Enterprise development: A model for Aboriginal entrepreneurs

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Abstract

Opportunities exist within the current political and economic climate to build on some of the concepts of traditional Aboriginal society, and create a working environment for enterprise development. A model or models are required not just for Aboriginal people to gain support from government or wider institutions, but for governments and other institutions to work to. When referring to voluntary organisation grass roots development in Zimbabwe, Clark argued that "projects will remain irrelevant to the majority of the needy unless used as beacons to light up pathways for others – notably the state – to pursue"(1990, p. 65). Development in Aboriginal towns and communities needs to go beyond the stage of relief and welfare, to an era of sustainable development. However as Korten argued when referring to sustainable systems development and the quest for self-managing networks, changes "in specific policies and institutions" may first need to be sought "at local, national and global levels"(1990, p. 120). Changes are gradually occurring in terms of policies, however institutions active in the field need to become more positively interactive with their clients. A model of enterprise development is being moulded to involve such institutions and their resources.

Concepts associated with the conduct of good business, such as organisation, communication, and planning, are also evident from what we know of pre-contact days. Both traditional and contemporary Aboriginal society has elements of good planning. The Yolgnu of Arnhemland, for example, when organising a "bapurru" (funeral), not only have to choreograph the ceremony with organising performers, body paintings, songs, and the like, but also have to arrange for the movement of people (sometimes hundreds) from isolated locations, and then house and feed them over extended periods. This is a major exercise, coordinated by the senior people from various clans.

Economic concepts of "doing business" may have been present in Australia long before Europeans arrived. Evidence suggests that Aboriginal people have been trading for thousands of years amongst themselves, and for centuries with neighbours to the north. Worsely (1955) refers to "economic activities" between the Arnhem Land Aborigines and the Macassarese. Rose (1987) also refers to a system of "payment in kind," with reference to economic activities in the Northern Australian region (Rose. 1987, p. 99). Berndt and Berndt note that "bartering centres" were established (1999, p. 494). In addition to trade with the Macassans, there was also "traditional" trade and the "constant movement of goods" along routes that "criss-cross the whole Continent" (Berndt and Berndt 1999, p. 128). Regional trade was also important, with each clan participating to keep their clan in a "credit position" (ARDS, 1994, p. 9). These goods were predominantly implements associated with production, such as spear tips and grinding implements, but there were also items associated with ritual and religious importance (Rose 1987). An Aboriginal Resource and Development Services Incorporated (ARDS) (1993) study elaborated on the significance of "wubarr" (sweat) within Arnhem Land communities,

and drew a correlation with wealth accumulation. It also explored the existence of "djugu-gurrupan" (contracts) in an economic sense between clans (ARDS, 1993). Interestingly, Berndt and Berndt note that exchange was not a "straight-forward commercial transaction" in the true sense, but involved other factors such as "partnership," "social relationship," and the "prestige" obtained (1999, p.133).

The traditional trade of Arnhemland "collapsed," or was severely damaged, in about 1907 with the emergence of the pastoral industry and the blocking of Macassan trade by the South Australian Government. This consequently resulted in "massive internal conflict and turmoil"(ARDS, 1994, p. 9). It could further be argued that the results were subsequently also felt in other parts of the Northern Territory and beyond, because a link in the trade routes had been broken.

This breakdown of the Aboriginal economic system of trade with Asia was followed by a period, commencing in the 1930s, when Australian government policy was based on a premise of the need for "welfare." Assistance provided to Aboriginal groups was on a "communal," or "democratic" system. The formation of an "Incorporated Association" (with all the associated problems) was deemed necessary to acquiring project funding. It is significant to note that individuals and family groups were not fostered to the same degree as community projects. This approach is only now being challenged.

The Federal Minister for Aboriginal and Torres Strait Islander Affairs, Senator John Herron, in March 1998, delivered a discussion paper titled, "Removing the Welfare Shackles." This paper was a reform initiative for indigenous economic development, and coincided with similar development philosophies that were emerging in the States and Territories. The paper argued that a new focus away from "ongoing welfare dependency" would lead to better opportunities, and more effective and efficient economic development programs (Herron, 1998, pp. 1-22). Subsequently, the Aboriginal and Torres Strait Islander Commission (ATSIC) argued that whilst the move away from welfarism was to be applauded, it should be done in conjunction with the private sector. It was also stated that constraining factors, such as remoteness, resources, and skill deficiencies, should be taken into account (ATSIC, 1998).

