

Whakapapa Investment Philosophy:

A Māori Way of Thinking About Investment

By

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A thesis

submitted to the Victoria University of Wellington

in fulfilment of the requirements for

the degree of Doctor of Philosophy

January 2021

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ACKNOWLEDGEMENTS

Nā te kukune te pupuke

Nā te pupuke te hihiri

Nā te hihiri te mahara

Nā te mahara te manako

Nā te manako te wānanga

Nā te wānanga te mātau

Hui e, Taiki e

This thesis represents the collective efforts of so many people, that to try and name them all would not be wise in case I forget someone, and so I say a collective thank you to all. However, there are some people who warrant a special mention.

To my wife Sarah, thank you for allowing me to undertake this journey. There have been many days and nights where you were on your own whilst I was writing. Thank you for your understanding, sacrifice, support and aroha. To my children, Roimata and her fiancée John, Ben and his partner Phoebe, thanks for your aroha and support on the journey. I love you all so much.

To my siblings, Dean, Vicki, Derek, Jason and Tina and their whānau, thank you for your enduring support and aroha, particularly over the last 12 months with Mum's death. I love you guys.

To everyone at Te Kawa-a- Māui, past and present, thank you all for your support and aroha over the last eight years, through my Bachelors, then honours and finally my PhD. To Victoria University, thank you for the doctoral scholarship. To the faculty of Graduate research, the various courses that are organised for PhD students were invaluable, thank you. A big mihi to the Pro Vice-Chancellor Māori, Professor Rawinia Higgins for your support over the course of this journey. Thanks to Dr Hiria McRae and Mai ki Poneke for their support, encouragement and whanaungatanga. The PhD journey can at times be a lonely one but knowing that you are part of a collective that met regularly to work and socialise was invaluable.

To my primary supervisor, Dr Mike Ross, thank you for your calmness, positivity, wisdom, gentle prodding and enduring encouragement throughout this journey. Nō reira e te rangatira e Mike, ngā

mihi nui ki a koe. To my other supervisor, Dr Maria Bargh, thank you for intellectual honesty, drive, guidance and support over the last eight years. You guided me through my honours and now PhD. I will be eternally grateful. Nō reira e te ahorangi tūhono e Maria, ngā mihi aroha ki a koe. To Dr Pala Molisa who guided me as a supervisor through the early stages of the journey, thank you for your inspiration, enthusiasm, and generosity of spirit.

Finally, to the participants of the three case study organisations who agreed to be interviewed for the purposes of the research. Thank you for sharing your reality, experiences, and aspirations for your people. It was an honour and a privilege to be privy to your knowledge and wisdom.

DEDICATION

This thesis is dedicated to Edwina Josephine Tunui.

My Mother.

21 July 1944 – 5 April 2020

ABSTRACT

Māori investment organisations are an influential component of the Māori economy, and yet little is known or written about them and how they function. The thesis will examine three Māori investment organisations and explore their investment philosophy, the elements they consider in their investment decision-making, their decision-making style, and the influence tikanga Māori has in the investment decision. My thesis focusses on Māori investment organisations which invest and manage collectively owned assets for the benefit of Māori people.

The thesis will offer a unique view of Māori investment practices through a whakapapa lens. Each of the three case studies draws on a combination of elements, and highlights areas where a whakapapa investment philosophy is at work. The thesis also discusses a decision-making style that is consistent with a whakapapa investment philosophy.

Kaupapa Māori research is the overarching research methodology used and is combined with inductive and qualitative grounded theory methods. A collective case study approach is used to provide insights into a particular phenomenon occurring within the chosen organisations and to identify the emergence of ideas amongst current practices. The thesis focuses on three investment organisations, Ngāti Whātua Ōrākei, Wakatū Incorporation and Poutama Trust.

A whakapapa investment philosophy privileges a Māori worldview and offers Māori investment organisations another way to think about investing that considers their history, relationships, knowledge, tikanga, behaviours, and aspirations alongside financial, economic, social and environmental elements. I suggest it will enhance our knowledge of the elements that influence Māori investment organisations, and enhance their ability to provide for their people to live well.

Glossary

Ahi kā	keep the home fires burning; title to land through continuous occupation
Aroha	caring; love; compassion; empathy
Āronga	worldview; tradition-based worldview
Atua	deity; guardian
Auahatanga	innovation; creativity
Hākari	feast
Hapū	sub-tribe; groups of whānau
Heke	migration
Iwi	tribe; groups of hapū
Iwitanga	tribalism
Kai	food
Kai moana	sea food
Kaitiakitanga	guardianship
Kanohi kitea	being seen or in attendance; visibility
Kanohi ki te kanohi	face to face; in person
Karakia	prayer
Karanga	calling
Kaumātua	elders
Kaupapa	purpose; plan; agenda; foundation
Koha	gift(s)
Kōhanga reo	language nest
Koro	grandfather
Kotahitanga	unity; solidarity
Kōwhaiwhai	ornamental patterns
Kuia	female elder(s)
Mamae	pain
Mana	prestige; reputation; power; influence
Manaakitanga	support; hospitality; mana enhancing; kindness

Mana moana	exercise authority over ancestral seas and waterways
Mana motuhake	autonomy; control; self determination; separate identity
Mana taurite	equity; equality; balance
Mana tangata	exercise of authority over people
Mana wāhine	the authority of women
Mana whenua	exercise authority over ancestral lands
Manuhiri	visitors; guests
Marae	area in front of wharenuī; meeting place for whānau, hapū and iwi
Mātāpono	principles; values
Mātauranga	knowledge
Mātauranga Māori	Māori knowledge
Mihi	greetings
Mihimihi	welcome
Mihi whakatau	speech of welcome
Mōhiotanga	ideas; advice; information; experiences
Muka	flax fibre
Muru	ritual compensation
Pā	fortified village
Paepae	orators bench
Pākehā	European
Papatūānuku	earth mother
Pātaka	food storage house
Pono	truthful; honest; open; accountable
Pūtea	money; capital
Ranga	weave
Rangatira	a person of high ranking; of noble status
Rangatiratanga	self-determination
Ranginui	Sky father
Taiao	environment
Tangi	bereavement; mourning; funeral
Tangata heke	people of the migration

Tangata whenua	People of the land; indigenous peoples
Taonga	prized possessions;
Taonga tuku iho	prized possessions handed down from earlier generations
Tapu	sacred
Taurekareka	slaves
Te Ao Māori	Māori world
Te Ao Mārama	the world of light
Te Kawa-a-Māui	Māori Studies Department, Victoria University, Wellington
Te Pō	the world of darkness
Te Reo Māori	Māori language
Te taha tinana	physical well-being, tangible
Te taha wairua	spiritual well-being, intangible
Tika	correct; right; appropriate
Tikanga	principles, beliefs, values, practices, processes, policies, actions, methods, customs, desired behaviours
Tupuna	Ancestor
Tūturu	genuine; authentic; honest; open
Ūkaipōtanga	the place where you were nurtured
Utu	reciprocity; balance; cost; price
Waiata	song
Wairuatanga	spirituality
Waka taua	war canoe
Wānanga	discussion
Whakairo	carving
Whakapapa	genealogy; relationships; technique, tool, connections; obligations
Whānau	family
Whanaungatanga	kinship
Wharehau	Meeting house
Whare tipuna	Ancestral house
Whare Wānanga	Center for higher learning
Whenua	land; physical

1 Chapter 1 - Introduction

My journey to a PhD in Māori studies began in 2011 at Te Kawa-a-Māui with an aspiration to contribute to a better future for Māori. Qualifications and work experience in the military, accounting, finance and investment industries both in New Zealand and overseas have provided me with experience and skills that are beneficial to Māori investment organisations. To make a meaningful contribution, I wanted to understand and contribute to the discussion occurring around the table in either te reo (Māori language) or English, and therefore I studied te reo first. To inform my work, I also needed to understand from a whakapapa perspective the history, injustices and struggle that Māori have endured.

My whakapapa in terms of genealogy, connections and relationships informs the lens through which I have conducted and view this research. My lens has evolved as a result of my life journey, experiences, endeavours and is in a constant state of becoming. These experiences coupled with my exposure to te ao Māori continue to evolve throughout the course of my life, and so my lens is one that is unique to me, and one which informed the way I have approached this research.

1.1 Locating the Researcher

1.1.1 Parents

I whakapapa to Ngāti Awa, Te Arawa and Ngāti Māhino through my father, and to Samoa through my mother. My father was born and raised in the rural township of Whakatāne in the Eastern Bay of Plenty and te reo Māori was his first language. My mother was born in Apia, Samoa, and was raised in Fa'a Samoa or the Samoan culture, and Samoan was her first language. Sadly, neither of my parents spoke their first language to me or my siblings as we were growing up, because they believed that to enable their children to advance educationally, only English should be spoken in the home. My parents were both raised in the Roman Catholic faith, with my father attending Hato Pētera (St Peters Māori Boys College) in Auckland. My first exposure to things Māori was in an urban setting through attending a Catholic church where Māori mass was celebrated once a month in te reo and hymns and waiata were sung. A hākari would follow after church and whakawhanaungatanga (making connections) occurred. It was one of the few occasions that I would hear my father speaking Māori.

1.1.2 Whānau

When I was eight years old my father decided it was time to meet his whānau (family). My brother and I were sent to Whakatāne to stay with my Koro (grandfather) on his farm on the outskirts of Whakatāne. I met many of my father's 15 siblings for the first time and my Koro, who did not speak

much English. My grandmother had died two years prior to my birth in 1960, at the age of 48. The memories of that visit remain with me to this day; they were my first impressions of being part of a large whānau, and what it meant to be part of an extended whānau. John Rangihau describes kinship as ‘the warmth of being bound together as a family’¹. On that first visit, I certainly felt the warmth of the whānau. I learnt my first haka during that stay, along with my many cousins, all of a similar age. That visit gave me a glimpse into the world and humble rural surroundings my father had grown up around in terms of whakapapa (relationships), whanaungatanga (kinship), aroha (caring) and manaakitanga (support).

1.1.3 Urban upbringing

I grew up in the Auckland suburb of Glen Innes amongst a Māori and Pacific Island community. It was a new state housing area largely comprised of lower socio-economic working-class families. Both my parents attended secondary school in Aotearoa, but left with no formal qualifications after three years. They entered the workforce in their teens, to be employed by the New Zealand Post Office, where they would work their entire careers. They were determined to ensure their children received a good education. I attended Tāmaki College, a co-educational state secondary school of 1600 students. The expectations of teachers of the educational achievement of students (both Māori and Pākehā) were extremely low, and for many young Māori their futures had already been determined by a school system that expected little of them. I considered myself fortunate to attain University Entrance before leaving college. I acknowledge the achievements of four of my five siblings who went on to obtain degrees. The youngest sibling of our whānau decided that University was not for her.

1.1.4 Career

I joined the Royal New Zealand Navy (RNZN) in 1980 at age 18. I was the only Māori out of about 60 trainee naval officer cadets at the officers’ training school in Devonport that year. It was a conservative environment that challenged me culturally and politically. I found myself working with Māori who were much older than me and who had been in the Navy for many years but who were required to call me ‘sir’. The other officer cadets, who were all Pākehā, were not a group with whom I would naturally associate. In 1987, I resigned my commission to attend the University of Auckland, graduating with a BCom in financial accounting in 1990, and I subsequently qualified as a chartered accountant. Over the next 22 years I worked for international accounting firm Ernst & Young in

¹ John Rangihau, ‘Being Māori’, in Michael King, ed., *Te Ao Hurihuri: The World Moves On*, Wellington, Hick Smith & Sons Ltd, 1975, p.222.

Auckland; two foreign banks, in the Cook Islands and Singapore; and ASB Bank and Westpac NZ Limited in Auckland.

1.1.5 Māori/non-Māori dichotomy

The initial assumption I brought to the thesis about the Māori/non-Māori dichotomy in relation to investment philosophies was that tikanga Māori could provide a point of difference for Māori investment relative to other investment philosophies in Aotearoa. My own personal experiences with a small number of Māori investment organisations highlighted little consideration or discussion of tikanga Māori and a greater focus on financial and economic elements in their investment decision-making. However, as an investment practitioner I was aware that Māori investment organisations were evolving and beginning to use and customise tikanga Māori to their particular context and situation. Whilst the application of tikanga Māori is increasing, I was unable to clearly identify amongst the three case studies a Māori investment philosophy that was wholly distinct from other investment philosophies. During the course of the thesis I found that my initial assumption that tikanga Māori could make a difference still held and the identification and articulation of a whakapapa investment philosophy further strengthened that assumption. Up until recently, one of the reasons for the absence of tikanga Māori in an investment context could be found in the literature relating to indigenous identity and essentialism.

Averil Bell argues that the practices of exclusion and domination are common forms of essentialism that are used to limit the capabilities of indigenous peoples through the exclusion of their knowledge systems and the dominance of settler knowledge systems². This exclusion has led to indigenous knowledge systems not being able to offer a counter-archive to the colonial archive of settler knowledge systems that are a source of domination³. One response by indigenous peoples to these practices of exclusion and domination has been the employment of an anti-essentialist political tactic known as strategic essentialism⁴. This is where nationalities, minority groups and ethnic groups have come together to represent themselves to further the recognition of their rights on the basis of shared political or cultural identity even though there may be strong differences that exist between these groups⁵. This tactic of coming together has been used to achieve certain goals such as equal rights or

² Averil Bell, *Relating Indigenous and Settler Identities: Beyond Domination*, United Kingdom, Palgrave Macmillan, 2014, p. 117.

³ *ibid.*, p.120.

⁴ *ibid.*, p.116.

⁵ *ibid.*, p.116.

anti-globalisation. Whilst essentialism in the form of cultural authenticity may provide a point of difference, more importantly it enables indigenous peoples to claim and protect an autonomous space where indigenous peoples can judge what is appropriate rather than settlers⁶. I suggest that a whakapapa investment philosophy is more than an investment philosophy where it can be seen as a form of resistance, and more importantly it can be seen as a form of tino rangatiratanga that identifies and articulates phenomenon that influence Māori investment decision-making.

A whakapapa investment philosophy helped make sense of the phenomenon that had been identified, articulated and analysed from the case study interviews. It also provided me personally with information that helped make sense of the intuitive or instinctive approach to investing that I had felt residing within me (and other Māori investment professionals) but which I had not been able to articulate previously. It provides a site, space and voice in an investment context for Māori investment organisations in Aotearoa where a Māori worldview and the use of tikanga Māori can be privileged. Its concept of time, use of te Reo Māori and emphasis on relational thinking to both people and place provide a diverse range of elements for consideration in the management of collectively owned assets for the benefit of Māori. There may be an investment philosophy that contains all of these elements for the benefit of Māori, but I have not yet been successful in finding it.

1.1.6 Māori Business

In 2008, I became involved in the Māori commercial environment in an investment advisory capacity with Poutama Trust and in 2010, was appointed a trustee, and in 2020 was appointed Chair. In 2012, I was appointed a director of Ngāti Awa Group Holdings Limited and Ngāti Māhino Assets Limited. In 2016, I was elected on to Te Rūnanga o Ngāti Awa (Ngāti Awa tribal council), and in 2017, was appointed as an independent member to chair the finance audit and risk committee of Te Whare Wānanga o Awanuiāraangi. In 2020, I was appointed to the Council of Te Whare Wānanga o Awanuiāraangi (Ngāti Awa's institution of higher learning) as a Ngāti Awa representative.

I bring to this research my culture, knowledge and experience, which will influence my approach, but which I will seek to temper through an appropriate methodological approach and attendant research methods. My industry experience, networks and academic endeavours enable me to provide a unique lens to this research, a combination of practice and theory. The intention is to add new information, provide new insights and suggest new theory to the field of Māori investment philosophies and practices that will be useful for the academy and industry.

⁶ *ibid.*, p. 120.

1.2 Māori Society and its Economy

Māori have always understood the important relationship between economic development and achieving well-being for their people⁷. In his seminal research on the nineteenth century Māori economy, Firth argued that the social structure of a Māori community largely determined its economic organisation⁸. At that time, tikanga Māori underpinned Māori society and its worldview, which drove an inclusive approach to economic activities where social, cultural, environmental, financial and economic elements⁹ were considered¹⁰. Firth's research found that this economic approach produced little poverty or homelessness, there were few unemployed desiring work so as to live, and it was a society that cared for all its people, whether they were rangatira (chiefs) or taurekareka (slaves)¹¹. Firth's theory confirmed that Māori had developed their own approach that worked for them. This was contrary to Grosse's more popular theory (1896) which argued that mainstream economic structures largely determined societal group organisations¹². It was Grosse's model which the settlers introduced upon their arrival, and which eventually became dominant in Aotearoa.

In 2018, the value of the Māori asset base was estimated to be \$50 billion¹³. Whilst media attention tends to focus largely on iwi post-settlement governance entities (PSGE's) whose asset base is estimated to be \$9.2 billion of the \$50 billion Māori asset base, the bulk of the asset base, some \$40.8 billion, is managed by non-iwi entities at an individual, whānau or hapū level¹⁴. However, numbers

⁷ Lynette Carter, Rawinia Kamau, Mereana Barrett, *Te Pae Tawhiti Māori Economic Development Programme: Literature Review and Programme Report*, Auckland, Ngā Pae O Te Māramatanga, 2011.

⁸ Raymond Firth, *Economics of the New Zealand Māori*, Wellington, Government Printer, 1959, p.140.

⁹ Elements are defined as a component or constituent of a whole. In this thesis the definition includes tikanga, themes that emerged from the case study analysis, as well as social, cultural, political, environmental and financial and economic elements.

¹⁰ Hirini Moko Mead, *Tikanga Māori: Living by Māori Values*, Revised Edition., Wellington, Huia Publishers, 2003, p.7; Hazel Petrie, *Chiefs of Industry: Māori Enterprise in Early Colonial New Zealand*, Auckland, Auckland University Press, 2006, p.12.

¹¹ Firth, p.493.

¹² *ibid.*, p.140.

¹³ New Zealand Foreign Affairs and Trade, *Te Ōhanga Māori: The Māori Economy*, Wellington, 2018.

¹⁴ TDB Advisory, *Iwi Investment Report*, Wellington, 2019.

only tell part of the story, and despite what appears to be a growing Māori asset base and economy, there are social indicators that reflect a reality for Māori that is disturbing. Māori are disproportionately represented in a number of social indicators such as poor health, child poverty, low educational achievement, high suicide rates, high incarceration rates and high levels of inequality¹⁵.

Firth's theory would suggest that changes in Māori economic organisation were caused by shifts in circumstances for Māori society that had occurred since the early nineteenth century, such as land loss, the denigration of tikanga Māori, the move from collective to individual efforts, and urbanisation. The changes to Māori economic organisation likely led to further decline in Māori society to the extent that at one stage, it was thought that Māori would become an extinct people. This prompted the quote from Dr Isaac Featherston in 1856 that it was the duty of Europeans to 'smooth down the dying pillow of the Māori race'¹⁶. Lynette Carter, in her PhD thesis on 'whakapapa and the state', argues that the introduction of individualised title to land disrupted the principles of whakapapa that had been employed by Māori to maintain social cohesiveness, management of resources and alliances between groups¹⁷. Whakapapa as defined by Carter is fundamentally about relationships and connections, and suggests that everyone and everything is connected and has a relationship¹⁸.

The present-day situation shows the Māori economy and its asset base is continuing to grow financially and economically, whilst at the same time there are socio-economic disparities where certain sectors of the Māori community are under stress and experiencing social turmoil. Can Māori expect an improvement in their social situation if they maintain the status quo? Will Māori investment organisations follow Grosse's model of hierarchy or move towards Firth's ideas of a more equitable model that sees wealth distributed more evenly across the community? I suggest that up until 10 years ago it was largely the former. However, today this research suggests that Māori investment

¹⁵ Ministry of Justice, *2018 Report on Suicides*, Wellington; United Nations International Children's Education Fund, *2017 Report on Teen Suicides*, New York; Otago University, *2018 Child Poverty Monitor Report*, Dunedin. Statistics New Zealand, *2013 Census*, Wellington.

¹⁶ Te Ara – The Encyclopedia of New Zealand, <https://teara.govt.nz/en/taupori-Māori-Māori-population-change/page-2>

¹⁷ Lynette Joy Carter, 'Whakapapa and the State: Some Case Studies in the Impact of Central Government on Traditionally Organised Māori Groups', PhD thesis, University of Auckland, 2003, p.20.

¹⁸ Tania Ka'ai, and Rawinia Higgins, 'Te Ao Māori - Māori Worldview', in Tania Ka'ai, John Moorfield, Michael Reilly, Sharon Mosley, eds, *Ki Te Whaiao: An Introduction to Māori Culture and Society*, Auckland, Pearson Education, 2004, p.13.

organisations are becoming economically and culturally confident and competent, and this, coupled with the insistence of beneficiaries and shareholders, is creating change that reflects an appetite to apply tikanga Māori more intentionally in investment decision-making.

Māori society at different points in time has been in situations where it was thriving, declining, or rebuilding. Rather than thinking about it in those terms, I suggest that Māori society and culture are constantly changing and responding to their current and future situations and is in a constant state of becoming.

When reference is made to a Māori investment organisation in the thesis, I define it as one that is owned and controlled by Māori, and invests and/or manages collectively owned assets for the benefit of its members, shareholders or beneficiaries, and has a Māori kaupapa (purpose/agenda), and which utilises the following entities or structures: an asset holding company of an iwi; a Māori incorporation or an Ahuwhenua trust or a Whānau trust (established under the Te Ture Whenua Māori Act 1993); or a company or limited partnership. The list is not exhaustive but attempts to highlight some of the different organisations that I currently consider to be Māori investment organisations.

Shareholders and beneficiaries of Māori investment organisations have been expressing concerns for some time now that their businesses have become too corporatised. One such concern is around the narrow focus on financial and economic elements, which creates a risk of organisations losing their ‘Māori-ness’, when it is that ‘Māori-ness’ that is at the core of Māori economic development¹⁹. In their 2015 research report on ‘critical success factors for Māori economic development’, Smith et al found that the four iwi who participated in the research viewed the Māori economy and economic self-development strategies as a means to transform their current condition of high and disproportionate levels of social and cultural under-development²⁰. Māori want to have a society that is thriving and at the same time have an economy that is successful.

There are people within Aotearoa who express a view that Māori with their new-found economic wealth (claimed to derive from Treaty settlements) should be doing more for themselves by using these resources to assist their people. However, this view ignores the Crown’s Treaty obligations to Māori, including under Article 3 to impart to them all the rights and privileges of British subjects. Māori are taxpayers as well and are entitled to social services just as any other taxpayer expects. Barrett and

¹⁹ Carter et al, 2011, p.15.

²⁰ Graham Hingaroa Smith, Rawiri Tinirau, Anne Marie Gillies and Virginia Warriner, *He Mangopare Amohia: Critical Success Factors for Māori Economic Development*, Whakatane, Te Whare Wānanga O Awanuiārangi, 2015, p.131.

Stone argue that there is an acceptance by 'Western citizens' of the right to welfare, which leads to the conclusion that there is a link between social rights and citizen rights²¹.

1.3 Māori Investment

Investment is a vital component of Māori economic development that connects with and relates to the social, cultural, political and environmental elements of Māori society. Reamer and Downing in their book, *A History of Investment* define investment as 'a commitment of resources to derive a future benefit'²². In this thesis I define Māori investment as 'a commitment of taonga (lands, forests, fisheries, prized possessions) and pūtea (money or capital), that honours past generations, and which ensures the long-term survival and well-being of current and future generations.' Honouring past generations means acknowledging their contributions which has brought the organisation to where it is today.

Māori investment decision-making has not received close attention by Māori researchers within the academy and this thesis sets out to address a gap in the literature relating to Māori investment decision-making and the elements that Māori investment organisations consider in their investment decisions and the role(s) of tikanga Māori in the decision.

This thesis will examine the investment decision-making of three Māori investment organisations to understand what elements they consider in the investment decision. This requires an examination and discussion of the investment philosophies and decision-making styles of the three case study organisations and the influence that these can have on the investment decision.

The three case study organisations are Ngāti Whātua Ōrākei Trust Board, which is a post-settlement governance entity (PSGE) of a hapū of Ngāti Whātua located in Tāmaki Makaurau. The business of their investment organisation is largely commercial and residential property development. Wakatū Incorporation is located in Nelson and their business is a diverse food and beverages undertaking as well as residential and commercial property development. The final case study is Poutama Trust, a Māori business development trust located in Rotorua. It is a charitable trust, established by a deed of trust, and its investment business is a capital investment portfolio of listed and unlisted funds.

²¹ Mark Barrett and Kim Stone, 'The Treaty of Waitangi and Social Policy', *Social Policy Journal of New Zealand: Te Puna Whakaaro*, Issue 11, 1998, p.4.

²² Norton Reamer and Jesse Downing, *Investment: A History*, New York, Columbia University Press, 2016, p.2.

Devlin in his 2006 study into Māori business suggests that issues of culture and ethnicity are largely irrelevant and in fact hinder success in business²³. This type of thinking does resonate with some Māori who believe that business and tikanga should not be mixed and should be kept separate. This is a view held by many kaumātua and kuia of my father's generation, who were physically punished by teachers for speaking te reo at school and were made to leave their tikanga outside the classroom door²⁴. This is an example of what was happening across New Zealand society, and Māori were battered into believing it was true in education, health and business. The marginalisation of te reo and tikanga Māori by the Crown was a situation that became the status quo. Linda Smith states that within many indigenous communities there is a very deep conservatism and a reluctance to oppose the status quo²⁵. This conservative view has receded somewhat, as evidenced in each of the case studies, as cultural and commercial capability has developed within their respective organisations. Agents of change or suggestions of alternative approaches that included the consideration of tikanga were previously regarded with suspicion²⁶.

Today, there is much research that argues that the inclusion of tikanga is beneficial for Māori business²⁷. In each of the case studies, I discuss the tikanga they promote across their organisations and consider in their investment decision-making. Carter et al suggest that Māori need to harness the full energy of the emerging Māori economy to the full benefit of Māori by including consideration of social, cultural and environmental elements²⁸.

As a professional director and trustee, I provide advice at a governance level to a small number of Māori investment organisations. Difficult questions have arisen amongst trustees, directors and beneficiaries that lead to boardroom debates about the application, consideration and influence of tikanga in investment decision-making processes of these organisations. In one of the case study organisations, tikanga is used in some of its daily activities, which could be described as non-

²³ Martin Devlin, 'Ethnicity in business: The case of New Zealand Māori', in *Public Policy and Ethnicity: The Politics of Ethnic Boundary Making*, London, Palgrave Macmillan, 2006, p 82.

²⁴ Hirini-Moko Mead, interview, 2017.

²⁵ Linda Smith, *Decolonising Methodologies: Research and Indigenous Peoples*, 2nd ed., London, Zed Books, 2012, p.217.

²⁶ *ibid.*, p.217.

²⁷ Smith et al, p.69; Māori Economic Development Panel, *He Kai Kei Aku Ringa*, Ministry of Business, Innovation and Employment and Te Puni Kōkiri, Wellington, 2012, p.2.

²⁸ Carter et al, p.6.

investment activities such as karakia at beginning and end of a hui, mihi whakatau (welcome) for clients, manaakitanga (hospitality) to visitors. However, when making an investment decision, only financial and economic elements are considered. This thesis will provide some insights from the three case studies of the influence that decision-making styles, decision-makers, investment philosophies and tikanga can have on the investment decision.

I highlight in each of the case studies a point in time when decision-makers began to focus more on cultural and social elements alongside the financial and economic elements. Some of the change has been driven by shareholder demands, by the immediate social needs of whānau and, by having a strong financial foundation. As each case study adopts a more holistic approach, their investment philosophies enable them to realise social and cultural goals in addition to financial and economic goals. These will be discussed in each of the case study chapters.

1.4 Whakapapa Conceptual Framework

This thesis draws upon Ani Mikaere's research into whakapapa, and her development of a whakapapa conceptual framework. The conceptual framework expands the notion of whakapapa beyond its more common association with genealogy. It forms the core of a framework that enables Māori to make sense of the world around them²⁹. Mikaere suggests that it allows Māori to explain where they have come from, envisage where they are going, think about how they should behave towards one another, understand how they fit into the world, shape the way they think about themselves, and shape the way they think about issues and challenges they encounter on a daily basis³⁰.

As I was approaching the end of the first iteration of each case study analysis, I began to realise that some of the themes and elements that had emerged from the case studies resonated with Mikaere's whakapapa conceptual framework and helped make sense of their emergence. I then examined the framework further to see how it might translate to an investment paradigm. Reviewing some of the emerging themes and elements through a whakapapa lens helped to explain their presence. Doherty

²⁹ Ani Mikaere, *Colonising Myths, Māori Realities*, Wellington, Huia Publishers, 2011, p. 286.

³⁰ *ibid.*, p.286.

posits that whakapapa knowledge is Māori logic³¹. Tākino refers to whakapapa as the ability to activate, to bring into being, to create active foundations and intensified touches of life experience³².

Having identified a number of common themes and elements across the three case studies and reviewing them in relation to the whakapapa conceptual framework, I named and described the phenomena as a whakapapa investment philosophy. I suggest that a whakapapa investment philosophy is grounded within a Māori worldview and provides Māori with a unique investment philosophy that recognises their past and where they have come from, draws on their investment whakapapa, helps to develop investment behaviours that ensure the long-term survival of their people both spiritually and physically, contemplates new investment challenges and imagines new investment pathways into the future³³. I further suggest that each of the case study organisations exhibits investment practices and behaviours of a whakapapa investment philosophy alongside other investment philosophies that are employed and which I will discuss in the case study chapters.

1.5 Thesis Overview

In chapter one, I suggest that Māori investment decision-making has received little attention from researchers, and that this thesis seeks to address a gap in the literature relating to the over-arching subject of Māori investment by researching three Māori investment organisations to understand the elements they consider in their investment decision-making and the role(s) that tikanga has in that process. I also discuss Ani Mikaere's whakapapa conceptual framework and draw from this to identify a whakapapa investment philosophy. Higgins and Ka'ai state that Māori are not homogenous; they do not all think the same way or do things the same way³⁴. A whakapapa investment philosophy is just one Māori way of thinking about investing; it is not the only Māori way of thinking about investing. I suggest that Māori investment organisations are becoming more intentional in developing an investment philosophy that considers their history, values, location, situation, relationships, aspirations and which allows them to behave as Māori.

³¹ Wiremu Doherty, 'Raranga Framework – He Raranga Kaupapa', Unpublished paper in *Conversations on Mātauranga Māori*, Wellington, New Zealand Qualifications Authority, 2012, p.51.

³² Ngaroona Tākino, 'Academics and the Politics of Reclamation', *Proceedings of Te Ōru Rangahau: Māori Research and Development Conference*, Te Pūtahi-ā-Toi: School of Māori Studies, Massey University, 7-9th July 1998.

³³ Mikaere, p.304.

³⁴ Ka'ai and Higgins, p.23.

Chapter two discusses Whatarangi Winiata's kaupapa-tikanga framework that evolves from an Āronga (Māori worldview) and how that worldview influences and informs the world in which Māori live. Mikaere's whakapapa conceptual framework is also examined and discussed in detail to show how it serves as the basis for the identification of a whakapapa investment philosophy. I also discuss and background the tikanga that each case study has adopted, which I then discuss and apply in an investment context in each of the case study chapters. This chapter acknowledges that Māori have a worldview with values that drive practices and behaviours that enable cultural, social, environmental, political, financial and economic well-being.

Chapter three discusses and examines Māori investment and identifies the existence of an investment philosophy that I describe as a whakapapa investment philosophy, which draws from Ani Mikaere's whakapapa conceptual framework. A whakapapa investment philosophy allows Māori investment organisations to develop investment strategies that consider and reflect their investment whakapapa of the past and present as well as future investment intentions. Investment organisations will not rely on one investment philosophy and will usually employ more than one investment philosophy to achieve diversity and to mitigate risk. Non-Māori investment philosophies are also discussed on the basis that some of these philosophies are used by each of the case study organisations in their current investment practices. I outline the four enterprise groupings that Te Puni Kōkiri characterises for Māori businesses and discuss their contribution to the Māori economy. I suggest that Māori investment organisations operate across all four enterprise groupings. I conclude with a discussion on some of the challenges that Māori investment organisations face and how these may influence investment decisions.

Chapter four discusses the theory of decision-making and reviews three decision-making styles described as rational, intuitive and a hybrid rational-intuitive style. I discuss each of these styles because I have identified their use by each of the case studies. There are elements that influence and contribute to the decision-making style used by each case study that I review and discuss. These elements include the historical decision-making style of the organisation; the entity type, the structure of the organisation and basis for representation, and board composition and diversity. I also discuss the concept of a new decision-making style that emerged from the case study analysis that resonates with Mikaere's whakapapa conceptual framework.

Chapter five provides the rationale for adopting a kaupapa Māori methodological approach combined with a qualitative grounded theory approach, which also incorporated a case study approach along with the qualitative Nvivo software analysis programme to help address the research question and achieve the research objectives. A discussion of case study selection and participant selection also

occurs in this chapter. I also outline some of the issues as a researcher that I encountered on the journey and some of the accommodations required to complete the research.

Chapter six concerns the first of the three case studies. This chapter features Wakatū Incorporation. Aspects of Wakatū's history are discussed to provide context around the evolution of the people of Te Tau Ihu. I look at its genesis as a Māori incorporation and its current corporate structures, as well as some of the challenges and struggles it has had to overcome. I suggest that there are a number of elements that influence Wakatū's investment decision-making that are inherent in a whakapapa investment philosophy. The whakapapa elements that emerged for Wakatū reflect the unique whakapapa, history, relationships, context and values that guide its investment decision-making. I also discuss other elements that influence Wakatū's investment decision-making, which are essentially the quantitative, financial and economic elements that I describe as non-whakapapa elements. I conclude that the elements that influence Wakatū's investment decision-making are a combination of both whakapapa and non-whakapapa elements.

Chapter seven presents the second case study, of Ngāti Whātua Ōrākei. It discusses important aspects of Ngāti Whātua Ōrākei's history to provide context around how and why they view the world as they do and the influence their context and worldview has on their investment decision-making. The demand for land by the Crown and settler community in the nineteenth century almost led to Ngāti Whātua Ōrākei's total economic and cultural devastation. Ironically, the demand for land, property and housing in Tāmaki still remains strong today, but Ngāti Whātua Ōrākei have been able to position themselves so that they now find themselves benefitting from the same natural attributes and attractions of Tāmaki that almost led to their downfall in the past. A discussion of the whakapapa and non-whakapapa elements that influence Ngāti Whātua Ōrākei's investment decision-making follows. I suggest that Ngāti Whātua Ōrākei considers in its investment decision-making a combination of whakapapa and non-whakapapa elements.

Chapter eight reviews Poutama's history, how and why it was established, how and why they view the world as they do and examines the influence these factors have on its investment decision-making. It discusses the whakapapa and the non-whakapapa elements that influence Poutama's investment decision-making. In this chapter I suggest that the elements that influence Poutama's investment decision-making are unique to its business purpose and context as a Māori business development trust. I also highlight common elements/themes as well as differences across the three case studies in their investment decision-making.

Chapter nine concludes with a summary of the thesis about how a discussion of tikanga Māori and investment theory led to the identification of a whakapapa investment philosophy. How it was

important to examine the decision-makers themselves as individuals and as a collective, and the environment within which they make decisions and the style of decision-making. How the case studies indicated that tikanga had been selected to guide their people to achieve their organisational objectives, and how their organisations were inherently or intuitively adopting a whakapapa investment philosophy. A whakapapa investment philosophy may not suit all Māori investment organisations, and that is okay as well. This chapter also discusses some of the limitations of the research as well as further areas for future research around Māori investment decision-making.

2 Chapter 2 - Tikanga

2.1 Introduction

Tikanga Māori generates discussion and debate amongst Māori and non-Māori around its practice, who can alter, adapt, maintain and interpret them, and its relevance within contemporary Māori society. Tikanga are defined and interpreted in different ways by Māori. Sometimes the term tikanga is used when referring to values, beliefs, customary concepts or practices³⁵. Tā (Sir) Hirini Moko-Mead, an eminent Māori scholar and expert in tikanga, posits that when tikanga are referred to as customary concepts, then the focus is on a set of ideas, values or beliefs at a conceptual level that is carried in the minds of the people³⁶.

Tikanga Māori has also been described as a Māori way of doing things based on Māori values and beliefs. They are dynamic because Māori choose to behave and practise according to a set of tikanga (principles, values, philosophies) across time and context³⁷. It is people who practise them, abide by them, are guided by them; who change them, adapt them and maintain them. Judge Eddie Durie states that Māori adhered to principles not rules, which enabled change but ensured that cultural integrity was maintained³⁸. Tikanga are not immune to potential misuse by Māori when used by either individuals and/or collectives.

Mead suggests that tikanga are underpinned by a knowledge base (mātauranga Māori) that consists of ideas, interpretations and modifications that have been compiled by generations of Māori³⁹. Mātauranga Māori may change and adapt as it is handed down from generation to generation. Mead states that tikanga are aspirational and that their practice may not always be the perfect expression of their underlying values⁴⁰. Therefore the meaning of tikanga is interchangeable and can be described as a set of values, principles and beliefs and/or practices, policies, processes and behaviours. For the purposes of this thesis, I will use this description of tikanga as it is similar to the interpretation of tikanga adopted by each of the case study organisations and one that is commonly understood amongst most Māori.

³⁵ Mead, 2003, p.25.

³⁶ *ibid.*, p.6.

³⁷ *ibid.*, p.14.

³⁸ Edward Durie, Custom Law, Treaty Research Series, Wellington, Treaty of Waitangi Research Unit, 1994, p.8.

³⁹ Mead, 2003, p.13.

⁴⁰ *ibid.*, p.18.

Throughout the thesis I use the term ‘tradition-based’ rather than ‘traditional’. Lynette Carter describes ‘tradition-based’ society as one whose knowledge base is not static but has the capacity to evolve further as new challenges present themselves⁴¹. Tradition-based seeks to differentiate itself from ‘traditional’, where tradition is interpreted as timeless and unchangeable⁴². When discussing a Māori worldview and Māori society in this thesis, I will be referring to a tradition-based view rather than a traditional view.

In this chapter I discuss tikanga that influence the investment decision-making of each case study organisation. From the case study interviews certain themes emerged around the influences on the investment decision-making of the organisations. These themes reflect the whakapapa of each case study organisation. Bishop John Paterson suggests that tikanga is not simply about how Māori behave, but rather it is something within Māori that makes them behave the way they do⁴³. I argue that the themes that emerged from the case studies provide a more nuanced insight into why each of the case studies behave the way they do in relation to investment decision-making. I discuss Winiata’s kaupapa-tikanga framework to show where tikanga are located in a Māori worldview.

2.2 Kaupapa-Tikanga Framework

Professor Whatarangi Winiata suggests that when tikanga are referred to as practices, processes or policies; they are a practical expression or application of kaupapa (values, beliefs and principles)⁴⁴. It is in the practical application of tikanga where differences start to emerge, whether they be at a regional, tribal or hapū level or indeed within a business context at an organisational level. I use Te Ati Awa as an example of the difference in the way a pōwhiri can be conducted. In their rohe Te Ati Awa undertake the harirū (shaking of hands) and hongī (pressing of noses) before the whaikōrero (speeches), whereas most other tribes will conduct the harirū and hongī after the whaikōrero.

Winiata argues that while values do not change over time, the application or practice by Māori of these values do adapt and change over time in response to changes in the environment or the context

⁴¹ Carter, p. XV.

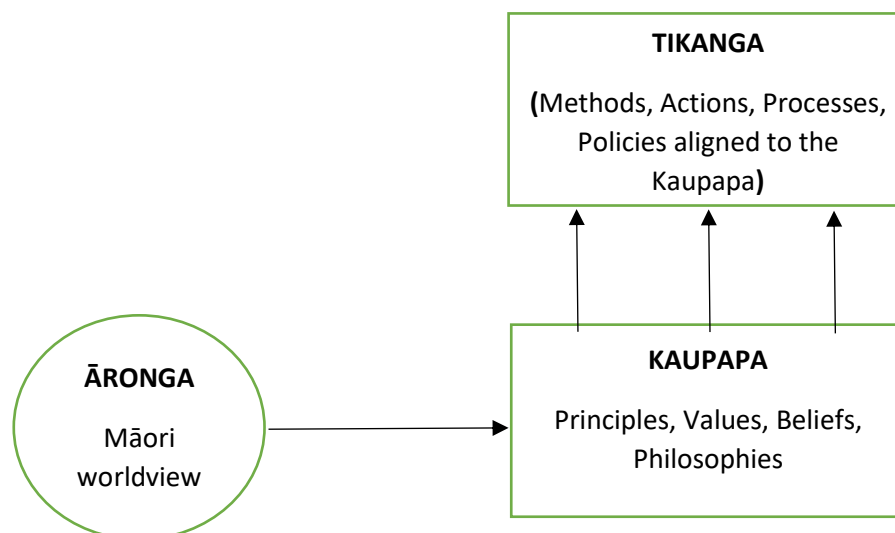
⁴² Alan Sillitoe, Alan Bicker, Johan Pottier, *Participating in Development: Approach to Indigenous Knowledge*, 2002, p.109, cited in Carter et al, 2011, p.19.

⁴³ John Paterson, *Exploring Māori Values*, Wellington, Dunmore Publishing, 1992, p.103.

⁴⁴ Whatarangi Winiata, ‘Building Māori Futures on Kaupapa Tuku Iho’, Unpublished paper presented at Kei Tua o Te Pae Proceedings: Changing Worlds Changing Tikanga, Educating History and the Future, Ōtaki, Te Wānanga o Raukawa, 2012, p.14.

of the organisation⁴⁵. However, I suggest that Māori values can be interpreted differently by organisations to reflect their context and will provide evidence of this later in the chapter. In this thesis I highlight the use of tikanga in the case studies through its application as both principles and values as well as practices, actions, processes, methods and policies that were discussed and/or identified through the research. The framework at diagram 1 was designed for Te Wānanga o Raukawa and acknowledges an Āronga (Māori worldview) that possesses Kaupapa that have been passed down by tīpuna and manifest themselves as tikanga⁴⁶. Winiata considers that where a person's worldview is dominated by financial and economic, health, social, legal or educational matters, then their tikanga is likely to be shaped accordingly⁴⁷. This demonstrates not only the adaptability of tikanga, but also the desire of many Māori to work and behave according to tikanga Māori by incorporating tikanga into their professions and making tikanga Māori relevant, thereby enhancing its prospects of survival.

Diagram 1 – Kaupapa-Tikanga Framework



⁴⁵ *ibid.*, p.14.

⁴⁶ *ibid.*, p.14.

⁴⁷ *ibid.*, p.14.

2.2.1 Āronga (Māori worldview)

A worldview shapes, influences and informs one's experiences of the world around them and serves as the basis for thoughts and actions⁴⁸. Kawagley argues that 'a worldview enables its possessors to identify themselves as a unique people'⁴⁹.

A Māori worldview is predicated on the belief that all things, human and non-human, such as animals, plants, whenua (land), moana (sea) and the environment, are connected to each other and ultimately to the atua (deity)⁵⁰. The connection or whakapapa to the atua is derived from Māori creation stories⁵¹. The essence of the story is that Tāne separates his parents by forcing his father Ranginui (sky father) upwards and away from his mother Papatūānuku (earth mother). This allowed light to flow between his parents thereby creating Te Ao Mārama (the world of light), which released Tāne and his siblings out from under Te Pō (the world of darkness)⁵². The world of light is also described as the world of reality and the dwelling place of humans⁵³. The creation stories contain themes and attitudes that have shaped a Māori worldview. Mikaere posits that there are five significant themes that emerge from the creation stories to frame the Māori worldview seen at diagram 2⁵⁴: (i) the co-existence of spiritual and physical realms; (ii) the significance of time; (iii) mātauranga Māori – safeguarding, maintenance and development of knowledge; (iv) utu – keeping relationships in a state of balance and reciprocity; and (v) whakapapa – connections through kinship and relationships. Rangihau describes kinship as 'the warmth of being together as a family, drawing strength from being together'⁵⁵.

⁴⁸ James Anderson, *What's Your Worldview: An Interactive Approach to Life's Big Questions, Part 2*, Illinois, Crossway Publishers, 2014, p 2.

⁴⁹ Oscar Kawagley, *Yupiaq Worldview: A pathway to Ecology and Spirit*, Illinois, Waveland Press Inc, cited in Mikaere, 2011, p.307.

⁵⁰ Mikaere, p.313; Ka'ai and Higgins, p.14.

⁵¹ Cleve Barlow, *Tikanga Whakaaro: Key Concepts in Māori Culture*, Auckland, Oxford University Press, 1991, p.11.

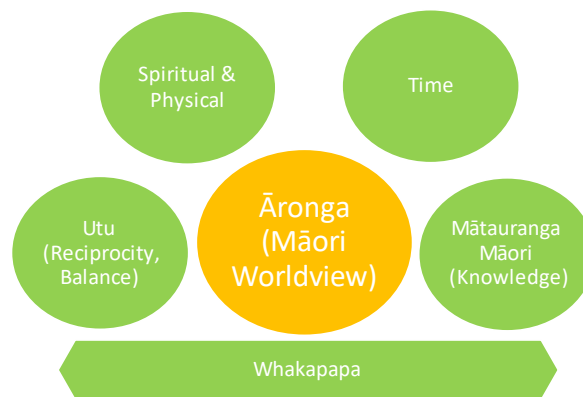
⁵² Margaret Orbell, *Māori Myth and Legend*, Christchurch, Canterbury University Press, 1995, p.133.

⁵³ Ranginui Walker, *Ka Whawhai Tonu Mātou: Struggle Without End*, Auckland, Penguin Group, 1990, p.49.

⁵⁴ Mikaere, p.313.

⁵⁵ Rangihau, p.222.

Diagram 2 – Five Themes From The Creation Stories That Frame an Āronga (Māori Worldview)



An understanding of a Māori worldview will provide some insights and lay the foundation for later discussion in the thesis on an investment philosophy and a decision-making style that are premised on Mikaere’s whakapapa conceptual framework.

2.2.1.1 Utu or Reciprocity

The first theme from the creation stories is utu or reciprocity. It deals with the concept of balance, where restoration and the maintenance of relationships amongst people, and between people and living things is an imperative. This notion of balance is an important concept within an Āronga and is an aspirational state. The Waitangi Tribunal states, ‘reciprocity is used in the pursuit of balance’, or ‘in the way of kinship, every action demands an equal and opposite reaction in order to maintain balance and peace’⁵⁶. Barlow describes utu as a form of social accounting, in terms of recording wrongdoings and the mitigating actions required to restore balance, as well as keeping a record of gift exchanges

⁵⁶ Waitangi Tribunal (WAI 262), *Ko Aotearoa Tēnei: A Report into Claims Concerning New Zealand Law and Policy Affecting Māori Culture and Identity* (Flora and Fauna), Wellington, Legislation Direct, 2011. p.37

between parties⁵⁷. Utu manifests itself in both positive conduct through hospitality and generosity, and negative conduct through punishment and retribution⁵⁸.

Utu is also described as a measure of value in social relations in the ritual of gift exchange. This is where an initial gift is given by one party to another, which then establishes a reciprocal obligation⁵⁹. The recipient of the initial gift is then obliged to respond at some stage in the future with a gift of equal or greater significance or value. Utu was also a measure of value for payment or compensation or price in trade transactions⁶⁰.

Within an investment decision-making context, the value and concept of utu may manifest itself in the pursuit of balance. Within an investment decision, tensions will arise amongst the social, cultural, environmental, political, financial and economic elements when competing for priority of resources. These five elements are interconnected and achieving utu or balance can be quite challenging for decision-makers. Sometimes balance across all five elements may not be achievable and balance then becomes more of an aspiration rather than a reality. Another way that utu may manifest itself in investment decision-making is the price or measure of value that an organisation is willing to pay for an investment.

2.2.1.2 Spiritual and Physical Realms

The second theme relates to the spiritual and physical realms where a Māori worldview acknowledges that these co-exist naturally alongside each other. An example of this is Papatūānuku, who is simultaneously an atua (earth god), a tūpuna (ancestor) and whenua (physical)⁶¹. Higgins and Ka'ai argue that te taha wairua (spiritual side) and te taha tinana (physical side) are interconnected through a whakapapa, which brings to life the beliefs, practices and rituals of tikanga Māori⁶². Dame Joan

⁵⁷ Cleve Barlow, *Tikanga Whakaaro: Key Concepts in Māori Culture*, Auckland, Oxford University Press, 1991, cited in Michael Ross, 'He iwi rangatira anō tātou nei i mua. Kia pai te whakahaere i ngā tikanga mō te iwi. Kia mangu ki waho kia mā i roto. An investigation into the guiding principles and stabilising processes of mana tapu, utu and rūnanga in Waikato-Tainui', PhD Thesis, Auckland University of Technology, 2015, p.28.

⁵⁸ Mead, 2003, p.31; Joe Williams, 'He Aha Te Tikanga Māori?' Unpublished paper presented to Mai i te Ata Haapara – A conference on the principles, influence and relevance of tikanga Māori, Wellington, 2000. p.13.

⁵⁹ *ibid.*, p.13.

⁶⁰ Firth, p. 413.

⁶¹ Mikaere, p.318.

⁶² Ka'ai and Higgins, p.13.

Metge describes an example of co-existence: during her career as a schoolteacher, when she looked at a Māori pupil, she saw not only the child in front of her but also the line of ancestors that stood behind him or her⁶³. Marsden argues that this co-existence is testimony that a Māori worldview is a holistic one that is inclusive of the spiritual, physical and social worlds⁶⁴. Patterson argues that if one is to try and understand a Māori worldview, then the spiritual dimensions must be included and taken seriously⁶⁵.

Within a Māori business context, there are elements of investment decision-making that are explicitly articulated in written documents and could be interpreted as te taha tinana (physical manifestation). There is also te taha wairua (spirituality) evident in the use of tikanga within Māori businesses through karakia (prayer), mihihihi (welcomes), manaakitanga (hospitality) and kaitiakitanga (guardianship). I advocate that a whakapapa investment philosophy acknowledges that te taha wairua can have an influence in the investment decision-making process. Just what that influence might be is perhaps difficult to articulate or quantify, but in private conversations with colleagues, they have expressed a desire to make significant decisions within their wharenui or where tipuna in the presence of their ancestors and they have had the feeling of their ancestors guiding them as well as participating in the decision.

2.2.1.3 Time

The third theme of significance within a Māori worldview is time. Mikaere posits that a Māori tradition-based conceptualisation of time is indistinct in that the past, the present and the future merge in a timeless cycle of repetition and reinforcement⁶⁶. She argues that the creation story is not fixed in the past but is re-enacted daily in various ways, for example through the birth of a child. There are rituals, such as tangi, which acknowledge those who have passed on but who remain spiritually in the present time. The present or current situation can only be fully understood and appreciated when

⁶³ Mikaere, p.319.

⁶⁴ Māori Marsden, 'God, Man and Universe: A Māori View', in Michael King, ed., *Te Ao Hurihuri: The World Moves On*, Wellington, Hicks Smith & Sons Ltd, 1975, p.215.

⁶⁵ Patterson, p.99.

⁶⁶ Mikaere, p.320.

one is aware of the preceding events and relationships⁶⁷. In other words, an understanding of the past helps to contextualise the present.

Ceremonial rituals, such as tangi, reflect a notion of time that is event driven rather than clock driven. During a tangi, people will arrive throughout the day and will wait (sometimes for hours) to be welcomed on to the marae. Lo and Houkamu argue that the important point here is allowing enough time to complete the event in the right way and not on time⁶⁸. They further argue that Māori culture tends to prefer flexibility around the time needs of the collective, who are event driven, rather than the time needs of the individual, who is usually clock driven.

Time is an important concept within investment decision-making where long-term investment decisions are positively correlated with higher financial returns over time. This point will be discussed in each of the case studies. Whilst some of the case studies advocate or aspire to a long-term investment horizon, reality does not always reflect aspirations.

There is another aspect of time that is relevant: the length of time it can take to make a decision. A whakapapa investment philosophy would suggest that it can take time to arrive at a decision, particularly when it has long-term implications. An interviewee in one of the case studies suggested that decision-making underpinned by tikanga Māori produces decisions that become timeless and remain relevant for a long time.

2.2.1.4 Mātauranga Māori

The fourth theme that emerged from the creation stories is mātauranga Māori (Māori knowledge). It is the base that contains the accumulated knowledge of generations of Māori and is described by Mead as 'part of the intellectual property of Māori'⁶⁹. Successive generations will add to, reinterpret,

⁶⁷ Kevin Lo and Carla Houkamu, 'Exploring the Cultural Origins of Differences of Time Orientation between European New Zealanders and Māori', *New Zealand Journal of Human Resource Management, Spring Issue*, 12, 3, (2012), p.116.

⁶⁸ *ibid.*, p.114.

⁶⁹ Mead, 2003, p.13.

reconstruct, resurrect, modify or refine this knowledge to reflect their current context⁷⁰. Oakeshott refers to the refinement of knowledge as a 'conversation that is carried on with each generation'⁷¹.

Winiata posits that Māori devised a technique called whakapapa that made it possible for them to accumulate unlimited amounts of information or mātauranga Māori⁷². He refers to whakapapa being used as a means of explaining phenomena such as the creation stories and the development of all things in te ao Māori.

There will be mātauranga Māori that relates to or is associated with investment decision-making for a Māori investment organisation. It could be the particular values or practices of the organisation that require consideration in the investment process; it could be mātauranga Māori around environmental standards or sustainable practices for farming or forestry businesses; or it could be mātauranga about the lands and waterways that influence investment decisions relating to them. All of this mātauranga relating to investment decision-making will have been accumulated over time and will be viewed as a whakapapa of the investment decision-making of an organisation. I posit in the investment chapter that whakapapa can be used as a tool to guide Māori investment organisations in their investment decision-making.

2.2.1.5 Whakapapa

The fifth and final theme from the creation stories is that of whakapapa, which I now discuss in some detail. Pakake Winiata in his 2002 paper, 'Guiding Kaupapa of Te Wānanga o Raukawa', suggests that the foundation of a Māori worldview is whakapapa as depicted in diagram 2 above⁷³. His literal definition of whakapapa is to make or move towards papa (the ground), in other words, grounding oneself.

Mikaere posits that Māori have inherited a worldview from their tīpuna which lies at the heart of what makes them unique in how they view the world⁷⁴. She goes on to suggest that whakapapa as the foundation of a Māori worldview embodies a comprehensive conceptual framework that allows Māori

⁷⁰ *ibid.*, p.306.

⁷¹ Michael Oakeshott, *Rationalism in Politics and Other Essays*, Indianapolis, IA, Liberty Press, 1969, p.489, cited in Carter et al, p.20.

⁷² Whatarangi Winiata, 'The Reconciliation of Kawanatanga and Tino Rangatiratanga', Unpublished paper presented to Rua Rautau Lecture, Ōtaki, 2005, cited in Mikaere, p. 286.

⁷³ Pakake Winiata, *Guiding Kaupapa of Te Wānanga o Raukawa*, Ōtaki, 2002, p.10.

⁷⁴ Mikaere, p.308.

to make sense of the world around them⁷⁵. A whakapapa conceptual framework as depicted in diagram 3 recognises the significance of time which allows Māori to:

- answer crucial questions about the past and where we have come from and where we fit in the universe;
- be guided by precedent from mātauranga Māori in dealing with current issues;
- formulate a code of behaviour that best ensures long-term survival, both physical and spiritual;
- apply our minds to new challenges and envisage new pathways into the future.

Diagram 3 – Whakapapa Conceptual Framework



I suggest that a whakapapa conceptual framework enables and allows Māori to develop an investment philosophy and a decision-making style that is tika (appropriate) for their people and their organisation. I discuss in detail later in the investment chapter what a whakapapa investment philosophy might entail as well as what a whakapapa decision-making style contains, and discuss these in relation to each of the case studies. Having discussed the five themes that emerged from the creation stories and how they relate to investment decision-making, I explore the concept of

⁷⁵ Mikaere, p.286.

whakapapa further by discussing some of its key attributes and how they relate to a whakapapa investment philosophy.

2.3 Whakapapa

2.3.1 Kinship

Barlow describes whakapapa as the layering of one thing upon another, or to lay one generation upon the one before it⁷⁶. This description can be compared to genealogy and is an important component of identity within Māori society⁷⁷. One of the fundamental aspects to understanding a Māori worldview identified by Higgins and Ka'ai is the kinship structure of whānau (family), hapū (sub-tribe or groups of whānau), and iwi (tribe or groups of hapū)⁷⁸. These kinship terms also carry deeper meanings in relation to the human body, where whānau means to give birth, hapū means to be pregnant, and iwi means bone. Tait describes Māori societal structure as complex: in one sense it extends horizontally across whānau, hapū and iwi, and then in another it extends vertically back over previous generations⁷⁹.

A whakapapa investment philosophy acknowledges the importance of kinship relationships and a responsibility to whānau, hapū and iwi. Kinship relationships feature in two of the case studies, where one is an iwi organisation and another is a Māori incorporation whose founding members were originally four iwi that agreed to consolidate their lands. In both of these case studies a high-level objective is the enhancement of the well-being of their people. Each case study emphasises the importance of regular and meaningful consultation with members of the tribe or owners in the incorporation.

2.3.2 Relationships

Another important characteristic of whakapapa is its relationship attributes. There are numerous relationships which extend from the atua to whānau, hapū, iwi and the taiao (environment). This connectedness between everything and everyone highlights the importance of decisions that are made because they have an impact on all to which they are connected or related. Moana Jackson

⁷⁶ Barlow, p.173.

⁷⁷ Mead, 2003, p.42.

⁷⁸ Ka'ai and Higgins, p.14.

⁷⁹ Pā Henare Tait, *He Puna Iti i te Ao Mārama: A Little Spring in the World of Light*, Auckland, Libro International, 2012, p.52.

posits that whakapapa provides not only an explanation of how we have come to be but also guidance around how life should be lived⁸⁰.

From a whakapapa perspective, business decisions will likely have social, cultural and environmental impacts on relationships because of this interconnectedness. These decisions will also have short and/or long-term implications for current and future generations. Mikaere states⁸¹: ‘Whakapapa operates as a kind of lens, determining the way in which we view the world.’

The importance of relationships for Māori also applies to the business environment. There will be due diligence done around personal attributes to determine trustworthiness, reputation, integrity and respect before getting to the business aspects of the relationship. If these aspects can be satisfied, then a business relationship will follow. This approach will be discussed in each of the case study chapters.

2.3.3 Whakapapa – Eco-system

In a wider sense, whakapapa can be viewed as a conceptual framework through which issues can be considered with the collective memory of past generations⁸². Looking back at the struggles te reo has faced, it has a whakapapa that traces its history from colonisation through to the ongoing attempts today by Māori to look after and revitalise its use. If we look back at the struggles in the nineteenth century Māori had with the Crown over land alienation, each iwi, hapū or grouping have a whakapapa to land that influences contemporary thinking in relation to land investment. These two examples suggest that obligation is an important component of a whakapapa framework⁸³. Obligations arise not just because Māori ‘want’ to revitalise te reo or recoup whenua, but rather because they feel ‘compelled’ to do so⁸⁴.

Moana Jackson describes whakapapa in a broader sense as a series of never-ending beginnings⁸⁵. These can relate to birth and new life, but they also relate to new interactions that occur between people and the environment. Within business new relationships are being developed all the time, or

⁸⁰ Mikaere, p.289.

⁸¹ *ibid.*, p.291.

⁸² *ibid.*, p.295.

⁸³ *ibid.*, p.290.

⁸⁴ *ibid.*, p.290.

⁸⁵ Moana Jackson, ‘Mā te Rongo te Waka Ka Rere: Exploring a Kaupapa Māori Organisational Framework’, Unpublished paper presented at Conference, Te Wānanga o Raukawa, Ōtaki, 3-4 November, 2006.

new business structures or strategies are being implemented, or new products and services are being imagined and realised; hence, a series of never-ending beginnings.

A whakapapa framework recognises connectedness where decisions relating to the Māori economy must also explore the implications of those decisions in relation to cultural, social, political and environmental issues. Carter posits that this interconnectedness encourages an inclusive attitude which leads to alliances for specific purposes that can be beneficial to all concerned⁸⁶. For investment decision-makers, adopting a whakapapa investment philosophy would likely require the consideration of cultural, social, political, environmental, financial and economic elements. There are key tikanga that drive practices and behaviours within a whakapapa conceptual framework such as whanaungatanga (kinship), rangatiratanga (self-determination), kaitiakitanga (guardianship), and manaakitanga (hospitality)⁸⁷.

A survey was conducted of the websites of 21 randomly selected Māori organisations to ascertain the values that each highlight as important, which were then compared to those that the case study organisations consider key. I list below ten values that were most commonly highlighted by the 21 organisations;

- Manaakitanga – highlighted by 11 organisations.
- Rangatiratanga – highlighted by nine organisations.
- Kaitiakitanga and Whanaungatanga – highlighted by eight organisations.
- Kotahitanga and Iwitanga – highlighted by six organisations.
- Wairuatanga – highlighted by five organisations.
- Aroha – highlighted by four organisations.
- Tikanga – highlighted by three organisations.
- Kanohi kitea and Ūkaipōtanga – highlighted by two organisations.
- Mana – highlighted by one organisation.

A similar comparison was done amongst the three case studies to find out which values were most commonly highlighted. The results are as follows:

- Whanaungatanga and Rangatiratanga – highlighted by three organisations.

⁸⁶ Carter, p.109.

⁸⁷ Peter Mataira, 'Ngā Kai Arahī Tuitui Māori, Māori Entrepreneurship: The Articulation of Leadership and the dual constituency arrangements associated with Māori enterprise in a capitalist economy', PhD thesis, Massey University, Auckland, 2000, p.32; Carter, p.9.

- Kaitiakitanga and Manaakitanga – highlighted by two organisations.
- Kotahitanga, Wairuatanga, Mana Taurite, Ahi Kā, Auahatanga, Pono, Mōhiotanga – highlighted by one organisation.

What does this tell us? The four most commonly highlighted values in the case studies – whanaungatanga, rangatiratanga, manaakitanga and kaitiakitanga – are the four most commonly highlighted values amongst the 21 surveyed Māori organisations. This suggests that these four values are core values for Māori organisations.

Angela Yates in her literature review of contemporary Māori business practices refers to a 2003 Lincoln University survey that derived a list of 10 values for Māori-centred tourism in Canterbury and identified a number of common values⁸⁸. Included amongst them were wairuatanga, whanaungatanga, kaitiakitanga, manaakitanga, tino rangatiratanga and kotahitanga. I discuss these core values and others that emerged from the case studies.

2.4 Whanaungatanga

If we examine the word whanaungatanga, the base word is ‘whānau’, which means family or birth. ‘Whanaunga’ means relative, kin, blood relation, and whanaungatanga is described as the act of being family, the act of honouring kinship rights and obligations, the act of managing or nurturing relationships and obligations whether they be kinship or non-kinship based⁸⁹. It is these acts that accord it the status of being a value that underpins the kinship or genealogical aspects of whakapapa⁹⁰.

