



# Indigenous and Ethnic Entrepreneurship: A Cultural Perspective

**After working through this chapter you should be able to:**

- Define indigenous entrepreneurship
- Discuss the role of culture upon indigenous and ethnic entrepreneurship
- Recognize the crucial developmental role of entrepreneurship amongst indigenous societies
- Appreciate the key differences between indigenous and ethnic entrepreneurship

## INTRODUCTION

According to Legge and Hindle (2004) the received wisdom that all entrepreneurs are purely profit motivated is only partially true. Indeed, it may be argued that engagement in entrepreneurial activity linked exclusively with financial profit (see Chapter 1) is fleeting depending on what drives the entrepreneur, the developmental stage of the venture and the environment in which the business is operating. This is especially the case in the hospitality industry where a majority of firms are small and of the ‘lifestyle’ nature (see Chapter 5). Evidence also suggests that this may be true for entrepreneurs in indigenous societies albeit a function of their culture rather than simply opting to focus attention elsewhere (Hindle and Lansdowne, 2005). Culture is important in a general business communication sense as differences in language, philosophies and traditions between nations have the potential to create barriers to international trade. However under closer scrutiny, several studies have shown that culture has a powerful influence on entrepreneurship (for example, see Shane, 1995).

The aim of the current chapter is to illustrate and discuss the role of culture upon indigenous and ethnic entrepreneurship. It does this by defining culture and:

- comparing global geographical regions to give a generic perspective on entrepreneurial activity;
- introducing Hofstede's (1994) construct of cultural dimensions as a framework for identifying specific cultural variables amongst indigenous entrepreneurs;
- identifying some cultural differences between indigenous and non-indigenous entrepreneurship;
- outlining recent studies of entrepreneurship amongst indigenous Australians including Torres Strait islanders linking Hofstede's cultural dimensions with key entrepreneurial characteristics;
- introducing ethnic entrepreneurship and identifying the differences between it and its indigenous counterpart.

#### **Key point 2.1**

Profit maximization is not usually the aim of lifestyle firms in the hospitality industry, nor is it that of indigenous entrepreneurial firms. However, culture has a key role to play in this respect for the latter.

## **DEFINITIONS AND CONDITIONS**

Many definitions of culture exist, for example:

*'The beliefs, values and mores that the inhabitants of a nation share'*  
Zimmerer and Scarborough (2005, p. 479).

*'... the collective programming of the mind that distinguishes the members of one category of people from another'* (Hofstede, 1980, p. 5)

Tayeb (1994) considers culture to be shared feelings, thinking, norms and values that guide people's behaviour. We may also consider culture as a complex mix of common enduring values, norms, ideas and symbols handed down generationally which shape current attitudes and behaviour. However, this does not mean that a single 'national culture' is common to all inhabitants of a country. Nations or peoples are seldom homogenous and many cultural 'pockets' exist for a variety of historical reasons. For example, former British colonies including Australia, Canada and the USA will almost certainly have

had their indigenous culture usurped by invading nations to a greater or lesser extent.

### The Changing Entrepreneurial Environment

Prior to the abolition of slavery in 1838 many unscrupulous Non-indigenous entrepreneurs thrived all over the former British Empire (particularly in the Caribbean) ranging from plantation owners to slave captains. Once the practice was abolished the outcome was significant (although well deserved!) for these business owners as the following extract from *Pax Britannica: Heaven's Command* attests:

*'The greatest triumph of the evangelicals was the abolition of slavery. Economically its results had been devastating. Planters were ruined from Antigua to Mauritius. Middlemen of Ashanti, slave captains of Merseyside, overseers of Nassau, found themselves without an occupation' (Morris, J. 1993, p. 19).*

The immediate and frantic emigration of entrepreneurs, wholesale mismanagement and abdication of duty by the British government brought about rampant poverty and dependency to the region. However, in the 21st century regions of the Caribbean are thriving. For example, Jamaica is ranked fourth globally for its entrepreneurial activity (see Minniti, Bygrave, and Autio, 2006), much of which is provided by tourism. [http://www.islandhideaways.com/islands.php?island\\_id=11](http://www.islandhideaways.com/islands.php?island_id=11). Nonetheless, indigenous entrepreneurs in other Caribbean nations including Barbados have experienced more difficulty. This is due to the legacy of business domination by the minority white community and a deliberate move to undermine the efforts of the indigenous population through restrictive legislation and other discriminatory policies (Neblett and Green, 2005).

