DETERMINANTS OF SUCCESS AMONG
INDIGENOUS ENTERPRISE IN
THE NORTHERN TERRITORY OF
AUSTRALIA

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ABSTRACT
The focus of this research is on Indigenous enterprise development (IED) in the Northern Territory of Australia, much of it on inalienable and communal Indigenous land. Indigenous enterprise development is said to be different from other forms of enterprise development because of the legal rights of Indigenous peoples and because of particular cultural attributes, which are found to shape notions of success and approaches to development. A total of fifty six in-depth, face-to-face interviews were conducted with experts or opinion leaders on IED in the region.

The findings in this research emphasize that certain cultural attributes may act to constrain successful enterprise development, but can be integrated into an enterprise through changes in enterprise structure, or practice, to support successful economic outcomes. Four categories of factors that support the development of successful Indigenous enterprise are identified: developing business acumen, integrating culture within the enterprise, separating business from community politics, and greater independence from government. While definitions of success varied across the region there were common objectives for Indigenous enterprise, such as eliminating welfare dependency and maintaining a link to land. Ultimately, success for Indigenous enterprise was deemed to be business survival, but in ways that are congruent with each Indigenous community’s values.

INTRODUCTION
In Australia, economic development and wealth creation are seen as a strategic priority in addressing Indigenous disadvantage (SCRGSP, 2005; 2007). Enterprise development is a key component of this and after four decades of government economic and enterprise development initiatives, Indigenous Australians continue to suffer a widening economic disadvantage and often function outside the mainstream economy (Foley, 2000; 2003; 2006; IBR, 2003; SCRGSP, 2005; 2007). This research brings understanding to those Indigenous enterprise development
efforts, at a communal and individual level, within the context of a unique land rights regime in the Northern Territory, where Indigenous people represent a large segment of the population and own half the land base under inalienable communal title (NLC, 2007). It is in this context that Indigenous Australians are in the deepest socio-economic disadvantage (Hughes and Warin, 2005; SCRGSP, 2007). Also, policymakers are faced with complex economic development challenges with the existence of significant structural and economic constraints to market involvement (Altman, 2001).

The barriers to Indigenous enterprise development are numerous and well documented in the literature (Altman, 2001; Kinfu and Taylor, 2003; Young, 1995). However, definitions of success and factors that contribute to success in the Australian Indigenous context are not well articulated in academic research (Evans, 2006; Foley, 2000; 2003; Hindle and Lansdowne, 2005). The absence of literature on success prevents guidance in research efforts and benchmarking to support enterprise development. This research represents the most recent scholarly study to understand notions of success and factors that contribute to success for Indigenous enterprise development in this region. This research offers a contribution to existing knowledge and literature on Indigenous economic development and entrepreneurship, as well as offering potential tools to policymakers and practitioners.

METHODOLOGY

The research reviews literature in an international and domestic context on Indigenous economic development and Indigenous entrepreneurship, as well as internal and external documents of relevant institutions, and news sources. These data sources are triangulated with in depth face to face interviews conducted with opinion leaders and experts, using a purposive and snowball method to select participants. Fifty six participants were interviewed using a semi-structured format, representing a variety of interest groups in the Northern Territory of opinion leaders as identified by Hindle and Lansdowne (2005) such as those in government, community, business, politics and academia. In total 62.5% of those interviewed were Indigenous. Using a snowball approach, the researcher proceeded with data collection until no potential participants or new data emerged, which is when the research was concluded (Douglas, 2003; Strauss and Corbin, 1998).

The literature emphasizes the use of tested methods of qualitative inquiry, in particular in-depth interviews, in understanding the burgeoning fields of Indigenous economic development and entrepreneurship (Hindle and Lansdowne, 2005; Foley, 2000; 2003). Qualitative inquiry is effective in bringing meaning and understanding to complex phenomena, particularly in emerging fields like Indigenous enterprise development, which are rooted in dynamic social systems (Lofland and Lofland, 1984). This method provides the most effective way to delve into meanings and values such as those socio-cultural values of Indigenous peoples (Denzin and Lincoln, 2000; Foley, 2000). Qualitative data offers in depth analysis of phenomena through the use of quotations, a thorough description of events, relationships and observed behaviours (Denzin and Lincoln, 2000; Patton, 1991). Importantly, it enables an illumination of links between behaviour with values and culture, and the literature has indicated that cultural and social norms, heritage, and community are seen as important in the study of Indigenous economic development and entrepreneurship (Hindle and Lansdowne, 2005; Jorgensen and Taylor, 2000; Peredo and Chrisman, 2006).