Mead states that although a high value is placed on whanaungatanga and its obligations, the ideal manifestation of this value is aspirational and may be difficult to achieve⁹¹. Justice Joe Williams describes whanaungatanga and whakapapa as ‘the glue that held the Māori world together ... that remains the position today.’⁹² Williams goes on to posit that whanaungatanga emphasises the

⁸⁸ Angela Yates, *Contemporary Māori Business Practices: A Literature Review*, Massey University, 2009, p.7.

⁸⁹ Michael Ross, ‘He iwi rangatira anō tātou nei i mua. Kia pai te whakahaere i ngā tikanga mō te iwi. Kia mangu ki waho kia mā i roto. An investigation into the guiding principles and stabilising processes of mana tapu, utu and rūnanga in Waikato-Tainui’, PhD thesis, Auckland University of Technology, 2015, p.12; Patterson, p 87; Mead, 2003, p.28.

⁹⁰ Mead, 2003, p.28; Mikaere, p.109.

⁹¹ Mead, 2003, p.29.

⁹² Williams, 2000, p.9.

commonalities of whakapapa and interconnectedness between whānau, hapū and iwi. Its pervasiveness also makes it difficult for individuals to be excluded from the collective and therefore whanaungatanga underscores the inclusiveness of Māori values⁹³.

Winiata posits that whanaungatanga is knowing that you are part of a larger whole, the collective, whānau, hapū or iwi⁹⁴. It can be either kinship or non-kinship based, it is knowing that you are not alone and that there is a network who can assist, guide, support and direct when needed. Rangihau uses the word whanautanga and suggested that it can also mean that whenever a person is feeling lonely, he or she will go and visit some of their kin, and it is just as enjoyable for the kin to be visited as it is for the visitor⁹⁵. There is as much joy in giving as there is in receiving.

Whanaungatanga can manifest itself as a tikanga in the situation of tangihanga (a mourning process of death), where whānau are expected to provide help for the duration of the tangi through support in the kitchens, or out the front on the paepae (orators' bench). An associated principle is that of kanohi kitea (the notion of being seen at the tangi), which indicates that the bonds of whanaungatanga are strong⁹⁶.

The three case studies promote whanaungatanga as one of their values and each describes it slightly differently. To Ngāti Whātua Ōrākei it is 'to embrace and acknowledge the importance of whakapapa and relationships and how they bind the hapū'. To clarify the use of the word 'hapū', Ngāti Whātua Ōrākei are a hapū of Ngāti Whātua. The description acknowledges their context as a hapū and their kinship ties through whakapapa. They also acknowledge the broader application of whanaungatanga with relationships, especially where they may be relationships other than kinship.

In describing whanaungatanga, Wakatū say, 'we are a family organisation; we value our relationships'. As a Māori incorporation whose original founders were landowners from four different iwi, the relationship over time has merged and today they refer to themselves as a whānau. Relationships are also an important component of their organisation, a factor emphasised in their case study interviews. There will be kinship relationships amongst the owners, but these will be different to Ngāti Whātua Ōrākei, who have an eponymous ancestor from whom they all whakapapa.

⁹³ *ibid.*, p.10.

⁹⁴ Pakake Winiata, p.7.

⁹⁵ Rangihau, p.222.

⁹⁶ Mead, 2003, p.28.

Poutama describes whanaungatanga as ‘actively managing relationships to enhance our shared existence’. Poutama’s context differs from the other two case studies as it is not kinship based but is pan-Māori, as per its trust deed. The relationships referred to are with staff, clients, service providers, contractors, business partners, and political relationships. That they actively manage these suggests a proactive and deliberate approach to relationship maintenance and building.

2.5 Manaakitanga

Manaakitanga comes from the base word ‘manaaki’, which means to show respect or kindness to someone⁹⁷. Manaaki itself derives from two words, ‘mana’ and ‘aki’, which suggests an aspect of mana relating to generosity and caring for others⁹⁸. Manaakitanga is a value that underpins the relationship aspects of whakapapa and has been described as a demonstration or act towards others of generosity, care, kindness, protection and respect⁹⁹.

Mead stresses that no matter what the circumstances, expressing manaakitanga is always important¹⁰⁰. He cites the tikanga of muru (ritual of redistribution of property due to a wrong that has been committed). People who were wronged were given a meal and allowed to leave in peace with the acquired property. Even in acts of retribution the maintenance of manaakitanga was important.

Manaakitanga can manifest itself through tikanga in different ways, for instance, in the pōwhiri or welcoming ceremony on the marae, or when the formalities of the welcome have been completed, manuhiri (visitors) are provided with hospitality in the sharing of kai (food), which is sometimes accompanied by entertainment in the form of waiata (singing), during the meal¹⁰¹. Carter posits that manaakitanga also demonstrates aspects of resource management, in that managing resources well enables a group to exhibit generosity through hospitality¹⁰².

⁹⁷ H Williams, *A Dictionary of the Māori Language*, 7th ed., Wellington, A.R. Shearer, Government Printer, 1971.

⁹⁸ Edward Durie, ‘Ethics and Values in Māori Research’, Te Oru Rangahau Māori Research and Development Conference, Massey University, 1998, p.6; Carwyn Jones, *New Treaty New Tradition: Reconciling New Zealand and Māori Law*, Victoria University Press, Wellington, 2016, p.71.

⁹⁹ Ross, p.12; James Hudson, ‘Te Paewai O Te Rangi: A Framework for Measuring Iwi Outcomes’, PhD thesis, Massey University, 2014, p.161.

¹⁰⁰ Mead, 2003, p.29.

¹⁰¹ Petrie, 2006, p.6.

¹⁰² Carter, p.11.

Winiata describes manaakitanga as mana-enhancing behaviour towards each other¹⁰³. In relationships with others, one is aware of their mana and one's own mana and aspires to act in a mana-enhancing way through an expression of manaakitanga.

Two of the case studies promote manaakitanga as one of their values, although once again each has a slightly different description. Ngāti Whātua Ōrākei describe manaakitanga as 'the role as tangata whenua of Tāmaki will be positively reflected through our host responsibilities' and manifests itself through pōwhiri, hospitality, resource management, acts of generosity and kindness.

Wakatū describe manaakitanga as 'respecting, nurturing and supporting one another'. In this statement, according 'respect' to one another can be interpreted as reflecting mana-enhancing behaviour towards each other. 'Nurturing and supporting' can be interpreted as being treated in a kind and caring manner and being there for someone in times of need. 'For one another' is fairly broad and can be interpreted as relating to whānau, owners, staff, clients or potentially anyone with whom Wakatū has a relationship as an organisation.

2.6 Rangatiratanga

The root word of rangatiratanga is 'ranga', which means to weave, and 'tira' is a group of people who are travelling¹⁰⁴. Thus, the term 'rangatira' refers to a chief as a weaver of people. Therefore, rangatiratanga has been described as chieftainship, leadership, self-determination, sovereignty, authority and self-governance¹⁰⁵. It is the means by which a group exercises access to or manages the use of its resources. Rangatiratanga can be exercised in different ways over different things. For instance, the exercise of rangatiratanga over people is described as mana tangata, over land as mana whenua, and over water resources as mana moana¹⁰⁶.

Rangatiratanga is a value that is promoted by all three case study's and each has a slightly different description. Ngāti Whātua Ōrākei describes rangatiratanga as 'to live and practise positive leadership throughout the hapū'. Their description appears to focus more on the leadership aspects of rangatiratanga than the self-determination characteristics. Leadership appears to be a recurring theme in Ngāti Whātua Ōrākei's descriptions of its values.

¹⁰³ Pakake Winiata, p.6.

¹⁰⁴ Williams, 2000, p.12.

¹⁰⁵ Mead, 2003, p. 37; Carter, p.9.

¹⁰⁶ Carter, p.50.

Wakatū describes rangatiratanga by stating ‘we are courageous and in control of our destiny’. The latter is an important value for Wakatū as a consequence of the loss of control over their lands which have had perpetual leases attached to them for decades. Their aspiration is to one day take control over all their leasehold lands. The use of the word ‘courageous’ reflects their history of resettlement in Te Tau Ihu in the early nineteenth century. It also reflects their attitude to investment where they have entered ventures that were high risk but have endured and eventually succeeded.

Poutama describes rangatiratanga as ‘acting with chiefly authority and intent in the best interests of the collective that is whānau, hapū, iwi, community’. This reflects their status as a pan-Māori organisation whose responsibilities and accountabilities are to all Māori who are in business or who aspire to be in business.

2.7 Kaitiakitanga

Kaitiakitanga is derived from a root word which has several meanings but, in this context, ‘kai’ is a prefix to a verb that denotes an agent or actor. The word ‘tiaki’ means to guard, keep safe watch for or wait for; therefore ‘kaitiaki’ translates as a guardian or watchkeeper. Kaitiakitanga is a term that denotes the act of guardianship or stewardship¹⁰⁷.

Guardianship is over taonga tuku iho (prized possessions handed down) such as lands and waterways as well as other taonga that may have been acquired more recently, like businesses or commercial properties.

A common application of kaitiakitanga is in relation to the environment and the sustainable use of resources that ensures its preservation for future generations¹⁰⁸. There are several tikanga that reflect kaitiakitanga such as the tikanga of rahui. Rahui is the practice of placing restrictions on certain areas where an incident may have occurred which resulted in the death of a person¹⁰⁹, or where resources of a particular type have become depleted and which need to be quarantined for a period of time to allow regeneration to occur¹¹⁰.

¹⁰⁷ Williams, 2000, p.14; Williams, 1971.

¹⁰⁸ Rachel Selby, Pataka Moore and Malcolm Mulholland, *Māori and the Environment: Kaitiaki*, Wellington, Huia Publishers, p.1.

¹⁰⁹ Mead, 2003, p.195.

¹¹⁰ Williams, 2000, p.14; Mead, 2003, p.197.

Kaitiakitanga is promoted as a value by two of the case studies. Ngāti Whātua Ōrākei describe it as ‘to protect our people, lands, resources and taonga forever’. This is a reasonably general description that conveys an image of a protector or guardian.

Wakatū describe kaitiakitanga as the way ‘we manage our taonga responsibly and sustainably’. As an organisation with businesses that grow produce on the land and in the sea, the use of the words ‘manage’, ‘responsibly’ and ‘sustainably’ reflect this context.

The four values discussed above are core values for Māori organisations found in the investigation of the 21 Māori organisations discussed earlier. However, there are other values that the case study organisations promote, and I discuss these values briefly for completeness, as they need to be included in the discussion to understand what influence they have on investment decision-making.

2.8 Ngāti Whātua Ōrākei

In addition to whanaungatanga, manaakitanga, rangatiratanga and kaitiakitanga, there are four other values that Ngāti Whātua Ōrākei promote. The first is Mana Taurite, which is described as a value ‘to ensure hapū members have equal access to benefits and opportunities’. Mana taurite can also mean equal status, equality and equity¹¹¹. In this instance it has been applied to benefits and opportunities for hapū members. Taurite was a major theme of the 2014 Hui Taumata where Sir Mason Durie suggested that it could be used to accelerate Māori development towards 2040 through seeking balance across generations, iwi and whānau; balance across financial and economic, social, cultural and environmental priorities; and balance across iwi, local, national and global priorities¹¹².

The second value is Kotahitanga, which Ngāti Whātua Ōrākei defines as ‘to stand as one and work together’. It also means solidarity, developing and maintaining a unity of purpose, and collective action that avoids disharmony and division¹¹³. In this instance it implies a call for unity. Protest and resistance have been a visible part of Ngāti Whātua Ōrākei’s history with the occupation of Bastion Point in 1977, which caused a split within the tribe as some members did not support it. Kotahitanga emphasises the collective over the individual and ultimately solidarity eternally, even when there are strong disagreements internally.

The next value promoted by Ngāti Whātua Ōrākei is Ahi Kā, which they express as ‘to uphold the unique and important role that the Ōrākei papakāinga maintains across Tāmaki Makaurau’. Literally it

¹¹¹ Williams, 1971.

¹¹² Mason Durie, *Te Pae Roa 2040 Conference Summation*, at Massey University, Auckland, 2014.

¹¹³ Pakake Winiata, p.8.

can mean ‘burning fires of occupation’ or similarly, to keep the home fires burning, or continuous occupation, or title to land through occupation by a group¹¹⁴. This value reflects a period when they had to abandon their lands at Ōrākei temporarily in 1825 for about three years. During that time, they returned when they could and lit fires in accordance with the custom of ahi kā to signify to other Māori their continuing ownership and occupation of the land¹¹⁵.

The final value that Ngāti Whātua Ōrākei promotes is Wairuatanga, about which they affirm that ‘spirituality is a key component of our identity and wellbeing’. The literal meaning of ‘wairua’ is two waters, the physical and spiritual. Wairuatanga recognises that all aspects of the Māori world have a spiritual dimension. Mead asserts that wairua is bound to a specific human being for life and requires nourishment as regularly as the physical body does in terms of food¹¹⁶. Harris et al suggest that wairuatanga is the spiritual dimension of thinking, being and doing¹¹⁷. The well-being of their people is important to Ngāti Whātua Ōrākei and this can be evidenced in their investments in health services, a health insurance scheme and a social housing programme.

2.9 Wakatū Incorporation

Further to the values of whanaungatanga, manaakitanga, rangatiratanga and kaitiakitanga, Wakatū have the two additional values, of auahatanga and pono. To Wakatū, auahatanga is ‘we are innovative, adaptable and passionate about what we do’. Harris et al describe auahatanga as creativity, entrepreneurship, problem solving, learning, confronting challenges and adapting¹¹⁸. This value reflects Wakatū’s approach to investing in its people and its business investments. Its creation of a virtual wine company to validate its strategy was innovative. Its investment in its people through the creation of an associate director programme was also pioneering.

¹¹⁴ Firth, p.385; Anne Salmond, *Hui: A Study of Māori Ceremonial Gatherings*, Wellington, A.H. & A.W. Reed Ltd, 1975, p.60.

¹¹⁵ Waitangi Tribunal (WAI 9), *Report of the Waitangi Tribunal on the Ōrākei Claim*, Wellington, The Waitangi Tribunal Department of Justice, 1987, p. 19.

¹¹⁶ Mead, 2003, p.55.

¹¹⁷ Fleur Harris, Sonja McFarlane, Angus McFarlane, Matt Jolly, ‘Māori Values in the Workplace: Investing in Diversity’, *Mai Journal*, 5, 1, (2016), p.51.

¹¹⁸ *ibid.*, p.51.

Its final value, pono, is described as being ‘honest, open and accountable’. Mead describes pono as being true to the principles of Māori culture¹¹⁹. He also offers tūturu as a substitute term to pono, which means staunch or genuine to the principles of Māoritanga¹²⁰. For Wakatū, this value of pono would apply to its relationships with all its stakeholders and perhaps stems from the Crown’s dishonesty in failing to reserve a tenth of the lands sold to the New Zealand Company. This value is also important as the basis for Wakatū in its desire to create long-term relationships.

2.10 Poutama Trust

Along with the values of the whanaungatanga and rangatiratanga, Poutama promotes the further value of mōhiotanga, which they describe as the ‘sharing of information, advice, ideas and experiences’. This value reflects an important part of Poutama’s service where they contribute to Māori business through collaboration, facilitating industry clusters, connecting Māori businesses to government agencies that can assist with research and development, and through trade funding and regulatory advice.

2.11 Business tensions with Tikanga

Whilst much of what I have discussed has suggested that tikanga Māori can have positive impacts for Māori and their businesses, they can also raise issues and create difficulties. Yates suggests that Māori values and beliefs can both mobilise and inhibit business development¹²¹. Frederick and Henry posit that tensions can arise between tradition-based models of leadership and models of leadership in the business world, where tribal leaders may struggle to exercise their authority in the boardroom¹²². It has been my personal experience, that when tribal leaders sit at the commercial table, they are not there to exert their authority, their views are sought by commercial directors around what the people would think of the investment as opposed to the financial and economic aspects of the investment. They also found that members of the younger generation may find it difficult to respect elders who struggle to

¹¹⁹ Mead, 2003, p.26.

¹²⁰ *ibid.*, p.26.

¹²¹ Yates, p.12.

¹²² Howard Frederick and Ella Henry, ‘Innovation and Entrepreneurship amongst Pakeha and Māori in NZ’, *International Research in the Business Disciplines: Ethnic Entrepreneurship: Structure and Process*, 4 (2004), pp.114.

provide leadership in a fast-moving, technological business environment. Divisions also arise between whānau where there are differences in levels of cultural knowledge and understanding¹²³. Frederick and Henry also describe how Māori business owner-managers have a resistance to wealth creation, and this can present a substantial barrier for the long-term sustainability of a business¹²⁴. I suggest that Māori business owners understand that they need to manage a business profitably which is essentially creating wealth if they want it to survive. I suggest the resistance is more around excessive wealth creation. A number of Poutama's clients are in business to earn a living and in a number of cases to provide employment for whānau, not necessarily to become rich.

2.12 Summary

In this chapter, an Āronga has been discussed and the five key themes of utu, spiritual and physical realms, time, mātauranga Māori and whakapapa that emerge from the creation stories, and which underpin a Māori worldview have been examined. A Māori worldview was discussed to provide some context around the potential influences of whakapapa and tikanga on investment decision-making. Winiata's kaupapa-tikanga framework was also discussed to locate tikanga within a Māori worldview.

The concept of whakapapa was then discussed further in some detail in relation to Mikaere's whakapapa conceptual framework. The notion of a whakapapa investment philosophy was then introduced briefly, using the whakapapa conceptual framework as the basis for the philosophy. A detailed discussion of the whakapapa investment philosophy will follow in the investment chapter.

A discussion then ensued for each of the values that are promoted by the case study organisations, and a general understanding given of their descriptions for each tikanga and how those descriptions reflect their context. These general understandings will provide the basis for further discussion in each of the case study chapters about how these values manifest as tikanga and influence investment decision-making for the organisation. This chapter sought to establish that Māori society has a worldview that contains certain values that drive practices and behaviours that do not guarantee but enable social, cultural, political, environmental, financial and economic well-being.

¹²³ Yates, p.12.

¹²⁴ Frederick and Henry, p.114.

3 Chapter 3 - Investment

3.1 Introduction

Over the last 20 years as iwi have increasingly settled their Treaty of Waitangi claims with the Crown, interest from non-Māori businesses has developed around how iwi and Māori in general are progressing their economic development strategies. This interest is evidenced by organisations in the financial services, banking and investment industries who have developed strategies to target Māori organisations in the hope of securing business from them¹²⁵. There are commentaries in the media that highlight Māori economic and business success measured by growth in the Māori asset base¹²⁶. Reports in the last three to five years indicate that the estimated value of the Māori asset base is now over \$50 billion¹²⁷.

Yet despite this growth, there are social indicators that reflect Māori as a people in social crisis. A 2018 Ministry of Justice report on suicides, 2017 United Nations report on teen suicides and a 2018 Otago University report on child poverty indicate that Māori are disproportionately represented in a number of detrimental social indicators such as poor health, low educational achievement, high suicide rates, child poverty, and high incarceration rates and levels of inequality¹²⁸. Smith et al in their research report on critical success factors for Māori economic development, found that iwi view the emerging Māori economy and economic self-development strategies as a means to transform the current condition of disproportionate levels of social and cultural under-development¹²⁹. Iwi also perceive the potential of the Māori economy to develop initiatives that blend environmental, social and political aspirations with economic imperatives.

¹²⁵ New Zealand Institute of Economic Research, *Māori Economic Development: Te Ōhanga Whānauketanga Māori* (Te Ōhanga Whānauketanga 2003), Wellington, Te Puni Kōkiri, 2003, p.105; Radio New Zealand, *BNZ Sets up Māori Business Division*, Wellington, 8 September 2011.

¹²⁶ Henry Oliver, 'The Rise and Rise of the Māori Economy', in *Metro Magazine*, August 2019.

¹²⁷ Te Puni Kōkiri, *Te Ōhanga Māori 2013: Māori Economy Report 2013* (Te Ōhanga Māori 2013), Wellington, Te Puni Kōkiri, 2013; New Zealand Foreign Affairs & Trade Annual Report 2017-2018, *Building Engagement with Māori*, Wellington, Ministry of Foreign Affairs and Trade, 2018, p.45.

¹²⁸ Ministry of Justice, *2018 Report on Suicides*, Wellington; United Nations International Children's Education Fund, *2017 Report on Teen Suicides*, New York; Otago University, *2018 Child Poverty Monitor Report*, Dunedin; Statistics New Zealand, *2013 Census*, Wellington.

¹²⁹ Smith et al, p.131.

I discuss the Māori economy and Māori business and the opportunity they present as a means of enhancing Māori well-being. Māori business is a component of the Māori economy that is becoming increasingly influential within Aotearoa.

Next, I discuss examples of Māori investment and how it has diversified and expanded over time. I also discuss some investment philosophies that are present in Aotearoa and inherently reflected in the case studies. The case studies have developed their own investment philosophies in mixes which reflect their values, beliefs, context and geographical location. Their investment philosophies reflect many elements of a whakapapa investment philosophy, tikanga Māori, as well as elements of non-whakapapa investment philosophies here in Aotearoa. I conclude with a review of some of the challenges that Māori investment organisations encounter which provide context around the elements that influence the investment decision-making of the three case study organisations.

3.2 Māori Economy

The New Zealand Institute of Economic Research defines the Māori economy as ‘the assets owned and income earned by individual Māori, including collectively owned trusts and incorporations, Māori owned businesses, service providers and homes that are owned by Māori and the wages and salaries of Māori workers’¹³⁰. This definition was endorsed by the Māori Economic Development Panel 2011 (this developed a Māori Economic Strategy through to 2040), which extended the definition to include the activities of those who self-identify as Māori¹³¹.

However, there are some Māori who raise concerns about these definitions. Amoamo et al argue that they reflect dominant western narratives surrounding the notions of economy which mask the true complexity and diversity of how Māori participate in and make sense of economic activity¹³². Bargh argues that as these definitions focus on just three main industries, agriculture, fisheries and forestry, they marginalise the contributions of other entities, assets and transactions that reflect the diversity of a Māori economy¹³³. It also excludes the contributions of 20 per cent of the Māori population who

¹³⁰ Te Ōhanga Whanaketanga 2003, p.7.

¹³¹ Smith et al, p.53.

¹³² Maria Amoamo, Diane Riwhiu, and Lynette Carter, ‘Framing the Māori Economy: The complex business of Māori business’, *MAI Journal*, 7, 1, (2018), p.67.

¹³³ Maria Bargh, *A Hidden Economy: Māori in the privatised military industry*, Wellington, Huia Publishers, 2015, p.127.

live and work overseas. Amoamo et al argue that statistics on the Māori economy aggregate out context and meaning, and inadequately characterise the multiple ways Māori are engaged in economic activity such as gift exchanges, reciprocal exchanges and barter¹³⁴. Bargh encourages reflection on these current definitions of the Māori economy and on whether there are other theoretical frameworks that may help to create better definitions that more accurately reflect the diverse realities¹³⁵.

3.3 Māori Business

Whilst there is no universally accepted definition of Māori business, there are many commentaries on what constitutes one. There are a number of common features amongst the many definitions¹³⁶: (i) Māori own the business (51 per cent or more); (ii) the business employs Māori; (iii) the business has a focus on kaupapa Māori; (iv) the business has a Māori style of governance and management; (v) Māori operate the business; (vi) the business produces products that identify with tikanga Māori; and (vii) the business makes a deliberate attempt to contribute to the well-being of whānau, hapū and iwi.

Where a business is defined as a Māori business based on Māori ownership, then Māori would need to have majority ownership or control to satisfy this element or condition, that is, greater than 51 per cent. In terms of employing Māori, there does not appear to be any specific number that need to be Māori to satisfy this condition. The fact that Māori are employed appears to be sufficient. Use of tikanga Māori within the business was an important feature and could be evidenced through practices and behaviours. Mika argues that a Māori way of doing things is predicated upon a preference for collectivism, having an inter-generational outlook and application of tikanga within the business¹³⁷. Whilst Māori are not homogenous, there are some common features amongst Māori businesses; however, there will also be differences. One of the problems with trying to define Māori businesses is that inevitably there will be some that will not fit neatly into a definition and will therefore be

¹³⁴ Amoamo et al, p.69.

¹³⁵ Bargh, p.5.

¹³⁶ Mason Durie, 'The business ethic and Māori development', Unpublished paper presented at Maunga Ta Maunga Ora Economic Summit March 2002, Te Hāwera, New Zealand, p.21; Jason Mika, 'The Role of Publicly Funded Enterprise Assistance in Māori Entrepreneurship in Aotearoa', PhD thesis, Massey University, 2015, p.118.

¹³⁷ Mika, p. 120.

excluded. There are also different types of Māori businesses that operate within four main groupings or contexts.

3.4 Business Types

Business and Economic Research Limited (BERL) in their 2013 research report on the Māori economy estimated the Māori asset base at \$42.6 billion, made up of over 20,000 businesses that operate across a range of industries and use entity structures (companies, partnerships, trusts, self-employment) and are owned by private individuals, Māori trusts, Māori incorporations and other collectively owned enterprises¹³⁸. A 2006 Te Puni Kōkiri report on Māori businesses suggested that these businesses can be characterised into four enterprise groupings or business types¹³⁹.

‘Tribal bodies’ are iwi-based enterprise groupings that through the Treaty settlement process will have a range of assets that include land, forestry and fisheries. They may also have a range of central and local government contracts to provide social, educational and health services. The report stated that at that time, in 2006, most tribal bodies were ‘relatively new to the commercial environment’¹⁴⁰. Another enterprise grouping is called ‘Māori collective businesses’¹⁴¹ which include land incorporations and other types of collectively owned trusts. Unlike tribal bodies, these businesses have been involved in commercial development for fifty to sixty years, with many involved in exporting produce to overseas markets such as Tūaropaki Trust, Wakatū Incorporation, and Mangatū Incorporation. ‘Pan or localised Māori services’¹⁴² are another enterprise grouping that comprise organisations like kōhanga reo, wānanga, and health and social service providers. They are generally focused on ensuring the protection and advancement of education, health, social services, welfare and te reo Māori and rely on government contracts and funding to deliver services. The final grouping is ‘Private Enterprise’ which comprises entrepreneurs and small-to-medium businesses that are similar to private companies.

Māori investment organisations are not limited to one enterprise grouping and operate across all these enterprise groupings. I am aware of some Māori social service providers who invest any surplus

¹³⁸ Te Ōhanga Māori 2013, p.1.

¹³⁹ Te Puni Kōkiri, ‘Hei Whakamārama i ngā Āhuatanga o te Tūrua Pō – Investigating Key Māori Business Characteristics for Future Measures: Thinking Paper’, Wellington, 2006, p. 31.

¹⁴⁰ *ibid.*, p.31.

¹⁴¹ *ibid.*, p.31.

¹⁴² *ibid.*, p.31.

that has been generated to try and build self-sustainability over the long term. The three case study organisations that this thesis is premised on come from three different enterprise groupings. Ngāti Whātua Ōrākei is a tribal body in the form of a hapū of Ngāti Whātua and so are representative of a tribal enterprise grouping. The collective enterprise grouping is represented by Wakatū Incorporation, which is comprised of four iwi who consolidated their landholdings back in 1977. Poutama Trust is a charitable trust whose beneficiaries are Māori who want to own and operate businesses.

3.5 Māori Investment

Smith et al suggest that there is no universal definition or description of the Māori economy or Māori economic development¹⁴³. Similarly, I suggest that currently there is no universal definition or description of Māori investment. Reamer and Downing in their book *A History of Investment* define investment as a 'commitment of resources to derive a future benefit'¹⁴⁴. However, there are some characteristics which emerge from the case studies that appear to be common to each of the case study organisations and will be discussed later in the chapter.

I defined Māori investment earlier as 'a commitment of taonga (lands, forests, fisheries, prized possessions) and pūtea (money or capital), that honours past generations, and which ensures the long-term survival and well-being of current and future generations.' Honouring past generations means acknowledging their contributions which has brought the organisation to where it is today and what their aspirations were for future generations.

Each of the case study organisations has short and long-term objectives that they aspire to achieve, and investment is one of the tools that enable them to achieve these objectives. I posit that each case study organisation has its own investment whakapapa with a series of relationships and interdependencies that include cultural, social, political, environmental, financial and economic aspirations. These relationships and connections resonate with a Māori worldview where everyone and every living thing is connected¹⁴⁵. As with the business environment, the political environment can change quickly, and so Māori organisations must be constantly alert to changes and how those changes might impact on the investment strategy and asset base long term. Sometimes the full impact of an investment decision may not be fully known or understood until later.

¹⁴³ Smith et al, p.62.

¹⁴⁴ Reamer and Downing, p.2.

¹⁴⁵ Mikaere, p.313.

I now discuss three examples of Māori investment that relate to food, construction of a wharenuī, and relationship management. Each example is underpinned by values that reflect tikanga Māori. Within each is a mix of objectives that are cultural, social, political, environmental, financial and economic. The mix of objectives and the priority that they are accorded between each other in each situation varies.

3.5.1 Food

Petrie argues that in the early nineteenth century economic wealth and prosperity were important to Māori in raising their status in the eyes of those external to their whānau, hapū or iwi¹⁴⁶. Food has always been an important component of Māori society, whether it be used for day-to-day needs, entertainment of visitors, celebrating major building activities, or as a medium of exchange with other tribes for particular resources that were not available in their own rohe¹⁴⁷. It was the basis of the Māori economy and was a fundamental measure of economic wealth¹⁴⁸. Hākari (feasts) were used to mark important economic events such as at the commencement of building a wharenuī (meeting house) or a waka taua (war canoe)¹⁴⁹. Family occasions such as child birth, the naming of a child, marriage or tangi were marked with a hākari. The establishment or maintenance of external relationships outside of the immediate whānau, hapū and iwi were also marked with a hākari.

Such was the importance of food that resources were allocated to developing technology that enabled it to be stored safely and securely so as to protect and prolong its life over the winter months¹⁵⁰. This resulted in the development of pātaka (food storage houses), as seen at figure 1 below¹⁵¹. Storage pits in the ground, seen in figure 2 below, were also developed for storage of kumara to preserve the food for as long as possible. The location of the storage pits within defended pā (fortified village) sites on hills was also important in terms of protecting and securing the food from potential marauders.

Food is still an important cultural investment for Māori today but the financial and economic investments relating to it are also important and significant. In Te Puni Kōkiri's 2013 report on the Māori economy, it found that agriculture, horticulture and fisheries accounted for approximately 25

¹⁴⁶ Petrie, p.19.

¹⁴⁷ *ibid.*, p.22.

¹⁴⁸ *ibid.*, p.20.

¹⁴⁹ Salmond, p.77.

¹⁵⁰ Petrie, p.20.

¹⁵¹ Firth, p.93; Petrie, p.21.

per cent of the Māori asset base¹⁵². Wakatū Incorporation is essentially a food and beverages business and has assets of \$350 million.

Figure 1 - Pātaka – Storage house for Food¹⁵³



Figure 2 - Kumara Pits, Mt Hobson, Ak¹⁵⁴



3.5.2 Construction of Whareniui

Another form of investment that was related to status of the group was the building of whareniui. Building a whareniui is considered significant in cultural as well as economic terms. Culturally, it symbolises the body of an ancestor and through him or her exists a physical and spiritual connection to the atua¹⁵⁵. It is also a focal point for the community for meetings, education, socialising, welcoming and entertaining visitors¹⁵⁶. Having a whareniui enhances the mana and the well-being of the people. In economic terms it is a significant undertaking that requires people with architectural, organisational and supervisory skills; building, timber-dressing and carving skills; weaving, and artistry skills for painting kōwhaiwhai (ornamental patterns); as well as unskilled labor for heavy lifting and the like¹⁵⁷.

¹⁵² Te Ōhanga Māori 2013, p.39.

¹⁵³ This is a picture of a Pataka Kai painted in 1842 at Ōtumatua, Taranaki. Picture sourced from <https://teara.govt.nz/en/artwork/40254/pataka-1842>.

¹⁵⁴ This photo was taken in March 2011 by Bryndlefly and was sourced from https://commons.wikimedia.org/wiki/File:Mount_hobson_Auckland_kumara_pits.jpg

¹⁵⁵ Barlow, p.180.

¹⁵⁶ Firth, p.97.

¹⁵⁷ *ibid.*, p. 97.

Where certain skills are not available within the whānau, hapū or iwi, then expertise is usually sought from other iwi to help with the project.

A recent example of the construction of a wharenuī is the return of the Mataatua wharenuī to Ngāti Awa in Whakatāne after an absence of 132 years from the region. The wharenuī was originally built in Whakatāne in 1875, and one of its main purposes was to unify the people of Ngāti Awa after the land confiscations of 1866, which caused the tribe to split off into different parts of the wider region¹⁵⁸. In addition to using their own carvers, assistance was provided by carvers from Te Whānau-ā-Apanui, Whakatōhea and Tūhoe.

In 1879, the beautiful wharenuī was dismantled by the government and transported to Sydney, Australia, to be displayed in an exhibition. It remains unclear as to what the reasons and motivations of the chiefs of Ngāti Awa were for agreeing to its dismantlement and dispatchment¹⁵⁹. This was the beginning of a series of journeys for Mataatua that would include travel to the United Kingdom in 1881 where she would remain until 1925. In 1925, she was shipped back to Aotearoa, to Dunedin, where she resided until 1996 when she was finally returned to Ngāti Awa. Her return was the outcome of negotiations between Ngāti Awa, Otago Museum and the Crown.

In 1996, the condition of the wharenuī was so poor that restoration was to take some 15 years and included making new carvings to replace those that had disappeared over the years¹⁶⁰. The lengthy and painstaking restoration process involved the assistance of a number of experts both from within the tribe and without¹⁶¹. The cost of restoration ran into the millions of dollars¹⁶². However, in September 2011 the wharenuī was finally reopened with many tribes from across Aotearoa attending in their thousands¹⁶³.

A range of views about the project were expressed, varying from it being considered an expensive exercise that would not be able to pay its way, to the fulfillment of a dream for many Ngāti Awa elders. To have the wharenuī returned to its rightful place in Whakatāne is a source of much mana and pride

¹⁵⁸ Hirini Mead, Pouroto Ngaropo, Layne Harvey and Te Onehou Phillis, *Mataatua Wharenuī: Te Whare I Hoki Mai*, Wellington, Huia Publishers, 2017, p.2.

¹⁵⁹ *ibid.*, p.17.

¹⁶⁰ *ibid.*, p.3.

¹⁶¹ *ibid.*, p.50.

¹⁶² *ibid.*, p.3.

¹⁶³ *ibid.*, p.59.

for Ngāti Awa today and it forms a part of a cultural experience for both its people and tourists alike. It has also been pressed into action when needed in times of emergencies, such as the Whakaari (White Island) eruption in 2019 when it was used as a refuge and drop-in centre as well as a place to feed and manaaki people during a difficult time. The long-term intergenerational cultural and social benefits will outweigh the short-term financial and economic costs involved in operating and maintaining the wharehū. The characteristics of this type of investment are made for cultural and social considerations and are similar to a contemporary investment model called impact investing. Impact investing is described as investing primarily to create a ‘tangible social impact’, but which may also have the potential to generate a financial return¹⁶⁴. I discuss impact investing in more detail later in this chapter.

Whilst I have used the construction of a wharehū as an example of Māori investment, construction and building as an industry generally is an important area of investment for Māori in terms of people and employment as well as property development. The 2013 Te Puni Kōkiri report on the Māori economy estimated construction assets at \$1.2 billion¹⁶⁵. The same report indicated that approximately 20 per cent of all self-employed Māori are in the construction and building industry, as are approximately 20 per cent of all Māori employers¹⁶⁶.

¹⁶⁴ John Clarkin and Carole Cangioni, ‘Impact Investing: A Primer and Review of the Literature’, *Entrepreneurship Research Journal*, 6, 2, (2016), p.137.

¹⁶⁵ Te Ōhanga Māori 2013, p.39.

¹⁶⁶ *ibid.*, p.14.

Figure 3 - Mataatua Wharenuī – Te Mānuka Tūtahi¹⁶⁷



3.5.3 Relationships

A Māori worldview is predicated upon the concept that everything and everyone is connected and that decisions made in one area will have an impact on other areas through this interconnectedness¹⁶⁸. Māori invest resources in relationships whether they be with people or the environment¹⁶⁹. The health of the environment is important to Māori as reflected in the importance of the role of kaitiaki and the ensuing obligations to use the environment in a sustainable manner¹⁷⁰. This relationship and investment in the environment will be discussed in Wakatū's case study chapter.

Investing time to develop relationships with people is an important aspect of Māori society. The basis of these relationships may have been for either political or economic purposes or perhaps both. The relationship investment may have taken the form of a marriage between two people from different

¹⁶⁷ Mead et al, p. 56.

¹⁶⁸ Mikaere, p.313.

¹⁶⁹ Firth, p.60.

¹⁷⁰ Selby et al, p.1.

tribes (coastal and inland) that enabled an alliance to be formed for political or economic reasons¹⁷¹. Economic benefits might arise where an inland tribe is permitted to gather kai moana (sea food) at certain times of the year, while the inland tribe would allow the coastal tribe to journey into the interior to gather berries and hunt for birds or harvest timber when it was needed¹⁷². Alternatively, the alliance could have been for defence purposes, where one tribe would come to the defence of the other when one was under attack from other tribes.

Utu (ritual gift exchange) was another form of relationship investment where an exchange of gifts occurred between two parties. There are two categories of exchange: economic, where the objective was to acquire resources from another group; or ceremonial, where the intention was to fulfil a wider social purpose¹⁷³. An underlying principle of utu or reciprocity is that the gift will be repaid by the recipient, of greater value, at some point in the future¹⁷⁴.

3.6 Whakapapa Investment Philosophy

Having discussed examples of Māori investment, I now discuss a Māori investment philosophy which I describe as a whakapapa investment. When discussing whakapapa in the context of an investment philosophy, its meaning and influence goes beyond its common application to genealogy. A whakapapa lens enables Māori investment decision-makers to consider connections, mātauranga and relationships to the past, present and future when making investments¹⁷⁵. These considerations will sometimes elicit choices and behaviours by Māori that can be difficult sometimes for external parties, Māori, and non-Māori to understand. There have been instances where significant investments have been made in start-up businesses that are high risk and which have resulted in considerable losses for the organisation. Other investments in relation to the preservation of te reo, reacquiring confiscated ancestral lands, or minimising pollution on the environment are borne out of a whakapapa obligation to ensure the survival of Māori and the taonga that have been passed down for present and future generations¹⁷⁶.

¹⁷¹ Firth, p.124.

¹⁷² Petrie, p.186; Firth, p.403.

¹⁷³ Firth, p.402.

¹⁷⁴ Petrie, p.24.

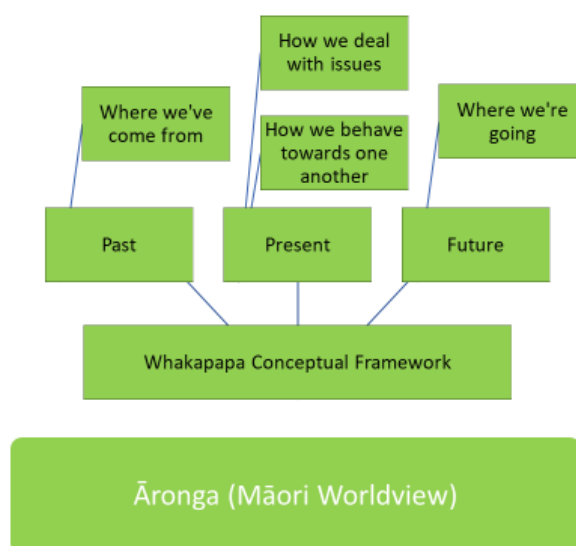
¹⁷⁵ Mikaere, p.296.

¹⁷⁶ *ibid.*, p.290.

In proposing a whakapapa investment philosophy, I use Mikaere’s whakapapa conceptual framework underpinned by a Māori worldview at figure 4 as its basis. She suggests that for Māori¹⁷⁷:

‘Whakapapa embodies a comprehensive conceptual framework that enables us to make sense of our world. It allows us to explain where we have come from and to envisage where we are going. It provides us with guidance on how we should behave towards one another and it helps us to understand how we fit into the world around us. It shapes the way we think about ourselves and about the issues that confront us from one day to the next.’

Figure 4 – Whakapapa Conceptual Framework



Mikaere suggests that a decision be explored in the widest possible manner by discerning the connections and relationships to better understand its potential impacts¹⁷⁸. A whakapapa investment philosophy will include consideration of cultural, social, political, environmental, financial and economic elements. Mikaere posits that a Māori worldview contemplates a broad and inclusive approach to mātauranga Māori and a way of thinking that encourages a search for multiple solutions, not just a simple or convenient one¹⁷⁹. Mātauanga Māori is defined as knowledge, wisdom, understanding or skill. In this context it is not just considered to be information but a taonga. It is taonga tuku iho that has served previous generations, and along the way has been added to, refined

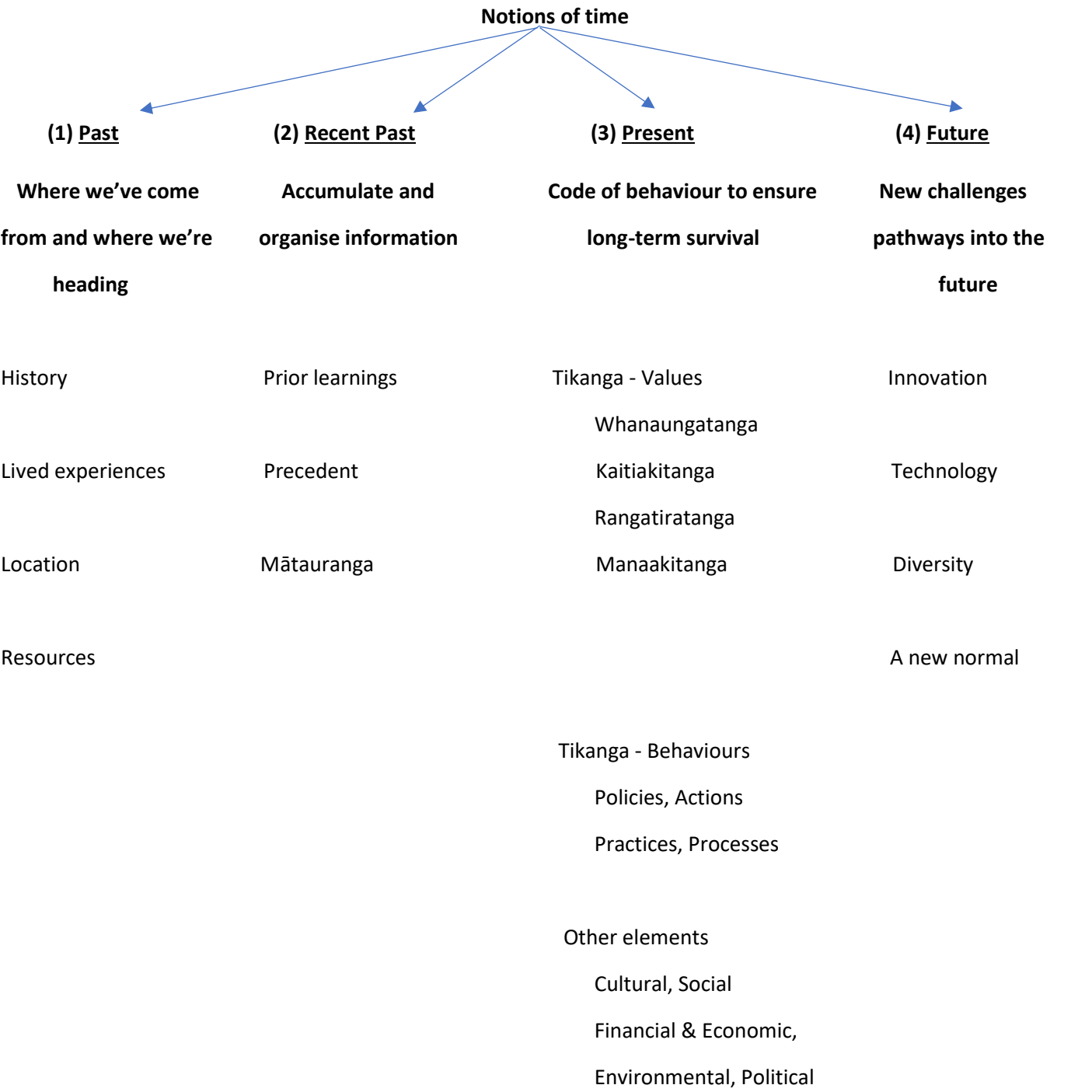
¹⁷⁷ *ibid.*, p. 313.

¹⁷⁸ *ibid.*, p.313.

¹⁷⁹ *ibid.*, p.317.

and protected for future generations¹⁸⁰. It is these expansive notions of whakapapa that have been the catalyst for a whakapapa investment philosophy as shown at table 1. The whakapapa investment philosophy has four components that I describe in this thesis as ‘whakapapa elements’ and now discuss.

Table 1 - Whakapapa Investment Philosophy



¹⁸⁰ *ibid.*, p.303.

3.6.1 Where we've come from and where we're heading

The first component of the philosophy involves thinking about and considering the history, lived experiences, geographic location and resources available to an organisation. In terms of history and lived experiences, I suggest they can have an influence on investment decisions. One of the case studies, Ngāti Whātua Ōrākei, had become virtually landless by the end of the first half of the twentieth century. This lived experience has an influence on their investment thinking and decision-making. This component of a whakapapa investment philosophy will be discussed with examples in each of the case study chapters. Historical and recent lived experiences in relation to land alienation and confiscation together with whakapapa and spiritual connections evoke memories, emotions and attitudes from each case study towards land investments that involve customary or ancestral lands. Historical (nineteenth century) and more recent experiences with the Crown also have an influence in the cautious approach each case study has towards its current relationship.

3.6.2 Accumulating and Organising Information

The second component of the philosophy relates to thinking about and consideration of the knowledge, information and experiences that have been accumulated, recorded and conserved for the future. Knowledge is regarded by Māori as a taonga that is tapu (sacred) and is to be carefully protected and preserved for its use by generations to come. In some instances, particular people are selected to carry this knowledge, which may take the form of waiata (song), karanga (calling), whaikōrero (oratory), raranga (weaving) or whakairo (carving) which contain information about ancient history, whakapapa, wars, births, deaths, love affairs, alliances, unions and important events¹⁸¹. In relation to the underlying themes, there may be obligations to record and document the stories, events and experiences of the organisation. From an investment perspective, the learnings from previous investments should be documented so that they can be considered for future projects, particularly where things have not gone as well as was initially expected. These records become a whakapapa of investment decisions that can be reviewed when monitoring the outcomes of the investment over its life. They can also be used as precedents if similar opportunities arise in the future.

3.6.3 Behaviours that ensure long-term survival

The third component relates to thinking about and consideration of the formulation of a code of behaviour that best ensures long-term survival both physically and spiritually. This component is a key aspect of the whakapapa investment philosophy. Included in this component are tikanga (principles,

¹⁸¹ *ibid.*, p.303.

values, beliefs), tikanga (actions, practices, policies and processes), and other elements that involve long-term planning and risk-and-reward considerations. Long-term survival suggests that there will be long-term planning that includes inter-generational perspectives and objectives that an organisation wants to achieve. Long-term objectives need a long-term investment strategy that enables the organisation to understand what is required to meet those objectives. From a quantitative perspective, most of the case studies have specific financial returns that they want to achieve over time in order to generate income and capital appreciation to fund the development objectives of their organisation. Cultural, social, environmental and political elements need to be considered alongside the financial and economic elements.

The tikanga that an organisation promotes will help to drive behaviours and relationships within the organisation, as well as between the organisation and its shareholders, members, beneficiaries, customers, suppliers and other stakeholders. The values will be reflected and articulated in tikanga, that is the investment policies, processes, practices, actions and decisions of the organisation. This third component of the philosophy also involves decisions around the types of industries and classes of assets that the organisation will invest in as well as those that they avoid. Colonisation has severed some of these whakapapa relationships and connections between the financial and economic, social, cultural and environmental elements¹⁸². A whakapapa investment philosophy seeks to reconnect the thinking and consideration of some of these severed connections, and this may in due course translate into words, deeds and actions.

3.6.4 Imagining new pathways and challenges into the future

The fourth and final component is to be forward looking, which relates to the consideration of fresh challenges and new pathways into the future from an investment perspective. This includes thinking about innovation, technology, education and diversity. Pursuing new pathways requires thinking and consideration of new relationships, connections and leveraging of existing relationships. It also imagines a new normal, where a Māori investment philosophy might provide a different way of thinking about investment in Aotearoa that has short and long-term objectives, promotes more sustainable environmental outcomes, seeks to better balance the competing demands of tikanga, and aligns investment values with practices that contribute to well-being.

¹⁸² *ibid.*, p.305.

3.7 Other Investment Philosophies

Carroll posits that business organisations were economic entities created primarily to provide goods and services to society, and in return the owner could expect to make an acceptable profit for their efforts¹⁸³. However, for many businesses (but not all) over time the notion of ‘acceptable profit’ transformed into ‘profit maximisation’¹⁸⁴ and has remained an enduring characteristic¹⁸⁵.

Māori investment organisations are no different to other investment organisations in wanting to make a profit for their shareholders and members¹⁸⁶. There are non-whakapapa elements that each of the case study organisations consider in their investment decision-making that are quantitative financial elements. I describe them as non-whakapapa elements on the basis that they originate from other investment philosophies. These non-whakapapa elements will be highlighted in each of the case study chapters.

Whilst generating profits is fundamental for a Māori investment organisation, also important are the types of investments being made and the inclusion of non-financial elements in the investment decision that could generate social, cultural, environmental and political benefits.

Profit maximisation can be an issue for Māori organisations where it conflicts with the values of the organisation such as kaitiakitanga (sustainability) of resources. In response to these conflicts some organisations are developing investment philosophies that are more acceptable to their people and their context¹⁸⁷. This has resulted in approaches that integrate social, cultural and environmental elements into their investment decision-making that lead to more sustainable outcomes for their people and the environment. Some examples of the initiatives being undertaken in the case studies will be discussed in each of their chapters.

¹⁸³ Archie Carroll, ‘The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders’, *Business Horizons*, July - August, (1991), p.41.

¹⁸⁴ Profit maximisation can be described as that point where marginal revenue equals marginal costs, or where things reach a point where it is no longer cost effective for a producer to produce more products. The law of diminishing returns.

¹⁸⁵ Carroll, p.41.

¹⁸⁶ Mika, p.119.

¹⁸⁷ Smith et al, p.51.

The case study organisations are not alone in developing a unique investment approach that enables them to achieve the objectives and goals of their organisations. Gibson-Graham argue that individuals and communities across the globe are taking economic matters and, by association, investment matters into their own hands to help create worlds that are socially and environmentally just¹⁸⁸. This call to find acceptable investment approaches resonates with the words of Mahatma Ghandi, the famous Indian lawyer, politician and social activist who successfully led the campaign for India's independence from British rule, when he asked people to 'be the change that you want to see in the world'¹⁸⁹. I suggest that a whakapapa investment philosophy may enable Māori investment organisations to influence change with an investment philosophy that is unique and appropriate for their context, is grounded in a Māori worldview and underpinned by their tikanga.

There are other investment philosophies present in Aotearoa, such as environmental social and governance investing (ESG), some of which have been in existence for a long time, such as socially responsible investing (SRI), which is also an umbrella term for ethical investing, impact investing and values-based investing¹⁹⁰.

3.7.1 Socially Responsible Investing (SRI)

Sandberg et al describe socially responsible investing as investing which seeks to integrate non-financial elements such as ethical, social, environmental and governance criteria into an otherwise strictly financials-driven process¹⁹¹. Freidman interprets social responsibility differently and suggests that corporate officials have a social responsibility to make as much money for their shareholders as

¹⁸⁸ Julie Katherine Gibson-Graham, Jenny Cameron and Stephen Healy, *Take Back the Economy: An Ethical Guide for Transforming Our Communities*, Minneapolis, University of Minnesota Press, 2013, p. XIII.

¹⁸⁹ The Publications Division, Ministry of Information and Broadcasting, Government of India, 'The Collected Works of Mahatma Ghandi', gandhiheritageportal.org, p.158.

¹⁹⁰ Examples can be traced back to the Quakers in the 17th and 18th centuries whose business philosophy was not primarily driven by profit maximisation but rather by trying to add value to society at large.

¹⁹¹ Joakim Sandberg, Carmen Juravle, Ted Martin Hedesstrom and Ian Hamilton, 'The Heterogeneity of Socially Responsible Investment', *Journal of Business Ethics*, 87, 4, (2009), p.521.

possible¹⁹². Be that as it may, socially responsible investing has become an umbrella concept for a number of related but slightly different investment philosophies that are known as: (i) ethical investing or socially responsible investing; (ii) impact investing; and (iii) values-based investing¹⁹³.

Socially responsible investing (SRI) has been traced back to the eighteenth century where some of its best-known applications were religiously inspired¹⁹⁴. Jews, Quakers and Methodists sought to influence members of their congregations to eschew investments in 'sinful' companies that were involved in producing guns, liquor or tobacco¹⁹⁵. More recently, socially responsible investment has evolved investors who have sought to address equality for women, civil rights and labour issues as well as the divestment of fossil fuels¹⁹⁶.

The prohibition approach is still present today with some investors avoiding certain companies or industries that produce 'harmful' rather than sinful products, as they were labelled in the past. A prohibitive or negative approach is labelled as such because it seeks to minimise negative impacts¹⁹⁷.

SRI also includes an approach that seeks positive change or change for good¹⁹⁸. This considers a financial return and also seeks social or environmental good, or both, to bring about a positive change¹⁹⁹. Wallis and Klein suggest that negative investor experiences with financial investments that led to the 2008 global financial collapse (GFC) have resulted in a growing interest by investors in seeking investments that are socially responsible and consistent with their own personal values and ethics²⁰⁰. Wallis and Klein argue that it is difficult to define sustainability as it can mean different things

¹⁹² Milton Friedman, *The Social Responsibility of Business is to Increase its Profits*, New York Times, 1970, cited in Archie Carroll, *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, 1991, p.43.

¹⁹³ Key Bank, <https://www.key.com/kpb/our-insights/articles/values-based-investing.jsp>

¹⁹⁴ Sandberg et al, p.524.

¹⁹⁵ Miriam von Wallis, and Christian Klein, 'Ethical Requirement and Financial Interest: A Literature review on Socially Responsible Investing', *Business Research*, 8, (2015), p. 63.

¹⁹⁶ Wallis and Klein, p.73.

¹⁹⁷ Jessica Freireich, and Katherine Fulton. *Investing for Social and Environmental Impact: A Design for Catalysing as Emerging Industry*. San Francisco, California: Monica Institute, 2009, p.5.

¹⁹⁸ *ibid.*, p.14.

¹⁹⁹ Wallis and Klein, p.64.

²⁰⁰ *ibid.*, p.64.

to different people²⁰¹, however they do suggest that it relates primarily to the sustainability of the environment, whether it be for production of food or forms of renewable energy, for example.

None of the case studies gives their investment philosophy a label, but the investment philosophies of each reflect values and tikanga that are underpinned by a Māori worldview and may result in investments that are ethical and socially responsible. A whakapapa investment philosophy includes the consideration of social, cultural and environmental elements that are likely to align with SRI and ESG investment philosophies.

3.7.2 Environmental, Social and Governance Investing (ESG)

The popularity of SRI was boosted in 2006 when the United Nations sponsored a process involving some of the world's largest institutional investors and investment managers to develop some global principles for responsible investment (PRI)²⁰². A group was formed to understand the investment implications of environmental, social and governance (ESG) issues and to encourage institutional and retail investors to consider incorporating ESG issues into their investment decision-making processes and frameworks.

The environmental issues include climate change, water, sustainable land use, fracking, methane emissions and plastics²⁰³. The social issues include human rights and labour standards, employee relations and conflict zones (regions where there is civil war, or are politically unstable, or where armed violence is present, for instance). Governance issues include tax avoidance, executive pay, corruption, director nominations and cyber security. The six principles that were developed are as follows. To:

1. incorporate ESG issues into investment analysis and decision-making processes;
2. be active owners and incorporate ESG issues into our ownership policies and practices;
3. seek appropriate disclosure on ESG issues by the entities in which we invest;
4. promote acceptance and implementation of the principles within the investment industry;
5. work together to enhance our effectiveness in implementing the principles; and
6. report on our activities and progress towards implementing the principles.

These are a voluntary and aspirational set of principles that offer actions for incorporating ESG issues into investment practices. When organisations become a signatory to the PRI, they can promote that

²⁰¹ *ibid.*, p.63.

²⁰² United Nations Principles for Responsible Investment 2006.

²⁰³ UN PRI website, <https://www.unpri.org/pri/about-the-pri>

fact for marketing purposes, but a recent study shows that signing up doesn't necessarily mean better sustainability or returns²⁰⁴. Annual reports are required to be submitted by signatories to demonstrate the extent to which they have incorporated the principles into their investment practices. Unsatisfactory progress may lead to expulsion from the group²⁰⁵. The signatories are individual organisations and as of April 2019, there were 23 New Zealand entities signed up to the PRI²⁰⁶. Today there are over 2,300 organisations worldwide who I assume are participating in the hope of supporting responsible investors. The PRI initiative is not a part of the UN organisation, but it is supported by it.

The PRI has faced criticisms from members about the reporting process that was instituted for signatories and the implication that there is 'the right way' to do responsible investing. It ignores the fact that signatories have different ways of thinking about the subject and it manifests itself variously within signatory organisations²⁰⁷. Criticisms have also been levied against some signatories that are using membership for marketing purposes rather than having a genuine commitment to ESG investing²⁰⁸. One of the benefits of being a signatory to the PRI is the licence to promote membership of the group in marketing materials, which has perceived positive benefits for the investment organisation and the responsible investment funds they promote.

Halbritter and Dorfleitner in their 2015 study analysed a sample of ESG data taken from ASSET4, Bloomberg and KLD (three major US financial services providers) from 1991 to 2012 and found that many ESG investors considered social returns to be a side condition while a maximisation of the financial return was still their primary objective²⁰⁹. Early studies comparing the returns of ESG

²⁰⁴ Lesley Norton, 'New Study Shows That Signing Responsible Investment Principles Doesn't Mean Better Sustainability — or Better Returns', *Barron's Financial Magazine*, May 2020.

²⁰⁵ Jennifer Thompson, 'UN Responsible Investing Body Threatens to Kick out Laggards', *Financial Times*, 27 May 2018.

²⁰⁶ Investment News New Zealand, 'Money Speaks Up: What \$30 trillion says about Responsibility', 7 April 2019.

²⁰⁷ Hugh Wheelan, 'The UN PRI is facing major test of credibility', *Responsible Investor*, 31 October 2012.

²⁰⁸ Thompson, 2018.

²⁰⁹ Gerhard Halbritter, and Gregor Dorfleitner, 'The Wages of Social Responsibility - Where Are They? A Critical

investments against conventional investments found that socially responsible investments outperformed conventional investments in terms of financial returns²¹⁰. However, Halbritter and Dorfleitner's 2015 study, which examined the relationship between corporate financial performance and corporate social performance, concluded that there were no significant financial return differences between companies who scored high on an ESG rating and those with a low one; namely, conventional companies²¹¹. The results from the earlier studies, which had found outperformance, were subsequently qualified on the basis that using certain 'rating concepts' had produced higher returns when compared with other research, thereby modifying its validity. Despite these new findings around financial returns, it does not alter the fact that there are non-financial benefits being accrued contemporaneously as a result of ESG investments.

Literature pertaining to the use of SRI by Māori investment organisations is sparse. However, a recent 2019 report by the Responsible Investment Association of Australasia (RIAA) on Impact Investment in Aotearoa included some insights into Māori investment practices. The RIAA, which describes impact investment as the financial manifestation of sustainability principles, felt that Māori knowledge would be valuable in the development of impact investment. A small sample of seven Māori, a combination of iwi leaders and Māori investment practitioners, was interviewed to understand the nuances of impact investment in Māori investment organisations²¹². The findings were as follows²¹³:

- some have a deliberate focus on delivering socio-economic outcomes;
- culturally embedded principles that underpin a Māori worldview have a natural fit with contemporary western concepts of sustainable investment and enterprise;
- Māori directors and CEO's feel that despite overarching values, Māori are still investing according to Pākehā norms;
- a long-term orientation is a natural advantage for guiding strategy and planning; and

Review of ESG Investing', *Review of Financial Economics*, 26, (2015), p.25.

²¹⁰ Sally Hamilton, Hoje Jo, and Meir Statman, 'Doing well while doing good? The investment performance of socially responsible mutual funds', *Financial Analysts Journal*, 49, 6, (1993), pp. 62–66.

²¹¹ Halbritter and Dorfleitner, p.25.

²¹² Responsible Investment Association Australasia, *Report on Impact Investor Insights Aotearoa, NZ*, 2019, p.25.

²¹³ *ibid*, p.26.

- 50 per cent of iwi focus on maximising financial returns, whilst 50 per cent have an additional dimension that is based on cultural or social community elements.

The report concluded that there is increasing momentum for Māori notions of impact to become a fundamental part of a national impact investment model²¹⁴.

3.7.3 Impact Investing

Impact investing is a relatively recent concept that emerged out of the overarching fields of socially responsible investing (SRI) and corporate social responsibility (CSR)²¹⁵. It emerged in the last quarter of the twentieth century as a result of work undertaken around microfinance²¹⁶, community development and environmental activities²¹⁷. It is described as investing to create a ‘tangible social impact’, but which also has the potential to generate a financial return on the investment²¹⁸. It has been used with investments that address global challenges such as sustainable development, clean water, food, healthcare and renewable energy²¹⁹. These are technologies that seek to optimise the use of sustainable or renewable resources such as wind power and solar power and which provide a solution with positive benefits to climate change and sustainable development. Impact investing also appears in the health sector where, for example, funding is sought to provide vaccines for countries that are unable to afford them for all their people. Community development initiatives are another avenue for impact investors whereby finance is sought to provide second-tier financing of people into homes who are unable to access funding from retail banks²²⁰.

Impact investing differs from traditional or mainstream investing in that its primary objectives are social and environmental rather than solely financial and economic²²¹. However, a secondary objective

²¹⁴ *ibid.*, p.26.

²¹⁵ Clarkin and Cangioni, p.135.

²¹⁶ Micro finance is where small business loans are provided to people who are not able to access funding from mainstream financial institutions because they may be unemployed, have limited resources or are on low incomes.

²¹⁷ Clarkin and Cangioni, p.138

²¹⁸ *ibid.*, p.137.

²¹⁹ Freireich and Fulton, p.3.

²²⁰ *ibid.*, p.56.

²²¹ Clarkin and Cangioni, p.138.

of impact investing is to generate a financial return which potentially enables people or organisations both to invest in causes that are important to them and to be able to generate a financial return on their investment²²². Impact investors view themselves differently to socially responsible investors, who tend to avoid harmful companies or who encourage improved corporate practices related to the environment, social performance or governance. Rather, impact investors seek to invest in businesses or funds that generate social and environmental good²²³.

