



Māori Construction Business Capability Development

Summary of Current State Analysis Report
February 2024

Summary of Report

The construction sector plays an important role in New Zealand's economy. In 2022, the construction sector employed over 290,000 New Zealanders and contributed to 7.1 per cent of New Zealand's GDP. Māori are well represented in this sector, making up 16.7 per cent of this workforce and 10.95 per cent of business owners. The growth of the sector, its workforce, and Māori businesses within it, provide a great opportunity to support wider socio-economic outcomes for Māori whānau and communities.

The Māori Construction Business Capability Development report describes the current state of Māori businesses within the construction sector and identifies potential opportunities to further support business capability development. While its focus is primarily on exploring issues of Māori-owned businesses (defined as those with ownership of at least 50% of people who have whakapapa Māori), it also includes data relating to significant employers of Māori (defined as those with at least 75% of the workforce are Māori) to provide a holistic understanding of Māori business issues across the sector.

We analysed two primary quantitative data sources to inform the insights in this report. Te Puni Kokiri's Te Matapaeroa research database into Māori business and Waihangā Ara Rau's Workforce Information Platform. We also undertook qualitative interviews with a range of Māori construction business owners and capability uplift providers to further supplement knowledge of current needs and existing support mechanisms.

We undertook a review of existing domestic and international capability uplift services and considered how they could be applied to Māori construction businesses in Aotearoa. Drawing on this data, a set of high-level insights and detailed findings have been developed. The insights serve as key understandings of present opportunities to further target and grow Māori business capability in the construction sector. These insights are:

- **Insight Statement 1 – Maximising Opportunities through Growth:** Growth in Māori-owned small to medium-sized businesses could enable increased access to opportunities within the construction sector. Despite efforts to ensure supplier diversity and adopt progressive procurement policies, there is still a considerable level of untapped potential within the construction sector for Māori businesses. More Māori Construction businesses operate within the SME space than non-Māori. Often times, larger construction projects end up with tier 1-2 companies, while smaller Māori businesses may miss out on these opportunities. Supporting Māori-owned businesses to grow, through uplifting their business capabilities, and preparing them to manage larger contracts, could maximise current opportunities and lead to a more diverse and inclusive construction sector.
- **Insight Statement 2 - Business and Financial Acumen:** Building business and financial acumen is necessary for Māori-owned small and medium-sized businesses to flourish. The required depth and breadth of these skills may differ depending on the business's stage and scale. Businesses in the start-up phase often focus on mastering core business skills before later developing good practice financial and marketing processes. In contrast, more mature businesses may need support to resolve complex issues, such as responding to environmental regulations. These diverse business needs will benefit from a bespoke approach at each level to ensure that businesses, regardless of their size, can access the right tools to build on their strengths and address areas for improvement.



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- **Insight Statement 3 - Collaborate and Grow:** Collective support is key to developing Māori construction business capability enabling the achievement of broader social and cultural outcomes. Within the construction sector, collaboration can be a powerful enabler of growth for Māori business. Creating opportunities for Māori businesses to network and collaborate can yield several benefits. Shared experiences and collective problem-solving can generate valuable insights. Establishing support networks can be immensely helpful in overcoming common challenges. Therefore, initiatives which foster a sense of community and promote cross-learning and collaboration could be significantly beneficial for the growth and development of Māori-owned businesses. There may also be benefits in collective approaches such as forming alliances between Māori SME to tender for larger scale contracts, possibly in collaboration with iwi and government agencies.

The capability needs of Māori construction businesses are diverse. The responses differed depending on whether the businesses were tier 1 or 2 versus tier 3 or 4. Medium to large scale businesses believed a strong capability focus should be responding to issues in a way that was aligned with tikanga and mātauranga Māori. Meanwhile, smaller start up businesses, where the majority of Māori construction businesses currently sit, prioritised core business fundamentals and capabilities such as pursuing opportunities, sales, and forecasting.

When considering what's important when delivering business capability services to Māori construction businesses, there are several aspects to ensure a service is accessible and appropriate.

Aspects of desired delivery include ensuring a service affirms Te Ao Māori values, identity and culture. There is a preference towards kanohi ki te kanohi delivery, however with Māori construction businesses often engaged in the active running of the business, online formats could be explored to keep people engaged. Group based workshops help build whānaungatanga between businesses whilst follow up coaching sessions could support individual business goals and aspirations. Tailored content specific to the construction industry is also preferred, with a focus on growing business fundamentals for SME.

Examples of missed partnership opportunities exist, with an interviewee discussing an example, where a tier 1 business was leading a large-scale construction project across multiple regions, and some Māori owned tier 3-4 businesses by default were excluded, not having the scale to operate across multiple regions. With most Māori-owned businesses positioned within this tier, this effectively prevents tier 3 and tier 4 Māori businesses from tendering for this work. Therefore, in order to maximise opportunities for Māori construction businesses, it is important to continue to grow the business capability of tier 3-4 suppliers to grow their businesses and build relationships with buyers and tier 1-2 suppliers.

