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Section D: Research

Entrepreneurship in Indigenous Australia: the importance of Education.

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Governmental Policy on Education and Business Funding.

In the Coalition's Aboriginal and Torres Strait Islander Affairs 1998 election policy statement, The Honourable John Herron, Senator for Queensland and Minister for Aboriginal and Torres Strait Islander Affairs, claimed that a second term Howard/Fischer government would continue to assist Indigenous Australia to move beyond welfare by continuing to target key areas that include education and economic development (Herron 1998:1).

Following the Coalition's re-election, in accordance with their policy statement they created a "new business called Indigenous Business Australia" (Herron 1998:2). Interestingly in the same literature, Senator Herron acknowledges that Indigenous Business Australia is the amalgamation of the ATSIC Commercial Development Corporation and the business funding programs that were then administered by ATSIC. These same business funding programs are a legacy of the previous Hawke and Keating governments, which in turn evolved from the Whitlam then Fraser years of government control. This is not a "new" organisation; rather it is the same bureaucratic organisation, crippled with the same symptomatic

problems, under a new banner. An assimilation tool that is seen by some as a ghost of the Department of Aboriginal Affairs and an entity that still controls us.

The economic development of Indigenous Australia appears to be the same package in slightly different wrapping paper. Australia has a thirty-year history, under both conservative coalition and socialist governments, of this type of policy manipulation. Indigenous Australian educational issues have also suffered a similar fate. The National Aboriginal and Torres Strait Islander Education Policy of 1989 and 1993 was seen by many as the salvation of our people in recognition of the differences between the western and Indigenous education pedagogy. However, many Indigenous educators now see the policy as assimilationist in its concept of equity and sameness (Bourke 1990). The 1995 National Board of Employment, Education and Training report highlighted the kinds of racism experienced by Indigenous students within the education system, yet this is the system that consecutive governments have allocated large amounts of public monies to, to improve Indigenous Australian educational outcomes (NBEET 1995:37). If the educational system is so blatantly racist, as outlined in the 1995 report, why has it been allowed to continue?

Professor Errol West, (a prominent Indigenous Educator) stated several years earlier, "We have

provided recommendations for over twenty years and little has changed. Outstanding contributions have been made in this area by educational leaders that include McConnochie, Hughes and Wilmont (sic) but in the end, what has been achieved?" (West 1991:51). Errol West leaves himself out of this list and he should be included as should Ms. Linda Burney of the AECG (Aboriginal Education Consultative Group) of NSW, John Budby in Queensland, Colin Bourke in South Australia and scores of other outstanding Indigenous Australian educators who have devoted their professional life to this cause. At the end of the day West is right in questioning, what has been achieved if the education system has developed into what appears to be another assimilation tool?

We have a scenario involving both economic development and education policy that appears to be ineffective. This paper will discuss the relationship that the environment of the Indigenous Australian entrepreneur (which encompasses Indigenous Economic Development) and the crucial importance that education plays in the following case study of Indigenous Australian entrepreneurs.

Objectives of the Study into this area

Initially research was undertaken to look at what made Indigenous Australian entrepreneurs different from non-indigenous entrepreneurs. This forms the basis of a Masters Thesis by the writer. To adequately address the objective, the research would have entailed comparative studies of non-indigenous entrepreneurs. There is a plethora of research in existence that more than adequately provides an insight into the make-up of the non-indigenous entrepreneur. To do this would have been a costly, time consuming and ineffective exercise. A wealth of information on non-indigenous entrepreneurs exists in the writings of Baron (1998), Baum (1995), Falbe and Larwood (1995), Hart, Stephenson and Dial (1995), Hills (1995), and Smilor (1997), to name a few who are been referenced in this study.

It was important that a definition of what constitutes an Indigenous Australian entrepreneur is established, and this became the study's first objective. Due to the apparently limited number of Indigenous Australian

entrepreneurs in existence, quantitative analysis was discarded in favour of qualitative measures. The study framework resulted in the following objectives crystallising:

- to define the phenomenon of what is an Indigenous Australian entrepreneur;
- to define the indigenous cultural paradigm of success as pertaining to the case study participants; and
- to discuss (through the case study analysis) the educational and industry training expertise of the participants, their sacrifices and survival techniques, exploring their process of capital accumulation and if applicable, expansionary funding.

For the purposes of this paper, the first and last objectives will be discussed.

Definition of an Indigenous Australian Entrepreneur?

