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**Motivations and Aspirations of  
Self-Employed Maori  
in New Zealand**

*Mark A Fox*

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Commerce Division  
PO Box 84  
Lincoln University  
CANTERBURY

Telephone No: (64) (3) 325 2811

Fax No: (64) (3) 325 3847

E-mail: [foxm@lincoln.ac.nz](mailto:foxm@lincoln.ac.nz)

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## *Abstract*

Attempts by the government of New Zealand to redress past inequities to Maori will inevitably play an important part in future economic development for Maori. While some attention has been given to economic development for Maori at the Iwi level, there has been little research at the level of the individual, for example, of self-employed Maori. Such research can potentially shed light on several issues. One such issue is, why are Maori in general and Maori women in particular, under-represented among self-employed. It is the intention of this paper to examine motives of Maori for becoming self-employed. I also discuss why Maori and non-Maori appear to have different motives in becoming self-employed.

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# 1. Introduction

Maori in New Zealand are clearly disadvantaged in a number of areas, including education, health care, home-ownership and employment status (Dalziel and Fox, 1996). With regard to employment, it has been noted that Maori are over-represented in the unemployment statistics and over-represented in some lower-paying industries (Statistics New Zealand, 1994; Manatu Maori, 1991). Also, and of interest here, Maori are less likely to be self-employed than are non-Maori. The most recent and comprehensive data on self-employment in New Zealand is in the *Census of Population and Dwellings 1996* - see Table 1. The self-employment rate for Maori was only 9.5%; compared to a significantly higher 20.0% for non-Maori. Also, Maori comprised only 5.4% of all self-employed New Zealanders. This statistic is particularly low when we consider that 10.8% of the employed persons are Maori. Looking at the self-employment rates by both ethnicity and gender, we find that non-Maori men have the highest self-employment rate (25.6%), followed by non-Maori women (13.3%), Maori men (12.0%) and Maori women (6.4%). From all this data it is apparent that if a Maori person is employed they are considerably less likely than non-Maori to be self-employed.

**Table 1**  
**Statistics on self-employed New Zealanders**

	<i>Self-employed</i>		<i>Employed Persons</i>		<i>Self-employment rates (%)</i> *
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	
Maori men	11,610	3.8	96,708	5.9	12.0
Maori women	5,097	1.7	79,656	4.9	6.4
Non-Maori men	203,070	65.9	793,305	48.6	25.6
Non-Maori women	87,897	28.6	661,152	40.5	13.3
<b>Totals</b>					
Maori	16,707	5.4	176,361	10.8	9.5
Non-Maori	290,967	94.5	1,454,460	89.2	20.0
	307,674	100.0	1,630,821	100.0	18.9

*Source:* Census of Population and Dwellings 1996

\* Self-employment rates are, for each category, the number of self-employed divided by the number of employed persons, multiplied by 100.

Given that Maori are under represented among the self-employed in New Zealand, the question arises as to why this is the case. The focus of this paper is on the motivations or

understanding of motivation is important if we are interested in developing policies to stimulate the flow of new ventures” (p.71). In the context of self-employed Maori, an investigation of their motivations in establishing their businesses may point to ways in which the imbalance between Maori and non-Maori in the area of self-employment may be remedied. Furthermore, differences in motivations may help explain the disparity in self-employment status for Maori versus non-Maori, and for men versus women. In the next section I provide an overview of the literature on why people chose to become self-employed. In section 3, the method of the study undertaken is outlined. Section 4 presents the results. Section 5 discusses these results and concludes the paper.

## **2. Literature Review**

The literature on what motivates people to become self-employed invariably distinguishes between *push* and *pull* factors. Push factors are viewed as things that a person is unhappy with in their current situation that may lead them to become self-employed. In this regard, Brockhaus (1980) found that entrepreneurs were less satisfied than a control group of transferred and promoted managers with their work, co-workers, supervision and promotion opportunity in their previous position. Hisrich and Brush (1983) in their study of 468 women entrepreneurs in 18 U.S. states found that 42% cited job frustration as a major reason for becoming involved with their current entrepreneurial ventures.

