing categories.

5.5 Relationships with other businesses

The literature treats the topic of relationships with other businesses in a range of ways. Porter (1998a) advocates the use of business clusters which he defines as: 'A geographic concentration of interconnected companies and institutions in a particular field'.

Classic examples of clusters include examples of areas in which businesses such as car sales yards, antique shops, or bookshops occur in large numbers. Such areas draw people looking for those articles into them because they can go to many retailers with a minimum of effort. Johns and Mattson (2004) outline the example of a UK tourism destination that has developed as a direct result of a huge cluster of second-hand bookshops. Cluster building is a big part of many regional development initiatives.

The idea of clustering suggests that businesses must be strategic about how they manage their relationships with other businesses. Such a concept indicates that acting competitively at all times can be detrimental to a business and that there are times when businesses can benefit from cooperating with other similar businesses in the same area.

Businesses also need to develop and use relationships with other businesses and institutions to help them bring in intelligence and information and perhaps to help them provide new products in cooperation with complementary businesses. This section looks at each of these kinds of business relationships in more depth.

5.6 Cooperate or compete?

There are a few papers now available on the concept of 'coopetition', in which businesses may have clear strategies for competing and for cooperating with other businesses in their environment (e.g. Bengtsson & Kock 2000) or even with government institutions (Luo 2004). Coopetition was alive and well in Rotorua in 2000 when I was doing fieldwork for my PhD. Businesses could articulate clear 'rules' that existed within a cooperative marketing group. In situations where they provided similar products (e.g. their cafes), they would happily compete for new customers, but present customers were 'off limits'. In fact, some businesspeople felt that if they found a cooperative-competitor's customers transferring to them they would ring the competitor to tell him to improve his product on the basis that it was not good for Rotorua to have people providing a bad service (Horn et al. 2000).

These kinds of relationships indicate a high level of understanding and trust built up over a good period of time. All the businesses could articulate these 'rules', indicating they had discussed this together and reached agreement about how they would manage competition

amongst those with whom they were cooperating. Understanding that businesses can both cooperate and compete is very important to understanding the concept of business clusters.

Tourism Rotorua used this idea to help build industry cooperation in Rotorua. In 1991, after this work had been going on for some years, Tourism Rotorua, in conjunction with the tourism business community, developed a strategy that had as its central theme the need to 'fly in formation'. Of particular interest was that everyone in the tourism industry that I spoke to in the course of my fieldwork talked about flying in formation, indicating a high level of buy-in to the concept and the strategy. The Parliamentary Commissioner for the Environment (PCE 1997) judged Rotorua to be the best-managed tourism destination in New Zealand and most of the judgement lay in the relationships that the businesses had with the community, the territorial local authority, and with each other which greatly increased their ability to work together and manage crises and problems. In other words, although the people working in the industry at the time never used the term, the tourism industry had a high level of 'social capital' and the investment in developing that was having a significant effect on the resilience of the local industry and its success (Horn 2002). Working with others, who might also be seen as competitors, pays off.

Relationships with other businesses may also be important at business start-up. It is in the interests of a new business to work to avoid trying to compete with a business that is already well-established. This means that working with other businesses may well be a productive approach to starting up in business.

5.7 Networks and network theory

Pavlovich (2003) used network theory (Watts & Strogatz 1998; Buchanan 2003) to analyse the development of Waitomo, New Zealand, from a one-hotel town controlled by government interests into a town containing an array of interconnected small businesses. These businesses together produce and advertise a tourism product containing adventure, soft adventure, ecotourism and Māori cultural products, accommodation and food. Without the wider network, the businesses would not be able to stand alone as providers of individual tourism products. The local network of businesses has also worked effectively to manage environmental and social issues, such as the degradation of one of the local tourist attractions: the limestone caves in the area (Pavlovich 2001).

Networks have strong links and weak links (Granovetter 1973). Strong links are those that in the language of writers about social capital represent bonding social capital, whereas weak links are those that represent linkages between groups (or what is known as bridging social capital (Stone 2003). Groups held together with strong linkages build a pool of common knowledge which helps them operate and develop together. However, it is the weak links that provide the means for information to enter the system from outside (Granovetter 1973).