Interview Format

The data collection commenced in August 2004 and was finalized in March 2007, with the subsequent analysis concluded in July 2007. Two interviews were conducted with most participants and interviews ranged from 30 minutes to 3 hours. A time frame of 30 minutes to 1 hour was adhered to in most cases to avoid fatigue as suggested by Silverman (2001), however, some participants wanted more time to discuss issues in the research that were important to them. In some instances interpreters were used and a set of interview questions was tailored to Indigenous people with English as a second language. Most interviews were one-on-one and face-to-face, however, sometimes participants requested to bring a friend or a family member to the interview. Anonymity and non attribution were assured to participants and confidentiality was
important to participants given the sensitive nature of some of the issues raised. Interviews were conducted in the homes of most Indigenous people involved in enterprise and community leadership, and for those involved in government or other agencies the interviews were conducted at their offices. Where possible, a second round, and sometimes third round of interviews were undertaken with some participants to refine issues, test preliminary findings and to understand the impact of changes to the policy and institutional environment on enterprise development. As per the University of South Australia’s ethical code of conduct for human research, the usual steps were taken in terms of providing information briefs, copies of transcripts as well assurances of anonymity and non attribution, as well as secure possession of interview transcripts. The consent of the research participant was obtained formally in most cases through signing an interview consent form, however, some Indigenous participants preferred to give verbal consent. The tape recording of interviews was not used to ensure participants were comfortable in speaking frankly. The researcher was particularly sensitive in interviews with Indigenous participants given the language and cultural differences and there was a pre existing trust through previous work in the region, as well as the use of personal introductions (Foley, 2000).

The research design sought to create reciprocity in the researcher-researched relationship through a participatory research design, avoiding the problem of ‘drive-by research’ where Indigenous people provide knowledge to researchers but get little benefit in return as research findings are inaccessible, or unrelated to their social problems (Smith, 2002). The research findings were taken back to participants to clarify emerging issues then finally compared to the literature, increasing validity, reliability and credibility of findings (Auberbach and Silverstein, 2003; Miles and Huberman, 1994). This flexible, semi-structured, open-ended design allowed themes to emerge. Each theme was then capable of being investigated more thoroughly as they became more important to the study (Miles and Huberman, 1994; Orlikowski, 2002; Silverman, 2001). There were four stages to data analysis: an emergent phase where findings were tentatively drawn; a confirmatory stage where findings were proved or disproved; a cross case analysis stage where patterns and relationships were discerned from the second confirmatory stage; and, then finally these generalizations where tested with theory or existing knowledge on the topic. Coding and categories developed during the analysis of data were verified by an independent researcher and findings were tested in the field with participants to increase reliability and validity (Auberbach and Silverstein, 2003; Miles and Huberman, 1994).

LITERATURE REVIEW

Background

Much of the literature on Indigenous enterprise development focuses on barriers, particularly in the context of the Northern Territory of Australia (Altman, 2001; IBR, 2003; Evans, 2006). In the context of the Northern Territory, there has been little work done which identifies how Indigenous enterprise defines success or factors that determine success for Indigenous enterprise, this study seeks to fill this gap. Anderson et al. (2004) identify two important questions in terms of Indigenous enterprise development: (i) defining and developing measures for success, and (ii) identifying the factors that contribute to success as defined by Indigenous people. Understanding guidelines to success assists policy makers in creating policy and initiatives which support both potential and existing enterprise, and resources can be used by bureaucracies more efficiently and effectively (Henrekson and Roine, 2006).

There have been identified two general forms for indigenous organizations. One is communal socio-economic and legal structures, and, utilization and ownership of resources and property (Peredo and Anderson, 2006). The second type provides the kinship bases for economic and social organization in indigenous communities (Dana et al., 2005; Peredo and Anderson, 2006). Foley (2000; 2003; 2006) identifies an Indigenous entrepreneurship approach in Australia and that the idea and determinants of success diverge according to the nature of business ownership, therefore success is likely to mean different things for a community business enterprises than for an individual Indigenous entrepreneur (Foley, 2000; 2003; 2006). A review of literature on success and determinants of success for Indige-
nous enterprise in a domestic and international context follows.

What Is Success?
For Indigenous enterprise there has been no commonly accepted definition of success developed in the Australian context (Arthur, 1999). Foley (2000) has explored success for Australian Indigenous entrepreneurs, and this includes contributing factors such as a need for achievement and a desire to provide for family. Smith (2006) identifies that First Nations in Canada view success in terms of the level of legal and political jurisdiction derived from enterprise, as well as the number of community members employed, and success it is emphasized is not primarily profit based. Examples of objectives sought from communal Indigenous enterprise could include asserting greater control over traditional lands, rebuilding the social fabric of communities and severing dependence on governments and welfare (Anderson et al., 2005; Anderson et al., 2006; Pearson, 2000; Peredo et al., 2004; Peredo and Chrisman, 2006; Smith, 2006). Success also varies from stakeholder to stakeholder, for example government may see Indigenous business development as key for addressing Indigenous disadvantage (Duncan, 2003), but government may measure success in terms of loan repayments to government funding programs (Arthur, 1999). In general, shareholder value or growth may not be the primary aim for an indigenous business. Therefore, standard measures and benchmarks of success may not necessarily apply to an indigenous business as they may place a greater emphasis on social value or in sharing among kin, sometimes even usurping profit motives (Peredo et al., 2004; Wuttunee, 2004).

