

## **Entrepreneurial engagement by support networks to encourage new venture success among Māori**

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**Abstract:** New Zealand Māori have for some years been rated among the most entrepreneurial people in the world (Frederick & Chittock, 2005), the statistics regarding business start up rates are certainly impressive, however there is some concern over the business failure rate which is almost double that of non-Māori businesses (Frederick & Chittock, 2005). Only 38% of Māori businesses make it past the 3 ½ year mark, and despite attempts to provide support to Māori entrepreneurs this has not improved. This investigation report examines literature surrounding the entrepreneurial process and support networks with the aim to identify where the support networks are currently engaging with entrepreneurs and whether the level of engagement is adequate for the requirements of Māori entrepreneurs. Eight Māori entrepreneurs around New Zealand are interviewed in order to gain some understanding regarding this issue and identify areas where the situation can be improved. The entrepreneurial process is separated into five steps, combining models created by Churchill and Lewis (1983), Greven (1995) and Deakins and Freel (1998). The key results of the research found the lack of information to be a key factor in the intention of entrepreneurs to utilise support networks in the future, the lack of information in some cases led to assumptions regarding the criteria and difficulty of the support service. The research also found that entrepreneurs found stage three of the entrepreneurial process to be the most difficult and there was an obvious lack of assistance in that stage, as most support services tend to be focussed on the first two stages in the process. The key findings as well as other smaller ones provided information where some recommendations could be made for support networks to refocus their efforts and to further enable the dissemination of information. However it is noted that further research is required with a larger and more diverse sample size in order to provide some more practical solutions as what specific support services are required by Māori entrepreneurs. What is obvious from the literature and from the interviews is that network support isn't the solution for entrepreneurs, it is a means by which entrepreneurs are able to find the support, information and solutions they require for their business success.

**Keywords:** Business, entrepreneurship, Māori

### **Introduction**

Entrepreneurial activity has been linked to economic growth. In New Zealand innovation fosters new business ideas that generate economic growth through job creation and product or service sales (Wennekers & Thurik, 1999). Entrepreneurs are also key in driving the adoption of new technologies in middle income countries, in turn assisting in bridging the gap between middle and high income countries (Frederick & Chittock, 2005).

In New Zealand, Māori have been rated the most entrepreneurial in the country, and one of the most entrepreneurial groups in the world (Frederick & Chittock, 2005). According to the Global Entrepreneurship Monitor Report about 25% of Māori reported the intention to start a new business within the next three years. While Māori represent a high proportion of start up businesses in New Zealand, only 37% of Māori entrepreneurial start ups survive 3 ½ years compared with a 62% survival rate with the general population (Frederick & Chittock, 2005).

Given these statistics it is important for Māori to learn to capitalise on this high business start up rate by reducing the rate of failure. This report aims to identify the stages of the entrepreneurial process where risk of failure is the highest for Māori entrepreneurs. This will be done through a literature review of relevant theory and interview of eight Māori entrepreneurs. The objective being to identify at what stages support networks need to be engaging with Māori entrepreneurs in order to provide support through the stages of the process deemed most difficult.

There are currently various support networks in place, both formal and informal. Formal support networks are a combination of public and private sector initiatives. Informal support networks are family, friends and associates of the entrepreneur.

Support networks have been linked to new venture success. Powell and Smith Doer (1994) explained that there are good reasons to expect that network support improves the success of newly founded businesses. Powell and Smith Doer (1994) identified a number of functions these networks perform in driving the success of new business, these included: The creation of social networks and contacts, these are important channels for gaining access to information. The information gained through social networks is often deemed to be more reliable, exclusive and current (Granovetter, 1983). Networks also provide access to resources required to start a business and in the continuation of the business (Bruderl & Preisendorfer, 1998). Network contacts also give access to customers and industry suppliers, a diverse network is important in regards to this as customers can spread information regarding the new firm through networks of their own (Bogenhold, 1989).

In New Zealand the level of support for entrepreneurs within the public arena is high, particularly for Māori information and assistance is available at both national and regional levels. Despite the range of support that is available failure rates of new business have remained high. This report will examine the reasons for this, whether there are perceived barriers to accessing these resources to Māori entrepreneurs.