Pull factors can be viewed as things that attract people to becoming an entrepreneur. It is important to note that push and pull factors may operate together in people’s decision to become self employed. For example, Baker (1995) in a sample of 65 enterprises, divides reasons for business formation into push and pull factors. The major push factor was dissatisfaction with previous employment (mentioned by 28 per cent of respondents) and unemployment/redundancy (given by 22 per cent). The major pull factors were given as businesses opportunity (25 per cent), independence (35 per cent) and to make money (25 per cent).

Three studies examine the motives of New Zealanders to become self-employed (Hamilton, 1987 Simpson and Raumati, 1991; Shane, Kolvereid and Westhead, 1991). Hamilton (1987) looked at the motivations of three groups of business founders (those that founded businesses

in 1970/71, 1975/76 and 1980/81). He found that the major motives were “to make the most of a commercial opportunity” (cited as important by 39.8% of his sample in 1980/81) and “to give the founders their independence” (cited as important by 32.7% of founders as important in 1980/81). The only study of motivations of Maori to become self-employed was by Simpson and Raumati (1991). These researchers examined the motivations of 42 Maori women business owners - see Table 2. They found that three motivations (“independence and flexibility”, the “opportunity to be creative” and the “opportunity to earn more money”) were more-or-less equal major reasons for starting a business for Maori women.

**Table 2**  
**Motivations of Maori business women**

<i>Reason for starting business</i>	<i>No.</i>	<i>%</i>
Independence and flexibility	23	55
Opportunity to be creative through work	22	52
Opportunity to earn more money	22	52
Tired of working for someone else	14	33
To meet a particular service or need	13	31
All other	18	43

*Source: Simpson and Raumati (1991, p.26).*

The most recent study of motivations of self-employed in New Zealand is by Shane, Kolvereid and Westhead (1991). In their survey of 138 founders of new firms these researchers found that the major reasons for business formation were related to independence (“To control my own time”; “To have greater flexibility for my personal and family life”; “To have considerable freedom to adapt my own approach to work”).

In the next section of this paper I discuss the method adopted in my study:

### **3. Method**

The research method was a postal questionnaire which was sent to 210 self-employed Maori whose names were on the Maori Business Owners Database. This database was created specifically for the research undertaken. In creating the database the initial task was to identify Maori business owners. This proved to be a difficult and time-consuming task. In the first instance several government agencies were contacted that could reasonably be expected to have lists of self-employed Maori. Te Puni Kokiri (the Ministry of Maori Development) informed us that they had attempted to compile such a list, but had been unsuccessful in doing so, obtaining only 29 names in the process, which they sent to me. The Ministry of Women's Affairs provided a copy of the *Directory of Maori Women Business Owners*. The names of self-employed Maori women in this directory subsequently formed part of our database. Further names were provided by Business Development Boards and Poutama Trust (an organisation which is largely concerned with providing advice and assistance to would-be Maori business owners). Of the 210 questionnaires posted out 79 useable responses were received (33 from women and 46 from men), giving an overall response rate of 38 per cent.

### **4. Results and discussion**

#### **4.1 Principal motivations for starting a business**

The principal motivations that self-employed Maori gave for starting their businesses are shown in Table 3 (principal motivations are those rated first, or first-equal, by respondents). These motivations are compared with some data from a recent study relating to the principal motivations for self-employed New Zealanders who were not Maori (Austin, Fox and Hamilton, 1996).

From Table 3 it is clear that there are some significant differences in the proportions of self-employed Maori versus non-Maori in some motivational categories. The major motivation for both self-employed Maori and non-Maori was to make the most of a commercial opportunity. However, a significantly higher proportion of self-employed Maori (45.6%)

cited making the most of a commercial opportunity as their principal motivation; only 32.6% of non-Maori cited this motivation. Self-employed Maori were also significantly more likely than non-Maori to start their own business in order to avoid unemployment or the threat thereof; 27.8% of our Maori sample cited this motivation, compared to only 9.2% of the non-Maori sample.