A 2019 survey undertaken by the Responsible Investment Association Australasia and the University of Auckland sought to understand the state of impact investing in New Zealand. The researchers were keen to complement the survey with interviews of those organisations who identified as Māori organisations to gain insights into their current investment practices and how they are influenced by cultural imperatives. Seven Māori organisations were interviewed with two being identified²²⁴. These seven organisations expressed the view that the growth of the impact investment market globally and in Aotearoa represents a shift of the ‘mainstream’ investor towards an investment model that has always been embedded in a Māori economic worldview²²⁵. The values and principles that underpin impact investing are familiar to Māori and these seven organisations believe that the rest of the world is catching up with Māori. Each of the three case study organisations reflect impact investing in their investment philosophies, examples of which will be highlighted in the case study chapters.

3.7.4 Values-Based Investing

Values-based investing is an investment model that is similar to the other models already discussed, impact investing (II), socially responsible investing (SRI) and environmental, social and governance investing (ESG)²²⁶. Each differs slightly from the other, but they share a common objective of integrating non-financial objectives into an investment process that is largely financially driven²²⁷.

²²² Freireich and Fulton, p 2.

²²³ *ibid.*, p. 5.

²²⁴ Amokura Iwi consortium is a group of 7 iwi in the Te Tai Tokerau region. The other organisation was the Tahito fund, which uses Māori values to manage an impact investment fund.

²²⁵ Responsible Investment Association Australasia, p.26.

²²⁶ Sandberg, p.521.

²²⁷ *ibid.*, p.519.

Values-based investing is a concept that allows investors to invest in companies that align with their personal values²²⁸. It appeals to investors who are looking beyond financial and economic returns for investments, which can have a positive impact on society. These investors are not only economic clients but are also social beings who have social consciences and needs they want appeased and fulfilled through their investments²²⁹. This form of investment has been driven by demand from investors rather than initiated by fund managers themselves²³⁰. Over the last 30 years this form of investment has moved from one that operated in the margins to one that is now accepted as mainstream²³¹.

Values-based investing should not be confused with value investing which is a completely different investment strategy. Value investing occurs when stocks are selected by investors that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. Investors who use this strategy believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the long-term fundamentals of a company, thereby providing an opportunity to benefit when the market has overreacted to bad news²³².

For each of the case study organisations values-based investing is a familiar concept through the application of tikanga Māori in their investment decision-making. Each of the case study organisations employs a range of tikanga in their investment decision-making and these will be discussed in more detail within later chapters.

Growth in the Māori economy and asset base and the types of businesses in which Māori are involved has raised the expectations of shareholders, beneficiaries and members of iwi. Dealing with these expectations raises certain challenges that require prudent and wise management by tribal and

²²⁸ William Pasewark, and Mark Riley, 'It's a Matter of Principle: The Role of Personal Values in Investment Decisions', *Journal of Business Ethics*, 93, (2010), pp.237-253.

²²⁹ Pat Auger, Paul Burke, Tim Devinney and Jordan Louviere, 'What Will Consumers Pay for Social Product Features?', *Journal of Business Ethics*, 42, 3, (2003), pp.281–304.

²³⁰ Wallis and Klein, p.64.

²³¹ Freireich and Fulton, p.5.

²³² Charles Lee, 'Value Investing: Bridging Theory and Practice', *China Accounting and Finance Review*, 16, 2, (2014), p.10.

business leaders. In concluding this chapter, I touch on some of the investment challenges that each of the case study organisations face.

Investment challenges for case study organisations

The BDO 2019 Māori Business report highlighted three perennial challenges for Māori businesses in achieving their short and long-term objectives²³³. The biggest challenge appears to be the capability of Māori that Māori businesses are recruiting. They are having to spend time and money training and mentoring to lift the people capability. There are challenges in recruiting Māori with skills and experience in information technology, finance, strategic planning, sales and marketing and who share the vision of the organisation²³⁴. The second challenge relates to obtaining funding to help seed the business or idea, undertake a feasibility study, improve systems and processes within the business, or funding to help with developing a business plan or a longer-term strategic plan. Accessing capital funding for equipment purchases or buildings or machinery is a challenge. For some the challenge can be negotiating the process for completing a funding application²³⁵. For each of the case study organisations such access has not been such an issue. The challenge of people recruitment is one that fluctuates, but there is room for optimism with the numbers of Māori entering into business increasing. The case study organisations have people strategies in place that will see some of their people transition into their businesses over time.

Time is an important component in investing and generally speaking, the longer you are invested, the better the long-term returns. A challenge that each of the case study organisations face is that none has been in business for a long time from a Māori perspective, just eight years for one, 32 years for another and 43 years for the longest lived. The expectations and needs of their shareholders and members are both high. There is inherent pressure to grow quickly to meet the needs of their people. The pressure between short and long-term objectives can create tension within the organisation and between the organisation and its people. Whilst the case study organisations indicate that they adopt a long-term view when it comes to making investment decisions, that very view can create tensions for those whose needs are immediate. The results of investment organisations are monitored on a periodic basis by their governing bodies and sometimes the short-term results can distract from the long-term view.

²³³ BDO, *Māori Business Report*, 2019, p.5.

²³⁴ *ibid.*, p.7.

²³⁵ *ibid.*, p.5.

3.8 Values

Each of the case study organisations invest in a mixture of equities, bonds, residential and commercial property and businesses that they manage and operate domestically and internationally. The challenge for these organisations is the values that underpin these markets are non-Māori, which tend to focus on profit maximisation, individual ownership and unsustainable resource utilisation²³⁶. The values that underpin the case study organisations are a combination of these non-Māori values and Māori values which tend to focus on optimal profits, collective ownership, sustainable resource utilisation and relationships. Challenges and tensions can arise when Māori values compete for recognition and priority of resources with non-Māori values. Gibson-Graham suggests that through experimentation and hybridity, new forms of economic practice will emerge that combine economic and non-economic values in ways that were previously thought to be incommensurable²³⁷. A whakapapa investment philosophy thinks about the connections and relationships between Māori values and non-Māori values and how they might best work together for Māori.

3.8.1 Utu – Balance

A challenge for Māori investment organisations is they operate in two worlds and are required to balance the cultural expectations of their people with the business and legal obligations with which their entities are required to comply²³⁸. The notion of balance has been raised through the concerns of some iwi members who are calling for their governing trust boards (rūnanga) to broaden the economic development approach of their commercial entities to include an explicit consideration of cultural, social, political and environmental elements²³⁹. On the other hand, Smith et al also found in research they undertook with a small number of iwi organisations that whilst iwi saw the connection between wealth creation and the social and cultural development of the people, they accorded financial and economic development the priority, with social and cultural development following. The same research also found that iwi participants indicated that economic development could or should

²³⁶ Ruth Hines, Accounting: Filling the Negative Space, *Accounting, Organisations and Society*, 17, 3, (1992), p.313.

²³⁷ J K Gibson-Graham, *Postcapitalist Politics*, Minneapolis, University of Minnesota Press, 2006, cited in Martin Buttle, Diverse economies and the negotiations and practices of ethical finance: the case of Charity Bank, *Environment and Planning*, 40, (2006), p.2100.

²³⁸ Smith et al, p.60.

²³⁹ Smith et al, p.124.

occur simultaneously with social and cultural development²⁴⁰. Whilst these two findings might appear to contradict each other, there is a growing realisation by iwi that the two could be done contemporaneously. The notion of balance can also relate to the types of assets that an organisation invests in. Investment professionals refer to this as diversification, which I now discuss.

3.8.2 Asset Diversification

A New Zealand Corporate and Economics Advisory company, TDB Ltd issued a report dated 28 February 2020 on the investment strategies and investment performance of eight iwi organisations for 2019 which argues that the Māori asset base is still relatively undiversified²⁴¹. Several reasons were given for this: the assets were located within the region of an organisation; the geographical region was quite narrowly defined; there were strong cultural and historical reasons for the concentration; land is also considered to be an intergenerational asset²⁴². However, Adrian Orr, the New Zealand Reserve Bank Governor, in a 2019 address noted that Māori were diversifying investments into geothermal power, digital services, tourism, housing, and brand development²⁴³. Other points to note from the TDB report were that returns for 2019 were lower than for 2018, iwi organisations generally have low levels of debt, and investment objectives for iwi go beyond maximising financial and economic returns in order to achieve wider social and cultural objectives.

Each of the case study organisations is aware of the risks involved in having all their assets in one basket and have long-term strategies in place that will gradually dilute these concentrations and better spread their risk across a number of asset classes and industries.

3.9 Summary

This chapter discussed and examined Māori investment and proposed an investment approach called the whakapapa investment philosophy, which uses Ani Mikaere's whakapapa conceptual framework as its basis. The whakapapa investment philosophy recognises that there are Māori investment organisations operating an investment philosophy that considers the past, present and the future and which includes aspects of other investment philosophies that resonate with a Māori worldview. The suggested whakapapa investment philosophy is, I believe, a first step in developing an investment

²⁴⁰ Smith et al, p. 84.

²⁴¹ TDB Advisory Ltd, p.5.

²⁴² *ibid*, p. 26.

²⁴³ Adrian Orr, *Māori long-term business values provide lessons*, Federation of Māori Authorities, Nelson, 27 September 2019.

philosophy that reconnects and considers whakapapa aspects within Māori society. Other investment philosophies were also examined on the basis that aspects of them appear to be used by each of the case study organisations in their investment decision-making. The Māori economy and Māori business were discussed in relation to their connectivity with Māori investment with an emphasis on the opportunity that all three present in enhancing Māori well-being. I then concluded with a discussion on some of the challenges that Māori investment organisations encounter and how these may influence investment decisions.

4 Chapter 4 - Decision-making

4.1 Introduction

In this chapter I review the decision-making component of the research question and discuss the non-investment components that can influence the decision. These components include the organisational structures that Māori use and their bases for representation, styles of decision-making and their processes, and the demographics of the decision-makers on the boards.

As the research has evolved, the case studies have revealed that each organisation has a distinctive decision-making style that includes some of the core Māori values that were identified in the tikanga chapter as well as some aspects of other decision-making styles. The decision-making styles to be discussed are a rational style, an intuitive style and a hybrid style of rational and intuitive. Each of the case study organisations has a slightly different decision-making style that reflects their whakapapa and context²⁴⁴. I also outline in this chapter what I describe in this thesis as a ‘whakapapa decision-making style’ that is underpinned by a Māori worldview, which enables Māori to make sense of the world²⁴⁵.

4.2 Whakapapa Decision-Making Style

Discussing whakapapa in relation to decision-making moves its meaning and influence beyond its common application to genealogy. Mikaere posits that seeing the world through a whakapapa lens enables Māori to push beyond linear thinking to a place that allows alternative thinking and thoughts, which leads to the possibility of there being more than one solution to an issue, or more than one answer to a question²⁴⁶.

This non-linear or alternative thinking can elicit actions, behaviours and decisions by Māori that can be difficult for non-Māori to understand. Decisions may relate to resources being allocated to the preservation and repatriation of a wharehau to Aotearoa, or the acquisition of ancestral lands. The decision-making process may be borne out of whakapapa connections to these taonga, to the land and to the environment; it may be borne out of an obligation to whānau, hapū and iwi to ensure the long-term survival of Māori; it may be borne out of an obligation to past, present and future

²⁴⁴ Mikaere, p.286.

²⁴⁵ *ibid.*, p.286.

²⁴⁶ *ibid.*, p.296.

generations to ensure the survival of taonga tuku iho, those precious things that have been passed on for present and future generations²⁴⁷.

Theories of whakapapa affirm that Māori survival is dependent upon the way in which Māori interact with the world around them. Relationships are important and will determine how they interact, where they interact and who they interact with, and will have an influence on their decision-making. Mikaere's definition of whakapapa is worth repeating ²⁴⁸:

Whakapapa embodies a comprehensive conceptual framework that enables us to make sense of our world. It allows us to explain where we have come from and to envisage where we are going. It provides us with guidance on how we should behave towards one another and it helps us to understand how we fit into the world around us. It shapes the way we think about ourselves and about the issues that confront us from one day to the next.

Applying her definition of whakapapa to decision-making promotes similar behaviours to those for an investment philosophy discussed earlier where it allows (but does not require) a decision to be explored in the widest possible manner to understand its potential impacts²⁴⁹. Whakapapa decision-making is an inclusive one and invites consideration of cultural, social, political, environmental, and financial and economic elements. It is a style of decision-making that encourages a search for multiple solutions and not just a simple or convenient one²⁵⁰. It is these expansive and alternative notions of whakapapa that have been the catalyst for a whakapapa decision-making style, that is unique to Māori and underpinned by a Māori worldview.

A whakapapa decision-making style produces an environment where Māori can ²⁵¹:

- pose crucial questions about decision-making styles that have been used in the past and see how they inform today's decision-making styles;
- accumulate and organise a whakapapa of decisions-making styles in a way that makes sense to Māori;
- formulate a code of behaviour that ensures decisions are made in the best interests of the long-term survival of Māori in a physical and spiritual sense;

²⁴⁷ *ibid.*, p.290.

²⁴⁸ *ibid.*, p. 313.

²⁴⁹ Mikaere, p.313.

²⁵⁰ *ibid.*, p.317.

²⁵¹ *ibid.*, p.304.

- apply minds to new styles of decision-making that meets future challenges and envisages pathways into the future as our ancestors have done.

A whakapapa decision-making style, shown at diagram 4 below, has three key components that inform it: (i) whakapapa's overarching themes of relationships, connections and obligations; (ii) core values of whanaungatanga, manaakitanga, kaitiakitanga, utu and rangatiratanga, which inform and guide the behaviours and practices of the decision-makers; and (iii) core elements that are cultural, environmental, economic, political and social. The funnel shape depicts the process as it progresses towards the final outcome, which is the decision.

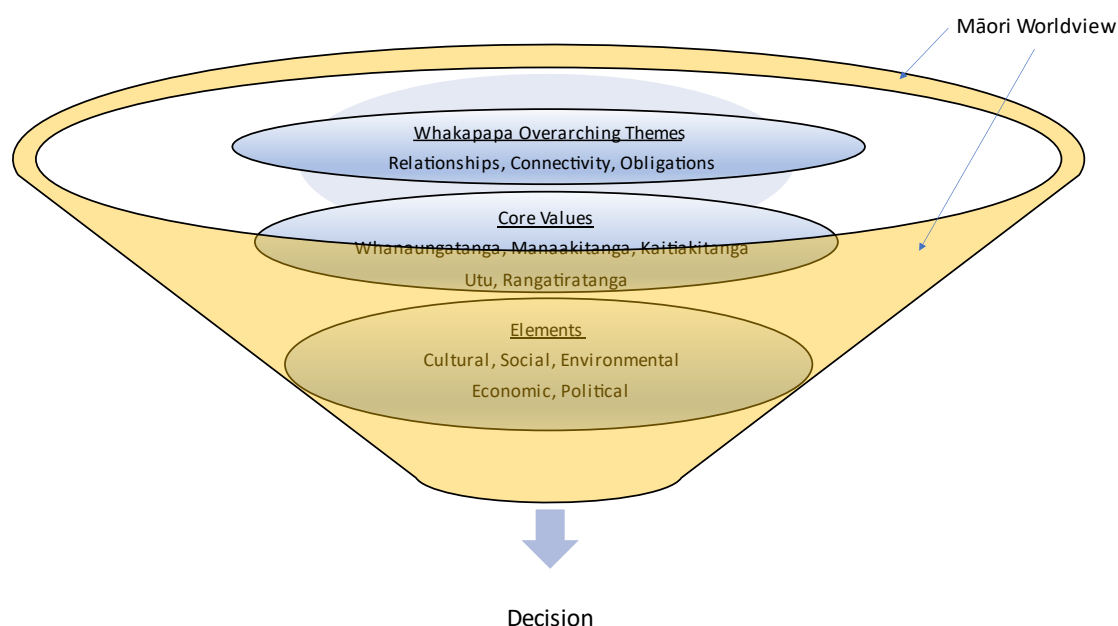
The first overarching theme concerns relationships with past, present and future generations, atua and the environment²⁵². Theories of whakapapa suggest that in a decision-making context, relationships are important and must be nurtured, respected, reciprocated and managed responsibly.

The second overarching theme is connectivity, which refers to the connection and interdependence between everything and everyone. It refers to decision-making processes being used in one area that will have an impact on decision-making processes in others because of this connectedness. Are there connections from the past that have activated obligations and expectations that may be associated with the decision-making processes? Due diligence around connections is important.

The final theme is obligations, and refers to the obligations of the current generation to past generations to protect and nurture tikanga which includes decision-making styles that have been passed down. Current generations have an obligation to nurture and develop these decision-making styles for future generations.

²⁵² *ibid.*, p.289.

Diagram 4 - Whakapapa Decision-Making Style



The values are there to inform and guide the decision-makers in their practices and behaviours in the decision-making process. These values are not exhaustive but are ones that were identified and discussed in the tikanga chapter as being core values and which are considered fundamental for a whakapapa decision-making style. The case studies include other values as they pertain to their organisations and they will be discussed in each of the case study chapters. Inclusion of the five elements will provide a comprehensive view of potential implications from the range of solutions available. The elements can be constructed by the organisation as is appropriate for their context. The following are factors or similar that could be considered for each of the elements:

- Cultural
 - Tikanga (values), tikanga (practices and behaviours), relationships, history, te Reo;
- Social
 - education, health, employment, housing;
- Environment
 - whenua, awa, moana, ngahere;
- Financial and Economic
 - financial returns, profits, optimisation of resources, collaborations;
- Political

- tino Rangatiratanga, local and central government.

In conclusion, I reiterate my earlier comment around the expansive notions of whakapapa that have enabled the opportunity to adapt Mikaere's whakapapa conceptual framework to a whakapapa decision-making style that is grounded in a Māori worldview. One of the attributes of a whakapapa decision-making style is that it looks to the past for guidance on current decision-making. Whilst there are learnings and guidance from good decisions, there are also learnings to be taken from the not so good. I review a situation where Matauri X incorporated, a Māori incorporation was adversely impacted by decisions they made that ended up very badly and I examine it through a whakapapa decision-making lens.

4.3 Matauri X Incorporation

In 2005, a Māori Land Court case, Hazel Jackson Whānau Trust v The Matauri X Incorporation involved an application by a shareholder in the Matauri X incorporation to investigate a transaction where Matauri X borrowed monies to invest in a water-bottling plant in Whakatāne²⁵³. The shareholder's concerns were centred around whether or not the trust had the authority to borrow monies to invest in a venture that was not on the incorporation's land, and secondly whether the incorporation was able to grant security to a finance company over all of the incorporation's 550 hectares at Matauri Bay. The shareholder's application was successful and the Māori Land Court appointed an investigator. The Court was interested to know²⁵⁴:

whether the Committee of Management had acted appropriately in obtaining advice prior to committing to the investment, did the committee involve itself enough, or familiarise itself enough, with what it was being asked to commit its shareholders to?

As a result of the investigation the Court found there were a number of issues relating to the decision-making process²⁵⁵:

1. The Committee of Management had approved the transaction subject to certain issues being addressed in the contract.
2. That the Committee of Management had made known to the both the Chair of the committee and the committee's business advisor that the outstanding issues were to be addressed before the contract was entered into.

²⁵³ Hazel Jackson Whanau Trust v The Matauri X Incorporation, Māori Land Court, 2005.

²⁵⁴ *ibid.*, p.6.

²⁵⁵ *ibid.*, p.19.

3. That both the Chair and the committee's business advisor did not act in accordance with the agreed instructions.
4. That the Chair had breached his duty of good faith to his fellow members of the committee of management by completing the contract knowing that it was not in accordance with the committee's instructions and that he was therefore acting without the authority of the committee of management.
5. That the Committee of Management had failed to act prudently and was in breach of its duty to its shareholders in the following respects:
 - a. Failed to keep an adequate record or minutes of the meeting on 30 June 2001 when such an important issue was being discussed.
 - b. Failed to pass resolutions authorising actions to be taken on their behalf.
 - c. Failed to obtain independent legal advice and ensure their solicitors approved the transaction.
 - d. Failed to take any steps to ensure that their conditions/instructions had been complied with.
 - e. Left the chairperson to handle critically important business transactions alone without the agreement of others on the committee.

4.3.1 Obligations to Past Generations

Relationships are paramount in a whakapapa decision-making style, and several issues were raised amongst the current generation regarding this situation. Disappointment was expressed at the failure to meet obligations and responsibilities to past generations as a result of this transaction. Kaumātua Dover Samuels expressed remorse for the unrealised aspirations of elders who had passed on, as well as the mamae (the hurt and pain) that the whānau had experienced²⁵⁶:

I want to say to our people we can no longer bury our heads in the sand. We have a chance of keeping the majority of our whenua by sacrificing and I certainly don't want to convey to the Court that there is a disagreement with some of the historical events that have taken place in the past for myself.

For God's sake we have not built a papakāinga in the last 15 years. Many of our elders have passed away still waiting for a papakāinga, but because of this burden on top of us, that has been set aside.

²⁵⁶ Matauri Bay Properties Ltd Vs Proprietors of Matauri X Incorporation, Māori Land Court, 2015, p.18.

One can understand now that we have the opportunity to move forward and to put this behind us and I'm not belittling any of my nephews or any of my cousins here for getting up and saying this is a mamae, this is how they feel about it ... I certainly was not privy from the beginning and objected very very strongly to the alienation of our land right up to now.

Samuels is expressing regret that obligations to past and current generations of kaumātua have not been met because of the financial predicament that resulted from decisions made by the committee of management in an environment where whanaungatanga relationships were marginalised or ignored. Obligations and expectations had not been met in terms of building papakāinga and safeguarding against alienation of the land. Kaitiaki relationships and obligations to current generations (nephews and cousins) had also not been met. The mana of the people, the incorporation and its shareholders had been diminished by the issue and had attracted interest from the media over a 15-year period. The tino rangatiratanga and mana motuhake of the incorporation had been threatened when the committee of management granted the finance company security over all 550 hectares of the incorporation's lands. If the debt had spiralled out of control, the incorporation could potentially have lost the lot.

4.3.2 Obligations to Shareholders

Relationship issues between the committee of management and the shareholders was evidenced in the arrangement of a special general meeting, the upshot of which was the 10 per cent threshold was met to make an application to the Māori Land Court for an investigation into the affairs of the incorporation. There was a loss of confidence in the committee of management²⁵⁷. In support of the application for the investigation, it was stated at a Special General Meeting of the shareholders that²⁵⁸:

there were strong feelings among the shareholders to have someone independent, an outsider to help them resolve the issues.

The breakdown in relations between the committee and the shareholders had a demeaning and demoralising impact on whakapapa in that it fractured relationships amongst whānau. It also impacted adversely on business relationships and put at risk future whakapapa connections.

²⁵⁷ Hazel Jackson Whanau Trust v The Matauri X Incorporation, Māori Land Court, 2005, p.1.

²⁵⁸ *ibid.*, p.14.

4.3.3 Obligations amongst Committee Members

Relationships amongst the committee members was also damaged. The Chair of the committee had betrayed the trust of his fellow committee members by concealing the fact that he had legally committed the incorporation to the investment transaction and the loan agreement before the investment opportunity had even been presented for consideration. Through his actions and behaviours, the Chair had failed to demonstrate whanaungatanga and manaakitanga towards his fellow committee members. The Chair stated in the Court proceedings²⁵⁹:

I acknowledge that I was the chairperson of the committee of management, and it was under my leadership that they entered into these investments. I accept that I am as chairperson accountable to them. I agree to act in good faith in accounting to them even should they resort to taking action against me in another jurisdiction.

4.3.4 Business Relationships

Another relationship issue arose in the form of the business advisor and negotiator for the incorporation, who was someone that members of the committee had never met before, yet they were relying on him to advise them on the single most important and complex transaction they had ever considered²⁶⁰. Also, the incorporation was investing in the venture with two other parties, meaning that each would end up owning a third of the company. A whakapapa decision-making style would require that the committee meet and get to know their potential business partners to determine whether there could be a long-term relationship, perhaps even an inter-generational relationship. That did not occur in this situation.

The final outcome of this transaction for the incorporation in terms of financial and economic factors was the loss of \$15 million in cash and the alienation of 70 hectares of the incorporation's landholdings. The implications that arose from a whakapapa and tikanga perspective for Matauri X incorporation resulted in obligations not being met and relationships ruined on several fronts, between the committee of management, shareholders, whānau, business partners, business advisors, past generations, future generations and the land.

²⁵⁹ *ibid.*, p.20.

²⁶⁰ *ibid.*, p.9.

4.4 Whakapapa and Mana Motuhake

I suggest that a whakapapa decision-making style is an expression of mana motuhake (separate identity) and control, and changes the basis upon which a Māori organisation makes its decisions. If one of the objectives of the organisation is to move its people towards self-determination, then a whakapapa decision-making style is one strand of muka (flax fibre) amongst many strands of muka that is needed to weave change in pursuit of mana motuhake²⁶¹.

Batool et al argue that 'decision literature' shows that in the past, researchers have introduced decision-making styles according to their culture, context and circumstances²⁶². A whakapapa decision-making style accords Māori a decision-making style that allows them to think and behave as Māori. I suggest that the application of Māori values in a decision-making context will help to maintain their relevancy, reinforce Māori identity, and likely enhance the decisions being made because it has an intention to operate with mana motuhake. It is a decision-making style that encourages a focus on relationships, connections and obligations.

Bauman and Williams in their research on indigenous decision-making in Australia posit that when developing indigenous decision-making there is a tendency to transplant non-indigenous styles, which can create tensions within an indigenous group²⁶³. One of the case studies experienced these tensions when their people raised concerns about decision-making becoming too corporatised, thereby implying an imbalance between Māori and non-Māori elements and considerations²⁶⁴. It would be useful to better understand how these imbalances arise. By prioritising relationships and obligations, a whakapapa decision-making style allows decision-makers to be responsive to the needs of their people. An outcome of this responsiveness will likely result in a localised whakapapa approach to decision-making that expresses mana motuhake. Tinirau posits that Māori organisations have their

²⁶¹ Sasha McMeeking, 'Ka Mate Kāinga Tahi, Ka Ora Kāinga Rua – Growing Mana Motuhake While Fighting for it', *Māori Law Review*, November 2018.

²⁶² Nalia Batool, Muhammad Naveed Riaz and Muhammad Akram Riaz, 'Integrated Use of Rational and Intuitive Decision-making Style: Modern Trends in Organisational Decision-making', *Pakistan Business Review*, 17, 1, (2015), p.151.

²⁶³ Australian Institute of Aboriginal and Torres Strait Islander Studies, *Research Discussion Paper on The Business of Process Research Issues in Managing Indigenous Decision-making and Disputes in Land*, Toni Bauman and Rhian Williams, Number 13, 2004, p.3.

²⁶⁴ Smith et al, p.56.

own unique foundation and reference points from which their independent kaupapa, knowledge and experiences are derived and can then be used as precedent to inform future tikanga²⁶⁵.

A whakapapa decision-making style provides flexibility for both the short-term decisions that are required to be made for the needs of current generations as well as long-term, inter-generational decisions for future generations. Bartool et al argue that the more effective an organisation's decision-making processes are, the more likely it is that an organisation will achieve its desired outcomes²⁶⁶.

4.5 How Organisational Structures Influence Decision-Making

The Crown has imposed structures on Māori either through legislation or Treaty of Waitangi settlement processes that are incongruous to a Māori worldview, and which create tensions between the values that underpin these structures and Māori values. Yet despite this, the case studies will show that they are navigating their way through these tensions in a way that reflects the values, beliefs and principles of their organisations.

Māori conduct their business through a range of different structures that best suit their situation²⁶⁷. Te Puni Kōkiri in its 2013 report on the Māori economy indicated that approximately 84 per cent of the Māori asset base was in common law trusts, trusts and Māori incorporations under the Te Ture Whenua Māori Act 1993, as well as in private companies and partnerships²⁶⁸. Each of the three case studies utilise different structures that reflect their situation and context. Ngāti Whātua Ōrākei, as an iwi, have a structure that has evolved from a Treaty of Waitangi settlement process. These types are commonly referred to as a post-settlement governance entity (PSGE) structure, which I will examine and discuss. Wakatū's landowners agreed to form an incorporation to manage and administer their lands, and so I examine and discuss that structure. Poutama Trust evolved from a Crown initiative in the 1980s to provide support to small-to-medium Māori businesses and utilises a common law trust structure, which I will also discuss briefly.

²⁶⁵ Rawiri Tinirau, 'Te Kura i Awarua: Understanding, Valuing and Practising Tikanga in Māori Businesses and Organisations', PhD thesis, Massey University, 2017, p.196.

²⁶⁶ Batool et al, p.154.

²⁶⁷ Structures here means the type of entity such as a company, Māori incorporation, trust or a partnership.

²⁶⁸ Te Ōhanga Māori 2013, p.20.

4.5.1 Governance Entities

In a Treaty of Waitangi settlements process, the entity that is used to manage the settlement assets is called a post-settlement governance entity or PSGE. Andrews suggests that the Treaty settlements process was created in the early 1990s by a group of Crown officials unilaterally and secretly, without consultation with Māori²⁶⁹. It was designed as a ‘direct negotiations’ process that would sidestep the Waitangi Tribunal process and enable iwi to enter into negotiations directly with the Crown²⁷⁰. A document titled ‘Crown Proposal for the Settlement of Treaty of Waitangi Claims’ was released in 1994. Māori condemned the process used to create the document, which also attempted to include the notion of a fiscal envelope.²⁷¹ The fiscal envelope sought to place a \$1 billion cap on the Crown’s allocatable funds for all Treaty settlements, but it was formally abandoned by the Crown after strong protest from Māori because it was such an unrealistic amount to meet settlement costs. It was a political statement by the Crown to appease Pākehā voters²⁷².

4.5.1.1 Trusts

In 2007, the Crown Forestry Rental Trust (CFRT) produced a report titled ‘Guide for Claimants Negotiating Treaty Settlements’. The report found that Trusts are commonly used by iwi in Treaty settlements within the overarching PSGE structure²⁷³. Trusts are also used by thousands of other Māori organisations outside of the Treaty settlement process to manage and administer their Māori land assets in accordance with the Te Ture Whenua Māori Land Act 1993. A trust is a legally binding arrangement when a person (the settlor, or in a Treaty settlement case, the Crown) transfers legal ownership of assets to certain chosen persons (trustees) to be held on trust for the benefit of the beneficiaries or registered members of the iwi, as the case may be. The related constitutional document is its trust deed, which sets out the purposes, powers and rules for governing the trust. Two of the case studies, Ngāti Whātua Ōrakei and Poutama Trust, utilise a trust form for their organisations.

²⁶⁹ Jessica Andrews, ‘Administrative Review of the Treaty of Waitangi Settlement Process’, *Victoria University of Wellington Law Review*, 39, 2, (2008), p.229.

²⁷⁰ *ibid.*, p.230.

²⁷¹ *ibid.*, p.229.

²⁷² *ibid.*, p.230.

²⁷³ Crown Forestry Rental Trust (CFRT), *Aratohu Mō Ngā Rōpū Kaitono: Guide for Claimants Negotiating Treaty Settlements*, Wellington, 2007, p.254.

PSGE's are preferred by the Crown because they comply with a set of principles the Crown has developed that help it fulfill its responsibilities to the claimant group as well as to the New Zealand taxpayer²⁷⁴. These principles are:

- transparency of decision-making;
- representation of all members of the claimant group;
- full accountability to the claimant group;
- beneficiaries of the settlement and governance entity are identical; and
- the PSGE has been ratified by the claimant group.

Bargh posits that through the Treaty settlement process, the Crown has been able to govern and dictate the post-settlement structure of the tribe, and that the neo-liberal values that underpin these structures have contributed to its corporatisation, that is the application of free market principles within the tribe²⁷⁵. For many Māori organisations, having to comply with the Crown's strict post settlement criteria compromises their tino rangatiratanga (self-determination)²⁷⁶. The values that underpin these structures create tension with Māori values and can have an impact on the decision-making process.

Eruera Tarena-Prendergast in his thesis on indigenous organisations argues that for many iwi, Treaty claims were about the pursuit of rangatiratanga. However, it was felt by some iwi that the cultural integrity of the very institutions charged with maintaining cultural identity and advancing iwi sustainability were compromised by the legal and structural constraints that had been imposed upon them by the Crown²⁷⁷.

The structure at diagram 5 is commonly used by both Treaty claimant organisations and non-Treaty organisations. The 2007 CFRT report also found that there were a number of common clauses within

²⁷⁴ *ibid.*, p.67.

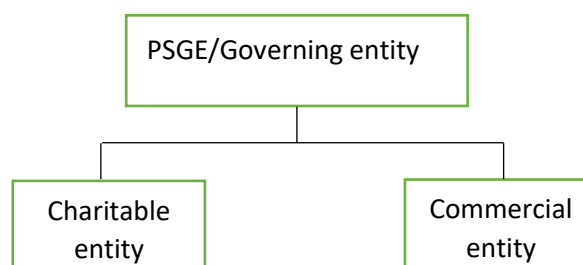
²⁷⁵ Maria Bargh, *Resistance: An Indigenous Response to Neoliberalism*, Wellington, Huia Publishers, 2007, p.38.

²⁷⁶ Te Ōhanga Whanaketanga, 2003, p.52.

²⁷⁷ Eruera Prendergast-Tarena, 'Indigenising the Corporation: Indigenous Organisation Design: An Analysis of Their Design, Features and the Influence of Indigenous Cultural Values', PhD thesis, University of Canterbury, 2015, p.18.

the constitutional documents of settlement entities regardless of the entity type chosen that can have an influence on decision-making²⁷⁸.

Diagram 5 – Common PSGE Structure



One of the common clauses alluded to above that can influence decision-making is board representation on the governing entity. There are different bases for board representation, which may be based on hapū, marae, rohe or iwi whānui²⁷⁹. An over-riding consideration for the basis of board representation is that it accords with the form of representation with which the iwi, hapū or marae are familiar and comfortable with²⁸⁰. If iwi representation has always been hapū based, then that is probably the best form of representation on the governing entity, as opposed to marae or iwi whānui.

4.5.1.1.1 Hapū representation

‘Hapū’ representation is one basis for membership on the governing entity and aligns with theories of whakapapa. The hapū determine who their representative will be and how they wish to be represented. The governing entity will have rules around eligibility for representation that candidates must satisfy, chiefly that the representative must be a registered member of the hapū of the governing entity and be nominated by five registered members of the hapū.

Carter notes that a member of the governing entity who has a mandate from a particular grouping such as a hapū has, in reality, more than one mandated authority. The first mandate is from the hapū to represent their interests and views. However, where a mandate is coupled with a trusteeship style such as a rūnanga, then another mandate arises. The altruistic nature of trusteeship allows for

²⁷⁸ CFRT, p. 261.

²⁷⁹ *ibid.*, p.71.

²⁸⁰ *ibid.*, p.71.

decisions to be made without consultation back to the grouping who endorsed the hapū mandate²⁸¹. This is a good example of two systems in operation and the tensions present. In other words, rūnanga members are nominated to represent the interests of their hapū, but are also empowered by trust law to make decisions in the best interests of the iwi without consultation back to their hapū.

This form of representation is not employed by any of the case study organisations, but is none the less a common form of representation that accords with a whakapapa decision-making style, but could also have a detrimental influence on the decision-making process.

4.5.1.1.2 Marae representation

Another basis for membership of the governing entity is ‘marae’ representation. Waikato-Tainui have this basis of representation on their governing entity, Te Whakakitenga (formerly known as Te Kauhanganui), which is an incorporated society. The Tainui Māori Trust Board had 12 iwi representatives, but the people requested greater input into the pan-iwi decision-making of their governing entity. This began the process of transition to Waikato-Tainui Te Whakakitenga. Membership was originally three representatives from each of the 68 member maraes but recently this has been reduced to two because of the building of trust and confidence that Te Whakakitenga can get the job done²⁸². Ross states that Te Whakakitenga was established to ensure that the power structures with Waikato-Tainui, from the kāhui ariki (a term used to refer to the Māori King or Queen) to the commercial and social arms, were supportive of hapū, whānau and marae, to whom the whole structure is accountable²⁸³. Ross goes on to note that marae representatives who go through an election process are expected to present the views of their marae, and that the delegates from each marae will usually but not always have a single opinion. He did not elaborate on what happens if there is more than one view. Similarly to the trusteeship situation, the delegates have a mandate and responsibility to make decisions as marae-appointed leaders. Ross states that whilst consultation should occur on major issues, this is not always possible, and marae whānau must trust their delegates to understand and express their views²⁸⁴.

This form of representation is not employed by any of the case study organisations, but it is a common basis for representation and can influence the decision-making process.

²⁸¹ Carter, p.164.

²⁸² Ross, p.98.

²⁸³ *ibid.*, p.99.

²⁸⁴ *ibid.*, p.116.

4.5.1.1.3 Iwi Whānui representation

The iwi whānui format is another basis for representation on the governing entity which may be employed where the iwi or organisation involved is small, especially if there are not many hapū and marae²⁸⁵. The iwi whānui style provides for elections to be held across the iwi or organisation for the positions available on the governing entity. Representatives under this style do not represent a particular grouping but rather all members of the iwi, and so there is no additional mandate compared to hapū and marae bases of representation. As with the other representation bases, there will be eligibility criteria that candidates must satisfy before they can be considered for election. This criteria usually includes their registration as an adult member of the iwi, they must not have been removed as an elected trustee previously, and they must have fulfilled a basic trustee training course or equivalent institute-of-directors course, or fulfilled eligibility requirements for being an officer of a charitable trust²⁸⁶.

With all these structures, the basis of representation, whether it be hapū, marae or iwi whānui, can have a significant influence on the decision-making process. The basis of representation is important within a whakapapa decision-making style because connections and relationships are paramount between members of the iwi or organisation and the governing entity.

4.5.1.2 Separation of Commercial and Social subsidiary entities

Another common clause is the encouragement of the Crown to establish separate subsidiary entities for social and commercial activities²⁸⁷. Their (the Crown) rationale behind this is that social and commercial objectives are quite different from each other, and separate entities need to be set up to avoid confusion. Different skill sets and experience are needed for each entity. An underlying view of this separation is that commercial or business activities should be disconnected from social relationships, as the only purpose of business is to produce material wealth²⁸⁸.

Whilst these structures can benefit Māori economic development and there are Māori who agree with their use, they can also be a source of tension when they are not aligned with strategic objectives that

²⁸⁵ Carter, p.71.

²⁸⁶ Ngāti Whātua Ōrākei, *Ngāti Whātua Ōrākei Trust Deed*, 2011, p.55.

²⁸⁷ CFRT, p.256.

²⁸⁸ Milton Friedman, 'The Social Responsibility of Business is to Increase its Profits', in Michael Hoffman, and Robert Frederick, eds, *Business Ethics: Readings and Cases in Corporate Morality*, 3rd ed., New York, McGraw-Hill, 1994, p.180.

include social and cultural values and objectives²⁸⁹. Prendergast states that a structure that emphasises economic success alone could lead to the cultural assimilation of Māori and the oppression and marginalisation of tikanga Māori²⁹⁰. The separation is also incongruous with a whakapapa decision-making style which holds that the creation of separate entities does not prevent commercial decisions from having an impact on social situations and vice versa²⁹¹.

Within this structure the governing entity will provide high-level guidance to the commercial entity, which is usually (but not always) contained within a 'letter of expectations (LOE)' and plays an important role in the decision-making process. The LOE will usually include the following:

- governance context – role within the group, legal and regulatory obligations;
- key objectives – strategic objectives and core business activities;
- general expectations – reporting requirements, no-surprises requirement, integration of tikanga, relationships;
- specific expectations – purpose and mission;
- nature and scope – managing assets prudently commercially and profitably, wealth generation;
- guiding principles – 'go' and 'no go' investment zones, no compromise to tikanga or values;
- roles and responsibilities – implementation of appropriate policies and structures, major transactions; and
- interim financial objectives and strategy – risk-and-reward tolerance, target returns.

The guidance provided by the governing entity is important in signalling to the commercial entity what its priorities should be. Commercial entities are usually directed to focus on wealth generation, but there is a change occurring where their mandate is expanding to include consideration of social and cultural elements. Some of the case studies reflect this, and this will be discussed further in the case study chapters.

4.5.2 Māori Incorporations

The Te Ture Whenua Māori Land Act 1993 contains provisions for the operations of Māori incorporations. A Māori incorporation is an entity that is similar to a company, and its purpose is to

²⁸⁹ Prendergast, p.12.

²⁹⁰ *ibid.*, p.13.

²⁹¹ Mikaere, p.313.

facilitate and promote the use and administration of Māori freehold land on behalf of the owners²⁹². The Māori incorporation must comply with its constitution as well as its obligations under the Te Ture Whenua Māori Act 1993.

A Māori incorporation is governed by a committee of management whose members are elected to the committee by the shareholders. Anyone can be appointed or elected to the committee of management, meaning they do not need to be a shareholder in the incorporation²⁹³. This is contrary to the genealogical whakapapa principle but perhaps recognises the need to be able to appoint someone with the necessary skills and expertise to help manage the incorporation. A whakapapa decision-making style acknowledges both short-term decision-making to cater for the needs of current generations and long-term decision-making for future generations. A decision to appoint someone who is not a whakapapa member or shareholder could be considered a prudent and necessary short-term decision. A related long-term decision would be to educate and train members or shareholders to one day work for the organisation. In terms of the rangatiratanga principle, an associate committee member regime could be implemented as part of a succession plan to train and upskill shareholders who were interested. Committee members should have the appropriate skills and expertise to protect the assets and provide a return to the shareholders²⁹⁴.

4.6 Decision-Making Styles

Timoti Gallagher in an article on tikanga Māori posits that Māori values still underpin decision-making within contemporary Māori society²⁹⁵. Batool et al describe decision-making as being multidimensional and multifaceted²⁹⁶. A whakapapa decision-making style is multidimensional in that the past, present and future are simultaneously considered. It is also multifaceted in that it encourages and enables consideration of cultural, social, economic and environmental elements contemporaneously. A whakapapa decision-making style can be described as a style that is

²⁹² Ministry of Justice, Māori Land Court Booklet, *Māori Incorporations: Te Ture Whenua Māori Act 1993*, Wellington, Ministry of Justice, 2010, p.2.

²⁹³ *ibid.*, p.4.

²⁹⁴ *ibid.*, p.3.

²⁹⁵ Timoti Gallagher, 'Tikanga Māori Pre-1840', *Te Kāhui Kura Māori*, Vol 0, 1, (2008), Wellington, Victoria University, p.2.

²⁹⁶ Batool et al, p.148.

underpinned by a Māori worldview that expresses mana motuhake, is multi-dimensional, multi-faceted and reflects the culture, context and environment of a Māori organisation.

Scott and Bruce define a decision-making style as the learned habitual response pattern exhibited by an individual when confronted with a decision situation²⁹⁷. Māori investment organisations in the case study are growing in competency and confidence in their decision making from the habit of making their own decisions and seeing positive results for their people from those decisions.

Wang et al define decision-making as a process that chooses a preferred option or a course of action(s) from among a set of alternatives on the basis of given criteria or strategies²⁹⁸. The criteria and strategies that each of the case study organisations consider, suggest a holistic and an inter-generational approach to their investment strategies, which gives rise to a range of alternatives to choose from.

For a business, decision-making is a fundamental function that aids in organising the future of the enterprise²⁹⁹. The more effective an organisation's decision-making processes are, the more likely it is that an organisation will achieve its desired outcomes³⁰⁰. However, good decisions do not always guarantee good outcomes³⁰¹. A decision usually implies the end of deliberation or consideration and the beginning of action, which is generally the aim of a decision-making process³⁰². Decision-making can be a simple process when some decisions are made quickly based on routine and precedence

²⁹⁷ Susanne Scott, and Reginald Bruce, 'Decision-making style: The development and assessment of a new measure', *Educational and Psychological Measurement*, 55, p.818.

²⁹⁸ Yingxu Wang, Ying Wang, Shushma Patel, and Dilip Patel, 'A Layered Reference Model of the Brain', *Transactions on Systems, Man and Cybernetics*, 36, 2, (2006), p.130.

²⁹⁹ Robbie Steinhouse, 'Business Express: Making Effective Decisions: A Rigorous Process for Making Choices That Work', Edinburgh, Pearson Education Limited, 2014, cited in Evie Turner-Walker, *The Application of Metacognition to Business Decision-making*, Wellington, Victoria University, 2016, p. 1.

³⁰⁰ Batool et al, p.154.

³⁰¹ Leigh Buchanan, and Andrew O'Connell, 'A Brief History of Decision-Making', *Harvard Business Review*, 84, 1, (2006), p.33.

³⁰² *ibid.*, p.33.

without much effort or conscious thought³⁰³. Alternatively, it can be a complex process that requires considerable time, information, thought and discussion.

4.6.1 Rational Decision-making

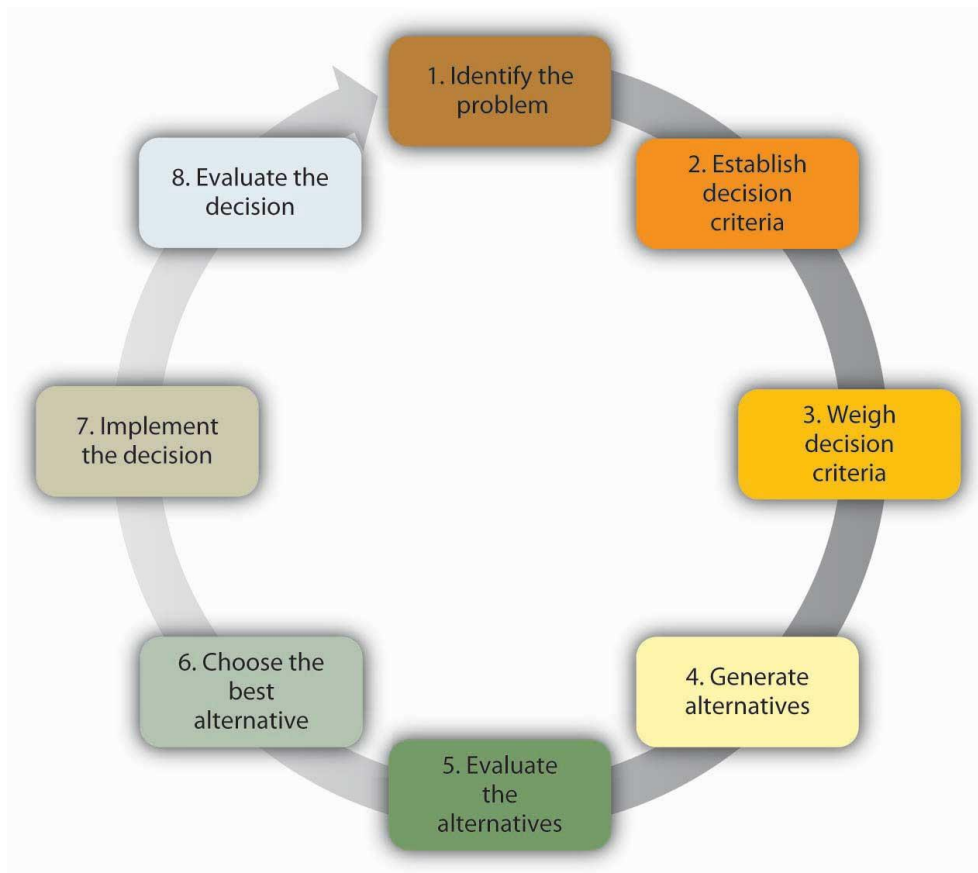
Rational decision-making is a process that is used to understand individual decision-making and is associated with scientific reasoning, empiricism, and positivism³⁰⁴. It is important to discuss rational decision-making as there are aspects of its style that each of the case studies utilise in their decision-making processes. The rational style is believed to have originated from the economics discipline and advocates the 'economic man', who is a maximiser and uses all means to achieve the end³⁰⁵. There are a myriad of ways of describing rational decision-making depending upon the context of the decision-maker, but it essentially follows a prescribed thought process that is considered chronological, structured, methodical, logical and reasonable, as shown in diagram 6. It starts with problem identification, then moves to data gathering, data analysis, option generation, option evaluation, making a decision, executing that decision and monitoring the outcomes of the decision.

³⁰³ Mary Smyth, Alan Collins, Peter Morris, and Philip Levy, *Cognition in Action*, East Sussex, Psychology Press, 1994, cited in Turner-Walker, p. 10.

³⁰⁴ David Buchanan, and Andrzej Huczynski, *Organisational Behaviour: An introductory text*, London, Prentice Hall, 2004.

³⁰⁵ John Hendry, 'Strategic Decision-making, Discourse, and Strategy as Social Practice', *The Journal of Management Studies*, 37, 7, (2000), p.969.

Diagram 6 – Rational Process of Decision-Making (Li, 2008)³⁰⁶



Rational decision-making is considered quantitative, empirical, positivist, objective, factual and data driven³⁰⁷. Rational decision-makers seek to maximise the benefits and minimise the costs³⁰⁸. They are assumed to have gathered all available information, have the cognitive capacity to analyse and

³⁰⁶ Bin Li, 'The Classical Model of Decision-making Has Been Accepted As Not Providing An Accurate Account of How People Typically Make Decisions', *International Journal of Business and Management*, 3, 6, (2009), p.152. 151–154.

³⁰⁷ Andrzej Huczynski, 'The Encyclopedia of Development Methods', *Leadership & Organization Development Journal*, 23, 3, (2002), p.169.

³⁰⁸ Peijun Guo, and Witold Pedrycz, eds., *Human-Centric Decision-Making Styles for Social Sciences*, Heidelberg. Springer, 2014, cited in Turner-Walker, p. 4.

evaluate the information, and have the time and resources to evaluate all alternative options and the consequences before deciding upon which option will achieve maximum value³⁰⁹. Rational decision-making is considered appropriate for situations which are well planned and managed, where there is less time pressure, little ambiguity and uncertainty and lower risk³¹⁰.

Critics of rational decision-making argue that the process does not fully represent how people typically make decisions³¹¹. They argue that the assumptions mentioned above are unrealistic considering how much information may be available, and they question whether an individual can process all this information when making a decision³¹². An individual will not be able to act rationally when they have too little or too much information, if their cognitive ability is limited and when resources and time are limited³¹³.

'Perfect' rationality would provide a decision-maker with a range of decision options that would result in the optimal choice being selected. However, the limitations of a rational style mean that a decision-maker is likely to make the most 'satisfying' choice³¹⁴. This type of decision is known as bounded rationality, where the decision-maker engages in limited information processing, their cognitive capacity is challenged by time constraints, and they are therefore limited to making a decision that is satisfying³¹⁵. During the case study interviews, interviewees described the investment process their organisations had in place, which suggested that significant time and resources were given to the investment decision-making process which indicated to me that rational decision-making played a role in their decision-making style. I discuss and outline each case study's investment process in their respective chapters which further indicates the presence of rational decision-making.

³⁰⁹ Sarah Keast, and Mike Towler, *Rational Decision-making for Managers: An Introduction*, West Sussex, John Wiley & Sons, 2009, cited in Turner-Walker, p. 11.

³¹⁰ Batool et al, p.154.

³¹¹ Gerald Smith, 'Beyond Critical Thinking and Decision-making: Teaching Business Students How to Think', *Journal of Management Education*, 27, 1, (2003), p.33.

³¹² Rational and Non-Rational Decision-Making, Lumen Learning, p.6.

<https://courses.lumenlearning.com/boundless-management/chapter/rational-and-nonrational-decision-making/>

³¹³ *ibid.*, p.6.

³¹⁴ Gerald Smith, p.33.

³¹⁵ Batool et al, p.149.

4.6.2 Intuitive decision-making

Researchers into decision-making began to discover in the 1990s that the conduct of rational decision-makers was changing, and they were violating normative principles of economic behaviour such as maximisation of utility³¹⁶. They found that many situations involving a high level of risk and uncertainty elicited the personal biases and emotions of the decision-maker, which were acted out implicitly³¹⁷. Intuitive decision-making had found its way into rational decision-making. I discuss intuitive decision-making as there are aspects of this style that each of the case studies reflects in their decision-making process and which I will discuss in each case study chapter.

An intuitive decision-making style can be defined as those decisions that are informed by previous experiences, impressions, personal values, emotions and feelings³¹⁸. Intuitive decisions are derived from experience and learning where facts, patterns, concepts, techniques, abstractions and beliefs impress upon the mind³¹⁹. I suggest that a whakapapa decision-making style includes some of the attributes of intuitive decision-making such as values and beliefs, and previous experiences. Intuitive decision-making excels in times of emergency, complexity, ambiguity, uncertainty, high risk and where there is time pressure³²⁰. Intuitive decision-making is not perfect and does have limitations.

Intuitive decision-makers may sometimes respond too quickly with insufficient, inaccurate, irrelevant or incomplete information based on previous patterns³²¹. Intuitive decision-makers may also become impatient with routine, details or repetition and may reach conclusions too quickly, ignore relevant facts, fail to consider all the alternatives, allow prejudice to overrule sound facts and evidence, or

³¹⁶ Gerald Smith, p.33.

³¹⁷ Reid Hastie, and Robyn Dawes, *Rational Choice in an Uncertain World*, California, SAGE Publications, 2001, cited in Nasir Naqiv, Baba Shiv and Antoine Bechara, 'The Role of Emotion in Decision-making: A Cognitive Neuroscience Perspective', *Association of Psychological Science*, 15, 5, (2006), p.260.

³¹⁸ Lisa Burke, and Monica Miller, 'Taking the Mystery out of Intuitive Decision-making', *The Academy of Management Executive*, 13, 4, (1999), p.92.

³¹⁹ Chester Barnard, *The Functions of the Executive*, Cambridge, Harvard University Press, 1938, cited in Turner-Walker, p.12.

³²⁰ Batool et al, p.153.

³²¹ Paul Thagard, and Fred Kroon, *Hot Thought: Mechanisms and Applications of Emotional Cognition*, Cambridge MA, MIT Press, 2006, p.13.

follow an aspiration³²². In 1976, Jung posited that an individual's decision-making style could be more accurately identified if it were assessed against both rational and intuitive decision-making styles³²³. The inference of this is that intentions may differ from what is happening in reality, and a person who might think they are acting rationally may be using a combination of aspects of rational and intuitive styles.

4.6.3 Combined Approach of Rational and Intuitive

Accepting that rational and intuitive decision-making styles have advantages and limitations, there is increasing recognition of the potential effectiveness of consciously combining the two styles³²⁴. Sadler-Smith et al argue that they are not perfectly independent of each other but rather are relatively independent³²⁵. Researchers are now seeking to understand the interaction between the two. Initial findings indicate that decision-makers are creating a blended style that reflects their context and situation³²⁶. Batool et al argue that decision-makers are switching between rational and intuitive styles all the time both consciously and unconsciously³²⁷.

There are different theories about how rational and intuitive decision-making styles are combined. Eling et al in their research on 'idea generation for product development' suggest combining the two styles is better described as switching backwards and forwards. They argue that there are five stages of decision-making that can be theoretically distinguished as follows³²⁸:

- defining and agreeing on the problem or opportunity;

³²² Vicki Sauter, 'Intuitive Decision-making: Combining Advanced Analytical Tools with Human Intuition Increases Insight into Problems', *Communications of the ACM*, 42, 6, (1999), pp.110.

³²³ Batool et al, p.151.

³²⁴ Eric Kessler, *Encyclopaedia of Management Theory*, Los Angeles, SAGE Publications, 2013, cited in Turner-Walker, p.13.

³²⁵ Eugene Sadler-Smith and Paul Sparrow, 'Intuition in Organisational Decision Making' in Gerard Hodgkinson and William Starbuck, *The Oxford Handbook of Organisational Decision Making*, London, Oxford University Press, 2007 cited in Batool et al, p.152.

³²⁶ Katrin Eling, Fred Langerak, F and Abbie Griffin, 'The Performance Effects of Combining Rationality and Intuition in Making Early New Product Idea Evaluation Decisions', *Creativity and Innovation Management*, 24 3, (2015), p.472.

³²⁷ Batool et al, p.155.

³²⁸ Eling et al, p.466.

- gathering information;
- generating decision options;
- decision options analysis; and
- making a final decision by selecting an option.

They further argue that an effective combination of both styles in practice could be where³²⁹:

- intuition is used to sense the problem or opportunity;
- rationality is used to gather information and to generate and analyse decision options; and
- intuition is used again as a synthesiser to arrive at a final decision.

Combining the two approaches is not straightforward. Issues arise regarding what aspects of rational and intuitive decision-making styles to include, and where in the process they should be included.

I have discussed this combined style as it is reflected in the decision-making of each of the case studies and will be highlighted in the case study chapters. A whakapapa decision-making style includes and encourages exploration of both rational and intuitive aspects, and there is no distinction made from a Māori perspective in crossing from one style to another. It seeks to hold intentionally the strengths of both approaches because it usefully expresses mana motuhake. Having discussed whakapapa, rational, intuitive and combined (rational-and-intuitive) decision-making styles, I now examine and discuss board composition.

4.7 Board Composition

The board of directors or trustees is the group that is given the responsibility of making decisions for the organisation. Board composition, diversity and independence is a key part of the criteria that an organisation should consider in its decision-making framework and processes³³⁰. I examine and discuss independence in relation to independent directors and their role on the board. I then discuss and examine board diversity in relation to gender, age, thought, groupthink and board tenure. Board

³²⁹ *ibid*, p.466.

³³⁰ Paula Loop, and Terry Ward, 'A Look at Board Composition: How Does Your Industry Stack Up?', in *Harvard Law School Forum on Corporate Governance*, 2017, p.1.

diversity has been acknowledged as a direct contributor to effective board performance, which in turn leads to enhanced company performance³³¹.

Boards have been described as the formal link between the shareholders of a company and management who are responsible for the day-to-day operations of the company³³². In the past, boards were characterised as formal yet passive bodies that seldom came under scrutiny³³³. That has now changed thanks to investors in pension funds and the like, who monitor, scrutinise, and challenge decisions and actions³³⁴. This has prompted boards to undertake more self-analysis of their performance. Researchers are now wanting to better understand the processes and behaviours associated with effective board performance³³⁵. For each of the case study organisations, their directors/trustees are appointed by the shareholders/members of the organisation. Each year an annual general meeting is held for the organisation and shareholders/members to have an opportunity to monitor progress, raise issues and ask questions about the organisation.

4.7.1 Independent Directors

Independent directors are an important aspect of board effectiveness. In Aotearoa, there are essentially three categories of directors, where two are considered independent and may also be known as non-executive directors. The two independent categories are described as 'perfectly independent' and 'relatively independent'.

Perfectly independent means they are independent of management and have no businesses, relationships or circumstances that might materially interfere with exercising judgement³³⁶. They have

³³¹ Bala Balasubramanian, and Nirmal Mohanty, 'Gender Diversity on Boards', in *NSE Quarterly briefing*, July 10, (2015), p.1; Muneza Kagzi and Mahua Guha, 'Board Demographic Diversity: A Review of Literature', in *Journal of Strategy and Management*, 11, 1, (2018), p.37.

³³² Daniel Forbes, and Frances Milliken, 'Cognition and Corporate Governance: Understanding Boards of Directors as Strategic Decision-Making Groups', in *Academy of Management Review*, 24, 3, (1999), p.491.

³³³ James Heard, 'Pension Funds and Contests for Corporate Control', in *California Management Review*, 29, 2, (1987), p.100.

³³⁴ *Ibid.*, p.98.

³³⁵ Forbes and Milliken, p.489; Kagzi and Guha, p.39.

³³⁶ Kagzi and Guha, p. 56.

the freedom to monitor the performance of management without any perceived conflicts³³⁷. They are also able to facilitate company access to external resources and manage or enable political, social and environmental relationships³³⁸. Independents are able to provide objective advice to the chief executive officer that other directors cannot³³⁹. Alternatively, it could also be argued that the value of independents is limited in that they only serve the company on a part-time basis, as most boards meet on average seven times a year and have limited exposure to the affairs of a company yet are expected to make important decisions on strategy as well as other complex issues³⁴⁰.

Relatively independent directors are external to the company and bring external views and experiences, but their independence may not be total. For instance, they may be representing a major shareholder in the company³⁴¹. In the case study organisations, a non-executive director could be considered 'relatively' independent where they are not working for the organisation as an employee but whakapapa genealogically to the organisation and therefore, as a member, they could be considered an insider.

The third category of director is an executive director. An executive director is an employee of the company as well as a director on the board of directors and is not considered to be independent. They bring an insider's depth of knowledge about the business and its operations³⁴².

Each of the case studies employs different combinations of these three types of directors, however the most common categories are independent and non-executive directors. One of the case studies also has executive directors.

³³⁷ Catherine Daily, and Charles Schwenk, 'Chief Executive Officers, Top Management Teams, and Boards of Directors: Congruent or Countervailing Forces?', in *Journal of Management*, 22, 2, (1996), p.191.

³³⁸ *ibid.*, p.191.

³³⁹ *ibid.*, p.191.

³⁴⁰ Robert Monks, and Nell Minow, *Corporate Governance*, Cambridge, MA, Blackwell Business, 2011, cited in Forbes and Milliken, p.492.

³⁴¹ New Zealand Institute of Directors Website, <https://www.iod.org.nz/FirstBoards/How-to-set-up-a-board/Types-of-directors>.

³⁴² New Zealand Institute of Directors, *Te Pae Hihiri: Māori Governance – Navigating the Future*, Wellington, NZIOD, 2017, p.55.

Carter et al cite the Harvard project which found that tribal decision-makers are likely to make better choices than non-tribal decision-makers about the future development of the tribal group³⁴³. Such a finding needs to be carefully considered as there is also research from the Harvard project that suggests there is potential for tribal political interference in enterprise operations³⁴⁴. It also indicated that elected tribal decision-makers may act to preserve their elected positions rather than in the best interests of the organisation³⁴⁵. A whakapapa decision-making style facilitates the need for independent directors from a kaitiaki perspective to manage assets where expert knowledge and skills are not available within the tribal gene pool.

4.8 Diversity

Boards of directors manage multiple relationships with shareholders, employees, governments and communities. Carroll and Buchholtz have found that there is a growing understanding amongst directors that if they are to address the needs and concerns of a diverse range of stakeholders, then the board itself should ideally be representative of its shareholders³⁴⁶. In this section I consider gender diversity, age diversity, thought diversity, groupthink and board tenure as areas that may be important for Māori investment organisations. As discussed earlier, board diversity contributes to board effectiveness, which enhances company performance. There are those who argue that greater diversity could disrupt cohesion, but that it might be a worthwhile cost if it leads to better decision-making. Kagzi and Guha argue that board members of a similar age, similar tenure, similar education and the same gender will think more homogeneously, which will affect outcomes³⁴⁷.

A whakapapa decision-making style is underpinned by a Māori worldview that reflects diversity found in the Māori creation stories. Mikaere posits that early Pākehā writers shied away from diversity and sought to eliminate it by trying to create a single authoritative account³⁴⁸. But diversity is evident amongst iwi in terms of how tikanga manifests itself in everyday rituals such as pōwhiri and tangi.