## **The Entrepreneurial Process**

The Entrepreneurial process as defined by theory contains some variation. Greven (1995) suggested that the founding of a business can be defined into three phases, these are:

- Idea development
- Organising the founding of the firm
- Running a newly established firm

Though these three phases encompass primarily the time frame prior to the beginning of the business, and business failure will be within the first 3½ years, analysing these foundation stages are important as support or lack of, during these stages might very well be a predictor of new business success or failure. Deakins and Freel (1998) expand on these stages and cover more of the stages post business start up. They have identified the following stages of new business start up, but do acknowledge that it is difficult to define these stages or allocate time frames to them due to the dynamic nature of the entrepreneurial process:

- Prestart
- Early stage development
- Later Adjustment
- Development.

Churchill and Lewis (1983) defined the entrepreneurial process similar to a product life cycle by listing in turn: birth, early growth stage, maturity and decline/death. Though these theories of the entrepreneurial process differ somewhat, all have generally identified a period prior to the business start up, the actual business start up period, early growth or development, and then onto growth and further development. A combination of these three models (Table 1) forms the entrepreneurial process model used in the present interview process.

**Table 1: Entrepreneurial Process Model**

Stage One:	Birth / Idea Development/ Prestart
Stage Two:	Founding the Firm
Stage Three:	Running a newly established firm / Early growth
Stage Four:	Growth / Development
Stage Five	Decline / Death

### **Causes of new business failure**

There are a number of reasons that a new business will fail within the first 3 ½ years. Though business failure does occur in businesses of all sizes small to medium sized businesses tend to be more vulnerable. The following factors have been identified by Gaskill, Van Auken & Manning (1993) as been linked to business failure.

1. Lack of business knowledge: This is an area where support networks are important as they have been identified by Granovetter (1983) as a resource for entrepreneurs who require valid and reliable information pertaining to their business and the industry they operate in.
2. Lack of demand/sales: This is a risk with a new venture, particularly those that are first movers. There is not always a clear indication of what sales will be like. It is costly for new businesses to research into a potential market prior to entering it.
3. Lack of start up capital: The lack of funds can lead to further borrowing and increased debt. Many businesses lack the amount of capital required to sustain the business prior to realising profitability.
4. Political and Legal Barriers: New businesses are required to comply with company law and regulations. This can consume time and resources. A business failure to deal with red tape can compromise the success of their business.
5. Lack of planning: With the different stages to business it is important to realise that each stage requires a different approach.
6. Business failure will not always occur at the time of one of these factors occurring, as such it is not always easy to identify the cause of business failure, and in some instances business failure may be due to something that has already occurred prior to business failure.

## **Support Networks**

Networks are structures through which entrepreneurs gain access to information and resources necessary for business success (Aldrich & Zimmer, 1986). Support Networks utilised by entrepreneurs fall under several categories. Dana (1987) identified government support networks as a type of network support utilised by entrepreneurs. Social support networks and private sector networks have been identified by Powell and Smith Doer (1994) as a type of support network.

Ibarra (1993) identified four characteristics of personal or social networks. They are size, strength of ties, density and range. The size of the network refers to the number of relationships, density refers to the strength of those relationships, and range refers to the diversity of the network relationships. These characteristics are important to consider, for example although someone may have a larger network in terms of size, the individual relationships may be weakened due to the amount of time required to maintain those relationships, whereas someone with a smaller network may be better positioned to utilise their networks as they have been able to maintain most if not all of the relationships in their network (Low & Abrahamson, 1997).

## **Support Networks and New Venture Success**

Though there are differing categories of support networks, theorists have found that support networks in general have been identified as contributing to new venture success (Powell & Smith-Doer, 1994), there is a lack of research identifying the categories of support networks and their contribution to venture success. Studies carried out by Low and Abrahamson (1997) on the determinants of entrepreneurial success, identified entrepreneurial networks as a key determinant, they categorised the types of support required depending on the stage of the industry evolution. Low and Abrahamson (1997) have stated that at the emerging stage of industry evolution, strong ties to two or more networks are required to enable entrepreneurs to establish their organisation. At the growth stage, large diverse networks provide entrepreneurs access to the resources and information required to identify areas with high growth potential. At the mature stage, extensive strong tie contacts within the industry provide the firm with the information required to survive high levels of competition prevalent in a maturing industry. Though Low and Abrahamson (1997) made these statements in reference to the industry life cycle this can be likened to the stages in the entrepreneurial process as identified by Churchill and Lewis (1983).

