The Integration of Maori Indigenous Culture into Corporate Social Responsibility Strategies at Air New Zealand

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An increasing number of companies worldwide are recognising the benefits of introducing indigenous cultural and traditional values into their business. Cultural values can differentiate an organisation, product, or service, and also provides opportunity for the employees to connect to the brand and service characteristics in a more meaningful way. Global markets have shown significant interest in indigenous brand icons. Indigenous brand image often become a symbol of the organisation that creates an emotional and cultural value to its product or services. Organisations across the world follow the traditional western model in that they tend to be hierarchical, formal, systematic, rationalist and compartmentalised. Many indigenous traditional and cultural values need to be integrated into corporate social responsibility and marketing strategies of businesses and government departments (e.g.: Tourism) if they are to be relevant to key clients.

BACKGROUND

Māori culture is recognized as indigenous to New Zealand. This paper will provide an insight into how Māori traditional and cultural values are being introduced into Air New Zealand’s corporate structure and internal culture. Air New Zealand (Air NZ) is the country’s fourth largest employer with 11,000 employees, and its largest tourism business. Global events such as, 9/11, Swine Flu, the meltdown of financial markets, and rising oil prices have made the airline industry a difficult one in which to operate. In response to these scenarios, Air NZ undertook significant organisational change. It also began to identify more intimately with the Māori culture to help provide a unique point of difference for the airline.

This study presents a research study of offshore and New Zealand based employees using email surveys and semi-structured interviews. Data gathered revealed that there is a high level of understanding from employees about the value that the Māori culture brings to the Air NZ brand. The vast majority of employees believe that Māori culture adds a certain panache to Air NZ and are very proud of its connection with it. The Māori culture clearly provides benefits to Air NZ. An alignment with the indigenous culture of New Zealand provides something quite unique in the airline industry. It carries a
mystique and romantic connection to the past and present that no other carriers entering the New Zealand market are able to replicate.

Organisationally, introducing the Māori culture has created opportunities for non-New Zealand employees to connect with the brand and the service characteristics of Air NZ in a more meaningful way. For those employees, who have no background in New Zealand, Māori culture provides the background to what a “Kiwi” is. Even New Zealand employees that reside in New Zealand but live socially distanced from the world of the Māori, express a renewed pride in being a New Zealander when the significance of cultural symbols such as the Koru (traditional fern shape and iconic logo of the airline) are explained to them.

INTRODUCTION

Global financial crisis and market meltdown creates an unprecedented challenge for management theory and practice. Post-recession economies resist policies made by firms especially when they inflict cost upon society. Policy makers and scholars need to re-think their business strategies and need to make major amendments. In such a challenging and unstable environment, it is natural for industries to reform their social responsibilities and reaffirm cultural values.

In recent years, a number of industries which committed to social responsibilities while keeping profit-maximising objectives, have gained momentum. Values based management approaches are increasingly discussed and many companies have institutionalized ethics by way of ethical codes, ethical offices, and ethical training. Many businesses have shaped their foundations to deal with social, ethical and environmental value creation. They consciously and carefully keep financial value and social value creation separate. Business and corporations should not outsource social or environmental value creation, but instead look at how they can combine their current assets and capabilities to create products or services that create social, environmental, and financial value (Porter, and Kramer, 2006).

CORPORATE SOCIAL RESPONSIBILITY

The concept of corporate social responsibility (CSR) was first introduced by Oliver Sheldon in 1924, and since then CSR has been instrumental in performing social responsibilities beyond financial and legal obligations (Bowen, 1953; McGuire, 1963). Under (CSR), a wide range of activities are commonly discussed, such as decreasing the environmental impact of products and production processes, simulating employee volunteerism and donating for social cause. Numerous studies have found that such activities tend to improve corporate reputation and compel stakeholders to buy more from the company (Pfau et al., 2008). (CSR) is a strategy for demonstrating good faith, social legitimacy, and commitment that goes beyond financial gains. Carroll states that, “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p.500). Kotler and Lee states,

“CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (Kotler and Lee, 2005, p 3).