³⁴³ Carter et al, p.15.

³⁴⁴ Malcolm Wiener Center for Social Policy, *A Prototypical Economic Development Corporation for Native American Tribes*, Michael Cameron, Harvard University, 1990, p. 3.

³⁴⁵ *ibid.*, p. 3.

³⁴⁶ Archie Carroll, and Ann Buchholtz, *Business and Society: Ethics, Sustainability, and Stakeholder Management*, Ohio, South-Western Cengage Learning, 2011.

³⁴⁷ Kagzi and Guha, p.33.

³⁴⁸ Mikaere, p. 308.

Mikaere's whakapapa conceptual framework acknowledges complexity and recognises that there may be multiple solutions or options for decision-makers³⁴⁹. In anticipating complexity, it moves beyond linear thinking and encourages Māori to exercise their intellectual capacity.

4.8.1 Gender

The participation rates of Māori women in governance roles for both Māori and non-Māori organisations is low. A paper produced by the Ministry of Women's Affairs in 2009 indicated that as at December 2007, Māori women held 7.2 per cent of roles on state sector boards and committees. A 2012 report by the Human Rights Commission (HRC) found that Māori women held only 4.5 per cent of roles on state sector boards and committees, a disappointing drop from the previous 2007 report³⁵⁰. However, a recent report titled '2019 Stocktake of Gender, Māori and Ethnic Diversity on State Sector Boards' shows that Māori hold 21.1 per cent of all state sector board roles and that Māori women occupy 11.5 per cent. Māori women have a higher representation on state sector boards than Māori men³⁵¹. Progress is being made by Māori women which is encouraging, but these figures do fluctuate and so there is no room for complacency.

In 1993, an urgent claim was made to the Waitangi Tribunal by a group of eminent Māori women on behalf of Māori women. The key elements contained in their statement of claim were that³⁵²:

- The Crown's actions and policies have been inconsistent with its obligations under the Treaty of Waitangi to protect and ensure the rangatiratanga of Māori women as individuals and members and leaders of tribes and families.
- Articles II and III of the Treaty of Waitangi guaranteed the rights of Māori women;
- Māori women individually, as tribal members, family members and leaders, have been systematically deprived of their just rights by breaches of Articles II and III of the Treaty of

³⁴⁹ *ibid.*, p. 318.

³⁵⁰ Human Rights Commission, *New Zealand Census of Women's Participation 2012*.

³⁵¹ Ministry for Women, *Report on 2019 Stocktake of Gender, Māori and Ethnic Diversity on State Sector Boards*, Wellington, Ministry for Women, 2020.

³⁵² Waitangi Tribunal (WAI 381), *Mana Wahine*, Statement of Claim to Waitangi Tribunal dated 26 July 1993, p.3.

Waitangi by not being appointed to bodies that administer, develop policy and foster the political, economic and social objectives of Māori³⁵³.

- in 1840, Māori women held and exercised rangatiratanga as leaders and members of tribes, their respective families and as individuals;
- in 1840, Māori women exercised rangatiratanga to the extent that certain Māori women signed the Treaty of Waitangi on behalf of their hapū and certain hapū would not sign the Treaty of Waitangi since their women were not permitted by the Crown's agents to do so;
- The position of Māori women was integral to the political, economic and social structures of tribes and families, particularly in relation to the decision-making processes of hapū self-determination;

One of the examples cited in support of the claim were the Crown's actions following the enactment of the Treaty of Waitangi (Fisheries Claims) Settlement Act 1992. The Minister of Fisheries had compiled a list of commissioners to be appointed to the Waitangi Fisheries Commission. Just hours before the announcement was to be made, an iwi nominee name (alleged to be Dame Mira Szaszy)³⁵⁴ was removed from the list in favour of a young, up-and-coming male politician from the Far North. Other examples cited in the claim were pending appointments to the Māori Education Fund, Waka Toi and Te Reo Whakapuaki Irirangi³⁵⁵.

The claim reflected the very real frustration of Māori women as Dame Mira Szaszy was the first Māori woman to graduate with a degree from the University of Auckland and the first to be awarded a fellowship to the University of Hawaii. She was involved in establishing the Māori Women's Welfare League, dedicated to achieving equality for Māori women, and recognised for her contributions to education, broadcasting, social welfare and small business development³⁵⁶. Disregarding her was a slap in the face for Māori women that said, 'this is the domain of men; Māori women do not belong in this domain.'

Colonisation, Christianity and Crown policies and attitudes have all contributed to the low rates of representation of Māori women on state sector boards and committees. But Māori women representation and participation on boards of Māori investment organisations is important because

³⁵³ Waitangi Tribunal (WAI 381), *Mana Wahine*, Statement of Claim to Waitangi Tribunal dated 9 August 1993, p.1.

³⁵⁴ Māori Women's Welfare League, *Government Challenge to Mana Wahine*, article, 28 January 2020.

³⁵⁵ WAI 381, Statement of Claim to Waitangi Tribunal dated 9 August 1993, p.5.

³⁵⁶ Māori Women's Welfare League, *Government Challenge to Mana Wahine*, article, 28 January 2020.

research shows that there are benefits to decision-making, which leads to enhanced company performance with women on boards. In many cases, women appointed to the board would also be customers of the company's products and services, which could lead to a better understanding of customers' needs and better decision-making.

A whakapapa decision-making style acknowledges the decision-making role that Māori women have within Māori society. The tikanga of utu/tika/pono endorse mana wāhine because they represent our community and getting the best for our community requires that there be balanced representation on the board between women and men. The Statement of Claim for the Mana Wahine Waitangi Tribunal inquiry, itemised above, is a powerful reminder of how the role of Māori women was eroded.

4.8.2 Age Diversity

Age diversity is a component of board effectiveness that has not received as much research attention compared to the other diversity attributes³⁵⁷. The research to date is inconclusive and suggests that there are both beneficial and detrimental effects on board and company performance³⁵⁸. Age diversity on a board has been associated with higher levels of enthusiasm for work and risk-taking, which can lead to a higher company valuation³⁵⁹. Younger directors are generally linked to strategic change, whereas older directors are less inclined to initiate it. Older directors tend to take fewer risks and are also less susceptible to bankruptcy³⁶⁰. There is a dearth of information on the composition of Māori boards, so it is difficult to discuss in detail.

Some organisations are better than others at succession planning, while others have no succession plan in place, which is a big risk. Over the last 10 years, an increasing number of boards have created associate director roles where young people are identified and offered an opportunity for two years to attend board meetings, learn about the business and participate in the discussions. It is recognised as a good opportunity to expose rangatahi to the commercial businesses.

³⁵⁷ Muhammad Ali, Yin Ng, and Carol Kulik, 'Board Age and Gender Diversity: A Test of Competing Linear and Curvilinear Predictions', *Journal of Business Ethics*, 125, 3, (2014), p.498.

³⁵⁸ *ibid.*, p.498.

³⁵⁹ Melsa Ararat, Mine Aksu, and Ayse Cetin, 'How Board Diversity Affects Firm Performance in Emerging Markets: Evidence on Channels in Controlled Firms', *Corporate Governance: An International Review*, 23, 2, (2015), p.103.

³⁶⁰ Kagzi and Guha, p.37.

4.8.3 Board Tenure

Lawrence's research on the relationship between greater workgroup diversity and workgroup turnover suggests that as an individual's tenure on a board increases, so will the individual's communication frequency within the team likely increase³⁶¹. It also found that as an individual's tenure within the team approaches that of others within the team, the individual's communication frequency with others increases³⁶². As a board's average organisation tenure increases, communication frequency within the team is likely to decrease, because in the team's initial years of tenure, communication will be frequent, but over time, as the team develops its work routines, the need for frequent communication will likely diminish. High levels of communication frequency are attributed to team or board effectiveness³⁶³. The relationship between a board's organisation tenure and its communication frequency is used as a measure to examine the case studies.

I digress slightly to discuss the importance of the relationship between the CEO and the board. The board is entrusted with developing the strategic plan for an organisation and then monitoring management's implementation of the strategy. The CEO is usually recruited by the board and is responsible for managing the operations of the company and implementing the strategic plan. The CEO is accountable to the board for³⁶⁴:

- strategic and business planning;
- implementing plans, policies and programmes approved by the board;
- policy development for board consideration;
- effective operation and administration of the entity;
- provision of accurate and timely financial statements; and
- compliance with statutory and legislative requirements.

The CEO plays a significant role in the decision-making process, and this is discussed with respect to each of the case studies.

³⁶¹ Barbara Lawrence, 'The Black Box of Organisational Demography', *Organisation Science*, 8, 1, (1997), p.12.

³⁶² *ibid.*, p.13.

³⁶³ *ibid.*, p.13.

³⁶⁴ *Te Pae Hihiri: Māori Governance – Navigating the Future*, p.77.

4.8.4 Diversity of Thought

A report issued by the Super Diversity Institute of New Zealand in 2018 argues that diverse thinking is important for boards wanting to improve performance³⁶⁵. Diverse thinking at a board level relates to its members. Having a board that reflects a diversity of gender, age and profession will produce diverse thinking. Profession diversity on a board can be described as appointing members of different professions, from areas such as human resources, education, health and law, as well as accountants, economists, and marketers. Mai Chen, Chair of the Super Diversity Institute, argues that demographic characteristics such as gender, age and profession are part of a group of indicators of diverse thinking but there are many others³⁶⁶. Diversity of thought can be important for a board where multiple views on issues and solutions result in a more thoughtful and robust decision-making process³⁶⁷. From a tikanga perspective, a whakapapa decision-making style requires that the implications of a decision be explored in the widest possible manner to understand the potential impacts³⁶⁸. Having a diversity of thought on the board resonates with a whakapapa approach to decision-making. Looking at the board composition of the case studies will help understand what diversity attributes each possesses and how that may enhance its decision-making.

4.8.5 Groupthink

Irving Janis, a social psychologist, coined the term 'groupthink' in 1991 when reviewing the decision-making process used in the fatal launch in 1986 of the United States space shuttle Challenger³⁶⁹. He examined why NASA had gone ahead with the launch when there were good reasons to believe that conditions were unsafe. A commission of inquiry set up by then President Ronald Regan to determine probable causes of the accident determined that an important contributing cause of the disaster was a highly flawed decision-making process³⁷⁰. Janis suggests that groupthink has also been identified in

³⁶⁵ Super Diversity Institute, *Diverse Thinking Capability Audit of New Zealand Boardrooms 2018*, Auckland, 2018, p.23.

³⁶⁶ *ibid.*, p.16.

³⁶⁷ *ibid.*, p.5.

³⁶⁸ Mikaere, p.313.

³⁶⁹ Marceline Kroon, David Van Kreveld, and Jacob Rabbie, 'Group Versus Individual Decision-Making: Effects of Accountability and Gender on Groupthink', *SMALL GROUP RESEARCH*, 23, 4, (1992), p. 428.

³⁷⁰ Irving Janis, 'Groupthink', in Emory Griffin, Ed., *A First Look at Communication Theory*, New York, McGrawHill, 1991, p.235.

several ‘White House’ situations such as Roosevelt’s complacency before the invasion of Pearl Harbour, Kennedy’s Bay of Pigs and Nixon’s Watergate scandal.

Janis defines ‘groupthink’ as a mode of thinking that people in highly cohesive groups striving for unanimity or consensus engage in, thereby marginalising their willingness to evaluate alternative options³⁷¹. Usually in these situations the safeguarding and security of the group may become more important than a critical examination of the situation. This may lead to hasty but convenient decisions supported by the group as if they were a universal and well-thought-out decision³⁷². Sometimes strong personalities that dominate a board can influence or cause members to resort to groupthink³⁷³. The failure to evaluate or consider alternative options may result in bad or inferior decisions being made. However, not all decisions of groupthink may end up bad and correspondingly, not all bad decisions are the result of groupthink.

Kroon et al argue that accountability and, in particular, individual accountability may lead to a greater reduction of some groupthink tendencies than does collective accountability³⁷⁴. The existence of accountability criteria for directors can impart the notion of their being called to account and having to justify or defend past, present and future decisions. The research suggests that individual accountability may inhibit the occurrence of uniformity, encourage all members to actively participate and influence group decisions, and prevent individuals from hiding in the crowd. However, the research did also suggest that there is a danger with individual accountability that decision-making may get stuck. In concluding this section on diversity, it is also important to note that whilst having a diversity of gender, ethnicity, age, tenure, thought, perspective, skills and experience on the board adds to board effectiveness, that can all come to nought if the individual does not have the courage and bravery to express their views around the board table.

A whakapapa decision-making style can mitigate groupthink to an extent by exploring all the potential implications of a decision. Leadership has a role to play here where the chair of the board must ensure that all board members have an opportunity to express their thoughts on the issue at hand, and that tikanga behaviours and practices are followed to ensure that people are treated with respect by fellow directors and trustees. Discussing the obligations owed to past, present and future generations always

³⁷¹ *ibid.*, p.237.

³⁷² Kroon et al, p.92.

³⁷³ *ibid.*, p.110.

³⁷⁴ *Ibid.*, p.110.

has a sobering effect when remembering how hard past generations worked for what the people have now.

4.9 Summary

In this chapter, a whakapapa decision-making style was examined and discussed to understand how it operates. I discussed it in respect of each of the case studies and suggested that each of the case study organisations had decision-making processes that exhibited attributes of a whakapapa decision-making style.

I then examined and discussed three decision-making styles, namely rational decision-making, intuitive decision-making and a hybrid theory of rational and intuitive decision-making, because aspects of these styles are exhibited in the decision-making styles of each of the case studies.

An examination and discussion of board composition was undertaken. I examined and discussed the composition and diversity of the board to show the importance that diversity can make to board decision-making and company effectiveness.

I argued that each of the case studies has developed a decision-making style that comprises a blend of decision-making styles that reflect the values, context and situation of the organisation. A blended style is likely to create tensions as the competing styles vie for priority and ascendancy. A blended decision-making style will also encounter challenges and criticisms as the organisation goes about its daily business. Whakapapa decision-making creates new priorities in rational and intuitive styles, and holds competing styles in tension, it operates along the continuum of that tension to make the best decision within the context.

5 Chapter 5 - Methodology

5.1 Introduction

This chapter will discuss the research methodology and research methods that were used for this thesis. A chapter that discussed the methodology and methods used for this thesis was expected, but as the thesis progressed, its importance became more apparent to me. Its purpose is not just to discuss the methods and the methodology that were employed, but also to acknowledge and examine issues that were encountered and decisions that were made in order to keep moving forward with the research. Those issues included an evolving research question, decisions on which research methodologies and methods to use, organisation selection, participant selection within the organisations, data collection methods, difficulty in accessing information, data analysis methods and how best to present the findings from the research.

Prior to commencing the research, informal conversations with other Māori investment practitioners and reading of publicly available annual reports of Māori investment organisations suggested that their investment approaches and models contained a combination of Māori values and elements from non-Māori investment models such as impact investing, values-based investing and socially responsible investing³⁷⁵. This prompted my initial research question as to what role tikanga Māori had in the investment decision-making processes or frameworks of Māori investment organisations.

As the thesis progressed and initial findings from the case studies emerged, they caused to me pause and think about the nature of these themes that were emerging. Looking at the themes individually, I could make sense of them. But looking at them as a whole, I couldn't make sense of them. Having read Mikaere's whakapapa conceptual framework and her expansion of its application beyond its common genealogical meaning so it becomes a tool, and then seeing Whatarangi Winiata's use of it as a technique, resonated with me. I examined it to see whether it might be adapted as a framework for a Māori investment philosophy. Overlaying it against the findings that were emerging from the case studies, I began to see similarities and connections that reflected a way of thinking about investing from a Māori worldview. It helped me make sense of the themes that had emerged and so I named it the whakapapa investment philosophy. There are many examples of Māori values being assigned to,

³⁷⁵ Te Rūnanga o Ngāti Awa, *Annual Report 2016*.
Ngāti Whātua Ōrakei, *Annual Report 2015-2016*.
Wakatū Incorporation, *Annual Report 2015*.

or injected into non-Māori investment philosophies, but having a Māori investment philosophy that reflects a Māori worldview began to take hold in my thinking.

Johnny Saldana, an academic who studies qualitative research, posits that the way social researchers perceive social life can be influenced and affected by their own significant demographic attributes³⁷⁶. I was raised in an urban environment as a person of Māori and Samoan heritage from a working class family, was college educated, entering tertiary education as an older student, while my career has involved working for non-Māori financial services organisations both in New Zealand and overseas. Over the last 10 years I have worked for Māori organisations. Being employed by non-Māori organisations for a large part of my life influenced my early work with Māori investment organisations in terms of advocating non-Māori investment philosophies that focused on financial and economic outcomes. However, my more recent work with Māori organisations and my additional tertiary studies have further influenced my philosophical approach to investment, and I now understand why cultural, social, political, and environmental elements must be considered alongside financial and economic elements.

Saldana and Matt Omasta also suggest that the values, attitudes and beliefs of a researcher can be formed from their own unique learned experiences and thinking patterns³⁷⁷. I bring to this thesis the perspective of an investment practitioner with learned experiences, which I have found beneficial. They have been useful in terms of insights that have been provided about the investment process. Having described the specific lens that lends focus to my research, I now discuss the methodologies and methods that were considered and chosen to explore the influence of Māori values in the practices of Māori investment entities.

5.2 Research Methodologies

Research methodologies determine our theoretical understandings about the manner in which research is conducted appropriately to enable exploration that will derive answers to the research question. Methodologies underpin the assumptions a researcher holds in terms of their worldview and can drive the choice of topic and research methods used. Brayboy et al describe research methodologies as the theoretical and philosophical considerations of how to engage in the process of

³⁷⁶ Johnny Saldana and Matt Omasta, *Qualitative Research: Analysing Life*, Los Angeles, Sage Publications, 2017, p.34.

³⁷⁷ *ibid*, p.34.

doing research³⁷⁸. Saldana and Omasta suggest that a methodology explains why it might be that you go about the research in a particular way³⁷⁹. Methodologies are underpinned by culture, values and beliefs that encourage researchers to question 'why' and 'for what purpose' they are engaging in the research. Denzin et al define an indigenous research methodology as 'research by and for indigenous peoples, using techniques and methods drawn from the traditions and knowledges of those peoples'³⁸⁰.

Brayboy et al state that 'indigenous communities have for centuries engaged in empirical research, developed and refined as an integral process of living through engaged observation, both for life survival and continued growth³⁸¹.' The Waitangi Tribunal WAI 262 report supports Smith's argument when it posits that tikanga Māori altered as Māori responded to changes in their environment. These changes were a result of observing, experimenting, trialling and testing the environment³⁸². Linda Smith argues that Māori approaches to research such as kaupapa Māori are an attempt to retrieve that research space³⁸³.

5.2.1 Selection

In undertaking this thesis, there were a number of factors that needed to be considered when determining which research methodology(s) and research methods would be best suited to answering the research question.

Firstly, it was important to consider the objectives of the research and how it might contribute to the literature in terms of the elements that Māori investment organisations consider when making

³⁷⁸ Bryan Brayboy, Heather Gough, Beth Leonard, Roy Roehl, Jessica Solyom, 'Reclaiming Scholarship: Critical Indigenous Research Methodologies', in Stephen Lapan, Marylynn Quartaroli and Frances Reimer, eds, *Qualitative Research: An Introduction to Methods and Designs*, San Francisco, Jossey Bass Publishers, 2012, p. 427.

³⁷⁹ Saldana and Omasta, p.30.

³⁸⁰ Norman Denzin, Yvonna Lincoln and Linda Smith, eds, *Handbook of Critical and Indigenous Methodologies*, California, Sage Publishers, 2008, p.2.

³⁸¹ Brayboy et al, p.427.

³⁸² Waitangi Tribunal (WAI 262, Taumata Tuatahi), *Ko Aotearoa Tēnei: A Report into Claims concerning New Zealand Law and Policy Affecting Māori Culture and Identity*, Te Taumata Tuatahi, 2011, p.6.

³⁸³ Linda Smith, p.185.

investment decisions and the influence that tikanga has in that process. The objectives of the research were to:

1. identify the investment philosophy or model that underpins the investment decision-making of each of the case study organisations;
2. identify the elements that each of the three case study organisations consider in their investment decision-making;
3. identify and examine the decision-making processes and frameworks of each of the case study organisations and the values, beliefs and principles that underpin those processes;
4. understand what influence tikanga Māori has within the investment decision-making processes or frameworks of each of the case study organisations;
5. discuss how tikanga could be used today in the investment decision-making process or framework of an iwi investment company; and
6. examine a Māori investment philosophy that reflects an evolving Māori worldview and which is robust enough to cope with a constantly changing investment environment and world.

Secondly, Māori as the researched have had mixed experiences, including instances of abuse, exploitation, looting of cultural knowledge and artifacts, and misinterpretation of histories and cultural practices. This has caused some Māori to adopt a suspicious and distrusting view of researchers whether they be Māori or non-Māori. It has been described by some as colonisation all over again but in another form³⁸⁴. Linda Smith states that 'the word research is probably one of the dirtiest words in the indigenous world's vocabulary'³⁸⁵. Smith's use of the word 'dirty' with 'research' has been interpreted by some as 'that activity which has been used to systematically oppress, colonise, brutalise and suppress indigenous people for generations'³⁸⁶.

Thirdly, careful consideration was given as to how the research itself might best be conducted whilst maintaining and respecting the integrity and mana of both the mātauranga (knowledge) and the individuals, organisations and iwi involved³⁸⁷.

³⁸⁴ Meihana Durie, 'He Kawa Oranga: Māori Achievement in the 21st Century', PhD thesis, Massey University, 2011, p. 64.

³⁸⁵ Linda Smith, p.1.

³⁸⁶ Brayboy et al, p.429.

³⁸⁷ Shayne Walker, Anaru Eketone, Anita Gibbs 'An Exploration of Kaupapa Māori Research, its principles, processes and applications', *International Journal of Social Research Methodology*, 9, 4, (2006), p.336.

Fourthly, it was important to ensure the collection and analysis of material would be sufficiently robust to ensure the research and its findings were valid and reliable as well as having both practical and intellectual value for Māori and the academy³⁸⁸.

Finally, it was important to utilise a research methodology that was Māori-centric³⁸⁹. Margaret Forster defines the term as research that is focused primarily on Māori as Māori, and that the research methods and practices employed are fully cognisant of Māori culture and knowledge³⁹⁰.

5.2.2 Research Methodology

A number of Māori research methodologies have emerged over the last 30 years. In 1996, Mason Durie conceived a Māori-centric methodology that situated Māori at its core and which was responsive to Māori culture, knowledge, and contemporary Māori realities³⁹¹. Charles Royal in 1998 conceived his whakapapa research methodology, which he suggested was capable of providing an explanation of all phenomena (observable facts relating to events) in Te Āo Māori³⁹². Forster posits that these approaches were³⁹³: (i) a response to the impacts and limitations of a positivistic research approach on Māori people that addresses the inadequacies of previous research methodologies; (ii) a reflection of Māori aspirations and expectations towards research; and (iii) seeded in a Māori worldview and utilised Māori values to guide research design and methodology.

The emergence of pertinent research methodologies has not been peculiar to Māori but part of a wider global movement by indigenous peoples to reclaim the research space and process³⁹⁴. This reclamation has been deliberate and was intended to ensure that indigenous goals and aspirations

³⁸⁸ *ibid.*, p.337.

³⁸⁹ *ibid.*, p.337.

³⁹⁰ Margaret Forster, 'Te Hoe Nuku Roa: A Journey Towards Māori Centered Research', *Ethnobotany Research & Applications*, 1, (2003), p.50.

³⁹¹ Maria Baker, 'Te Arawhata o Aorua: Bridging two worlds, A grounded theory study', MPhil thesis, Massey University (Albany), 2008, p.23.

³⁹² Charles Royal, 'Mātauranga Māori: Paradigms and Politics', Unpublished paper presented at Ministry for Research, Science and Technology, 1998, p.6.

³⁹³ Forster, p.50.

³⁹⁴ Linda Smith, p.111.

were privileged and that indigenous knowledge, values and practices were nurtured and protected from exploitation by others³⁹⁵.

Whilst there are a variety of different Māori research methodologies that are currently employed by Māori researchers, I have selected Kaupapa Māori research methodology, developed by Graham Smith. It is a methodology that I have used previously and is, I believe, the one best suited to this thesis.

5.2.3 Kaupapa Māori

Kaupapa is a word that has several meanings. In the research context it can mean subject, plan, scheme, purpose, topic, policy, matter for discussion. Māori in this context is to be Māori, or apply something in a Māori way as opposed to its literal translation meaning ordinary or usual³⁹⁶.

Mason Durie suggests that it is important to understand the context within which kaupapa Māori emerged as a concept in the 1980s. It was part of a paradigm shift in thinking about the position of Māori in New Zealand society and within the wider context of Māori rejuvenation³⁹⁷. These were changes that were reflected in the reports of the Waitangi Tribunal; assisted by the introduction of the Treaty into legislation by the 1984 Labour Government; aided by Ngā Tama Toa's petition to have te reo taught in schools; and reflected in social and economic initiatives like mātua whāngai and Mana Enterprises³⁹⁸.

Kaupapa Māori research can mean different things to people as its application and interpretation is dependent upon many variables, such as the context of the researcher, those being researched, the kaupapa itself and the objectives of the research³⁹⁹. It is utilised by researchers in many different sectors such as: (i) health – where it has been used to reflect clinical practices that recognise Māori perspectives; (ii) education – where it refers to pedagogy; and (iii) law – where it is referred to by lawyers when considering the development of a Māori jurisprudence. Durie suggests that in its simplest form, kaupapa Māori research can be described as a Māori way of doing research/things⁴⁰⁰.

³⁹⁵ Meihana Durie, p. 80.

³⁹⁶ Williams, 1971, p.179.

³⁹⁷ Mason Durie, 'Kaupapa Māori: Indigenising New Zealand' in Te Kawehau Hoskins and Alison Jones, eds, *Critical Conversations in Kaupapa Māori*, Wellington, Huia Publishers, 2017, p.2.

³⁹⁸ *ibid.*, p.2.

³⁹⁹ *ibid.*, p.3.

⁴⁰⁰ *ibid.*, p.3.

In this thesis, I use it to identify a Māori way of thinking about investment, which I describe as a whakapapa investment philosophy that is underpinned by a Māori worldview.

Linda Smith argues that kaupapa Māori research is a deliberate and conscious undertaking by Māori researchers to reframe Māori research and retrieve research space for Māori to develop their own methodological approaches and research methods or ways of carrying out research⁴⁰¹. A kaupapa Māori research methodology is a means whereby Māori values, beliefs and priorities are structured into a research strategy rather than attempting to fit them into non-Māori methodological approaches.

Graham Smith posits that a kaupapa Māori theory evolved out of the struggle to revitalise te reo through the establishment of alternative forms of education like te kōhanga reo and kura kaupapa Māori⁴⁰². The actions and thinking that led to these initiatives were about Māori prioritising Māori needs, aspirations and preferences. The thinking was about re-imagining the future and freeing the mind, important preconditions for kaupapa Māori theorising⁴⁰³. Smith describes kaupapa Māori research as⁴⁰⁴:

- related to being Māori;
- connected to Māori philosophy and principles;
- taking for granted the validity and legitimacy of Māori, the importance of Māori language and culture; and
- being concerned with the struggle for autonomy over Māori cultural well-being.

5.2.4 Characteristics of Kaupapa Māori Research

5.2.4.1 Critical Analysis

An important characteristic of kaupapa Māori research is its ability to critique. Pihama suggests that kaupapa Māori theory aligns with critical theory on the basis that both can be used to analyse existing power structures and societal inequalities⁴⁰⁵. It is capable of exposing underlying assumptions that

⁴⁰¹ Linda Smith, p.185.

⁴⁰² Graham Smith, 'Kaupapa Māori Theory: Indigenous Transforming of Education', in Te Kawehau Hoskins and Alison Jones, eds, *Critical Conversations in Kaupapa Māori*, Wellington, Huia Publishers, 2017, p.80.

⁴⁰³ *ibid*, p.81.

⁴⁰⁴ Linda Smith, p.187.

⁴⁰⁵ *ibid.*, p.187.

serve to conceal the power relations that exist within society and the ways in which dominant groups construct concepts of common sense and facts to provide ad hoc justification for the maintenance of inequalities and the continued oppression of Māori⁴⁰⁶. The societal inequalities to which Pihama refers are visible in social indicators that show Māori are disproportionately represented in a number of detrimental social indicators, such as poor health, low educational achievement, child poverty, high suicide rates, high incarceration rates and levels of inequality⁴⁰⁷. Yet despite economic success through growth in the Māori asset base, this is not translating into social success or enhanced well-being for Māori. What can Māori do differently to use its economic wealth to emancipate our people from these oppressive power structures that perpetuate inequality?

Since kaupapa Māori research is being used extensively by Māori researchers, a concern has been expressed by some that it may be losing its hard edge in terms of critical analysis. Graham Smith posits that one of its strengths is its transforming praxis (ability to transform through actions stemming from the analysis)⁴⁰⁸. He argues that if the focus of kaupapa Māori research simply becomes analysis and is separated from action, it would become benign and lose its radical potential⁴⁰⁹. If this were to occur, it would lose the space from which to challenge and critique. A whakapapa investment philosophy provides a conceptual framework that can be used both intellectually and for action.

5.2.4.2 Transformation

Graham Smith adopts an approach to kaupapa Māori that challenges researchers in terms of outcomes when he argues that 'theorising work must be linked to tangible outcomes that are transformative'⁴¹⁰. Smith suggests that an analysis-and-action (outcomes) approach leads to a more proactive and positive stance that advances Māori aspirations and interests. Smith posits six factors or principles that motivated Māori parents to opt out of the existing education system and support

⁴⁰⁶ *ibid.*, p.188.

⁴⁰⁷ Ministry of Justice, *2018 Report on Suicides*, Wellington; United Nations International Children's Education Fund, *2017 Report on Teen Suicides*, New York; Otago University, *2018 Child Poverty Monitor Report*, Dunedin; Statistics New Zealand, *2013 Census*, Wellington.

⁴⁰⁸ Graham Smith in Hoskins and Jones, p.85.

⁴⁰⁹ *ibid.*, p.79

⁴¹⁰ *ibid.*, p.79.

alternative Māori education options (kohanga reo and kura kaupapa) and which are crucial for realising positive transforming outcomes⁴¹¹:

- tino rangatiratanga – self-determination;
- ngā taonga tuku iho – Māori language, culture and knowledge are automatically validated and legitimated;
- akoranga Māori – culturally preferred philosophies are privileged;
- kia piki ake i ngā raru – revealing emotional and spiritual elements of schooling which guides Māori communities to view schooling as a positive experience;
- whānau and whakawhanaungatanga – extended whānau buy into the kaupapa and provide collective support; and
- kaupapa – reflects Māori aspirations culturally, socially, politically and economically.

These six principles form a framework that will help guide the research which seeks to theorise a whakapapa investment philosophy and a whakapapa decision-making style that will realise positive transforming outcomes. Both are derived from a Māori worldview and are suggested as a basis for Māori investment organisations to customise for their context and hopefully allow them to realise positive transforming outcomes.

If we examine the six factors that Smith argues are crucial for realising positive transforming outcomes against a whakapapa investment philosophy, I suggest that it meets his criteria. A whakapapa investment philosophy: (i) answers crucial questions about the past and where we have come from and where we fit in the universe – ngā taonga tuku iho and akoranga Māori would relate or connect here; (ii) formulates a code of behaviour that best ensures long-term survival, both physical and spiritual – tino rangatiratanga, whanaungatanga and kaupapa would relate or connect here; (iii) provides a precedent through mātauranga Māori and guides Māori in dealing with current issues – kia piki ake i ngā raru would relate or connect here; (iv) applies Māori minds to new challenges and to envisage new pathways into the future – kaupapa would relate here in terms of aspirations being future oriented.

Smith goes on to argue that a critical part of the kaupapa Māori revolution is the struggle for greater control over mind, clarity of mind and the ability to reimagine futures⁴¹². I suggest that a whakapapa investment philosophy underpinned by a Māori worldview allows Māori to think and behave as Māori and allows them to reimagine the future. It is more likely to consider te reo, mātauranga Māori and

⁴¹¹ *ibid.*, p.86.

⁴¹² *ibid.*, p.81.

tikanga aspirations where a non-Māori investment philosophy is unlikely to consider these cultural elements. Smith posits that part of the reimagining involves politics of validity in ways that a non-Māori system could tolerate and so be inclined to support . When new ideas originate from within, there is normally a higher level of buy-in from Māori⁴¹³.

5.2.5 Criticisms of Kaupapa Māori Research

Walker et al in their critique of kaupapa Māori research posit that the usual criticisms of qualitative research can be applied to kaupapa Māori research⁴¹⁴. Some of the criticisms question whether it satisfies the rigours of research sufficiently to produce reliable and valid material. Kaupapa Māori research can do so as long as the researcher is clear about the research and methodology used, and the findings are consistent with the research objectives⁴¹⁵. Walker et al argue that kaupapa Māori has an empowerment-focus aspect to it that is likely to be more acceptable and important to Māori than the wider academic community⁴¹⁶. The criticism that it lacks generalisability to a wider population is, I believe, one of its strengths, as kaupapa Māori research is intended to focus on Māori. Kaupapa Māori research can at times have a narrow focus on a specific group within the Māori community, so it cannot be assumed that Māori research will always benefit all Māori⁴¹⁷.

A concern has been levelled at kaupapa Māori research around researcher control and the potential for the research to be participant driven⁴¹⁸. Walker et al argue that the issue is not so much about control, but more importantly about the the collective care of the participant's knowledge, culture and values that they are willing to share as a result of the relationship and trust developed between researcher and participant(s)⁴¹⁹. Walker et al posit that like any other research, kaupapa Māori research can be carried out poorly, but when it is carried out appropriately, it will produce credible and acceptable research⁴²⁰.

⁴¹³ *ibid.*, p.85.

⁴¹⁴ Walker et al, p.336.

⁴¹⁵ *ibid.*, p.337.

⁴¹⁶ *ibid.*, p. 337.

⁴¹⁷ *ibid.*, p.337.

⁴¹⁸ *ibid.*, p.337.

⁴¹⁹ *ibid.*, p.337.

⁴²⁰ *ibid.*, p.337.

I have chosen kaupapa Māori methodology because it reflects a Māori worldview and aligns with Māori values and aspirations. Its ability to transform is also important for this thesis in terms of identifying and conceiving a whakapapa investment philosophy and a whakapapa decision-making style.

5.3 Qualitative Approach

Having selected kaupapa Māori as my methodology, the next step was to determine the research methods that would best help answer the research question, enable in-depth analysis and provide the necessary flexibility to achieve the objectives of the research. The research methods also needed to be congruent with a kaupapa Māori methodology. Qualitative research methods provided appropriate options to answer the research question:

‘What elements do Māori investment organisations consider in their investment decision-making, and what influence does tikanga play within that process?’

Walker et al posit that there are qualitative research methods that are a more natural fit for a Māori way of doing, such as oral histories, narratives, case studies, interviews and focus groups⁴²¹.

5.3.1 Qualitative Research

Norman Denzin and Yvonna Lincoln define qualitative research as a situated activity that locates the observer in the world and describe it as a set of interpretive activities that privileges no single methodological practice over another⁴²². Qualitative researchers observe phenomena in their natural surroundings (near-experience perspective) and try to understand or interpret phenomena as described by those being observed. Saldana suggests that participants provide rich insight with their own words, which are better than a researcher could compose⁴²³. These interpretive practices also enable the emergence and development of new concepts or theories. This thesis will also take an

⁴²¹ *ibid.*, p.336.

⁴²² Norman Denzin and Yvonna Lincoln, *The SAGE handbook of Qualitative Research (3rd Ed.)*, California, Sage Publications Inc, 2005, p.6.

⁴²³ Saldana and Omasta, p.5.

inductive approach whereby theory is generated from the ground up through the process of interviewing people, analysing the interview data and producing a tentative theory⁴²⁴.

Kaupapa Māori also acknowledges that a researcher who has connections to the participants and is therefore considered an insider, may better understand the subtleties and nuances, and sometimes the significance of what is taking place⁴²⁵. I am considered to be an insider to the kaupapa, primarily in my context as a Māori researcher and secondly as an investment practitioner working within a number of Māori investment organisations. This enables an in-depth and comprehensive review from a practitioner's perspective and allows the inclusion of personal observations and stories as one of the research methods. An insider can also be someone who has a genealogical connection to the participant organisation.

Whilst I could have considered reductive or quantitative techniques and methods to answer the research question, I decided that qualitative methods offered the range, flexibility, richness, diversity and quality of data, experience and knowledge.

For this thesis, when the data from the interviews was coded into the data software management system Nvivo, each entire transcript was loaded. This was important, because the risk when coding is that the researcher may select those parts of the transcript that reflect and support their own motives and values, rather than those of the participant⁴²⁶.

It was important that the analysis reflected the participants' voices rather than the researcher's, and so I determined that an inductive approach would enable this. Employing qualitative methods was considered the best way to answer the qualitative research question. It was hoped that it would also meet the expectations of participants by offering new ideas, insights and opportunities to their organisations. There was potential to offer other Māori organisations not involved in the research such particulars as well. There are different approaches to inductive research, including grounded theory, which I now discuss as it has relevance for this thesis.

⁴²⁴ Sharan Merriam, *Qualitative Research: A guide to design and implementation: Revised and expanded from qualitative research and case study applications in education*, San Francisco, Wiley Publishers, 2009, p.175.

⁴²⁵ Walker et al, p.336.

⁴²⁶ Graham Gibbs, *Analysing Qualitative Data*, London, SAGE Publications, 2012, p.52.

5.3.2 Grounded Theory

Whilst interpretive practices theoretically allow the data to speak for itself, inductive research enables the researcher to generate new theory from the data. Employing inductive reasoning is essentially working from the bottom up and it moves from observation to building broad generalisations and eventually theory⁴²⁷. Within the scope of this thesis, any theory is limited to the three case studies themselves. Inductive reasoning is a more open-ended and exploratory approach where the researcher starts with observation before possibly detecting patterns, which then can form the basis of preliminary hypotheses and the foundation of an emergent theory.

As its name suggests, grounded theory is a theory that is grounded in the data. It is a method for constructing theory from data, with strategies and guidelines for data collection. The data is subjected to iterative analysis that moves from studying concrete realities to rendering a conceptual understanding from the data.

Gibbs posits that one of the most commonly used approaches to coding data is grounded theory⁴²⁸. This approach was used in conjunction with Nvivo to code the data from the case study interviews into the data analysis software package. Coding is described as a way of organising your thinking about the text and your research notes⁴²⁹. The coding was divided into three stages: open coding, which resulted in descriptive coding initially; axial coding, where iterative processes moved some of the codes to categories; and selective coding, where with further analysis, themes began to emerge⁴³⁰.

5.3.3 Nvivo

Eleven interviews were conducted across the three case studies for the thesis, each at least of 90 minutes in duration. This resulted in significant amounts of data generation by each of the interviews. Because of the volume of data gathered, a data management system was needed to assist in organising it into a much more manageable state through a systematic process of categorising it, from descriptive through to a more analytical level as themes emerged that were able to be examined. Consideration was given to how the interview data might best be stored, retrieved, organised and analysed efficiently and effectively. A computerised data management package known as Nvivo was selected as the most suitable for this thesis.

⁴²⁷ Barney Glaser, *Basics of Grounded Theory Analysis*, California, Sociology Press, 1992, p.16.

⁴²⁸ Gibbs, p.13.

⁴²⁹ *ibid.*, p.3.

⁴³⁰ *ibid.*, p.13.

Nvivo is a data analysis software package that has been designed for qualitative data analysis and is particularly useful for handling large volumes of information. Nvivo enables qualitative researchers to⁴³¹:

- manage data – ability to store and retrieve data such as interviews, audio files, and a research journal to record thoughts and ideas throughout the analytical process; to develop a coding framework that contains descriptive codes, categorisation codes and analytic codes;
- manage ideas – through the use of memos and a research journal; and through providing access to conceptual and theoretical knowledge generated during the research;
- query data – asking questions of the data and interrogating the results of those questions;
- visualise data – through word clouds and graphs; and
- generate reports – downloading reports from nodes and memos that provide both qualitative and quantitative data.

5.3.4 Data Collection

Information contained within the thesis was gathered from a number of sources and came from primary and secondary sources. Examples of primary sources are the interviews with people from each of the case study organisations. In some instances information was located and gathered from Archives New Zealand where I was not able to source it directly from the University concerned, e.g. Angela Yates' 2009 literature review on Contemporary Māori Business Practices. Information was also sourced from data that was stored/archived on the websites of each of the case study organisations such as annual reports, strategic reviews, business plans, and entity constitutional documents. I was not provided with and nor did I use any confidential information from any of the case studies. The documents used from the case studies were publicly available. Court decisions were sourced from the Māori Land Court records relating to Matauri Bay Properties Ltd v Proprietors of Matauri X Incorporations. Statistical data was also obtained on-line from Statistics New Zealand's website in relation to census information. Waitangi Tribunal reports for all three case studies were also accessed online via the Waitangi Tribunal website. Acts of Parliament were also referenced online for Ngāti Whātua ki Ōrākei and Wakatū Incorporation. Information was also sourced from academic literature located online as well as books that were publicly available online and at libraries.

⁴³¹ Pat Bazeley, and Kristi Jackson, *Qualitative Data Analysis with Nvivo*, (2nd Ed.), London, Sage Publications, 2013, p.19.

5.3.5 Data Analysis

Interviews with the 11 participants were recorded and later transcribed verbatim into a Microsoft word document by a professional transcriber, who signed a confidentiality agreement. One of the initial transcripts from a case study organisation was uploaded into Nvivo and coded with the assistance of an expert user to understand how coding was done. This helped to develop an initial coding framework. Following this coding pilot, two further transcripts (one from each of the other two case studies) were then uploaded into Nvivo and coded by me. This resulted in an updated coding framework as new codes were added while others were merged or deleted. A further review of the coding framework was then undertaken by myself and finalised before I uploaded and coded the remaining eight transcripts.

When this phase commenced, there were no preconceived codes and the creation of codes occurred with the input of data. The creation of the codes was therefore driven by the data and essentially reflected a grounded theory approach⁴³². The coding was done by individual transcript and generated 54 'nodes' initially. Nodes are described as containers that hold data. Within each of these nodes, the data was grouped by case study organisation. When the data is initially coded, the nodes will usually have descriptive titles. However, as the coding process progresses and the analysis process commenced, the number of nodes was reduced to 34 after renaming, merging and deleting several nodes. I now describe an example of a node.

A node named 'tikanga – practical application' was created, and sentences which mentioned or referred to the practical application of tikanga amongst all 11 transcripts were stored within this node by case study organisation. By means of small amounts of quantitative data, this node recorded that the practical application of tikanga was mentioned in all 11 transcripts, a total of 120 times overall. The statistics on their own may not be so important, but are more useful in highlighting potential areas of interest and further inquiry. Another benefit of using Nvivo is when the researcher is undertaking analysis through reading the sentence or paragraph in the node and if something does not make sense, by clicking on the sentence or paragraph, the reader is directed to its original location in the source transcript. It then provides context and helps the researcher to remember why it had been coded to that node in the first place. This functionality helped save time during the analysis process.

⁴³² Barney Glaser, and Anselm Strauss, *Discovery of Grounded Theory: Strategies for Qualitative Research*, Chicago, Aldine de Gruyter, 1967, cited in Graham Gibbs, *Analysing Qualitative Data*, London, SAGE Publications, 2012, p.46.

Another useful piece of functionality within Nvivo, used during the analysis process, was the 'memo' tool. Bazeley describes this feature as akin to having a conversation with oneself⁴³³. The memo functionality was used to record thoughts, reflections, musings, analysis and emerging themes. Memos were created for each node. Charmaz suggests that memos help to conceptualise emerging theory and are a distinct contribution of grounded theory⁴³⁴. To go back to the example node discussed above, as was the case with each node, a report was generated, with a hard copy kept on a physical file. The hard copy files were then used in the analysis process, during which a memo file for each node was created within Nvivo such as, the memo file created for 'tikanga – practical application'. Within that memo, questions that Saldana poses were listed at the top and used to question, query and interrogate the data in the node⁴³⁵. Findings from the analysis were then stored within the memo file. The questions were as follows:

- What are people doing? What are they trying to accomplish?
- How exactly do they do this? What specific means or strategies do they use?
- How do members talk about, characterise and understand what is going on?
- What assumptions are they making?
- What do I see going on here?
- What did I learn from these notes?
- Why did I include them?

Within each of these memos, the analysis was undertaken, recorded and grouped by case study organisation. The analysis involved repeated reading of sentences and paragraphs with the above questions in mind. Each time they were read, new thoughts, ideas and themes were added to earlier findings. These findings were discussed with myself in the memo, and themes began to emerge for the case studies for each node and its connected memo. A hard copy report was generated for each memo and stored on file for further analysis and later reference when writing up each of the case study chapters.

The themes for each case study are discussed in each of the case study chapters. The whakapapa investment philosophy, which has used Ani Mikaere's whakapapa conceptual framework as its basis, has influenced how the themes have been organised into three areas of the whakapapa conceptual

⁴³³ Pat Bazeley, *Qualitative Data Analysis: Practical Strategies*, California, Sage Publications, 2013, p.102.

⁴³⁴ Kathy Charmaz, 'Grounded Theory as an Emergent Method', in Sharlene Hesse-Biber, and Patricia Leavy, eds, *Handbook of Emergent Methods*, New York, The Guildford Press, 2008, p.163.

⁴³⁵ Johnny Saldana, *The Coding Manual for Qualitative Researchers*, California, SAGE Publications, 2016, p.22.

framework, namely the past, the present and the future. Having mentioned the case studies several times already in this chapter, I now discuss a case study approach in more detail and why it was chosen for this thesis.

5.4 Case Study Approach

A further research method, the case study approach, was selected to help with answering the research question. This method lent itself to the task in that it allows for specific and in-depth analysis of an organisation or community in their real-life settings⁴³⁶. In the case of this thesis, it involved three Māori investment organisations.

The case study research method was used to generate data for each case study from observations and interviews. Data and materials would yield insights into how both the whakapapa and non-whakapapa elements influence the investment decision-making of each case⁴³⁷. In this thesis there are two phenomena: the first, the whakapapa elements that each case considers in their investment decision-making; the second, the non-whakapapa elements that each case similarly considers.

Stake identifies three types of case study: intrinsic, instrumental and collective⁴³⁸. An intrinsic case study is undertaken to gain a better understanding of the case itself because it is of particular interest. An instrumental case study selects a particular case to gain a broader appreciation of an issue or phenomenon. The type of case study that will be used for this research is the collective case study approach, which involves studying multiple cases simultaneously in an attempt to provide insights into a particular phenomenon⁴³⁹. The conclusions reached from this research are not intended to be generalisable for all Māori investment organisations, but are only intended to be generalisable to the three case studies involved.

Yin raises concerns about the case study approach⁴⁴⁰: (i) the greatest concern is over a lack of rigour, where a researcher has been sloppy and allowed evidence that is ambiguous or has let biased views

⁴³⁶ Robert Yin, *Case Study Research, Design and Methods*, 3rd ed., Newbury Park, SAGE Publications, 2003, p. 18.

⁴³⁷ Jean Hartley, 'Case Study Research', in Catherine Cassell, and Gillian Symon, eds, *Essential Guide to Qualitative Methods in Organizational Research*, London, SAGE Publications, 2004, p. 323.

⁴³⁸ Robert Stake, 'Qualitative Case Studies', in Norman Denzin, and Yvonna Lincoln, eds, *The SAGE Handbook of Qualitative Research*, 3rd ed., California, SAGE Publications, 2005, p.444.

⁴³⁹ *ibid.*, p.445.

⁴⁴⁰ Yin, p.9.

influence the findings and conclusion. This appears to be more a concern about researchers than case study; (ii) a second concern is that they provide little basis for scientific generalisation. However, case studies can be generalisable to theoretical propositions or the specific grouping involved but not to general populations; (iii) a third concern is that case studies take too long and result in copious amounts of written material that may not be easily readable. The process for case studies does not depend entirely on ethnographic or participant-observer data and therefore the length of time taken is perhaps not as long as it has been in the past. The point Yin is making here is that good case study research is hard to do.

5.4.1 Case Selection and Criteria

Whilst the focus of a case could be a person, a group, an institution, an entity, a programme, a policy or a system, the research question itself determines the focus of the case⁴⁴¹. For this thesis the three case study Māori investment organisations are the focus. Stake posits that it is more viable to choose one or a small number of exemplars as cases which provide the most opportunity to learn and the opportunity to answer the research question⁴⁴². In this thesis, I determined that three different types of case would be sufficient to obtain the necessary data for the research. The specificity and small sample group meant that the results of the study would not be able to be generalised to a larger population. However, this alternative approach engages with context, offers insights into historical, social, financial and economic, political and environmental elements of each case which is a strength of a qualitative method⁴⁴³.

An important consideration was the type of Māori investment organisation to be included in the research. Stake argues that when choosing cases, a determination should be made of those that would provide the most opportunity to learn⁴⁴⁴. Diversity of organisation was also considered an important element when seeking opportunities to learn. For this reason the following organisations were approached and agreed to participate in the research: Ngāti Whātua Ōrākei – an urban iwi in Auckland; Wakatū Incorporation – a Māori incorporation located in Nelson; and Poutama Trust – a Māori business development trust located in Rotorua. Another consideration around selection was which organisations might be most likely to help answer the research question.

⁴⁴¹ Helen Simons, *Case Study Research in Practice*, London, SAGE Publications, 2009, p.4.

⁴⁴² Stake, p.451.

⁴⁴³ *ibid.*, p.449.

⁴⁴⁴ Stake, p.451.

Ngāti Whātua Ōrākei are an urban iwi numbering approximately 5,500 registered members, located in Tāmaki Makaurau (Auckland). The business of their investment organisation is predominantly commercial and residential property development within the Auckland region. Their commercial entity also provides what some would interpret as social services through the provision of papakāinga housing, financial and health-related benefits for iwi members. The delivery of certain social services through a commercial entity is unusual but is something for which I am an advocate.

Wakatū incorporation was established in 1977 as a Māori incorporation when four iwi at the top of the South Island decided to pool their lands. It has approximately 4,000 shareholders and has headquarters in Nelson. Its investments are predominantly food and beverage businesses, including orchards, vineyards, wine, aquaculture and horticulture, as well as residential property development.

Poutama Trust is a Māori business development trust established in 1988 by the Crown to provide assistance to small to medium Māori ventures in the form of business development grants. Poutama is located in Rotorua and provides services nationwide across Aotearoa. Over the last 33 years it has granted approximately \$29 million to over 3,400 individual Māori businesses.

One of the attractions for using these three case study organisations is their diversity. One is an iwi and a Treaty of Waitangi post-settlement governance entity; another is a Māori incorporation under the Te Ture Whenua Māori Act 1993; and the last is a Māori business trust whose genesis was the 1984 Hui Taumata. Their geographical diversity, a mix of urban and rural, and North island and South island locations, was attractive as well. There were also benefits around the diversity of their businesses, one concentrating predominantly on property development, another being a food and beverages enterprise, and the last a Māori business development trust. Their diversity in the size of asset base, with valuations, respectively, of over \$1 billion, \$400 million and \$34 million, was also influential. Whilst there are contrasts, there are also commonalities in terms of their overall objectives, which enhance the well-being of their people. The diversity will offer a broad perspective on the elements that each organisation considers in their investment decision-making and the influence that tikanga has in that process.

Whilst it would have been nice to be able to simply pick and choose the organisations that I would like to research, the reality is that not all organisations or individuals actually want to participate. Those that did I already had a connection with, not genealogically but relationship-wise. In the first instance, I was able to approach people I knew within the organisations to discuss involvement in the research. There was a certain individual within one of the case studies whom I was keen to interview because of their broad experience and knowledge across their organisation, but despite a number of attempts to engage, it became apparent they did not want to be involved. Why is not known, but that is their

perogative, and their wishes must be respected. Not being able to interview this person may have potentially limited my findings for that case study.

5.4.2 Conducting of Interviews and Ethics

As the research was guided by a Kaupapa Māori methodology, Cram's seven Māori cultural values served as ethical principles to guide the research and interactions with participants⁴⁴⁵: (i) aroha ki te tangata (respect for the people); (ii) kanohi kitea (face to face interviews); (iii) titiro, whakarongo ... kōrero (look, listen and then speak later); (iv) manaaki ki te tangata (looking after people); (v) kia tūpato (be cautious); (vi) kaua e takahia te mana o te tāngata (do not trample on the mana of people); and (vii) kia māhaki (be humble).

Kaupapa Māori methodology was applied in this research through the utilisation of tikanga when conducting meetings and interviews so as to ensure that those being interviewed felt culturally safe and in an environment where they were also comfortable and secure. This involved interviewing people at their place of work, or their marae or their homes. All of the interviews were recorded using two different devices. The interviews always commenced with a karakia and then with an explanation about the research itself and its objectives.

The week prior to interviews taking place, the researcher emailed participant information sheets and participant consent forms. Then, before beginning the interview, along with the explanation mentioned above, the researcher discussed the participant information sheet and consent form to ensure the participant was comfortable with contributing.

One of the interviews with a Director and Kaumātua from Wakatū Incorporation was conducted at his home in Ōtorohanga. He commenced our hui with a mihi whakatau and then a karakia. I then responded to the mihi whakatau. This interview was conducted in both te reo and English. He indicated that there were some things that were better expressed in te reo rather than English, hence his preference to converse in both languages. Later in the interview we were joined by his wife, who had also been a director of Wakatū, and she generously offered her perspectives as well. I had taken some kai with me and we had this for afternoon tea after we had completed the interview. The interview concluded with a final mihi before I departed.

⁴⁴⁵ Fiona Cram, 'Maintaining Indigenous Voices', in Donna Mertens and Pauline Ginsberg, eds, *The Handbook of Social Research Ethics*, California, SAGE Publications, 2009, p.314.

The information offered during the interviews has been treated sensitively, respectfully and confidentially. Each of the participants was emailed a copy of the transcript of their interview and given an opportunity to review it to ensure they were comfortable with what they had said. They were given four weeks to do so and if I had not heard back from them, then I have assumed that they were satisfied and no amendments were required. All participants were sent a copy of the draft chapter for their organisation for their general feedback as well as specific feedback on quotes that I attributed to them in the chapter.

5.5 Summary

It was noted at the beginning of the chapter the importance of building a strong foundation upon which the research could be based. Having the right research methodology or philosophical approach to conduct the research together with appropriate research methods to collect and analyse the data was fundamental to ensuring that the research would stand up to rigorous participant and academic scrutiny. Employing a kaupapa Māori methodological approach, combined with a qualitative grounded theory approach that incorporated case study, and used in conjunction with the qualitative Nvivo software programme, was considered the most appropriate approach to answering the research question and achieving the research objectives. The use of case study and grounded theory supported the identification of phenomena that I describe in this thesis as the whakapapa investment philosophy and the whakapapa decision-making style. Relationships and connections enabled the researcher to approach people known within the case study organisations to seek their participation in the research. The chapter also discussed various issues that the researcher encountered along the journey and some of the workarounds that were required to complete the research.

6 Chapter 6 - Wakatū Incorporation



6.1 Introduction

This chapter is the first of three case studies and focuses on Wakatū Incorporation (Wakatū), located in Nelson near the top of the South Island of New Zealand. The chapter contains two sections, the first a discussion of the early history of how the people of Wakatū (Ngāti Kōata, Ngāti Rārua, Ngāti Tama and Te Ātiawa) came together and their shared history in the Te Tau Ihu region (Nelson-Marlborough). There are other tribes that reside in Te Tau Ihu and who are not part of Wakatū. They are Rangitāne, Ngāti Apa, Ngāti Toa and Ngāti Kuia.

The second section discusses the evolution and current structure of Wakatū Incorporation and the elements that influence its investment decision-making. First, I will discuss the whakapapa elements, which will be referenced to the whakapapa investment philosophy proposed in the investment chapter and shown at table 1 in this chapter. In this thesis, I describe a whakapapa investment philosophy as a Māori way of thinking about investing that is underpinned by a Māori worldview. The whakapapa elements are a combination of Wakatū's values and the key themes that emerged from the Wakatū case study interviews. Next, I discuss elements that I describe and categorise as non-whakapapa. These elements are essentially quantitative financial elements sourced from the case study interviews and Wakatū's annual financial reports.

Wakatū was selected as a case study because it is a Māori incorporation, has a rural South Island location, has a diverse mix of businesses that include food and beverage, and residential and commercial property development, and has been operating for over 40 years. As the researcher I was an outsider to this organisation as I had no formal links through genealogical whakapapa or shareholdings. However, personal relationships and networks enabled me to meet with key people in the organisation.

Information contained within this chapter has come from primary sources, namely the interviews, and publicly available secondary sources such as Acts of Parliament and academic literature. The interviews were conducted *kanohi ki te kanohi* (in person) with five people at the governance and management levels who have an involvement in the investment process. Wayne Ngata describes *kanohi ki te kanohi* as being a key principle of being and doing as Māori, as it allows you to see who you are communicating with, as well as feel, hear and smell the relationship⁴⁴⁶. Interviews were held with:

⁴⁴⁶ Wayne Ngata, 'Kanohi ki te Kanohi: Face to face in digital Space', in Hemi Whaanga, Te Taka Keegan, and Mark Apperly, *He Whare Hangarau Māori: Language, Culture & Technology*, Waikato University, 2017, p.178.

- John Smith (Smith) – Chief Financial Officer, Wakatū Inc.
- Kerensa Johnston (Johnston) – Chief Executive Officer, Wakatū Inc.
- Rore Stafford (Stafford) – Kaumātua and Director, Wakatū Inc.
- Miriana Stephens (Stephens) – Executive Director Innovation, Wakatū Inc.
- Paul Morgan (Morgan) – Chairman, Wakatū Inc.

The first interviewee was John Smith, the Chief Financial Officer (CFO); his whakapapa is of English ancestry. He is a chartered accountant and as the CFO, is part of the senior management team.

Kerensa Johnston is Wakatū's Chief Executive Officer (CEO); her whakapapa is Ngāti Tama, Ngāti Whāwhakia, Ngāruahine, Te Ātiawa and Scottish. She is a lawyer and has practised law as well as having had an academic career at the University of Auckland Law faculty. Her role as Wakatū CEO is influential in Wakatū's investment decision-making.

Miriana Stephens is Wakatū's Executive Director-Innovation; her whakapapa is Ngāti Rārua, Ngāi Te Rangi and Ngāti Ranginui. She is a lawyer and has practised in commercial law. Her roles within Wakatū include both governance in her position as a director on the Wakatū board, and management as Executive Director-Innovation.

Kaumātua Rore Stafford is a director on the board of Wakatū; his whakapapa is Ngāti Rārua, Ngāti Kinohaku, Ngāti Tama and Ngāti Maniapoto. He has been with Wakatū since its establishment in 1977 and was on the original committee of management when it first became an incorporation. His knowledge and experience provide a whakapapa of Wakatū's early days through to today.

Paul Morgan is Chair of the Wakatū board; his whakapapa is Ngāti Rārua and Te Māhurehure. He has been involved with Wakatū since 1985 when he was elected to the board. His knowledge and experience of Wakatū meant that he was able to provide historical and lived experiences and insights into the elements that influence Wakatū's investment decision-making.

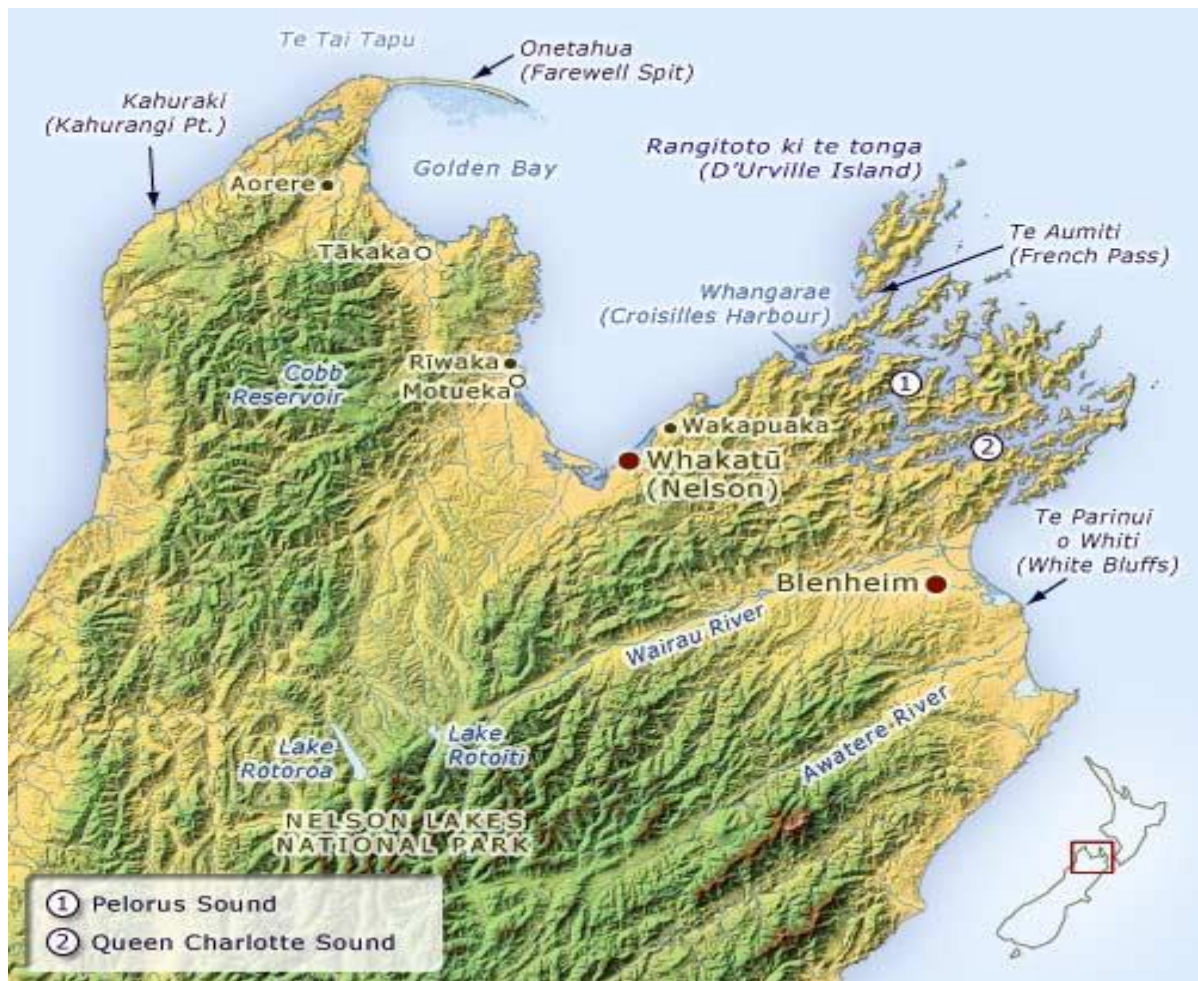
6.2 Historical Context

It is necessary to review the history of the people of Wakatū to provide some context around how and why they view the world as they do and the influence it has on their investment decision-making. The knowledge, learnings and experiences of each generation creates an investment whakapapa upon which current generations draw upon and add to when making investment decisions.