**Table 3**  
**Principal motivations of self-employed New Zealanders,**  
**Maori versus non-Maori**

<i>Principal Motivation</i>	<i>Maori</i> ( <i>n</i> =79)		<i>Non-Maori</i> ( <i>n</i> =196)		<i>z-</i> <i>statistic</i>
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	
To make the most of a commercial opportunity	36	45.6	64	32.6	2.02 <sup>b</sup>
To avoid unemployment or the threat of unemployment	22	27.8	18	9.2	3.97 <sup>c</sup>
To give the founder(s) independence	18	22.8	71	36.2	-2.16 <sup>b</sup>
To escape an unfulfilling job	1	1.3	14	7.1	1.94 <sup>a</sup>
To create wealth for the founder(s)	9	11.4	37	18.9	-1.51
To formalise profit sharing among partners	1	1.3	4	2.0	-0.44
All other reasons	17	21.5	14	7.1	3.41 <sup>c</sup>

*Note:* <sup>a</sup>*p* < .10; <sup>b</sup>*p* < .05%; <sup>c</sup>*p* < .01%.

We also find that when compared to non-Maori, Maori are significantly less likely to establish their own business in order to give themselves *independence*; 22.8% of Maori cited this motivation compared to 36.2% of non-Maori. Although not a major motivation for either group, we found that - compared to non-Maori - Maori were significantly less likely to establish their own business in order to *escape an unfulfilling job*; 1.3% of our Maori sample cited this motivation, compared to 7.1 of non-Maori.

**Table 4**  
**Principal motivations of self-employed Maori men and women**

<i>Principal Motivation</i>	<i>Men</i> ( <i>n=46</i> )		<i>Women</i> ( <i>n=33</i> )		<i>z-</i> <i>statistic</i>
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>	
To make the most of a commercial opportunity	23	50.0	13	39.4	0.93
To avoid unemployment or the threat of unemployment	13	28.2	9	27.3	0.10
To create wealth for the founder(s)	6	13.0	3	9.1	0.55
To give the founder(s) independence	8	17.4	10	30.3	-1.35
All other reasons	9	19.6	10	30.3	-1.61

#### **4.2 Gender and principal motivations for business establishment**

One possible explanation for our finding that there are differences in motivations of Maori versus non-Maori lies in the composition of the samples compared. If motivation differs between self-employed men and women, then our sample of self-employed Maori, which is biased towards Maori women, may have mis-represented the motivation for self-employed Maori as a whole. Note that our sample of 79 self-employed Maori comprised 33 women (42%), whereas only 31% of total Maori self-employed are women - see Table 1.

However, if we compare self-employed Maori on the basis of gender, we find no statistically significant differences between the two groups - see Table 4. Unfortunately, we do not know the gender make-up of the non-Maori group in Table 3, so we cannot perform a similar analysis for that group. However, a previous study which looked at motivations of male versus female entrepreneurs in New Zealand, found no differences in the motivations of male versus female self-employed (Shane, Kolvereid and Westhead, 1991).

## 5. Discussion and Conclusion

This paper set out to discover whether there were differences in the motivations of Maori versus non-Maori business owners in New Zealand. We found that there were in fact significant differences. Before discussing some explanations for these findings, I shall write about the differences in motivations that we found in our sample compared to the only other study of Maori business owners, namely Simpson and Raumati's (1991) study of women business owners. From Table 4 we saw that the principal motivations of Maori women in our sample were to "make the most of a commercial opportunity" (39.4%) or to "avoid unemployment or the threat of unemployment" (27.3%). Simpson and Raumati's category "to meet a particular service or need" can be seen to be similar to our "to make the most of a commercial opportunity". It is therefore somewhat surprising that the women in our sample ranked this motivation foremost, whereas it was ranked only fifth by Simpson and Raumati's (1991) sample. Other disparities between my study and Simpson and Raumati's are apparent including their category of "independence and flexibility" (55%) and my category of "to give the founder(s) independence" (30.3%). Also, the unemployment issue did not appear at all in Simpson and Raumati's sample. These differences could be explained in one of two ways. First, they may be attributable to changes in the motivations of self-employed women over time. This seems unlikely. An earlier New Zealand study by Hamilton (1987) would suggest that rankings given individual motives to become self-employed do not change over time. The second, and I suspect more likely, explanation of the observed differences is that they are attributable to differences in sampling. Simpson and Raumati's sample may represent a more experienced group of women entering self-employment (hence their concern about self-employment as a means of providing a creative outlet and their not mentioning and their lack of concern for self-employment as a means of avoid unemployment or the threat thereof).