Concerning the founding process, network resources, networking activities and support are heavily utilised to established new firms. Most researchers linked the use of support networks in the founding process to new venture success (Dubini & Aldrich, 1991; Powell & Smith Doer, 1994). However despite the fact that researchers seem to be in agreement regarding the link between support networks and venture success, empirical studies carried out have had trouble supporting this view (Bruderl & Preisendorfer, 1998). An empirical study carried out by Aldrich & Zimmer (1987), was unable to find convincing support for networking measures on business profitability. In an effort to explain these results Bruderl and Preisendorfer (1998) developed a network compensation hypothesis. This hypothesis states that entrepreneurs will utilise their networks in order to compensate for lacking capital in other areas, such as human or financial capital, in these instances the support networks will compensate for a deficit and as such will not create a level of success beyond other firms. This hypothesis explains why many empirical studies have failed to find positive effects of support networks on firm performance.

## **Networks assist in the creation of an entrepreneurial environment**

The term ‘entrepreneurial environment’ refers to a number of factors that contribute to the development of entrepreneurial activity. Research that has been carried out regarding the entrepreneurial environment of other countries show that in order to foster an entrepreneurial environment the government has kept rules and regulations to a minimum. They have offered financial incentives in terms of tax and other incentives. Governments have also provided training and services to new businesses (Dana, 1987). It is this bundle of policies and resources that contribute to the overall entrepreneurial environment. The agreement among researchers seems to be that the more conducive the environment is to new business, the more likely the new businesses are going to emerge and grow (Fogel, 2001).

Gnyawali and Fogel (1994) developed a conceptual framework for analysing environmental conditions of entrepreneurial activities. The five dimensions of the framework are:

1. Financial assistance
2. Non-financial assistance
3. Entrepreneurial and business skills
4. Socio-economic conditions
5. Policies and procedures.

Support networks are able to contribute to these environmental conditions and influence the entrepreneurial environment that determines the formation and growth of new businesses. Both financial and non-financial support is gained via support networks, skills are able to be gained through training programmes provided by public and private support networks. Policies and procedures are established by the government and create the public support networks.

### **Support Networks for Māori**

There are support networks that are available to Māori as well as the general population and those that are specific to Māori business. These will be focused on under the categories of public sector support networks, private sector support networks and social support networks including immediate as well as wider whānau and iwi support.

#### ***Public Sector Support***

Public sector support is available at both a national and regional level. Within regional levels city and district councils have their own initiatives, and example of support at a regional level is the ‘Enterprising Manakau’ initiative. This initiative provides support through the planning stages. Assistance is provided to help planning. Information regarding grants and funding is provided on the website, many however are centred on Technology research and development. A business directory is provided online, this provides entrepreneurs with the means to establish their own networks with other businesses in the same industry. Workshops and training are provided with information relevant to the starting of a business as well as the first few years. Mentoring and business facilitation services are provided free of charge to small businesses that have been trading for over 6 months, this service is provided also at a national level. ([www.em.org.nz](http://www.em.org.nz)).

New Zealand Trade and Enterprise provide assistance for businesses that are developing a product or service that has export potential overseas. Through NZTE, business mentoring and training are provided as well as business incubators, the incubator programme is designed to assist businesses to become established and sustainable during the start up phase. The business incubator provides a bundle of services including premises, business advice, access to investors, international markets and networks, and mentoring ([www.nzte.govt.nz](http://www.nzte.govt.nz)).

The ministry of economic development has published a list of sources of capital that are available to small and medium enterprises, both from the public and private sectors. In this capacity the ministry of development is a source of information for entrepreneurs. In October 2003 a small business advisory group was appointed to provide a small business view in regards to the development of policy. ([www.med.govt.nz](http://www.med.govt.nz)).

Poutama Business Trust provides support services to businesses that are at least 50% owned by Māori. The aim of Poutama is to get Māori business through the difficult steps of developing and growing their business and to increase the survival rate of Māori businesses. This is done through the provision of the following support services: business advice and information, Micro finance services, linking entrepreneurs to networks in their region, such as Te Awe in Wellington. In regards to micro finance, firms are able to apply for funding under different categories. These are business investigation investment, Business training investment and Business growth investment. For business investigation investment, to investigate the feasibility of a new business venture, a maximum of \$10,000 per year can be applied for, to an overall maximum of \$60,000 over a period of at least 6 years. In order to be eligible the business needs to have been operational for at least 6 months. This is difficult for those that are investigating the feasibility of a new business venture and do not have an existing business.

