INDIGENOUS ENTREPRENEURSHIP: AN ANALYSIS OF CAPITAL CONSTRAINTS

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ABSTRACT

Encouraging entrepreneurship has been advocated as the most promising avenue for economic development of Indigenous communities in Australia. Unfortunately, the number of Indigenous people engaged in small businesses in Australia is quite low when compared to participation rates in Canada and the United States of America. While rationales for low Indigenous participation rates in small businesses have been advanced for other Pacific nations, a cogent explanation for low rates of Indigenous entrepreneurship remains to be articulated for Australia. This conceptual paper adopts an environmental view of entrepreneurship and demonstrates that lack of access to capital in its multiple forms explains low Indigenous entrepreneurship rates.

INTRODUCTION

Indigenous Australians experience higher rates of poverty and unemployment than any other Australians (Altman 2000). A key way of enabling Indigenous communities escape from welfare dependency has been through entrepreneurship. Despite the calls for, and anticipated benefits of, indigenous participation in entrepreneurial activities, the number of Indigenous people engaged in small businesses in Australia is quite low when compared both to the national average and also with Indigenous participation rates in Canada and the United States of America (Hindle, 2002). While rationales for low Indigenous participation rates in small businesses have been advanced for other Pacific nations (Cheshire, 2001a, 2001b; Croulet and Sio, 1986; van der Grijp 2003; Curry 2005), a cogent explanation for low rates of Indigenous entrepreneurship remains to be articulated. The main argument advanced by this paper is that Indigenous entrepreneurs face a number of barriers to development of their businesses – principally due to their lack of access to capital.

While some research approaches the topic of Indigenous entrepreneurship by attempting to identify the characteristics of successful entrepreneurs (e.g. Saffu 2003), this paper examines how lack of access to capital constrains entrepreneurial activity. While capital can be understood in a narrow financial sense, other forms of entrepreneurial capital can include financial, human, social, physical, organisational and technological capital. In most cases, Indigenous Australians lack access to all of these forms of capital - with the exception being access to social capital. However, while social capital is a rich source of support, it also acts as a constraint on indigenous entrepreneurs due to the embedded nature of the social ties in indigenous communities.

In summary, this paper seeks to advance Indigenous entrepreneurship by exploring the research question: “What are the constraints on capital experienced by Indigenous entrepreneurs?” The paper is a conceptual piece which articulates a case that Indigenous entrepreneurs experience constraints on access to the multiple forms of capital which they require to be successful. Additionally, the complex relationship between social and financial capital which embeds relationships in indigenous communities is explored in relation to entrepreneurial activity. The paper draws upon the fields of economic sociology, anthropology, and entrepreneurship for its theoretical framework, and is a response to calls for further research into Indigenous entrepreneurship (de Bruin and Matira 2003, p.180; Foley 2003).
THE SOCIO-ECONOMIC SITUATION OF INDIGENOUS AUSTRALIANS

In comparison to non-Indigenous people, Indigenous people “have the lowest economic status of all Australians, without any qualification” (Altman, 2000, p.1). Hunter (1999b) found that Indigenous Australians are at least twice as likely to be in poverty when compared to non-indigenous people. Various estimations cite unemployment rates in Indigenous communities of between 38% or 54% depending on the interpretation of government statistics (Fisk, 1985; Spicer, 1997, p.5). If the various government-funded community development programs are not taken into consideration, unemployment could approach 90% in some Indigenous communities (Abbott, 2002). While the extent and causes of Indigenous poverty are arguably complex, it is lamentable that the policy implementations of successive Australian governments have had little impact on the socio-economic status of Indigenous communities (Altman, Hunter and Johns, 2003).

The 1991 Royal Commission Report states that one of the most important single steps in the achievement of self-determination of Indigenous communities is to redress the negative effects of poverty (Nagle and Summerrell, 1998). However, after many well meaning attempts by successive governments to enable Indigenous communities to participate in the modern economy, Indigenous unemployment remains at unacceptably high levels (Abbott, 2002). Benevolently intended, though theoretically flawed, economic welfare programs have created havoc in Indigenous societies (Pearson, 2000b). Even more sobering are projections that current economic development policies will have little effect, and result in increased levels of unemployment for the rest of the decade (Hunter, Kinfu and Taylor, 2003). Increased fiscal tightening within the community sector, and public service downsizing, means that the most likely opportunities for Indigenous employment have shifted into the private sector, together with various options for developing Indigenous businesses and entrepreneurship (Taylor and Hunter, 1998, p.10).