A long standing government intent to encourage Indigenous income-generating businesses was evident by the numerous attempts in policy and programs over some twenty years to that end (Herron, 1998), and in 1997 there were a range of financial, management service, training, and employment assistance schemes available to Indigenous business proposals. At that time, field officers in the Northern Territory, such as the writer, were aware of an increasing demand, by Aboriginal people, to be pro-active in pulling themselves away from welfare dependency by starting businesses - yet there was ignorance about the next step. Government servicing, plentiful though it was, was not meeting with demand, and opportunity was latent within the community – at least in the Territory.

The chances of business success are stacked against many of the hopeful Aboriginal entrepreneurs. In mainstream Australian society, statistics indicate that the percentage of small businesses still operating after the initial five years, is only about 35% (Australian Bureau of Statistics, 1996). Aboriginal entrepreneurs

face additional obstacles. Access to capital funds is a difficult and arduous process. Whilst many of the groups may "own" land (about 42% of the NT is owned, whilst 10% is under claim), under the ALRA or *Aboriginal Land Rights (NT) Act 1976*, major institutions such as banks are reluctant to lend because of lack of security or collateral. This is mainly due to the communal nature of the inalienable freehold title granted under the ALRA (NT). Hence the term sometimes heard in the Territory, "land-rich, money-poor." Government funding agencies, such as ATSIC (Aboriginal and Torres Strait Islander Commission), have established rigid bureaucratic procedures in response to persistent audit scrutiny. Joint partners are reluctant in some instances to invest in situations where they perceive there may be third party influence. Access to business advice and training is restricted in the "bush." Most government agencies do not provide a field or extension service. Others are reluctant to visit for a variety of reasons, including remoteness and cost.

The writer's observations at the time suggested that services were not bearing fruit because of:

- A lack of Aboriginal ownership for developments – from conceptual stage onwards;

- Reduced or inadequate field services by agencies with the services to offer;

- Increasingly complex and burdensome application processes for government assistance;

- Ignorance by Aboriginal people about what assistance was available and from whom;

- Literacy associated problems; and

- A 'fund and forget' approach by staff-stressed agencies.

Development of a pilot study

By early 1997, there was a persistent demand for assistance from Territory Aboriginal people on governments, accompanied by a political pressure on the Northern Territory Government's Office of Aboriginal Development to become active in promoting Aboriginal economic development.

This provided an impetus for a series of pilot studies that would examine the requests to provide "one-on-one" assistance to individuals, groups, or communities. One of the objectives was to positively identify some of the obstacles facing potential Aboriginal entrepreneurs. By identifying these factors, government might then be in a better position to tailor their support initiatives. Another objective was to de-mystify the enterprise process where possible and thus allow better access by Aboriginal people wanting to set up their own business.

Evolution of a process into a program

What commenced as a pilot study across five projects had, by client demand, in just over two years, grown into a program servicing over 70 proposals.

In that growth an effective systematic approach to enterprise project development has evolved. Although the approach varied to a degree with each client's situation, assistance was generally provided in the following ways:

- Facilitation of the business concept or idea;

- Development of a business establishment flow chart (as a simple readable diagram on one sheet of paper);

- Assistance with organising business workshop training;

- Advice on appropriate agencies to contact for assistance (e.g., training);

- Assistance in obtaining endorsement from community and traditional decision makers;

- Assistance with obtaining permits and clearances;

- Assistance with the organising of a business plan, feasibility study, or similar;

- Assistance with the application for funding; and

- Limited mentor support once the business is established.