Source: the present authors

Commentators consider most indigenous societies to be a collective valuing community and heritage. However, these findings are necessarily moderated by the impact of the colonization process and some challenge these commonly held notions. After reviewing the evidence, Peredo, Anderson, Galbraith, Honig, and Dana (2004) reveal that prior to European influence many Native American communities paralleled the former showing individualism, personal property ownership, use of individual capital and exploitation of natural resources. Galbraith and Stiles (2003) argue that the artificial community-based land tenure and ownership system of modern reservations forces a more collective orientation on entrepreneurial behaviours than would otherwise have existed. Indigenous

communities in Australia may also have shared a more individualistic cultural orientation for the same reasons. Whilst this is a difficult point to argue, it is clear that shifting forces of economics, colonialism and enforced regional migration is a pattern all indigenous communities have endured giving rise to poverty, poor education and health (Peredo *et al.*, 2004). Indigenous Australians have certainly borne the brunt of many unfortunate but well intended governmental policies. Aboriginals and Torres Strait Islanders are the most socially, economically and culturally disadvantaged group in Australian society (Commonwealth of Australia, 1992). As a result they rely on welfare systems which Pearson (1999) refers to as flawed as they do not demand economic and social reciprocity which is a fundamental feature of indigenous culture. Mead (2000, p. 44) agrees commenting that long-term dependence of welfare payments results in a 'culture of defeat'. According to Anderson (2002) these extreme conditions underscore the need to encourage entrepreneurship in indigenous societies to rebuild their communities and improve their socio economic conditions based on a solid foundation of tradition and culture. Furthermore, research into indigenous entrepreneurship would permit culturally appropriate education for nascent entrepreneurs with a particular focus on generic economic development of indigenous society for the benefit of whole communities.

To remedy this situation, many including indigenous leaders, have advocated a coordinated governmental approach in facilitating indigenous entrepreneurial activity, particularly in the tourism and hospitality industry (see Foley, 2003). Among indigenous peoples, leaders such as Noel Pearson holds entrepreneurship as an important way to construct a vibrant economy leading to nation-rebuilding and self-determination (Anderson and Gilbertson, 2004). These initiatives for economic development are known as 'second wave' and attempt to wean many in indigenous society off welfare dependency resulting from early public sector 'first wave' interventions (Peredo *et al.*, 2004). The New Zealand government has been particularly proactive in this respect resulting in an increasing number of Maori self-employed (Sullivan and Margaritis, 2000). However, this is no easy accomplishment as many indigenous individuals lack required business skills and have relatively low level of education. In the case of Maori, the problem has been overcome by the Tainui and Ngai Tahu seeking professional help outside their community (*New Zealand Herald*, 15 July 1999). The casino gaming initiative amongst the Kumeyaay peoples in California has also been similarly successful (Galbraith and Stiles, 2003).

**Reflective practice**

1. How would you help overcome the challenge of low education levels amongst indigenous entrepreneurs?

**MODELS OF ECONOMIC DEVELOPMENT**

Whilst there is an obvious case for encouraging entrepreneurship in indigenous societies, authorities need to proceed with caution and scrutinize their underlying assumptions. For example, from the 1950s onwards ‘Modernization’ models of economic development were held as the primary form of transforming traditional societies into contemporary ones (see Inkeles and Smith 1974; and Kuznets, 1971). These are based on the Taylorian notion of ‘economic rational man’, where humans are self-interested, clear thinking and logical being motivated by money. More subtly, traditions, heritage and language are all considered obstacles in the modernization process. Understandably, applications of this philosophy have been largely unsuccessful with initial levels of poverty and other uniquely contextual issues being ignored but ultimately undermining such developmental efforts (Peredo *et al.*, 2004).

Another major development in this context is that of the ‘Dependency’ model of modernization. Here, multinational corporations, International Monetary Fund, developed industrial nations and others are viewed by some as colonists (Klitgaard, 1990). Peredo *et al.* (2004) note that rather than leading developing nations, they are held in a constant state of dependency through economic exploitation by the very agencies designed to do the opposite. In sum, they consider both Modernization and Dependency models to be fundamentally flawed in their pursuit of equity, economic development and self-determination for developing countries. However, there is now interest in the ‘Contingency’ construct which is quite different to the above in that it considers:

- development need not be defined by the developed world; and
- interaction between peoples and the global economy may be different to that advocated by the modernization and dependency perspectives.

Indeed with Contingency, it is important to understand and respect the definitions offered by those who require development. The main advantage here is flexibility and inclusiveness, that is, it allows the input of

experience from other societies, perspectives and cultures (Tucker, 1999) and promotes:

- sustainable coalitions
- partnerships;
- trust;
- reciprocity; and
- due diligence.

The contingency approach would appear to potentially accommodate the moderating impact of many variables including that of culture upon business activity and entrepreneurship. The big questions are does culture have an impact on entrepreneurial activity and does indigenous entrepreneurship involve values, motives and performance evaluations that differ from non-indigenous entrepreneurship. If national cultures are being used as the cornerstone of the current argument, the answer is most certainly 'yes' depending on the recency and regularity of contact between both parties and the extent to which the indigenous community values its traditions and heritage. Foley (2003) believes that culture is a powerful driver of attitudes. Lindsay (2005) goes further and considers culture to be a key enabler of entrepreneurship amongst indigenous society. He suggests that no significant differences exist between indigenous cultural values and those of the entrepreneur, that is, they are one and the same. Others making this connection include Shane (1995); McGrath, MacMillan and Scheinberg (1992); Mueller and Thomas (2001); and Lindsay (2005).