For training funding the maximum amount per year is \$2,000. For business growth investment the maximum amount per year is \$10,000. Money is never paid directly to the business owner, but only to third party service providers who are supplying products or services as identified in the funding applications ([www.poutama.co.nz/finance](http://www.poutama.co.nz/finance)). In recognition of the importance networks play in the role of assisting new businesses, Poutama Business Trust have helped establish clusters and networks within specific industries, these are tourism, organics, aquaculture and the primary sector.

Te Puni Kōkiri is the Ministry of Māori Affairs in New Zealand. In that capacity the department provides a Māori business facilitation service, the specific services they provide are, mentoring, facilitation, guidance, information and advice. Te Puni Kōkiri do not provide grants or financial assistance of any kind ([www.tpk.govt.nz](http://www.tpk.govt.nz)).

[www.biz.org.nz](http://www.biz.org.nz) is the governments centre for providing business information. It is also a gateway for business resources. The information provided is easy to understand and covers areas such as business tax, employment law information, work health and safety, as well as providing advice on best business practices. This website is used as a portal to link to other more specific information and resources.

### ***Private Sector Support***

In the last few years business consultancy firms have become more popular over the last 20 years. These firms are aimed at providing new and growing businesses with advice, information and practical support that they require. Many business consultants will be part of a larger banking or financial advisory institution. Deloitte for example has a business assistance service called Escalator. This service acts as a broker for New Zealand businesses trying to access funding for their enterprise growth. This service specialises in large cash injections, between \$100,000 and \$4 million, amounts which possibly exceed the requirements of smaller businesses ([www.deloitte.com](http://www.deloitte.com)).

Private funding comes through a variety of avenues. As identified on the Ministry of Economic Development Website ([www.med.govt.co.nz](http://www.med.govt.co.nz)), there are a number of private trusts and foundations that provide funds to businesses, some have requirements such as industry or regional

specifications but others are aimed at assisting those that have not been able to access funding through banks.

### **Social Support**

Social support networks can sometimes be within the public and private support networks, having social networks within these arenas can make accessing them much easier for the entrepreneur. Social support networks include whānau and iwi support. Some iwi have set up formal networks to assist Māori entrepreneurs, an example of this is Ngāi Tahu Finance LTD, and the investment range of this organisation is between \$1,000 and \$500,000 in the form of a loan. This funding range suits the diversity of Māori businesses. Investment stages range between from early stage and start up, to turn around initiatives when the business starts declining. The regional preference for this assistance is the South Island, limiting opportunities for Ngāi Tahu tribe members residing outside of the South Island.

The family network has been shown to increase the success of business ventures. The family network provides the entrepreneur access to unpaid family work, saving capital for investment in other areas and compensating for financial restrictions. Emotional support is provided to the entrepreneur from the family, particularly during the start up phase which can be quite stressful. Family workers tend to be more committed to the organisations growth and performance as they have a vested personal interest in the organisations success (Sanders & Nee, 1996).

### **Barriers to utilising support networks.**

Perceived or actual barriers may exist in the utilisation of support networks. It is important for network support providers to be aware of these barriers in order to eliminate or restrict their influence on entrepreneurs. Researchers have found it difficult to link support networks empirically to new venture success. Some explanations and hypothesis have been discussed in regards to this by Bruderl & Preisendorfer (1998). Another explanation offered is simply that founders are not making use of their opportunities; networks will improve venture success only if the entrepreneur makes use of them (Bruderl & Preisendorfer, 1998). Dana (1987) found that government support programmes were not found to be significant to firm venture growth. Research carried out by Dana (1987) found that entrepreneurs expressed their frustration in applying for government assistance and with the procedures and requirements of the process. Many found those that they were dealing with in the application process were preoccupied with internal bureaucratic concerns rather than the entrepreneurs needs.

### **Methodology**

A series of interviews was carried out among eight Māori entrepreneurs over the period December 2006 - February 2007. The respondents were not chosen randomly but some efforts were made to ensure there was a diverse representation across industries, regions and organisations in terms of size and longevity. The interviewees were entrepreneurs in the following roles and regions:

- Research Contractor, Hamilton
- Consultancy firm partner, Hamilton
- Computer Retailer and services, Mount Maunganui
- Children's online clothing retailer, Auckland
- Hairdresser owner, Dunedin
- Tourism service provider, Coromandel/Thames
- Community Health Provider, East Cape

- Gym owner, Mount Maunganui

Limitations of the sample are that the group is small and not randomly selected. The methodology would be improved by accessing a network and selecting a random sample of respondents within that network.