Factors for Success
In terms of determinants of success for Indigenous enterprise in an Australian context, there have been various non-academic efforts, such as the Indigenous Business Review (2003) report to the then Federal Minister for Indigenous Affairs. While the IBR report did not explain the importance of patterns or test findings against theory in a rigorous way, it did show factors which contribute to success included a need for achievement, a strong work ethic, a structural separation of social and commercial issues, and greater independence from Government. There are also broader scholarly efforts in Australia to understand those attributes that support success for urban Indigenous entrepreneurs (Foley, 2000; 2003). The discussion on the failure of Indigenous enterprise development in the Northern Territory is generally couched in terms of themes such as a lack of capacity among Indigenous people, archaic land rights legislation, the need for socio-cultural change, inalienable land title, a shift away from communalism, or the need for greater interaction with the mainstream (Howson, 2005; Hughes and Warin, 2005). Altman (2001) identifies structural, historical and geographical constraints to the establishment of enterprise in the Northern Territory. A policy report entitled ‘Removing the Welfare Shackles’ released by the Australian Minister for Aboriginal Affairs in March 1998 (Herron, 1998) relates enterprise failure to the conflict of commerce and culture and it asserted that successful businesses must be based purely on commercial rather than cultural imperatives. However, international findings offer that acculturation can have negative implications on business development and success (Jorgensen and Taylor, 2000). Some research shows that at a grassroots level development projects are more successful when they reflect local customary practices (Escobar, 1995).

It is generally agreed that culture plays a unique role in economic success for Indigenous entrepreneurs, with both positive and negative ramifications possible. Hindle and Lansdowne (2005) claim that important to success are an integration of heritage, with a balance of culture and business capacity, and they also underscore the significance of accountability to stakeholders and autonomy to business success— they do not articulate a separation of business and politics. However, Hindle et al. (2005) offer that success is influenced by stable and good leadership, and boards separated from changes in government, emphasizing a separation of business and political functions. Peredo and Chrisman (2006) found that organizational form is important, as are creating social norms as tools for business success. This illustrates the importance of community in success for Indigenous enterprise, as well as the significance of social capital and networks. Schaper (1999) underscores differences in
approaches between Indigenous Australians, who have kinship obligations, while non-Indigenous Australians believe in individual rights. The basic operating unit for Aboriginal Australians is society, whilst for non-Aboriginal Australians it is the individual. Anderson et al. (2004), Peredo and Chrisman (2006) and Hindle and Lansdowne (2005) emphasize the importance of kinship to Indigenous economic development as a support network. While Foley (2000) found that Indigenous cultural networks serve to constrain Australian Indigenous entrepreneurs, Foley (2003) argues that the network and success nexus for Australian Indigenous entrepreneurs was significant. Foley (2003) argues that cultural networks are often not conducive to business in an Indigenous context, finding that successful entrepreneurs had to diminish their cultural bonds. However, in community businesses Evans (2006) puts forward a convincing case for the inclusion of community elders on a council to provide oversight for a project.

There are a variety of structural options which have been determined as contributing to success in the Australian Indigenous economic context. Indigenous enterprise has been characterized as placing a higher importance on employment (Peredo and Chrisman, 2006; Wuttunee, 2004). The IBR (2003) found that employment should not influence business decisions, reflecting a profit-maximizing approach to enterprise, arguing that “employment subsidies may artificially make a business that is unsustainable viable in the short-term” (p. 26). Importantly, the IBR (2003) states that “there is a large incidence of failure amongst these [large] businesses and this is the biggest area of confusion between business and social principles, often leading to the commencement or ongoing support of non-viable businesses” (p. 99). Arthur (1999) determines that commercial and social goals should be more clearly distinguished within Indigenous businesses, and found that small businesses in an Indigenous context have more likelihood of success as compared to communal structures as there is more incentive to make the business work. Young (1995) argued that cross-cultural barriers result in inappropriate government policy, and ‘assimilationist ethnocentrism’ within an inflexible bureaucracy reduces the potential for enterprise development. The IBR (2003) pointed to an objective bureaucracy administering enterprise funding programs and effective leadership in the community as improving the chances for success. The IBR (2003) argued that those businesses that are tied to a particular resource or opportunity are more likely to be a successful, as well as those Indigenous businesses with a link to private sector to access expertise and mentorship. In relation to funding options, Nagy (1996) argues that innovative approaches such as debt/equity or more customized lending to Indigenous people involved in enterprise on communal land can alleviate the challenging economic conditions.

The factors for success for Indigenous enterprise have been more widely explored in Canada and the US. Cornell (2005) found that for First Nations business to be successful there must be: a clearness of business objectives; a functional and successful method for dealing with the separation of politics and business within the enterprise; the strategic direction, as well the efficacy and make-up of board of directors is crucial. Also important are impartial dispute resolution systems and communication with the local community and other stakeholders on the business operations and performance. Galbraith and Stiles (2003) see the political endowments opened to Indigenous people as key to success and the ability of tribes to act politically to leverage opportunities is important. This highlights the political nature of Indigenous enterprise development efforts, but the literature reflects that political influence must be carefully managed (Trosper et al., 2008). Trosper et al. (2008) found that profitable enterprises are instrumental for achieving a range of community goals in the context of First Nations forestry enterprises in Canada, and it was seen as necessary to be profitable for the business to meet a range of socio-cultural objectives. Trosper et al. (2008) identified factors important to profitability such as controlling the influence of political decisions on day to day business decisions through boards of directors separate from political institutions. This was identified as a challenge in many First Nation communities given human capital constraints. However, it was crucial to have clear and distinct roles for political and business officials. Trosper et al. (2008) found that the use of traditional leaders, such as elders, in formal roles had the effect of reducing profitability, and those communities with stable institutional envi-
ronments and rules were more likely to establish profitable enterprises. In summation, the findings from the literature indicate the complexity of Indigenous economic endeavours, and that flexibility and innovation are key to cultivating success.

