

MANAGEMENT IN NEW ZEALAND

Introduction

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The four New Zealand-specific chapters which follow should be read in the context of the contemporary social, political and business environments operating in that country.

New Zealand is relatively isolated in the South-West Pacific with the nearest land mass being Australia. It is a country far removed from the world's markets to which it exports (mainly) a variety of agricultural and horticultural products. Secondary and significant sources of income are generated by tourism and (until quite recently) education.

Whilst New Zealand is considered to be a 'developed' country with a Westminster-style democracy and therefore a country in which one would expect to find the usual processes and practices of 'western' business activity, there are a number of elements and dimensions upon which New Zealand could be said to be markedly different from countries like Australia, Canada, the United States and the United Kingdom.



CHAPTER 1	Small and medium enterprises in New Zealand
CHAPTER 2	Strategic management in New Zealand
CHAPTER 3	Working with the Treaty of Waitangi (Te Tiriti o Waitangi)
CHAPTER 4	Employment relations in New Zealand

These differences include:

- geographical isolation from main markets
- a small population (4.5 million)
- a limited range of products
- a politically-determined bi-culturalism
- a demographically determined multiculturalism
- disproportionately large public and voluntary sectors in the economy
- a disproportionately large and significant small and medium-sized enterprise population
- a tightly regulated and controlled economy based less on wealth creation and more upon wealth re-distribution.

All of these differences have significant implications for managers in New Zealand organisations. Much more research needs to be conducted to substantiate recent claims that some aspects of New Zealand businesses and New Zealand management, per se, are essentially unique and significantly different from other jurisdictions, such as to warrant separate treatment from an academic study perspective. (Devlin, 2006). The adaptation of Western generic business practices to New Zealand conditions has over time been shown to be appropriate as opposed to claiming the existence of totally new, unique, business paradigms.

In Chapter 1, Claire Massey and Robyn Walker address the phenomenon of the SME sector in New Zealand which by any measure, comprises an overwhelming proportion of micro-enterprises (less than 5 employees) as shown in Table 1.1. As a consequence, many of the more formal aspects of management with which the rest of this book deals, need to be considerably adapted to the micro-SME in New Zealand.

The point to note however, is that large numbers of micro-sized businesses **grow** and in the process of growing, create the need for more formal management by way of systems, structures and functions. This book's contents are therefore of significant value to those emerging businesses in this phase of the business life cycle.

Pertinent to what the authors have addressed, is the need to differentiate between the various roles of management and governance as the business grows. Many SMEs in New Zealand are **family** businesses and indeed some of the richest, largest and most successful New Zealand businesses are **family** businesses. Managers in the New Zealand private sector environment therefore need to be aware of the vicissitudes of small, closely-held family enterprises, as well as the dynamic nature of New Zealand's SMEs and particularly the emerging need for governance, both in thought and practice, as SMEs embark on growth cycles. Compliance costs have a significantly regressive impact on SMEs, an issue often raised with, but rarely addressed by, successive New Zealand governments. Other unique aspects of day-to-day management in SMEs such as difficulties in raising working capital, funding for growth, the use of professional advisory services, and the potential for failure, amongst others, will all impact on how well or otherwise SMEs perform.

In the chapter on strategic management (Chapter 2), Colin Campbell-Hunt reiterates the problem a small country like New Zealand has in accessing global markets from an isolated location and confirms the 'smallness' of the vast majority of New Zealand's businesses. Whilst the economic reforms of the 1980s were difficult to accept at the time, as Campbell-Hunt points out, these reforms had the effect of exposing many New Zealand firms to international forces, requiring them to find a world market or cease to trade.

He shows how a number of entrepreneurial New Zealand companies have successfully accessed global markets by using strategies he outlines in the chapter. However, the examples quoted would appear to be the exception – 1500 firms from a population of 346,000. These successes deserve to be applauded and celebrated, but clearly, New Zealand needs many more of them. The strategies provided in this chapter show how this can be done.

In Chapter 3, Diane Ruwhiu and Ron Bull provide the reader with an introduction to a unique element of the New Zealand business environment—the Treaty of Waitangi. It should be noted that issues surrounding the Treaty are open to many different interpretations, and readers should keep this in mind. There is serious disagreement in New Zealand about exactly what the English and Maori versions actually mean, especially when interpreted by modern-day scholars. For example, the State Services Commission also includes on its website an alternative modern-day (1989) translation of the

Maori version into English by I.H. Kawharu, which varies considerably from at least six earlier back translations, all of which are consistent. The Kawharu translation (which is not provided in Chapter 3) is now increasingly used by a number of organisations (including the state) as a legitimising mechanism to justify contemporary claims under the Treaty. However, this modern translation has in turn been shown to be a mistranslation, even ‘absurd’ in places (Parkinson 2005). If this sounds confusing, imagine trying to implement the Treaty in the workplace! Another serious disagreement (of huge relevance to business in New Zealand) occurs over the meaning of the word ‘taonga’ in Article One of the Treaty, which in 1820 was translated by Professor Samuel Lee of Cambridge University (with the assistance of two visiting chiefs, Hone Heke and Waikato) as ‘property obtained at the point of a spear’. But today, it has been re-interpreted to include intellectual property and other intangibles of substantial commercial value. Examples include the airways (unknown even in the West in the 1800s) and claims to all native flora and fauna in New Zealand.