In the 1820s, four tribes – two from Tainui, Ngāti Kōata and Ngāti Rārua, and two from Taranaki, Ngāti Tama and Te Āti Awa – moved southwards to the Kāpiti Coast, then to Wellington, and finally down to the Te Tau Ihu region where they conquered and displaced the incumbent tribes and settled in the

Nelson, Tasman Bay, Motueka and Golden Bay regions, seen in diagram 7⁴⁴⁷. This initial tribal grouping, which was the forerunner of many such expeditions for their people, referred to themselves as ngā tangata heke (the people of the heke)⁴⁴⁸. The heke were a series of migrations back and forth from the North Island to the South Island, including to Te Tau Ihu region in the early 19th century from the Taranaki and Kawhia coasts⁴⁴⁹.

Diagram 7 – Te Tau Ihu Region⁴⁵⁰



⁴⁴⁷ John Mitchell and Hilary Mitchell, *Te Tau Ihu o Te Waka, Volume 1: A History of Māori of Nelson and Marlborough*, Wellington, Huia Publishers, 2004, p.117.

⁴⁴⁸ Kerensa Johnston, interview, Nelson, September 2017.

⁴⁴⁹ Mitchell and Mitchell, p. 113; Wakatū Submission Lobbying Disclosure Bill 2012.

⁴⁵⁰ Waitangi Tribunal (WAI 785), Waitangi Tribunal Report: *Te Tau Ihu o Te Waka a Māui: Report on Northern South Island Claims, Volume 1*, Wellington, Legislation Direct, 2008, p.220.

The decision at the time of these four iwi to migrate to Te Tau Ihu was a strategic one that would provide significant benefits for successive generations through Wakatū Incorporation. A whakapapa investment philosophy reminds decision-makers of significant decisions made in the past that have contributed to the foundation upon which Wakatū finds itself today. Another significant decision taken more recently, in 2010, by the descendants of the customary owners of Wakatū was to petition the courts to seek declarations that the Crown had breached its fiduciary duty to the original customary owners by failing to reserve one-tenth of the acreage it had awarded to the New Zealand Company⁴⁵¹.

In 1845, Governor Fitzroy had awarded the New Zealand Company 151,000 acres in the Tasman and Golden Bay area. The award stipulated that the Crown would hold the tenths reserves in trust on behalf of and for the benefit of the tangata whenua whose whānau held Māori customary title to the land at that time⁴⁵². The Crown failed to reserve the full one-tenth of land or exclude urupā (burial grounds), wāhi tapu (sacred areas) or cultivated lands from European settlement. At or about 1850, the Nelson Tenths reserves totalled 3,565 acres, significantly short of the 15,000 acres it should have been⁴⁵³. Worse was to come over the subsequent period thanks to the Crown's failure to meet its responsibilities as Trustee through inadequate administration of the estate⁴⁵⁴. The land reserves that were transferred into trust had diminished as a result of the Crown either selling the land or taking it under Public Works legislation to the extent that prior to the land being returned to Wakatū in 1977, the remaining Nelson Tenths reserves totalled only 1,394 hectares. To exacerbate the situation, some of the land reserves that were set aside were small, remote and incapable of sustaining intensive horticulture⁴⁵⁵.

Pertaining to this, a case was brought recently against the Crown by three plaintiffs, namely the proprietors of Wakatū; Rore Stafford (a beneficial owner of Nelson Tenths); and Te Kāhui Ngahuru Trust (representing descendants of original landholders who were no longer owners in Wakatū due to

⁴⁵¹ Proprietors of Wakatū & Rore Stafford v Attorney-General [2017] NZSC 17.

⁴⁵² John Mitchell, and Hilary Mitchell, 2004, p.338.

⁴⁵³ *ibid.*, p.340.

⁴⁵⁴ Waitangi Tribunal (WAI 785), Waitangi Tribunal Report: *Te Tau Ihu o Te Waka a Māui: Report on Northern South Island Claims, Volume 2*, Wellington, Legislation Direct, 2008, p.790.

⁴⁵⁵ John Mitchell and Hilary Mitchell, *Te Tau Ihu o Te Waka, Volume 2: A History of Māori of Nelson and Marlborough*, Wellington, Huia Publishers, 2007, p.489.

shares being sold or uneconomic parcels being acquired by the Crown)⁴⁵⁶. Without going into the details, the case was heard in the High Court in 2011 and the decision went against Stafford. Stafford appealed and the case was then heard in the Court of Appeal in 2014. The Court of Appeal agreed with the findings of the High Court, which meant the decision again went against Stafford. Stafford then appealed to the Supreme Court and succeeded. In 2017, the Supreme Court found that the Crown did owe a fiduciary duty to the original customary owners of the land and that it had breached that duty by not reserving and holding one-tenth of the lands awarded to the New Zealand Company in trust for the owners⁴⁵⁷. Whilst the issue of liability has now been determined, the remaining issue of relief or compensation is back with the High Court for determination, as of September 2020. Wakatū had been forced to take action through the courts after their Treaty of Waitangi claim, WAI 56, was rejected by the Crown. The Supreme Court case has set an interesting precedent now for the other tenths trust organisations to pursue compensation in a similar manner.

6.2.1 Establishment of Wakatū Incorporation

In 1974, the Labour Government of Norman Kirk established the Sheehan Commission to inquire into the administration of land beneficially owned by Māori (perpetual leasehold land) and vested in the Māori Trustee as reserved land under the Māori Reserved Land Act 1955. There were a number of aspects of the Act into which the Commission was asked to inquire and report upon to the Crown, the most notable being whether the administration of the lands should be retained in the hands of the Māori Trustee or transferred back to the beneficial owners⁴⁵⁸. In relation to the land owners of Wakatū, the Sheehan Commission of Inquiry Report 1974 recommended the establishment of a trust for the Nelson and Motueka Tenths and Motueka Occupational Reserves⁴⁵⁹. The acknowledgement by the Commission of the struggle the land owners had been dealing with since 1845 to gain control of lands that were rightfully theirs was important to the owners. The outcome is described in rather humble terms by Wakatū kaumātua and director Rore Stafford, who had been involved with the struggle for decades⁴⁶⁰:

⁴⁵⁶ *Proprietors of Wakatū and Rore Stafford v Attorney-General* NZSC 17, 2017, p.2.

⁴⁵⁷ *ibid.*

⁴⁵⁸ Bartholomew Sheehan, *Report of the Commission of Inquiry into Māori Reserved Land*, Wellington, Government Printer, 1975, p. 6.

⁴⁵⁹ *ibid.*, p. 39.

⁴⁶⁰ Rore Stafford, Interview, Ōtorohanga, November 2017, p.2.

They [the government] got to the point, well, they felt it's time to give it back after the outcome of the commission, nē.

The commitment, perseverance and tenacity of the Wakatū land owners to take back control of their lands is consistent with theories of whakapapa which acknowledge the importance of kinship relationships and obligations to the whenua and to past, present and future generations⁴⁶¹. The whakapapa relationship between the owners and their lands was severed because of colonisation. The recommendations of the Commission enabled the land owners to reconnect physically by taking back control of their lands. The reconnection with the land also allowed the owners (past and present) to begin to heal the spiritual mamae (hurt) that resulted as a consequence of separation from the land.

Moana Jackson views whakapapa as an ecosystem and suggests that there are whakapapa consequences for decisions which lead to new beginnings that branch off in different directions creating new whakapapa⁴⁶². The decision of the owners to take back control of their lands has enabled Wakatū to grow its asset base and businesses from \$11 million in 1977 to \$300 to \$400m in 2017.

As a result of the inquiry and the Commission's recommendations, the Crown established the Māori Purposes Act 1975, which enabled Māori reserved lands to be vested in Māori trusts or incorporations (if agreed by the owners). The owners, as the lessors of Māori reserved lands, could then begin to administer their lands themselves⁴⁶³. This was a positive step forward for land owners, but the leasehold lands still contained the right of renewal in perpetuity for the lessee. Whilst Māori were now recognised as the beneficial owners of the land, they still had limited rights to use it directly. The Sheehan Commission also found that the formula for calculating lease rentals was manifestly unjust and recommended to the Crown an amendment to allow leases to be renewed every seven years instead of 21 years, and to update the lease rentals formula calculation⁴⁶⁴. The Crown never implemented these particular recommendations.

A fundamental component of Wakatū's establishment was the consultation undertaken amongst the landowners of the Motueka Tenth and Motueka Occupational Reserves between 1975 and 1977. The

⁴⁶¹ Mikaere, p.290.

⁴⁶² Moana Jackson, 'Mā te Rongo te Waka Ka Rere: Exploring a Kaupapa Māori Organisational Framework', conference, Te Wānanga o Raukawa, Ōtaki, 3-4 November 2006.

⁴⁶³ Waitangi Tribunal (WAI 143), Waitangi Tribunal Report: *The Taranaki Report: Kaupapa Tuatahi*, Wellington, Legislation Direct, 1996, p. 349.

⁴⁶⁴ Sheehan Report, p.81

consultation resulted in a decision by the land owners to establish a Māori incorporation and to have the lands transferred from the Māori Trustee to the new incorporation so that they could begin to administer and manage the lands themselves⁴⁶⁵. Morgan describes the consultation process that was undertaken as a family one⁴⁶⁶:

We got the title of the lands back into the Māori Incorporation and that was a family process. They'd met at Takapūwāhia in 1976 and decided not to make a decision then, but to have three months' consultation with the families. They had a secret ballot and the families voted for an incorporation. So that's how we formed that legal entity.

This decision enabled the owners to exercise mana whenua and mana moana over their lands, seas and waterways and to begin to rebuild and restore their mana and authority over the 1,394 hectares (3,445 acres) of leased land. The establishment of Wakatū in 1977 was a significant decision for the land owners that would provide an opportunity to minimise the impacts of oppressive land legislation relating to perpetual leases⁴⁶⁷, and allow them to exercise their land ownership rights in a way that all other land owners in New Zealand expect and enjoy⁴⁶⁸. The return of the land was a watershed moment for the owners, as can be seen at diagram 8. It would kick-start the long-term vision of Wakatū's owners to take back control of their lands through the gradual purchase of perpetual leases over time as and when the lessees no longer required the land.

Wakatū incorporation was legally established by Order in Council and the enactment of the Wakatū Incorporation Order 1977, dated 1 August 1977⁴⁶⁹. An Order in Council is a legislative instrument that is made by the Executive Council, which is presided over by the Governor-General. The Executive Council comprises all Ministers of the Crown and is the highest formal instrument of government in New Zealand. Orders in Council give effect to the government's resolutions and apart from Acts of Parliament, are the main method by which the government implements decisions that need legal force⁴⁷⁰.

⁴⁶⁵ Mitchell and Mitchell, 2004, p.452.

⁴⁶⁶ Paul Morgan, interview, Nelson, December 2017, p.4.

⁴⁶⁷ *ibid.*

⁴⁶⁸ *ibid.*, p.6.

⁴⁶⁹ Wakatū Incorporation Order 1977 dated 1 August 1977.

⁴⁷⁰ Department of the Prime Minister and Cabinet Website, <https://dpmc.govt.nz/our-business-units/cabinet-office/executive-council>

Diagram 8 – Wakatū owners celebrating the return of Wakatū lands in 1977⁴⁷¹



6.3 Evolution of the Organisation

Upon establishment, the directors of Wakatū set about dealing with some complex issues to enable the business to move forward. The first was familiarisation with the 752 leases, which were a mix of urban, residential, commercial, industrial, rural, premium horticultural land and some marginal rural lands⁴⁷². The leases were all perpetual leases under the Māori Reserved Lands Act 1955.

Removal of the Māori Trustee from Wakatū's share register was also another major project for the directors. During its term of administration, the Māori Trustee had purchased the interests of owners with small shareholdings and had become a substantial shareholder. The owners of Wakatū had instructed the board to negotiate a deal with the Māori Trustee to buy back the shares it held, and to do so by means of a loan from the Māori Trustee to be paid back over time. During its period of administration, the Māori Trustee had alienated some of the leasehold lands to the lessees. Wakatū's owners felt aggrieved and frustrated that the Māori Trustee had sold land to lessees⁴⁷³.

⁴⁷¹ Wakatū Incorporation, *Annual Report 2015*.

⁴⁷² Morgan, p.3.

⁴⁷³ *ibid.*, p.4.

Another important piece of work for the board was the development of a whenua (land) policy that included the ability to prudently sell Māori freehold land. This policy enabled the board to sell some parcels of residential land that were generating poor financial returns to raise cash to invest into other lands and assets⁴⁷⁴. Raising this with owners after having just had their lands returned was a difficult and sensitive subject for the board. Morgan states it took years of difficult discussions and debates before the owners were finally able to agree on an approach that allowed the board to sell some residential lands that had unsatisfactory rental incomes⁴⁷⁵. A whakapapa investment philosophy acknowledges the importance of kinship relationships and the responsibilities and obligations to whānau and to the whenua. When issues arise that require difficult discussions, Wakatū and its owners appear to have developed tikanga that provide pathways forward and which enable them to reach a decision. A whakapapa approach acknowledges a notion of time that sometimes will take a while to work through the issues before reaching a final decision⁴⁷⁶. Whilst for Wakatū there might be disagreement on an issue(s), there is usually agreement on most issues.

As the whenua policy was being developed, there was a contemporaneous discussion in progress with the owners about being an active investor. For Wakatū, an active investor means creating businesses or buying established ones that align with their values and strategies and managing and operating them themselves. An alternative option was to invest in equities and bonds, which I describe as passive investing, but this was not a preferred option for the board at that time. The owners approved the active investor strategy⁴⁷⁷.

In 2019, there were approximately 4,000 registered shareholders in Wakatū and the value of its assets and businesses has grown to over \$300 million. Its investments include vineyards, orchards, residential and commercial properties, marine farms and water space. Wakatū is one of a number of Māori success stories of a developing Māori economy⁴⁷⁸.

⁴⁷⁴ *ibid.*, p.4.

⁴⁷⁵ *ibid.*, p.4.

⁴⁷⁶ Mikaere, p.321.

⁴⁷⁷ Morgan, p.5.

⁴⁷⁸ *New Zealand Herald*, 'Māori entities continue to grow their pūtea', 29 November 2018.

6.3.1 Organisational Features

As a Māori Incorporation, Wakatū is subject to the Te Ture Whenua Māori Act 1993, and in particular Part 13 which sets out matters in relation to the following: the constitution and powers of an incorporation; administration in terms of its issued shares and dividends; internal management of the incorporation; and the duties and powers of the Māori Land Court. There are some sections in the Te Ture Whenua Māori Act 1993 that impact or influence Wakatū's investment decision-making that I will discuss shortly. However, before doing so, I discuss the high-level organisational structure of Wakatū, at diagram 9, and its operating businesses.

Diagram 9 – Wakatū Organisation Structure – High Level⁴⁷⁹



Wakatū's owners appear in the chart on the right, linked with the Board of Directors of the incorporation (parent board) in acknowledgement of the formal relationship. The directors on the parent board are elected by the owners and each director serves a term of three years. The parent board is responsible for setting the strategic direction of the incorporation, and overseeing and monitoring its execution. There are a total of seven directors whose terms are staggered so that each year, two or three will retire and seek re-election if they choose. The staggering of terms ensures the continuity and stability of the parent board. The composition of the parent board is an important influence in the investment decision-making process and will be discussed later in this chapter. Two of the parent board directors are executive directors, meaning they also work in the business.

The parent board currently has four sub-committees. The human resources committee is responsible across the organisation for appointing senior management roles, remuneration and the

⁴⁷⁹ Wakatū Incorporation Website, <https://www.wakatu.org/>

implementation of people policies. The focus of the audit and risk committee is monitoring and reviewing the risks across all businesses and ensuring that there are appropriate controls in place for their mitigation. It is also responsible for the annual audit and preparation of group accounts for the incorporation. Since the interviews were conducted in 2017, two new sub-committees have been established: the whenua ora committee, which oversees the organisation's commitment to meeting its core values and ensuring that taonga thrive and survive across the generations; and the business technology steering committee, which oversees technology. Each committee has four members who are all directors from the parent board.

On the left of the diagram we see the four business sectors of the incorporation: Manaaki, Kono, Whenua and Auora. Each has their own board of directors comprising two independent directors with relevant sector expertise and knowledge, and two directors from the parent board. Each of these boards has a delegated authority for investment purposes, which is highlighted below in the investment process at diagram 11.

This diagram of the high-level organisational structure of Wakatū Incorporation appears on their website. Whakapapa is reflected visually through the inclusion of the owners in the structure and their underlying influence within the organisation. Their inclusion highlights the importance of kinship relationships and reflects the influence and contribution of past, present and future generations of owners to the life of the organisation. The owners have a very real influence as was evidenced in the decision to incorporate, the elimination of the Māori trustee as an owner, the decision to be an active investor, and the time that it took to develop a whenua policy that was agreeable to the owners.

I refer to a more detailed business structure at diagram 10, which does not yet reflect the Auora sector but shows the Manaaki sector and its areas of responsibility across the organisation for all matters relating to people and culture in terms of owner liaison, well-being, health and safety, tikanga and te reo as well as facilitating wānanga around Wakatū's history.

Kono is the sector that manages the food and beverage businesses of Wakatū. This involves the farming, harvesting, processing, production and marketing of seafood, wine, cider, apples, pears, kiwifruit, hops and natural fruit bars. Kono farms approximately 530 hectares of land and sea and exports its produce across the world. At the height of harvesting, it employs several hundred people. Some of its seasonal workers are families who come from Tonga on an annual basis and have been doing so for the last 10 years. Wakatū has developed a whānau relationship with these families and their village in Tonga and have supported a number of initiatives there over time⁴⁸⁰. This is an example

⁴⁸⁰ Johnston, p.3.

of whakapapa where connections and relationships are personal and honoured and develop tikanga obligations which add to the whakapapa of Wakatū.

In terms of Kono's businesses, they are largely based in the primary sector, are complex and are associated with higher levels of business risk. Risks, such as disease to produce, foreign exchange exposure, external supply chain networks, difficulties with export and import regulations, and labour shortages, can be mitigated to an extent. But there are other risks that are uncontrollable, such as weather, geopolitical events and pandemics. However, businesses that are associated with higher levels of risk are also associated with higher returns⁴⁸¹.

The Whenua business is the residential and commercial property development arm of Wakatū⁴⁸². The work involved in the perpetual land leases and the marine farm licences is complex, the former because of having to deal with leaseholders, the latter with local councils around resource management matters⁴⁸³. Wakatū's lands equate to 70 per cent of its total asset base and are managed by the Whenua sector⁴⁸⁴. In addition to developing residential and commercial subdivisions, Whenua provides property management services and also leases out both land and marine space to Kono for its food and beverage businesses. One of Whenua's long-term strategies is to buy back strategically important leases to further develop its businesses⁴⁸⁵. Wakatū does from time to time offer lessees the opportunity to purchase the freehold interest in their property⁴⁸⁶.

The final sector is Auora which was recently established, in 2019, and is not in the diagram. It is a consumer-focused health solutions business that aims to design food and ingredient health solutions sourced from the natural biomatter and active ingredients of the Wakatū lands.

⁴⁸¹ John Smith, interview, Nelson, June 2017, p.6.

⁴⁸² *ibid.*, p.6.

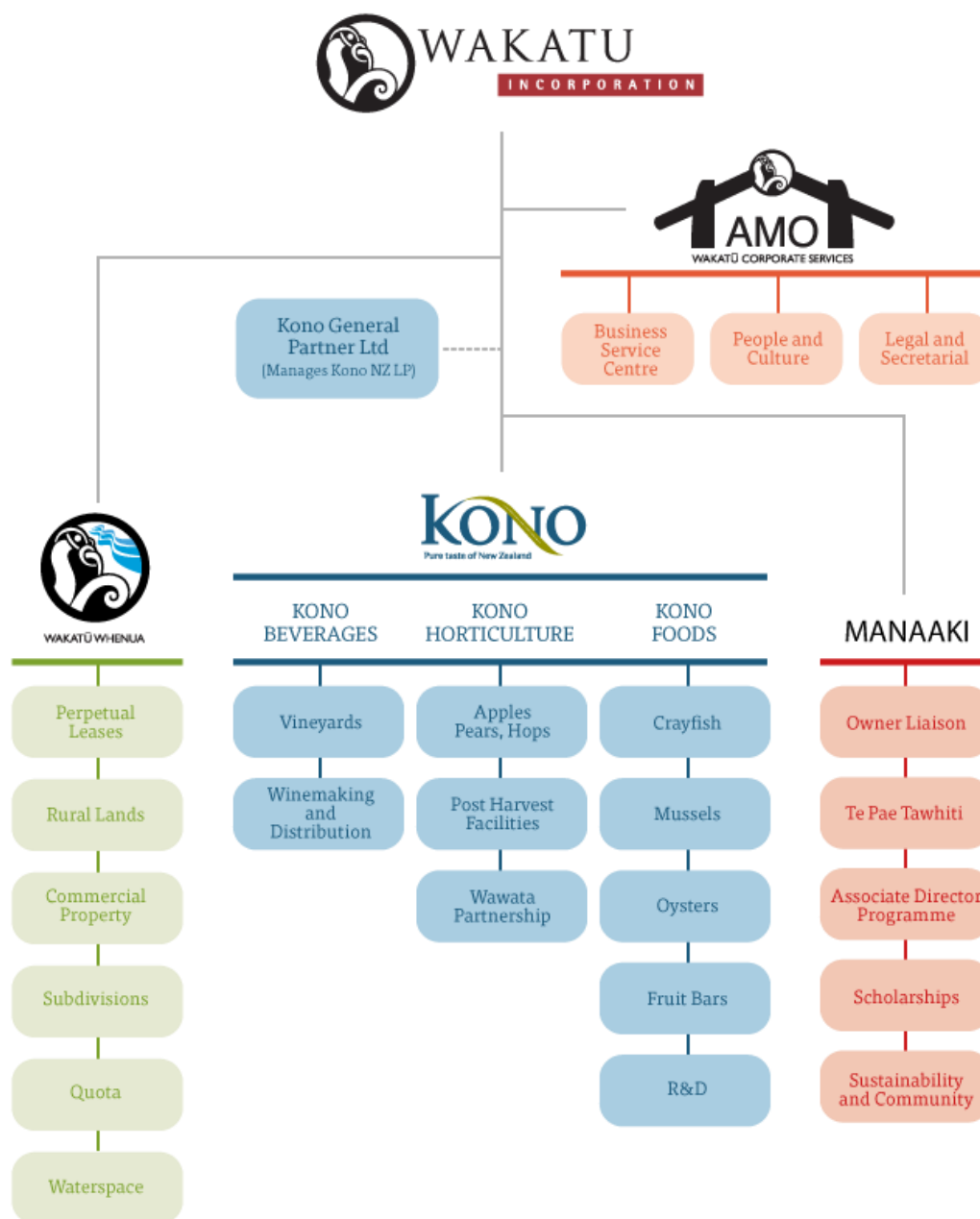
⁴⁸³ Miriana Stephens, interview, Nelson, September 2017.

⁴⁸⁴ <https://www.wakatu.org/whenua>

⁴⁸⁵ Morgan, p.5.

⁴⁸⁶ <https://www.wakatu.org/lease-info>

Diagram 10 – Wakatū Business Structure



As an active investor, Wakatū seeks to create or buy businesses that it can develop further through use of its land and water resources⁴⁸⁷. There are a range of elements contained in its organisational documents that influence its investment decision-making which I will discuss. I also discuss other elements that emerged from the interviews that are not documented (in Wakatū literature) but

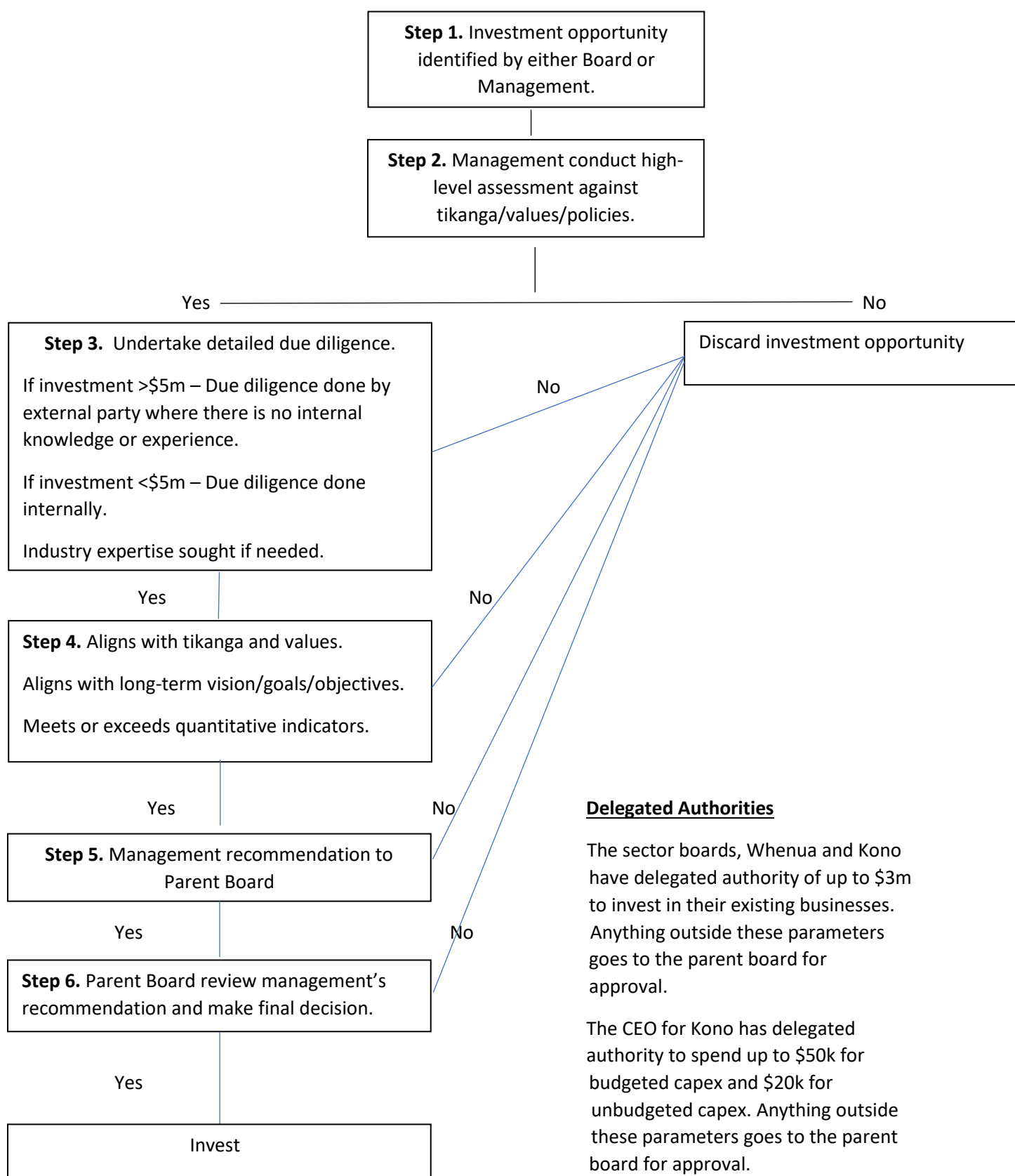
⁴⁸⁷ Morgan, p.4.

influence its investment decision-making. In addition, the sector boards and management-delegated authorities, mentioned below, are part of the investment process.

The investment process at diagram 11 below has been constructed based on the interviews conducted with Kerensa Johnston and John Smith in September 2017. At the time, Wakatū did not have an investment committee but were considering establishing one to enable it to have its own formality and structure⁴⁸⁸. I now discuss the diagram to provide further detail around the investment process.

⁴⁸⁸ Johnston, p.7.

Diagram 11 – Wakatū Investment Process – High Level



6.3.2 High Level Investment Process

6.3.2.1 Steps 1 and 2

An investment opportunity will originate with either management or the board and could be one of two types⁴⁸⁹. It could be further investment or else complementary investment into an existing Wakatū business, or alternatively a new business opportunity. Whichever way it originates, management is usually tasked with conducting an initial high-level assessment. This will initially involve assessing the opportunity against Wakatū's values and strategies to determine if there is alignment. Johnston states⁴⁹⁰:

I can usually tell quite quickly if it fits with our strategy ... like in the first half hour. If it's acquiring or investing in something, I think it's more about our values in terms of what is this business, what are we doing here?

In the case of Wakatū, the CEO and management undertake an important role from a whakapapa investment decision-making style where investment opportunities are assessed initially by the team against the organisation's values. Their initial process appears to investigate potential investment in a Māori way, questioning does it align with our values, can we develop a relationship with these people, could it be a long-term relationship, will it be mutually beneficial (as in utu, which seeks balance), could the opportunity be mana enhancing, is it a sustainable use of taonga? This approach could be described as an intuitive decision-making style. However, from a tikanga perspective it could be considered rational in the sense that assessing it against values and relationship possibilities is logical and reasonable, which are attributes of a rational decision-making style.

6.3.2.2 Step 3

Where the potential investment is less than \$5 million, detailed due diligence will be undertaken internally by Wakatū staff. Where the potential investment is greater, then Wakatū policy is to have due diligence conducted by an external party who has technical knowledge, expertise and experience of the relevant industry. From a whakapapa investment philosophy, relationships are paramount and so any external party that does due diligence for Wakatū is likely to be someone they know and trust, have used before and is capable of assessing the opportunity.

⁴⁸⁹ *ibid.*, p.7.

⁴⁹⁰ *ibid.*, p.9.

6.3.2.3 Steps 2 and 4

Wakatū's values are embodied in six core tikanga that are designed to guide their people in their behaviours with others⁴⁹¹. The people being guided by these tikanga include owners, whānau, staff, consumers, clients, stakeholders and members of the local community. These are the values against which investment opportunities are assessed at Steps 2 and 4 of the investment process at diagram 5 above. These tikanga are contained within a document titled 'Te Pae Tawhiti', which is Wakatū's 'Intergenerational Vision' that was approved in 2012. Te Pae Tawhiti is consistent with theories of whakapapa as discussed in the tikanga chapter, and acknowledges the importance of values and practices that develop behaviours to ensure the long-term survival of the people of Wakatū. Tikanga are described as both values and practices by Wakatū. In the past, tikanga has always been present, but since the creation of Te Pae Tawhiti, its role has become more deliberate and influential to the way Wakatū operates. Morgan states⁴⁹²:

Wakatū, we're a Māori organisation that operates under our philosophy and our beliefs. Wakatū has a long-term vision called Te Pae Tawhiti, that was put together by the next generation. Wakatū consulted with the owners and the young people, to understand their view of the future to include in the long-term vision document. It was a great process that took over two years to complete.

Te Pae Tawhiti is consistent with a whakapapa investment philosophy in that it recognises the need to consider and anticipate new challenges and to envisage new pathways into the future. The involvement of rangatahi in these types of initiatives can sometimes be overlooked, so their inclusion in the process and giving them a voice is important. Their participation is a continuation of Wakatū's strategy of nurturing its young people for future leadership roles. From a whakapapa perspective, rangatahi will grow Wakatū's connections, relationships and whakapapa as they enter into careers with other organisations across Aotearoa. One day, some of them will return to work for Wakatū.

The tikanga that Wakatū list in Te Pae Tawhiti are not uncommon, but their interpretation may differ slightly to that of the other two case studies. How these tikanga are defined, interpreted and practised does vary between each of the case study organisations. Here are the tikanga that Wakatū use and how they are defined in Te Pae Tawhiti⁴⁹³:

⁴⁹¹ Wakatū Incorporation, *Te Pae Tāwhiti: Intergenerational Plan*, 2012, p.3.

⁴⁹² Morgan, p.16.

⁴⁹³ *Te Pae Tawhiti*, p.3.

- Whanaungatanga – We are a family organisation; we value our relationships.
- Kaitiakitanga – We manage our taonga responsibly and sustainably.
- Rangatiratanga – We are courageous and in control of our destiny.
- Manaakitanga – We respect, nurture and support one another.
- Pono – We are honest, open and accountable.
- Auahatanga – We are innovative, adaptable and passionate about what we do.

The deliberate consideration and practical application by Wakatū of these values within their investment decision-making process has been in place for approximately five years now. Applying tikanga to investment decision-making can be more challenging than considering it conceptually and intellectually. With an investment opportunity, it's important to try and understand the implications in terms of whanaungatanga (relationships), kaitiakitanga (sustainability), rangatiratanga (self-determination), manaakitanga (mana-enhancing), pono (transparency), auahatanga (future focus). In terms of how Wakatū considers the six values in relation to an investment opportunity, Johnston posits:

I don't think we'd have a linear conversation about the different ones [tikanga]; I think all of those elements would come in, in terms of how we would assess it, firstly as a management team and then how we would present it to the board. Correspondingly, if management were evaluating an investment opportunity that did satisfy financial elements but was not able to satisfy the tikanga requirements, then it is unlikely that management would forward it to the parent board for consideration⁴⁹⁴.

Whakapapa is relational and seeks to hold all these tikanga in balance with one another⁴⁹⁵. It is not just about relationships, or sustainability, or self-determination, or transparency, or enhancing mana, or a future focus. How does whakapapa hold all these things in balance? Often reality does not reflect aspirations, and tensions will develop between tikanga that will pull people (decision-makers) in different directions. Depending upon the situation, some tikanga will prevail over others at different times, and that's okay. The important point is that a whakapapa investment philosophy encourages people to consider each of the tikanga, which helps them better understand the connections between the implications and consequences of the final decision. It encourages a way of thinking that envisages or imagines a broader perspective which benefits longer-term decisions⁴⁹⁶.

⁴⁹⁴ Smith, p.12.

⁴⁹⁵ Mikaere, p.289.

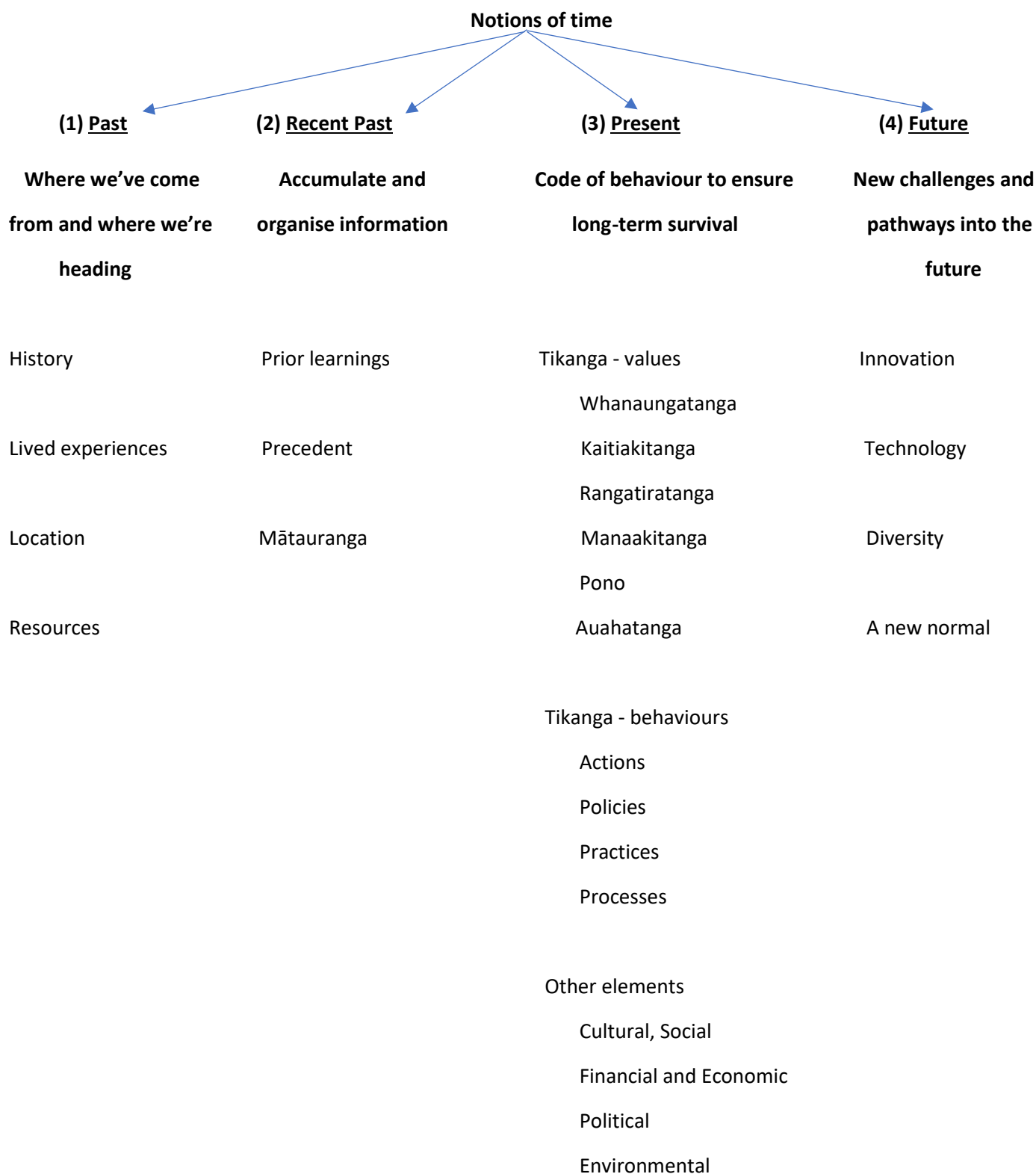
⁴⁹⁶ *ibid.*, p.286.

6.4 Whakapapa Elements that influence investment decisions

The whakapapa investment philosophy that was proposed in the investment chapter is shown at table 2 below. As I discuss the whakapapa elements that influence Wakatū's investment decision-making, I will relate them with a whakapapa investment philosophy. I reiterate that a whakapapa investment philosophy seeks to provide Māori with a way of thinking about investing that is underpinned by a Māori worldview. It does not intend to tell Māori how to invest, it does not intend to limit, prohibit or restrict. Its intention is to provide Māori with a unique way of thinking about investing that is underpinned by a Māori worldview that enables them to customise their approach to reflect their whakapapa and their current and future aspirations.

I preface this discussion by positing that this thesis contains the first iteration of a whakapapa investment philosophy and is still in its infancy. Whilst it is contained within a table, this has been done to allow me to get my thoughts and ideas down on paper and to allow others to visualise and relate to the philosophy. This will enable people to critique, unpack, challenge, add to, delete from, or perhaps inspire other investment philosophies.

Table 2 - Wakatū – Whakapapa Investment Philosophy



6.4.1 Kaitiakitanga

Wakatū describes its business as ‘a business of the land and sea’. One of the tikanga that is relevant here is kaitiakitanga where there is an obligation to manage taonga responsibly and sustainably. An example of a practical application of this tikanga by Wakatū is described by Johnston⁴⁹⁷:

At a practical level, how we’ve dealt with that across the Whenua and Manaaki sectors, is that we’ve completed a mapping project of our lands which took about five years. We had a matakite [a person who has supernatural insights] come from the Coast and walk across all of our lands. We didn’t have that capability within our own family to do that for us. We knew where some wāhi tapu and urupā were, but we didn’t know all of it because we’ve got a lot of land. He came along and with Uncle Rore and other kuia and kaumātua, they walked the lands and they mapped all of that out. The Whenua sector now uses that mātauranga to manage their database and it had a real impact on our investment decisions.

Whakapapa acknowledges the connections and relationships that the owners have with the land and the land with the owners. The mapping project identified several wāhi tapu and urupā that had not previously been located, preserved or protected. These were able to be legally protected to prevent property development on these areas, and neither could the lands be sold. Such is the connection between the owners and the land that failure to look after the land sustainably could also have an impact on the well-being of the owners. The mapping project itself is a form of whakapapa that adds mātauranga to earlier layers of information about the lands. The project allowed the owners to not only reconnect with the land but also with their tīpuna who lay in the urupā. The reconnection with the land and with tīpuna would also help to heal any mamae (hurt) that arose from the disconnection with the land. In addition to the obligation as kaitiaki to care for the land, a whakapapa investment philosophy would consider the mapping project to be an investment in the well-being of the people and the long-term sustainability of the land.

Stephens discusses another kaitiaki project that is looking to assess the wellness of the whenua and waterways that Wakatū manages either directly or indirectly (leased land)⁴⁹⁸:

There are two programmes, the first one is around land and water wellness. At the end of the day, we talk about our values; we talk about kaitiakitanga, but do we actually live and breathe that? So, what might a programme look like and what are the frameworks, what is the thinking and what are the tools that we need to develop as a group in terms of assessing the wellness

⁴⁹⁷ Johnston, p.9.

⁴⁹⁸ Stephens, p.4.

of our land and water. There is key data that we want to gather from our land and waterways around areas relating to greenhouse gas emissions, soil and biodiversity that we can access and bring together to enable our future forecasting to become more disciplined and robust around infrastructure and a whole lot of things in the rohe (region).

There have been times in Wakatū's investment whakapapa where kaitiakitanga has been superseded by other tikanga. Sometimes kaitiakitanga will have competing interests within itself. This is the tension between kaitiaki as the guardian of the whenua but also as the guardian of the pūtea (capital or money). I mentioned an example earlier in the chapter where Paul Morgan talked about the difficult decision to sell lands that had recently been returned to the incorporation, but which were deriving poor returns. The proceeds from these sales enabled Wakatū to invest in other properties that generated better returns, and which in turn provided an economic base from which to launch other investment opportunities. In that situation, the decision to sell the whenua was a difficult one, but at that time, early in its development, the pūtea prevailed over the whenua.

6.4.2 Whanaungatanga

During the interviews, those interviewed used the terms 'owners' and 'whānau' interchangeably. I have taken this to mean that owners are those who have shares in the incorporation but who are also referred to as whānau. However, there are those who have genealogical whakapapa to the original founding owners of Wakatū but who may no longer have shares and are considered whānau and referred to as such. These whānau would not benefit directly from dividends paid by the incorporation but would benefit in a wider sense through Wakatū support of cultural, sporting and community activities, and events. Wakatū is looking to apply whanaungatanga in a wider sense to Māori in other rohe through projects that have mutual benefits. Johnston discusses a seasonal employment scheme that would bring unemployed Māori from other regions into Wakatū for work⁴⁹⁹:

An initiative we've got going within the Manaaki sector at the moment is to see if we can design a Māori-registered seasonal employment scheme. It's where we might bring people down from Auckland who are unemployed and looking for work; so, we're doing some work to try and figure out how we can do that.

Another example of how Wakatū employs whanaungatanga is through its due diligence of an investment opportunity. In its assessment of a business opportunity, the people who own and manage the business are an important consideration. Wakatū spends time on the human relationship and

⁴⁹⁹ Johnston, p.4.

getting to know individuals behind an enterprise before a final investment decision is made. Johnston states⁵⁰⁰:

So, I think that's a reflection of whanaungatanga and that we understand as Māori that this is not just a transaction. You're coming into our family, all going well we will be together forever, or this relationship will exist forever.

Wakatū's approach is consistent with theories of whakapapa which hold relationships as important. In this example, the relationships are human ones which are assessed by Wakatū on the basis of a long-term, enduring relationship. Personal attributes will be assessed on the basis of trustworthiness, reputation, integrity and respect. Here we see an interpretation of whānau in a business sense, where customers, suppliers and stakeholders are viewed by Wakatū as being a part of their wider whānau. The consequences of a business relationship not going well will also be considered in terms of mana (reputation) risk for Wakatū as well as the financial and social implications in terms of loss of jobs for people.

Wakatū encounter difficult decisions within their businesses where their tikanga are challenged and tested by their owners, customers and suppliers. Johnston discusses an example in which some of the owners opposed a business opportunity on the basis that it went against their personal beliefs⁵⁰¹:

If we are considering acquiring or investing in something, I think it's more about our tikanga in terms of what is this business, what are we doing here? So, we had a big debate about the fact that some of our owners were opposed to going into an industry that went against some of their personal beliefs. So, we just had to keep having those conversations about that, and there will still be some people in our families that are not comfortable with it.

In this situation, the value of whanaungatanga was tested in terms of obligations to a section of the whānau, and obligations to the whānau as a collective. The interesting point to note here is that when issues arise that require difficult discussions, Wakatū and its owners appear to have developed tikanga that provide pathways forward to allow them to reach a decision. Whakapapa decision-making acknowledges that sometimes it will take time to work through the issues before reaching a final decision. Whilst for Wakatū there might be disagreement on an issue(s), usually agreement results in most cases. The investment in that particular situation was undertaken and has become a successful business for Wakatū.

⁵⁰⁰ *ibid.*, p.8.

⁵⁰¹ *ibid.*, p.8.

6.4.3 Manaakitanga

In addition to employing whanaungatanga when evaluating prospective business partners and a potential investment, manaakitanga (mana-enhancing) simultaneously runs alongside it. Manaakitanga has relationship attributes that are described as acts of generosity, care, kindness, protection and respect towards one another. The relationship should ideally be one that is mana-enhancing for both parties. As an organisation, manaakitanga is an important aspect of Wakatū's being and identity, as Morgan affirms⁵⁰²:

Our manaakitanga and the way we engage with people, the way we host them, is deeply embedded in Wakatū. It's important that we observe that and it's always viewed by the board, 'What is our relationship with these people? Are we maintaining it? When we host people here, we make sure we do it well.' The whole kaupapa (purpose) around it is to build long-term, sustainable, loyal relationships with one another.

Food has been a measurement of wealth for Māori as discussed earlier in the investment chapter and today is still an important component of Māori society. Wakatū are a significant food and beverage business and derive a portion of their wealth from these operations. The requirement to host visitors or clients or owners well while using their own produce is hugely important and is mana-enhancing to Wakatū.

Wakatū operates and manages a number of businesses that utilise equipment and machinery in their operations, so health and safety is an important tikanga within the organisation. Wakatū describe manaakitanga as acts of generosity, care and protection towards one another. But sometimes tensions arise between tikanga that can muddy the waters and cloud people's judgement. A situation arose where there was a possibility that a product had become compromised, which would mean a reasonable cost to the business in disposing of the product. The issue was debated at some length by the board as to what actions should be taken. Eventually, one of the directors, who is also the kaumātua, declared, 'If we're talking about a compromised product which might impact our customers adversely, then no harm or injury, no matter how remote, is acceptable.' Wakatū's tikanga had been reasserted, with customer care and protection paramount⁵⁰³. Manaakitanga had prevailed over pūtea in this instance.

Theories of whakapapa emphasise the importance of relationships which, in this instance, are the customer relationships as well as the relationships with the owners. It also asserts a long-term view

⁵⁰² Paul Morgan, p.8.

⁵⁰³ Kerensa Johnston, p.15.

and whilst there may have been some sacrifices made in the short-term, the right decision was made from a long-term cultural and business perspective. The decision that was reached was also mana-enhancing for the owners and the business in knowing that they did the right thing as well being seen to have done the right thing.

6.4.4 Rangatiratanga

Wakatū describe rangatiratanga as being courageous and in control of their destiny. Rangatiratanga was demonstrated through the decision made by the owners in 1976 to establish an incorporation, take the lands back, and to manage and administer the lands themselves. It allowed them to take back an element of control immediately. In the long term, it will also enable them to reacquire the leasehold interests of their whenua and fulfil the purpose of Te Pae Tawhiti of preserving and enhancing the taonga for the benefit of current and future generations.

A more recent demonstration of rangatiratanga has been the case taken through the courts holding the Crown to account for breaching its fiduciary duty owed to the original customary owners of Wakatū lands to reserve one-tenth of the 151,000 acres purchased by the New Zealand Company. Wakatū took the case to the Supreme Court after losing in the lower courts, and were ultimately successful. The Court agreed that the Crown did indeed owe a legally enforceable fiduciary duty to the customary land owners. It was a courageous action and one which will allow them to eventually develop new social and cultural services for their people, as Morgan articulates⁵⁰⁴:

With the Supreme Court situation, we've said to the people we need to open our minds to the future because we're going to negotiate with the Crown and we're going to set up a big social agenda around the other aspects that are fundamental; housing and education and the likes.

For Wakatū, their description of rangatiratanga is a reflection of their whakapapa in the many courageous actions and decisions that were taken and made by their ancestors in moving to Te Tau Ihu in the early nineteenth century, in agreeing to the tenths deal, in agreeing to form an incorporation, in pursuing an active business investment strategy and in pursuing the Crown to honour its contractual obligations. Wakatū continues to add to its whakapapa of rangatiratanga through the creation of connections and relationships that will enable it to achieve its aspirations.

⁵⁰⁴ Morgan, p.17.

6.4.5 Auahatanga

Wakatū describe the tikanga of auahatanga as being innovative, adaptive and passionate about what they do. Innovation is an important component of Wakatū's approach to investment both in developing its existing businesses as well as assessing new business opportunities. An example of innovation is found in the project it undertook in proving the concept of a wine label, which led to the establishment of Tohu Wines. Wakatū essentially set up a virtual wine company by outsourcing everything, from growing the grapes to producing the wine, to selling the final product. Only after the concept had been proven and the product was a success did Wakatū then invest in setting up a vineyard. This involved buying land, planting grapes and then ultimately building their own processing plant and marketing and distributing the product. It was a novel and innovative way of testing a business opportunity without having to commit large amounts of capital up front. Like any new business, challenges arose long the way and lessons were learned. But it has endured and some 20 years later, Tohu Wines is a well-established and award-winning label, one of three wine brands that Wakatū owns.

Wakatū's innovative and forward-looking approach is reflected in its newest business sector, Auora, a consumer-focused health solutions business that aims to design food and ingredient health solutions sourced from the natural biomatter and active ingredients of the Wakatū lands.

6.4.6 Pono

Wakatū define pono as being honest, open and accountable. It is connected to and underpins the other tikanga of whanaungatanga, manaakitanga and kaitiakitanga, which are relationship oriented. It was reflected in the hui called in 1976 to communicate openly with shareholders and it continues through annual hui. Having discussed the values that Wakatū considers in its investment decision-making, I turn now to discuss the whakapapa elements that emerged from the case study interviews.

6.4.7 History influences investment decision-making

A whakapapa investment philosophy acknowledges history and historical events and their influence on current thinking as well as the mātauranga that emerged from those events. For Wakatū, their historical experiences inform and influence their investment decision-making in imagining and developing a better future for their people. There are three historical issues that provide motivation for a better future:

6.4.7.1 Perpetual Leases

The issue of perpetual leases has occupied a significant amount of time, energy and cost for Wakatū since the Crown first set up the scheme back in the nineteenth century. Perpetual leases are perpetual with the lease rentals being reviewed every 7 years. However, lessees can decide to sell the leasehold back to Wakatū if they no longer require the land. Wakatū has a long-term objective to buy back all of the 752 leases pertaining to the 1,394 hectares. It will require significant financial resources to achieve this objective. An overarching objective for Wakatū's commercial operations is to be in a financial position to acquire these leases as they become available. Morgan states⁵⁰⁵:

In behind all of that, there was a vision and a drive to get our lands back and to consolidate them into landholdings that we could actually do something with. That underpinned the thinking. That was 1997 when we got the reform through [Māori Reserved Land Amendment Act 1997]. That was a decade of work. We never let up. I drove it most of the time. Steve and I headed the leadership of the group. I did the project management, that was my job. In the horticultural area of the business, we control 200 hectares of about 1,200. There's a long, long way to go.

6.4.7.2 Control of Investments

For Wakatū, the recent lived experiences of being landowners but not having control of their leased lands because they are perpetual leases has engendered a fundamental requirement that where an investment is made, then Wakatū needs to have a reasonable element of control that allows them to govern and manage the investment. Morgan states⁵⁰⁶:

The reality of Wakatū and a lot of the others, all of us, was that the rules say that we had no say basically. We could only operate as the statutory lease required unless we got the lessees out.

6.4.7.3 Betrayal by the Crown

The historical experiences and dealings with the Crown of people of Wakatū is not dissimilar to many other Māori in terms of betrayal⁵⁰⁷. For Wakatū, the failure of the Crown to set aside one-tenth of the lands that were awarded to the New Zealand Company was devastating. This betrayal has fostered a

⁵⁰⁵ Morgan, p.8.

⁵⁰⁶ *ibid.*, p.6.

⁵⁰⁷ Catherine Love, Ngapera Moeahu, Shamia Love-Shariff, *New Zealand Māori Case Study: Wellington Tenth's Trust and Palmerston North Māori Reserved Lands Trust*, Hamilton, Waikato University, 2007, p.17.

sense of caution that was exacerbated in 2015 when Wakatū took a case against the Crown, which eventually ended up in the Supreme Court, to enforce the Crown's fiduciary duty owed to Wakatū to set aside the said tenth.

6.4.8 Owners Influence

Registered owners on Wakatū's share register total approximately 4,000, but in reality they represent some 50,000 whānau⁵⁰⁸. There are two formal meetings held each year, the annual general meeting in November or December held in Wakatū, and the special general meeting in April, usually held in Wellington. These meetings provide owners with an opportunity to raise issues in relation to specific aspects of Wakatū's businesses. As an example, whānau raised an issue around the use of plastic packaging for some of Wakatū's products and whether more environmentally friendly packaging had been looked at⁵⁰⁹. At this point it is not apparent whether Wakatū has progressed this challenge from its owners.

In addition to the two regular annual meetings mentioned above, there are also occasions where the parent board of Wakatū and senior management may undertake a road trip to areas other than Wellington and Nelson to promote a new strategy or initiative, or perhaps just to connect with their people. This is how Te Pae Tawhiti, the inter-generational strategy, was developed over two years. Johnston states⁵¹⁰:

We went on a roadshow in March, a quick roadshow. It wasn't for any purpose, like we didn't want anything from the owners, we marketed it as a kanohi-ki-te-kanohi, we'll have a cup of tea, we'll hear what your expectations are and what we can do, what more we can do, or how can we improve. And the further we were away from home the more enthusiastic and positive and kind and supportive and proud our people are of us, and very supportive. Just fantastic. The ahi kā are very supportive and proud, but because they know us so well and they know what we're doing, they also have much higher expectations, which is awesome.

The expression kanohi ki te kanohi taken in its literal sense means face-to-face. O'Carroll posits that it also has a social meaning that emphasises a physical presence as well as a commitment to whānau, to

⁵⁰⁸ Johnston, p.5.

⁵⁰⁹ Stephens, p.11.

⁵¹⁰ Johnston, p.17.

a place or to a purpose⁵¹¹. A physical presence also acknowledges the importance of a relationship between those meeting. Mead suggests that in physical meetings there is an expectation that the parties involved will stand by their words to maintain their integrity and credibility⁵¹². Keegan suggests that by taking the time and energy to travel and meet someone in person, it reflects the respect and esteem for this person, who is worthy of the effort⁵¹³.

If we look at the context within which Johnston is using this phrase, it has a multiplicity of meanings: a commitment to the owners; Wakatū's acknowledgement of the importance of its relationship with its owners; and that Wakatū will stand behind their words in order to maintain integrity and credibility with its owners. O'Carroll argues that meeting face-to-face and giving mana or credibility to one's words is a Māori way of communicating one's thoughts and perspectives⁵¹⁴. Johnston describes some of the feedback from owners as challenging but positive, kind, supportive and proud. This type of personal feedback is not what one might encounter within a more formal setting of an annual or special general meeting where people may feel constrained by the formality of the occasion. The lands that were originally vested in Wakatū upon its establishment are known as the corpus lands, that is the 1,394 hectares returned to Wakatū and valued at \$11 million. Wakatū's policies require that the corpus lands be maintained in area and present value. Any alienation of corpus lands requires the owners' approval by way of a special resolution⁵¹⁵. Morgan acknowledges that whilst legal title of the whenua may be vested in Wakatū, the owners are the guardians of the whenua. He declares⁵¹⁶:

The thing about Wakatū is that the owners are fundamental to its kaupapa. This is not just about shares in a company. They own the land in this organisation, and we make sure that the way we participate and engage with them gives them a full sense of ownership. That's what's created success for us.

⁵¹¹ Acushla O'Carroll, 'Kanohi ki te Kanohi: A Thing of the Past? Examining the Notion of "Virtual" Ahikā and the Implications for Kanohi ki te Kanohi', in *Pimatisiwin: A Journal of Aboriginal and Indigenous Community Health*, 11, 3, (2013), p.441.

⁵¹² Mead, 2003, p.189.

⁵¹³ O'Carroll, p.443.

⁵¹⁴ *ibid.*, p.442.

⁵¹⁵ <https://www.wakatu.org/history-of-land-management>

⁵¹⁶ Morgan, p.21.

All the interviewees stated that one of the overarching questions asked by the board and management when considering an investment is, 'what would the owners think?' Stephens states⁵¹⁷:

When I go home every day, I have to face them [the owners]. What I'm saying is if you can't back any of the decisions that are made, how are you going to explain that to owners? Being an owner myself, it is fundamentally about the values. I often think, okay, well if I sit here as an owner... I guess that's what's good if you looked at our whenua board; you know, every decision that we make, our Chair always says, what would the owners think? How can we stand up and go and promote this and do this?

When Te Pae Tawhiti (long-term intergenerational plan) was being developed, the board when prioritising the tikanga had debated whether pūtea should come first, because if there was no pūtea, nothing would be able to be done⁵¹⁸. However, when the draft plan was discussed with the owners for their comments and feedback, pūtea for them was an indicator of success, and it was their expectation that this was a given for the board⁵¹⁹. For the owners, social, cultural and educational objectives were a higher priority.

A whakapapa investment philosophy acknowledges the importance of Wakatū's owners because they are the tangata whenua (people of the land), and their being given a platform to participate, to express their views on issues and to influence the investment decision, be it alienating land or investing in new businesses is fundamentally important.

6.4.9 Continued Existence is influential

A whakapapa investment philosophy acknowledges the challenges of the past but also looks to the future and provides a framework for developing an investment strategy that is underpinned by a code of behaviour that will ensure the long-term survival of the people. The negative experiences of past events motivate Wakatū today to develop Te Pae Tawhiti spanning 500 years. Johnston reveals that the plan grew organically, but that the owners' unique history in the region spanning hundreds of years inspired Wakatū to take a longer-term view⁵²⁰. The plan seeks to invest in the well-being of the people and to provide them with cultural and social support by building a healthy and sustainable

⁵¹⁷ Stephens, p.11.

⁵¹⁸ Johnston, p.11.

⁵¹⁹ *ibid.*, p.11.

⁵²⁰ *Stuff*, 'Māori Company Plans for the Future with 500 – Year Plan', 5 August 2018.

economic base. This ensures the continuing existence of the people of Wakatū, the people of the heke. Morgan recalls⁵²¹:

What I said the other day at the meeting [2017 Annual General Meeting], I said I'll be quite clear to you all that my and the Wakatū Board strategy is that we're going to have another hekenga (migration) and that's you all coming home, living here in Wakatū.

There are many components that contribute to ensuring the continuing existence of Wakatū. Stephens states⁵²²:

It's a connection to people and it's a connection to land, the whenua. So, I think that does make us different; I think that we're here for the long term.

Wakatū has a specific corpus policy relating to its original landholding that reflects the notion of continuing existence. Johnston states⁵²³:

When we were established, the board adopted the Corpus Policy which is a policy that was established in 1997. The Māori Trustee transferred back a certain area of land at a certain value and, so [through] an internal policy which is now essentially the [Wakatū] law, the absolute gospel; we can't fall below that land area or value adjusted for today's value. So that's a protection mechanism that the board adheres to, and we all know that no matter what we do, we'll always have that estate.

6.4.10 Wealth provides Choice

Johnston posits that wealth is not just financial wealth but is holistic, meaning a sense of culture, of community and well-being⁵²⁴. A whakapapa investment philosophy encourages a code of behaviour that includes values and practices that seek to generate wealth in forms that ensure the long-term survival of the people. Prior to the arrival of the Pākehā settlers, the people of Wakatū had control of their lands and used them to provide the basic elements of life or well-being in the form of food, water and shelter. They also recognised the value and importance of the land in terms of the wealth and social standing it provided for their people. Having land itself was a measure of wealth, but it also contained the ability to generate wealth in the form of food production for trade or entertainment,

⁵²¹ Morgan, p.17.

⁵²² Stephens, p.20.

⁵²³ Johnston, p.11.

⁵²⁴ *ibid.*, p.6.

or materials for construction of whare, waka and clothing. Land had spiritual significance as a taonga to be handed down. However, Wakatū also regard land that is non-customary land as a commodity in their Whenua business where land is bought for property development and then on-sold later for a profit⁵²⁵. Wakatū have always realised that generating wealth enables choice and an opportunity to determine the future.

6.4.10.1 Money is important

The priority that Wakatū accords to financial and economic outcomes varies depending upon a range of elements such as what stage the organisation was at in its development. Early on in its existence, the board, or committee as it was then, prioritised financial and economic outcomes, as Morgan states⁵²⁶:

The financial aspect was very important, because when we took these lands over, they had been really badly managed for over a hundred years.

In Wakatū, other elements compete for consideration in investment decisions requiring utu (balance) by the board, which can result in a reprioritisation of elements. In a recent business acquisition of some mussel farms, there were a range of elements considered, as Stephens states⁵²⁷:

There was a people component and a business integration/transition around that. The complexity of the deal involved marine farms they come with licences for periods of years; where the farms are situated required dealing with different councils, local government authorities and dealing with resource consents.

6.4.10.2 Perceived tensions between tikanga

Wakatū employs tikanga Māori within its operations because it wants to behave as a Māori business and believes that tikanga help guide businesses to operate in an ethical and sustainable manner. Behaving this way helps it achieve its purpose of preserving and enhancing their taonga for the benefit of current and future generations and honours the work of past generations.

Tensions can arise between Wakatū's tikanga when they are competing for recognition and influence at the board table in relation to an investment decision. Tensions can also arise within each of the six individual tikanga themselves. Within kaitiakitanga, there may be competition for an allocation of

⁵²⁵ *ibid.*, p.10.

⁵²⁶ Morgan, p.5.

⁵²⁷ Stephens, p.8.

resources between looking after whānau or looking after the taiao (environment) or the pūtea (financials). Each of the six tikanga are interconnected, and so there will be negotiation and compromise in reaching a decision. Just how much weight each tikanga is given in a decision is not prescribed. Here is an example of a difficult situation that Wakatū faces.

A country that Wakatū exports produce to requires particular insecticides to be used to protect the produce from pests and eliminate the risk of the pests coming into their country. It was not known at the time of the interview what impact (if any) these insecticides have on Wakatū's whenua and waterways. Work was being undertaken to ascertain whether these insecticides might cause them harm, and what alternative insecticides might be available. Here we see tension within kaitiakitanga of care and protection for the land and the waters, and kaitiakitanga of care and protection of the business and the pūtea⁵²⁸.