Discussion

The findings in this research emphasize that while success is defined in many ways by participants, there are commonalities on specific issues, such as survival, community employment and sustainability. In addition to these definitions of success, the study identified four general factors for success, these are: integrating certain cultural attributes, developing business acumen, separating community politics from business, and achieving greater independence from government (particularly around funding).

What Is Success for Indigenous Enterprise?

The definition of enterprise success varies among the diverse range of Indigenous enterprises in the study region. Some common themes emerged in the research in terms of defining success for Indigenous enterprise regardless of their ownership structure, such as the achievement of economic self-sufficiency and overcoming welfare dependency. The research found that enterprise development in the region is both an objective and a process to meet a range of socio-economic goals. The continuing link to land, protection of the environment, as well as the preservation and maintenance of sacred sites and intergenerational benefit, were central features in defining success for Indigenous enterprise. The nature of the enterprise as well as the type of ownership structure has an important influence in how an enterprise determines success. For example, it was found that Indigenous entrepreneurs saw success as providing a future for their family, reflecting the findings of Foley (2000), whilst for community enterprise there were a range of broad mixed commercial and social objectives to be funded through enterprise income.

It was found that developing a single definition of enterprise success was challenging, therefore, the study sought to develop an understanding of the different objectives that when achieved constitute success. A common theme in describing enterprise success among participants was the importance of looking after ‘community’. An Indigenous community councillor articulates that a successful enterprise is one that “doesn’t wreck sacred sites, employs local people, Aboriginal mob [and] puts money into the community.” The study found that the tension between social and commercial outcomes in an Indigenous enterprise is significant, particularly given the social problems in many towns and communities. As described by an Indigenous Community Chairperson, “It doesn’t matter about profit. Job is the most important thing, not having to go the city. There are lots of unemployed people, need to get people working, so they get healthy and fit.” This trade-off is important in the literature on Indigenous enterprise and in this study the prioritization of these objectives is highlighted as an important debate for improving the chances for success. Some participants argued that profit maximization should not be sought, but rather more important is full employment and capacity building to alleviate social problems in communities. Under this perspective, a business would be a success if it developed capacity but was not profitable, as a community business manager argues, “Profit in enterprise should be secondary to the jobs and capacity building from being involved in enterprise.” Achieving tangible social outcomes was viewed by a number of participants as an important strategic priority, more important than profit maximization. A non-Indigenous government participant reflects that “if you have enterprise that is established to get your brothers off the grog, or to move people to outstations to escape domestic violence all it should have to do is break even....” These mixed commercial and non-commercial objectives in collective structures reflect the findings of Peredo and Chrisman (2006), Peredo et al. (2004) and Smith (2006) in an international context, which underscore this as a distinguishing feature of Indigenous enterprise efforts.

Conversely, a number of participants identified success in enterprise primarily by the level of profit the business generates, from which social outcomes follow. A partner with a major accounting firm articulates, “I’d probably have to start from a formal position that is ‘business is business,’ run on business lines. It needs to be run as a business, they fail if they aren’t run as a busi-
ness, but income can be used for social aims. When you marry the social and commercial that’s the time they fail...” Several participants argued that by pursuing full employment and not profit maximization, objectives within the enterprise become confused and shortages in cash restrict growth — increasing the risk of failure. A number of Indigenous participants did not see profit as a priority compared to potential social outcomes. However, the research emphasizes that a business must be profitable to receive funding and support from government, confirming the findings of Arthur (1999). The study identified that government indicators of success in supporting enterprise development are primarily profit driven and aimed at integrating Indigenous people into the broader Australian polity, through employment, and reductions in socio-economic inequality. This tension between maximizing community employment and profit maximizing reflects a divide in participants’ views on success. There are those participants who argue that a strong social responsibility exists, and those who view profit maximization as key in meeting the objectives of Indigenous people.

Several participants supported a clear delineation between social and commercial objectives in the enterprise, like that underscored by the IBR (2003), and that contributions to social programs be sourced solely from dividends. This debate is influenced by the level of social dysfunction present in many of the communities in the region, where eradicating welfare dependency and the associated social problems is of utmost significance to stakeholders. The research revealed that commercial objectives become absorbed into broader social and political objectives such as improving health, gaining economic independence, reducing dependency on government and non-Indigenous people. Ultimately, it was viewed that survival was an important indicator for success in Indigenous enterprise. An accountant for a major firm identifies that “it’s very hard for business to be established for Aboriginal people. Anything that survives more than 2 or 3 years is really a success”, though in itself this was not a sufficient definition of success. Also crucial is community benefit (which can often be difficult to define) and involvement. A community executive officer articulates, “Success, yeah sure it’s about profit, survival is success, but you have to do it in a way that is proper way with countrymen, with old people. If you don’t do it that way then you’ll find yourself ostracized from your people and to me that’s a fate worse than death.” To achieve success in enterprise, it is generally seen in the research that it must be consistent with the particular norms and values of the community.

Therefore, the research in this context largely supports the findings in an international context of Cornell (2005), Peredo and Chrisman (2006) Trosper et al. (2008), as well as in Australia with Arthur (1999), that identified the tension between employment and profitability in determining success for Indigenous enterprise. The research found that dealing effectively with competing commercial and social prerogatives in enterprise is an important factor of success for Indigenous business. This point underscores the interrelationships between ideas and measures of success, barriers to, and factors contributing to success for Indigenous enterprise. However, the research highlights that allowing social prerogatives to influence commercial decision making in Indigenous enterprise can be seen to lead to failure, confirming the findings of Cornell (2005) in the North American context.