CSR determines the extent to which organisational outcomes are consistent with social values and expectations (Lerner and Fryxell, 1988). Wood argues that CSR conceptual developments have not been systematically integrated with one another, and integrated much of the previous study in an acknowledged definition of corporate social performance as the “configuration of the principles of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm’s societal relationships” (Wood, 1991, p.693).

The focus of corporate responsibility is no longer limited economic activity, but has moved to the long term balance of economic prosperity, environmental protection and social equality (Isaksson &
Garvare 2003). The business practices for corporations and the successes of CSR are closely related. The practice and the evaluation include the way in which corporations involve in cause promotions, cause-related marketing, social and community volunteering, and socially responsible business practice. The core belief and principle behind CSR is ethics. Hopkins states,

“CSR is part and parcel of the management strategy of a company and thus social responsibility encompasses good business ethics” (Hopkins, 2003, p. 24).

This leads to trust. For any corporation to gain trust within a community good business ethics needs to be practiced. Arena explains,

“Steadfast ethics are not a peripheral consideration, but a foundation for a modern breed of business” (Arena, 2004, p. 337).

A study conducted by DePaul University found that companies with a defined corporate commitment to ethical principles do better financially than companies that don’t (CSR Network, 2006). The benefits of implementing CSR include reduction of operating costs and increased operational efficiency (CSR Network, 2006). For example; a construction firm, reusing products on-site reduces landfill, reduces community and noise disturbances of additional supply trucks delivering material on site, reduces the environmental impact of damage caused by heavy truck wheels and reduces cost for the client of buying new materials (CSR Network, 2006).

Another benefit of introducing CSR in a corporation can enhance brand image and reputation. A companies’ reputation relies mainly on trust from its stakeholders. It takes an immense amount of time and effort to build up trust in a company, however one bad move can damage trust. A strong reputation in environmental and social commitments can maintain this trust. A company's trust needs to be incorporated in its policies and practices in the wider context in order to reflect their overall responsibilities.

THE ROLE OF MARKETERS

In recent times the changing attitudes of the customers have driven the marketers to find new ways to make marketing relevant to the society through dialogue and being responsive and involving (Ptacek and Salazar, 1997). Customers are demanding more value for their money. Studies have shown that by association with non-profit organisations can bolster positive media coverage, build a reputation of compassion, enhance integrity and boost employee motivation and productivity, and consumer preferences (Duncan and Moriarty, 1997).

Luo and Battacharya found that CSR increases customer satisfaction which in turn leads to positive financial returns. They also suggest that building customer satisfaction is an intermediate step in converting CSR into financial gains (Luo & Battacharya, 2006). The beauty of CSR is precisely in that it recognises that changes in corporate governance and behaviour must be driven by re-conceptualizing self-interest in the market place in light of the many social and environmental risks threatening sustainable profitability. Under a strategy that integrates socially responsible practices, a corporations’ analysis of profit as the single bottom line should be replaced by a “triple bottom line” approach, encompassing economic, social, and environmental factors (Cramer, 2002).

The critics of CSR argue that there has been a lack of evidence that it impacts positively on business performances (Griffin and Mahon, 1997; Berman et al, 2006). Friedman claims that the shareholder is the one and only stakeholder. He also argues that,

“there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of
the game, which is to say, engages in open and free competition without deception or fraud” (Friedman, 1970).

Reich argues that, as a result of tough market competitions, the corporations need to concentrate on activities that have positive effects and gains. If the nature of business is to maximise profits what other objectives could lead corporations to engage in social development projects? The only way to explain this would be by the vision that CSR projects provide for the sustainability of organizations' long term profits, so it could be viewed as a tool for profit maximization (Reich, 2007). Previous studies have claimed that organisations engage in commercial benefits to increase the value of the organisations for society and government (Sachs et al., 2006). In other words, with the help of CSR projects, organizations differentiate themselves from other companies, which could have a positive effect on stakeholders (Morsing and Schultz, 2006; Jamali and Mirshak, 2007).