Entrepreneurship as a means to self-sufficiency in Indigenous communities

Encouraging entrepreneurship amongst Indigenous people has been advocated as the most promising avenue for economic development amongst Indigenous communities (Fuller, Howard & Cummings 2003). It is seen both as means of escape from welfare dependency (Fuller, Dansie, Jones and Holmes, 1999; Herron, 1998), and a mechanism for improving Indigenous Australia’s economic and social circumstances (Herron, 1998; ATSIC, 1998). Self-employment and entrepreneurship are thus seen not only as a means of achieving economic independence, but also as a means to achieving positive social change (Holtt, 1997, p.484). Taylor (1993) has argued bluntly that the only real way that Indigenous people will have economic parity with other Australians, is if they escape welfare dependence and achieve the bulk of their income as either wages earners, or in running their own businesses.

Indigenous leaders also endorse the need for economic development and Indigenous enterprise. Mr. Gatjil Djerrkura, former Chair of ATSIC summed this up recently:

Why is economic empowerment necessary? ... we need to find a way out of welfare dependency. We need to find replacements for the traditional economic activities of the past … our young people are growing in number and they will need something productive and meaningful, … we need to be participants, rather than bystanders, … we need to develop Indigenous businesses and entrepreneurs (Djerrkura, 1998, p.2).

Entrepreneurial activity is essential if Indigenous Australians are to be economically self-reliant. Entrepreneurial activity has been linked to self-determination, and self-sufficiency. “The transition from passive welfare to active empowerment of Indigenous Australians is one of the most important policy areas in which … entrepreneurship has a major role to play” (Hindle and Rushworth 2002, p. 44). Unfortunately, Indigenous participation in small business is not very strong.

Low Indigenous participation rates in entrepreneurial activities

Only 2.2% of Indigenous working age population were self-employed compared to 11.1% of other Australians (Daly, 1994a). By 2002, the number of Indigenous people engaged in small businesses is estimated at 6.3% for men (compared to 17.3% for the national average) and 3.8% for women (compared with 11.8% for the national average) (Hindle, 2002). This is in contrast with the statistics for Canada and America where Indigenous people have exceeded the national averages on all counts in the establishment of small businesses (Hindle, 2002). However the rate of participation by Indigenous
Australians was increasing at a rate faster than non-indigenous people (Daly, 1994a). Thus, despite the
calls for, and anticipated benefits of, indigenous participation in entrepreneurial activities, the number
of Indigenous people engaged in small businesses in Australia is quite low when compared both to the
national average and also with Indigenous participation rates in Canada and the United States of
America (Hindle, 2002).

Some commentators have argued that this low participation rate indicates a lack of interest or
inclination by Indigenous people towards small business activities, assuming that Indigenous people
are intrinsically hunter gatherers and that they avoid trade (Abbott, 2002). Such a perspective however,
follows the individual view of entrepreneurship, which sees entrepreneurs as possessors of particular
psychological traits (e.g. Shaver and Scott 1991), and is not supported by archaeological and
anthropological research which indicates evidence for an extended history of Indigenous trade (see end
note 1 for an extended discussion of this point). A trait perspective will not be followed in this paper, as
notions of 'Indigenous incapacity' have become entrenched in government (Robbins 2003).

Alternative perspectives are needed in order to foster an attitudinal shift in the minds of academics,
policy makers, government officers as well as Indigenous peoples (Dodson and Smith 2003) about the
causes of low Indigenous participation rates in small business.

An alternative view of entrepreneurship, also well supported in the literature, posits that individuals
start new businesses because their environments are conducive to entrepreneurial activities (e.g.
Aldrich and Wiedenmayer 1993). Such a perspective shifts the focus away from individuals, or groups
of individuals, and instead focuses on the environmental enablers and constraints to the establishment
of small businesses. This paper takes this latter approach, as it seeks to examine the restricted access to
capital typically experienced by Indigenous communities.