**Factors for Success**

There were identified in the research four categories of factors that contribute to success for Indigenous enterprise on communal Indigenous land in the Northern Territory:

1. Separating Business from Community Politics
2. Integrating Culture
3. Business Acumen
4. Greater Independence from Government Funding

**Factor for Success: Separating Business from Community Politics**

The research underscores the importance of group cohesion to communal business success, and that managers must shelter business decisions from political interference. This is often challenging given the human capital deficiencies in many Indigenous communities across the region where managers and directors may sit in various commercial, social and political roles. A charter may support a separation of political and business...
functions. Also important is broad and patient consultation across diverse stakeholder groups, by a leader who has two way skills, that is the ability to effectively operate in the Western and Indigenous realms. Involvement of elders and the community are also crucial to overcoming suspicion and maintaining stability in the enterprise, as was illustrated by Evans (2006).

The research found that high levels of social conflict and suspicion in many Indigenous communities restrict successful enterprise development activity. This conflict reduces consensus and strategic orientation among decision makers, as well as diminishes the potential for investment into communities. Conflict may emerge from a number of sources, for example where communities in the region are populated by heterogeneous Indigenous groups pushed together, as well as legislation that prescribe divisive tests for Indigenous identity. Participants emphasized that overcoming conflict is crucial. One Indigenous CEO describes what is required: “the ability to put historical conflicts, suspicions and competitiveness aside [between clans and families], this is the biggest barrier. Create an environment of trust. Identify a direction across the community through strategic plans. You have to tap into the ‘Element’ group, a section of the community who support goals constructively [they] should be encouraged.” Overcoming conflict requires a focus on developing positive relationships throughout the community and establishing a common ground and a shared direction.

A lack of awareness of the western system can cause suspicion and, potentially, conflict. The research found that when making important decisions, patient consultation that broadly engages in local language is important to overcome suspicion and bridge understanding. Leadership can support this, particularly a two-ways leader, as reflected in the work of Hindle and Lansdowne (2005) who suggest that for success a business must combine cultural knowledge and business acumen. As a business consultant suggests, “…they [leaders] have to please people in two worlds, they have stakeholders in the community and to the government, [and] in fact it might be three or four government departments. So you have to be a master of your own culture so you get the license to operate on your country as well the tools to operate a business.” Therefore, the ability of a leader to effectively bridge both Western and Indigenous cultures and create understanding among stakeholders is important to success.

The level of consultation is important for all major decisions made by the enterprise, particularly those involving land. Notably, the time frame for engagement may not always fit with commercial realities. This confirms the findings in a North American context of Cornell (2005), who finds that a communication strategy is essential to success. This point is particularly important culturally as there are social sanctions that may lead to conflict and community division if protocols are ignored. Risks may include cutting oneself off from kinship, as one government business development manager describes: “You must be accountable to those who have a stake through family and ceremony and have a say and affiliation with land, you can’t stomp on them … you run the risk of separating yourself from ceremony and kin, you’re treated as a white fella.” Other effects include reduced community support for the enterprise and low employee morale, leading to high staff turnover.

The research emphasizes that it is important to involve elders in governance in a symbolic way, supporting professionals on an executive board. This helps increase transparency and legitimacy in the community, avoiding the potential for conflict by improving understanding of cultural protocols. These two bodies, it was argued, should operate independently to ensure transparency but must remain effective and pragmatic to ensure success. A business consultant describes how it can be achieved, “You can separate elders from strategists and professionals by having an operational board and a strategy board which have short and long-term time frames respectively in the formulation and implementation of decisions. The operational and strategy boards must be kept separate but are equally respected.” Although Trosper et al. (2008) found that elders’ involvement in business decision making was found to reduce profitability for First Nations forestry businesses, this research emphasizes that elders are important for maintaining community support for the enterprise, ensuring long-term survival (which may be a trade-off for reduced profitability), as was put forward by Evans (2006).

The research found that where Indigenous people have an active stake in an enterprise in their community they are more likely to support it and perceive it a success. The level of Indige-
nous involvement in enterprise has historically not been meaningful, as an Indigenous academic conveys, “Aboriginal people are only used as labour. There is not enough incentive to make enterprise work.” Therefore, businesses that enable Indigenous people to participate in a meaningful way are seen to encourage further enterprise development, improve employee morale and support capacity building efforts. According to a senior bureaucrat, “Passive investment to me is really no ownership. In those situations people are less likely to be proactive in protecting the resources.... It’s valuable to be inclusive in business enterprises.” This confirms the findings of Peredo and Chrisman (2006) who offer that community participation is important to the long-term success of community business enterprises. However, community involvement is impeded in the Northern Territory by the level of social dysfunction present in many communities, as one senior Indigenous bureaucrat underscores, “safe communities are crucial, look at [Z], all the sad and bad stuff that goes on there. Cultural practices have all but ceased, there is no economic activity.” Therefore, the enterprise may be inhibited in involving the community in the enterprise in a meaningful way where there is dysfunction. This in turn will hinder efforts to overcome suspicion and conflict and its pernicious effect on enterprise. Important is a holistic approach which aims to improve social as well as economic outcomes simultaneously in a carefully managed way, improving the chances for enterprise success. Further research is required on this issue; a sociological analysis of barriers to Indigenous community involvement in enterprise is warranted.