In the delivery of this program to a growing number of clients, two key elements were respected. The first was to have as a foundation an "awareness" phase. As Hobbs recently argued, when referring to the process of self-empowerment, there needs to be initially self-awareness and an understanding of "why I am poor, who controls my community" and what can be done to break out of the poverty cycle (1998, p. 1). An integral part of the awareness stage is to let the client appreciate what is happening in the economic world, and especially with regard to Aboriginal entrepreneurism. The ARDS research cited above also highlighted the need to understand the 'world-view' of Aboriginal groups. In addition, ARDS advocated an educational awareness process to be introduced of "balanda" (non-Aboriginal) culture, and in particular the associated Western economic system (ARDS 1994).

A second element is for the Aboriginal entrepreneur to be the decision-maker, and to make informed decisions throughout each stage of development. This applies right from the conceptual stage, in terms of what types of businesses they want to get into, through to the operational stage. This "ownership" factor is paramount to the long-term success of each business, and to the self-esteem and personal development of the entrepreneur. By developing each project within the framework of a business flow-chart, the ownership factor appears to grow and prosper. So does the awareness. It enables the entrepreneurs to keep their fingers on the pulse. If a key adviser to the project leaves, then they can inform the incoming adviser exactly where the project is at, and what has to be done next. It is also a strong weapon in the fight to clear a path through the bureaucratic maze.

An example of such a flow chart is included in Figure1. This process continues to evolve and a workable model of enterprise development is the desired outcome.
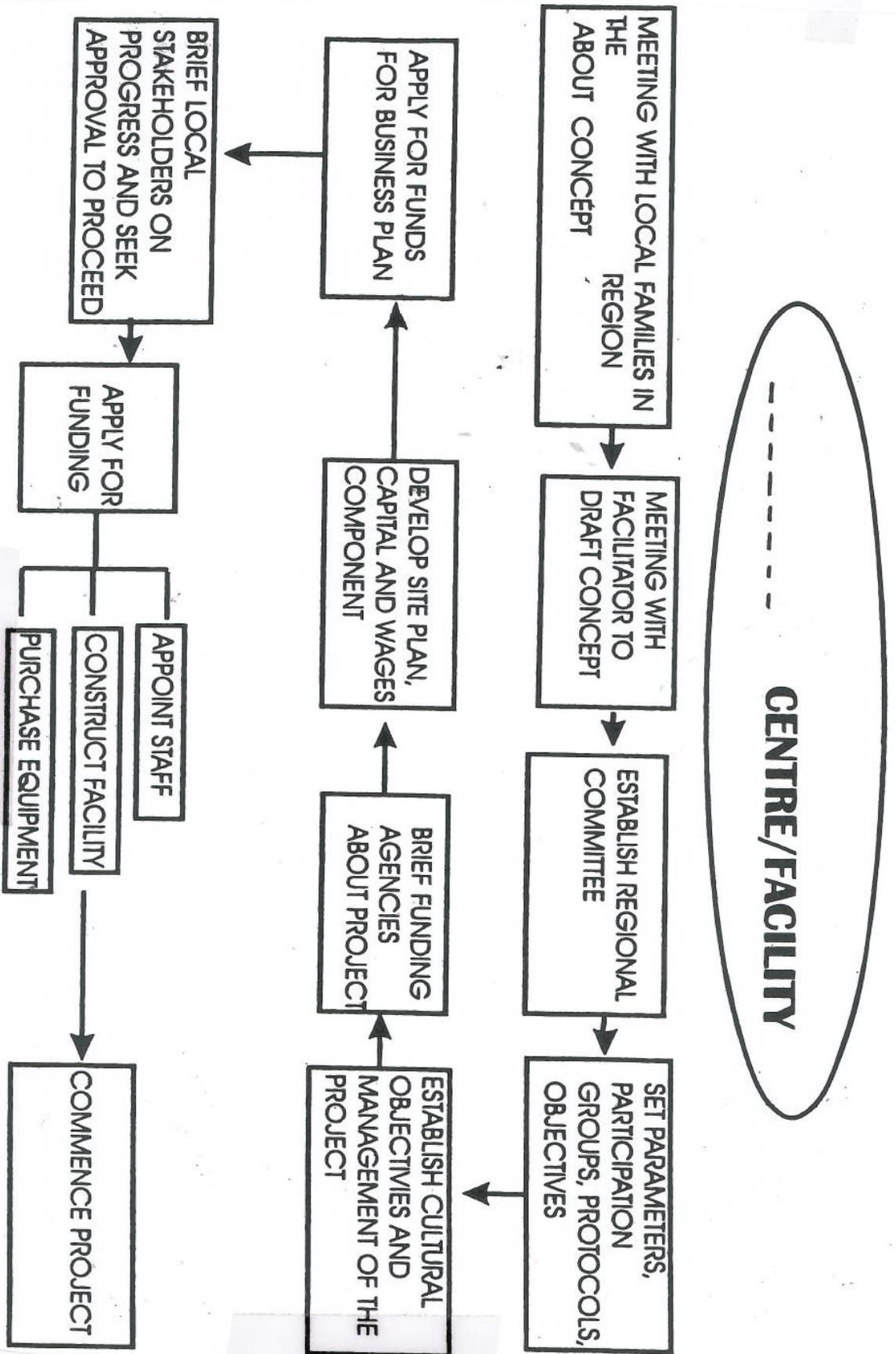
Figure 1
An exemplar flow chart for enterprise development