Within Australia, the barriers to Indigenous participation in businesses remain unquantified with little
data available to inform the discussion (Daly, 1994a, p.20). However, some authors have suggested
that low participation rates in self-employment by Indigenous people may be due to lack of access to
capital (Daly 1994a). Similar causes have been advanced for other Pacific nations (Attahir, 1995;
Cheshire, 2001a, Croulet & Sio, 1986, p.25; de Bruin & Mataira 2003), and for First Nation
reservations (Cornell and Kalt 1992). This paper will undertake an extended analysis of capital
constraints which need to be overcome in order to foster the establishment of small businesses, and
economic development amongst Indigenous communities (Fuller et al., 2003).

Summary

Indigenous poverty is a critical social issue which, despite the best efforts of successive governments,
remains unaddressed. Increasing Indigenous participation in small businesses has been promoted as a
way forward for enhancing the economic development of Indigenous communities. However, despite
the perceived utility of entrepreneurship as a way of addressing Indigenous poverty, participation rates
remain low. While one view of the cause of this low participation is to focus on individual traits, a
more fruitful approach is to examine the restraints on access to various forms of capital, commonly
experienced by Indigenous people and communities. It is our assertion that the reasons for low
Indigenous entrepreneurial participation rates are primarily due to constrained access to capital.

CONSTRAINTS ON CAPITAL EXPERIENCED BY INDIGENOUS COMMUNITIES

A lack of access to capital has been cited as a key reason for low participation in entrepreneurial
activities by Indigenous peoples of the Pacific region (de Bruin & Mataira 2003). Rather than taking a
narrow purely financial view of capital, this paper will explore a wider, and arguably richer,
understanding of capital that can be found. For example, Bourdieu (1986) argued that beyond
economic, or financial, capital there are additional forms of capital – in particular cultural capital and
social capital. Firkin (2003) advances this reasoning by arguing the following forms of capital are
relevant to entrepreneurs: financial, human, social, physical, organisational and technological. If an
entrepreneur lacks access these forms of capital, this is likely to have negative outcomes for the
entrepreneurial venture (de Bruin and Dupuis 2003; Firkin 2003). An extended discussion of these
different types of capital and the (un)likely access that an Indigenous person has to them follows.

Access to financial capital

Historically, financial capital for Indigenous projects has either been provided on the basis that the
work will never be sustainable, or that an enterprise has to demonstrate long term viability before it is
eligible for financial assistance (CAR, 1994, p.39). Remote communities with small populations pose significant challenges to the implementation of any financial services program, since it is very difficult for such programs to become self-sufficient. This may explain why financial institutions are not present in many communities. Altman (2002) is critical of the lack of incentives provided to banks by state governments for the provision of financial services in remote and rural communities, which are necessary precursors to the development of effective markets. McDonnell (2003) argues that partnership arrangements between Indigenous organisations, financial service organisations and the government must be implemented in order to address this deficit.

Obtaining capital within Indigenous communities is virtually impossible when no-one has significant private property or accumulated assets (Abbott, 2002). While land is available, most land owned by Indigenous communities under Native Title legislation is inalienable, and consequently cannot be used as collateral for loans (Arthur 1999, p. 7). This can affect the viability of some joint ventures, where the non-Indigenous partner has no security for their investment (Arthur, 1999). It also limits the ability or willingness of banks to issue loans to Indigenous communities as there is no collateral.

Studies of small business generation in other Pacific nations found that lack of capital affected the start up of small businesses (Attahir, 1995; Cheshire, 2001a, Croulet & Sio, 1986, p.25). Likewise Indigenous communities in Australia often lack access to financial institutions and financial capital with many communities lacking basic financial services (Daly 1994a, de Bruin & Mataira 2003). The lack of capital causes many varied stresses on the business and the entrepreneur, lack of stock, lack of purchasing power, poor liquidity and so on. Access to capital is therefore one of the key aspects to securing economic independence for Indigenous Australians (Attahir 1995; CAR, 1994, p.37; Arthur 1999). However, access to financial capital needs to be supported with development of human capital through management training and support (Miller, 1985, p.17).