Understanding and learning how to work networks appears critical to business success and even more critical for tourism businesses. Cziksentmihalyi (2003) notes that the successful businesspeople in his study have extensive networks and interests beyond their business that help them bring in a wide range of information. Likewise, Jones and Morrison-Briars (2004) found that sophisticated, globally oriented, well-networked Māori businesspeople show a greater ability to integrate Western and Māori practices and to think strategically about their business than those who are not well networked. However, as Sampson (2004) notes,

networks do not automatically just work for the benefit of all. There is some merit, therefore, in thinking about how to work the networks.

5.8 Why develop networks?

For any small business there appears to be distinct benefits to developing operational networks or clusters (SGS Economics & Planning 2002; Ulhøi 2004; see Box 2).

Box 2 Press Release from Auckland IT Cluster, 2 May 2005 downloaded from www.scoop.co.nz

AUCKLAND IT CLUSTER LAUNCH HELPS SMALL BUSINESSES ACHIEVE MORE

The launch of the Auckland IT Cluster is a critical stage in the ongoing development of Auckland's information and communication technologies (ICT) business sector.

In particular, it's a major development for the 70 or more businesses that have participated in cluster activities to date. With the financial support of New Zealand Trade & Enterprise, North Shore's economic development agency Enterprise North Shore has appointed Simon Fawkes, Auckland IT Cluster Facilitator, to identify shared cluster initiatives.

The cluster's launch is recognition of the advantage that building strategic industry synergies provide for business productivity, competitiveness and efficiency. 'It's very much a major step forward,' says Simon Fawkes of the launch of Auckland IT. 'Many businesses already see that they can grow by taking advantage of opportunities to bring in work from offshore. But equally, the majority of businesses are currently too small to win major work projects and to export on their own. That's why clustering and working together is so important for their future.'

Launch of the Auckland IT Cluster was a feature of a North Shore ICT Growth Project event hosted at Massey University's e-centre in Albany on Friday, 29 April. The event culminated with the formal launch of the cluster. It has been a part of the nationwide Innovation Festival from 26 April to 15 May.

'From here on, the work is in building shared trust and understanding between businesses and encouraging one another to think of gains for businesses, in addition to their own,' says Mr Fawkes. 'It is only with networking events and shared workshop forums that we will bring businesses together. A small core is already starting to share innovations, developments, tips and leads. But it's only through this collaboration and partnership and with the benefit of sharing resources, particularly skilled staff, that we can draw more international business to Auckland.'

In tourism, understanding networks can be useful for improving three different aspects of the business. First, most small businesses cannot supply a complete tourism product on their own. Tourists need access to activities, accommodation and transport. Transport providers must work with accommodation and activity providers if tourists are going to be attracted to an area. Likewise, activity providers need transport and accommodation providers. Networks are important for this reason, and in a well-developed destination, different businesses will deal with a wide range of providers of these different aspects of the tourist product.

Second, networks allow businesses access to information and support (Pavlovich 2001). Small close-knit communities also do not always have good 'weak' or bridging linkages. This means that it is more difficult for new information and ideas to flow into such a community. Information might range from the legal requirements one has to meet in running a particular business through to market intelligence about what is happening to tourism markets some way from the place in which the business exists. Such networks may provide information about how to get funding, what has to be done to get funding, who might be able to help with applications etc.

Third, in tourism, networks provide access to customers through marketing activities at local, regional, national or international level. For example, if a business can get onto the itinerary of an inbound tour operator, they will have regular access to customers. Likewise, if they can build a relationship with providers of different parts of the tourism product, that may increase their access to customers. So, for example, it is in the interests of a backpacker hostel to have some transport providers that can give them access to customers – particularly in the early phases of the business. My PhD fieldwork in Rotorua and Kaikoura indicated that for many businesses, getting into tourist guides such as the Lonely Planet represents a turning point in their development.

6. Fostering Māori Business – What Has Happened So Far?

The Tourism Research Council provided a summary of the key recommendations of the Stafford Group (2001) as follows:

- Develop and implement a market research programme for Māori tourism.
- Develop and implement a Māori tourism strategy.
- Develop and implement a broad-reaching capacity-building campaign (not necessarily confined to the tourism industry).
- Facilitate more effective consultation between Māori and government.
- Facilitate and increase the representation of Māori interests within tourism bodies.
- Facilitate improved access to finance and other assistance for existing and potential Māori tourism businesses.
- Facilitate access to more tightly defined business skills and tourism training courses.
- Protect intellectual and cultural property.
- Facilitate Māori self-determination.
- Facilitate Māori product development to meet market needs.