FACTOR FOR SUCCESS: INTEGRATING CULTURE

Integrating culture is important to the success and sustainability of the enterprise. Some cultural practices may work against enterprise and smaller structures may be unable to integrate these, and as Foley (2000) argues some cultural practices may have a negative effect on entrepreneurs. However, this research finds that in community enterprise, integrating culture is crucial for long-term success, confirming the findings in an international context of Peredo and Chrisman (2006).

This research confirms the findings of Foley (2000) that certain Indigenous socio-cultural norms were identified to be at odds with the development of a successful enterprise. Participants suggested that Indigenous cultures in the Northern Territory must adapt and develop Western values like professionalism to succeed in enterprise. A senior Indigenous political figure and entrepreneur elaborates that in terms of Indigenous enterprise he has observed in the region, “Accountability is a foreign concept, it is not easily accepted. The elders control the process at the end of the day.... There is no cultural aspect to enterprise at all.... An effective example of a sound Aboriginal enterprise is [XY], there are no cultural aspects at all to this business, it is purely a non-indigenous structure, there are Aboriginal managers and staff but they have been employed purely on competence, and it works.” This research does not confirm the work of Herron (1998), who found that Indigenous culture should be excluded from an enterprise for success. It was found that Indigenous people involved in enterprise development should adopt only those Western values required to run a successful enterprise, for instance, values and norms such as professionalism and reliability. A government enterprise program manager states that “[i]f you have responsibility you don’t want to turn your back on culture. You have to put culture here and work there. You have to be professional, Western culture requires you to be. I mean if you have a tour booked and you don’t pick the people up then they are going to be angry, they will tell everyone not to go on your tour.” Important at an operational level is to manage the norms and values that work against the success of enterprise through protocols that reduce their negative impact.

Reforms such as the use of job pools and controlling time off for ceremony are important in balancing success with employee morale. A fluid, team approach to Indigenous enterprise is important to success for community enterprise, as requiring Indigenous staff to disengage from cultural responsibilities is challenging according to participants. As a non Indigenous business consultant argues, “You can’t lock people in for work that will just embarrass people like that. You have to have a job pool, that way you can rotate people. You need a team approach to enterprise, just like football, you apply the same concepts to community business.... The business approach
should be fluid. It should be as flexible as possible whilst being professional to be a success...” The research identified several examples where attempting to exclude culture has worked against the success of enterprise. However, at the same time practices such as people attending ceremonies or funerals have impacts on the enterprise, particularly when Indigenous employees are away from work frequently and for extended periods of time. An academic argues that “… you must act within the restraints of plans. Sorry business [“funerals”], if selective in attending this, instead of carte blanche, businesses are more successful.” As described in the work of Hindle and Lansdowne (2005), cultural heritage is important to success for Indigenous enterprise, and it is important to match this with business acumen. Therefore, integrating culture at an operational level within enterprise requires a unique approach that balances the needs of enterprise and the community. This integration is generally only viable in larger, communal structures.

Some participants highlighted that a challenge in larger communal enterprises is the competing demands of commercial and socio-cultural imperatives for resources at a board level. An Indigenous community enterprise CEO argues, “You must keep the social and commercial separate. Governing committee members, one or two, should be on each arm’s board to eradicate suspicion, like with us, we are arguably the most successful Aboriginal organisation up here at the moment, so we kept [C Inc] separate from the social arm of the Nation. We have to create information flow between these two arms to maintain transparency. Money earned can only be reinvested in the business, not distributed as dividends.” Separating social and commercial functions at a governance level reduces the pressure of social demands on the decision making of an enterprise, allowing for growth, and confirming the findings of Cornell (2005). However, the level of social dysfunction in communities requires some level of enterprise support for social objectives in the community. This is important in maintaining community support which is central to defining success. Therefore, the research underscores that there must be clarity between social and commercial aims within an Indigenous enterprise for success. As illustrated earlier, involving elders at governance level in a symbolic role is important in maintaining community support, and can help the enterprise in navigating cultural protocols (Evans, 2006).

At an operational level, pressures in the kinship system to provide free goods or for the use of company assets, which is exacerbated by the level of socio-economic disadvantage in many Indigenous communities, can be avoided by creating rules and practices within the enterprise that work with culture, a senior Indigenous bureaucrat elaborates that “[k]inship can be adaptable, there is a store at X, and they have set it up so that you don’t get served by family members, they have it so certain skin doesn’t serve other skin. It’s fairly simple to say you can divorce yourself from culture, but you can’t switch off.” As well as the enterprise adapting, the community must also adjust to certain practices, and a community wide education process to achieve this is seen as important. A senior bureaucrat argues that “There needs to be an education process, you can’t accept something until you understand it.... Before some white people ran it [a community store], the community didn’t know what was going on. Now people feel ownership of it, now they are beginning to understand why they can’t give free food to their family or friends. People now had to balance the till, people have responsibility and it shows ... within 6 months they turned a profit, within 12 months they were making a profit of $150,000, this is compared to a loss $150,000 the year before. They had to really change the knowledge and culture of the community.” Clearly, facilitating a greater understanding of the inner workings of economic endeavours can only support business success.