The length of the interview ranged between forty five minutes and an hour and a half. The interviews sought to identify experiences that entrepreneurs had in regards to their different networks, which networks were the most effective, what barriers they experienced in utilising their networks. What contribution they feel their support networks or lack thereof have made to their venture success or failure, whatever the case may be. The interview was based around twenty written questions (Table 3) but also included other questions dependant on the respondents' industry and experiences. Five of the twenty questions utilised Leichart scale responses as a means for comparative measuring between respondents. This is useful particularly considering that many of the other answers will be objective and difficult to measure (Cohen & Manion, 1994).

**Table 2. Interview Questions**

<ol style="list-style-type: none"><li>1. What is your personal and business background?</li><li>2. What stage of the entrepreneurial process would you place yourself in currently based on this model?</li><li>3. In this stage you have identified what are your perceived risk levels?</li><li>4. What support networks are you currently aware of?</li><li>5. Rate between 1-10 your awareness levels of the support networks that are available</li><li>6. Rate between 1-10 your intention to utilise support networks in future stages of the entrepreneurial process</li><li>7. At what stage of the entrepreneurial process did you utilise network support the most?</li><li>8. Rate between 1-10 your awareness levels of the Māori support networks that are available</li><li>9. Rate between 1-10 your level of use of support networks</li><li>10. What stage of the entrepreneurial process did you find most difficult?</li><li>11. Rate between 1-10 the barriers you perceive in utilising support networks</li><li>12. What are the barriers?</li><li>13. Rate between 1-10 your awareness levels of the support networks that are available</li><li>14. Rate between 1-10 your intention to utilise support networks in future stages of the entrepreneurial process</li><li>15. What are the factors that you think cause business failure in the first three years?</li><li>16. Rate between 1-10 your confidence level for the success of your business</li><li>17. Does New Zealand have an entrepreneurial environment? Why?</li><li>18. What lifecycle stage would you say the industry you operate in is in?</li><li>19. What is the level of competition in your industry?</li><li>20. Rate between 1-10 how well informed you are regarding your industry</li></ol>
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## Results

The characteristics of the respondents are summarised in Table 3. Of the eight entrepreneurs interviewed 50% were female. This is higher than the population statistics which showed that 37% of entrepreneurs are female (Frederick & Chittock, 2005). The average age was 41 years with the range being 23 to 52 years. 62.5% has qualifications beyond high school with 37.5% having post graduate qualifications. 50% of the entrepreneurs were single. Hours per week



worked were no less than 40 hours per week. Of the eight entrepreneurs investigated one business had already ceased to operate—it had lasted just three years.

The results from the questions revealed that only two respondents reported a low level of perceived risk, the others all reporting moderate to high levels of perceived risk. This may be due to the nature of the industry or job roles, respondent 7 and 8 reported low levels of perceived risk, respondent 7 is in the health industry and therefore can feel secure regarding market demand, respondent 8 operates their business as a supplement to a full time job. Thus not being reliant on the business for income will reduce the perceived risk. At the beginning of the interview, the average awareness levels of available support networks ranged between 2 and 9. The average awareness level across all respondents using a scale of 1-10, was 5.75.

**Table 3. Respondents Characteristics**

Characteristics								
	Gender	Age	Highest Qualification	Marital Status	Average hours per week	Industry	Time in business	Stage in process
1	F	42	Masters	S	50	Consultancy	6	4
2	F	48	Masters	M	40	Computer	3	5
3	M	36	High School	M	50	Retail	5	4
4	F	23	Polytechnic	S	50	Services	2	2
5	M	50	High School	M	40	Gym	15	5
6	M	42	High School	S	40	Security	7	4
7	F	52	Bachelors	M	45	Health	10	5
8	M	35	PhD	S	45	Research	3	3

Awareness of Māori support networks were slightly less at an average level of 5.38. The reported intent to utilise network support in the future ranged between 0-10, the average across all respondents using a scale of 1-10 was 4.88. The average was skewed by respondent two who had just recently decided to close their business down; therefore as they will no longer be operational there is no requirement for further support. Respondents also rated their current utilisation rates of support networks; the average level of use, using a scale of 1-10 was 4.75. Respondents reported a mixture of stage 1 and stage 2 where network support was utilised the most, stage 2 utilisation was 62.5%.