Some of these suggested actions are in train and some of them have been in place for some time. The following sections provide a brief summary of some of the initiatives that different government agencies are using to help Māori businesses.

These suggestions, and the earlier outline of barriers, indicate that action is needed on several 'levels' within the business system. First, international tourism relies on international linkages, which are required through national or regional marketing structures but also by individual businesses. Tourism New Zealand and the Ministry of Tourism are now trying to provide better support for Māori tourism providers, although there is still some way to go. Likewise a number of agencies provide programmes to support business start-up and development. Support can also come from activities at regional and local levels, and of

course the businesses themselves can work on aspects of their own performance. It is impossible to dismiss any one of these levels as irrelevant to this research. However, because our aim is to work at local, iwi, and individual business level, the major focus of this literature review from here on will be to look at the research that informs or could inform actions aimed at improving the success of rural Māori tourism businesses at these levels.

6.1 Policies and programmes aimed at fostering entrepreneurship

A range of programmes and agencies are involved in supporting small businesses or in fostering economic development or community capacity. These are outlined in Box 3.

Box 3 Organisations that support Māori tourism businesses in New Zealand

Te Puni Kōkiri (TPK) provides a free service to Māori wanting to start up or improve existing small to medium-sized enterprises (SMEs). Through its website it provides mentoring, facilitation, information, advice and a range of information on training courses and links to other websites of interest to SMEs. TPK has also established the Māori Regional Tourism Programme, which has funded groups to become Māori Regional Tourism Organisations (MRTOs).

The **Department of Labour**, through the operations of the Community Employment Groups (CEG), has worked on many projects aimed at increasing community capacity to develop, supporting economic development, and increasing employment or learning at local level. These groups have recently been disbanded.

The **Business Information Zone (BIZ)** (http://www.biz.org.nz) provides a very wide range of information and tools to help existing and prospective SMEs start up or improve their performance. It also provides linkages with advisors, business incubators (aimed at helping businesses during their start-up phase) training providers etc.

New Zealand Trade and Enterprise (NZTE) (www.NZTE.govt.nz) run a number of training courses, mentoring programmes and programmes aimed at capacity building. These include specialist courses such as training developed expressly for Māori trustees and for Pacific Islander groups wanting to start up a business. There are also programmes to facilitate business clusters, and a cluster-building toolkit (http://www.nzte.govt.nz/common/files/cluster-builders-toolkit.pdf).

The wide range of information available from both BIZ and NZTE can help SMEs to negotiate the many different regulations and policies that affect such enterprises. As well as looking through the material on the websites, people can ring or email with questions about their own business situation;

e.g. See *Foundations for Growth: A New Zealand guide to business improvement*, available from www.NZTE.govt.nz June 2005. The section at the end of this report lists many sources of information and assistance for businesses and potential businesses.

Occupational Safety and Health Service. The OSH website at www.OSH.dol.govt.nz provides information on managing health and safety, and about the requirements of the law on health and safety.

The **Ministry of Economic Development (MED)** work alongside groups such as NZTE and CEG. They have an interest in tourism as an instrument of economic development and get involved in initiatives to build local capacity. The MED has undertaken major regional initiatives and has developed the Regional Partnerships Programme, which is based on the premise that regional development requires local leadership, and a partnership between central government and the regions. A major regional initiative has recently started in East Cape with the aim of improving the profitability of Māori-owned farms in the area.

District councils also have information and economic development services available to people in their district. In Canterbury for example, the Canterbury Development Corporation Ltd (CDC) is actively working with companies in the field of collaboration and clustering, tertiary partnerships, workforce upskilling and attraction. The CDC is able to offer a full range of business support services to assist your transition into the Canterbury market (http://www.cdc.org.nz/main/businesscanterbury). Likewise in Whakatane and Gisborne, the Economic Development Unit of the district councils offers information on local economic conditions, training courses and links to groups that may help support new and developing businesses. For example in Gisborne there is a Māori business network – Te Aka Umanga o Te Tairāwhiti.

Iwi organisations are also a source of support for Māori wanting to start businesses. Ngāti Porou, for example, provides a website and considerable support for Ngāti Porou wanting to go into tourism in their area. They are opening a new information centre focused on Māori tourism businesses. Likewise the Ngāi Tahu Development Corporation provides support for Ngāi Tahu rūnanga business development.