**Development of human capital**

Daly (1994b) concluded that 90% of the factors causing lower rates of Indigenous earnings can be accounted for by lower levels of education of Indigenous men, and their location outside of urban areas. Indigenous people with higher education qualifications earned higher salaries than Indigenous people without such qualifications (Daly, 1994b), and were twice as likely to be employed as those without qualifications (Miller 1985, p. 84). While increased levels of education does not automatically result in increased income for Indigenous people (Daly 1994b), increased education does result in increased income, if there are jobs available in communities (Daly and Smith, 2002). Gray and Hunter (2002) agree finding that the greatest single determinant indicating the likelihood of an Indigenous person being employed was possession of a tertiary qualification.

In Indigenous communities Miller (1985) found that government sponsored training programs have not historically targeted management and business, and that training was not prioritised by Indigenous organisations. Multiple studies have shown that lack of financial and managerial skills has a detrimental affect on the success of Indigenous small businesses, both in Australia and in other Pacific nations (Attahir 1995; Cheshire 2001a; Croulet & Sio 1986; Daly 1994a; de Bruin and Matira 2003; Miller 1985; Pearson 2000a).

Lower levels of education are seen as inhibitors to Indigenous participation in small business enterprises (Daly 1994a). Daly (2000) argues that increasing the education levels is imperative in order to ensure the expected financial incentive for finding work exceeds that of remaining on welfare. Likewise the increase in skills is considered a co-requisite in order to establish effective Indigenous businesses (Fuller et al., 2003). Research conducted in the Pacific Islands also found that the development of good management skills was one of the key factors leading to the development of successful Indigenous businesses (Attahir 1995). Miller (1985, p.307) and Fuller et al. (2003) argue that such training needs to be provided prior to the establishment of Indigenous enterprises, and that ongoing support needs to be provided during establishment and early operation, so that problems can be addressed early. The Traditional Credit Union [TCU] (TCU, 2002) expanded this concept and believes that training in financial literacy is an area that cannot be underestimated and advocates provision of training to all levels of Indigenous society, including community elders and clan leaders, women's groups, school students and the general community. McDonnell and Westbury (2002) argue for the expansion of TCU's financial literacy programs through partnerships with major financial institutions.
Organisational, physical and technological capital

One of the key factors affecting Indigenous communities is their remoteness. Miller (1985, p.320) found that attempts to establish Indigenous enterprises that failed to acknowledge the isolation encountered in remote Indigenous communities, simply failed. Access to physical, labour, and information marketplaces are extremely limited (Miller 1985; Pearson, 2000b), as are access to financial institutions (Daly 1994), with many indigenous communities without banking facilities. In remote regions, transport costs are high and there are low levels of local demand (Daly, 1994a, p.20). This lack of access to markets (labour markets, information markets and economic markets) caused by remoteness is seen by some Indigenous leaders as causal to the present marginalisation of Indigenous people (Pearson, 2000b). Innovative solutions are needed in order to foster access to markets by government, as greater economic independence for Indigenous Australians involves, somewhat paradoxically, greater links with the mainstream Australian economy (Council for Aboriginal Reconciliation 1994). This integration into the wider Australian economy has proved difficult for various reasons. Schwab (1995, p1) has argued that “attention to the cultural factors that underpin aboriginal society is critically important to understanding the articulation of Indigenous Australians with the wider economy”. This social aspect of Indigenous economies is discussed below.

Access to social capital

Dense social networks can provide rich sources of financial, intellectual and social capital to entrepreneurs (Naphiet & Goshal 1998). If a network is over-embedded it can paradoxically limit access to resources (Uzzi 1997). For Indigenous entrepreneurs, social networks can even result in a drain on resources, as an Indigenous person in business is expected to share their wealth with their kin – even if this wealth is floor stock that needs to be sold in order to create operating surplus (Foley 2003). This withdrawal of assets from a small business has also been referred to as the ‘traders dilemma’ in Pacific Island nations (van der Grijp 2003), as the entrepreneur needs to make a profit to succeed in business, but is also expected to distribute wealth among kinship networks. These calls for support and favours from extended networks of relations can often overwhelm new enterprises (Granovetter 1992, p. 7).