Thus, attempts to better understand indigenous entrepreneurship should avoid using non-indigenous entrepreneurship constructs as they:

- Fail to adequately consider some key cultural characteristics likely to impact on associated traits, characteristics and behaviour;
- do not value preservation of heritage, self-determination and the community (Hindle and Lansdowne, 2005); and
- do not embrace a whole economic development perspective nor consider the position of indigenous self-determination.

### Reflective practice

1. Do you believe this to be a fair critique of the modernization and dependency models of economic development? What other constructs could be used in the context of indigenous tourism and hospitality services?

**Key point 2.2**

Among indigenous peoples entrepreneurship is an important way to construct a vibrant economy leading to nation-rebuilding and self-determination.

## THE BIG PICTURE

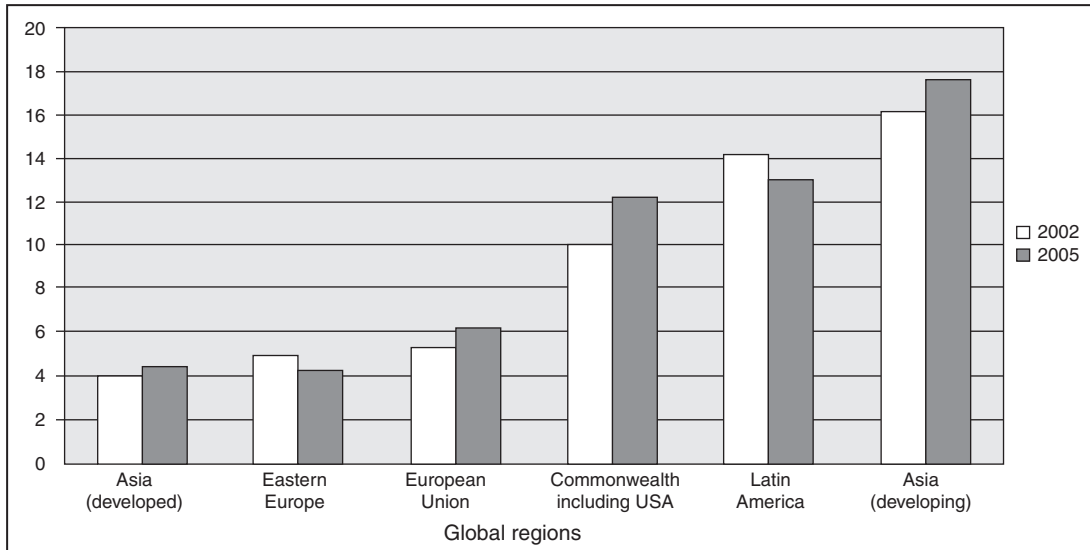
Geographical location linked with culture would appear to have an impact on entrepreneurship. Figure 2.1 shows averaged data from the *Global Entrepreneurship Monitor* (Minniti *et al.*, 2006) and reveals some acute differences between regions in terms of entrepreneurial activity.

With the exceptions of Eastern Europe and Latin America, all global locations show an increase in entrepreneurial activity between 2002 and 2005. However, there are notable differences between some regions with a ‘low’ activity cluster of developed Asia, Eastern Europe and the European Union and a ‘high’ clustering of the Commonwealth including the USA, Latin Americas and developing Asia<sup>1</sup>. In short, there has been a significant global movement toward self-employment through individual choice and government-driven entrepreneurship-friendly macro conditions. However within this complex set of drivers, culture has a key role to play, particularly amongst indigenous societies. For example, the Total entrepreneurial activity index (TEA) of indigenous Torres Strait islanders by far outstrips that of other states with a comparable gross domestic product (GDP) and is actually similar to those with a higher GDP<sup>2</sup>; Table 2.1 shows these comparisons.

The TEA index for the Torres Strait Islands is almost double that of Argentina and around five times higher than that of South Africa. This is consistent with the notion that where waged employment is scarce and economic conditions poor, individuals are motivated toward self-employment. However, Noorderhaven, Thurik, Wennekers, and van Stel (2004) point out that economic ‘pull’ and ‘push’ (see Chapter 1) variables have a ‘low explanatory

<sup>1</sup> Between 2002 and 2005 some countries shifted categories and others took no part in the 2005 GEM survey whilst others were added.

<sup>2</sup> To obtain a relative impression of entrepreneurship in the Torres Straits, two techniques were used. The first was based on the Global Entrepreneurial Monitor Research Program (GEM) construct which calculates a total entrepreneurial activity score (TEA). This is obtained by dividing an estimated 500 entrepreneurs (TSPZA, 2005) by the total workforce (2116) and provides a standardized picture of entrepreneurial activity by country. The second technique examines the gross domestic product (GDP) *per capita* index internationally as advocated by Sullivan, Buckingham, Maley, and Hughes (1999) and Sloman and Norris (2002).