During the interview a debrief of support networks available that the respondent had not already identified previously, questions 5 and 6 were repeated to gauge whether an increase of knowledge would influence the intention to utilise support networks. In response to rating awareness levels of support networks following the provision of information the average awareness on a scale of 1-10 were 7, up from 5.75. In reporting intent to utilise support networks the average rate increased from 4.88 to 6.13.

With regard to perceived barriers in utilising support networks, the average level was 5.31. Respondents stated different reasons barriers were perceived, 7/8 respondents reported lack of information as a barrier in the utilisation of support networks, 7/8 respondents reported lack of time as another barrier. Although respondents reported utilisation of support networks was highest in stages 2 and 1 respectively, when respondents indicated which entrepreneurial stage was the most difficult 62.5% stated stage 3, 25% stated stage 2 and 12.5% stated stage 1.

By plotting the interactions between the input of information and network support awareness, and the intention to utilise network support in the future the relationship between the provision of information and the utilisation of support services is evident (Figure 1). Further analysis however, indicated some variation in the relationship between industry information and confidence in business success (Figure 3). Respondent four for example, showed a high level of industry information and a moderate level of business confidence. That respondent, who is operating a hair dressing salon, commented that it is her information about the industry that decreases confidence levels, as the information that is filtered through the industry networks that the business is linked into is not always positive.