Under this Treaty, the protection of certain Maori property rights would be assured and Maori would enjoy the same rights and privileges as British subjects – a rare occurrence in the early 19th Century. The Treaty today pervades most aspects of New Zealand life including placing obligations on businesses to conform to a set of undefined ‘principles’ which, it is claimed, exist within the Treaty itself. There is no agreement on exactly which principles should or should not apply. The three ‘principles’ in Table 3.1 were first mooted by the Royal Commission on Social Policy (1989) but comprise only one of many lists of principles which abound. Research by the author (Devlin 1995) identifies at least 13 agencies, organisations or individuals who claim to have identified the ‘principles’ of the Treaty. They range from two principles to 16 or more. No two lists are the same. This is but one issue which makes any application of the Treaty to business, hugely problematical.

Other research indicates that two-thirds of the New Zealand population believe the Treaty should be abolished or that greater limits need to be placed on Maori claims made under it. A mere 5.4 per cent believe the Treaty should be strengthened and given ‘the full force of law’ (Perry and Webster, 1999, pp 74–75).

Although the authors imply that the Treaty is part of New Zealand’s domestic law, in fact, it is **not** a legal document or agreement, let alone a **spiritual** covenant—a description accorded it by mainstream churches in New Zealand. (Joseph 2004; Rata 2003). While the authors attempt to situate the modern Treaty in the contemporary New Zealand business environment, with the exception of the Resource Management Act (1991) and the State Sector Act (1998) most other references to the Treaty in various legislation are in practice, often ignored.

The material provided reflects the state position on the Treaty, a recent phenomenon arrived at by re-interpreting the 1840 Treaty from a ‘presentist’ (i.e. 21st century) perspective (Oliver 2001). This re-interpretation of history is, generally, carried out by the Waitangi Tribunal which has the sole legislated right to interpret the Treaty. Only Maori may take a claim to the Tribunal. It has been variously described by former members as hopelessly biased, riddled with conflicts of interest (tribunal members can also be and have been, litigants) and producing a flawed history which might have been but was not. (Oliver 2001; Byrnes 2004).

On the positive side, the approaches outlined in Table 3.3 are of use in organisations which recognise the advantages of a diverse workforce—but that is a generic framework and is not unique to New Zealand.

Alan Geare, in his chapter on New Zealand employment relations correctly sets out the more recent shift from the adversarial approach to industrial relations (which epitomised New Zealand industry in the post World War II era) to a more inclusive ‘employer-employee’ relationship environment, reflecting, inter alia, the severe decline in New Zealand’s manufacturing industry and a corresponding increase in service-related industries such as tourism and education. Geare (1977) rightly and farsightedly for the times, predicted this change, characterised by dialogue and interaction between major stakeholders as opposed to the historical industrial warfare, between large, organised unions (which were compulsory by and large from 1936 to 1991) and large-scale industrial/manufacturing/processing entities and the public sector. Evidence of this change is the April 2007 agreement between Air New Zealand ground staff and management whereby a reduction in wages was negotiated in return for management not outsourcing the baggage handling and check-in functions to a Spanish company—a deal which would have been unthinkable prior to 1991.

Of particular note, from a New Zealand perspective, was the introduction of the Employment Contracts Act (1991), by a Centre-Right National Government which effectively emasculated the trade union movement and its replacement in 2000 by the Centre-Left Labour Governments' Employment Relations Act, which restored to some degree the traditional role of the trade union.

In many respects, of course, New Zealand's labour laws and union-management structures are not essentially different from those in other jurisdictions, except perhaps in the interesting appointment of a relatively large number of trade union officials (25 per cent at last count) to the Labour Party's list of Members of Parliament under New Zealand's MMP system. Their combined impact on New Zealand's labour laws could be considerable.

In conclusion, when reading this section, you should be aware that these chapters represent particular points of view and in fact there may be quite conflicting views that are widely held. Additional references on the Treaty of Waitangi are provided at the end of the section that will give you access to alternative views, and as in all your studies, you should read as widely as possible in order to best inform your ideas.

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