Based on the evidence from the past studies, CSR is now recognised as an integral part of corporate governance of many firms, given the increasingly important role which marketing plays in corporate governance (Nath and Mahajan, 2008). In the retailing and luxury goods segment, for instance, Girod and Bryane have examined both ‘anti-modernist’ and ‘post-modernist’ perspectives on how CSR can “create, develop and sustain differentiated brand names” (Girod and Bryane, 2003).

Nelson proposes an approach based on the following three elements for building social value addition (Nelson, 1998),

- efficient and ethical pursuit of core business activities,
- social investment and philanthropy,
- contributions to public policy debate.

He argues that, those companies who have started to make real headway in the area of societal value added tend to share four characteristics: they rely on value-based transformational leadership, cross-boundary learning, stakeholder linkages and performance levers. Aoki points out that value can be created by efficiently and effectively merging various resources such as corporations’ internal resources and complementary ones obtained through strategic alliances (Aoki, 1990).

Companies that innovate new solutions and values in a socially responsible manner are more likely to succeed. The companies must build social considerations and customer satisfaction into their marketing practices in order to expect company profits. Socially responsible marketing strategy helps companies to increase corporate goodwill, build brand awareness, communicate their corporate or cultural message and ultimately boost sales.

Hoeffler and Keller (2002) suggest following six areas where CSR marketing can strengthen brand association, they are;

- Build brand awareness,
- Enhance brand image,
- Establish brand credibility,
- Evoke brand feeling,
- Create a sense of brand community
- Elicit brand engagement.

The higher the integration of CSR approaches, the more likely there will be better equity, better CSR practice and ultimately better competitive advantage (Chahal & Sharma, 2006). Over the past few decades, corporate social performance has been challenged by the emergence of stakeholder driven policies (Clarkson, 1991; Preston, 1995). Stakeholders are the individuals or groups who influence or are influenced by the corporation's activities (Clarkson, 1995). Difficulty arises to convince profit-oriented stakeholders to be acquainted with social responsibilities.
CULTURE

Not until 1970, due to increased international competition from the Japanese markets, did western economic organizations show interest in culture. There are many definitions of culture. In 1952, Kroeber and Kluckhohn identified 164 definitions of culture. With such a great number of choices it was postulated by Allaire & Firsirotu, that one must choose a convenient definition of culture according to one’s particular needs (Allaire and Firsirotu, 1984). “The term culture commonly refers to patterns of assumptions, premises, values, or beliefs that have been widely adopted by an identifiable group.” (Louis, 1985, p.85).

Organisational culture is defined as;

“A pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal investigation, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 1992, p.12).

INDIGENOUS CULTURE

Indigenous cultures comprise of groups of people that have historical connection with a region before its colonisation and who have lived largely independent or isolated from the influence of the western civilization. These cultures are heterogeneous from mainstream western society in linguistic, cultural and social/organisational characteristics. Indigenous societies are found in all parts of the world, and are embracing entrepreneurship along with the rest of the world. For an extended period of time, indigenous societies and cultures were deprived socially from rest of the world. There have been increased efforts to redevelop indigenous culture and traditions to benefit the cultural and social positioning of its people, by facilitating greater understanding of the worldview of the indigenous culture.

The notion of worldview captures distinct cultural values and applauds the relationship between cultural integrity and practice. Marsden explains;

“Cultures pattern perceptions of reality into conceptualisations of what they perceive reality to be; of what it is to be regarded as actual, probable, possible or impossible. These conceptualisations form what is termed the ‘worldview’ of a culture. The worldview is the central systemisation of conceptions of reality to which members of its culture assent and from which stems their value system. The worldview lies at the very heart of the culture, touching, interacting with and strongly influencing every aspect of the culture” (Marsden, 2003, p.56).