Before the research is expanded upon, the concept of what is an Indigenous Australian entrepreneur needs to be addressed. An entrepreneur is described by Zimmerer and Scarborough as:

... one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalise on them. (Zimmerer and Scarborough 1998:3)

The Harvard Business School defines entrepreneurship as "the pursuit of opportunity beyond the resources one currently controls" (Smilor 1997:343). This is simplistic, lacking applicability to the Indigenous Australian scenario, whereas Zimmerer and Scarborough have not allowed for the social positioning of the Indigenous entrepreneur. A more detailed explanation and definition of what entrepreneurship is, is as follows:

Entrepreneurship is a subversive activity. It upsets the status quo, disrupts accepted ways of doing things, and alters traditional

patterns of behaviour. It is at heart, a change process that undermines current market conditions by introducing something new or different in response to perceived needs. It is sometimes chaotic, often unpredictable. Because of the dynamic nature of entrepreneurship and because of the entrepreneur's ability to initiate change and create value... the concept of 'creative destruction' is an apt description of the process... the entrepreneur thus disrupts the economic status quo, and as a result creates new market opportunities. (Smilor 1997:341)

Smilor's definition and explanation allows us to understand the dynamics of the entrepreneurial environment. The dynamics of change, of turbulence experienced in the entrepreneur's daily habitat: perhaps it is chaotic; sometimes it may be predictable, but often the change process is not. It is the entrepreneur's ability to harness this change to advantage, or perhaps even to initiate the change in the first place that is their distinguishing ability or the characteristic that makes them different. We can apply this to the Indigenous Australian and modify it slightly to produce a definition of the Indigenous Australian entrepreneur. From these readings and personal observations, a definition has been developed to encapsulate the phenomenon of the Australian Indigenous entrepreneur. That definition is as follows:

The Indigenous Australian entrepreneur alters traditional patterns of behaviour, by utilising their resources in the pursuit of self determination and economic sustainability via their entry into self employment, forcing social change in the pursuit of opportunity beyond the cultural norms of their initial economic resources (Foley 1999).

In this definition we go beyond the generalist Harvard definition, and are more definitive than in Smilor's application and correspondingly more accurate than Zimmerer and Scarborough. This definition is flexible in its application, allowing for the historical and socially moulding forces that are evident in the Indigenous Australian entrepreneur's environment.

The economic *status quo* that has been imposed on Indigenous Australia has aptly been defined by the current Minister for Aboriginal and Torres Strait Affairs, Senator John Herron, as the "welfare shackles" (1998). The Indigenous Australian economic *status quo* is an oppressive one, almost a yoke of restraint. This definition highlights the disruption of the economic *status quo*, which occurs when Indigenous business persons engage in a metamorphosis from the entrapment of the welfare system (and its negative stereotypes), to a condition of self determination, and control of their economic future. The extent of this control is determined by the skills, training and resourcefulness of the individual.

The entrepreneur must have a business opportunity and they must have access to resources - resources that in the Indigenous Australian example are minimal in view of the general poverty of the community. The attribute that the Indigenous Australian entrepreneur must display therefore is the innovation and maximisation of their opportunities, perhaps with personal sacrifice to ensure the success of their venture.

Limitations and brief overview of the Research methodology

The limitations of the study are twofold. Firstly, the study commenced with a sample of only 18 Indigenous Australian business enterprises draw from an initial contact base of over one hundred purported Indigenous Australian businesses. The number of enterprises studied could be seen as a limiting factor. However, due to the nominal existence of Indigenous Australian enterprises, qualitative methodology was used to maximise the usefulness of the data on this minority group within the business sector. This is not seen by the writer as a limitation; rather it highlights the need for further study in the hope that the business environment of Indigenous Australian enterprises may be stimulated to increase the number of Indigenous Australian business practitioners.

Secondly the subjective nature of the study limited its scope. A series of constructed case studies has been used to explore a wider set of issues than what is discussed in this paper. This encompassed utilising

interviews, analysis of natural text (when available), and observation of the individual business people in their workplace and within their communities.

Participants must be Indigenous Australians. For the purposes of this study, they are Indigenous Australians who identify as such and are accepted as per the legal definition of an Indigenous Australian as adopted by ATSIIC: that is, they are Indigenous by descent, by self recognition and by recognition of their community.

The participants targeted are self-employed in their own businesses, operating individually as sole traders, partnerships or Proprietary Limited Companies. Aboriginal Corporations (incorporated under the *Aboriginal Councils and Associations Act 1976*) are not included as they obtain taxation benefits and status as non-profit organisations.

All participants have a similar profile to that of a non-indigenous self-employed entrepreneur or small business person. (However it could be said that they do not have the same social profile as their non-indigenous counterparts, rather this is qualified in that they don't have a financial advantage over the non-indigenous.) In reality, due to the socio-economic circumstances of the participants in their community over the majority of their life, they are generally at the lower end of the socio-economic scale.