**FIGURE 2.1** Total entrepreneurial activity by region 2002–2005  
 Source: Adapted from: Legge and Hindle (2004) and Minniti et al. (2006).

power’ (p. 460) and that culture is key in predicting a nation’s rate of entrepreneurial activity. Carree, van Stel, Thurik and Wennekers (2002) also challenge the notion that the state of industrial development fully explains a nation’s entrepreneurial activity. Wennekers, Noorderhaven, Hofstede and Thurik (2001) argue similarly noting that culture is an important explanatory supply-side factor along with demographics and a person’s economic situation. Similarly, they hold that entrepreneurial activity is culturally bound stemming from differences between countries which are risk averse and risk-seeking for example. In other words one would expect greater entrepreneurial activity

**TABLE 2.1** A comparison of TEA and GDP between the Torres Strait and other nations

Country	Total entrepreneurial activity (TEA) Index <sup>a</sup>	Gross domestic product <i>per capita</i> (\$)
Torres Strait Islands	23.6	3 590
Argentina	14.1	3 865
South Africa	6	3 746
Australia	20.4	30 695
New Zealand	28.2	23 460
Japan	7.4	36 105
Singapore	11.9	23 041

Adapted from: Lee-Ross and Mitchell, (2007) and Minniti et al. (2006).  
<sup>a</sup> Nascent, new and established businesses.



where individuals have a high propensity for risk-taking. Conversely, societies which are culturally predisposed to avoid risk are likely to prefer waged employment rather than owning their own business. Risk-tolerance is a key characteristic of some emerging economies and certainly of many indigenous societies (Lee-Ross and Mitchell, 2007, p. 15). Therefore, in order to empower indigenous communities through entrepreneurship successfully there must first be an understanding of the role culture plays in this regard.

## HOFSTEDE'S CULTURAL DIMENSIONS

Probably the most often cited researchers in the field of national culture linked to entrepreneurship and business activity are Trompenaars and Hofstede. In particular, Hofstede (2001) seeks to explain organizational behaviour by framing it in a broader cultural framework. His model of cultural dimensions was developed from studying values in the workplace and how they are influenced by culture. Hofstede's original model identifies four primary dimensions:

- Power distance (PDI) – ‘the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally’ (Hofstede, 1994, p. 28). A ‘low’ score indicates a non-acceptance of unequal power distribution;
- Individualism/collectivism (IDV) – ‘everyone is expected to look after himself or herself and his or her immediate family [with] collectivism as its opposite . . . [from] birth onwards [societies] are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty’ (Hofstede, 1994, p. 51). A low score indicates a strong cultural predisposition for collectivism;
- Masculinity/femininity (MAS) – ‘gender roles are clearly distinct, men are . . . assertive, tough, and focused on material success whereas women are . . . modest, tender, and concerned with the quality of life; femininity pertains to . . . gender roles overlap[ing]’ (Hofstede, 1994, p. 82–3). A low score indicates a cultural predisposition towards femininity; and
- Uncertainty avoidance (UAI) – ‘the extent to which the members of a culture feel threatened by uncertain or unknown situations’ (Hofstede, 1994, p. 113). A low score suggests a society that is comfortable with uncertainty.

Consistent with its popularity elsewhere, Hofstede's construct has also been used to examine the culture of indigenous societies relative to

entrepreneurship. Specifically, researchers have made correlations between cultural dimensions and various entrepreneurial traits (for example, see Wennekers *et al.*, 2001; and Lindsay, 2005).

### Reflective practice

1. Think of a tourism or hospitality owner known to you. Intuitively, can you identify any of Hofstede's cultural dimensions for this person?

## TOWARDS A DEFINITION

Definitions of indigenous peoples vary considerably as they tend to focus on different aspects. However following the work of Peredo *et al.* (2004, p. 5), this chapter considers that they may be defined operationally via three main elements with the last playing a key role in an understanding of indigenous entrepreneurship:

- descent from populations inhabiting a region prior to later inhabitants;
- geographical, political, and/or economic domination by later inhabitants of immigrants; and
- maintenance of some distinctive social cultural norms and institutions.

The final element is important because indigenous communities regard the activity of entrepreneurship as more than a means of providing economic benefits. It is regarded as a key way of rebuilding their communities and re-establishing control over their traditional lands and heritage. Some examples of indigenous societies currently engaged in entrepreneurial activity include:

- First Nations – Canada
- Metis and Inuits – Canada
- Quechuas – Peru
- Aymaras – Peru
- Maoris – New Zealand
- Kumeyaay – USA
- Australian Aboriginals – Australia
- Torres Straits – Australia.