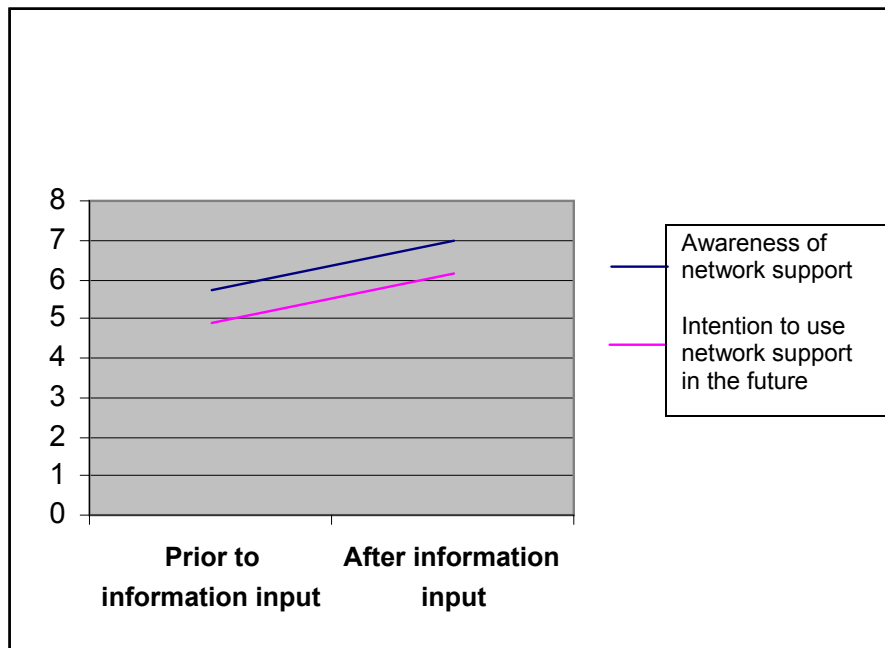


Figure 1. Impact of information on awareness and intentions

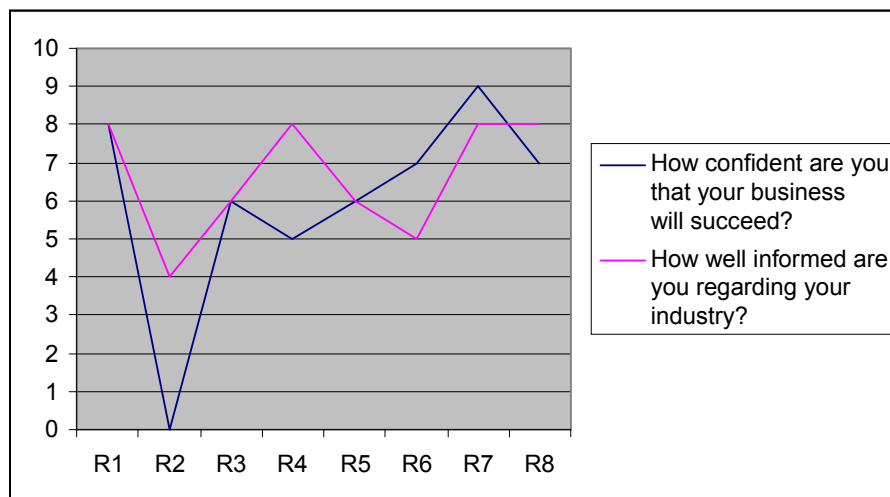


Figure 2. Relationship between being informed and business confidence

## **Discussion**

### ***Defining process***

In defining the entrepreneurial process the literature was used to identify stages, the entrepreneurs were asked to define what stage of the entrepreneurial process they felt that they were currently in. There was found to be in most cases to be a correspondence between that stage in the entrepreneurial process and the length of time the entrepreneur had been in business. The greatest length of time in business as reported by Respondent 7 in the Health Industry was 15 years. This respondent also placed themselves in Stage 5 of the entrepreneurial process model being used in this study. All of the entrepreneurs were able to respond to the question regarding the stage of the entrepreneurial process, this supports the literature of Churchill and Lewis (1983), Greven (1995) and Deakins and Freel (1998). All of whom developed models defining the different stages within the entrepreneurial process.

### ***Current support network utilisation levels***

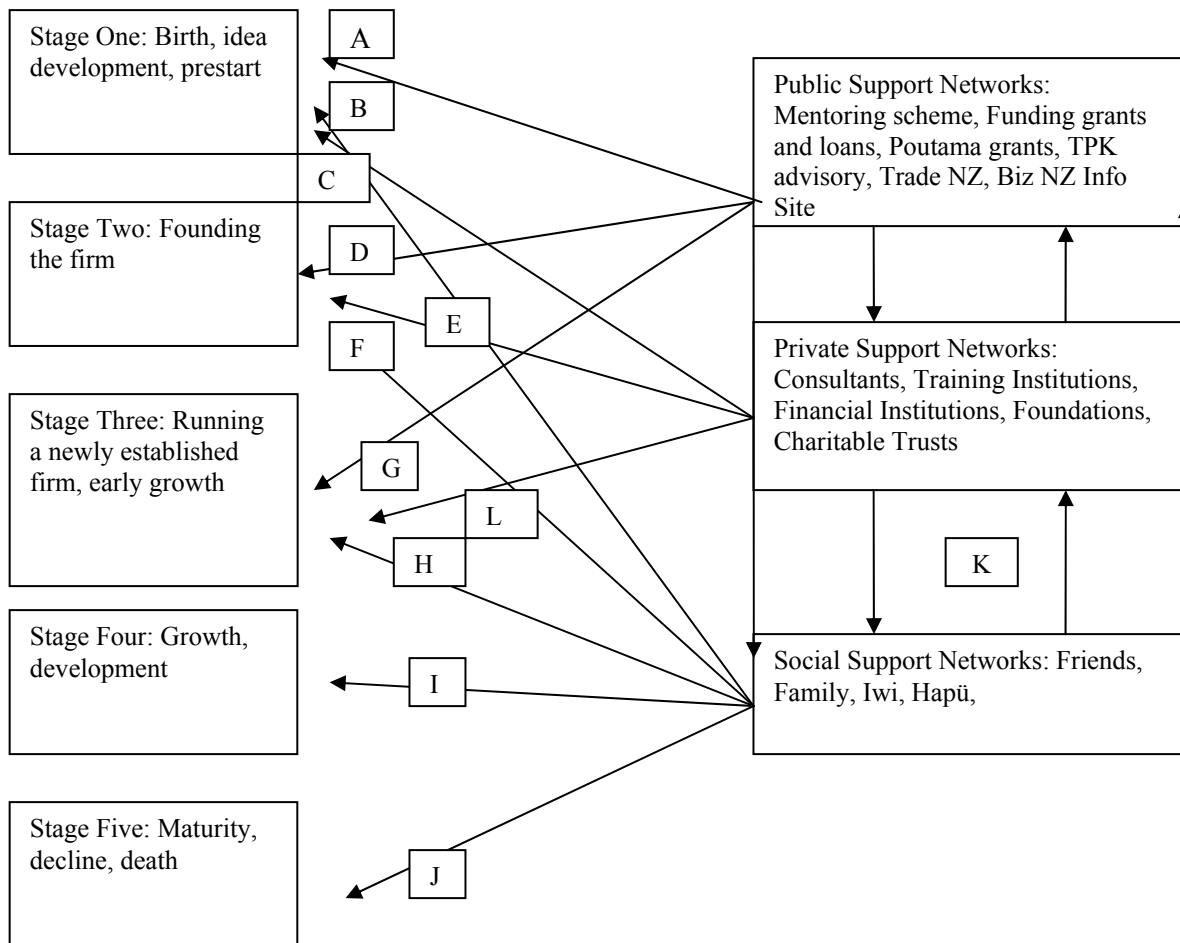
Currently entrepreneurial support networks are engaging with entrepreneurs prior to the start of the business and at the starting stage, as a result of this, entrepreneurs are reporting stages 1 and 2 are the areas of the entrepreneurial process where support networks are utilised the most. In contrast to this however the entrepreneurs interviewed identified stage three as the most difficult stage of the entrepreneurial process. This is the early growth and development phase. The results have shown that 62.5% of the respondents found this stage most difficult. Those wanting to support entrepreneurs may need to consider however that this may be the more difficult stage due to the fact that in stages one and two support networks are, according to the results already actively engaging with entrepreneurs, thus reducing the difficulty of those stages. The case may be that when the support levels are reduced after some time, entrepreneurs may perceive the period following as more difficult.