The participants are diverse in their business pursuits, which adds to the strength of the project's objectivity. Eighteen Indigenous Australian business enterprises have been viewed and studied over a period of several months. The eighteen enterprises have been studied to varying degrees; this has included in some cases several interviews and active participation in facets of the business. A case study analysis portfolio has been compiled on each individual enterprise. Based on the initial examination and interview, they have then been examined as to their acceptability for further study subject to the applicability of the definition of an Indigenous Australian Entrepreneur, that is:

The Indigenous Australian entrepreneur alters traditional patterns of behaviour, by utilising their resources in the pursuit of self determination and economic sustainability via their entry into self employment, forcing

social change in the pursuit of opportunity beyond the cultural norms of their initial economic resources (Foley 1999).

Those case studies that did not comply with this definition were re-examined. In some cases this warranted further investigation due to their unique circumstances. Several case studies were found to be so distant from this definition that they were eliminated from further study. Only five enterprises met the criteria of the study, and these form the basis of the analysis.

Results

The substantive coding of the interview data produced results that indicate in many ways that the Indigenous Australian entrepreneur may appear to be superficially similar to the non-indigenous entrepreneur however they are also unique in comparison. The results in the original thesis are summarised and presented within three categories:

- Outstanding Trait, 'Positivity';
- Structural Functional Characteristics; and
- Indigenous Australian Characteristics and Experiences.

The case study data produced an outstanding trait or personal characteristic that pertains to the entrepreneur in general (Hallahan, Lee and Herzog 1997). This is the 'positivity' of the participants and their calculated adherence to personal sacrifice to achieve positive outcomes. The trait (or criterion) of positivity was evident almost immediately during the first interview and subsequently reinforced in later meetings.

The second category that the data produced is the 'structural functional' characteristics (the education and industry experience extract of these findings will be discussed in the following chapter). This includes the entity structure, educational levels obtained, industry experience, training, membership in industry associations, business plan structure and capital. These results conform with the existence of competencies of performance and traits of success similar to those discussed by Baum (1995) and Zimmerer and Scarborough (1998). Performance competencies evident in the results include knowledge,

cognitive ability, self-management skills, administrative and human resource skills, decision-making skills, leadership, opportunity recognition and opportunity development. In addition, successful traits such as the desire for responsibility, preference for moderate risk, confidence in ability, high levels of energy, future orientation in searching opportunities and skills in organising people and resources are evident. The structural functional categories that are listed follow these results to some extent. However, competencies of performance and traits of success are the product of other authors' previous research. The structural functional categories as listed in the original thesis have been classified in accordance with their occurrence and relevance following the use of substantive coding.

The data suggest that Indigenous Australian entrepreneurs are unique. The evidence indicates that the traits and measures thought necessary for entrepreneurship not only apply, the Indigenous entrepreneur also experiences an interaction of cultural forces and demands that is not experienced by the non-indigenous entrepreneur. The Indigenous Australian entrepreneur has had to conform to mainstream business practices in addition to the maintenance of cultural ethics and interactions hidden from the view of their non-indigenous counterparts.

The third category of data reflects the values and interactive forces unique to the Indigenous Australian entrepreneur. These data reveal that they each have children, and they are each married in long-term relationships. Within this family structure there are strong family commitments, social obligations and kinship levels which are synonymous with Indigenous Australia (even it would appear in mixed racial marriages). These affect the entrepreneur's motivation and performance application. In four out of five cases, racial discrimination was also a factor motivating their quest for success. Their desire to "show the whiteman that blackfellas are just as good as them" (joint opinion of participants *A*, *B*, *C* and *E*) is a driving force that has a profound effect on their perceived public image. The revelations concerning the degree of negative experiences and emotions of the participants in their dealings with ATSI, the peak Indigenous-funding institution in Australia, were not anticipated. The racial overtones and experiences that they endure from their

clientele and trade suppliers seemed insignificant in view of the ATSI revelations in their dealings with the Business Enterprise office.

Education and Industry Experience

Following on from the structural functional characteristics of the Indigenous Australian entrepreneur in the previous chapter, other research such as that of Chen, Greene and Crick (1998) indicates that the choice of entrepreneurial activity is the role of self efficacy, covering areas of the entrepreneurial career preference, intentionality and performance. The self-efficacy is the individual's cognitive estimate of their capacity to motivate themselves and to instigate the courses of action needed to control the events over their lives. The results of the study highlight the respondents' behavioural attitudes *after* the 'opportunity' arose from the initial chaos, amplifying the relationship that education and industry knowledge has on the entrepreneur's entry into business.

Four out of five respondents have a year 12 or better education. Three have tertiary qualifications, which includes one husband and wife team. Two have TAFE or trade qualifications, which includes the completion of an apprenticeship. Only one respondent has a minimal intermediate school education, and this is arguably compensated by industry experience that exceeds 40 years (with three others having a sound grounding in their respective industries). When one considers the small number of Indigenous Australians who achieve a year 12 education level, then there is strong correlation between education and industry experience.

