Māori shareholder and stakeholder relations: **a nuanced approach**

KPMG's Riria Te Kanawa explains how the Māori world view influences relationships with shareholders and stakeholders – and how it can also help lead the way in Aotearoa's drive for sustainable corporate outcomes.

In Western terms, being a shareholder is a very straightforward business. For Māori, it is more complex and nuanced – and sometimes downright conflicting.

Their ancestors could never have foreseen the landscape of 2018 where Māori are shareholders (both directly and indirectly) across a wide range of private businesses, land-based collectives and iwi commercial operations.

Although early Māori were renowned as vibrant traders and entrepreneurs, the modern-day notion of shareholding would be an unfamiliar construct. This is for two reasons – firstly, because it's based on the concept of ownership rather than guardianship, and secondly, because it's about an individual rather than collective right.

"In traditional culture, we had domain, or rangatiratanga, over our respective areas, but we simply didn't have a Western notion of ownership," explains Te Kanawa.

"Our society was also one where everyone had an obligation to contribute to the greater good. So the whole notion of shareholding – which implies an individual right versus a collective obligation – is at odds with that."

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THE EVOLUTION OF MĀORI SHAREHOLDING

As with most impacts of colonisation, Māori soon adapted to the new constructs of shareholding and legal ownership.

"Our people have come to see shareholding as something quite normal, particularly since the formation of the land trusts and incorporations. However, it's not been without its problems for Māori, especially in relation to land."

The imposition of a shareholding system for Māori land was particularly problematic given that genealogical links (whakapapa) and legal ownership rights are two very different things.

"The tradeability of shares has resulted in many Māori, particularly minority shareholders, no longer having a legal interest in their whenua (land). This also causes a disconnection with the spiritual or emotional connection to their whenua and whakapapa."

Te Kanawa draws a distinction between Māori land trusts and incorporations (which have existed for many years) and the more recent Treaty of Waitangi post-settlement entities, the first of which were established in the mid-90s. She says the latter entities are more culturally aligned with the collective approach to ownership.

"Every beneficiary is equal – nobody has a greater say than anyone else, and that beneficial right is not transferable or divisible. That better reflects our collective society more than private shareholding does but nevertheless is still based on an individual interest in something."

SHAREHOLDER EXPECTATIONS AROUND CULTURAL VALUES

When it comes to Māori shareholder relations, perhaps the biggest differentiator is that they can be heavily nuanced by cultural expectations. In an ideal world, Māori want to see their organisations achieve a balanced scorecard across social, cultural, financial and environmental outcomes.

However ,the reality for many Māori shareholders, says Te Kanawa, is that they are "living in a paradoxical world".

"On the one hand, we want our businesses to deliver on our cultural values ... but on the other hand, the Western notions of entitlement and the 'right' to receive a dividend have become equally familiar."

The tension arises, she says, when the two mind sets collide. It is also a socio-economic issue – as not all Māori have the freedom to insist upon cultural-value returns.

Or as Te Kanawa puts it: "If you're relying on the dividend so you can relieve the financial burden of Christmas, the environment may well have to take a back seat."

THE INTERGENERATIONAL VIEW

Culturally, taking a long-term perspective and intergenerational view is also important to Māori shareholders.

Mokopuna decisions – not just a five-year plan, but also a 500-year plan.

"We often talk about 'mokopuna decisions – those decisions we make today that will affect those who aren't born yet. The challenge now is to put in place some tangible markers that signal our short-term achievements en route to our long-term destination."

She cites Wakatū Incorporation, a Māori incorporation that has mapped out its intergenerational outcomes – not just with a five-year plan but also a 500-year plan. A large part of this is a strong investment in succession planning.

"They're building incredibly strong capability within Wakatū, with a pipeline that will continue for generations. That's a stunning example of taking what would have been short-term profit and investing it in capability development outside of the core business for the long term."

While intergenerational thinking is nothing new for Māori, Te Kanawa notes the rest of the world is starting to think this way. The head of the world's biggest investment firm, Larry Fink, wrote in his 2016 annual letter to CEOs that "today's culture of quarterly earnings hysteria is totally contrary to the long-term approach we need".

SUSTAINABILITY LEADERSHIP

Similarly, there's been a global groundswell of investor sentiment to demand greater transparency around sustainability of corporate practices.

"We're seeing the global business community really start to embrace the notions of sustainability and balance between people, planet and profit," says Te Kanawa.

"In traditional culture, we all had a duty to ensure we lived and operated in a sustainable manner – we wouldn't be here today if we didn't. That thinking is intuitive to our people. It's all we've ever known. Now the rest of the world is starting to think that way too, so this is an opportunity for us to embrace our 'Māori-ness' and really lead the way."

At a local level, changes to the NZX's non-financial reporting requirements are driving further focus on sustainable corporate practices.

"We're starting to see some non-Māori organisations use terms like kaitiakitanga [guardianship] and manaakitanga [hospitality].

"While that's an important first step of the journey, we need to look beyond the wording to ensure their practices are aligned. When advising our clients in this space, KPMG recommends measuring progress against globally- recognised frameworks as well as having independent assurance."

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