An additional but complimentary definition, considers indigenous entrepreneurs as those who create, manage and develop new ventures by and for indigenous people underpinned by strong desires for self-determination and heritage preservation (Lindsay, 2005).

**TABLE 2.2** A comparison of cultural entrepreneurial values using Hofstede's cultural construct

Hofstede's cultural value dimension	Indigenous entrepreneurial values Redpath and Nielsen (1997)	Non-indigenous entrepreneurial values (McGrath <i>et al.</i> , 1992)
Individualism/collectivism	High collectivism/low individualism	Low collectivism/high individualism
Power distance	Low power distance	High power distance
Uncertainty avoidance	Low uncertainty avoidance	Low uncertainty avoidance
Masculinity/femininity	High femininity/low masculinity	Low femininity/high masculinity

Source:Lindsay (2005).

Entrepreneurship therefore becomes a more holistic culturally-bound construct than its non-indigenous counterpart. According to Lindsay (2005), this helps explain why there are relatively less 'recognizable' indigenous entrepreneurial firms as the objectives are different. For example, indigenous culture requires that the entrepreneur's family, extended family and community become involved in the development of new venture<sup>3</sup> as opposed to a focus on individual autonomy in entrepreneurship. There is therefore more complexity than in non-indigenous firms. In short, economic objectives including rapid growth, increasing assets and share prices are at best only equally important as non-economic ones. Issues including self-determination, heritage orientation and other indigenous values must also be considered. Encompassed in this definition are a number of cultural factors which impact on the attitudes of indigenous peoples in particular ways. Lindsay's (2005) comparison of 'common' indigenous entrepreneurial cultural values with those of non-indigenous entrepreneurship (using Hofstede's construct) serves as a useful starting point in this respect and is shown in Table 2.2.

## DIMENSIONS, ATTITUDES AND INDIGENOUS ENTREPRENEURSHIP

Conceptually, it is evident that cultural values between indigenous and non-indigenous entrepreneurs are quite different with the exception of low uncertainty avoidance. Several researchers have attempted to link cultural dimensions with entrepreneurial attitudes. Risk-taking and innovation are two such traits with the latter being understood as the generation of new ideas. Redpath and Nielsen (1997) note that tolerance of ideas (risk-taking) is an

<sup>3</sup> In terms of population, indigenous Australians represent only 2.2 per cent making them a minority, alienated from mainstream society with little recognition for their business activities (Foley, 2003).

indigenous cultural value so long as these notions resonate with the community's collective norms. After reviewing the evidence Lindsay argues that innovation is one composite part of an overall 'Entrepreneurial attitude'. Other components are:

- Achievement – associated with business start up and growth results; and
- self-esteem – amalgam of self-confidence and perceived business competency.

From the earlier definition of indigenous entrepreneurship, attitude is influenced uniquely by indigenous culture as it is driven by self-determination and preservation of heritage. Furthermore, success is measured by both economic and non-economic dimensions. Individual autonomy is also redundant as it is replaced by the whole community to whom the entrepreneur must be accountable. This limits the effect of individual personal control as it is subordinate to collective influences, that is, personal control over business becomes supplanted by a preoccupation with family and community influence over business.

Taking each of the above attitudes in order, Lindsay (2005) argues that:

- Achievement is at odds with the non-indigenous preoccupation of economic growth due to differences in time orientation and a disinclination to compete. Consensual decision-making and prioritising family issues also detract from non-indigenous entrepreneurship. In Hofstede's terms, decision-making is influenced by a cultural orientation of femininity (Redpath and Nielsen, 1997). This is quite different to masculine cultures where work is prioritised. Measurements of success (achievements) are directly related to quality (of life) rather than quantity (of work). This is a key factor in starting and running a business as evidence suggests that hours of work have a direct and positive correlation with business success (measured in non-indigenous terms of course!).
- Access to sufficient start-up funding is also important for future success. Although indigenous society is a collective, the typical sharing of financial resources from family and friends in a start-up business phase is non-existent because of societal poverty (Fuller, Dansie, Jones and Holmes, 1999). Having no resources and lack of business education is likely to cause feelings of low self-esteem in indigenous communities.

Additionally, Shane and Venkataraman (2000) consider opportunity recognition another important entrepreneurial attitude. This is the ability to

identify gaps in the market and to take advantage of them economically. Indigenous society (which has already been identified as collective, consensual and feminine) bases these on the likely benefits accruing to the community in non-economic and economic terms rather than a non-indigenous focus on the latter. Lindsay (2005) notes that indigenous entrepreneurs do not lack this ability but appropriate opportunities in their society are different to those of others. Moreover, if they adopt a non-indigenous approach they may become ostracized from their community given the sharp differences between the two value and culture systems. Indigenous society is pluralist based on resource-sharing where individualism is seen as exploitation as one over another. Success then concerns what you do and how you do it rather than increasing personal wealth which is in conflict with the cultural value of sharing.