Baum (1995) links nine competencies to the success of entrepreneurial activity. These include the competencies of 'knowledge', 'cognitive ability', and 'opportunity recognition'. Baum's research findings produced an 81 per cent response that 'industry experience' and a 77 per cent response that 'technical skill' are the supportive variables. This is similar to the findings from Indigenous Australian entrepreneurs: 80 per cent indicate 'sound industry experience' and 80 per cent 'technical skills through formal education'.

Hills (1995) suggests that 'cognitive ability' and 'opportunity recognition' (competencies listed by Baum) are linked with the experience base of the entrepreneur. It is not difficult to validate that the experience base is gained from industry knowledge and education. The conceptual link between the phenomena of cognitive ability and opportunity recognition has generated new empirical studies that support the identification of entrepreneurial opportunity as a process "of several learning steps over time" (Baum 1995); learning steps that rely on technical skill through education and industry knowledge. Christian and Peterson's work confirmed that "profound market or technological knowledge is a prerequisite for venture ideas" (Christian and Petersen 1990, cited in Hills 1995:106). Baron (1998) combines the cognitive ability in entrepreneurship with the ability to minimise cognitive effort by using short cuts in the mental process, thus reducing mental effort. This can only be achieved if the mental resources are initially there: that is, the technical and industry knowledge, which again supports the argument that education and industry knowledge are vital competencies for the entrepreneur.

This emphasises the value of education and training. If only 25 per cent of Indigenous Australians complete year 12, in comparison with non-indigenous year 12 graduates, the prerequisite educational base for entrepreneurship is simply not being provided for Indigenous Australia. Policies seeking to advance Indigenous Australian entrepreneurship must address the issues of Indigenous education and industry training.

Conclusion

The results provide an insight into the business and social world of the Indigenous Australian entrepreneur. It is true that to succeed in business the Indigenous entrepreneur is superficially no different in character or in traits to the non-indigenous entrepreneur. If we take positivity as an example, we can easily compare the driving force of the Indigenous entrepreneur with the supportive findings of Hallahan, Lee and Herzog (1997) in the non-indigenous business environment. However, the environment, the social environment, of the Indigenous entrepreneur is very different to that

of the non-indigenous. The social interactions with immediate and wider family members and the subsequent trade off in cultural values are not comparable to those experienced in the non-indigenous world. It is as if the "rightness of whiteness" in a cultural context is integrated in the survival practices of the Indigenous entrepreneur. For, in fact, if they are to survive and prosper they have to accept non-indigenous values and practices, at least to a degree, to maintain business cohesion.

Perhaps the most outstanding finding was the relatively high instance of training and formal education in the case study participants. If we, Indigenous Australia are to achieve economic independence in business pursuits, then education is a vital component in 'removing the welfare shackles' (as touted by Senator Herron). Yet, Educators are forced, by the imposition of the mainstream's educational culture, with its accompanying west-centric curriculum, methodologies and administrative procedures, on Aboriginal students to participate in what is essentially an outcome which supports the notion of the 'superiority' of mainstream education. It would appear this superiority of western ideology does not allow the Indigenous Australian student to maximise their opportunities (Smith 1996:35). The national high attrition rates of year 9 to 12 Indigenous Australian High School students qualifies this statement to some degree.

The superiority of the western education system in its stereotypical application towards Indigenous students is as Carmichael and Hamilton state, "it manifests itself in the laws, norms and regulations which maintain dominance of one group over another. It originates out of societies legal, political and economic system, it is sanctioned by the power group [the teachers] in that society and at least tacitly accepted by the powerless [the Indigenous student], it receives very little public condemnation" (Carmichael & Hamilton 1967). It is the education system itself that dominates and subjugates our youth systematically alienating them from achieving comparative education standards with mainstream Australia.

The case study analysis of Indigenous Australian Entrepreneurs illustrated the high incidence of

education and industry skills prevalent in this unique group. Without these skills, it is logical that based on this data, the incidence of an Indigenous Australian becoming a successful entrepreneur is negligible. Without entrepreneurial activity, Indigenous Australia cannot achieve economic independence. Without an education system that develops Indigenous Australia to achieve sound education levels, then society is perpetuating the inevitable that will not allow Senator Herron's welfare shackles to be removed. ATSI Commissioner David Curtis in his address to the Human Rights and Equal Opportunity inquiry of 12 November 1999 almost pleads to end the disparity and inequities in Indigenous Education (ATSI 1999).

It is the writers belief, that if the education outcomes of Indigenous Australia are not improved within the lifespan of the current generation, then existing and previous education policies already highlighted as being assimilationist, are adding to the extirpation of our race, the genocide of Indigenous Australia.

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