CENTRE/FACILITY

MEETING WITH LOCAL FAMILIES IN THE REGION ABOUT CONCEPT

MEETING WITH FACILITATOR TO DRAFT CONCEPT

ESTABLISH REGIONAL COMMITTEE

SET PARAMETERS, PARTICIPATION GROUPS, PROTOCOLS, OBJECTIVES

ESTABLISH CULTURAL OBJECTIVES AND MANAGEMENT OF THE PROJECT

BRIEF FUNDING AGENCIES ABOUT PROJECT

DEVELOP SITE PLAN, CAPITAL AND WAGES COMPONENT

APPLY FOR FUNDS FOR BUSINESS PLAN

BRIEF LOCAL STAKEHOLDERS ON PROGRESS AND SEEK APPROVAL TO PROCEED

APPLY FOR FUNDING

APPOINT STAFF

CONSTRUCT FACILITY

PURCHASE EQUIPMENT

COMMENCE PROJECT

Observations and outcomes

An interesting dilemma was apparent with some clients, in terms of what they want out of business. Most Aboriginal entrepreneurs do not necessarily wish to become a "Rupert Murdoch" (Australian Financial Review, 1999, p. 52). Their key objective in many cases is to get out of the "welfare system," to obtain some independence, and to ensure some sort of a future for the family. This raises the question of viability, and of the definition of "success." Is success defined for instance as making a 20% profit margin? Or, is it a situation where a family living 250 kilometres out of Alice Springs, in a remote community and in marginal circumstances, is able to operate a limited business, but enjoy some element of pride and subsequent self-empowerment. In some instances a business may be assisted to a degree by a Community Development Employment Program CDEP) support scheme, and may take years to stand on its feet in terms of economic viability (ATSIC News, 2000). However, if the business is nurtured and allowed to grow, then the long terms benefits are immeasurable. A crucial outcome in this respect, as previously mentioned, is the development of self-esteem.

This observation parallels that of other authors. Wismer and Pell (1981) refer to this as the difference between "social profit" and "economic profit." Research by Byrnes (1994), on some 50 Aboriginal businesses, found that 56% of owner/managers saw community and social development as a primary object of an enterprise, 38% saw community and commercial goals as equal in importance, and only five percent saw purely commercial goals as the primary objective.

An inescapable observation is that the program is in demand and is having some impact. It currently has over 70 proposals undergoing development. From Table2, these projects are diverse in nature, ranging from an individual lawn-mowing service to a community owned motel/ roadhouse. They are also diverse in terms of location. Some are in the northern part of the Territory and others are in Central Australia. Some are in urban centres; others are kilometres out in the bushland. There are about 10 projects currently operating, but most are in the development stage.

A further observation is that this approach, and particularly the development of a broad business flow-chart, allows agents to clearly identify where they can provide assistance at the earliest stage of the proposal formulation. Some of these agency roles are mentoring, assistance with ideas and concepts, funding identification and application, training, nurturing, and business advice. For some agencies, the process has also identified a need for the development of new assistance models. It is evident that the development of a business plan by the Aboriginal entrepreneur is critical.