### **Key point 2.3**

Indigenous entrepreneurs as those who create, manage and develop new ventures by and for indigenous people underpinned by strong desires for self-determination and heritage preservation.

Other studies have also identified culture-specific characteristics of indigenous entrepreneurship. For example in Foley's (2003) study of urban indigenous Australians, entrepreneurial success was not linked with acquisition of tangible personal assets. Instead it was measured by increased levels of inventory or that a business had been established and not failed. Mapunda's (2005, pp. 10–11) study of indigenous Australian and Tanzanian enterprises reveals a similar finding and cites 'maintaining the soul and spirit through relationships' and 'providing employment for indigenous people' above profit maximization. However, in Foley's study, some 'successful' entrepreneurs appeared to be moving away from traditional cultural norms and values. As a result they felt somewhat distanced from their indigenous community experiencing discrimination resulting in temporary ostracism. This is quite unlike non-indigenous entrepreneurial culture (particularly amongst ethnic groups) where the community tends to embrace and value their success and the entrepreneur is drawn closer to the community as a result (Holt and Keats, 1992). An acute sense of dissonance becomes clear amongst Foley's interviewees where even investment in their own business creates feelings of guilt about not sharing with family/community. For example, one particular indigenous entrepreneur purchased a used sedan for business use. The community felt that he had come into money and not shared it. Another example Foley cites is the family's expectation of credit or goods for free is when 'borrowing' from successful indigenous retailers.

In an almost contradictory cultural sense these individuals had a notion of ‘face’ where establishing oneself as a ‘legitimate’ business role model for the community became important through networking with others including ‘white fellas’ committees and panels (Rotary, Lions, golf club and so on). Interviewees felt that they were creating a positive role model to counteract racial stereotyping. Additionally, business ‘accountability’ was established through employing non-indigenous accountants. Community communication based on kinship and community obligations was replaced by ‘networking’ due to increased time constraints linked to the business enterprise. Thus, a positive face was established by actions geared for wider social acceptance and increased business connections to improve social acceptability for themselves and their children. The benchmark of success became social acceptance in the broader business environment. Foley (2003) concludes that the shift away from long held cultural values and norms to that of business enterprise and social networking effectively changes the traditional pattern of indigenous behaviour.

#### Reflective practice

1. Consider the long-term impact of entrepreneurial success amongst indigenous societies. What cultural changes are likely to be created and how will they impact in practice?

Similar patterns have been found elsewhere amongst other indigenous communities.

Indigenous Canadians recognize that alliances and joint ventures among themselves *and* non-aboriginal partners are important to build capacity for sustainable economic development and self-sufficiency through education and *training* (Anderson, 1999). Peredo’s (2001) research amongst indigenous Andean countries confirms similar objectives and business arrangements.

Another more recent study of indigenous entrepreneurship and culture focused on the Torres Strait region of Australia (Lee-Ross and Mitchell, 2007) using the first four of Hofstede’s cultural dimensions. Here, the relationships between culture and entrepreneurial attitudes were<sup>4</sup> assessed. The first objective of this study was to calculate cultural dimension scores and position them relative to those of other nations following the predictions of Redpath and Nielsen (1997) shown in Table 2.2. All scores for the

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<sup>4</sup> Power distance (PDI); individualism (IDV); masculinity (MAS); and uncertainty avoidance (UAI).

Torres Strait Islands were ranked consistently below those of other non-indigenous nations. These outcomes broadly corresponded with those shown in Table 2.2 as:

- Relatively low power distance;
- high collectivism;
- high femininity; and
- low uncertainty.

Following Foley's (2003) earlier proposal that cultural orientations are likely to impact on entrepreneurial attitudes; the results confirmed the notion that this particular model of indigenous entrepreneurship differed from the non-indigenous construct by virtue of culture. Table 2.3 outlines the propositions tested in the study.

Table 2.4 shows how entrepreneurial traits were ranked by a comparison of mean scores calculated from five-point Likert-type questions where 1 = 'Utmost Importance' and 5 = 'Very Little Importance'. All attitudes were scored above 4 on the original Likert scale which suggests that even the lowest ranked attitudes were considered as moderately important. Rankings shown below must therefore be interpreted relative to each other rather than in an absolute sense.

'Persistence', 'vision', 'respond quickly to problems', and 'desire to succeed' were highest of all attitudes. 'Being curious', 'being alone', 'experimenting', 'gamble on a good idea', and 'take chances' were ranked the lowest.