Now, I turn our attention to a discussion of the differences in motives between Maori and non-Maori in becoming self-employed. There are a number of perspectives that can help explain these differences and it is likely that such perspectives taken together go some way towards explaining the observed differences.

Social learning theory provides one explanation for our findings. Social learning theory proposes that one way people learn is through observing others. People are believed to observe the behaviour of others and the consequences (reinforcement) of those behaviours. Shere, Adams, Carley and Wiebe (1989) state that if the observer values the reinforcements “or recognises the positive outcomes of such behaviour, then the observer will attempt to replicate the model’s behaviour and obtain similar types of reinforcements.” (p.55). With regards to the decision to become self-employed the critical models for this choice are often parents. As Maori are under-represented among the self-employed compared to non-Maori, there will be proportionately fewer key role models in the form of parents for Maori children compared to non-Maori children. Therefore Maori children are less likely to have a key role model in the first instance. Supposing such a role model is present then we have the issues of whether or not the observer - say a Maori child - values the behaviour and sees desirable outcomes. The research we have undertaken indicates that a key value of being self-employed for non-Maori, namely independence, is not so valued by non-Maori. We saw that the key motivation for Maori to become self-employed was the commercial opportunity. In terms of valuing outcomes it is possible that two motivations of Maori to become self-employed, namely to avoid unemployment or the threat of unemployment, will not lead to positive outcomes. It is likely that a person who becomes self-employed because they do not want to stay unemployed, or because they want to avoid becoming unemployed, do not have the same educational background and skills base as those who become self-employed from a position of already being employed. Such individuals are likely to find coping with the pressures of self-employment more stressful and may experience lower personal and financial rewards from their businesses.

A cultural explanation also helps explain why the motives of Maori and non-Maori to become self-employed differ. Maori society did not evolve to focus on the individual, but on the *whanau* (extended family). Individuals did not make decisions based upon self-interest, but with reference to the *whanau*, *hapu* (sub-tribe) or *iwi* (tribe). This cultural imperative is to some extent still held by many Maori today and may help explain, why, when compared to non-Maori, there is a lower need to become self-employed in order to gain or display independence.

Recall that one finding of this study was that avoiding unemployment or the threat thereof is a greater motivator for Maori compared to non-Maori in becoming self-employed. It is likely

that the higher rate of unemployment among Maori account for this difference - see Table 5. The rate of unemployment for both Maori men and women is double that for, respectively, non-Maori men and women. It is therefore hardly surprising that Maori cite unemployment as a more important consideration in the decision to become self-employed, compared to non-Maori.

**Table 5**  
**Unemployment rates (%) for Maori and non-Maori (by gender)**

<i>Year</i>	<i>Men</i>		<i>Women</i>	
	<i>Maori</i>	<i>NZ European</i>	<i>Maori</i>	<i>NZ European</i>
1987	10.5	2.8	11.2	3.8
1988	10.7	3.4	11.1	3.6
1989	15.4	5.0	14.0	4.8
1990	18.7	5.6	17.5	5.5
1991	21.8	6.8	20.1	6.2
1992	26.9	8.7	24.4	7.3
1993	26.7	8.2	21.6	7.4
1994	24.3	7.4	21.0	6.8
1995	19.6	5.8	19.2	5.3
1996	14.6	4.6	16.7	4.6
1997	15.1	4.5	15.8	4.7

*Source: Statistics New Zealand, Labour Market 97.*

In conclusion, we have seen that Maori are under-represented among the self-employed in New Zealand. The motives for becoming self-employed also differ between Maori and non-Maori. To some extent the lower self-employment rate of Maori may well be a consequence of the cultural values placed upon being self-employed. However, a lower prevalence of role-models for young Maori may also contribute to this, as may the fact that Maori are more motivated than non-Maori to become self-employed to escape unemployment.

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