Sharing resources within Indigenous communities is more than an economic investment – it is also a social investment (Schwab, 1995). In Schwab’s (1995) extended anthropological analysis of Indigenous giving amongst networks of kin, sharing acts as a primitive form of socialism through redistribution of wealth through the community, and reinforces the relationship of giver and receiver through the act of giving. In remote regions, Schwab (1995, p.3) argues, Indigenous people developed systems of reciprocity that was economically rational. “During lean times, it makes good sense to be on the best of terms with neighbours and kin, able to rest assured that one's generosity to others in the past will be returned in one's own time of need” (Schwab 1995, p. 3). Little sharing is spontaneous however, since the giving is sought or demanded by another (Schwab 1995, p. 8). When sharing occurs both parties enter into not just an economic transaction, but also a social transaction (Schwab 1995, p. 10). Providing a meal for an uninvited relative is a “statement of relationship validated by the action of the giver, and it creates obligation on the part of the recipient” (Schwab 1995, p. 10). Through sharing the individuals validate the relationship, and to deny the demand is to deny the relationship, not just the financial transaction (Schwab 1995). For an Indigenous person to refuse to share, carries with it high social costs, amounting to virtual ostracism from the kin system (Foley 2003; Schwab 1995). While many Indigenous people would choose such an outcome, it could be argued than many would choose not to participate in activities, such as a small business, that would lead to ostracism (Cheshire 2001a; Croulet and Sio 1986, p. 25). Sharing is thus primarily a social investment, and results in increased social prestige for the giver (Trudgen 2000). Thus the rich social networks of Indigenous entrepreneurs, while a resource, are paradoxically a drain on financial resources.

Sharing scarce resources amongst kin is seen as a distinctly Indigenous practice, as opposed to non-Indigenous people who are seen by some Indigenous people as only looking after themselves (Schwab, 1995, p.7). It is very important to note however that such systems are not specific to Indigenous Australian societies alone. Similar social reciprocity systems can be found throughout the Pacific (Altahir, 1995; Cheshire, 2001a, 2001b; Croulet and Sio, 1986; Saffu 2003), amongst Native Americans (Daly and Smith 2002), and in Middle Eastern cultures (Geertz 1978). Polanyi (1957) has even argued that similar logics of exchange underpin most of human history, and the market economy we now take for granted as ‘normal’ in Western nations, is in fact a very recent social construction.
"The outstanding discovery of recent historical and anthropological research is that man's (sic) economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interests in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets" (Polyani 1957 (2003, p. 40).

Studies of entrepreneurial networks have likewise shown that social ties can influence a business. As Granovetter (1992, p.4) argues, the "(1) the pursuit of economic goals is normally accompanied by that of such non-economic ones as sociability, approval, status and power; (2) economic action (like all action) is socially situated and cannot be explained by individual motives alone; it is embedded in ongoing networks of personal relations rather than carried out by atomised actors". Leading researchers in economic sociology thus argue that financial transactions to strengthen social relationships, such as those evident in Indigenous communities, are simply representative of what has happened throughout most of human history. The difference between a market economy and a reciprocal economy are significant however. How is it possible to reconcile these differences between the socio-cultural reality of an Indigenous society based on mutual exchange, and the rather different understandings of businesses and economies which operate in a market economy?

Successful Pacific Island business have been able to manage this tension of cultural verses business values by allowing for differing perspectives on issues that include 'credit' and employee absenteeism for cultural commitments, thereby prolonging the life of the business (Cheshire, 2001a). This is not to say that businesses cannot be implemented in such a way that can be both culturally sensitive and also financially successful, since Cheshire (2001a), and Foley (2003) clearly have found some that are. McGuire (2000) argues that cultural issues are sometimes overstated in the establishment of Indigenous small business, and that the real issue for failure of small businesses was at the business design phase, rather the implementation phase. While conflict between social goals and commercial goals is not the key determinant of business failure, it is highly likely that a mix of commercial and social goals is often associated with success in Indigenous businesses (Altman, 2001a, p.18).

Indigenous entrepreneurship is a relatively recent field of research in Australia (Foley, 2003) and further research is needed, particularly case studies of successful firms. Illustrations of how access to capital leads to Indigenous entrepreneurial success help to clarify the issues and undergird the theoretical perspective explore thus far with real life examples.