INDIGENOUS CULTURAL VALUES IN ORGANISATIONAL BEHAVIOUR

Modern businesses follow a traditional western model in that they tend to be hierarchical, formal, systematic, rationalist and compartmentalised (Bourdieu and Wacquan, 1992). Flat organisations create adaptive, innovative, creative and more efficient workplaces by decentralising control, enabling quicker responses to customer and market demands, more efficient decision-making and better management of ideas. Indigenous peoples have different ways of viewing the world and this then shapes their societal assumptions and knowledge about the world. This knowledge and values can be utilised in corporate business structure. Indigenous culture as a tourism product was introduced by Burchett in the year 1992 at World Tourism Expo. (Burchett, 1992).

Air New Zealand (Air NZ) is one of the first New Zealand companies that has adopted indigenous Māori cultural values in its business and as a corporate social responsibility initiative.

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This paper will provide an insight into how Air NZ has introduced the Māori culture; how Air New Zealand’s corporate structure and internal culture has supported the education of its employees and raised the level of Māori cultural knowledge within the organisation.

**IMPORTANCE OF MAORI VALUES TO NEW ZEALAND BUSINESS**

Māori are recognised as the indigenous people of Aotearoa (New Zealand) and many of the Māori core values are woven into cultural practices. These include tapu (sacred and with restriction), wairuatanga (spirituality), whānaungatanga (kinship), kaitiakitanga (guardianship/stewardship), manaakitanga (generosity, hospitality), kotahitanga (wholeness or unity). These values and principles are ways of being and inform the way Māori relate to others. They also inform tikanga and all have whānau at heart. (Cheung, 2008)

“The (Māori), holistic worldview acknowledges the sacred relationship that humans have with nature, with each other and with themselves. Practicing these ways of being recognises a key principle of holism, the interdependence of relationships to others. Intrinsic in this principle is how each little part affects the whole” (Cheung, 2008).

There is a growing interest in Māori traditional and cultural practices and what they may bring to business. Interest in Māori cultural values may be due to increased focus on sustainability and the requirement to operate more environmentally and socially responsible businesses. Increasing demands of resource utilisation and increasingly complex customer service requirements due to the “deification” of the customer, requires a new approach. Many businesses now have to rethink and in some cases fundamentally change their current paradigm as the spectre of sustainability forces them to reshape their current business model.

“Managers especially those operating at the strategic level need appropriate tools to develop the thinking and learning paradigms that enable attainment of a more holistic and dynamic perspective” (Fowler, 2003, p.137).

**THE AIR NEW ZEALAND STORY**

With 11,000 employees, Air New Zealand (Air NZ) is New Zealand’s fourth largest employer and is New Zealand’s largest tourism business. A move away from the sluggish, bureaucratic culture of the past to create a culture of innovation with a greater appetite for risk taking, required Air NZ to restructure its organisation. For the past six years, Air NZ has been endeavouring to create a high performance organisation by improving its productivity, consistency and quality. Air NZ has invested immensely in the education, development and performance management of its employees.

One of the unique characteristics of Air NZ has been its embracing of Māori cultural values as a part of its brand. Abroad Air NZ and its employees portray themselves as cultural ambassadors of New Zealand, which has great potential to attract Tourists. The ability to bring to life elements of the Māori culture plays a major role when promoting New Zealand as an attractive Tourist destination.

In the year 2007, Air NZ introduced a set of brand characteristics. Employees were expected to follow a set of guidelines while interacting with their customers and colleagues. The service brand characteristics crystallised the essence of what Air NZ customers, clients and partners, believed to be the unique qualities of Kiwi (New Zealand) service. There was no internal resource offering necessary information about the Māori culture specifically for Air NZ, so the Cultural and Customer Ambassador (CCA) role was created to bring aspects of the Māori culture to life within the business. The main objective of this role is to raise awareness, understanding and engagement with Māori culture within the organisation. Due to the absence of internal resources emphasizing Māori culture specifically for Air NZ
employees, the CCA looked closely at the characteristics that described Kiwi behaviour and created a presentation explaining how these traits had been influenced by the Māori culture.