Poutama Trust (http://www.poutama.co.nz) operates Te Putea Whanake Business Development Grants, which can help Māori businesses in three different ways: helping them get started, helping them train staff, and helping them to expand and grow.

Tourism New Zealand (TNZ) has made moves to improve its marketing of Māori tourism products including publication of the *Rough Guide to Māori New Zealand* in May 2004 and the development of a Māori tourism website.

The **Ministry of Tourism (TMT)** are continuing with research into Māori business development and demand for Māori tourism products. They also have programmes aimed at improving Māori business performance.

TIANZ The Tourism Industry Association of New Zealand: According to its website at www.TIANZ.org.nz, TIANZ helps their member tourism businesses in four main ways:

Industry Advocacy – this includes Government relations and media and industry relations.

Business Networking – providing forums for business and professional development (TRENZ, the New Zealand Tourism Conference and the New Zealand Tourism Awards) and vehicles to identify issues that impact on business and sector performance.

Industry Development Programmes – developing, coordinating or sourcing programmes for the industry that can contribute to improvements in business performance/results.

Membership Services – membership deals, newsletters and issues updates.

Recently (April 2007) a tourism business development tool became available to members called ‘Tourism in action: Resources for successful tourism businesses’.

Private Consultancies There are numerous business support organisations on the Internet that offer books and training programmes for businesses. Most of these, however, are aimed at established businesses and require significant resources for businesses to participate in the training on offer. Despite this, some of these consultants can help businesses on a one-to-one basis with mentoring, or with specific help in a particular area. This, for the first time, allows individuals in business to bring in help, which is gradually diminished over time as learning progresses and the learner becomes more confident as a practitioner.

There are many books written on the topic of how to start your own business or improve business performance and a good number of these pertain specifically to New Zealand. Some very good resources – both information sources and workbooks – are available from the NZTE website at www.NZTE.govt.nz

6.2 Local government

Local government is involved in economic development. A report commissioned by Local Government New Zealand & EDANZ (2003) found that 65% of local authorities reported having an economic development strategy and a further 6% were developing such a strategy. The greatest expenditure across all local authorities for economic development was on tourism, including regional tourism organisations (RTOs), tourism promotion, attractions and visitor centres. Another highly significant part of economic development expenditure was on business training, development and support in the local area.

6.3 National government

National Government provides support directly to businesses through the work of the Department of Labour, the Ministry of Tourism, and Te Puni Kōkiri. After 1984, the New Zealand government disestablished many of the schemes that were designed to support and assist SMEs, with the view that the market would respond to and provide for this need. This did not happen and, with growing unemployment, the government was forced to introduce measures to increase employment including encouraging the development of new SMEs. In 1999, BIZ was set up by Industry New Zealand (Massey 2004).

The refocusing of the Ministry of Commerce into the Ministry of Economic Development in 2000 (Schöllmann & Dalziel 2002) by the Labour-led government of the time provides some acknowledgement of the need for central government to provide support for regional economic development. The Ministry of Economic Development works less with individual businesses and more with local organisations and local government to try and foster regional alliances and cooperation between businesses.

6.4 Evaluating support programmes

Evaluation is discussed widely and many see it as a 'judgment stick' for measuring performance that is akin in some way to reward or punishment. This kind of evaluation is unproductive, however, and tends to push groups or individuals to cover up any problems they have, or to skip over both successes and failures uncritically. Evaluation can ideally be a powerful learning tool. From this perspective the ideal evaluation is to have an external facilitator helping a group assess their own understandings of what they are doing, and why they are doing it, before, during and after a project activity. The main aim of this kind of evaluation is mentoring and learning rather than auditing.

A search of the Internet indicates that if evaluation work is being done, very little of it is made available publicly to help others who are trying to achieve similar results. While there can be sensitivities associated with exposing the vulnerabilities of community groups who receive assistance, it would be helpful if government organisations could discuss difficulties and problems as well as successes. At the same time, evaluations of a number of different

community projects can yield very useful results (e.g. see Greenaway et al. 2003). While some funders may require a report from those they fund, there is relatively little work that builds understanding of (1) how and why providers set out to support businesses or communities in a particular way and (2) how different groups in a programme assessed the effectiveness of the intervention (and why they assessed it this way). This is changing, however, as some government departments move to use evaluation processes to learn about the effects of their programmes.