SUCCESSFUL EXAMPLES OF INDIGENOUS ENTREPRENEURSHIP AND/ OR CAPITAL DEVELOPMENT

Development of Indigenous enterprises that can employ Indigenous people are seen as a means of creating employment in remote areas – particularly if there is an export element to the production of goods, rather than a relying on local markets (Daly, 2000). Hindle (2002) argues for the need for pilot programs, supported by seed funding, resulting in the development of business plans, raising venture capital, and development of local skills required to implement the program. A number of programs that potentially include the elements proposed by Daly (2000) and Hindle (2002) are reviewed below.

Microfinance as a means to develop indigenous entrepreneurs

Micro-finance is a relatively new activity within Australia (Abbott, 2002), however many authors have called for credit provision of working capital similar to that which the Grameen Bank of Bangladesh provides (Attahir, 1995, Cheshire, 2001b; Ingram, 1990; Fairbairn, 1988). McGuire (2000) argues against a naïve implementation of the Grameen Bank model without proper consideration of all of the cultural, social, economic and legal issues involved. In fact McDonnell (1999) argues that implementation of the Grameen model in Australia would face a number of challenges due to low population density, and welfare disincentives. A variety of other types of community credit institutions have been touted including community development credit unions, community development banks, and revolving loan funds (Green and Haines, 2002, p.147), although there is no evidence of these types of programs being implemented and evaluated in Australia.

The development of financial literacy and micro savings has proved to be a necessary precursor to Indigenous micro-loans schemes in many countries. As Schwab noted:
A complex yet subtle calculus is employed on a daily basis as individuals decide which expenses require immediate attention and which can be deferred. Thus, traditional economic concepts related to investment strategies, resource accumulation and property rights do not translate easily or may be meaningless when applied to Indigenous households (1995, p.15).

Implementing local savings banks, that allow communities to pool resources and then to purchase items of need for the community is a process that has met with success in many countries. As McGuire (2000) notes, in many communities savings are at least, if not more, important than credit services – particularly in communities that lack access to basic financial services. One interesting attempt to implement this strategy in Australia is the Family Income Management Scheme, currently being implemented in Cape York.

Financial Income Management Scheme

The Family Income Management Scheme [FIMS] is being piloted on Cape York and is planned to run for two years on at Aurukun, Coen and Mossman. It is an initiative of the Indigenous Enterprise Partnerships (IEP) (Wand, 2002, p.3). Westpac has committed staff to the project for the next three years (IEP, 2004b). It has a strong wealth creation aspect and aims to empower families to become better organised in the use of their incomes, while encouraging reciprocity and responsibility and developing technical competence in money management (Wand, 2002, p.3).

The financial management structure of FIMS centres upon the traditional family structure within Indigenous communities and the idea of families sharing the responsibility of supporting each other (Botsman, 2002, p.8). Family payments are pooled into a bank that can be used for important economic, social and community activities, including schooling, transport, and businesses (Botsman, 2002, p.8), and an element of reciprocity can be built into the financial transactions (Pearson, 2000b). It is perceived as a change process (FIM 2003) that focuses on helping families get organised, negotiate and set the priorities of cooperative strategies, define and share responsibility, make agreements and honour commitments. While noting that a formal progress report is still underway, Lodder & Priest (2002) have indicated that the project is achieving its goals overall, and that long term savings habits have occurred in many families, resulting in achievement of personal savings goals.

While FIMS is not formally an Indigenous entrepreneurial activity, it is important to note in the context of the barriers to Indigenous entrepreneurship. Such programs are critical for the development of financial literacy, and for the establishment of savings patterns and strategies for the effective management of money, both of which are precursors for effective management of small businesses. Such strategies have a significant additional benefit - the development of pooled local financial capital. Pooled resources of a number of families in a given community could form the basis of small local economies and markets. While this notion is novel, untested, and operates at a micro-level, it could prove to be a novel utilisation of the unemployment benefits that Indigenous communities have that could lead to the development of small local economies. Further research in this area would be invaluable to determine the effectiveness of these pilot schemes.