Assistance under the program is only provided at the request of the client, and any development from then on is at their pace. If they wish to take five years to establish their business, then well and good. If they wish to progress their initiative relatively quickly, then this is also respected.

This process allows for the determination, at some stage, of the economic feasibility of each project. The feasibility (or viability) testing exercise is worked through with the owner, and if a project clearly is non-viable, then the entrepreneur

Project No	Type of Enterprise	Project Structure
1	CULTURAL TOURS	FAMILY GROUP
2	TOURIST WALKING AND CAMPIN	COMMUNITY
3	MOBILE STORE	COMMUNITY
4	FISHING	COMMUNITY
5	FURNITURE AND CANOE BUILDIN	COMMUNITY
6	AUDIO SOUND	PARTNERSHIP
7	CATERING	INDIVIDUAL
8	BUTCHER SHOP	PARTNERSHIP
9	ELECTRICAL CONTRACTING	INDIVIDUAL
10	ARTEFACTS	COMMUNITY
11	FISHING TOURS	FAMILY
12	CAMPING GROUNDS	FAMILY
13	TOURISM VENTURE	FAMILY
14	FABRIC DESIGN	FAMILY
15	GRAPE FARM	COMMUNITY
16	MARKET GARDENS	COMMUNITY
17	ROAD HOUSE/STORE	COMMUNITY
18	SAFARI CAMP	COMMUNITY
19	BUSINESS CENTRE	COMMUNITY
20	KIOSK	FAMILY
21	FISHING	FAMILY
22	MOTEL COMPLEX	FAMILY
23	CULTURAL TOURS	FAMILY
24	CROCODILE FARM	FAMILY
25	CATTLE	JOINT VENTURE
26	TAKEAWAY SHOP	INDIVIDUAL
27	PACKAGED WATER	CORPORATION
28	MODELLING AGENCY	INDIVIDUAL
29	PASTORAL	INDIVIDUAL
30	PASTORAL	PARTNERSHIP
31	TRAILBIKE RIDING	INDIVIDUAL
32	BUSHWALKING	INDIVIDUAL
33	BOAT TOURS	INDIVIDUAL
34	PASTORAL W/RETAIL	COMPANY
35	POULTRY SUPPLIER	FAMILY
36	SERVICE STATION	COMMUNITY
37	TOURISM VENTURE	COMMUNITY
38	TOURISM VENTURE	CORPORATION
39	ABATTOIR	COMPANY
40	BUS SERVICE	FAMILY
41	ROADHOUSE	CORPORATION
42	ARTEFACT PRODUCTION	COMMUNITY
43	CATTLE AGISTMENT	COMMUNITY
44	TOURISM/ARTS VENTURE	FAMILY
45	GENERAL EXPERTISE	COMMUNITY
46	CHILDCARE CENTRE	INDIVIDUAL
47	GRAVEL EXTRACTION	FAMILY
48	GRAVEL EXTRACTION	COMMUNITY
49	BUFFALO AGISTMENT	COMMUNITY
50	PRINTING SHOP	ORGANISATION
51	LAWNMOWING	INDIVIDUAL
52	ENVIRONMENT LEARNING CENTR	INDIVIDUAL
53	INDIGENOUS COSMETICS	INDIVIDUAL
54	CHILDCARE	COMMUNITY
55	FISHING TOURS	FAMILY
56	TREPANG HARVESTING	COMMUNITY
57	WHOLESALE	RESOURCE CENTRE
58	HOTEL/ROADHOUSE	FAMILY
59	LEATHERWORK	COMMUNITY
60	BULK STORE	COMMUNITY
61	EMPLOYMENT AGENCY	INDIVIDUAL
62	PRODUCE DISTRIBUTOR	COMPANY
63	CATERING	PARTNERSHIP
64	ARTS & CULTURE (POETRY)	INDIVIDUAL
65	PARK ENTERPRISE DEVELOPME	BOARD OF MANAGEMENT
66	HORTICULTURE	CLAN GROUP
67	CAFÉ/ GUEST HOUSE	COUNCIL
68	TOURIST DEVELOPMENT	CLAN GROUP
69	SHOP/CAMPING GROUND/TOURS	PARTNERSHIP
70	TELECOMMUNICATIONS	PARTNERSHIP
71	BUS SERVICE	ASSOCIATION