According to Table 2.3 the Torres Strait community is culturally feminine and more concerned with quality than quantity when linking with the collective of achievement. One would therefore expect collectivity and consensus rather than a narrow focus on turning a profit or economic development, hence the expectation of low achievement in financial terms. However, it is quite difficult to confirm this as persistence, vision, responding to problems and desire to succeed do not preclude non-economic aspects, nor are they exclusively masculine attitudes. They are perhaps key attitudes which are held as important in both indigenous and non-indigenous cultures. The difference occurs in how they are interpreted, that is financially or not. On the other hand, working with people, motivating people and working in a team are linked with femininity. Furthermore, doing things own way, total control and being alone are ranked relatively low and are alleged to be masculine attitudes characterizing non-indigenous entrepreneurs. Thus, these attitude rankings appear to support the notion that Torres Strait culture has a female orientation.

**TABLE 2.3** Proposed impact summary of indigenous culture on entrepreneurial traits

Cultural dimension	Area and brief	Associated traits	Propositions
High femininity	Quality of life: attitudes towards achieving 'quantity' of work needed for new venture creation based on quality of life rather than economic development	Working with people, motivating people, working in a team, being creative, desire to succeed, leadership, persistence, vision, feeling sure about yourself, doing things own way, being alone, total control	Low levels of achievement will be demonstrated amongst indigenous Torres Straits' entrepreneurs via associated traits as achievement is linked with economic growth from a non-indigenous perspective
Low uncertainty avoidance	Innovation: generation of new ideas outside cultural norms of collectivity, self-determination and heritage preservation will not hold sway	Being creative, experimenting with new ways, take chances, gamble on a good idea, being curious, clear goals	Low levels of innovation will be demonstrated amongst indigenous Torres Straits' entrepreneurs via associated traits
Low power distance	Self confidence and self esteem: high unemployment and welfare dependencies, poor housing, discrimination undermine social and economic development and little confidence in developing successful business venture and dissatisfaction with the situation	Feeling sure about yourself, leadership, desire to succeed, total control	Low levels of self-confidence and self-esteem will be demonstrated amongst indigenous Torres Straits' entrepreneurs via associated traits
High collectivism	Personal control: emphasis on personal relationships whilst maintaining group harmony and how they benefit the community. Opportunity recognition: consensual decision-making and problem-solving, benefits for the community in non-economic and economic terms, pursuing opportunity for individual economic returns is at odds with community and culture	Being alone, doing things my own way, working with people, leadership, working in a team. Being curious, vision, respond quickly to problems, desire to succeed	A low level of personal control will be demonstrated amongst indigenous Torres Straits' entrepreneurs via associated traits A low level of opportunity recognition will be demonstrated amongst indigenous Torres Straits' entrepreneurs via associated traits

A second cultural predisposition of low uncertainty avoidance suggests that Torres Strait islanders are risk-takers, accept uncertainty and are innovators. The relatively lower rankings of experiment with new ways, gamble on a good idea, take chances and being curious does not seem to support this claim.



**TABLE 2.4** Rank order of entrepreneurial attitudes in the Torres Straits

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1 Persistence
2 Vision
3 Respond quickly to problems
4 Desire to succeed
5 Working with people
6 Leadership
7 Clear goal
8 Solving problems
9 Motivating people
10 Working in a team
11 Feeling sure about yourself
12 Doing things own way
13 Total control
14 Being creative
15 Being curious
16 Being alone
17 Experiment with new ways
18 Gamble on a good idea
19 Take chances

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However, the first caveat is that innovations will only be supported if they resonate with broader cultural norms and second, there is no direct translation of the word ‘risk’ into any Torres Strait native language. When seeking clarification, an overwhelming majority of respondents simply said ‘either you do it [take the risk] or you don’t’. The interpretation is that there was no risk associated with their business start-ups due to their cultural predisposition and language structure; hence linked attitudes were deemed as unimportant. However, other low uncertainty avoidance traits of responding quickly to problems, clear goal, leadership and solving problems were ranked relatively highly.

Torres Strait islanders appear to have a low tolerance for unequal power distribution amongst themselves (Hofstede’s third dimension). This is in contrast to a non-indigenous notion of entrepreneurship where individuals believe in dominating their social structure (McGrath *et al.*, 1992). This interpretation is supported by the relatively low ranking of total control and feeling sure about yourself but does not explain the relatively high ranking of leadership. One plausible explanation is that many individuals were found to engage in ‘temporary’ entrepreneurship to raise extra money for one-off cultural events like tombstone openings, weddings, sporting carnivals, concerts and related travel between islands. As such, these entrepreneurial fund-raising

activities are often ‘unofficial’ and may be also considered as acts of individual defiance against perceived inequality (and resultant low self-esteem) wrought by relatively poor wages paid to individuals working on the CDEP scheme and the negative affects of other initiatives beyond the community’s control.