Indigenous Enterprise Partnerships

Indigenous Enterprise Partnerships is a not-for-profit organisation established to work with Indigenous communities, in developing innovative ways to arrest and breakthrough the destructive passive welfare economy. This is to be achieved by delivering appropriate skilled resources, arranging for key skills transfer, organising the financial capability required. Their pilot region is focused on the Cape York Peninsula (IEP, 2004a). They have implemented a number of schemes aimed at assisting Indigenous communities out of welfare dependence. These include the Cape York Digital Network, which is a program to assist young Indigenous people, by providing training in leadership and IT, and developing business enterprise through advice, mentoring and connection with suppliers and markets (IEP, 2004b).

Cape York Partnerships

The Cape York Partnerships Economic Development Strategy has as an outcome:

Creation of strong and sustainable Indigenous economies, which is a necessary prerequisite for achieving the broader goals of reconciliation and Indigenous self-
determination. In essence, the strategy is about changing the way Government and communities work together. A key element of the strategy is the recognition that for sustainable outcomes to be achieved, the drive and commitment must come from the communities rather than be imposed or 'thought up' by bureaucrats a long way from the action" (Queensland Indigenous Economic Development Strategy 2003, p.3).

A number of initiatives have commenced under the Cape York Partnerships. Balkanu Business Hubs have been established with assistance from the Boston Consulting Group and currently 20 small business ideas are being incubated. Current businesses are involved in honey production, small tourism businesses, furniture sales and production (IEP, 2004b). Westpac Bank and the Boston Consulting Group provide staff on a rotational basis (Balkanu Cape York Development Corporation, 2004). The business hubs provide a broad spectrum of assistance including: encouragement, business modelling / planning, venture capital, general services (bookkeeping), and mentoring. Cashews for Cape York is a Joint Venture between Wildman Cashews, the Indigenous Land Corporation and the Woibo Clan (Nu Plant, 2003). They plan to establish a cashew plantation that will support up to five people full time, and provide income to the clan as a whole.

Indigenous Community Volunteers

Indigenous Community Volunteers (ICV) recruit skilled volunteers who provide ‘hands-on’ training on a short term basis in Indigenous communities. While working in Indigenous organisations, volunteers seek to transfer their skills to identified individuals, in order to develop the capacity of Indigenous communities. Such placements occur only at the request of Indigenous communities (ICV, 2004). An evaluation of this project is currently underway, but has not been released as yet.

ICV provides an innovative model for developing human capital amongst Indigenous communities. The process of matching invited mentors who transfer their skills to Indigenous communities, involves processes of consultation, collaboration and invitation at all stages, with the intervention being conducted by a not for profit company that serves Indigenous communities and organisations exclusively. This scheme has great potential for improving the skill levels of Indigenous communities and organisations, in a culturally appropriate and sustainable manner.

Formal evaluation of many of these schemes has not been completed, or is still underway. Research into the success of these interventions would be an important aspect of future research since they are modelled on a different basis to previous interventions.

**PUBLIC POLICY IMPLICATIONS OF INDIGENOUS CAPITAL CONSTRAINTS**

Pearson's (2000b) call for changes could be interpreted, as being concerned with attitudinal change, since they seek to refocus the rights discussion away from a ‘right to welfare’, which has driven much of the policy debate for many years (Allen, Altman and Owen, 1991), to a ‘right to a full place in the Australian economy’; and from a ‘right to a benefit’ to a ‘reciprocal responsibility between society and individuals’ (Martin, 2002b). Martin (2001) agrees arguing that there needs to be both attitudinal and institutional changes in order to reform the welfare system. Smith (2001) acknowledges the generational impact of welfare dependence, which Hunter (2000) argues has resulted in many long term Indigenous unemployed succumbing to a sense of fatalism that in and of itself is an impediment to any policy attempting to reduce poverty. Robbins (2003) argues that notions of ‘Indigenous incapacity’ to change have become entrenched in government as well. It should be noted that attitudinal shifts needs to take place in the minds of academics, policy makers, government officers as well as Indigenous peoples (Dodson and Smith, 2003). This is one of the key reasons we have argued for an environmental perspective on Indigenous entrepreneurship, rather than a trait based view.