6.4.10.3 Owners assume financial wealth as a given.

Since its incorporation in 1977, the owners have been paid an annual dividend. This has become the norm for Wakatū's owners, and so it is presumed that profits will be made every year. Recently, the focus of the owners appears to be shifting to other issues, as Johnston states⁵²⁹:

They were asking questions and talking but not really digging into issues. Whereas there's been quite a big shift in the last four years. You're getting a more sophisticated level of questioning, particularly around – not so much the financials 'because I think they assume that we're going to make money and that's all working. It's around kaitiakitanga and what's the impact of all this on the land, you know, how can we be assured that we're doing the right thing. All those sorts of questions are becoming much more prevalent.

The earlier discussion around tikanga tensions demonstrates the board's deliberate actions in consideration of matters raised by the owners. Wakatū have also launched a programme led by board member Miriana Stephens that assesses the wellness of their lands and water⁵³⁰.

⁵²⁸ Johnston, p.13.

⁵²⁹ *ibid.*, p.7.

⁵³⁰ Stephens, p.4.

6.4.11 Tikanga – Doing the right thing

This point resonates with the considerable work that was done around a new maxim for the Kono business. Johnston states⁵³¹:

From a Kono perspective the new strapline on the brand is, 'Love for the Land, Respect for the Sea'. Now, the minute you put that out there, if you're a consumer in China or America, and you Google 'Kono', or you Google 'New Zealand water', and you find that it doesn't look consistent with the brand message that they're telling us, then this investment in the business could be extinguished overnight. When we put that strapline on the brand, we had huge discussions about how we're really putting ourselves out there in terms of it being a genuine promise, not just marketing jargon. It reflects on the business and our owners.

A whakapapa investment philosophy recognises a framework where tikanga manifest themselves in investment decision-making through actions, practices, processes and policies that are underpinned by Wakatū's tikanga of whanaungatanga, manaakitanga, kaitiakitanga, pono, auahatanga and rangatiratanga.

6.4.12 Innovation

'Doing things better and doing better things' is an aphorism that Stephens quotes from the Stanford course she attended in 2015. She uses it now for Wakatū with regard to innovation as she states⁵³²:

What I learned was that if we keep doing things the same way we will have some challenges. So, what might be some of the new thinking and new ways of doing things, and what might that look like; and can we use innovation potentially as a framework, or as something that we can advance. So, would it be possible for me to shape new business; new business development, new ways of doing things and thinking how we might build an innovative culture across the organisation. Elevation to us at Wakatū really means just doing things better and doing better things.

The Tohu Wines virtual wine label was another excellent example of Wakatū's innovative approach to investing in businesses.

⁵³¹ Johnston, p.14.

⁵³² Stephens, p.3.

A whakapapa investment philosophy looks to prepare for the future, and innovation is included under this category and seeks to meet and anticipate challenges as well as exploring new pathways into the future.

6.4.13 Collaboration enables opportunity

Collaboration is an enabler and has allowed Wakatū to participate in investment opportunities that it may not have had access to on its own, or which may have been too risky to pursue on their own. By collaborating, it allowed them to share and spread the risk with other investors. Collaboration also meant they did not have to provide all the capital themselves by liquidating an existing investment or increasing borrowings to participate in these opportunities.

Wakatū collaborated with one of the largest horticultural companies in New Zealand. It presented an excellent opportunity that would not have been possible without both organisations being open to collaborative opportunities. Wakatū also has a desire to work with its local iwi partners to develop a long-term economic strategy that seeks to find areas of commonality where they can work together. At the same time, it identifies areas of overlap and can indicate who might best take up those opportunities amongst the collaborative group. Whakapapa naturally lends itself to collaborative relationships, recognising the mana of others, accepting difference and being open to exploring mutually beneficial interests.

6.4.14 A Whakapapa of lessons learned

Wakatū have a whakapapa of investment decisions from which lessons will have been learned about each of those investments. What went right, what didn't go right, what could be done better next time. Can these lessons be applied across their other businesses? The Tohu virtual wine label was an interesting experiment that has worked out well for them in the long run. Their early foray into the Port Nicholson Fisheries business provided them with some excellent returns as well. Some of their businesses are in high-risk industries, which provide good returns but are also vulnerable. One such business is their oyster farms in the Marlborough Sounds, which were closed in 2017 along with other oyster farms by the Ministry for Primary Industries because of a parasite.

Referring again now to the Tohu Wines investment, Ngāti Kōata, one of the four iwi shareholders associated with Wakatū, were opposed to the vineyard opportunity. They were opposed to being associated with a venture that involved alcohol, on the basis that a number of their members were

Mormons and their faith commands that they abstain from using harmful substances. As Johnston states⁵³³:

If we are considering acquiring or investing in something, I think it's more about our values in terms of what is this business, what are we doing here, and wine's a good example. So, we had a big debate about that because one constituent iwi, Ngāti Kōata, the majority of them are Mormon. So, probably 90 per cent of Ngāti Kōata people here are in the Mormon Church. There was a lot of debate and concern about the fact that we were going into an industry that promoted, is all about drinking. So, we just had to keep having those conversations about that, and there will still be some people in our families that are not comfortable with it.

Wakatū went on to make the investment in Tohu Wines. A number of directors and management live within the Wakatū rohe and so will receive feedback on a regular basis, whether more formally, at AGM's and Special General Meeting's, or down at the local supermarket where they may see whānau and owners.

A whakapapa investment philosophy anticipates that there will be learnings from each investment transaction and therefore a whakapapa of the learnings will be accumulated and compiled to form a knowledge base for the organisation for future reference. This would include conducting a review after the transaction has been settled and then an annual review to uncover any further learnings. While the business will be monitored financially on a regular basis, this review would be both an operational and a strategic review. The Mormon whakapapa is understood and considered in the decision-making, obviously the benefits of investing in Tohu outweighed any fallout from objections and whānau continue to talk with each other. Healthy relationships built on trust, deal with conflict and honest communication.

That completes the section on the themes that emerged from the interviews. I now discuss another whakapapa influence on investment decision-making, board composition.

6.4.15 Board Composition

The Wakatū parent board consider and approve all investments over \$3 million and are an important component in Wakatū's investment decision-making⁵³⁴. Zahra in his research on how boards of directors can influence financial performance, found that their effectiveness increased with diversity

⁵³³ Johnston, p.8.

⁵³⁴ Loop and Ward, p.1.

in board composition⁵³⁵. Forbes and Milliken suggest that there is no clear consensus on which demographic characteristics of board composition led to which performance outcomes⁵³⁶. I discuss the demographics and examine Wakatū's board composition in 2017. The demographics are:

- Gender
- Age
- Tenure
- Ethnicity
- Skills and experience

The parent board comprises seven directors who are themselves owners and are elected by the owners of the incorporation. Directors are appointed for a three-year term, with appointments staggered so that each year some will expire whilst others remain. The purpose of the rotation policy is to ensure that there is continuity and stability at the parent board level at the same time enabling a democratic election process to take place. The seven directors that were involved in 2017 remain in place in 2020, so there is strong continuity and stability at the parent board level.

The parent board has an associate director programme in place to develop governance and leadership skills amongst its owners. One of the tangible benefits of this has been the identification and development of upcoming leaders. Several of Wakatū's current senior management have come through this programme, namely Kerensa Johnston (CEO Wakatū), Miriana Stephens (Executive director), Rachel Taulelei (CEO Kono), Johnny McGregor (Wakatū director) and Jeremy Banks (Wakatū director)⁵³⁷.

6.4.15.1 Gender

In terms of gender diversity, there are currently six male directors and one female director, which indicates an imbalance. The research in this area suggests that greater diversity augments board effectiveness, that there is a positive correlation between gender diversity and financial performance, and that institutional investors are demanding greater diversity⁵³⁸. Wakatū's ratio of women to men

⁵³⁵ Shaker Zahra and John Pearce, 'Boards of Directors and Corporate Financial Performance: A Review and Integrative Model, in *Journal of Management*, 15, 2, (1989), p.309; Balasubramanian and Mohanty, p.1; Kagzi and Guha, p.41.

⁵³⁶ Forbes and Milliken, p.490.

⁵³⁷ Smith, p.3.

⁵³⁸ Balasubramanian and Mohanty, p.2.

mirrors a January 2017 report that indicated that women occupied 14 per cent or one in seven board roles in listed companies in New Zealand⁵³⁹. A recent report titled '2019 Stocktake of Gender, Māori and Ethnic Diversity on State Sector Boards' shows that Māori hold 21.1 per cent of all state sector board roles, of which Māori women hold 11.5 per cent. Māori women have a higher representation on state sector boards than Māori men⁵⁴⁰. So, progress is being made by Māori women, but these figures do fluctuate and so there is no room for complacency. The research in relation to gender diversity and board effectiveness is inconclusive, where some find a positive relationship⁵⁴¹, some have found a negative relationship⁵⁴², and some have found no relationship between gender diversity and board effectiveness⁵⁴³.

6.4.15.2 Age

Johnson et al posit that the research relating to the impact of age diversity on board effectiveness is inconclusive because age serves as a proxy for both experience and risk aversion⁵⁴⁴. They suggested that older executives (> 50 years) were less likely to initiate change, had a higher aversion to risk, and their firms were less likely to enter bankruptcy⁵⁴⁵. Younger boards were associated with greater strategic change and had more risk appetite. However, they did suggest that greater age diversity on a board was associated with higher valuations for businesses⁵⁴⁶. For Wakatū there appears to be good diversity, as a comment by Smith suggests⁵⁴⁷:

⁵³⁹ *Radio New Zealand News*, NZ's Record on Women on Boards 'Depressing', 20 January 2017.

⁵⁴⁰ 2019 Stocktake of Gender, Māori and Ethnic Diversity on State Sector Boards.

⁵⁴¹ David Carter, Betty Simkins, and Gary Simpson, 'Corporate Governance, Board Diversity, and Firm Value', *The Financial Review*, 38, 1, (2003), p. 35.

⁵⁴² Renee Adams, and Daniel Ferreira, 'Women in the Board Room and Their Impact on Governance and Performance', *Journal of Financial Economics*, 94, 2, (2009), p. 291.

⁵⁴³ Larelle Chapple, and Jacquelyn Humphrey, 'Does Board Gender Diversity Have A Financial Impact? Evidence Using Stock Portfolio Performance', *Journal of Business Ethics*, 122, 4, (2013), p. 709.

⁵⁴⁴ Scott Johnson, Karen Schnatterly and Aaron Hill, 'Board Composition Beyond Independence: Social Capital, Human Capital, and Demographics', *Journal of Management*, 39, 1, (2013), p.238.

⁵⁴⁵ *ibid.*, p.238.

⁵⁴⁶ *ibid.*, p. 238.

⁵⁴⁷ Smith, p.2.

There's a mix of age on the board, from kaumātua, Rore Stafford, James Wheeler, Paul Morgan through to Barney Thomas, then Miriana Stephens, Johnny McGregor, down to Jeremy Banks. A nice range of age, experience and talent.

6.4.15.3 Tenure

Diversity of tenure on the board can also have an influence on board effectiveness. Lawrence suggests that as an individual's tenure increases, so too does their communication within the board⁵⁴⁸. During the initial tenure of the board as a group, communication within and amongst the board will be frequent. However, over time as the board settles into its work as a team, the need for frequent communication reduces⁵⁴⁹. As has already been alluded to, there is strong stability and continuity of tenure of current board members: Stafford (1985), Morgan (1986), Wheeler (1990), Thomas (2004), Stephens (2009), McGregor (2009) and Banks (2016).

6.4.15.4 Ethnicity

All the directors are Māori and whakapapa to one of the founding iwi of Ngāti Tama, Ngāti Rārua, Te Ātiawa and Ngāti Kōata. Carter et al refer to the Harvard project on American Indian Economic development which found that when Native nations make their own decisions about what development approaches to take, they consistently outperform external decision-makers on matters as diverse as governmental form, natural resource management, economic development, health care, and social service provision⁵⁵⁰. These findings suggest indigenous groups should promote their own people with the necessary skills, to lead their organisations. This is something Wakatū planned for and has achieved.

6.4.15.5 Skills and Experience

Most of the directors have 10 or more years of governance experience with both Māori and non-Māori commercial businesses as well as with iwi and hapū organisations. The skills and backgrounds of the directors span a range of industries that include tourism, local government, the seafood industry, horticulture, agriculture, the law, Treaty of Waitangi negotiations, information technology, accounting and education. Having a broad range of industry experience is likely to provide multiple views on issues and aid the process of finding robust solutions. Some of the directors have tertiary education and belong to professional bodies that will also influence their thinking in relation to investment decisions.

⁵⁴⁸ Lawrence, p.12.

⁵⁴⁹ *ibid.*, p.12.

⁵⁵⁰ Carter et al, p.15.

6.5 Non-Whakapapa Elements that influence investment decisions

6.5.1 Wakatū Incorporation Order 1997 and Te Ture Whenua Māori Act 1993

Wakatū as a Māori Incorporation is primarily regulated under the Wakatū Incorporation Order 1977 and Te Ture Whenua Māori Act 1993. Section 253 of the Te Ture Whenua Māori Act 1993 allows Wakatū to carry out business within any industry and to borrow monies or invest in financial instruments. Section 256 (4A) allows it to buy and sell general land that can be held as an investment or through application to the court, can be added to its corpus and thereby deemed to be Māori freehold land. In accordance with section 253 A, the shareholders of Wakatū can impose limitations or restrictions on its business activities. I am not aware if the shareholders have exercised the power to limit or restrict Wakatū's business activities. As the principles of the Te Ture Whenua Māori Act 1993 promote the retention of Māori freehold land, any attempts to alienate it must first be approved by Wakatū's shareholders at a special general meeting and must then satisfy the requirements of the Māori Land Court as the Act stipulates.

6.5.2 Quantitative Elements

Wakatū has specific investment policies and frameworks that include financial and economic criteria that must be considered in its investment decision-making process. Smith advises⁵⁵¹:

I work with the management of the entity that identifies an investment possibility to (a) identify it and determine whether it meets the criteria; preparing the business case, and then putting that business case forward; negotiating with a vendor and then working it through the board; working with the bank around funding. So, pretty much from start to finish with anything of a size.

There are a number of quantitative measures that Wakatū considers in its investment process, as seen at both Steps 3 and 4 at diagram 5. These quantitative measures have been sourced from the interviews and financial reports. They are⁵⁵²:

- return on investment (ROI);
- debt-to-equity ratios;
- lending guidelines;
- delegated authorities for further investment into existing businesses and capital expenditure;

⁵⁵¹ Smith, p. 7.

⁵⁵² Wakatū Incorporation, *Wakatū Mid Financial Year General Meeting*, 1 April 2017.

- product margins;
- costs-to-income ratio;
- pay-back periods for investments;
- internal rates of return (IRR);
- operating returns on assets;
- major transaction;
- revenue growth;
- asset growth; and
- foreign exchange guidelines

These quantitative measures are common to many organisations that invest directly into operational businesses. Wakatū have little or no passive investments in stocks or bonds. The majority of their investment decisions relates to investment that grows and develops their existing businesses. A recent investment, in 2014, involved the acquisition of an enterprise that had gone into receivership. An addition to their food and beverage business, it aligned with Wakatū's values and strategies, producing as it did a snack bar using 100 per cent natural fruit ingredients with no added preservatives.

6.6 Summary

The first section of this chapter discussed aspects of Wakatū's history to provide context around some of the challenges and struggles that they experienced and how those experiences influence some of their investment decisions.

The second section of the chapter reviewed Wakatū's evolution as a Māori incorporation and its current corporate structures. I discussed the elements that influence Wakatū's investment decision-making and separated these into two categories, the whakapapa and non-whakapapa elements. The whakapapa elements were discussed and where applicable were referenced to the whakapapa investment philosophy at table 1. The discussion suggests that there are a number elements that influence Wakatū's investment decision-making that are consistent with a whakapapa investment philosophy. The whakapapa elements that emerged for Wakatū reflect its unique whakapapa status as tangata whenua, along with their history, context and values that guide its investment decision-making expressing their rangatiratanga. The non-whakapapa elements that were discussed are essentially quantitative financial and economic considerations. I conclude that the elements that influence Wakatū's investment decision-making are a combination of whakapapa and non-whakapapa elements.

Whilst there are a number of elements that influence Wakatū's investment decisions, how and why some elements appear to dominate in some situations at certain times and then yield or fall short in other circumstances and occasions is the difficulty decision-makers face as they interpret the context based on the information they have and their values and tikanga. What is evident though, is that Wakatū's investment strategy has enabled it to generate wealth gradually and deliberately through owning and operating businesses and investing in its people.

7 Chapter 7 - Ngāti Whātua Ōrākei



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⁵⁵³ Ngāti Whātua Ōrākei, *Annual Report 2017-2018*.

7.1 Introduction

This chapter focuses on the case of Ngāti Whātua Ōrākei who are located in and around the Tāmaki isthmus in central Auckland. The chapter contains two sections, the first a look at the history of the Ngāti Whātua Ōrākei and the evolution of its Trust Board and associated subsidiaries.

The second section of the chapter discusses the whakapapa elements and the non-whakapapa elements that influence Ngāti Whātua Ōrākei's investment decision-making. I discuss the whakapapa elements which are a combination of Ngāti Whātua Ōrākei's eight mātāpono (principles/values) and the key themes which emerged from the case study interviews. The non-whakapapa elements are then discussed which are focused on quantitative financial and economic elements sourced from Ngāti Whātua Ōrākei's annual financial reports and constitutional documents as well as the case study interviews. I interviewed Rangimarie Hunia and Sharon Hawke and discuss their backgrounds and association with Ngāti Whātua Ōrākei.

Rangimarie Hunia's whakapapa is Ngāti Whātua Ōrākei and at the time of being interviewed in November 2017, was the Chief Executive Officer (CEO) of Ngāti Whātua Ōrākei's Whai Māia organisation. Whai Māia was set up in 2013 to advance the cultural, social and environmental aspirations of Ngāti Whātua Ōrākei. Rangimarie was appointed the CEO of Whai Māia in 2016 and prior to that was a foundation director of Whai Rawa. Whai Rawa is Ngāti Whātua Ōrākei's commercial arm, set up to protect and grow Ngāti Whātua Ōrākei's commercial assets. Rangimarie has also served as a trustee on the Ngāti Whātua Ōrākei trust board. She has significant governance experience and is currently the Chair of Te Ohu Kaimoana, a charitable trust set up in 2004 to advance Māori interests in the marine environment, including customary fisheries, commercial fisheries and aquaculture as well as providing policy and fisheries management advice to iwi and the wider Māori community. Rangimarie lives on the papakāinga at Ōrākei with her whānau. Her knowledge and experience of Ngāti Whātua Ōrākei is extensive.

Sharon Hawke's whakapapa is Ngāti Whātua Ōrākei and Ngāti Mahuta, and at the time of being interviewed in June 2018, was the governance manager for the Ngāti Whātua Ōrākei trust board. As such she was the liaison person between the trust board and the its two subsidiaries, Whai Māia and Whai Rawa. Sharon has also served as a trustee on the Ngāti Whātua Ōrākei trust board. Sharon lives on the papakāinga at Ōrākei and has done so for most of her life. This experience and her involvement in the affairs of the tribe enables Sharon to provide an in-depth view of its operations.

I had hoped to interview at least one other person from Ngāti Whātua Ōrākei and approached two people, however, they were unable to participate. The information contained within this chapter has come from primary sources, that is the interviews conducted in person with Hunia and Hawke, and

secondary sources, such as Acts of Parliament, academic literature and documentation obtained from Ngāti Whātua Ōrākei directly and publicly available material.

Ngāti Whātua Ōrākei have endured despite the many challenges they have encountered up to arriving at their current situation in 2020. Ngāti Whātua Ōrākei supported the Crown's development of Auckland in the 1850s through their invitation to Governor Hobson to come to Tāmaki and make it the capital of Aotearoa, and their agreement to sell land to the Crown to house settlers⁵⁵⁴. Although they were supportive of the Crown, they also strongly advocated for the rights of tribes to manage their own affairs⁵⁵⁵. In 1881, Ngāti Whātua Ōrākei chief, Pāora Tūhaere hosted many tribes at Kohimarama to discuss preventative actions that could be taken over further land loss⁵⁵⁶.

Today, Ngāti Whātua Ōrākei's situation has improved economically, socially and culturally as a result of astute leadership and decision-making. Their resilience as a people engendered a strong aspiration to one day secure the Ōrākei block from alienation, as their Chief Te Kawau had originally intended back in the 1840s⁵⁵⁷. At that time, Ngāti Whātua Ōrākei sold 7,000 acres to the Crown and in return, Te Kawau sought a deed from Governor Grey to make the land safe, to reserve it for Ngāti Whātua Ōrākei forever. However, that deed was never effected.

A deed of settlement of all historical claims resulting from acts or omissions by the Crown prior to 21 September 1992 was ratified by Ngāti Whātua Ōrākei in 2011. The tribe's governing entity, Ngāti Whātua Ōrākei Trust was then established by deed of trust in November 2011 and is the post-settlement governance entity (PSGE) under the Ngāti Whātua Ōrākei Claims Settlement Act 2012. The trust is responsible for holding, conserving, administering and developing hapū land and pūtea⁵⁵⁸.

The 2012 settlement was not the only settlement that Ngāti Whātua Ōrākei negotiated with the Crown; earlier transactions also occurred in the 1990s, which will be discussed further on in this chapter. But for now I propose to traverse a brief history of Ngāti Whātua Ōrākei to provide some

⁵⁵⁴ Waitangi Tribunal (WAI 9), Waitangi Tribunal Report: *Report of The Waitangi Tribunal on Ōrākei Claim* (The Ōrākei Claim), Wellington, The Waitangi Tribunal Department of Justice, 1987, p. 2.

⁵⁵⁵ *ibid.*, p. 2.

⁵⁵⁶ Claudia Orange, 'The Covenant of Kohimarama: A Ratification of the Treaty of Waitangi', *New Zealand Journal of History*, 14, 1, (1980), p.75.

⁵⁵⁷ The Ōrākei Claim, p.3.

⁵⁵⁸ Ngāti Whātua Ōrākei Claims Settlement Act 2012.

context around how and why they view the world as they do and the influence their history has on their investment decision-making.

7.2 History

Tumutumuwhenua is the ancestor from whom all members of Ngāti Whātua Ōrākei claim tribal descent⁵⁵⁹. He resided in Kaitaia, and it was from there that successive generations launched their journey southwards to Tāmaki Makaurau. The journey south commenced under the leadership of Kawharu, to the Kaipara region, where Ngāti Whātua settled in the mid-17th century and where they remain the tangata whenua today⁵⁶⁰.

Around 1750, the Te Tāōū section of Ngāti Whātua left Kaipara for the region of Tāmaki to avenge a number of acts that had been committed against their people by the Waiohua tribe, who resided there. Utu (reciprocity) was sought for deaths that had occurred during a battle at Kaipara⁵⁶¹. Utu in this situation is described as ‘negative conduct’ because it related to punishment or retribution, as opposed to ‘positive conduct’, where hospitality, gifting or generosity has been given⁵⁶². Utu has been described in modern day terms as a form of social accounting where a record or tally is kept of various interactions between two parties⁵⁶³.

7.2.1 Ngāti Whātua Ōrākei

Under the leadership of Waha-akiaki and Tuperiri, Te Tāōū eventually conquered the Waiohua tribe taking the Tāmaki Isthmus⁵⁶⁴. Ngāti Whātua was to gain the Waiohua settlements at Maungakiekie (One Tree Hill), Manukau (Māngere and Onehunga), Horotiu (Queen Street) and Ōkahu (Ōrākei). It was during this period that Ngāti Whātua Ōrākei (a hapū of Ngāti Whātua) came into being as a group⁵⁶⁵. It is not clear precisely when the name of Ngāti Whātua Ōrākei, as distinct from Ngāti

⁵⁵⁹ Hugh Kawharu, *ŌRĀKEI: A Ngāti Whātua Ōrākei Community*, Wellington, New Zealand Council for Educational Research, 1975, p. 2.

⁵⁶⁰ The Ōrākei Claim, p.16.

⁵⁶¹ Precious Clark, ‘Te Mana Whenua O Ngāti Whātua Ōrākei O Ōrākei’, *Auckland University Law Review*, 9, 2, (2001), p. 565.

⁵⁶² Mead, 2003, p.31; Williams, 2000, p.13.

⁵⁶³ Barlow, p.11.

⁵⁶⁴ *ibid.*, p. 23.

⁵⁶⁵ *ibid.*, p. 26.

Whātua, was first applied, but it seems likely it was around that time. Ngāti Whātua Ōrākei comprises the Te Tāōū, Ngā Oho and Te Uringutu hapū, who exercised customary rights in Tāmaki, which can be seen as the shaded area on the map at Figure 6 below.

Figure 5 – Ngāti Whātua Ōrākei Area of Interest⁵⁶⁶



The Ngāti Whātua Ōrākei takeover of the four Waiohua settlements and various pā sites around Tāmaki enabled them to relocate a number of their people to these locations. They retained the established vegetable gardens and kai moana resources that were available in order to provide for the people's needs⁵⁶⁷. The tikanga of ahi kā was implemented through a number of traditional methods relating to occupation through the regulation, control and maintenance of food resources, land use and the safety and security of the people⁵⁶⁸. These events are evidence that Ngāti Whātua Ōrākei had

⁵⁶⁶ Ngāti Whātua Ōrākei Website, <https://ngatiwhatuaorakei.com/>.

⁵⁶⁷ Clark, p.566.

⁵⁶⁸ *ibid.*, p.564.

in place a distinct social and economic system underpinned by tikanga Māori that provided for all their people's needs and which allowed them to live collectively.

7.2.1.1 Tangata Whenua – Tāmaki

Over the next 70 to 80 years, through to 1825, Ngāti Whātua Ōrākei remained largely in control of Tāmaki, having laid the foundation for title to the land through conquest, occupation and customary tenure. Ngāti Whātua Ōrākei established themselves as the tangata whenua (people of the land) of Tāmaki. Relationships with Waiohūa and Ngāti Pāoa had evolved from being adversaries to agreeing to work together to protect each other's lands in the Tāmaki rohe from other tribes seeking to establish a foothold⁵⁶⁹. In 1828, Te Kawau, the grandson of Tuperiri, ascended the ranks to become the paramount chief of Ngāti Whātua Ōrākei⁵⁷⁰.

7.2.1.2 Te Kawau

Te Kawau is the paramount chief that all current members of Ngāti Whātua Ōrākei whakapapa to. He was one of three rangatira who signed Te Tiriti (the Māori version of the Treaty of Waitangi) for Ngāti Whātua Ōrākei at Manukau on 20 March 1840⁵⁷¹. His father, Tarahawaiki, was the youngest son of Tuperiri, and his mother was Mokorua, who was of chiefly status from her Tainui and Waiohūa lineage⁵⁷². The marriage of his father with a woman from the tribe that had been conquered by his grandfather in taking Tāmaki might seem surprising, but it was not unusual for a conquering tribe to take in survivors⁵⁷³. In this instance, important political tribal relationships between Ngāti Whātua Ōrākei, Tainui and Waiohūa were cemented through the marriage. This tikanga of whanaungatanga (kinship) reflected the importance of whakapapa and strategic tribal relationships to promote peaceful relations between tribes.

Te Kawau understood the importance of securing strategic relationships with the Crown and the settler community to facilitate the trade that would enable economic prosperity for his people⁵⁷⁴. The presence of the white man and his guns in the form of soldiers also provided an element of security

⁵⁶⁹ The Ōrākei Claim, p.19.

⁵⁷⁰ *ibid.*, p. 19.

⁵⁷¹ *ibid.*, p.22.

⁵⁷² *ibid.*, p.17.

⁵⁷³ *ibid.*, p.17.

⁵⁷⁴ *ibid.*, p.21.

and protection⁵⁷⁵. The strategic and business acumen of Te Kawau and his people was demonstrated through their awareness of the importance of the Waitematā Harbour as a trading port for both domestic and international trade⁵⁷⁶. Control of the Tāmaki region had also been sought by many other tribes, leading to its extended name, Tāmaki Makaurau meaning ‘the bride sought by a hundred suitors’.

After signing Te Tiriti, Te Kawau invited Governor Hobson to Tāmaki to consider establishing Auckland as his central location, in other words, as the capital of New Zealand⁵⁷⁷. The invitation gave Ngāti Whātua Ōrākei the opportunity to exercise their status as tangata whenua through displays of manaakitanga (caring and hosting) to the Governor and his people⁵⁷⁸. By the end of July 1840, Hobson had decided to accept Te Kawau’s invitation to establish Auckland as his base⁵⁷⁹.

In October 1840, Te Kawau agreed to provide approximately 3,000 acres to the Crown for an initial payment of cash and goods worth £281, with a second payment of £60 in 1842⁵⁸⁰. However, the tribe were astonished some six months later when the Crown sold 44 acres at auction for £24,275⁵⁸¹. It was a harsh introduction to capitalism and non-Māori commercial practices. This approach was different to tikanga Māori which looks beyond price to the importance of establishing the relationship⁵⁸².

7.2.1.3 Benefits of Trade

Ngāti Whātua Ōrākei were benefitting economically from the rising demand for their produce as the settler community grew in Tāmaki⁵⁸³. They had previously grown produce for their own essential needs in order to feed their people⁵⁸⁴, however, with the arrival of settlers, they expanded the size of their gardens to grow more maize, cabbages and potatoes to satisfy both the local demand for food

⁵⁷⁵ *ibid.*, p.23.

⁵⁷⁶ *ibid.*, p.25; Clark, p.566.

⁵⁷⁷ The Ōrākei Claim, p.22.

⁵⁷⁸ Clark, p.565.

⁵⁷⁹ The Ōrākei Claim, p.22.

⁵⁸⁰ *ibid.*, p.23.

⁵⁸¹ *ibid.*, p.23.

⁵⁸² *ibid.*, p.28.

⁵⁸³ *ibid.*, p.25.

⁵⁸⁴ Clark, p.566.

as well as an increasing demand from overseas⁵⁸⁵. These commercial opportunities underscored the ability of Māori to learn quickly and to adapt and adjust to a fast-changing environment that provided beneficial economic opportunities in terms of land utilisation, employment and access to foreign goods and technology.

Another opportunity arose where Ngāti Whātua Ōrākei acted as merchants for other tribes who had also begun supplying their horticultural produce to the Tāmaki markets⁵⁸⁶. During this time a number of tribes sought to benefit economically from the growing settler community and were investing in coastal trading vessels to get their produce to markets that included Tāmaki as well as overseas markets such as Australia and the United States of America⁵⁸⁷. In addition to this, Ōrākei became a gathering or meeting point for tribes who came to trade and discuss inter-tribal and national issues of the day, particularly those around land⁵⁸⁸.

7.2.1.4 Land Alienation

Whilst Ngāti Whātua Ōrākei had welcomed the settler community and the Crown to Tāmaki, they felt aggrieved, abused and exploited by their experiences relating to land sales⁵⁸⁹. They demanded a clause in later land sales agreements with the Crown that required 10 per cent of the resale price be returned to Ngāti Whātua Ōrākei in cash or services⁵⁹⁰. These monies were to be used for schools and hospitals for Māori (not just Ngāti Whātua Ōrākei) as well as annuities for the chiefs. However, disagreements arose over how the Crown was spending the money and the arrangement was brought to an end by the Crown after 20 years. A review of the scheme found that monies from the fund spent on bridges and roads linking Remuera to Ōrākei benefitted the settlers more than Ngāti Whātua Ōrākei and that only 32 per cent of the fund had been returned to Ngāti Whātua Ōrākei in the form of cash⁵⁹¹.

Te Kawau had declared that the Ōrākei block was special and was not for sale and had sought a Deed from Governor Grey soon after 1840 that would reserve the 700 acres forever, thereby making it

⁵⁸⁵ *ibid.*, p.566.

⁵⁸⁶ The Ōrākei Claim, p.25.

⁵⁸⁷ Petrie, p.56.

⁵⁸⁸ The Ōrākei Claim, p.25.

⁵⁸⁹ *ibid.*, p.24.

⁵⁹⁰ *ibid.*, p. 29.

⁵⁹¹ *ibid.*, p.29.

safe⁵⁹². It does not appear that this was ever done or agreed to by Governor Grey. At the same time, Ngāti Whātua Ōrākei witnessed the Anglican church preserving ownership of their lands by leasing it to settlers rather than selling it⁵⁹³. In 1869, Tūhaere, the Ngāti Whātua Ōrākei rangatira, sought to prevent the individualisation of Ōrākei lands that had been vested in 13 individuals by consolidating them. A Bill needed to be introduced into Parliament to effect this land consolidation, which would facilitate a leasing strategy. However, before he could effect the plan, some of the 13 individuals applied for individual succession and his plans fell apart⁵⁹⁴.

For Ngāti Whātua Ōrākei, their situation was to reach a new low in 1952 when their people were evicted from their ancestral lands on the flat at Ōkahu Bay and were left virtually landless, with all but one-quarter acre of land, essentially their urupā, administratively taken or sold⁵⁹⁵. The legacy of what had occurred over the 100 years since 1840 had resulted in the peoples of Ngāti Whātua Ōrākei experiencing bitterness, division and loss. However, the Waitangi Tribunal statement stated they were 'an iwi that refused to die'. Just as importantly, whilst Ngāti Whātua Ōrākei's landholdings had been reduced to virtually nothing, their status as tangata whenua had never been extinguished⁵⁹⁶.

7.2.1.5 Protest and Resistance

In 1974, at the age of 82, Dame Whina Cooper led the Māori land march from Cape Reinga to Wellington protesting Māori land alienation and demanding that the government 'honour the Treaty'⁵⁹⁷. In October 1975, the Treaty of Waitangi Act 1975 was enacted and Māori were able to bring contemporary claims against the Crown for breaches of the Treaty from 1975 onwards. This was further expanded in 1985 when the legislation was amended to enable retrospective claims from 1840 onwards. Shortly afterwards in November 1975, a National Party Government was elected and 12 months later, Prime Minister Muldoon announced an intention to sell approximately 20 acres of land on Bastion Point for private housing⁵⁹⁸. This land, bordering the Ngāti Whātua Ōrākei marae and whānau homes, was essentially to be a new housing suburb for the wealthy. For some this announcement was yet another example of land grabbing that had occurred over the last century.

⁵⁹² *ibid.*, p. 3.

⁵⁹³ *ibid.*, p.3.

⁵⁹⁴ *ibid.*, p.59; Clark, p.569.

⁵⁹⁵ *ibid.*, p. 569.

⁵⁹⁶ *ibid.*, p.569.

⁵⁹⁷ The Ōrākei Claim, p.149.

⁵⁹⁸ Walker, p.215.

Something different needed to be done, and Ngāti Whātua Ōrākei was provoked into taking preventive action⁵⁹⁹.

In January 1977, under the leadership of Joe Hawke and J Rameka, an action group (formed in 1976) led the occupation of Bastion Point for 506 days. Only 25 years earlier, in 1952, their families had been evicted from their papakāinga at Ōkahu Bay and their original marae and village destroyed⁶⁰⁰. On 25 May 1978, the National Government moved to evict the 222 occupants at Bastion Point with 600 police and army personnel, who were equipped with army vehicles, buses, bulldozers and helicopters⁶⁰¹. During the occupation, a split occurred within Ngāti Whātua Ōrākei between those occupying the land and those who were opposed to protest and who wanted to maintain the approach of Ngāti Whātua Ōrākei of old to work within the law and to maintain peace and good order⁶⁰².

In 1978, the Crown negotiated a settlement with a section of Ngāti Whātua Ōrākei that involved the return of some of the 20 acres that had been taken under the Public Works Act but which had not been used for the purpose taken⁶⁰³. The descendants of those who held the title to these lands asked that they be returned to the tribe as a whole so that it would once again be communally owned⁶⁰⁴. This is something that Te Kawau had sought from the Crown some 140 years earlier. The land was also made Māori freehold land and by special Act was made inalienable. Finally, there was recognition of the important and special relationship of this land to Ngāti Whātua Ōrākei. The agreement was effected by the new legislation called the Ōrākei Block (Vesting and Use) Act 1978.

7.2.1.6 Ōrākei Block Treaty Claim

In 1984, Joe Hawke filed a claim with the Waitangi Tribunal relating to the 1978 settlement of grievances that resulted in the Ōrākei Block (Vesting and Use) Act 1978, claiming that it was an unjust arrangement and contrary to Te Tiriti o Waitangi because it failed to settle a wider range of outstanding issues, which would have resulted in a more equitable settlement⁶⁰⁵. At this stage the

⁵⁹⁹ Merata Kawharu, 'Indigenous Entrepreneurship: Cultural coding and the transformation of Ngāti Whātua Ōrākei in Auckland', *The Journal of the Polynesian Society*, 125, 4, (2016), p.368.

⁶⁰⁰ Walker, p.215.

⁶⁰¹ The Ōrākei Claim, p. 165.

⁶⁰² Kawharu, p.369.

⁶⁰³ The Ōrākei Claim, p.154.

⁶⁰⁴ *ibid.*, p.155.

⁶⁰⁵ *ibid.*, p.9.

Treaty of Waitangi Act 1975 could only consider contemporary breaches from 1975 onwards. There was a Bill before parliament however, that sought to extend the Waitangi Tribunal's jurisdiction from 1840 onwards. So by mutual agreement the hearing was adjourned to await the outcome of the Bill.

It was passed and Ngāti Whātua Ōrākei re-presented its updated claim to the Waitangi Tribunal for all historical claims from 1840 onwards in relation to the Ōrākei Block only. In 1987, the Tribunal issued its report which found that the Crown had indeed breached its obligations under Te Tiriti, and it made several recommendations to the Crown. These resulted in the enactment of the Ōrākei Act 1991 which effected the agreement reached between Ngāti Whātua Ōrākei and the Crown. However, this was not to be the last Treaty claim submitted by Ngāti Whātua Ōrākei as there were others to be brought relating to lands outside of the Ōrākei Block.

7.2.1.7 Acquisition of Railway Lands

The Crown in 1991 sought to dispose of certain surplus railway lands around the country, some of which were in the Ngāti Whātua Ōrākei rohe in central Auckland city. The Māori National Congress (on behalf of Ngāti Whātua Ōrākei and other iwi) negotiated with the Crown a process to ensure the fair consideration of Treaty claims to the surplus railway lands and that disposal of these lands to iwi, Māori or third parties would be done in such a way as to benefit both Māori Treaty claimants and the Crown⁶⁰⁶. Ngāti Whātua Ōrākei were keen to acquire the surplus railway lands in the central city, which was reclaimed land and had originally been some of their customary fishing grounds.

In early 1992, the government agreed to sell a portion of the railway land (13.8 hectares) to Ngāti Whātua Ōrākei for \$19 million⁶⁰⁷. By the end of 1992, the land area had increased to 24.3 hectares and was valued at \$45.5 million. A deed of option was entered into between the government and Ngāti Whātua Ōrākei. The sale price, of \$45.5 million, was a large amount of money and was purportedly more than the market value at that time. But Ngāti Whātua Ōrākei were adamant that because of the cultural and historical significance of the area to their tribe, and the long-term commercial opportunities, this acquisition afforded them a compelling opportunity to re-connect to the central part of Tāmaki in the eyes of their people and the Auckland community⁶⁰⁸. Whilst this land would be the subject of a further Treaty claim by Ngāti Whātua Ōrākei, there was concern that such

⁶⁰⁶ Ngāti Whātua Ōrākei, *Ngāti Whātua Ōrākei Deed of Settlement of Surplus Auckland Railway Lands dated 6 July 1993*, Auckland, 1993, p.3.

⁶⁰⁷ Kawharu, p.370.

⁶⁰⁸ *ibid.*, p.371.

was the speed with which the government was moving to sell this land there would be insufficient time to lodge a claim through the Tribunal, and no guarantees that it would be successful⁶⁰⁹.

The final sale and purchase agreement was signed in August 1996. By this time the value of the land had almost doubled to \$90 million, and the government tried to renegotiate the price, but persistent pressure by Ngāti Whātua Ōrākei to retain the original price saw the government relent⁶¹⁰. The issue now was to find \$45.4 million to buy the land. Tiwana Tibble, the General Manager at the time for Ngāti Whātua Ōrākei's corporate entity, recalled a comment by Sir Hugh Kawharu, 'We don't even have 40 cents let alone \$45m.' In 2012, the Ngāti Whātua Ōrākei Claims Settlement Act 2012 came into being and the commercial assets were transferred over to Whai Rawa, and by 2013 the railway lands were valued at approximately \$270m, a six-fold increase in just over 16 years⁶¹¹.

7.2.1.8 Current State

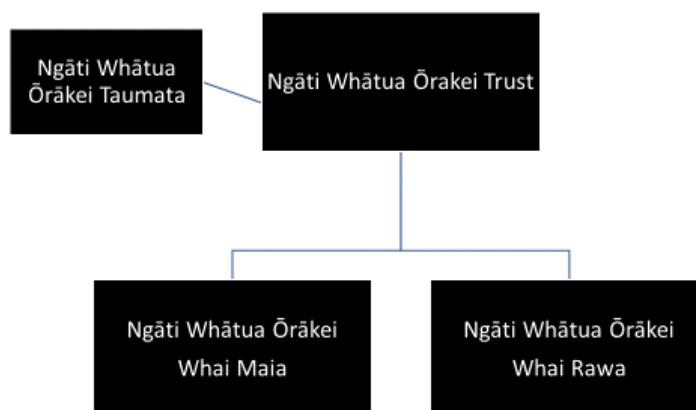
As mentioned earlier in the introduction to this chapter, the governing body of the tribe, Ngāti Whātua Ōrākei Trust, was established by deed of trust in November 2011 and is the PSGE under the Ngāti Whātua Ōrākei Claims Settlement Act 2012 that is responsible for holding, conserving, administering and developing hapū land and pūtea.

⁶⁰⁹ *ibid.*, p.371

⁶¹⁰ *ibid.*, p.371

⁶¹¹ Ngāti Whātua Ōrākei, *Financial Statements for Ngāti Whātua Ōrākei Whai Rawa Limited for the year ended 30 June 2013* (Whai Rawa 2013), Auckland, 2013.

Diagram 12 – Ngāti Whātua Ōrākei Organisational Structure – High Level



The trust has two subsidiaries, Ngāti Whātua Ōrākei Whai Rawa Limited (Whai Rawa) and Ngāti Whātua Ōrākei Whai Māia Limited (Whai Māia) as per diagram 12 above. Whai Rawa is the commercial arm of the tribe and its role is to manage and administer the assets of the trust in a prudent, commercial and profitable manner⁶¹². It seeks to maximise the financial and economic returns for the trust for the benefit of past, current and future generations. Whai Māia is the tribal development arm which is responsible for portfolios that include health and well-being, education and sporting and cultural activities⁶¹³. In addition, a Kāumātua council, Ngāti Whātua Ōrākei Taumata, provide advice and counsel to protect and guide the trust board on matters of tikanga. The taumata also represent the tribe at various hui and gatherings across Tāmaki.

Ngāti Whātua Ōrākei are guided by eight mātāpono (principles) that nurture well-being as follows⁶¹⁴:

- Tino Rangatiratanga (Self-determination) – We are self reliant as Ngāti Whātua Ōrākei now and forever;
- Rangatiratanga (Leadership) – To live and practise positive leadership throughout the hapū;

⁶¹² Ngāti Whātua Ōrākei Trust Deed 2011, p.39.

⁶¹³ *ibid.*, p.39.

⁶¹⁴ <http://Ngatiwhatuaorakei.com/nga-matapon/>

- Manaakitanga (Care and host responsibility) – Whānau are the core focus of hapū development. Our host responsibility to others will positively reflect our role as tangata whenua;
- Whanaungatanga (Kinship) – To embrace and acknowledge the importance of our whakapapa and relationships and how these bind us together;
- Kotahitanga (Unity) – Stand as one and work together;
- Kaitiakitanga (Guardianship) – To protect our people, our lands, our resources and taonga forever;
- Mana Taurite (Equity) – All hapū members have equal access to benefits and opportunities; and
- Ahi Kā (Keep the home fires burning) – To uphold the unique and important role that Ōrākei papakāinga maintains across Tāmaki Makaurau.

In the 2013 annual report of Whai Rawa, CEO Rob Hutchinson stated that it aims to conduct its business in accordance with these principles⁶¹⁵. These principles will be reflected in Whai Rawa's policies, processes and the way that its people conduct themselves when doing business. Of particular relevance for this thesis is to identify how these values or principles manifest themselves in the investment decision-making process and from a practical perspective, in the decisions themselves.

The growth in Ngāti Whātua Ōrākei's economic base has been significant since 1977 when the hapū was virtually landless, with only a quarter of an acre left, and their fisheries and waterways polluted. In 2019, the hapū owned 160 hectares of commercial and residential land within an 8.5-kilometre range of its papakāinga in the Auckland central city⁶¹⁶. In its first financial year post settlement, the assets of the group, as at 30 June 2013, totalled approximately \$533 million. Over the next five years, its group assets increased by approximately 126 per cent or \$670 million to total \$1.2 billion dollars as at 30 June 2018⁶¹⁷. The increase in the asset base is enabling Ngāti Whātua Ōrākei to implement a series of initiatives that enhance the social and cultural well-being of their people.

⁶¹⁵ Whai Rawa 2013, p.15.

⁶¹⁶ Ngarimu Blair, 'Building A Long Tomorrow: What business can learn from Ngāti Whātua Ōrākei', *New Zealand Management Magazine*, November 2017, p.11.

⁶¹⁷ Ngāti Whātua Ōrākei, *Financial Statements for Ngāti Whātua Ōrākei Whai Rawa Limited for the year ended 30 June 2018* (Whai Rawa 2018), Auckland, 2018.

7.2.1.9 Whai Rawa

The commercial entity Whai Rawa is a limited liability company and is wholly owned by the trust. Its primary business is property development and it concentrates its activities in their rohe of Ngāti Whātua Ōrākei, Tāmaki Makaurau. Whai Rawa is responsible for managing the landholdings and rights that were successfully negotiated through claims and actions taken against the Crown, as follows:

1. The first action involved the lands returned under the Ōrākei Block (Vesting and Use) Act 1978 and which were negotiated after the occupation of Bastion Point in 1977 and 1978 .
2. In 1984, an historical claim for all acts and omissions by the Crown was lodged with the Waitangi Tribunal relating to the Ōrākei block, with the proviso that there would be future claims for lands outside of that tract. The claim was settled in 1991 with cash of \$3 million and the return of lands in the Ōrākei Block, some of which were made inalienable.
3. The third action was the direct negotiations entered into with the Crown to purchase surplus railway lands in the central Auckland business district in 1993, as discussed earlier.
4. In 2012, part two of the historical claim relating to those lands outside the Ōrākei block were settled. The settlement included cash, certain residential properties, rights to purchase New Zealand Defence Force (NZDF) lands and in some cases, the land was leased back to the NZDF.

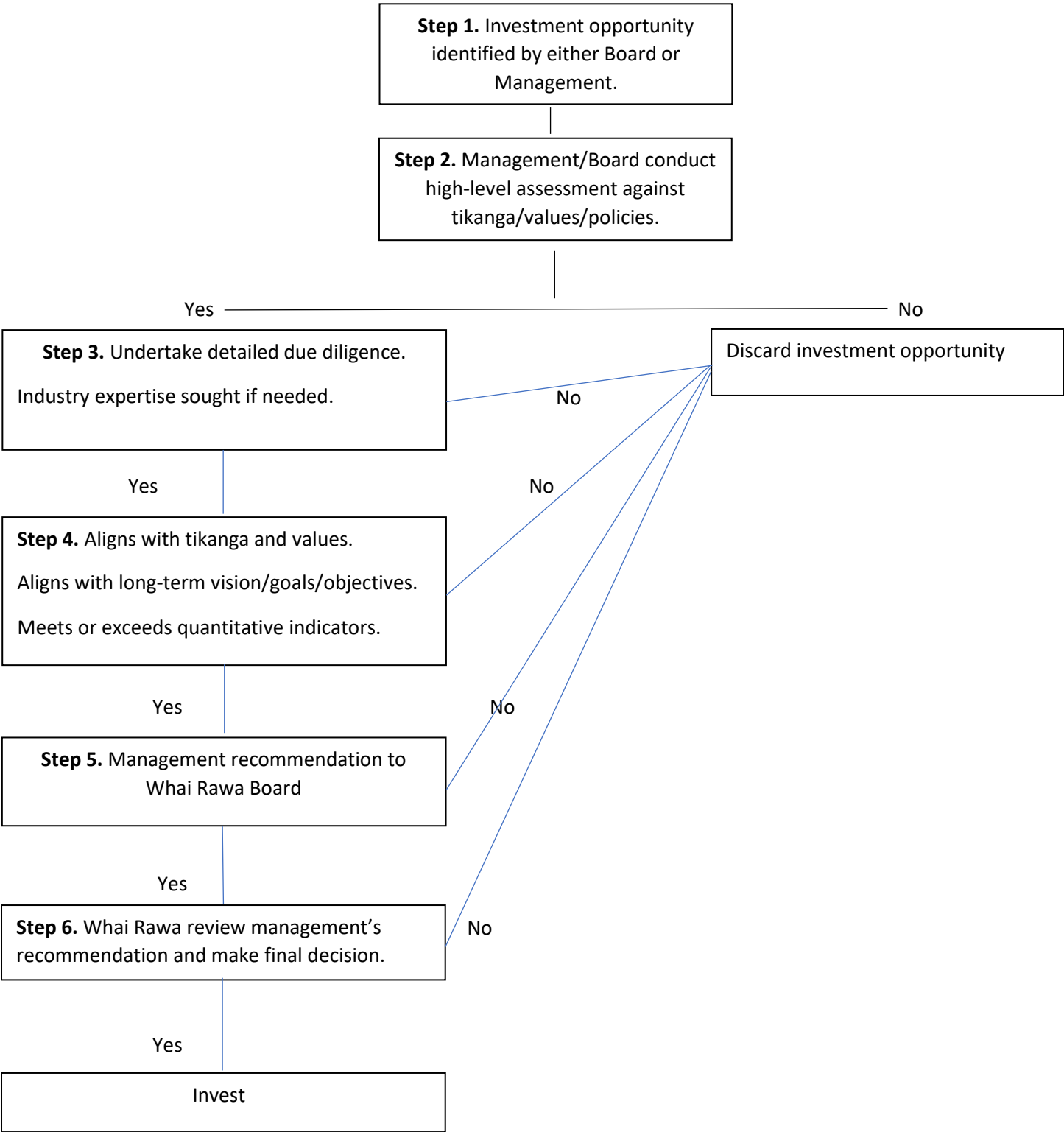
As well as these landholdings and rights, Ngāti Whātua Ōrākei, as part of the Tāmaki Makaurau collective, have negotiated additional rights of first refusal (RFR's) for the next 170 years for Crown-owned properties that become surplus to the Crown's requirements⁶¹⁸. Its geographical location in the central city has enabled it to benefit from the appreciation in Auckland property values since the global financial crisis in 2008.

Whai Rawa has its own board of directors and management. There are currently six directors, three of whom are independent or non-Ngāti Whātua Ōrākei, two of whom are whānau directors appointed by the whānau, and one trustee director who comes from the parent trust board and is an elected trustee. The Whai Rawa Chief Executive Officer reports to the Whai Rawa board, who in turn, through its chair, reports into the parent trust board. There is also a future directors' programme in place to allow tribal members who aspire to being a commercial company director the opportunity to apply for the two positions available. The company employs nine staff of whom two are Ngāti Whātua Ōrākei. The desire to employ whānau is balanced by the need to employ the best people for the job, whilst at the same time seeking to train and grow internal capability.

⁶¹⁸ Ngāti Whātua Ōrākei, *Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014*, Auckland, 2014.

The investment process has been constructed from interviews with Hunia and Hawke. I now discuss diagram 13 to provide further detail around the investment process.

Diagram 13 – Ngāti Whātua Ōrākei Investment Process – High Level



7.2.2 Ngāti Whātua Ōrākei – High Level Investment Process

7.2.2.1 Steps 1 and 2

An investment opportunity will originate with either management or the board and could be one of two types⁶¹⁹: either further investment into an existing Whai Rawa business, or a new business opportunity. Whichever way it originates, Ngāti Whātua Ōrākei representatives and whānau representatives on the Whai Rawa board will be involved in assessing the opportunity against the eight mātāpono to determine if there is alignment. Hawke states⁶²⁰:

There are three to four whānau appointed by the trust on those subsidiaries ... they would look after the tikanga of those mātāpono ... [W]hen you're making a decision, does this fall under mātāpono one, two, three or four, and do we touch three out of eight. Their responsibility is to make sure this investment works for Ngāti Whātua Ōrākei, and ... is this investment tika and pono to our mātāpono?

Hawke indicates that Whai Rawa are early on in their journey in using mātāpono and that more work is being undertaken to develop a framework that includes measures to determine success in manaakitanga or kaitiakitanga.

Theories of whakapapa suggest that everything and everyone is connected, and with these connections there are relationships that need to be considered, maintained and protected. Having Ngāti Whātua Ōrākei representation on the board ensures that from a whakapapa perspective, the board will explore these connections and relationships to understand the implications and consequences of investment decisions.

7.2.2.2 Step 3

Whai Rawa has built up its internal capability in relation to property investment and development to undertake the bulk of due diligence in-house. A team of external advisors are called upon when required. A whakapapa investment philosophy sees relationships as paramount and so any external party that does due diligence for Whai Rawa is likely to be someone they know and trust, have used before and who is capable of understanding Ngāti Whātua Ōrākei's mātāpono and worldview when assessing the opportunity.

⁶¹⁹ Sharon Hawke, interview, June 2018, p.6.

⁶²⁰ Hawke, p.7.

7.2.2.3 Steps 2 and 4

The eight mātāpono are designed to guide their people's behaviours⁶²¹. These are the tikanga against which investment opportunities are assessed at Step's 2 and 4 of the investment process at diagram 13 above. They include interactions with tribal members, whānau, staff, clients, stakeholders and members of the local community. The mātāpono are promoted on the Whai Rawa website as well as in organisational documents and materials. These mātāpono are consistent with whakapapa which acknowledges the importance of principles, values and practices that develop behaviours to ensure the long-term survival of the people of Ngāti Whātua Ōrākei.

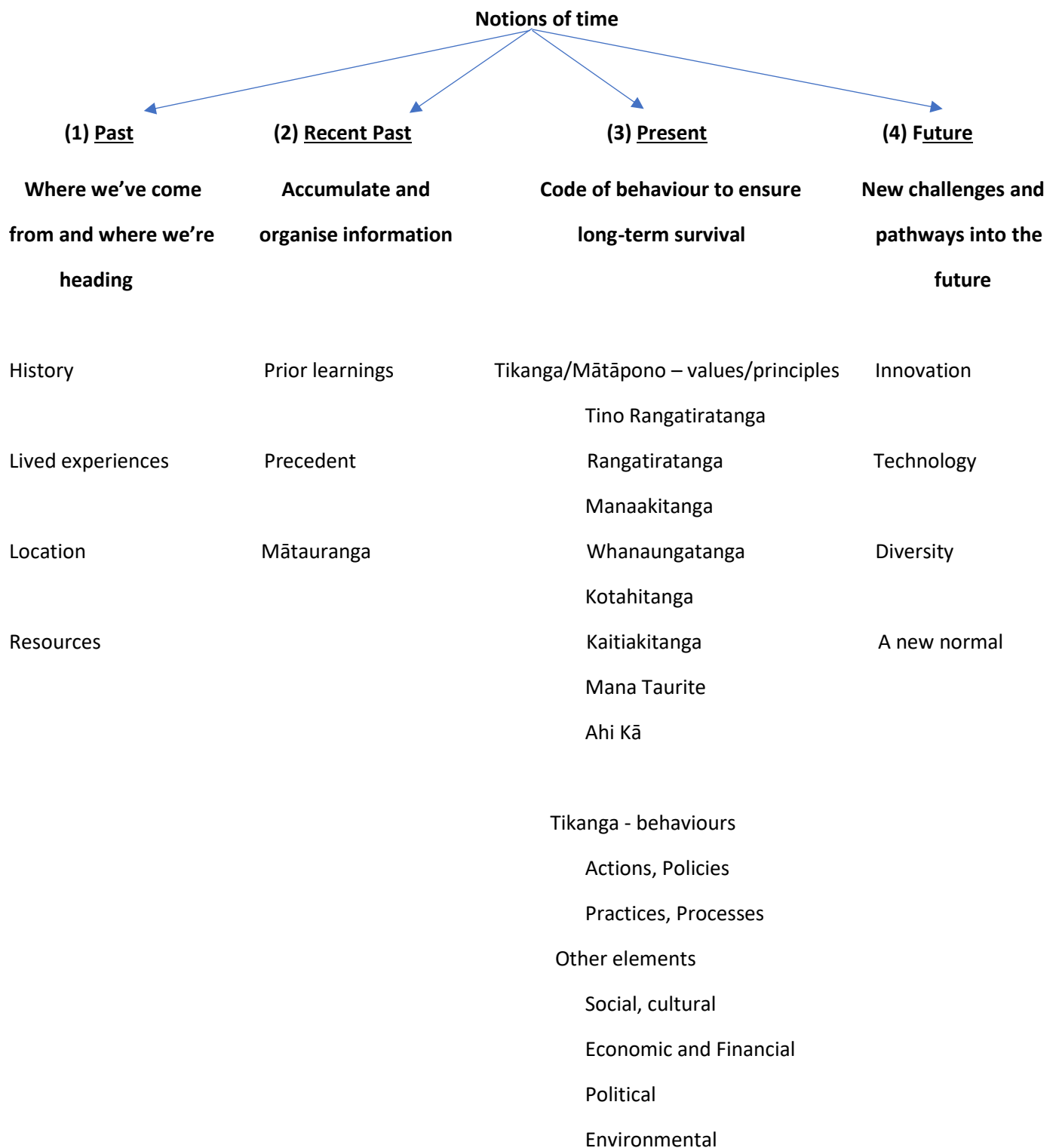
The principles that Whai Rawa uses are not uncommon amongst the three case studies but their interpretation may differ slightly. The deliberate consideration and practical application by Whai Rawa of these principles within their investment decision-making process is still evolving, as suggested by Hawke. Applying tikanga to investment decision-making can be more challenging than considering it conceptually and intellectually.

7.3 Whakapapa Elements that influence investment decisions

The whakapapa investment philosophy that was proposed in the investment chapter is shown at table 3 below. In the spirit of a whakapapa investment philosophy that seeks to constantly challenge and imagine new pathways into the future, it is hoped that people will develop this philosophy further in light of their own needs and understandings. The whakapapa elements include the eight mātāpono discussed earlier and the key themes that emerged from the interviews which I now discuss.

⁶²¹ <http://Ngatiwhatuaorakei.com/nga-matapon/>

Table 3 - Ngāti Whātua Ōrākei – Whakapapa Investment Philosophy



7.3.1 History informs investment decision-making

7.3.1.1 Virtually Landless

The historical experiences of Ngāti Whātua Ōrākei since 1840 of land alienation mirror those of other tribes and is influential in their investment thinking and decision-making. Their asset base is predominantly residential and commercial property investment. The focus on land and property has been further intensified through the geographic concentration of their property investment within an 8-kilometre radius of the papakāinga at Ōrākei. Treaty settlements that included negotiated opportunities of rights of first refusal (RFR) on Crown-owned properties in the Auckland central business district (CBD) and the Auckland inner-city boundary will crystallise when the Crown no longer requires these properties. As a result, numerous commercial property and property development opportunities will continue to arise, which will underpin their land investment strategy for many decades. Hunia describes her view in relation to the whenua⁶²²:

When I think about the Ngāti Whātua Ōrākei reality, in 1951 we only had a quarter-acre remaining. We have gone from a space of landlessness and everything that goes with that, such as land alienation, which also creates political alienation, which also creates cultural disconnection and creates poverty. Ngāti Whātua Ōrākei have understood that, we have lived that, we have learnt that, and then we also understand that if we are going to grow we need to be able to take our cultural values with us.

Hunia's comments resonate with Mikaere's whakapapa framework where relationships and experiences of landlessness, cultural disconnection, political alienation, and poverty suggest that they will have an influence on their investment thinking and decision-making⁶²³. There is an implied suggestion in her statement that in pursuing economic and business growth, it may be difficult to take their cultural values with them on that journey. A whakapapa investment philosophy acknowledges that tensions arise in relationships, which in this context are the relationships between the financial and economic elements and the cultural, social and environmental elements⁶²⁴. When tensions arise,

⁶²² Rangimarie Hunia, interview, November 2017, p.3.

⁶²³ Mikaere, p.289.

⁶²⁴ *ibid.*, p.289.

utu comes into its role of maintaining relationships, where some elements will prevail over others at different times for different reasons⁶²⁵.

Ngāti Whātua Ōrākei have a whenua policy that has an objective of securing their papakāinga and an aspiration to secure the surrounding 700-acre Ōrākei block and making it inalienable⁶²⁶. This land is viewed as an inter-generational taonga to be held and passed to future generations. Mikaere posits that a whakapapa connection to the whenua provides a physical connection to the origin of their ancestors, which for Ngāti Whātua Ōrākei are primarily their papakāinga and the Ōrākei block⁶²⁷. Whenua outside of these areas that has not been deemed culturally important is able to be developed and either leased or sold. Hunia notes⁶²⁸:

I have always had an issue with selling settlement land – land that came back in the settlement; I had issues with them selling that. And I also had an issue of selling that so quickly after we got it back.

A whakapapa decision-making style encourages non-linear thinking and the exploration of solutions and alternative pathways rather than demanding a single or right answer⁶²⁹. On that point, Ngāti Whātua Ōrākei do lease some of their lands now, which is something they have always wanted to do, but in the past were prevented from doing so by the Crown.

7.3.1.2 Betrayal by the Crown

Ngāti Whātua Ōrākei have always desired good relationships with the Crown and to work within the legal frameworks the Crown had established. Unfortunately, the Crown only reciprocated those good relations intermittently or when it suited, and eventually betrayed the trust of Ngāti Whātua Ōrākei. That betrayal has resulted in Ngāti Whātua Ōrākei being extremely wary of the Crown, even to the present day. In 2017, Ngāti Whātua Ōrākei were successful in taking a case against the Crown to the Supreme Court relating to their status as mana whenua within Tāmaki Makaurau⁶³⁰. Hawke states⁶³¹:

⁶²⁵ Joan Metge, *Comments provided to Law Commission in response to draft paper "Māori Custom and Value in New Zealand Law"*, 2001, p.38.

⁶²⁶ Hawke, p.6; Hunia, p.8.

⁶²⁷ Mikaere, p.298.

⁶²⁸ Hunia, p.6.

⁶²⁹ Mikaere, p.296.

⁶³⁰ *Ngāti Whātua Ōrākei Trust v Attorney-General* (SC 135/2017), 2018, NZSC 84.

⁶³¹ Sharon Hawke, p.14.

The decision my tupuna [Te Kawau] made 11 generations ago to protect our 700-acre block was made because he knew the Crown would take it. And he was the last of us to kill a man with his bare hands, with his weaponry. He made that decision to go to the Native Land Court, to speak English to a white judge and beg for protection. That's our legacy, and that's what we're doing now, protecting our mana whenua.