This study found that Indigenous culture need not be excluded as argued by Herron (1998), but can potentially offer Indigenous enterprise a competitive advantage in terms of differentiation, particularly in the tourism or arts sectors. A non-Indigenous senior bureaucrat articulates that in terms of enterprise success “[You] need [a] match between cultural rhythms and employment. Match the competitive advantage

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1 The skin system is a classificatory system of kin relations beyond immediate family.
of culture and community, with business outcome. A Sustainable business is born of mechanisms and processes which allow people to maintain culture and country, it is a unique and competitive advantage, need to find ways to use in business context.” Participants found that through developing business models that integrate Indigenous culture, the potential for business success may be improved. The research emphasizes the importance of building a business around cultural norms and values, combined with a community-wide education process to encourage adaptation in the community to enterprise.

Factor for Success: Building Business Acumen

The research highlights a limited business experience and knowledge among Indigenous people in the Northern Territory which further entrenches dependency on non-Indigenous agents, supporting the findings of Young (1995). While a non-Indigenous agent with unique cross cultural skills and business acumen can help overcome human capital deficiencies in the short-term, over the long-term, for success, there must be the ability for Indigenous people in the community to develop the skills to manage the enterprise. A knowledge transfer can occur through innovations in the development of business plans and financial statements through the use, for example, of colours, and pictures. These innovations empower the community to press for accountability and may over the long-term develop human capital.

English is often a second, third or fourth language in parts of the study region, with many Indigenous people having little formal Western education. There is little market activity in many of these regions and consequently among the Indigenous population there is little business experience and capacity. Participants emphasized that these factors restrict the scope of development opportunities that can be pursued, further entrenching dependency on outsiders and government. Addressing this important area is crucial for promoting successful enterprise development. According to an Indigenous academic, “...people lack education and confidence ... you get the white fella to do this and that and you just sit down. If people are going to better communities they must develop.” Therefore there is a reliance on non-Indigenous agents to bridge this lack of understanding, particularly in administration and financial management, as reflected by a senior non-Indigenous bureaucrat: “Things haven’t changed, where we talked about management, usually where there’s an indigenous and non-Indigenous person that works well, usually it’s the non-Indigenous person handling all the administrative side and going after the funding, they really run the numbers and what have you.” This work supports Hindle and Lansdowne (2005) who argue that for success there must be a combination of cultural knowledge and business acumen. The research affirms that non-Indigenous agents, who have unique cross cultural skills, as well as business management expertise, play an important role in determining success for Indigenous enterprise. Foley (2000) raised this as an issue to explore, in particular the importance of a non-Indigenous spouse to Indigenous entrepreneurs success, which was found in several cases.

Therefore, important to building success in enterprise is a non-Indigenous agent, this agent is generally able to engage the mainstream system as well as having financial management skills. Several participants argued that the non-Indigenous agent’s ability and expertise are a unique combination that goes beyond managerial skills. Non-Indigenous agents have to overcome cross cultural barriers and work in a range of challenging roles, as well as being an effective manager. Cross cultural training may support better outcomes in this area. A business consultant describes, “I like to think about non-Indigenous people working with indigenous communities in terms of the 4 M’s, the Missionary, the Misfit, the Madman and the Mercenary.... You need the resolve of a missionary, you need to be a madman to deal with the chaos in communities, you need to be a misfit to deal with the different types of groups and behaviours, and you need to be a mercenary to do the job done for money.” The research found developing long lasting relationships with non-Indigenous agents was found to be both a factor for success but at the same time a risk over the medium to long-term that must be managed. This reliance can create instability if there is staff turnover, particularly in remote areas, as stated by an Indigenous leader: “[It’s] about Aboriginal people doing things, it’s not about bringing in white fellas to do this. You
must build peoples skills and knowledge, businesses must be built on this premise. It’s the key to sustainability. The research highlights that there must be a focus on improving the community’s understanding of financial management and compliance issues. This reduces any potential fraud or any downtime if there is turnover of non-Indigenous staff.

Using visual aides in business and strategic plans, as well when producing financial statements and budget reports, is crucial in generating learning outcomes in the community and supporting community participation in the enterprise — this can improve accountability. These innovations have allowed Indigenous stakeholders to press for accountability. A non-Indigenous senior bureaucrat describes, “You should have your business plan up on the wall, showing the financial status. [R] Health Board showed bar charts, each budget broken down into green, red, yellow, representing budget, committed and invoices paid. This helps show people what they can do and what they can spend.... You have to have mastery and empowerment: two words, until you understand something and master it only then do you perform best ... Accountants have control if there is no ownership, that’s critical....” Therefore, innovations in business practice allow for improvements in governance and accountability, encouraging Indigenous ownership and management of the enterprise. This also has the added benefit of facilitating greater community engagement in enterprise helping overcome suspicion.

Factor for Success: Greater Independence from Government Funding

The institutional framework within which Indigenous people residing on Indigenous land in the Northern Territory operate increases the complexity, time, and resources required to establish an enterprise. The research found that institutions and programs supporting Indigenous enterprise development are inflexible and do not encourage innovation or adaptation to meet the challenging economic, and social conditions as identified in the region by Altman (2001). In agreement with Pearson (2000) is research which confirms that the institutional framework for Indigenous affairs is based on a welfare platform that entrenches welfare dependency and constrains individual initiative. Government led Indigenous business support programs are constrained by red tape and are risk averse, leading to frustration and low morale among Indigenous applicants for business funding. As the IBR (2003) and Hindle and Lansdowne (2005) found, those projects that are tied to the private sector, for example through a joint venture, generally have a greater chance of success through access to sufficient funding and attracting expertise to the enterprise.