Altman and Hunter (1997) argue that attempts to measure poverty in purely economic terms fails to take into account other sources of ‘income’ such as hunting and gathering, the sharing of income between Indigenous families, and cost of living issues in remote Australia. Not being employed in the mainstream labour market enables Indigenous people to hunt, fish, paint and participate in ceremonial activities (Hunter, 2000) thereby increasing ‘social capital’ in their communities. The paradox present in this notion is that increased social capital in some communities can only come if they abstain from mainstream economic engagement. In this context outstations reverse the criticisms levelled by Trudgen (2000) on the welfare system, since jobs are given back to people in the communities, and
they are empowered to contribute to the local economy in a culturally appropriate manner. A better understanding of Indigenous economic perspectives needs to be undertaken – particularly given the arguments from esteemed economic sociologists that an Indigenous view is far more ‘main stream’ to the history of human through than other commentators have argued thus far (Granovetter 1992; Polanyi 1957).

From a policy perspective it is evident that ongoing dialogue and adaptation of the economic policies to the specific values and socio-economic contexts of Indigenous peoples is needed (Sanders, 2001). Economic governance and Indigenous-directed solutions to poverty remain relatively unaddressed (Altman, Hunter and Johns, 2003, p.1). Culturally appropriate research methods are needed in order to accurately determine the extent of Indigenous poverty, and appropriate responses to this poverty (Altman and Hunter, 1997). Otherwise differences in values and perceptions between Indigenous culture and the dominant Anglo-Saxon Western culture cannot be addressed.

**CONCLUSION**

The rate of Indigenous involvement entrepreneurial activity is quite low in Australia, when compared with other countries such as Canada and the United States of America (Hindle 2002). Some of the causes for this include cultural barriers (Schwab 1995); lack of access to markets and capital (Abbott 2002, Altman 2002, CAR 1994, Pearson 2000b); educational and skill barriers (Daly 2000); and attitudinal barriers (Allen, Altman and Owen, 1991; Dodson & Smith 2003; Martin 2002b). Rather than viewing low Indigenous participation in small business from a ‘trait’ based view of entrepreneurship, the lack of access to capital provides a more robust explanation.

Potentially powerful partnerships have been developed between Indigenous communities, businesses and government that show great promise for addressing many of the issues raised in this paper. Once the resource constraints identified above are addressed through partnership arrangements, Indigenous communities demonstrate significant entrepreneurial initiative.

Future policy makers need to take heed of the constraints to capital – economic, social, human and financial, organisational, technological, and physical – if they are to be effective in addressing the complex nature of Indigenous poverty, as well as considering the needs, goals and aspirations of Indigenous communities, who are meant to benefit from the policies (Altman et al., 2000, p.2-3).
END NOTE

1 Trudgen (2000, p.172) argues that Indigenous people in their traditional estates where highly productive and worked long hours. For example the Yolngu of Arnhem Land conducted extensive trade with Macassan traders from Malaysia that involved seeding and harvesting oyster beds, harvesting and preparing turtles for their shells (Trudgen, 2000). Items traded included knives, axes, nails, fishing lines, calico, blankets, string, rice, tobacco, steel, alcohol, swords and muskets (Trudgen, 2000). Most of these items were not retained by the Indigenous peoples of Arnhem Land, but were traded with Indigenous groups further inland (Mitchell, 1995). A trade system was established, in which steel items were traded as far south as the Great Australian Bight, and other weapons such as boomerangs, were traded back up from Central Australia (Trudgen, 2000, p.16). While trade pre-existed contact with Dutch traders, Mitchell (1995, p.45) has pointed out the marked acceleration of this trade following contact with Dutch traders. Mitchell (1995, p.47) also points out that material gain was not the only motivator in the trade process; but argues convincingly that trade exchanges were used as a mechanism for enhancing social relationships and personal status. This issue of social reciprocity has implications for the establishment of Indigenous entrepreneurs which is discussed in detail in the text of the paper. For extended reading on this issue, the reader is directed to Polanyi (1957) who argues that trade for social reasons is the dominate mode of economic activity for the majority of recorded history.

REFERENCE LIST


ATSIC [see Aboriginal and Torres Strait Islander Commission]


CAR [See Council for Aboriginal Reconciliation]


Family Income Management [see Family Income Management]


TCU [see Traditional Credit Union]