### ***Barriers to utilisation***

Lack of information and lack of time were the most commonly seen barriers to utilising the full range of support networks available. Plotting the interaction between an increase in information and intent to utilise support networks have supported this. Only one respondent supported the findings by Dana (1987) that entrepreneurs were deterred from utilising support networks due to the bureaucratic procedures involved. However the 7/8 respondents that cited time as an issue for them suggest that because red tape and procedures take time, that these results do indirectly support Dana's research. One of the respondents noted that there may be a perception among Māori entrepreneurs in particular, that Māori support networks were aimed more specifically at Māori who were providing services or products aimed particularly at the Māori segment of the market. This assumption links again to the lack of information and awareness about the nature of the support services. The implications of this for Māori support services are the need to promote support services in a way so as not to exclude those that are not producing products or services aimed specifically at Māori.

### ***The importance of Social Networks for Māori***

Māori entrepreneurs place high value on their social support networks. The importance of whānau and iwi support were discussed within the interview, the findings are difficult to quantify, however the recurring theme in regards to social networks for Māori is that the entrepreneurs found their social networks to be their most consistently utilised source of network support. This finding supports research carried out by Sanders and Nee (1996) who found that family support can help alleviate the burdens of starting a business. The importance Māori place on whānau support is consistent with traditional Māori values of whanaungatanga and awhitanga (Harmsworth, 2006).



**Figure 3. Entrepreneurial Engagement Model Conclusion**

## Recommendations

Figure 3 presents an engagement model and maps out the areas where support networks are engaging with entrepreneurs. All support networks engage in one way or another in all areas of the engagement model, however stages one and two are the areas where support is most focused. The interviews found stage 3 to be the most difficult for the entrepreneurs interviewed. It is recommended that support networks are more actively engaging with entrepreneurs at this stage of the process. Although time frames are not specified for each stage of the process it is likely that the early growth and development of stage three is the stage that only 38% of Māori entrepreneurs get past (Frederick & Chittock, 2005). It is recommended that the engagements labelled ‘G’ and ‘L’ of the entrepreneurial engagement model are strengthened, although support is currently being provided in this stage from both the public and private sectors, the support needs to be strengthened as this phase is the area of failure for many firms. It is further recommended that the three different sectors engage with each other, labelled as ‘k’ on the model (Figure 3) it is important that those participating in the engagement model are aware of the support services provided by the different sectors, so this information can be provided to entrepreneurs and a higher level of co-operation can occur. The three kinds of support combine to create the entrepreneurial environment necessary to foster success. There is a need for further research in this area, because even though some information was gathered to provide some

guidance to support networks seeking to effectively engage with entrepreneurs, the sample size needs to be larger in order to gather enough information to provide more practical solutions as to how engage with entrepreneurs effectively.

The provision of information to the entrepreneur is one of the key factors required for entrepreneurs to utilise support networks. Information was the greatest barrier to utilisation and awareness. Once awareness is increased, utilisation can occur and therefore lead to increased likelihood of success. Although network support will increase the likelihood of success, lack of networks support is yet to be identified as a cause of failure by researchers. The literature previously discussed in regards to causes of business failure and the interviews with the entrepreneurs themselves identified factors such as lack of finance, knowledge, skills – to name a few as direct causes of failure. Where network support does play a part is that it acts as an instrument to provide the finance, knowledge, increase of skills or access to people with the skills required for the business to succeed. It is the means with which entrepreneurs will attempt to make up for a deficit.

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## Author Notes

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