An added issue in New Zealand government departments at present is the relatively short time for which many employees stay in one position. Continual staff turnover and restructuring is another handicap to organisational learning and development and the point of evaluation in such circumstances becomes lost. A further influence on evaluation of government policies is the three-year electoral term. The shortness of this term means that policy makers in New Zealand are unable to invest in well-constructed, well-grounded evaluations (Massey 2004).

This diminished learning culture may also be linked to the observation that books on setting up business (e.g. Higham & Williams 2002) tend to highlight the difficulties and the likelihood of failure, whilst many of the newsletters of organisations such as Te Puni Kōkiri or the (now disbanded) Community Employment Group in the Department of Labour highlight successful projects – which can give the impression that setting up employment projects is relatively easy. Whatever the reason for this, any would-be business person who reads as a way of learning about business probably needs to negotiate the different approaches with some awareness of both the positive and negative aspects of going into business.

There are exceptions to this. The Ministry of Economic Development has documented the rationale (i.e. their theory of change; Weiss 1995 for its Regional Partnerships Programme, and has reviewed the programmes that have been running in 26 different regions around New Zealand (MED 2003). Likewise Te Puni Kōkiri released and evaluation of the Māori RTO initiative.

6.5 Evaluating training

Massey (2004) notes that it is common for governments internationally to provide training for small business owners, but that the causal link between training and business performance is difficult to prove. There is little well-articulated understanding of the pathways by which training affects business performance. Massey notes that it also appears that many businesses say that they do not conduct performance reviews but they do undertake training of some description (Knuckley et al 2002). In this situation, it is difficult to see how the firms themselves measure the return on their investment in training in any terms. She also notes that training is seen only in terms of the immediate functional needs of the business, rather than seeing business development as a long-term process of upskilling and learning.

6.6 Mentoring

Massey (2003) notes a shift in enterprise assistance from consultancy models, where the consultant provides advice to firms, through to ‘new wave consultants who use participatory approaches to working with clients rather than simply advising’; this mirrors work in extension and in education contexts (Allen et al. 2002b) and reflects new understandings of

the ways in which human beings put together or construct their understandings of the world. Information dissemination and knowledge building is not always a one-way process of travelling from generator to user. Instead every 'user' is a generator of knowledge of use in their specific context. Business clients work in highly complex social, cultural, historical, geographical, political and legal environments and therefore must generate highly specialised knowledge about that context. The only way to do this is to move away from advice based on a banking model of education, which assumes that information needs to be transferred from one head to the next, and to move to a more participatory model of working with a client to help them construct their way through the complexities in their particular set of circumstances.

This fits in with the concept of business mentoring where successful businesspeople work on a one-to-one basis with others in business to help them improve the performance of their business. Many different organisations offer business mentoring programmes and yet there appears to be very little research into the range of ways in which mentoring happens and the different types of work required depending on the circumstances of the mentored business.

7. Conclusions

Successful business development requires attention to a wide range of factors including those that are internal to the business and those that make up the business environment. Internal factors include things like, good accounting systems, or technical understanding of how to sell a product. External factors include such things as the policy, economic, social, cultural and even historical contexts in which the business sits. Some contexts appear to be much more difficult than others as backgrounds for successful business. This literature review suggests that it is particularly complex and difficult for rural Māori to develop business. Rural business people face many of the same issues that urban business people face and their rurality presents additional constraints. The fact that many urban businesses fail indicates that even in an urban setting, developing a business is not easy. In addition the cultural imperatives that many rural Māori face provide further challenges to be met.

Rurality confers many disadvantages from the point of view of starting up a business. In rural areas people may not have access to the same support, infrastructure and services available to urban dwellers. Rural people are increasingly required to provide their own infrastructure and services, or to manage without them as the organisations that provide them centralise around urban areas. These requirements add to the complexity of doing business in a rural area. Māori in rural areas are often in the position of carrying cultural tradition, and they often live in these areas because traditions matter to them. However, it is clear that the requirements of tradition can sometimes clash with the requirements of business so this is a tension that business people must manage.

Māori in rural areas are likely to be necessity entrepreneurs rather than opportunity entrepreneurs. One might suspect that people in rural areas might prefer to simply have a job rather than run a business. For necessity entrepreneurs, the business may not be their primary interest but may be required if they are going to live in the area and be independent of welfare. This means that a business may not have to be highly profitable for it to be

"successful." Success may in fact come from that business being able to fit around other activities and interests.

