

Indigenous Entrepreneurs in Australia and New Zealand: A Test of Social Marginality Theory

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Principal Topic

Focusing on the original indigenous inhabitants of Australia and New Zealand, we examine the basic precept of social marginality theory, whether socially marginalised and disadvantaged entrepreneurs might actually be more likely to start a new venture. Using survey data and in-depth interviews, we find mixed results. For Māori, the original Polynesian inhabitants of Aotearoa New Zealand, their position of disadvantage coupled with a history and cultural attitudes favouring enterprise has led to one of the world's highest rates of entrepreneurial activity. However, for Indigenous Aboriginal Australians, their disadvantage and marginal status within Australian society, compounded by a continued legacy of inequity and by internal factors, has not encouraged an enterprising culture.

Methodology/Key Propositions

This paper focuses on the challenges that face disadvantaged, Indigenous entrepreneurs in Australia and New Zealand that necessarily takes an eclectic methodological approach. For Aboriginal Australians, we selected fifty urban Indigenous entrepreneurs for qualitative semi-structured interviews (Foley, 2006a). For Māori, we use the GEM 2005 national New Zealand survey of 1962 randomly selected adults stratified by regions (of whom 958 self-identified as Māori) and compared them with 106,495 randomly selected adults in 35 other countries (Frederick, 2006). We also carried out 41 in-depth interviews with Māori entrepreneurs and Māori experts in entrepreneurship (mentors, advisors, etc). Our approach is of course limited by that fact that we must make conclusions across two differing data sets collected by different analysts (the two authors). Given the unlikelihood that there will ever be a normalised and uniform sample of the two populations, we accept this limitation.

Results and Implications

We begin by examining the concept of marginalisation as it relates to entrepreneurs. The literature suggests that disadvantaged people might actually become entrepreneurs more frequently than other people. Disadvantaged entrepreneurs come in a rainbow of ethnicities and cultures, and it is fair to say that the Indigenous peoples of Australia and those of New Zealand have vastly different backgrounds and histories yet both peoples suffer from disadvantages that range from individual hardships such as lack of basic sustenance and finance to a lack of business skills exacerbated by low literacy and educational levels. Although many Māori and Aborigines reside in large cities, they sometimes also suffer the geographic isolation of residing in neighbourhoods with high unemployment and lack of essential contact networks with the larger community. Both Indigenous peoples face cultural challenges that hinder self-employment and business success. Political and structural disadvantages have led to inadequate policies and a lack of cohesive approaches to capital networks and to training and employment opportunities. We used extensive in-depth interviews with Aboriginal Australians. For Māori New Zealanders, beyond in-depth interviews, we were able to draw on empirical data from the GEM 2005 survey. The number of successfully run Aboriginal small businesses in Australia remains very low. Some of the impediments to success include an economic tradition not steeped in capitalism and a lack of capital. Indigenous Australians often exist isolated and alienated within an economy that is so different to their communal environments. To be successful in business they must survive in the consumer driven

capitalistic environment of mainstream business society. Business success may even result in them becoming isolated from their own families and cultural support networks. In contrast, the Māori of New Zealand has excelled at establishing an entrepreneurial culture. Māori are ranked globally in terms of measures of early-stage entrepreneurial activity. The total early-stage entrepreneurial activity of Aotearoa (Māori New Zealanders) was surpassed only by two countries. Māori entrepreneurs are largely opportunity entrepreneurs, but wealth creation is not as important a motivation as is independence. Many social hurdles and barriers need to be overcome before the Indigenous Australian can achieve entrepreneurial activity. As the literature suggests, disadvantaged people might actually become entrepreneurs more frequently than other people due to necessity. Here we must conclude that the evidence from Australia and New Zealand is mixed, and we must concur with Storey (1994). For Māori, their position of disadvantage coupled with a history and cultural attitudes supporting enterprise portends a favourable future for their entrepreneurial endeavours. For Indigenous Australians, their disadvantage, compounded by a continued legacy of inequity and other internal factors does not encourage an enterprising culture in the short term; there are many hurdles to overcome. The field of Indigenous Entrepreneurship Research continues to develop as native peoples all over the world (re-)discover that entrepreneurs, as Kofi Annan (2003) has said, 'have the power to create the greatest change for their own countries.' We believe that the study of Indigenous entrepreneurship must necessarily begin by examining the cultural imperatives of economic and business development. Only uniquely Indigenous political, economic and social systems can explain cultural, social and political factors that both inhibit and enhance Indigenous economic prosperity.

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