The following four characteristics were to be the essence of all future behaviour within Air NZ.

- Welcome as a Friend - Treat everyone as if you’ll see them again
- Can Do - Just get stuck in and make it happen
- Be Yourself - Just act natural, it’s the Kiwi way
- Share Your New Zealand - You love this place, so tell everyone

Each of these characteristics came with specific guidelines that clarified the meaning and gave examples of the associated behaviour. Developing these brand characteristics provided a much richer picture of the meaning of what it means to be Kiwi and the relevance of the behaviours to Air NZ employees. It also allowed for the holistic and inter-relatedness of Māori core values to be introduced to Air NZ. Each characteristic was tagged with the motto: “It’s who we are” – “Ko Mātou Ēnei.”

To supplement the presentation, the employees were provided with information related to Māori greetings and protocols. The CCA developed the Air NZ Cultural Kit -Te Kete Ararau i Te Rangi. It contained a booklet and DVD resource that includes pronunciation guides; basic greetings; a guide to five common cultural practices; five of New Zealand’s key legends; the history and meanings behind the place names of 16 of New Zealand’s main destinations and vocabulary specific to the airline industry. Also, components of the DVD were made into presentations that are to be screened on the In-flight Entertainment (IFE) systems of Air NZ aircraft. In this way, Air NZ is presenting Māori cultural values to people travelling to and from New Zealand.

In addition to these, a leadership conference is held annually and top managers from around the world come to New Zealand for a two day leadership training program. The CCA’s presence at the Leadership conferences elevates the Māori culture within Air NZ reaching middle and upper level management. In January 2010, Air NZ was decorated with Airline of the year award by ATW (Air Transport world) magazine, which is considered as the most prestigious award to be won in Airline industry.

RESEARCH METHODOLOGY

Studies were carried out to provide an insight into how “effective” Air NZ has been in introducing Māori culture, also how it has supported the cultural awareness of its employees within the organisation. Two surveys were conducted using 27 identical questions. One survey was sent to New Zealand based employees and the other to employees in the offshore regions (North America, Europe, China and Japan) reaching approximately 1883 employees. The questions were based on value, acceptance, usage, engagement and relevance of Māori culture within Air NZ. Questions using e-mail surveys were also raised relating to employees’ engagement with the Māori culture and availability of cultural resources to Air NZ employees. In addition, semi structured interviews were conducted with other organisations that might have been influenced by the introduction of Māori values, stakeholder interaction or organisational capability. The primary objective of these interviews was to determine the extent and commitment of the organisation towards Māori values and practices. The secondary objective was to investigate the culture of the organisation and determine whether it was tolerant of change and supportive of the Māori culture and therefore if there were any organisational barriers or resistance to the introduction of Māori practises or values.

RESULTS

The studies show that, an average 86.3% of Offshore and 84.5% of New Zealand employees strongly agreed with the proposition that the Māori culture provided a unique point of difference to Air NZ. An astounding 88.2% of New Zealand respondents strongly agree with the proposition that Air NZ takes pride in the Māori culture. 73.4% of offshore employees agreed that they would like more Māori language and cultural resource available at work. 49.8% of employees in New Zealand were inclined to agree with the proposition that they would like more Māori language and cultural training at work. 49.2% of the
offshore employees were interested in having access to resources through Air NZ intranet compared with one third (34.2%) employees from New Zealand. 40.3% of managers and team leaders in the offshore regions, compared with 69% in New Zealand, Never use greetings or farewells at work. 83.9% of offshore employees agree that the Māori language creates a unique experience for Air NZ customers compared to 72.7% of New Zealand employees. 60.3% of offshore employees found Air NZ cultural resource kit very valuable compared to 29.3% domestic employees.