Entrepreneurs who identify as Māori, no matter where they live, have different characteristics to their non-Māori peers and their businesses and business models will reflect those differences. There is a small literature on the characteristics of Māori business and the role of cultural values in business practice. There are also definitional issues associated with what constitutes a Māori business. The lack of a standard definition makes it difficult to make 'hard and fast' statements about the differences between Māori business and non-Māori business. Frederick and Henry's (2004) work, however, does indicate differences in the characteristics valued by Māori entrepreneurs when compared with other non-Māori New Zealanders.

There is a wide range of skills and processes with which business people must concern themselves if they are to run a sustainable business in the long term. They need good business systems – legal, financial, production, marketing and human resource management. They need a good product which in turn requires an understanding of demand and of the nature of their markets. They need constructive linkages to other businesses who might supply them with customers or something needed for producing their products. While we do not expect to contribute to the literature aimed specifically at the business person on the ground, we do hope to shed light on the ways in which this information is used and the ways in which business people do and do not engage with this advice. These factors are crucial in understanding how best to support potential businesses, particularly as there is strong evidence that people going into business may not be aware of all the skills and knowledge that they need to administer a small business. Certainly the literature suggests that Māori often lack business skills, and access to role models who can provide some idea of what is needed for running a business.

An important observation is that many of the guide books for entrepreneurs highlight how difficult and complex it is to set up a business. In comparison the newsletters put out by organisations trying to foster development in New Zealand tend to emphasise good news stories and success, clearly as a means to encourage people to see business development as a possibility for them. This tension remains. It *is* difficult to start a business – there is a lot to learn and much to do, but equally it is feasible to do it if you are prepared to learn how and to put in the time.

The role of networks and relationships in business development is key. This may be relationships with other competitor businesses as well as with businesses that act as suppliers or who provide complementary products. There will also be relationships with staff within the business and between the business and the local community. All relationships whether 'strong' or 'weak' bring in information that can contribute towards the success of a business. Furthermore, in tourism, no one business provides the entire tourist experience. Transport operators must work with accommodation providers who must also work with people who provide attractions or activities. For some businesses in rural areas, success may result from the development and maintenance of good relationships with businesses who can bring in customers. For rural tourism businesses having good relationships and the support of the local community is important, because the community can have a significant effect on the experience of visitors to the area. Furthermore, businesses must learn when to compete and when to cooperate with others and how to use their relationships to good effect.

Business development is intrinsically linked with economic development. Economic development initiatives aim to set up the social conditions which provide good opportunities and support for business development. Furthermore entrepreneurialism and successful business occurs within environments characterised by high social capital. Thus, much economic development work in regional areas is aimed at drawing different groups together across a region. Thus, network and relationship building are seen as an important element of capacity development. However, much of the literature focuses on centres of some size and on getting them to work together with other centres in the region to develop their "critical mass" and pool their resources. This points to the difficulty faced by people living in isolated rural areas where there are only a few very small centres (of a few hundred people).

The need for good working relationships also points to the importance of community development as a feature of economic development in rural areas. For many small communities, the relationships within the community can be quite close however while people may come together when some kind of mututal adversity requires it, local rivalries and remembered family histories can sometimes make relationships less than constructive on a day to day basis. Similarly, small communities can lack good linkages out into wider regional and national networks – a factor of some importance when trying to develop business. Isolation will also make the job of building and maintaining networks out into the centres a relatively big one in terms of time and resources. To set the scene for successful businesses in rural areas it appears important to understand the socio-cultural linkages that exist and to find ways to test strategies for extending networks beyond what already exists.

A range of organisations from local councils to national level government and iwi organisations are involved in supporting economic and business development. The literature review indicates that the two are strongly linked and represent slight differences in focus. In business development much of the focus is on the individual entrepreneur and developing their skills whereas in economic development the focus is on developing the capacity of agencies and organisations that make up the businesses environment. Rural communities and individuals need to work on both of these aspects of development.

Business development is not a simple process at the best of times and for people living in rural areas it is likely to be even more complex and to require a range of capacity building activities both at individual and community level. The complexity of business development is highlighted by the amount of work that has been completed in rural development and the number of questions that remain about how to do it well and consistently across different communities. Challenges are often compounded by a lack of resources and few support structures. Our work is unlikely to uncover any kind of "magic bullet", however, it appears that there may be some profit in beginning at "flaxroots" to understand capacity building at the level of individual businesses in rural areas.

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