Hawke's comments acknowledge whakapapa obligations to her tupuna Te Kawau to reacquire and protect the Ōrākei block over time. It reinforces the concept of kaitiakitanga and the obligations that current generations have to past and future generations. Kaitiakitanga as mana whenua is a term that denotes Ngāti Whātua Ōrākei's act of guardianship or stewardship⁶³². Today, the tribe's strong financial and economic situation enables them to honour those whakapapa obligations and to challenge the Crown when there are important issues at stake. Whether it be land related or mana whenua related, they are able to take action to protect both.

7.3.2 Its not just about money

Ngāti Whātua Ōrākei have experienced strong financial and economic growth since their settlement in 2012. The financial statements of the tribe show that from June 2013 to June 2018, the assets grew by \$670 million to total \$1.2b at 30 June 2018⁶³³. However, the financial statements only tell part of the story. Their people see the asset base growing and the accumulation of wealth, yet at the same time a number are experiencing financial hardship and struggle to provide for their families⁶³⁴. Like many tribes, social and cultural concerns are being expressed by their people who perceive the tribe is becoming too corporatised and is in danger of losing its Māoriness⁶³⁵. They say, too, that not enough is being done for the people socially in providing housing, developing schemes to help people buy their own homes and improving the health situations of members of the tribe. The feedback from the people was gathered via hui and is consistent with a whakapapa decision-making style where relationships and obligations instinctively compel decision-makers to include the people in important decisions. The inclusion of social considerations in Whai Rawa's investment decision-making processes and frameworks is innovative and exciting, as Hunia explains⁶³⁶:

⁶³² Williams, 1971, p.14.

⁶³³ Whai Rawa 2018.

⁶³⁴ Hunia, p.13.

⁶³⁵ Hawke, p.10.

⁶³⁶ Hunia, p.14.

There's very few [commercial settlement entities] who will have any conversation about social advancement at their table. And, you would not see a commercial entity advancing health insurance, and a social home ownership programme in the first five years of settlement. So, the whole thing around wealth is not so much just the monetary, the revenue building of our property investments, it's how well can our people be, within themselves? So, you've got something like this ... 12 per cent growth this year, and we've got this acceleration of social deprivation going the other way.

Ngāti Whātua Ōrākei have listened to their people and are responding accordingly by developing a long-term programme that allows them to leverage their economic wealth to enhance the well-being of the tribe. This is evidenced through their investment decision-making, with investments in the provision of housing on their papakāinga, the development of an associated home finance scheme, the provision of health services and a health insurance scheme, and a savings scheme. A whakapapa investment philosophy recognises the connection of financial and economic elements with social elements where one is able to support the other. The importance of investing in social elements ensures long-term benefits for Ngāti Whātua Ōrākei people both socially, culturally, politically and financially and economically. There is also alignment with a whakapapa decision-making style where non-linear thinking is enabling these social discussions to occur and innovative long-term solutions are being developed and implemented.

7.3.3 Ensuring continued existence

At one point in their history, the continuing existence of the tribe was in doubt, according to settlers and other people external to the tribe⁶³⁷. Thankfully, those doubts no longer exist, but the experience and memories remain. Ensuring the continued existence of the tribe is an element that influences its investment decision-making⁶³⁸. The continued existence is considered not just from an economic and financial perspective, but also in terms of safeguarding Ngāti Whātua Ōrākei identity, history and mana whenua. Leadership and succession planning also play a key role in its continuing existence.

7.3.3.1 Identity and Mana Whenua

Hawke recalls one of her Uncle's responses to whānau who were complaining about the amount of money being spent on lawyers and legal fees for this purpose⁶³⁹:

⁶³⁷ The Ōrākei Claim, p.1.

⁶³⁸ Hunia, p.4.

⁶³⁹ Sharon Hawke, p.14.

Why else were you put on this earth if not to protect our land? Don't worry about the money; the money will come. Don't let it be the reason why you give up fighting.

Over the last three decades there have been challenges to Ngāti Whātua Ōrākei's mana whenua status in Tāmaki Makaurau from other iwi that have required it to defend its tribal boundaries. The first stage of this was to secure their papakāinga within the Ōrākei block and make it inalienable. Once this had been achieved, their next goal was to secure the rest of the whenua within the Ōrākei block where possible and appropriate. Much of the land within the Ōrākei block comprises private residential housing and so attempting to buy this back would be very expensive in actual terms. However, if land that had cultural or historical significance became available, then that would be something the tribe would pursue. Hunia elaborates⁶⁴⁰:

In 1991, they got the marae back, we got the papakāinga back, the whenua rangatira, we got the reserve, and we got a \$3million endowment, and they were really clear that that was an endowment, it was never compensation for the loss, because you could never pay us enough for the loss that we endured.'

7.3.3.2 Ngāti Whātua Ōrākei Stories

Whilst acquiring culturally significant lands is part of the investment strategy to ensure the continued existence of the tribe, securing them also enables the telling of stories through the naming of places and landmarks. According to Hunia⁶⁴¹:

Even the way that we have done our signage here, it was all Uncle [Hugh Kawharu]. He wanted to make sure that we had Mahuhu Park; he wanted to see Ngāti Whātua Ōrākei stories, Ngāti Whātua Ōrākei stories and kōrero through naming spaces. He has named a lot of it around Mahuhu, our waka ... So, we probably need to have a chat too with all the people who occupied this space, to share that story because I've shared it with some of ... [the] corporate tenants. They want to be a part of things; it is what people want.

Enacting whakapapa through story and place names accords with a whakapapa investment philosophy where connections and relationships with people and the environment are an important cultural investment. These stories and place names that Ngāti Whātua Ōrākei have given are tapu, they give a layer of whakapapa and mātauranga to the CBD area and restore Ngāti Whātua Ōrākei's deep spiritual and physical relationship and connection with that place.

⁶⁴⁰ Hunia, p.6.

⁶⁴¹ *ibid.*, p.9.

7.3.3.3 Leadership and Succession Planning

The tribe places importance on its mana and having a reputation that portrays an honest and professional approach to its relationships, whether they be tribal, political, business, social or environmental. An important element in this approach is the decision of its leadership to invest time and money to develop its young people for future leadership. It also relates to the astuteness of kaumātua and kuia in developing succession plans so that when it is time to hand over to the younger generations, they are ready. As Hunia states⁶⁴²:

They started to bring in young people; and young people were actively involved in the decision-making through that time. We've only got one person now over the age of 60 on our board. Our people believe in succession planning, I think our people believe in giving our women a go. I think our people are realistic about the skill sets they have.

Ngāti Whātua Ōrākei have a range of educational support programmes, from early childhood education through to the tertiary level, to develop and train their people. They also have future director programmes attached to both the Whai Māia and Whai Rawa boards on which young aspiring directors can serve for two years. Succession planning with an eye to the future to ensure the continued existence of Ngāti Whātua Ōrākei is consistent with theories of whakapapa⁶⁴³.

7.3.3.4 Whānau Influence

Whilst shareholders and beneficiaries of any organisation have an element of influence in its affairs, the level of influence for a Māori organisation is arguably greater than that for other organisations. In this instance, there are three Ngāti Whātua Ōrākei directors on Whai Rawa, one director representing the trust board, the other two being whānau representatives. This form of board representation is described as iwi whānui representation, as discussed in the decision-making chapter, and provides for a Ngāti Whātua Ōrākei voice at the table.

In addition to these appointments, there is still regular consultation with members of the tribe to ensure that the boards are aware of the people's thinking and that this is considered in their decision-making. A previous trustee, Hawke states⁶⁴⁴:

⁶⁴² *ibid.*, p.11.

⁶⁴³ Mikaere, p.290.

⁶⁴⁴ Hawke, p.8.

In the end we're looking for a mandate from the people. If they don't take it on, then it's not worth the paper it's written on. But I think it is, and I think it's the approach that our chair has chosen, to get engagement from the whānau.

Hawke also discusses a situation post-settlement where people were unhappy with the notion of a corporate board⁶⁴⁵:

The board had just changed from the old corporate board to the new corporate board. There was that whole thing around identity of what we were becoming, and for me it was wanting to change our perspective because the corporate board of old was a dirty word. A lot of our whānau had negative connotations/experiences with them, 'Oh, it's the corporate, oh, they've made this decision.' So, there'd be just an instant, negative response. So, we got rid of the word 'corporate' out of our vocabulary. We made them look at the word 'trust'. So, our name became Ngāti Whātua Ōrākei Trust, and that's what we needed to rebuild, our people's trust in us. It's as basic as that, you know.

The concerns expressed by Hawke are in relation to the pre-settlement commercial entity that was known as Ngāti Whātua Ōrākei Corporate Trust. There appear to be two issues here: the first relates to identity, where members were concerned that their tribe was becoming too corporate in its thinking and appearance; the second to the corporate entity making decisions that some felt should have been discussed amongst the tribe before a decision was made. A name change was a start but rebuilding the trust of the people in the trustees was the key requirement. The influence of the people was evident in the initial name change and the subsequent efforts to rebuild trust through more regular interaction.

7.3.4 Alignment of values

7.3.4.1 Whakapapa

For Ngāti Whātua Ōrākei, relationships are central to their way of doing business; knowing who their prospective business partner is, and whether their values align and if there is enough in common to establish a relationship, which might then lead to a business relationship. Their approach to business is not limited to deal-making but is also applicable when selecting the people that work for the tribe. Hunia talks about external independent directors' selection⁶⁴⁶:

⁶⁴⁵ *ibid.*, p.10.

⁶⁴⁶ Hunia, p.7.

I think these people, the way that we have selected directors, I think it's been really neat. These people have been friends but they're not here just to make a buck. They are here because they understand our story, or they connect very strongly with our story. They don't do this just because they want to grow property; they do this because they want to be part of a movement. I'm really clear about that in the content of their character.

The independent directors to whom Hunia is referring on Whai Rawa are people who would feature amongst the most experienced directors in New Zealand. Ngāti Whātua Ōrākei have chosen them initially for that reason, but secondly because these directors understand that the financial and economic elements provide the means to uplift the Ngāti Whātua Ōrākei people and enhance their well-being. These types of outcomes are values-driven investment decisions.

Hawke talks about the alignment of values and the capacity to empathise with the needs of the people as important for the CEO of Whai Rawa⁶⁴⁷:

The Board was Pākehā led, and our whānau that were on there were just finding their feet around governance at that level. And so very much allowing the Pākehā leadership to lead, and so you're not going to get them looking at having a tikanga leanings on things. But they selected a really good chief executive in Rob Hutchins. And so, he was always asking, and always conversing. Him and I, before I became a staff member, would always discuss these things.

A whakapapa decision-making style would recognise a lack of internal capacity and incorporate external leadership for a time, to allow the development of Ngāti Whātua Ōrākei leaders into the future.

7.3.4.2 Whanaungatanga (Relationships)

In terms of relationships, sometimes the situation can become complicated, with competition between the interests of tribal manaakitanga obligations as mana whenua and the commercial aspirations of the commercial entity. Ngāti Whātua Ōrākei as mana whenua of Tāmaki had an existing relationship with Sky City and were asked to carry out a ceremonial dawn blessing at the opening of a new section of the casino⁶⁴⁸. The request was accepted in acknowledgement of its responsibilities as mana whenua. A question was then posed by the Whai Rawa board as to whether they would be

⁶⁴⁷ Hawke, p.10.

⁶⁴⁸ *ibid.*, p. 12.

permitted to establish a business relationship with Sky City casino. The notion of developing a business or commercial relationship was firmly ruled out, as Hawke states⁶⁴⁹:

there's discourse around the value of supporting an organisation that is contributing to a disease that especially our Māori people, are suffering from.

Whilst Ngāti Whātua Ōrākei acknowledged its mana whenua responsibilities, it did not want them conflated with a policy on investing in industries that cause harm to its people and its whakapapa.

7.3.5 Economic Wealth enables choice

7.3.5.1 Prioritising people

Having gone from a state of landlessness to their current situation where they are now one of the wealthiest tribes in the country, Ngāti Whātua Ōrākei understand that economic and financial wealth provide the resources to invest in the development and well-being of their people⁶⁵⁰. Therefore, the consideration of economic and financial elements in its investment decisions are fundamental, but its influence will vary from decision to decision depending upon the types of cultural and social benefits that are derived from the investment opportunity. Hunia describes the health insurance scheme and home ownership programme set up by Whai Rawa who are ⁶⁵¹:

probably one of the biggest tribal investment commercial entities in this country, and there's very few who will have a conversation about social advancement at their table. And, you would not see a commercial entity advancing health insurance, and a social home ownership programme in the first five years of settlement.

Again, the drive to protect and invest in Ngāti Whātua Ōrākei whakapapa is an essential and important activity of the tribe.

7.3.5.2 Mana by Balance Sheet

Though Ngāti Whātua Ōrākei are coming to terms with their economic and financial wealth, they do not want to be known for that alone by other Māori. Precious Clark in her essay on Te Mana Whenua O Ngāti Whātua Ōrākei suggests that whilst Ngāti Whātua Ōrākei's mana whenua is healthy, more can be done, like non-commercial manaaki to manuhiri, preventing child abuse and avoiding self-

⁶⁴⁹ *ibid.*, p.12.

⁶⁵⁰ *ibid.*, p.10.

⁶⁵¹ Hunia, p.14.

destructive activities such as excessive consumption of alcohol, smoking and unhealthy diets. These are what they would prefer to be known for, as a caring people who tend to their own⁶⁵².

7.3.6 Actions speak louder than words.

Within Ngāti Whātua Ōrākei's investment decision-making process, there appears to be a strong desire to make things happen in relation to the well-being of the people rather than just talking about it. Actions that have been mentioned already include the health insurance scheme and the personal savings scheme. Hunia recounts a boardroom discussion⁶⁵³:

You're talking about it in the room, and you've got to do something about it; if housing's an issue, okay, let's go and build some houses. That was me and my cousins, whingeing and moaning, and banging our hands on the table. I said, 'I'm sick of our kids going to this clinic here with Third World diseases' ... We said, 'Okay, let's put in a housing standard; every single home that we have is going to be like this. One, it's going to be warm. Two, it's going to be dry. Three, it's actually going to look nice.' And so, we went and spent six and a half million dollars.

Their words have resulted in tangible actions that the people can see and for those lucky enough to experience living in one of these homes, that are part of Kāinga tuatahi, a housing development of 30 homes on the papakāinga, that was completed in 2016⁶⁵⁴. Ngāti Whātua Ōrākei also provided mortgages to their people to be able to buy the properties, because commercial banks would not lend on Māori land as they could get no security over it⁶⁵⁵. Ngarimu Blair, deputy chair of the Ngāti Whātua Ōrākei Trust, calls Kāinga tuatahi the first stage of an ambitious development that the tribe hopes will one day provide enough housing for 3,000 people⁶⁵⁶.

7.3.7 Creating a new normal.

Tribes are experimenting with and trialling different structures and investment approaches in their commercial businesses in an effort to find what is suitable for them and their particular context. For Ngāti Whātua Ōrākei, investing in social services for their people so that they can live well is an alternative way of doing for the commercial entity Whai Rawa that leads to the creation of a new

⁶⁵² Clark, p.583.

⁶⁵³ Hunia, p.13.

⁶⁵⁴ *Stuff*, Ngāti Whātua Families move into Affordable Auckland Housing Development, 29 February 2016.

⁶⁵⁵ *ibid.*, p.1.

⁶⁵⁶ *ibid.*, p.2.

normal for their tribal organisation. A whakapapa investment philosophy enables change and growth and allows decision-makers to apply their minds to new challenges and to envisage new pathways into the future. In their long-term strategy, Ngāti Whātua Ōrākei have the following ambition for 2050⁶⁵⁷:

We are a thriving and prosperous hapū that are leaders in our communities, Tāmaki Makaurau, and throughout the world. The well-being of our whānau exceed national standards and our people experience meaningful Mana Motuhake.

7.3.8 Doing the Right thing!

Ngāti Whātua Ōrākei's strategic priorities and activities are underpinned by their eight mātāpono (principles or values)⁶⁵⁸. Through Whai Rawa, it seeks to conduct its business and investment activities ethically, honestly and in the best interests of its people. This approach could be described as 'doing the right thing', which can be difficult at times in the commercial world. Hunia states⁶⁵⁹:

I don't ever think we got compromised; we took however long it took to get to the answer that we could live with. So, that might mean that we had to have a management team who was skilled enough to be able to go out and look at different options. It's not a race. This was never about a race, this was about making the right decision in the right way that we could all live with and being clear that we understood all of the challenges, all of the complexities.

She also goes on to state:

The right decision was about making sure that at the end of the day Ngāti Whātua Ōrākei principles and values and goals were achieved. So, when I think about decision-making economically, one, we have to be able to provide a dividend for the tribe so that they can go off and make some decisions about their future; so, we have to return a dividend, we have to do stuff and make some money. Fine. The second thing is, Ōrākei is inherently important and we need to be able to ensure that we have created a mechanism, or a way, a platform, for more people to be able to live in Ōrākei.'

Seeing the world through a whakapapa lens, where relationships are important, where everything and everyone is connected, causes people to think differently and perhaps approach life differently. A whakapapa decision-making style posits that instead of looking for a single right answer, there may

⁶⁵⁷ Ngāti Whātua Ōrākei, *Ngāti Whātua Ōrākei Ki Tua: 2050 Long Term Strategy*, Auckland, 2019.

⁶⁵⁸ *ibid.*

⁶⁵⁹ Hunia, p.12.

be more than one solution to a problem⁶⁶⁰. So, what might be the right answer for Ngāti Whātua Ōrākei might not be the right answer for another tribe because of the tribal context seen in elements such as tribal history, resources and capacity.

Having discussed the key themes that emerged from the interviews, I now discuss board composition which is another important influence on investment decision-making.

7.3.9 Board Composition

The final investment decisions are made by the Whai Rawa board of directors. Therefore, when understanding the criteria that a Māori investment organisation considers in its investment decision-making, an important component in the process is the board itself⁶⁶¹. As discussed earlier, the literature suggests that board composition is a direct contributor to effective board and company performance⁶⁶², although there does not appear to be clear consensus as to which demographic characteristics of board composition leads to which performance outcomes⁶⁶³. These demographic characteristics were discussed in detail in the decision-making chapter, and I recount them again as follows and discuss the Whai Rawa board composition in relation to them:

- Gender
- Age
- Tenure
- Ethnicity
- Skills and experience
- Diversity of thought
- Independents

7.3.9.1 Gender

Whai Rawa's constitution provides for up to seven directors, but there are currently four of whom two are women and two are men. Research in this area suggests that greater diversity augments board effectiveness, that there is a positive correlation between gender diversity and financial performance,

⁶⁶⁰ Mikaere, p.296.

⁶⁶¹ Loop and Ward, p.1.

⁶⁶² Zahra and Pearce, p.309; Kazgi and Guha, p.39.

⁶⁶³ Forbes and Milliken, p.490.

and that institutional investors are demanding greater diversity⁶⁶⁴. At 50 per cent, Whai Rawa's ratio of women directors to men is significantly higher than the 14 per cent national average in a New Zealand 2017 report on the number of women directors on boards of New Zealand listed companies.

7.3.9.2 Age

In terms of age diversity, at the time of writing this chapter, one of the four directors was over the age of 60 and three under the age of 50. As noted, Johnson et al posit that the research relating to the impact of age diversity on board effectiveness is inconclusive because age serves as a proxy for both experience and risk aversion⁶⁶⁵. They suggested that older executives (> 50 years) were less likely to initiate change, had a higher aversion to risk, and their firm was less likely to enter bankruptcy⁶⁶⁶. Younger boards were associated with greater strategic change and had more risk appetite. However, they did suggest that greater age diversity on a board was associated with higher firm valuations⁶⁶⁷.

7.3.9.3 Tenure

Diversity of tenure on the board can also have an influence on board effectiveness. Lawrence suggests that as an individual's tenure increases, so too does their communication within the board⁶⁶⁸. During the initial tenure of the board as a group, communication within and amongst the board will be frequent. However, over time, as the board settles into its work as a team, the need for frequent communication reduces⁶⁶⁹. Three of the four directors have been in place since inception in 2012 and the other director has been on the board for two years. With three long serving board members, the literature would suggest that communication amongst the board will be frequent but not as frequent as a board which has directors whose tenure has not been that long.

7.3.9.4 Ethnicity

Three of the four director's whakapapa to Ngāti Whātua Ōrākei, with two being whānau representatives and one being a trust representative. The fourth director is an independent director and is a Pākehā. Having their own people on the board who have good governance skills and experience and who are also active within their iwi organisations is a great position for Ngāti Whātua

⁶⁶⁴ Balasubramanian and Mohanty, p.1.

⁶⁶⁵ Johnson et al, p.238.

⁶⁶⁶ *ibid.*, p.238.

⁶⁶⁷ *ibid.*, p. 238.

⁶⁶⁸ Lawrence, p.12.

⁶⁶⁹ *ibid.*, p.13.

to be in. Carter et al refer to the Harvard project on American Indian Economic development which found that tribal decision-makers are likely to make better choices about the future development of the tribal group.⁶⁷⁰

7.3.9.5 Skills and Experience

Each of the directors has in excess of 10 years governance experience with both Māori and non-Māori commercial businesses as well as experience and knowledge of working with and for iwi and hapū organisations. The skills and backgrounds of the directors span a range of industries that include education, local government, law, Treaty of Waitangi negotiations and accounting. The diversity of governance experience and industry knowledge of board members is beneficial to Whai Rawa's work.

Having discussed the whakapapa elements that influence Ngāti Whātua Ōrākei's investment decision-making, I now discuss the non-whakapapa elements that influence it.

7.4 Non-Whakapapa Elements that influence investment decisions

7.4.1 Constitutional Documents and Reports

7.4.1.1 Deed of Settlement

Whilst Ngāti Whātua Ōrākei's Deed of Settlement dated 5 November 2011 does not contain any specific processes around investment decision-making, the section about financial and commercial redress reflects a fundamental long-term opportunity in property and property development⁶⁷¹. The tribe's history and lived experiences of land alienation will have a significant influence on the land investments that the tribe will make, particularly around ensuring that the papakāinga and whenua rangatira (sites of significance) lands will never again be at risk of alienation.

Part of their Treaty settlement included rights to purchase a small number of residential properties as well as purchasing and leasing back New Zealand Defence Force (NZDF) properties to the NZDF. One of the blocks of land that was no longer required by the NZDF in 2014 has been leased for the next 150 years to Ryman Healthcare, whose business is retirement villages⁶⁷². At the end of that period, the land and whatever buildings are on it will revert back to the tribe. So, whilst one of its businesses is property development, the notion of leasing land reflects Te Kawau's philosophy of sharing the land

⁶⁷⁰ Carter et al, p.15.

⁶⁷¹ Ngāti Whātua Ōrākei, *Ngāti Whātua Ōrākei Deed of Settlement dated 5 November 2011*, p.43.

⁶⁷² *Radio New Zealand*, Ngāti Whātua Strikes Deal with Ryman, 2 May 2014.

with others but never selling it. It also reflects a Māori worldview that land is an inter-generational asset and where possible, must be held for the benefit of future generations.

The deed of settlement also refers to the pending Tāmaki Makaurau Collective Treaty settlement, of which Ngāti Whātua Ōrākei is one of 14 members of the collective, effective as of August 2014⁶⁷³. Much of the collective's settlement relates to the co-management of maunga (mountains) and motu (islands) within the Hauraki Gulf and some Department of Conservation lands. Another vital aspect of the commercial redress includes the collective having the first right of refusal for 170 years from August 2014 to acquire Crown-owned property no longer required in the Auckland area. An entity representing the collective has been set up for this purpose⁶⁷⁴.

7.4.1.2 Ngāti Whātua Ōrākei Claims Settlement Act 2012

The Ngāti Whātua Ōrākei Claims Settlement Act 2012 does not contain any specific provisions around investments or investment decision-making (which is usual), but it does incorporate certain provisions relating to the papakāinga and whenua rangatira lands that protects them from alienation and commercial development as well as being used as a form of financial security or collateral for commercial purposes.

7.4.1.3 Ngāti Whātua Ōrākei Trust Deed

Ngāti Whātua Ōrākei's post-settlement governance entity (PSGE) is the Ngāti Whātua Ōrākei Trust Board. It was constituted and came into effect after the settlement Act was passed in 2012. Its trust deed contains some provisions that have an indirect impact on the investment decision-making of its commercial subsidiary Whai Rawa that are essentially risk-mitigation measures that are common in non-Māori investment organisations.

7.4.1.4 Major Transaction

One such provision that is common with settlement entities relates to what is termed a 'major transaction'⁶⁷⁵. This means that Whai Rawa must seek permission from its sole shareholder (Ngāti Whātua Ōrākei Trust Board) if it wants to acquire or sell an asset or assets that are greater than 50 per cent of the value of Whai Rawa's assets before the acquisition or sale. It must get the approval of the elected representatives (the trustees of the trust board), who must pass a special resolution. Another provision stipulates that where a 'major transaction' is greater than 50 per cent of the assets

⁶⁷³ Ngāti Whātua Ōrākei, *Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014*.

⁶⁷⁴ *ibid.*, Part 4.

⁶⁷⁵ CFRT, p.254.

of the Ngāti Whātua Ōrākei Group, approval must be sought via a special general meeting and a special resolution from all the adult members of the Ngāti Whātua Ōrākei.

7.4.1.5 Restriction on Borrowings

Group borrowings are not allowed to exceed 30 per cent of the value of protected lands and other landholdings. Debt repayments are not to exceed 50 per cent of earnings before income and tax.

7.4.1.6 Ngāti Whātua Ōrākei Whai Rawa Limited – Constitution

A review of Whai Rawa's constitution indicates that it is required to be consistent with the trust deed and therefore mirror the restrictions discussed above as contained within it. There is one aspect of Whai Rawa's constitution that I have not seen before in the constitution of an investment company: it states, at clause 3.1 (b)(ii) 'the purposes of the company is to manage and administer those assets for the commercial, cultural and social development of Ngāti Whātua Ōrākei'⁶⁷⁶. Usually, the purpose of the company will be to focus on managing and administering the assets in a prudent, commercial and profitable basis. The inclusion of cultural and social development elements in the constitution signals a more deliberate approach to keeping the welfare of Ngāti Whātua Ōrākei people central to its operations.

Though a more deliberate approach in a contemporary context, it is an approach that is not unfamiliar for Māori. Rather it is an acknowledgement of and a return to a previous economic development/investment approach that Māori employed prior to colonisation. This approach was underpinned by rangatiratanga and tikanga Māori that did not focus solely on financial and economic benefits but was inclusive of cultural and social benefits. In this instance, it means cultural aspects like Ngāti Whātua Ōrākei tikanga, reo, kawa and kōrero. In terms of social development, it mentions education, housing, health care, aged care and relief of those suffering mental or physical sickness or disability⁶⁷⁷. I have reviewed a small number of constitutions for other Māori investment organisations and have not seen cultural and social aspects included.

⁶⁷⁶ Ngāti Whātua Ōrākei, *Constitution of Ngāti Whātua Ōrākei Whai Rawa Limited*, Auckland, 2011, p.5.

⁶⁷⁷ *ibid.*, p.5.

7.4.1.7 Annual Reports

Whai Rawa's approach to investments is described in its annual report dated 30 June 2014 as follows⁶⁷⁸:

- Focus on generating financial and economic returns from the commercial assets. The target annual return that Whai Rawa seeks on its property investments is between 8.5 and 13 per cent.
- Whai Rawa endeavours to act in accordance with the eight *mātāpono* when conducting its business and considering potential investment transactions.
- Whai Rawa acknowledges the importance of land to the hapū and that some areas are more important than others. The most important are those forming the original Ōrākei Block of approx 700 acres. Other landholdings within Tāmaki are the next most important, followed by other investments within and beyond Aotearoa.
- These considerations are balanced by commercial necessities of likely returns on investment, cashflow consequences, and achieving a balance within the portfolio in terms of geographic area and asset type.
- Whai Rawa's five-year strategy is to increase the portfolio value to \$750m with an annual return of at least four per cent by the end of year five. Its 10-year strategy is to increase the value of the portfolio to \$1 billion and have an annual return of at least five per cent by the end of year 10.
- By 2025, be generating annual earnings before tax and interest (EBIT) of \$50 million or more.
- Aim to maintain a capital structure that ensures the lowest cost of capital available to the group.

As evidenced from this, Ngāti Whātua Ōrākei's investment approach includes a number of elements that are common to non-Māori investment organisations and which are underpinned by values described in the investment chapter, which suggests they are objective, quantitative, efficient, productive, logical and reasonable. Whilst most of the seven factors listed above are financially and economically focused, *tikanga* can still yield some influence by tempering the maximisation of these financial indicators for cultural, social and environmental reasons. Subsequent annual reports after

⁶⁷⁸ Ngāti Whātua Ōrākei, *Financial Statements for Ngāti Whātua Ōrākei Whai Rawa Limited for the year ended 30 June 2014* (Whai Rawa 2014), Auckland, 2014.

the 2014 have not been as specific when describing the investment approach, so it is difficult to know if there has been any change in the factors since then.

7.5 Summary

This first section of this chapter discussed some of the more important aspects of Ngāti Whātua Ōrākei's history in order to provide some context around how and why they view the world as they do and the influence their history has on their investment decision-making.

The second section discussed the whakapapa and non-whakapapa elements that influence Ngāti Whātua Ōrākei's investment decision-making. The non-whakapapa elements were those that focus on quantitative financial and economic elements. These were sourced from Ngāti Whātua Ōrākei's annual financial reports and constitutional documents, as well as the case study interviews. The whakapapa elements were discussed and were a combination of the key themes that emerged from the case study interviews and also Ngāti Whātua Ōrākei's eight mātāpono (principles/values).

I suggest that the elements that Ngāti Whātua Ōrākei consider in their investment decision-making are a combination of whakapapa and non-whakapapa elements. What is not so easy to discern is which elements or combination thereof are considered and for what type of investment. What is evident is that Ngāti Whātua Ōrākei's investment strategy has enabled them to generate considerable wealth in a relatively short space of time.

The natural attributes and attractions of Tāmaki Makaurau that initially attracted Ngāti Whātua Ōrākei to the region were also those which convinced Governor Hobson to move to Tāmaki from the Bay of Islands. Those natural attributes and attractions still remain pertinent today and people still want to live in Tāmaki Makaurau. The demand for property and housing is strong. In 2017, the city had a population of 1.7 million and has become an economic powerhouse, with its contribution to national GDP in 2018 estimated at 37.5 per cent. As a result of their Te Tiriti claim and the options relating to rights of first refusal to acquire Crown property that has become surplus to requirements, Ngāti Whātua Ōrākei find themselves now benefitting from the natural attributes and attractions of Tāmaki, becoming recognised in their own lands, being able to advance their rangatiratanga and having greater control of their world and advancing the well-being of their people.

8 Chapter 8 - Poutama Trust



8.1 Introduction

This chapter focuses on Poutama Trust, whose offices are located in Rotorua in the Central North Island of New Zealand. The chapter contains two sections, the first a look at a brief history of Poutama to provide some context around how and why they view the world as they do, and the influence their history has on their investment decision-making.

The second section of the chapter discusses the whakapapa and non-whakapapa elements that influence Poutama's investment decision-making and relate them to the whakapapa investment philosophy. I discuss the whakapapa elements, which are a combination of the key themes that emerged from the case study interviews and Poutama's tikanga of rangatiratanga, mōhiotanga and whanaungatanga. I then discuss the non-whakapapa elements that are focused on quantitative financial and economic elements sourced from Poutama's constitutional documents and statement of investment principles and objectives as well as the case study interviews.

I discuss interviewee selection within Poutama for the research. Information contained within this chapter has come from primary and secondary sources such as Acts of Parliament, academic literature and documentation obtained from Poutama directly, as well as that which was publicly available in archives and libraries. Information was also gathered through three kanohi ki te kanohi (in person) interviews, two at the governance level and one at the management level as follows:

- Craig Ellison (Ellison) – Trustee (Governance)
- Arihia Tuoro (Tuoro) – Trustee (Governance)
- Richard Jones (Jones) – CEO (Management)

Similar to the case study selection, it was important to select willing participants who might best be able to answer the research question and in so doing also help to achieve the research objectives. Craig Ellison's whakapapa is Ngāi Tahu, Ngāti Tama, Taranaki whānui, Scottish and English. At the time of the interview, Craig was the chair of Poutama and had served eight years as a trustee. He was able to provide some specific insights from a Poutama perspective as well as from a broader perspective from his other governance roles. His experience and knowledge extend to the political and commercial entities of his own iwi, Ngāi Tahu, as well as other governance roles with Aotearoa Fisheries, Te Ohu Kaimoana, Māori Tourism and other organisations, specifically New Zealand Trade and Enterprise, Airways Corporation, NIWA and Wellington Zoo.

Arihia Tuoro's whakapapa is Te Whakatōhea, Ngāi Tai, Tainui and English. She has significant experience with the political and commercial entities of her own iwi, Te Whakatōhea, and is currently project manager for the Te Whakatōhea treaty settlement claim. Arihia has been a Poutama trustee

for eight years and was able to bring insights from a Poutama perspective as well as a broader perspective from her other governance roles with Whakatōhea Mussels (Opotiki) Ltd, Kaikōura Gold Kiwifruit, and Waikeke Farms Ltd; and other organisations, as an Opotiki District Councillor, and with Bay of Plenty District Health Board.

Richard Jones' whakapapa is Ngāti Whakaue, Ngāti Pīkiao, Tūhourangi and Ngāti Maniapoto. Richard has been the CEO of Poutama since 1999 and was able to provide some unique insights into Poutama's investment philosophy over a 20-year period and the influence that tikanga has had in its investment decision-making.

In this chapter I suggest that the elements that Poutama considers in its investment decision-making are slightly different to the other two case studies, of Ngāti Whātua Ōrakei Trust as a PSGE and Wakatū Incorporation as a Māori incorporation, because of its unique whakapapa as a pan-Māori organisation established for the benefit of all Māori who are already in business or wanting to establish their own businesses. Its purpose and objectives contained in its trust deed limit its activities to this particular group of Māori.

I suggest that even though Poutama as an organisation has some unique attributes relative to the other two case studies, the themes that emerged from its case study reflect aspects of a whakapapa investment philosophy and a whakapapa decision-making style. These will be highlighted and discussed in the chapter.

I now turn to discuss the whakapapa of Poutama to background its coming into being, and its unique situation and context within the Māori economy. It may have only a 32-year history, but its kaupapa seeks to address some of the inequities that have existed for Māori and their economic and commercial activities since colonisation.

8.2 Poutama Trust – Whakapapa

In 1984, the Minister of Māori Affairs the Hon. Koro Wetere, convened a Māori Economic Summit Conference called the Hui Taumata to address concerns raised by Māori about the growing socio-economic gap between Māori and Pākehā⁶⁷⁹. Initial discussions at the conference revolved around the setting up of a development bank to facilitate Māori economic development. It was not the first time this idea had been mooted by Māori. Previous attempts to establish a financial institution for Māori were made by the Kingitanga in the late 1850s, Te Whiti o Rongomai in the late 1860s, Rua Kenana in

⁶⁷⁹ Waitangi Tribunal (WAI 350), Waitangi Tribunal Report: *Māori Development Corporation Report* (The MDC Claim), Wellington, Brookers Limited, 1993, p.7.

the early 1900s and the Ratana movement in the 1920s.⁶⁸⁰ Unfortunately, each of these initiatives was short lived and commercially unsuccessful.

The Hui Taumata recommended a feasibility study be urgently undertaken to determine the needs, the role and the means required to establish a Māori Development Bank. A Māori Development Commission was established in February 1986 and provided an interim report to the government in September 1986. This provided high-level data around Māori in relation to their asset base, Māori business achievement and obstacles to accelerating Māori economic development⁶⁸¹.

The report stated: whilst most Māori lived in urban areas, a major portion of Māori's assets was land in rural areas; Māori commercial organisations were usually communally owned and focused on pastoral farming in tribal areas; and there were few assets in the manufacturing and service sectors. A comparison between 1983 and 1985 of the returns for Māori businesses and non-Māori businesses showed a range of two to five per cent for Māori organisations and 4.9 to 13.9 per cent for non-Māori businesses. It indicated there was little information on Māori involvement in small businesses and gave reasons for the comparatively poor returns between Māori and non-Māori businesses as being⁶⁸²:

- Lack of business expertise.
- Existence of multiple objectives for communally owned organisations.

The outcome of the Commission's feasibility study was the recommendation to establish the Māori Development Corporation (MDC) and Poutama Trust (Poutama). On 1 July 1987, Minister of Finance Roger Douglas and Minister of Māori Affairs Koro Wetere announced the launch of MDC and Poutama.

The two organisations were created by the Crown to service different segments of Māori business. MDC's target market involved large enterprises that needed loans over \$100,000, whilst Poutama's target clients were small-to-medium-sized enterprises that needed support up to \$10,000. There was also a direct business relationship where three of the objectives of Poutama were to provide funding to businesses for market research, feasibility studies or strategic planning to determine whether the business presented a viable opportunity for MDC to either equity invest, or loan monies for growth, expansion, product development or export⁶⁸³.

⁶⁸⁰ *ibid.*, p. 4.

⁶⁸¹ *ibid.*, p. 8.

⁶⁸² *ibid.*, p.14.

⁶⁸³ *ibid.*, p.19.

8.2.1 Māori Development Corporation

MDC's objectives were to provide financial resources for the development and enhancement of Māori businesses, Māori assets and the financial and business skills of Māori people⁶⁸⁴. Its focus would be wholly commercial in providing loans or alternatively taking equity (shareholding) stakes (minimum of \$100,000) in viable commercial Māori business projects. It was expected to operate profitably and in its first year, it indeed declared a profit and paid a dividend to its shareholders⁶⁸⁵. It would also provide appropriate development and investment banking services to Māori businesses⁶⁸⁶. MDC's initial capital was \$26 million. Its original shareholders were⁶⁸⁷:

- The Crown \$13 million – 50 per cent shareholding in MDC;
- Māori Trustee \$7 million – 27 per cent shareholding in MDC;
- Brierley Investments Ltd (BIL) \$2 million – 7.67 per cent shareholding in MDC;
- Fletcher Challenge (FCL) \$2 million – 7.67 per cent shareholding in MDC; and
- Development Finance Corporation (DFC) \$2 million – 7.67 per cent shareholding in MDC.

In 1993, the Crown signalled its intention to sell its shareholding in MDC as a part of its asset sales programme⁶⁸⁸. This triggered a request for an urgent hearing to the Waitangi Tribunal by three claimant groups who viewed the sale as a potential breach of the Crown's Te Tiriti O Waitangi obligations. The claimants argued that the issue at stake was that both MDC and Poutama had been created by the Crown for the benefit of all Māori in seeking to address the growing socio-economic gap between Māori and Pākehā⁶⁸⁹. The claimants further argued that at the time, Māori economic development had not yet reached a stage where Māori could actively and confidently participate in the commercial sector and a need still remained for a Treaty-based mechanism to perform those functions for which MDC was originally created.

⁶⁸⁴ *ibid.*, p 17.

⁶⁸⁵ *ibid.*, p.28.

⁶⁸⁶ *ibid.*, p 18.

⁶⁸⁷ *ibid.*, p 19.

⁶⁸⁸ *ibid.*, p 23.

⁶⁸⁹ *ibid.*, p 25.

The Waitangi Tribunal granted an urgency hearing in 1993 and made several findings in its report, five of importance for the claimants⁶⁹⁰. The first was that both MDC and Poutama had indeed been created as 'Treaty-mechanisms' to provide redress for all Māori for past breaches of the Treaty. Essentially, they were a Treaty settlement⁶⁹¹. The Waitangi Tribunal commented that the Crown did not expressly identify the establishment of MDC and Poutama as flowing from any obligation under the Treaty and therefore did not acknowledge or recognise any breach of the Treaty or associated settlement. However, it did find that it was clear to them that the establishment of MDC and Poutama was to promote Māori economic development in accordance with the Crown's Treaty obligations⁶⁹².

Secondly, the report advised that the Crown should consider selling its shareholding to a pan-tribal organisation for the benefit of all Māori, and that Poutama could be that pan-tribal organisation. Thirdly, that if the Crown sold its shareholding in MDC to a small number of Māori groups as had been signalled, it would be to the detriment of all Māori and therefore in breach again of its Treaty obligations. The fourth was that if the Crown proceeded with a sale, that \$5 million of the original \$13 million invested by the Crown in MDC belonged to all Māori because it had been sourced from a Māori Affairs department appropriation for Māori business lending. This \$5 million should not go back into the Crown's general fund but be transferred to Poutama Trust for the benefit of all Māori. The fifth point was that if a sale of MDC proceeded, then the Minister of Māori Affairs was to ensure that Poutama be distanced from MDC in all future matters, including its objects and directors.

The Crown ignored the Tribunal's recommendations not to sell MDC to a specific group of Māori and in 1996 sold 100 per cent of MDC to Waikato-Tainui. It was then subsumed into the Waikato-Tainui Iwi commercial group. The Crown did heed one recommendation of the Tribunal and paid \$5 million of the sales proceeds to Poutama Trust. During this period when the Crown was preparing to sell MDC, there does not appear to have been an intention to terminate Poutama Trust.

8.2.2 Poutama Trust

One of the Crown's stated objectives was to encourage more Māori commercial enterprises. It realised that if this was to be achieved, it needed an altruistic non-commercial component that was separate from the commercially focused MDC to facilitate this⁶⁹³. Poutama was established as this non-commercial component in 1988 with a \$10 million grant from the Crown to facilitate and fund

⁶⁹⁰ *ibid.*, pp.51-53.

⁶⁹¹ *ibid.*, p.36.

⁶⁹² *ibid.*, p.36.

⁶⁹³ *ibid.*, p.18.

activities such as feasibility studies, market research, consultancy services and skills training to complement MDC's equity investment and lending objectives to larger Māori commercial enterprises⁶⁹⁴.

Unlike MDC, the Crown did not intend for Poutama to provide a commercial return in the form of a cash dividend. Poutama's services were targeted at small-to-medium-sized business enterprises (SME's), a different market to MDC, which was targeting larger businesses. Poutama was expected to finance its operations and grants from the investment income it earned off its \$10 million capital investment from the Crown. As a charitable trust, the beneficiaries of Poutama are the 'Māori people of New Zealand'⁶⁹⁵.

In 1989, DFC, a founding shareholder in MDC, was placed into statutory management by the Crown. Poutama purchased DFC's shareholding in MDC for \$2 million. In 1996, despite the Waitangi Tribunal's findings and recommendations, the Crown proceeded with the sale of its shareholding in MDC to Waikato Tainui for \$21 million. At that time, the Crown directed \$5 million from the sales proceeds to Poutama as recommended in the Waitangi Tribunal's 1993 report. Poutama also sold its shareholding in MDC at that time for \$2 million. I have not been able to shed any light on whether Poutama was influenced by the Crown to sell its shareholding in MDC.

The name 'Poutama' refers to a stepped pattern commonly found on tukutuku panels and woven mats and is described as the stairway to heaven, see diagram 14. In Māori mythology, Tane ascended the poutama or steps to the uppermost heaven in his quest to retrieve the three baskets of knowledge, te kete tuauri (the basket of sacred knowledge), te kete tuatea (the basket of ancestral knowledge) and te kete aronui (the basket of aroha, peace and arts and craft). So, the Poutama pattern has religious, educational and achievement-oriented meanings⁶⁹⁶.

⁶⁹⁴ *ibid.*, p.18

⁶⁹⁵ Poutama Trust, *Poutama Trust Deed dated 5 July 1998*, 1998, p.1.

⁶⁹⁶ Māori Dictionary Online, [Māori Dictionary \(Māoridictionary.co.nz\)](http://Māoridictionary.co.nz).

Diagram 14 – Poutama Pattern



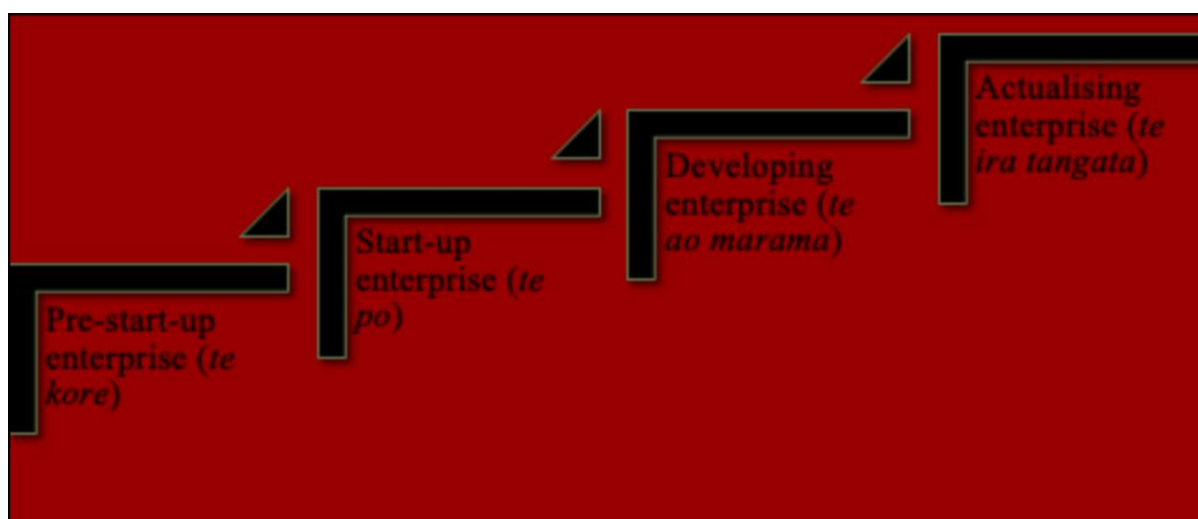
For Poutama Trust, the pattern encapsulates the desire as a business development organisation to continually aim higher in all they do to help raise the aspirations of all Māori businesses they serve, from pre-start-up ventures through to assisting enterprises realise their potential as depicted in the stages of business development of Poutama Trust at diagram 15⁶⁹⁷. Jones, Chief Executive Officer (CEO) of Poutama, recounts a situation when he was explaining to people the poutama pattern⁶⁹⁸:

I remember presenting at a hui a long time ago, I said to people we've got a visual vision, the poutama. A lot of people connected with that, they got it, rather than saying a whole lot of words. So, I say that with our investment decisions we're helping our people progress up the stairway another level by using that poutama.

⁶⁹⁷ Poutama Trust Website, <https://poutama.co.nz/>.

⁶⁹⁸ Richard Jones, interview, Wellington, June 2018, p.10.

Diagram 15 – Poutama – Māori Enterprise Development Stages



In the Poutama 2018-2021 business plan, it states that the strategy is to grow Māori enterprise culturally, socially, and economically for the benefit of current and future generations⁶⁹⁹. The business plan also sets out Poutama’s guiding values in how they conduct themselves internally and externally. The definition of each tikanga has been customised by Poutama for its business context:

- Rangatiratanga (Self-determination) – acting with chiefly authority and intent in the best interests of the collective (whānau, hapū, iwi, community);
- Mōhiotanga (Knowledge) – sharing of information, advice, ideas and experiences; and
- Whanaungatanga (Relationships) – actively managing relationships to enhance our shared existence.

8.2.2.1 Organisational Features

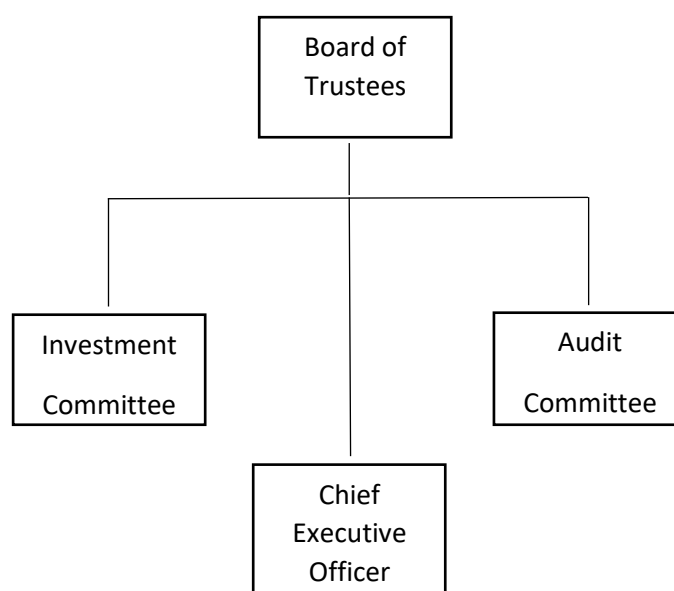
Poutama’s organisational structure is simple and consists of the trust itself, as set out in diagram 16. It is governed by a board of five non-executive trustees and has an operational staff of six. Non-executive trustees are external to the trust and therefore bring external views and experiences. They are considered independent in that they have no links with the trust other than sitting on the board. Poutama’s internal organisation is lean, with just six staff. The trust utilises technology to extend its reach across New Zealand. Being a small organisation, it is nimble and can adapt and respond quickly to the changing needs of Māori business.

⁶⁹⁹ Poutama Trust, *Poutama Business Plan 2018-2021*, 2018.

Poutama has no underlying subsidiaries, but the board has two sub-committees as permitted under the trust deed, the audit committee and the investment committee⁷⁰⁰. The audit committee is responsible for overseeing the annual audit of the trust's financial statements and for monitoring compliance with the trust deed and legislative obligations. The committee that is relevant for this thesis is the investment committee.

Poutama's investment committee has the delegated responsibility to monitor the existing capital investment portfolio and evaluate new capital investment opportunities and to make recommendations to the board for their approval.

Diagram 16 - Poutama Organisation Chart – High Level



Poutama is a charitable trust by a deed of trust dated 5 July 1988 in accordance with the Charitable Trusts Act 1957. Its intention is to promote industry and commerce amongst the Māori people of New Zealand in a market economy⁷⁰¹. The principal objects and purpose for which the trust was established are to⁷⁰²:

⁷⁰⁰ Poutama Trust Deed, p. 18.

⁷⁰¹ *ibid.*, p 1.

⁷⁰² *ibid.*, p.2.

- assist in and carry out investigations and assessments of commercial projects or propositions with a view to completing project documentation and seeking financial assistance from institutions;
- assist in the formulation and compilation of applications for assistance from financial institutions;
- manage and oversee commercial projects which have received or are to receive financial assistance from institutions;
- arrange, develop and assist the study of and the acquisition, dissemination and application of knowledge and information amongst Māori people involved in commercial projects assisted by or being considered for assistance by the trustees; and
- provide assistance in the training and development of expertise by Māori managers in commercial projects assisted by or being considered for assistance by the trustees.

The above recital from the trust deed of the objects and purposes of the trust indicates that the trustees are acting on behalf of the Māori people of New Zealand. The Waitangi Tribunal also found that the Crown established Poutama Trust to promote economic development of all Māori in accordance with its obligations under Te Tiriti⁷⁰³. The accountability to all Māori extends not just to current generations, but also to those who have gone before us as well as future generations. These responsibilities have an influence on Poutama's investment decision-making.

Whilst Poutama has been described by the Crown as a social vehicle, its trust deed provides the trustees with general powers contained within the Trustee Act 1956 to engage in a range of commercial activities such as investing, leasing, selling, carrying on business, borrowing, promoting, employing and appointing directors of subsidiary companies⁷⁰⁴. The trust deed also enables the Poutama board to scope, develop, adjust and adapt its strategy for Māori business development in order to achieve its principal objects and purposes, discussed earlier, so that it remains relevant to an ever-changing business environment⁷⁰⁵.

The relationship of the Minister for Māori Development with Poutama has always been low key and unobtrusive. Poutama has gone about its business independently since its establishment in 1988 and since then has provided funding of approximately \$29 million to over 3,400 Māori businesses⁷⁰⁶.

⁷⁰³ The MDC Claim, p.36.

⁷⁰⁴ Poutama Trust Deed, p. 6.

⁷⁰⁵ *ibid.*, p.4.

⁷⁰⁶ Jones, p.13.

There are three situations where the trust deed states the Minister will become involved in Poutama's internal activities. Firstly, the Minister has the power to appoint and remove trustees⁷⁰⁷. The second instance occurs if any changes to the trust deed are proposed by the trustees. These require the Minister's approval⁷⁰⁸. Lastly, if four or more trustees resolve that the trust is no longer able to carry out its purposes, the Minister's approval is sought to dissolve the trust⁷⁰⁹. Poutama is required to provide an audited annual report to the Minister that shows the financial status of the trust.

8.2.2.2 Māori Business Development

In 2018, Poutama celebrated its thirtieth anniversary. The demand for its services and funds continues to grow as the Māori asset base and economy expand. Its balance sheet has grown from initial capital contributions of \$17 million in 1988 to approximately \$35 million in 2019. During this period, Poutama has not received any further capital contributions from the Crown or its agencies.

For the first 20 years, its strategy for Māori business development involved investment in individual SME's and included face-to-face meetings with individual businesses. Poutama was the catalyst in establishing several Māori business network organisations around Aotearoa. Over the last 10 years, its kaupapa has evolved to include facilitating collaborations of Māori organisations into industry clusters. They include the miere (honey) cluster, red meat cluster, dairy plant cluster, hemp cluster, wine cluster and information technology cluster.

One particularly successful collaboration has been the dairy plant cluster known as Waiū Dairy in Kawerau. The project took six years to reach a stage where all the participant organisations in the collaboration were ready to invest in the project. Construction of the dairy processing plant commenced in April 2018 and was commissioned in May 2019. The cost of the project was \$40 million; it is 66 per cent owned by local Māori organisations, with the remaining 33 per cent shareholding owned by Cedenco, a family-owned Japanese company that has been in business for over 140 years. The plant employs 45 people, with 84 per cent of staff being Māori from the local community.

⁷⁰⁷ Poutama Trust, *Poutama Trust Deed dated 5 July 1988, Amendment to Schedule 1 dated 5 March 2017* (Amended Poutama Trust Deed), 2017.

⁷⁰⁸ *ibid.*, p.13.

⁷⁰⁹ *ibid.*, p.13.

Poutama is perceived and described by its clients as being an honest broker, independent from government, independent from iwi, and apolitical⁷¹⁰. It is described by Diane Ruwhiu et al as a non-government organisation, similar to the Federation of Māori Authorities (FOMA) and Māori Women's Development Incorporation (MWDI)⁷¹¹. Whilst their report did not define 'non-government', it appears that term was applied to those organisations that were not a government department. The perception of independence from government has been important for Poutama, but just as important has been its perception of independence by Māori. As a Pan-Māori organisation, Poutama operates without fear or favour in the Māori world.

Post the global financial crisis in 2008, Poutama was faced with reduced returns from its capital investment portfolio, which in turn reduced the funds available for investment into Māori businesses. New ideas were formulated to try and stretch the funds available. Collaboration or clustering of groups by industry was developed to provide education and training on areas like marketing, contracts, government funding agencies, export preparedness and technology developments as well as allowing the ability to share and support each other within the cluster. Workshops called 'CL2IMB' (Collaborative Leadership 2 Inspire Māori Business) were developed by Poutama in 2018 with financial support from Te Puni Kōkiri, New Zealand Māori Tourism, New Zealand Trade and Enterprise and Te Wānanga o Aotearoa. These workshops were conducted in 19 townships across the regions in the North and South Islands with upwards of 30 businesses attending each workshop.

In this context, the whakapapa connections and relationships are business oriented and Māori oriented but not genealogical. They are connections and relationships made by businesses and government agencies that result in cultural, social and financial and economic benefits to those involved. Poutama's role in connecting these government agencies with Māori businesses builds a new whakapapa going forward, new relationships layered on top of past relationships. In a sense, it builds on the work of previous administrations of Poutama, government agencies and Māori business. Comments from participants and attendees who attended the workshops support this assertion⁷¹²:

⁷¹⁰ Arthur Grimes, Jason Mika, Eru Pomare, Storm Savage, *Using Poutama Trust's Data to Evaluate the Success of Poutama's Assistance to Māori Businesses*, Wellington, Motu Economic and Public Policy Research, 2016, p.4.

⁷¹¹ Katharina Ruckstuhl, Diane Ruwhiu, David Lont, Max Yap and Rachel Turner, *Te Ara e Heke Mai Nei, Science, Innovation and the Māori Economy: Mapping Māori Enterprise (Scoping Phase)*, Wellington, Te Puni Kōkiri, 2013, p.25.

⁷¹² Poutama Trust Website, <https://poutama.co.nz/cl2imb-kaitaia/>, 2018.

‘I felt heartened about the future for Northland Māori business with the quality of people supporting each other. Get media to this, New Zealand needs to see this and needs to be encouraged to move here and join in.’

‘Really neat to see people I grew up around having a go at business. It is beneficial for new Māori-owned business operators to share their highs and lows running their businesses to give each other confidence and support, especially with the hard times.’

‘It was great to put a face to the name and organisation. Also, it was very good to start developing networks having met like-minded developing business[es].’

‘That was so amazing from an agency perspective. Our organisation can see real value in supporting events like this in the regions and are keen to work together to have this happen in other regions. Ka pai Poutama!’

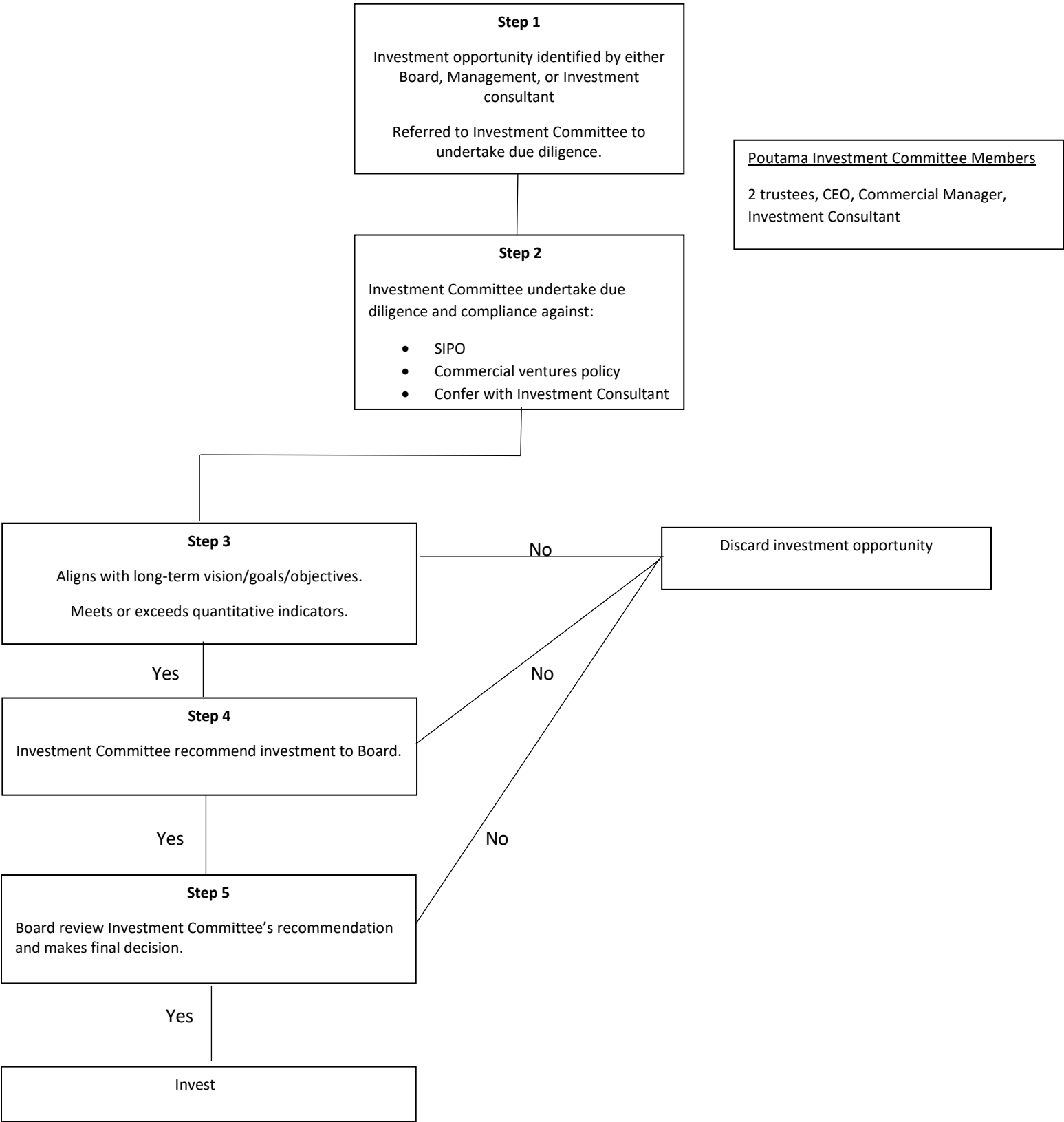
Poutama uses the income from its capital investment portfolio to invest in Māori businesses in accordance with the objects and purposes of its trust deed. In the years ending 31 March 2018 and 31 March 2019, Poutama invested approximately \$1 million annually. Demand for funding exceeds Poutama’s resources by at least 30 to 40 per cent per annum. So, optimising the financial returns from Poutama’s capital investment portfolio is an important objective for the investment committee.

The word ‘grant’ was initially used to describe the monies that Poutama distributed to Māori businesses for either due diligence, growth or training purposes. Staff felt that there were negative connotations associated with the term as some applicants thought it was simply a handout. Poutama has set down criteria that businesses must meet to be eligible to submit a funding application for a particular activity. Any application approved by Poutama will be up to 50 per cent (up to \$10k maximum) of the total funding required by the business. The business itself is required to fund the other 50 per cent. Poutama’s funding takes the form of reimbursement upon presentation of a receipt for the cost of the activity. Poutama decided that the word ‘investment’ more accurately reflected reality in the sense that it was making an investment in a business by investing in its development. But to be clear, this is not an equity investment, where Poutama might expect to receive a financial return on the investment. Neither is it termed a loan and expected to be repaid. The return for Poutama is the expected growth and development of that business, which may result in more jobs for Māori as well as contributing to the growth of the Māori economy.

Diagram 17 sets out Poutama’s investment process for its capital investment portfolio. The capital investment portfolio is invested in a range of managed funds. The income earned from this is used to

finance Poutama’s internal operations as well as providing funding to Māori businesses as per its trust deed.

Diagram 17 – Poutama - Capital Portfolio Investment Process



8.2.3 Poutama's Capital Portfolio Investment Process

The investment decision-making process outlined above at diagram 17 relates to Poutama's capital portfolio. The investment committee has four members: two are board members; two are management, namely the CEO and the Commercial Manager. I am one of the two board members on this committee and am also its Chair. A fifth person, an independent investment consultant, is the committee's investment advisor and attends meetings by invitation.

The investment consultant has an important advisory role in Poutama's investment decision-making process and provides the following services⁷¹³:

- evaluating the appropriateness of Poutama's long-term asset allocation in place based on the consultant's capital market assumptions;
- monitoring asset allocations between asset managers and recommending rebalancing to the board when their funds are outside of the ranges specified in the Statement of Investment Principles and Objectives (SIPO);
- providing quarterly investment reports for the board that monitor performance of the portfolio against agreed targets;
- assisting with the investment of new monies or redemption of funds where monies are required for business operations or business investment into Māori businesses; and
- participating in the annual review of the SIPO.

