

≈ SUMMARY ≈

INSTITUTIONS ADVISING ENTREPRENEURS: A CASE STUDY OF  
THE GISBORNE AQUACULTURE CLUSTER.

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**Principal Topic**

This paper is based on the writer's doctoral research which studies a cluster of entrepreneurs involved in the emerging industry of land based recirculating system aquaculture in the Gisborne Region (pop. 45,000) on New Zealand's East Coast. It asked how effective the institutions that contribute to New Zealand's Growth and Innovation Framework are in supporting those entrepreneurs. In particular this research explored the relationships between the entrepreneurs and those institutions involved in enterprise development, offering advisory services or that regulate the activities of the entrepreneurs. It sought to understand how these various institutions have affected the development of this loosely linked cluster of entrepreneurial ventures.

**Method**

This study used the techniques of ethnography, including multiple cycles of semi-structured interviews and observation over a two year period. The interviews gathered entrepreneurs' personal accounts of their interactions with those institutions that have an enterprise development or regulatory role. The researcher sought qualitative data relating to the levels of awareness and use of the various support programmes and how they were regarded by these entrepreneurs and gathered accounts of the entrepreneurs' experiences and interactions with institutions.

Ethnographic narratives were produced to provide accounts of the operation of the cluster group and the experiences each entrepreneur as cases and NVivo® software was used to facilitate analysis of the interview transcripts.

**Results and Implications**

This paper reports three of the findings of the study as follows...

*Opposing Models of Industry Development*

The study found that there are two main institutions involved in advising Gisborne's aquaculture entrepreneurs on the technical aspects of aquaculture; the National Institute of Water & Atmospheric Research (NIWA) and the Maori iwi based training provider Turanga Ararau. These institutions have very different processes, people and cultures and not surprisingly were found to have dramatically different visions for the development of the emerging recirculating aquaculture industry, and dramatically different approaches to the delivery of advice to entrepreneurs. The analysis compared and contrasted the experiences of one entrepreneur who had worked closely with NIWA in establishing and developing his plant with those that were closely associated with Turanga Ararau to pinpoint the strengths and weaknesses of the alternative industry development models.

NIWA's tacit vision for the development industry appears to be for an immediate leap to establishing quite large scale operations and, due to the high cost of NIWA's consultancy

services, Gisborne's small operators are effectively cut off from the expertise that flows from the government funded research carried out by NIWA.

Turanga Ararau provides training courses in aquaculture and freely provides advice and support to not only their trainees but also other local operators who they view as potential future employers of their trainees. Accordingly it favours a community-based and collaborative model in which operators work together to achieve mutual benefits and overcome technical and other obstacles by freely sharing information rather than from formal commercial advisory arrangements. Turanga Ararau formed the Gisborne Aquaculture Society as part of this vision to support the growth of the industry from a grass roots cluster of numerous small operators. A key weakness of the Turanga Ararau approach is that the small operators lack access to the best available technological and scientific knowledge.

It follows that this emerging export industry could falter or fail for the lack of a common vision as to how it should develop and intervention and facilitation of a dialog between these two government funded institutions is needed to align these visions and approaches and allow small operators better access to the knowledge that flows from government funded research.

#### *Difficulty in accessing research funds*

With one exception (where the entrepreneur had the support of NIWA) the entrepreneurs reported no success to date in seeking government funding for research and development projects. Without the support of an institution such as NIWA the entrepreneurs were poorly equipped to understand and meet the criteria for research funding and to prepare grant applications that would stand a good chance of succeeding. An implication for policy would be to consider the extent to which the funding of research in this field should extend to entrepreneurs or be confined to institutions. Institutions involved in supporting enterprise could consider ways of addressing the skills, communication and information gap that separates entrepreneurs from research funding.

#### *Innovator's curse in dealing with regulators*

The subject entrepreneurs experienced varying degrees of difficulty in their dealings with the government departments and local government agencies involved in regulating their activities. The entrepreneurs' interactions with these institutions often broke new ground for the regulators and required new applications and interpretations of rules and regulations. The entrepreneurs related many experiences where the institutions were found to be reluctant to facilitate new practices and typically adopted the most conservative and unhelpful interpretations of their rules and regulations. This innovator's curse comes about because the institutions are experienced in regulating well established industries and only have established systems and policies to appropriately regulate those established industries. These findings suggest that institutions with a regulatory role may need to reconsider their role in facilitating innovation and working with emerging industries.

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