Table 1

Type and structure of enterprise projects

actually owns the decision on whether to proceed. After all, there is no sense in setting people up to fail. Some of the entrepreneurs have tended to look at another type of business that may be viable. Others have expressed contentment that at least their idea was put to the test in a serious assessment.

Implications for policy and service delivery

It has become obvious that there are some key elements necessary for initiatives to be successful. The entrepreneurs need to be keen and committed, if only to endure the negative responses they will receive from many quarters. They also need to realise that it could be a long process before the business may be termed to be successful. But there also needs to be a serious consideration, by governments and the private sector, of how they can assist the process in a meaningful way. They need to examine how they can assist through the provision of appropriate training, business advice and planning, funding programs, and mentoring. They need to consider the role of the facilitator and the educator. They need to examine how their assistance programs, with all the associated "flash" media launches, can be taken from the stage of a glossy brochure to people living in remote locations in adverse conditions. There is a need to get rid of a lot of the red tape, and for agencies such as the banks to take a more pro-active and interested approach. The consequences of not addressing these issues, in the long term, do not need to be spelt out.

Agencies play a role in the creation of "awareness," and to some degree that is happening. The Northern Territory Government's Office of Aboriginal Development, for example, is producing a newsletter that gives a view of the broader scene, and also focuses on issues associated with development, such as education. It also highlights specific "role model" projects, that are either successful or being developed. In addition, the Northern Territory Department of Industries and Business is producing a booklet entitled, "Starting and Staying in Business," specifically to complement the overall initiative.

There are other initiatives also beginning to emerge in the Northern Territory. There is a training program that is now being funded by the Northern Territory Government, to take business planning "to the bush." Another development has been the establishment of an economic advisory group, consisting entirely of Aboriginal people, who advise the responsible Northern Territory Minister. There is also a focus group of government departments and other agencies operating in the Territory, whose role is to facilitate development, and to create a pro-active environment for Aboriginal business development.

Another key initiative for Aboriginal business is a working group made up of representatives from Commonwealth agencies, including ATSIC, Northern Territory Departments, and, importantly, agencies such as the Land Councils, the Indigenous Land Corporation, and an accounting firm, Deloites. Other members are invited as required. The role of this group is to coordinate assistance at the grass-roots level.

Conclusion

The intent of the program, in the first instance, was to create a *process* that would simplify the world of business, and enable it to grow in the Aboriginal sector. This process continues to be refined,

through hard experience as well as advice from all parties.

Another goal was to bring government funding programs and the like "out of the cold," and to make them more accessible, particularly to those in the remote areas. Despite what appears to be a genuine spirit of cooperation at a middle management level, this has proven a much more difficult task.

A further aim was for field staff, and mainstream agencies, to be able to identify at what phase they can come in to assist business development. Unfortunately, and despite the enthusiasm of those few in the field, it appears that such extension services, to remote Australia, have been cut even further. The writer remains optimistic however that agencies will, following small-scale success stories, see the potential long term benefits of Aboriginal participation in the economic sector, and thus become much more pro-active. The benefits could be both economic and social.

The major encouraging outcome out of the whole process has been the attitude of Aboriginal people. They have taken on the concept of "business development" with a vengeance. However, at this stage there are limited resources available in terms of practical assistance, and perhaps their greatest allies in the long-term will come from within their own wider community. The "beacons" described by Clark will have to come from the successful Aboriginal entrepreneurs of today. However, governments and the private sector have an important role to play in creating a pro-active and nurturing environment for further economic development.

Acknowledgement

Personal opinion

Whilst the philosophy behind the concept of economic development is very much supported by the Office of Aboriginal Development, it should be noted that the opinions expressed in this paper are those of the author.

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