Whilst the investment consultant has an important role in the operation of the committee, it is advisory only and comes with no voting rights. However, their advice is given considerable weighting, and I estimate that it is acted upon about 90 per cent of the time by the committee. An invitation is extended to the consultant to attend committee meetings when advice is needed in relation to a particular investment opportunity. The consultant will provide a recommendation that is duly considered by the committee when assessing the investment opportunity⁷¹⁴. The work of the investment committee is guided by the statement of investment principles and objectives (SIPO).

8.2.3.1 Step 1

The investment opportunity will originate with either the board, management, or the investment consultant. The opportunity could be a new investment, the sale of an existing investment, or a further

⁷¹³ Poutama Trust, *Poutama Statement of Investment Principles and Objectives* (Poutama SIPO) dated October 2018, 2018.

⁷¹⁴ *ibid.*, p.5.

investment into an existing investment. Whichever route the investment comes from, it will be referred to the investment committee to undertake due diligence.

8.2.3.2 Steps 2 and Step 3

The investment committee will undertake due diligence of the opportunity and assess it against the statement of investment principles and objectives (SIPO) requirements or the draft policy on commercial ventures. Poutama defines commercial ventures as private businesses that produce goods or services, are not listed on a stock exchange, and that may also be described as direct investments, where Poutama takes a direct equity stake in the business. Poutama's SIPO sets out its investment beliefs, investment principles, investment risk, investment objectives and its investment policy. The capital investment portfolio objectives of Poutama are to achieve the following⁷¹⁵:

- an annual return after expenses but before taxes of 4.5 per cent over the rate of inflation over a three-year rolling period; and
- to meet annual operating and investing requirements of up to \$2 million, whereupon any additional funds over and above these requirements be added to capital reserves to maintain the capital base in real terms.

The assessment of whether the opportunity aligns with Poutama's long-term vision, goals and objectives is undertaken at the same time as the quantitative assessment. There are a number of industries in which Poutama prefers not to invest, such as weapons or arms companies, tobacco companies or gambling. If the opportunity manages to satisfy the SIPO requirements and aligns with its vision, goals and objectives, then the investment committee will make a recommendation to the board. If it does not satisfy the various requirements, then it will be discarded.

8.2.3.3 Steps 4 and 5

If it satisfies requirements, it proceeds to the board along with supporting documentation for formal consideration and approval. Usually, the board will accept the investment committee's recommendation, however, sometimes they may require further information or clarification before making a final decision.

8.2.4 Influence of Tikanga

The use of tikanga within the capital portfolio investment decision-making process is limited. Seventy-five per cent of Poutama's capital portfolio is invested with fund managers and so there has been little

⁷¹⁵ *ibid*, p.7.

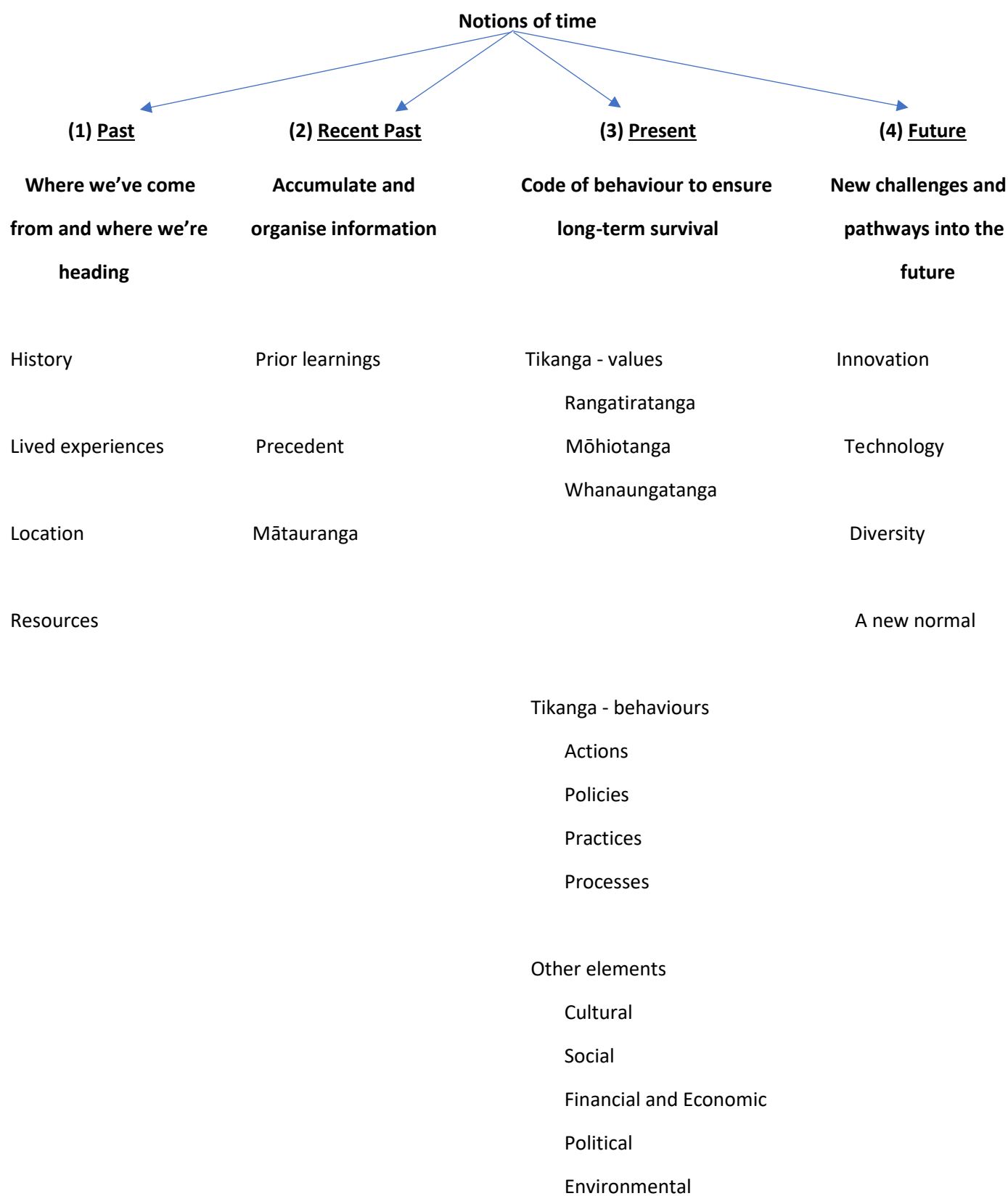
opportunity to employ tikanga. Poutama does seek to avoid investment in industries that are harmful to Māori such as gambling, arms companies and tobacco companies. All Poutama's fund managers are signatories to the United Nations-sponsored principles of responsible investment, which was discussed in the investment chapter. The investment consultant to the trust undertakes a high-level review annually of the companies in which each of Poutama's fund managers has invested. Sometimes a company may come to light that is in conflict with Poutama's policy, and the board will gather information from the fund manager and the investment consultant to understand the details relating to the investment. The Poutama board will then decide whether to remain in the fund or leave it.

However, the use of tikanga in the direct investment decision-making of Poutama's commercial ventures is evolving, as was recently evidenced in the Waiū Dairy investment. It was Poutama's first commercial or direct investment in a start-up company located in Kawerau in the eastern Bay of Plenty region and which is 66 per cent owned by local Māori investment organisations. There were a number of tikanga that came into play such as rangatiratanga (self determination), which in this investment is evidenced in Māori supplying the milk, processing it and producing milk powder and butter. Employment opportunities were envisaged by the Māori shareholders for whānau and local people, and this was an important consideration in the investment decision that reflects whakapapa and whanaungatanga. Currently 84 per cent of the company's 45 staff have whakapapa connections to the region and the shareholders.

8.3 Whakapapa Elements that influence capital portfolio investment decisions

The whakapapa investment philosophy that was proposed in the investment chapter is shown below at table 4. I now discuss the whakapapa elements that influence Poutama's investment decision-making and reference them back to the whakapapa investment philosophy. I preface this discussion by again positing that this thesis contains the first iteration of the whakapapa investment philosophy, which is still in its infancy. Whilst it is contained within a table, it has been done to get my thoughts and ideas down on paper and to allow others to visualise and relate to the philosophy. This will enable people to unpack, challenge, add to, delete from and refine it.

Table 4 - Poutama Trust – Whakapapa Investment Philosophy



Poutama promotes three tikanga in its organisational material: rangatiratanga, mōhiotanga and whanaungatanga. I now discuss them in relation to the influence they have on Poutama's capital portfolio investment decision-making as well the influence they have on how Poutama delivers its services.

8.3.1 Rangatiratanga

Poutama describes rangatiratanga as self-determination which manifests itself through acting with chiefly authority and intent in the best interests of the collective (whānau, hapū, iwi and community). This description reflects Poutama's framework in that it considers itself to be serving Māori business by acting in a chiefly role that provides for and looks after Māori who are in business through funding and services. With this assistance, it provides a boost to these businesses in their pursuit of self-determination or rangatiratanga. Jones, the CEO, posits⁷¹⁶:

I always thought that working for Poutama was a good way to help people become self-determining.

Poutama's operations and investment funding to Māori businesses is dependent upon the income it generates from its capital portfolio investments. This way of operating, which it has followed for 32 years, is self-determining and self-sustaining. Self-sustainability influences Poutama's investment decision-making process through disciplined risk appetite and the underlying priority of capital preservation. Jones states⁷¹⁷:

Our capital investments are our life blood, and so we manage, nurture, maintain and protect those investments just like we would people. The policies we have in place really help protect the pūtea.

Theories of whakapapa acknowledge that all values and tikanga are connected and associated, and cannot be considered in isolation from one another.

8.3.2 Whanaungatanga

For Poutama, whanaungatanga or relationships are actively managed to enhance a shared existence. This tikanga influences Poutama's capital investment portfolio decision-making through relationships and connections it has with its investment consultant and the 11 fund managers who manage Poutama's capital investment portfolio. When selecting a fund manager, Poutama will undertake due

⁷¹⁶ Jones, p.7.

⁷¹⁷ *ibid.*, p.8.

diligence on their whakapapa to assess financial and economic performance, get a sense of the values of the organisation, and meet at least twice in person to understand their relationship perspectives⁷¹⁸. It will talk to other Māori customers of the manager to build up a picture of how they relate to Māori. These fund managers become part of Poutama's whānau and consequently become a part of Poutama's whakapapa. Many of the fund managers have been managing portions of Poutama's capital investment portfolio for 10 years now and the relationships are reasonably secure.

In relation to its clients, Poutama has an approach that sees it travelling in the regions and meeting clients personally at their place of business. Jones recalls⁷¹⁹:

A lot of the businesses that we went out and visited, we'd end up staying at their places and having kai with them. I don't think non-Māori businesses would be doing that. A lot of them became friends and still are today. A lot of the times when we travel, we'll go and stay with them. If we don't and they heard that we were in the region, we'd be in trouble.

Poutama employs what they describe as industry cluster groups in which businesses form a cluster or a rōpū (group) to collaborate with one another around common interests. This is another form of whanaungatanga and a way in which many Māori businesses like to operate, as they can share and learn from one another. The Waiū Dairy venture started off as a cluster that resulted in the building of a dairy company in Kawerau which is two-thirds owned by Māori organisations.

A whakapapa investment philosophy recognises the paramount importance of business relationships that exist between people extending beyond transactions into building whānau obligations. It recognises the importance of individuals being a part of a larger whole or a collective and the benefits that can be derived.

8.3.3 Mōhiotanga

Poutama describes mōhiotanga as the sharing of information, advice, ideas and experiences, essentially the whakapapa or database of information, ideas and experiences that Poutama has built up over the last 30 years to help guide the trust in its capital investment portfolio decision-making. Mistakes have been made and lessons learned that are captured at an organisational level for future generations of staff, management and trustees. These are reflected in investment policies, practices or processes.

⁷¹⁸ Arihia Tuoro, interview, Whakatane, June 2018, p.6.

⁷¹⁹ Jones, p.7.

Poutama communicates information, ideas, advice and experiences through several different forums. These might be Poutama's monthly newsletters, on client visits or via seminars that it hosts around the country. These collaborative leadership seminars have enabled Poutama to connect Māori businesses with government agencies who can provide them with support, advice and information. Earlier I discussed the CL2IMB workshops which advance collaborative leadership to inspire Māori businesses.

Theories of whakapapa advocate that knowledge or mātauranga is a taonga that needs to be protected, maintained, nurtured and developed by current generations for themselves and for future generations. This knowledge is a taonga, it is tapu and must be treated with care and respect. It can be used to guide current generations in developing behaviours that enhance the well-being of Māori and which equip Māori to tackle future challenges and forge new pathways into the future.

Having discussed the values that Poutama promotes and their whakapapa characteristics, I now discuss the key themes that emerged from the case study interviews.

8.3.4 Culture or Economics

This theme emerged as a result of a perceived absence of the consideration or influence of tikanga elements on Poutama's capital investment portfolio decision-making and the prioritisation of financial and economic elements. As a Māori way of thinking about investing, a whakapapa investment philosophy acknowledges that these elements of culture and economics are connected, and at various points in time, one will have ascendancy over the other. Within Poutama over the last 30 years the financial and economic elements have been more influential than the cultural elements. The demand for Poutama's investment support from Māori businesses is significant and exceeds the resources that it has available. This places pressure on Poutama to optimise its returns from its capital investment portfolio so it can provide more funding to Māori businesses. However, there are social, environmental and political elements that are competing for priority and influence in Poutama's investment decision-making. The tikanga of utu (reciprocity to maintain balance) is constantly at work in the minds of decision-makers assessing the competing needs of these elements.

In relation to the day-to-day operations of the trust, its tikanga of whanaungatanga, mōhiotanga and rangatiratanga, manifest themselves through internal processes, policies, practices and behaviours. Whanaungatanga (management of relationships) is reflected through meetings held with existing and

potential clients, preferably in person at their place of business rather than being done via phone or skype or zoom. Jones states⁷²⁰:

Tom and I did a lot of time on the road going out to people and they liked that. Other agencies expected people to come and see them, and yet we were going out to see them and spending time with them, getting to understand their business, their challenges and issues. I suppose that's where tikanga operates in a pure sense and the connection is what people value and liked about us. That's what we built and that was our mantra, we had kanohi-ki-te-kanohi; that's how we serve you. That was our tikanga, doing it that way with people. A lot of the businesses that we went out and saw, we'd end up being invited to stay with them at their homes and have kai with them, rather than staying in motels or hotels. I don't think other organisations would be doing that.

So, whilst there are practices within the day-to-day operations of the trust that manifest tikanga, there are fewer examples of tikanga being applied or considered within the capital investment portfolio decision-making process. Since Poutama's establishment, the investment of its capital has largely been dictated by financial and economic considerations. Tuoro states⁷²¹:

I don't think we apply tikanga to the sharp end of investment with our capital other than that we ensure that we can retain and maintain the relationships with fund managers; we do the whanaungatanga at that end.

Whilst it appears that tikanga is used by staff in their daily operations and interactions with clients, it does not appear as if it is being considered in its capital investment portfolio decision-making. Tuoro talks about whanaungatanga and relationships⁷²²:

The Western world's model of how you're going to look for a good idea is do the due diligence, do all the number crunching – I forget the list – but it's all that there. Whereas the Māori worldview is whanaungatanga first, relationships, who do we like, how can I trust you to even get into a conversation with doing business.

Jones talks about the importance of preserving and growing the capital of the trust and likens it to the tikanga of kaitiakitanga⁷²³:

⁷²⁰ *ibid.*, p.6.

⁷²¹ Tuoro, p.4.

⁷²² *ibid.*, p.4.

⁷²³ Jones, p.8.

First and foremost, the capital investments are our lifeblood, that's what sustains us and keeps us going. So, Poutama has been focused on managing, maintaining, nurturing and protecting those investments in the sense that this is what we use to help other people. All the work we do around the guardianship or kaitiakitanga of those investments is for the benefit of others, and I think that's how we all look at it. I think the tikanga of kaitiakitanga is strong. That's what I feel that we are, we're kaitiaki in that sense that we've got to guard; we're guardians, we've got to nurture, we've got a mission that we've got to deliver on.

The process of rebalancing cultural and financial and economic elements with the other elements is utu or reciprocity and is a tikanga that influences each case study in their investment decision-making. A whakapapa investment philosophy acknowledges that achieving balance between the elements is aspirational.

8.3.5 Can never walk away from these decisions

The trustees are mindful of the long-term impacts their capital portfolio investment decisions can have on the operations of the trust and on the future generations of aspiring Māori business owners. There is a belief in Poutama that one can never walk away from these decisions and this theme casts a cautionary influence on capital investment decision-making. These decisions form part of Poutama's capital investment whakapapa and contribute to a legacy of decisions made by preceding generations of trustees and will be handed on to future trustees. Poutama is creating and building its own whakapapa of decisions of trustees, staff and clients. Ellison compares a Māori organisation to a non-Māori organisation⁷²⁴:

But they don't have whakapapa, that's a fundamental difference. We can never walk away from what we do. No matter what we do, our aunties will judge us, and we'll be known accordingly. It's been 15 years since the fisheries settlement, and every now and then I'm on a marae down home and someone will say, 'Oh, here's the fella that lost us the fish.' To my way of thinking, we are deeply invested in everything the organisation does. It's our mana, it's our respect, it's acknowledgment of what we've got to do that we go deeply through our investment research. We could approach it in a mechanistic sense, but we choose not to and I'm very much in support of that current approach.

A whakapapa investment philosophy anticipates that some of the decision-makers will have connections and relationships to shareholders or members. Whānau will make judgements and offer

⁷²⁴ Craig Ellison, interview, Wellington, June 2018, p.13.

their advice and feedback to decision-makers, and that's okay. It reminds investment decision-makers of their kaitiakitanga, manaakitanga and whanaungatanga responsibilities to whānau, hapū and iwi. Ellison in his statement is referring to non-Māori companies and to whakapapa in its genealogical context. I suggest that there are many non-Māori companies that are privately owned by non-Māori families who do have their own whakapapa in terms of history, perhaps a company that has been handed down or been within the family for a long time.

Jones also talks about investment decisions being made with future generations of businesses in mind⁷²⁵:

I think that's what we're doing a lot around capital investment decisions. You know, we always talk about wanting to grow it, and what are we growing it for? Well, we're growing it for the future, future businesses, the next generation of businesses.

A whakapapa investment philosophy looks to the future and in this context is about investing for the future, for future Māori businesses.

8.3.6 By Māori with Māori for Māori

Poutama considers itself a Māori business organisation that works with other Māori business organisations for the development and betterment of Māori businesses. This theme is reflected in the whakapapa investment philosophy through rangatiratanga (self determination/sustainability). History shows that initiatives that originate from within the community have a better chance of success, because the support and motivation to succeed is already there. Taking kōhanga reo as an example, it was started back in the 1980s by Māori to foster te reo Māori and is still in existence today. Poutama itself originated from a Māori initiative at the Hui Taumata in 1984 at the behest of Māori and has now been in business 33 years, all the while applying self-sustainability as an underlying theme that influences its investment decision-making.

Poutama has a symbiotic relationship with its clients whereby if Poutama is successful, then its clients will be too, and if its clients are successful, then Poutama will also succeed and remain relevant. Ellison relates his own experience⁷²⁶:

⁷²⁵ Jones, p.10.

⁷²⁶ Ellison, p.9.

Well, Poutama is different to the other entities I'm tied up with because it is for Māori by Māori, and there's just a different feel around it. It should be as strong in Ngāi Tahu Seafoods but it's not quite there yet, you know, the feel around the table.

The 'different feel' to which Ellison refers could be the constructive and positive Māori attitude that exists around the work that Poutama undertakes in assisting Māori business development. The people who are entering into business or running their own businesses usually have a positive can-do attitude that energises the people around them, including Poutama staff. It may also be that because Poutama is a small organisation with a simple decision-making process, it is able to respond quickly once provided with all the relevant information for an application.

8.3.7 Helping build futures

The work Poutama undertakes to optimise the income and capital appreciation of the capital investment portfolio is motivated and predicated upon the objective or goal to provide business investment to as many Māori businesses as possible, to assist them in achieving their objectives and/or goals. Within a whakapapa investment philosophy, this theme of helping build futures is found in both the 'present' and 'future' notions of time as per table 4 above. The ability to help Māori businesses build a future through being in business has an influence on Poutama's capital investment portfolio decision-making.

However, because of its limited resources, Poutama has to manage its capital investment portfolio programme carefully during the year. Jones states⁷²⁷:

Poutama has a different purpose I suppose from everyone else, whose reasons are probably to grow the investment and make more money. Ours is to invest back into people and their ideas, their businesses. For me it's about self-determination, it's about well-being, more than making lots of money to give to people. It's about helping people sustain themselves. But our investment portfolio, what we do in Poutama is about really protecting and growing it. Many of the businesses we dealt with weren't there to make lots of money; for many of them this was the only way they were going to get a job, to survive and to provide for their family. So, a lot of the people we were dealing with, it was more about sustaining their families or being employed or employing whānau, rather than running a business to get rich. I mean, money was obviously important, but it wasn't the key driver, it was more about having something to do and if possible, employing and getting whānau involved as well.

⁷²⁷ Jones, p.8.

Jones is suggesting that there is a connection between what Poutama earns and what it can invest in Māori businesses. Through focusing its capital investment decision-making on the financial and economic element and optimising its returns, Poutama is able to provide more funding to Māori businesses who recognise the importance of making a profit, but who also are considering cultural and social elements in their business. Whilst Poutama has largely worked with and invested in individual businesses, over the last 10 years it has directed more of its efforts to collaborative or collective initiatives to help advance Māori business development. Ellison states⁷²⁸:

The Waiū project is critical for the future of Poutama because it demonstrates that we can pull together a variety of interests both tribal and greater than tribal, and get a significant capital venture underway successfully, which is multi-tiered; we're not just putting in a dairy drying plant, we're doing the whole lot.

By 'we're doing the whole lot', Ellison is referring to Poutama initiating the collaboration; then facilitating and navigating the collective through the feasibility, proof of concept, commitment, capital raising and construction stages before the group (who became investors, as well as suppliers of milk to the plant) handed over the project to the dairy company's board of directors. The project took seven years at a cost of \$40 million from the initial concept in 2012 to 2019 when the plant began producing milk powder and butter. This was the first time that a collaborative project had made it to the finishing line, after several others had stalled or dropped away for different reasons.

Whilst the project has been successful in building the dairy company and getting it up and running, it has subsequently gone through a turbulent time financially. Several issues saw the business incur a significant loss in its first year of operation. Poutama is a 20 per cent shareholder in the business. A review carried out by the Poutama board identified a couple of major issues, the first being the absence of dairy industry expertise on the Waiū board. This situation has now been rectified with the appointment of two new directors with significant dairy expertise in plant operations and sales and marketing. One of these directors was recruited by Poutama as its representative on the board.

The second issue was around the timing of the appointment of the CEO, which should have occurred 12 months earlier when the plant was nearing completion and commissioning. Since the CEO's appointment in February 2020, the operations of the plant have improved significantly. It will take another two years for the plant to reach profitability, but the shareholders are determined for the company to succeed. Valuable lessons have been learned by all shareholders about what is required to run not just a successful dairy business, but what's needed when establishing a new business.

⁷²⁸ Craig Ellison, p.5.

From a whakapapa investment philosophy, knowledge has been gained and lessons learned that add to the investment whakapapa for all the Māori shareholders at an individual level, as well as the Waiū company itself for future reference.

8.3.8 Making a difference

Another factor that is considered by the Poutama board that motivates it to optimise its capital investment portfolio returns is to make a difference for Māori in business. In addition to investing in Māori businesses to help them establish, develop and grow, the way Poutama conducts its own business and its own longevity act as an example to its clients about how to be successful. Success in business is not a linear experience; there are ups and downs. Jones talks about the Waiū project⁷²⁹:

You know the iwi or corporates are doing well, but many of the grassroots people aren't doing well; unemployment, bad health, high jail statistics, low educational achievement. Those people are the beneficiaries of the Māori investors in Waiū Dairy. They feel an obligation, they want to invest and it's great that it'll be innovative, and it'll do wonderful things. To those people the most important thing seems to be getting jobs, trading jobs. No-one says, 'Oh, we're going to start a dairy plant that can make lots of money and head off and do this and that.' It's all about getting jobs.

The Waiū project has influenced Poutama's investment decision-making in making a difference by creating opportunities where Māori are not just dairy farmers providing milk to a dairy company, but are processing the milk, and producing milk powder, butter and other by-products such as MPC 85, which is used for making other food products. In addition to processing and manufacturing, they are also involved in distribution that is taking the goods to market. It positions Māori all the way through the value chain from Papatūānuku (mother earth) to the puku (stomach), which helps to grow business knowledge and expertise.

Ellison goes onto discuss the niche market that Poutama has carved out for itself and the unique role it plays in the Māori economic development space⁷³⁰:

So, when doing my due diligence on Poutama before joining the board, I saw it as a vehicle that was chronically underfunded but still able to make a difference. There was a big gap in the New Zealand enabling economy that Poutama slotted nicely into. It was lean, it was quick,

⁷²⁹ Jones, p.9.

⁷³⁰ Ellison, p.3.

and it was absolutely Māori focused. They were big contrasts with New Zealand Trade and Enterprise's operations that were huge, pale and not very agile.

8.3.9 Tensions – at the boardroom table.

An important element that influences investment decision-making within Poutama is the diversity of thought amongst the board members themselves and between the board and management. At times, this diversity of thought can create tensions. Diversity of thought is reflected in the whakapapa investment philosophy in both the present and future notions of time where it influences investment decision-makers to anticipate challenges and imagine new pathways into the future. Reynolds argues that having multiple views on issues and solutions results in a more thoughtful and robust decision-making process⁷³¹. He posits that having a board with a broad range of perspectives will assist board effectiveness, will assist with addressing complex issues and create an environment of collaborative tension. Tuoro states⁷³²:

I'd like to think I bring to the table the opportunity to create debate. I don't like feeling comfortable, I don't like feeling groupthink, and sometimes that might happen. I like to feel a little bit of creative tension at a governance table; I think that's healthy and keeps us on our toes.

Tensions or sensitivities can develop within Poutama around tikanga and te reo when trustees and staff feel they do not have enough knowledge or expertise in this area. The discussion is ongoing around which tikanga to use and how to reflect it more deliberately in decision-making for the capital investment portfolio. Carwyn Jones describes broad tensions around tikanga as 'renewal', where tikanga is reinvigorated so that it remains relevant⁷³³. Richard Jones describes tension in relation to tikanga and mātauranga Māori amongst staff and board members⁷³⁴:

I think the only tension is we're shy, and we don't want to appear as if we don't know something about tikanga when we feel that we should. I think that's the main one, it's also a lack of confidence in being able to express ourselves in te reo Māori.

⁷³¹ Russell Reynolds Associates, *Different is Better: Why Diversity Matters in the Boardroom*, New York, Russell Reynolds & Associates, 2009, p.5.

⁷³² Tuoro, p.3.

⁷³³ Carwyn Jones, p.138.

⁷³⁴ Jones, p.15.

In the other two case studies, tensions or sensitivities around tikanga and te reo do not appear to be an issue. A reason for this may be the different context in that both Ngāti Whātua Ōrākei and Wakatū, as an iwi and a Māori incorporation, are able to call upon their members for support.

8.3.10 Tikanga in Action

As mentioned previously, tikanga is not explicitly referenced in any of Poutama's foundation documents, but there is reference in the SIPO to environmental, social and governance (ESG) considerations in the investment decision-making process. Essentially, investments are excluded in companies whose principal business is in alcohol, armaments, extraction and processing of fossil fuels, prostitution or pornography, tobacco and gambling, and gaming. It also favours investment in renewable energies and sustainable forestry. A whakapapa investment philosophy includes consideration of environmental and social elements. I suggest that Māori want to behave according to their values and their tikanga, and where tikanga is not explicitly mentioned in the trust's policies and practices, it does not mean that it is not being used or practised.

In June and December of each year, Poutama's investment consultant conducts a survey of the various fund managers that Poutama invests with to ascertain whether their funds currently have stakes in any of the above excluded industries. How securities are defined, say in tobacco or fossil fuel companies, is a highly subjective concept and there are various classification schemes. The investment consultant chooses a definition using the Global Investment Classification Standard (GICS), by which analysts from credit-rating agencies MSCI and Standard and Poor's periodically classify companies, based on what they believe is the 'principal business'. This was deemed acceptable by the Poutama board.

So, within the ESG policy whereby Poutama has decided not to invest in certain businesses, several tikanga manifest themselves. Consideration of manaakitanga responsibilities of the physical and mental health and well-being of Māori people can be evidenced through the deliberate decision not to invest in tobacco, gambling, gaming, prostitution, pornography or alcohol companies; and consideration of kaitiakitanga responsibilities to the whenua is seen in deciding not to invest in businesses that extract and process fossil fuels, and to correspondingly looking for opportunities to invest in businesses that are involved in sustainable forestry and renewable energies. Tuoro states⁷³⁵:

In terms of tikanga around capital investment, we have some unwritten policies about where we won't invest or what we don't want to see our money invested in; although I don't think

⁷³⁵ Tuoro, p.11.

we've made that explicit from a Māori worldview. So, would we invest in cigarettes or casinos or gambling, all that sort of stuff? I think we'd be horrified if we found one of our fund managers in that space.

Tuoro's comment relates back to her earlier remarks about tikanga not being explicitly referred to in Poutama's documents, and that she perhaps now feels the need for that to be done. Whilst Poutama does have industries in which it will not invest, the reasons for doing so were not necessarily from a tikanga or Māori worldview perspective, but rather from the standpoint that investments would not be made in industries that are harmful to Māori.

Tuoro goes on to discuss Poutama's first-ever direct capital investment as a shareholder into a Māori business and tikanga related to the ultimate decision to go forward with it⁷³⁶:

Our first direct investment in a commercial venture was with the Waiū Dairy project and was a huge leap and I did feel that's what got me excited. If I translate that into Māori terms, it's certainly rangatiratanga in terms of those collaborations that we've led. I remember saying, if we're true to this we need to be the first ones to put the money on the table, and that was rangatiratanga to me. So, okay, call it leadership, but I'm in. And then the money came from the others.

Tuoro's use of rangatiratanga in that context was around providing leadership and enabling a pathway towards self-determination. It was the first time that Poutama had made an investment where cultural and social elements had achieved a level of utu (balance) with financial and economic elements.

Additionally, to the tikanga of rangatiratanga in the Waiū dairy project, consideration was given to the social benefits that would accrue to the township of Kawerau. It was a community that had experienced extremely tough times since the largest employer in the town, Tasman Pulp and Paper, started scaling back its business as demand for its product declined worldwide⁷³⁷. The Waiū project would create approximately 45 new jobs and would bring millions of dollars into the community through employment and associated support services industries for the dairy plant. Waiū Dairy is located on the main road into Kawerau opposite the Tasman Pulp and Paper Mill. It is a visible whakapapa investment and the mana (pride) that these Māori organisations feel was on display when the plant was commissioned in May 2019 as seen in the photo at figure 6. Those present at the opening were Kaumātua and Kuia from each of the shareholder organisations, whānau and hapū and iwi from

⁷³⁶ *ibid.*, p.12.

⁷³⁷ Helen McNeil, *A Striking Truth*, Auckland, Cloud Ink Press Limited, 2016.

around the region, some who were investors and some who had decided not to invest, employees, contractors, builders, engineers, local government representatives, Māori politicians, schools. It was a celebration by the community of an initiative that had not been imagined previously.

Figure 6 – Waiū Dairy Plant Commissioning – June 2019



8.3.11 Alignment of values

As the Māori asset base has grown over the last 20 years to a figure in excess of \$50 billion today, all of the major retail banks, accounting firms and law firms have developed Māori teams comprised of Māori professionals to attract and service Māori businesses. There are benefits for Māori businesses in dealing with reputable and capable organisations, but what is perhaps more important is that there are Māori in these teams who understand Māori culture and how Māori prefer to do business. The development of these teams when viewed through a whakapapa lens, would suggest that these services businesses referred to above are attempting to build whakapapa links for Māori businesses that connect to and with each other.

For Poutama, developing a personal relationship comes first to establish whether there is an alignment of values that would enable a business relationship to form. Ellison discusses Poutama's approach in respect of fund managers⁷³⁸:

We never use an investment agent that we haven't met face-to-face during the courting period, and I think that's very important. It's something that few people do, so that's one overt demonstration of our willingness to look people in the eye and say, 'Can I trust this guy or not?' Having a regular interaction with our agents, ideally face-to-face or in person, is good. We've looked relatively deeply into where they invest and the style of investments they make. So, I think we do put our values front and centre before we make the investment, and that's a big hurdle that those people have got to get over to get our trust, and I think that's good.

Poutama has a small number of other clusters in train that are similar to the Waiū dairy project, such as the Mihi group, which is investigating growing hemp and producing a variety of different products. There is also a food and beverages cluster, a red meat cluster, an IT cluster and a tourism cluster. Each of these clusters are at different stages of development, but whanaungatanga or getting to know one another and developing trust within the cluster, is one of the main objectives. For Poutama, alignment of values is fundamental whether working with clusters, fund managers or individual businesses. Within a whakapapa investment philosophy, for Poutama, sharing similar values has resulted in long-term mutually beneficial relationships. It is therefore important to take time to try and develop a relationship first before progressing to doing business together.

8.3.12 It does not have to be one or the other

The elements that Poutama considers either deliberately or intuitively when making investment decisions include both Māori and non-Māori elements that reflect what for the trust are the best of both worlds. Dr Deidre Brown in her PhD on Morehu Architecture states that⁷³⁹:

Appropriation of Western elements was not a sign of assimilation but rather a strengthening of culture against colonisation.

Whilst Brown's comment is made with Architecture in mind, it has application to other professions. A contemporary example of Brown's statement is the use of technology to help revitalise te reo. Te Wānanga o Raukawa (a Māori tertiary education provider) uses technology to deliver online te reo courses to an audience who cannot attend in person. Poutama uses technology to enable businesses

⁷³⁸ Ellison, p.3.

⁷³⁹ Deidre Brown, 'Morehu Architecture', unpublished PhD. (Architecture) thesis, University of Auckland, 1997.

to apply online for investment funding as well as developing fun cartoons that guide people through the application process. Poutama has the ability to influence change, whether it be through its capital investments or its investment into Māori businesses. That change can be financial and economic, cultural, environmental or social and can be achieved by altering the application criteria to encourage or influence innovations in a particular industry, job creation, collaboration, climate change, or use of online technology to enable continued trading during COVID-19 lockdown levels. Ellison states⁷⁴⁰:

I think the process will become more sophisticated, but I think we need to be cognisant of not only commercial concerns but how we can effect social change. Certainly, respect for the environment and what we do, how we do it; all those things I think are becoming increasingly important. If it was just about making money, then you could just tip the money into an investment fund or whatever and just walk away. To my way of thinking, we are deeply invested in everything the organisation does. It's our mana, it's our respect, it's acknowledgment of what we've got to do that we go deeply through it.

Tuoro adds⁷⁴¹:

I think we could sit in our Māori space keeping it a Māori space and making our decisions from that Māori space. But so many of us have been trained in best practice, and you can't help bouncing back to that. But it's not an either-or situation. I think it's about having the confidence to apply the appropriate tikanga at the right time and in the right place.

Having discussed elements that Poutama considers in its investment decision-making, I now turn to discuss the decision-makers who are the board.

8.3.13 Board Composition

The final investment decisions are made by Poutama's board of trustees. Therefore, when understanding the criteria that a Māori investment organisation considers in its investment decision-making, an important component in the process is the board itself⁷⁴². As discussed earlier, the literature suggests that board composition is a direct contributor to effective board and company performance⁷⁴³, although there does not appear to be clear consensus as to which demographic

⁷⁴⁰ Ellison, p.15.

⁷⁴¹ Tuoro, June 2018.

⁷⁴² Loop and Ward, p.1.

⁷⁴³ Zahra and Pearce, p.309; Kazgi and Guha, p.39.

characteristics of board composition leads to which performance outcomes⁷⁴⁴. These demographic characteristics were discussed in detail in the decision-making chapter, and I discuss them in relation to the Poutama board composition:

- Gender
- Age
- Tenure
- Ethnicity
- Skills and experience
- Diversity of thought
- Independents

8.3.13.1 Gender

Poutama's trust deed provides for up to five trustees, of whom three are currently women and two are men. Research in this area suggests that greater diversity augments board effectiveness, that there is a positive correlation between gender diversity and financial performance, and that institutional investors are demanding greater diversity⁷⁴⁵. At 60 per cent, Poutama's ratio of women trustees to men is significantly higher than the 14 per cent national average in a New Zealand 2017 report on the number of women directors on boards of New Zealand listed companies.

8.3.13.2 Age

In terms of age diversity, at the time of writing this chapter, four of the Poutama trustees were over the age of 50, and one below. The literature suggests that younger directors have a higher risk appetite and are more likely to drive strategic change. Whilst older directors are more risk averse and their companies are less likely to enter bankruptcy. However, Johnson et al posit that the research relating to the impact of age diversity on board effectiveness is inconclusive because age serves as a proxy for both experience and risk aversion⁷⁴⁶. However, greater age diversity on a board was associated with higher firm valuations⁷⁴⁷.

⁷⁴⁴ Forbes and Milliken, p.490.

⁷⁴⁵ Balasubramanian and Mohanty, p.1.

⁷⁴⁶ Johnson et al, p.238.

⁷⁴⁷ *ibid.*, p. 238.

8.3.13.3 Tenure

Diversity of tenure on the board can also have an influence on board effectiveness. Lawrence suggests that as an individual's tenure increases, so too does their communication within the board⁷⁴⁸. Two of the five trustees had been in place for 10 years, one trustee had been on the board for three, and two new trustees had recently joined, in August 2020. With three relatively new board members, the literature would suggest that there currently should be frequent communication amongst the board.

8.3.13.4 Ethnicity

All the trustees are Māori and whakapapa to Whakatōhea, Ngāi Tai, Tainui, Ngāti Awa, Te Arawa, Ngāti Mutunga and Kai Tahu. As Poutama is a Māori business development trust, having Māori people on the board is representative of its client base. Having Māori people on the board is essential because they understand the context, history and aspirations of their clients as Māori. The board could cope with a non-Māori member if a majority of Māori trustees was maintained. The trustees are Māori who have good governance skills and experience and who are also active within their iwi organisations. But they also need to have the necessary skills, knowledge and experience that will best benefit the organisation and its mission, which is to develop and grow Māori enterprises. Because Poutama is pan-Māori, having a good geographical spread and tribal mix on the board adds to board diversity. This is something that Pākehā may not consider or see. Carter et al refer to the Harvard project on American Indian Economic development which found that tribal decision-makers are likely to make better choices about the future development of the tribal group.⁷⁴⁹

8.3.13.5 Skills and Experience

Each of the trustees has in excess of 10 years governance experience with both Māori and non-Māori commercial businesses as well as experience and knowledge of working with and for iwi and hapū organisations. The diversity of governance experience and industry knowledge of board members is beneficial to Poutama's work in that it receives applications from a wide range of industries of which the board, as a collective, will have some knowledge.

⁷⁴⁸ Lawrence, p.12.

⁷⁴⁹ Carter et al, p.15.

8.4 Non-Whakapapa Elements that influence capital investment portfolio decisions

8.4.1 Quantitative Elements – SIPO

Poutama has investment policies and frameworks that outline various criteria that must be considered in its investment decision-making process. The SIPO contains investment beliefs that have been developed by the investment consultant. They are as follows:

- higher returns are associated with greater risk;
- prudent diversification within an investment portfolio may reduce volatility;
- asset allocation is important and is a major determinant of portfolio returns;
- active management may return a premium over time, but requires skill and luck;
- markets have a strong behavioural element;
- historical performance should not be extrapolated into the future; and
- environmental, social and governance issues must be considered.

There are a number of quantitative measures that Poutama considers in its investment process:

- return on investment (ROI);
- internal rates of return (IRR);
- revenue growth;
- asset growth; and
- foreign exchange guidelines.

Poutama's policy on commercial or direct investments is largely quantitative in terms of the various elements that need to be considered and discussed before a final decision is made. The elements are:

- understanding the likely future of the business and not relying on past performance;
- understanding the cash-flows as indicators of economic reality;
- consideration of acceptable levels of risk-and-reward returns;
- estimation of the value of money over time; in other words, to ensure a dollar invested today will be worth more in one year's time than its current value;
- consideration of the next best alternative to the investment on offer;
- high-quality information about the potential investment is critical but can be difficult and expensive to access;
- the potential to reduce risk through asset diversification should be an important consideration.

As evidenced above, Poutama's investment approach includes a number of elements that it shares with non-Māori investment organisations and are underpinned by values described in the investment chapter, as being objective, quantitative, efficient, productive, logical and reasonable. Whilst most of the factors listed above are financially and economically focused, tikanga can still yield some influence by tempering the maximisation of these numbers for cultural, social and environmental reasons.

8.5 Common Themes and Difference Across the three Case studies

A whakapapa investment philosophy table was developed for each case study that included their tikanga as well as social, political, environmental and financial and economic elements. In each case, additional elements not previously identified but which emerged from participant interviews were discussed and classified as whakapapa elements that influenced their investment decisions. I reiterate briefly these additional elements that were similar across all three cases and one unique element to Poutama.

8.5.1 Historical Influences

Awareness by the participants (as decision makers) of their peoples' historical struggles and the lessons learned enabled them to make sense of their present situation. Some of the stories, narratives and lessons learned have been captured and recorded in archives or incorporated into the organisation's tikanga through policies, processes, or practices. As an example, Wakatū assumed control of their remaining leasehold lands (some having been sold) in 1977 and instituted a land corpus policy when the incorporation was established. This policy is law within Wakatū according to Johnston and will always be maintained⁷⁵⁰.

This first component of the whakapapa investment philosophy looked to the past and enabled decision-makers to connect with and access the investment wisdom of their ancestors. Knowledge about how resources were used, what constituted an investment, how people benefited from those investments, the value of historical relationships. Learnings from past endeavours provided motivation for a positive, prosperous, and enduring future.

8.5.2 Whānau influence

Participants asked themselves before making an investment, what would their members or owners think about the investment? In the minds of the decision-makers, the members or owners included past generations as well as current generations. When this was discussed by participants in the

⁷⁵⁰ Johnston, p.11.

interview, images came to mind of Koroua and Kuia, Aunties and Uncles, and the room filling with the wairua (spiritual presence) and whakaaro (thinking) of past and current generations.

Interviewees also discussed a series of interactions with their people through surveys and consultation hui conducted by both organisations when reviewing and developing long-term strategic plans. This enabled them to engage with their people to understand their thinking, needs and priorities. This was akin to the value of whanaungatanga and fell under the third component of the whakapapa investment philosophy that seeks to develop behaviours that ensure the long-term survival of the people. Relationships and their importance are recognised in maintaining social cohesiveness within the whānau, hapū and iwi. The feedback from surveys and hui were incorporated into inter-generational long-term strategic planning which for Ngāti Whātua Ōrākei was the next 30 years, and for Wakatū the next 500 years.

This element reinforced the communal and collective nature of Māori and the recognition by leaders and decision-makers of these 3 cases that they were accountable to their people and that ultimate power, authority and decision-making resided with their people.

8.5.3 Continued Existence

The detrimental impacts of colonisation on the economies and societies of Ngāti Whātua Ōrākei and Wakatū incorporation highlighted the importance of this element and its influence on investing that ensures the continued existence and survival of the people. Ngāti Whātua Ōrākei and Wakatū developed long-term inter-generational plans that built a sustainable financial and economic base which allowed them to invest in the well-being of their people by providing social and cultural support. Reacquired customary and ancestral lands in Auckland also enabled Ngāti Whātua Ōrākei to reassert its identity and mana whenua that ensure its continuing existence.

Colonisation impacted financial and economic development for all Māori, which was essentially acknowledged by the Crown in 1988 when they established Poutama trust to assist Māori economic development for small to medium enterprises. This element was influential in Poutama's investment decision-making for two reasons. The first reason was that it ensured Poutama's continued assistance to Māori businesses over the last 32 years. The second reason was that it ensured Poutama's own continuing existence, sustainability and self-determination. This element relates to the third component of the whakapapa investment philosophy of developing behaviours that ensure continued existence or long-term survival.

8.5.4 Wealth Provides Choice

Generating and accumulating financial wealth was considered a priority by each organisation because it enabled them to pay financial dividends to owners, finance the development of social and cultural wealth, and provide financial assistance for Māori businesses. Two problems associated with this approach were the time it took to generate and accumulate financial wealth, and how much was enough before they could afford to finance social and cultural activities.

In Ngāti Whātua Ōrākei's case, its property assets in central Auckland, its treaty settlement and the capacity and capability of its decision-makers in its investment entity enabled it to accumulate significant wealth of \$1.2 billion over a relatively short period of 20 years. Its rapid accumulation of financial and economic wealth also enabled it to provide a range of social and financial services to its people much sooner than most other iwi are able to. In the case of Wakatū, it accumulated its financial wealth of \$350 million over a 40-year period but has not yet moved to provide social services or benefits to its owners apart from educational grants. For Poutama its focus on generating financial and economic wealth enables it to provide more funding for Māori economic development. This element comes under the third component of the whakapapa investment philosophy that seeks to develop behaviours that provide an element of control, choice and which assist long-term survival and continued existence.

8.5.5 Doing the Right Thing

Each organisation had selected, defined, and interpreted their tikanga according to their context and had applied and implemented it into the daily operations of their organisations. These tikanga were aspirational and manifested themselves in the form of actions, policies, practices, and processes that sought to develop ethical and principled behaviours. Doing the right thing aligns with the third component of the whakapapa investment philosophy.

The participants felt that when applying tikanga in their investment decision-making, it enabled them to make long-term inter-generational decisions. It also encouraged consideration of social and cultural benefits of an investment alongside the economic and financial benefits. They found that this resulted in investments that provided social and cultural benefits for their people as well as financial and economic returns. Deriving additional benefits from an investment elicited positive feelings that they were making principled decisions that were making a positive contribution towards alleviating the social disparities that Māori society is experiencing.

8.5.6 Collaboration

Māori have always recognised the importance and value of political and economic relationships with others whether they be Māori or non-Māori. Each of the organisations has been involved in a series of business and investment collaborations with Māori and non-Māori organisations that provided opportunities they would not have been able to undertake on their own, perhaps because of the risks involved, or the capital required, or a lack of experience and knowledge of the industry. Each of the organisations recognised the opportunities and benefits that accrued from being involved in collaborations. Collaborations were an important influence on investment decisions and relate to the third and fourth components of a whakapapa investment philosophy that develop behaviours for long-term survival as well as imagining new pathways to the future.

8.5.7 Creating a new normal

Each organisation sought to create a future for their people that looked quite different from a recent past that had seen Māori society and its economy devastated by the impact of colonisation. A new normal is defined as the state to which a society settles after a crisis. For Māori that crisis was colonisation and failure of the Crown to honour its treaty obligations. The treaty settlement process has enabled iwi to employ their settlement assets to slowly rebuild the social, cultural, political and financial and economic foundations with an ultimate objective of enhancing the well-being of current and future generations. A new normal is aspirational for each organisation, and is a place where their people are healthy, are living in healthy homes, are employed, are achieving educationally, are speaking or learning te reo and are engaging with their culture. A whakapapa investment philosophy is inherently future focussed on the next iteration of the whakapapa, so it implores decision-makers to be forward-looking, to anticipate challenges and risks to existing assets and to imagine and consider new forms of investment into the future to safeguard the future of their children and their children's children.

8.5.8 Specific element peculiar to Poutama Trust - enabling futures through business

Poutama viewed its initial opportunity with Māori business as a provider of funding that would help buy equipment, and educate and upskill Māori business owners to further build and develop their businesses. But the long-term opportunity for Poutama was enabling Māori business owners to build a future for themselves and their whānau by gaining control over their own destiny or rangatiratanga. Whilst Poutama provided funding for businesses, what it was essentially doing was investing in the tangata whenua business owners. Therefore Poutama's business was essentially about investing in Māori people through the medium of business. Enabling futures through business, influences and

motivates Poutama to optimise the financial returns on its capital investment portfolio. This important element lies with the fourth component of a whakapapa investment philosophy that imagines new pathways to the future.

I observe that whilst Wakatū and Ngāti Whātua Ōrākei invest their resources to be able to provide a better future for their people through distributions (in the form of dividends), services or benefits. Neither organisation currently offers programmes that could assist or support members and owners into either establishing businesses, or further developing and growing existing businesses independently owned and operated by their members and owners. There are not many if any Māori organisations whether they be iwi or hapū or whānau based that provide assistance for establishing businesses, or for growing and developing existing businesses. A whakapapa investment philosophy would implore decision-makers to envisage new pathways into the future for their people by empowering and enabling their people into business and thereby also providing the opportunity to increase whānau and hapū economic development.

8.6 Summary

The first section of this chapter discussed some of the more important aspects of Poutama's history to provide context around how and why it was established, how and why they view the world as they do and the influence those aspects have on their investment decision-making.

The second section of the chapter discussed the whakapapa elements and the non-whakapapa elements that influence Poutama's investment decision-making. The non-whakapapa elements were those that focus on the quantitative, financial and economic elements. These were sourced from Poutama's constitutional and policy documents as well as the case study interviews. The whakapapa elements were discussed, a combination of the key themes that emerged from the case study interviews as well as Poutama's three values of rangatiratanga, mōhiotanga and whanaungatanga.

In this chapter I have suggested that the elements that influence Poutama's investment decision-making are unique to its business purpose and context as a Māori business development trust that was established as a Treaty mechanism. The elements that influence Poutama's investment decision-making are a combination of non-whakapapa elements that are essentially quantitative measures and whakapapa elements that are a combination of their tikanga and the themes that emerged from the case study interviews.

For Poutama, an outcome of its investment decision-making is a unique investment philosophy that caters for its particular requirements. It is creating its own investment philosophy that seeks to be

more inclusive of social and cultural factors alongside environmental and financial or economic factors.

I concluded this chapter with a discussion of the common elements and themes that emerged across all three case studies that influence their investment decision-making. Mikaere's whakapapa conceptual framework provided a framework that was translatable and transferable to an investment environment. Once it was translated for an investment environment, it was able to make sense of the findings for each case study, and many which were common across all three cases. Here was a framework that reflected a Māori worldview through whakapapa which was adaptable, flexible and able to be customised for an investment organisation and its environment. A whakapapa investment philosophy does not borrow from other investment models. It is a unique investment philosophy that has emerged from a Māori context and has been explored here in the case studies of three Māori investment entities representing iwi, hapū, whānau and Māori.

9 Chapter 9 - Conclusion

9.1 Personal Journey

As a member of Te Rūnanga o Ngāti Awa (Tribal Council), I have regularly attended its annual general meetings. I remember attending the annual general meeting for Ngāti Awa in 2016, when midway through the hui, a young woman stood up in the wharehau and announced that she and her three children were homeless, had been living in a car for several months, and asked what support the iwi could provide to her and her children. Here was a whānau that were struggling and imploring the iwi for help. The initial response of the iwi was awkward and reflected a situation where tensions existed between the prioritisation of social elements and financial and economic elements. The iwi facilitated immediate short-term assistance for the young woman and her whānau, but it raised a number of questions for me about how financial and economic investment could be employed contemporaneously for both social and financial and economic purposes. I questioned how I could respond as a father, brother, cousin, nephew, uncle, rūnanga member, a Māori investment professional, a member of the wānanga, a trustee of Poutama Trust, a Māori PhD candidate. These social issues affected lives and livelihoods and the responses to solve them were critically important. If the responses were inappropriate, lives could be lost and other important issues could flounder as we move into the future.

This PhD journey was motivated in large part by these social issues where Māori have been and still are disproportionately represented in a number of indicators such as poor health, child poverty, homelessness, low educational achievement, high suicide rates, high incarceration rates and high levels of inequality. Yet at the same time, Māori have been lauded in the media because of their success in growing their asset base. I decided to investigate how Māori investment organisations might help to alleviate or improve the disproportionate indicators through their investment decisions, within the context of a broader response by Māori to these social issues. Based on this PhD journey, I reached a number of conclusions in relation to tikanga Māori, investment theory, decision-making theory and the case studies that were all inter-related and formed part of a whakapapa investment philosophy that helped explain and make sense of the way Māori inherently behaved when making investment decisions.

9.2 Tikanga

In this thesis I reviewed tikanga and discussed those tikanga that each organisation promoted. There were a number of tikanga that were common to all three cases, although each case used slightly different definitions, which stemmed from the basis of their social grouping (whānau, hapū or iwi),

their history, their context and geographical location. Their tikanga were aspirational, and selected by each organisation on the basis of how they wanted their people or their organisation, or both to behave. Tikanga as values were used as a tool to guide the behaviours of the people and the organisation and usually manifested themselves in the form of actions, policies, processes, practices and methods.

The use of tikanga by Māori investment organisations in their investment decision-making is becoming more widespread which is encouraging. Examples of different tikanga models created and utilised by Māori investment organisations such as Paraninihi ki Waitotara's 'Te Ara Putanga' and Temuera Hall's 'Tahito' investment fund. The application of tikanga has proved difficult for some and their models appear to simply attach tikanga Māori labels to an existing Pākehā process or system. I suggest that tikanga may be diminished by this method, but it is a start, and as organisations experiment and trial different approaches, deeper understandings of how tikanga can influence and impact their investment decision-making will emerge and so I am encouraged. Experimenting, trialling and testing will also help to answer questions around whether tikanga possesses tools to help Māori move forward in our investment decision-making. Confidence and strength in the way that tikanga can be used will benefit investment decision-makers and the whakapapa investment philosophy.

Growing acceptance across the New Zealand business community of a Māori way of seeing things and a Māori way of doing things is occurring. A Pākehā colleague recently learned about kaitiakitanga (guardianship) as it relates to the environment. He extolled its virtues and application and indicated that he would apply the concept in all of the businesses he was associated with. Whilst this was good from an environmental perspective, Māori must be mindful that tikanga is not hijacked or abused by Pākehā for their purposes. Whilst Pākehā intentions might be well meaning, care must be taken not to allow Māori terms to be used as a veneer for a superficial change in attitude or practice, when in reality nothing changes on the ground. I have suggested that Māori investment organisations are working hard with the practical application of tikanga Māori in their investment decision-making, and I see how a non-Māori organisation would struggle practically to apply tikanga in a meaningful way because of the need to accept a Māori values base that supports Māori mana motuhake and tangata whenua. However, the intention was to focus this thesis on what Māori are thinking and doing for Māori in the investment space, with commentary on non-Māori values and practice used to clarify the Māori position.

9.3 Investment

Prior to colonisation, the form of the Māori economy was determined by Māori society, but colonisation effectively decimated Māori society, which in turn impacted the Māori economy

adversely. Subsequently, the Māori economy became dominated by non-Māori investment philosophies and non-Māori values that preferred the needs of individuals rather than the collective e.g. individual property rights. However, as Māori society gradually recovered, evidence of the growing influence of tikanga Māori in Māori economic development emerged. Investment was important and case study participants realised that if used wisely, it could generate financial and economic returns and at the same time ameliorate the social issues affecting our people. It would enable Māori investment organisations to achieve their objectives and contribute to a recovery of Māori well-being.

The discussion of tikanga Māori and investment philosophies led me to the idea of a whakapapa investment philosophy. This helped explain and make sense of the ways that Māori were inherently behaving. I tried to unpack the idea and reflect on it before attempting to repackage it in a way that took into consideration the various elements that emerged from each of the case studies. What emerged was an investment philosophy grounded in a Māori worldview that could be adapted by Māori to reflect their history, context, tikanga and aspirations. It was an attempt to articulate an investment philosophy that would support whānau and colleagues in investment decision-making roles with other organisations and allow them to think and behave as ‘Māori investors’ not as investors who happen to be Māori, because it aligns with their values system and the people they represent.

Non-Māori investment organisations generally used investment philosophies that considered investments as transactions. The focus tended to be on the financial and economic outcomes and how much money could be made. A whakapapa investment philosophy adopted a different approach that moved away from the transactional model and its focus on the individual, to accentuate instead the fundamental importance of relationships and to view investments as an ongoing consequence of these ties. A whakapapa way of thinking also required an understanding of those with whom you did business; what was their whakapapa, where did they come from, what was their history, were there historical obligations and responsibilities that should be considered?

The investment philosophies that each of the case studies used were a combination of a whakapapa investment philosophy and non-Māori investment philosophies that they believed would enable them to enhance the well-being of their people.

9.4 Decision-making

Whilst tikanga and investment theory were important fundamental components in the investment decision-making of Māori investment organisations, examining the decision-makers themselves both individually and as a collective on the board was also necessary. The whakapapa of the decision-

makers, their relationship to the investment organisation, their educational backgrounds, work experience, training and how the sum of these elements influenced their investment decisions all needed to be considered. The type of entity being used, the basis of representation for decision-makers on the board of the investment organisation, the diversity of the board itself and the style of decision-making employed by the board were also discussed.

Two of the cases in the initial stages of their existence employed a strategy to employ the best and most experienced directors or management for their organisations because they did not possess the necessary skills and experience within their own ranks. At the same time, they invested in their own people through educational scholarships and associate director or trustee governance programmes, and had them sit alongside these experienced people, watching, listening and learning. A number of their own people have now come through into leadership roles within their organisations.

Recognising the value of deep-rooted relationships with experienced directors and trustees for the long-term development of their people and organisations is a whakapapa philosophy in action. A whakapapa investment philosophy encouraged behaviours that led to decision-making that was mindful of the long-term survival of the tangata whenua. The case studies of Ngāti Whātua Ōrākei and Wakatū Incorporation demonstrated long-term decision-making through their 30-year and 500-year strategies and plans. The style of decision-making for each case study incorporated aspects of Mikaere's whakapapa theory and aspects of non-Māori decision-making styles from the rational and intuitive decision-making models.

9.5 Case Studies

The case studies indicated that tikanga had been selected to guide their people to achieve their organisational objectives, as a hapū, an incorporation and a business trust. Elements emerged from the case study interviews that suggested the organisations were inherently or intuitively adopting a whakapapa investment philosophy. Wakatū proposed a second heke (migration) to bring all their people home to reside on the whenua. They could talk like this because they believed in and supported whakapapa. Ngāti Whātua Ōrākei have developed housing on their papakāinga (ancestral land) for those people who whakapapa to the hapū.

Because the whakapapa investment philosophy emerged in the latter stages of the research, it was difficult to determine how much of the philosophy each case study had intuitively adopted. If there had been sufficient time, I would have questioned the interviewees specifically about the philosophy. The case study analysis identified a style of decision-making for each organisation that comprised aspects of a rational style, an intuitive style and a whakapapa decision-making style.

The case studies suggest that there is potential for a whakapapa investment philosophy to improve our understanding of tikanga and its application in an investment environment, and that it would enhance the social, cultural and financial and economic well-being of our people. The case studies also suggest that a whakapapa investment philosophy is in play amongst Māori investment organisations and further research will enhance an understanding of its contribution in the future.

9.6 Limitations of the Research

I was keen to interview more organisations and more people, but the PhD time limitation meant that trying to include another five to seven organisations and conducting another 15 to 18 interviews would have taken more time than was available to sit down with interviewees, transcribe recordings and undertake analysis. Upon reflection, I wondered whether the interview group should have been extended beyond board members and management to include hapū members, incorporation shareholders and trust beneficiaries, as appropriate. Their inclusion would have resonated with a whakapapa approach that recognised the importance of key connections and relationships.

As a Māori academic and an investment practitioner, I acknowledge up front that my natural leaning towards supporting kaupapa Māori meant that I was less critical of the institutions and people that I had interviewed. But it is whakapapa, a sense of whānau, personal experiences and contacts that allowed me into these spaces and which has motivated this research. A non-Māori person will not have had that whakapapa and may not have been able to gain access into these spaces. This is important, but as a practitioner and an academic, I accept that this has some limitations.

9.7 Possibilities for Future Research

A longitudinal research of an investment organisation that examined in detail, individual investments from start to finish would provide crucial data to help better understand each stage of the investment process, what elements were influential during each of those stages, and whether those elements aligned with the concept of a whakapapa investment philosophy. A process and criteria would need to be developed to monitor and measure the influence of the elements of a whakapapa philosophy in the investment decision. It would also need to measure the well-being outcomes of the investment to determine how beneficial the investment was. Research would also need to be done to identify the link between a whakapapa investment philosophy and well-being.

The whakapapa investment philosophy is a relational model as opposed to other investment philosophies which tend to be transactional models. Current organisational structures have been developed to support transactional models, and so structures would need to be reviewed to understand what challenges a whakapapa investment philosophy might present them and what

changes would need to be made to allow whakapapa to function successfully with the checks and balances needed to avoid excesses e.g. valuing whakapapa over justice or the environment.

9.8 Conclusion

I talked at the beginning of this chapter about how I might respond to the social problems that Māori are facing in my role as a son, cousin, nephew, father, Uncle, rūnanga member, hapū representative, Māori investment professional, member of Te Whare Wānanga o Awanuiārangi, trustee of Poutama Trust, and as a Māori PhD candidate. This thesis journey and theories of whakapapa suggest that viewing my various roles, as outlined sequentially above, represents a linear way of thinking and that they should all be viewed as a whole. If I adopt that view, then in the first instance I am Māori, and secondly I contribute my knowledge, experience and learnings of a lifetime to enhancing the future well-being of Māori. What might that future well-being look like? I recall the words of Sir Mason Durie when he was summing up at the 2014 Te Pae Roa conference as to what the end goal looked like. He said, it was likely to be a place where their whānau are flourishing, where their reo, tikanga, and marae are strong and vibrant, where their hapū are forward looking and globally connected, where their natural environment is regenerating, where their people are thriving as Māori, where the Māori economy is booming and where Aotearoa New Zealand constitutional arrangements have been rebalanced⁷⁵¹.

A whakapapa investment philosophy is an attempt to articulate an approach that is more than merely applying reo Māori labels to non-Māori investment philosophies and models. It is an attempt to conceptualise an investment approach that is grounded in a Māori worldview and that draws upon the full range of elements of mātauranga Māori, the experiences and learnings of our ancestors in relation to investment. These elements inform current generations when making investment decisions and implore them to anticipate challenges and imagine new pathways into the future.

This whakapapa investment philosophy suggests that it is difficult to apply a specific set of tikanga for the investment organisation that differs from those that apply to the broader organisation. A whakapapa investment philosophy recognises the connections and relationships and finds it problematical where the values may differ between the governing parent organisation and its investment organisation.

My hope is that this thesis makes people pause, think, reflect and take stock of their current investment approach; to determine whether it is fit for purpose and/or to consider and explore a

⁷⁵¹ Durie, *Te Pae Roa 2040*, 2014.

whakapapa investment philosophy that offers further thoughts, ideas and suggestions about how they might approach investment. It suggests for Māori investment organisations, a Māori way of thinking about investment that is grounded in and privileges a Māori worldview.

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