Inalienable land title in the Northern Territory generally limits enterprise funding to government programs. As opportunities to access private funding are reduced so too is the risk tolerance. The research found that those enterprises that access alternative sources of funding are more successful than those reliant on government support. As a senior policy advisor asserts, “People like [K] at [J] who is probably the wealthiest Aboriginal bloke in Australia did it without government support. I don’t think many people can make it purely on government programs, they are fairly restrictive and constrain individuals, [and] there is a lot of red tape and reporting.” It was argued that relying on government programs constrained the success of enterprise through significant bureaucratic process and reporting burden. This imposed delays and costs on Indigenous enterprise that do not fit with commercial realities. However, at the same time, the level of poverty in many communities underscores the need for government support, and participants emphasized that development may be even more constrained without government involvement. Social dysfunction in communities is a more pressing issue for communities and enterprise development is often not pursued. An executive officer of a community association describes, “...in my experience if government does not support Aboriginal business development then it will fall over, because on communities people aren’t interested in establishing businesses, they have more immediate social problems that need to be addressed....” This study highlights that innovations in business support are required to reduce the reliance on government business programs which are characterized by risk aversion, administrative burden and red tape.

Supporting joint ventures is important in the research to avoid a reliance on government funding, as well as bringing valuable expertise to the
business arrangement. This finding confirms the work of Hindle and Lansdowne (2005) and the IBR (2003) in Australia, as well as Trosper et al. (2008) in Canada, who offer that joint venture or partnership arrangements are potentially more successful. Essentially, a partnership arrangement helps reduce the level of government involvement in an enterprise and this removes the red tape and administrative burden that comes with government support — improving the chances of success.

The research emphasizes that tenure reform is unlikely to improve access to private capital for Indigenous enterprise, for much of the land awarded to Indigenous people in the Northern Territory generally has a greater cultural importance than commercial value. What is required are innovative approaches to funding Indigenous enterprise on communal land like that described by Nagy (1996) such as debt/equity lending or more customized lending to Indigenous people to meet the challenging economic conditions present in the region.

CONCLUSION

In defining success, enterprise development is both an objective and a process to achieve a range of socio-economic goals such as achieving economic self-sufficiency, capacity building and ending welfare dependency in the community. The research highlights that participants defined success in different ways — success for community business is different to success for individual enterprises, at the same time differences of opinion exist among participants on the importance and prioritization of profitability versus maximising community employment. It is also emphasized that separating social and commercial objectives is a key to success, at the same time community perception is important in defining success. The enterprise must actively support programs to overcome the level of dysfunction in communities to allow community members the ability to meaningfully participate in the enterprise, allaying any suspicion and potential conflict. It was also found that that simply participating in the enterprise development process was widely regarded as a success in itself. Ultimately, enterprise survival in a way that is culturally acceptable is fundamental to defining success.

The factors contributing to success for Indigenous enterprise include obtaining business acumen, integrating culture, separating business from community politics and greater independence from government funding. First, in terms of obtaining business acumen, Indigenous groups are reliant on outsiders such as non-Indigenous people and the agent generally has unique skills. Important to this relationship for enterprise success over the medium to long-term is using innovative ways to facilitate knowledge transfer and mentoring to build capacity. Secondly, integrating culture is essential for success over the long-term to maintain community support and employee morale, and can also be used as an advantage to differentiate products. Importantly, an education process is required to encourage adaptation in norms and values to support enterprise success. Separating social and commercial functions, and implementing operational practices to circumvent any cultural practices that work against the survival of the enterprise is crucial.

Thirdly, it is crucial to develop a structure that separates community politics from the business to ensure enterprise stability. A charter is an important tool for decision makers who sit in both commercial and political roles in the community. A ‘two ways’ leader who can operate and communicate in both cultures can facilitate change, and it is crucial to undertake broad and patient consultation with all Indigenous stakeholders when making important decisions (particularly around land). Good governance is also essential to avoid conflict, through transparent and effective boards, which must be seen as legitimate by the community. Community involvement is important in overcoming and managing conflict. A working executive board should make business decisions in consultation with a board of elders. Social dysfunction in communities may constrain meaningful participation in enterprise, so it is important for the enterprise to support social objectives, in ways consistent with research findings to enhance community participation. Finally, it is apparent from the research that those businesses not reliant on government support are more likely to succeed — which may result from the expertise, capital and market networks the industry partner brings to the arrangement. Promoting joint ventures with industry and establishing innovative business support programs.
will be important to encouraging successful Indigenous enterprise development in the region.

Future research could broaden the scope of the study into another jurisdiction, or a survey methodology could be utilised to validate the findings from this research. Also, understanding the institutional and sociological impediments to Indigenous involvement in enterprise could provide important information to support improved outcomes.

REFERENCES


38 DETERMINANTS OF SUCCESS AMONG INDIGENOUS ENTERPRISE IN THE NORTHERN TERRITORY OF AUSTRALIA