To investigate the level of current cultural knowledge, both Offshore and New Zealand employees were asked a set of questions. The questions about actual learning were multiple-choice, with only one correct answer available to respondents. Questions were related to the definition of Māori terms such as Kia ora (Hello), Hongi (Pressing of noses) and Kei te pēhea koe? (How are you?). It found that 50-70% of offshore and New Zealand respondents knew the meaning of Kia ora and the Hongi. 64.2% of offshore and 72.2% of New Zealand respondents knew how to respond correctly to “Kei te pēhea koe?” The offshore employees’ responses to questions in the areas of The Business, the Language and Cultural Resources, tended to be more positive than those from New Zealand. The offshore regions were on average 11% more positive in their responses than New Zealand.

For many of the New Zealand based employees Māori culture is part of everyday life, whereas for offshore employees, it is all new and exciting information to be applied in their interactions with customers. New Zealand employees seem a little more resistant to implementing cultural greetings in their daily interaction with customers; however significant numbers of both local and international staff see it as a unique point of difference and take pride in Māori culture.

Offshore employees generally appear to be more open to and accepting of the Māori culture. The prominent reason for this is that, Air NZ does not generally promote itself as an airline business offshore; it promotes New Zealand as a country. Therefore, the core business focus of offshore employees is promoting New Zealand as a tourist destination. Air NZ offshore employees are active ambassadors for New Zealand and this requires them to consistently communicate a positive view of New Zealand and the Māori culture to their vendors and customers.

Discussion

Indigenous cultures are rich, and can represent the true identity of a nation. Perceptible efforts are necessary to implement cultural principle into the corporate world. It is evident that organizations which follow a purpose greater than wealth maximization are better able to motivate employees and stakeholders.

By introducing Māori culture, Air NZ has set a paradigm for other organisations to embrace indigenous cultural values in business. Māori values were introduced in the organisation softly, with gradual conditioning of employees to cultural content throughout the business. The focus was on the integration of corporate social responsibility through embracing indigenous culture with the marketing of the country through the airline.

The approach followed Kotters’ 8 Step strategy for implementing organisational change, in that a series of smaller targets have provided information and momentum to help build the next (Kotter, 1996). In this way, small changes in introducing the culture have been much easier to accept than one large change. Numerous interactive presentations and the face-to-face style of the CCA have provided valuable feedback that has been used to fine-tune the cultural material that is presented. In addition, the CCA has had the necessary support from the executive leadership, to enable the “sense of urgency”, “clear vision” and “powerful guiding coalition” (Kotter, 1996) to be formed.

Major barriers to implementing cultural changes within organisation could include lack of ethnic diversity, societies inclined to be intolerant towards different cultures, long tenured employees and general resistance towards change. Another significant challenge will be to achieve stakeholder confidence towards cultural reforms.
CONCLUSIONS

Carroll and other scholars (Carroll, 1979, Waddock and Smith, 2000; Lantos, 2001) believed that corporations should not only be assessed by their economic success but also based on their non-economic criteria. Whilst firm’s economic responsibility seeks to be profitable for stakeholders, corporate social responsibility benefits the employees, customers and the society. Indigenous cultural and traditional values can be unique to global industries. Embracing cultural values within an organisation not only improves the quality of product or services, but also provides significant benefits to employees and customers. Cultural uniqueness can be utilized as a key strategy in competitive domestic and global markets. The Air NZ paradigm can be applied to different industries. The survey indicates that implementing cultural traditions in organisations has raised cultural awareness among employees and created an opportunity for employees to connect more closely with each other and the business. Recently Air NZ has also successfully introduced native cuisine in their business class menus. Certainly Air New Zealand has taken a lead in embracing indigenous culture and traditions.

REFERENCES