Unlike the non-indigenous entrepreneurial value system which emphasizes individualism, the results suggest that Torres Straits islanders are a cultural ‘collective’. Hence the first of two propositions that low levels of personal control will be demonstrated via associated attitudes. There are clearly some overlaps with other cultural dimensions (for example masculinity/femininity) as collectivism is an overarching cultural norm. Unsurprisingly, attitudes of working with people, motivating people and working in a team have relatively high rankings. Whereas, doing things my own way, being alone and total control appear towards the latter half of Table 2.4. This is at odds with non-indigenous interpretations of entrepreneurship, for example, Mueller and Thomas (2001) consider collectivism to be the antithesis of entrepreneurship. They note that [non-indigenous] entrepreneurs are ‘... frequently characterized as exhibiting [a high] locus of control’ (p. 59). Simply, this means that entrepreneurs believe in their own abilities to bring about changes and business success rather than relying on anything else. Indeed, in their study of nine countries, locus of control was found to be more prevalent in individualistic cultures than in collectivist cultures.

The second proposition for the cultural dimension of collectivism shown in Table 2.3 relates to opportunity recognition. In short, Torres Strait islanders should demonstrate a low level of this because of the tendency for consensual decision-making and problem-solving. Furthermore, the ability to spot and pursue an opportunity effectively is hindered by lengthy community consultation. Additionally, benefits for the community are valued in both non-economic and economic terms. The relatively low rankings of all attitudes from 12 to 17 appear to support this notion as do the relatively higher rankings of more ‘collective’ attitudes.

In summary, there would appear to be a number of key attitudinal differences between Torres Strait and non-indigenous entrepreneurs. Moreover, the notion that these disparities are culturally driven seems to be a reasonable conclusion. In a general sense all the foregoing evidence including that of other studies suggests that indigenous entrepreneurship is novel (because until relatively recently, it has been ignored) and different to its non-indigenous counterpart. Nonetheless, there are still several important questions yet to be addressed adequately:

- What is the process of indigenous entrepreneurship or are there many depending on individual societies and are the aims different?

- Does indigenous entrepreneurship in different locations show similar and distinctive patterns of entrepreneurial features and goal structures?
- Does entrepreneurship amongst indigenous society have distinctive combinations of entrepreneurial features and how has the process of colonization impacted on them including the creation of pseudo-societies by virtue of colonists?
- Do indigenous entrepreneurs have unique cognitive processes and decision-making patterns and if so, how do they impact on key outcomes?
- How do legal, economic and structural characteristics impact on culturally occurring attitudes and behaviours in indigenous communities?
- Given that some indigenous societies are less collective than others (e.g. Tohono O'odham and Apache tribes of Arizona) what would be an appropriate mix of collective and individual enterprises for optimum economic development
- How do language and 'story-telling' affect indigenous perspectives of their world and that of others?
- Can indigenous societies become self-determining and economically sustainable whilst maintaining their cultural heritage and how useful will the Contingency model of development become in this context? In short, how is indigenous tradition reconcilable with innovation.

#### Reflective practice

1. How much is really known about indigenous entrepreneurship? Can you think of other questions that might be added to the above list?

#### Key point 2.4

Unlike the non-indigenous entrepreneurial value system which emphasizes individualism, Torres Straits islanders are a cultural 'collective'.

Whilst the above are key questions in the search for a better theoretical understanding of indigenous entrepreneurship, in a practical sense, many new indigenous owned and operated hospitality/tourism firms currently exist. Approximately 200 indigenous tourism businesses exist in Australia generating \$5 million per year with an additional contribution of \$200 million per

**TABLE 2.5** Positive and negative impacts of indigenous entrepreneurship

Positive impacts	Negative impacts
Economic base to revive indigenous communities	Increased cost of living for locals
Maintenance and growth of income generating arts and crafts	Decline in artistic quality and authenticity
Job and wealth creation amongst indigenous community by own entrepreneurs	Domination of external interests and control of management decision-making process by outsiders
Cultural revival and preservation	Exploitation of human cultural resources
Investment in environmental conservation	Desecration of sacred sites and natural resources
Development of remote communities	Exploitation of remote communities and loss of cultural identity

Source: Adapted from: Mapunda (2005, p. 7).

year from the sales of indigenous arts and crafts (Zeppel, 1998). In the tropical north of Queensland Australia there are several new and thriving businesses including:

- Aurukun Fishing and Wetland Charters;
- Cape York Turtle Rescue Camp;
- Djabugay Country Tours;
- Echo Adventure and Cultural Experience; and
- Kuku Yalanji Dreamtime Walks

Whilst the above are examples of indigenous-owned tours and attractions, indigenous entrepreneurs are involved in other less culturally-defined businesses including accommodation, visitor service facilities and restaurants (Mapunda, 2005). However, the long-term success of cultural and 'extended' operations depends on careful and appropriate management as a number of potentially negative outcomes are possible; some are shown in Table 2.5.

In order to minimize the potential negative impacts of indigenous entrepreneurship it is essential that guidelines should be followed including:

- Emphasize hard work based on structured understanding between indigenous and non-indigenous peoples;
- Establish empathy between mainstream and indigenous cultures based on sensitivity to issues of heritage;
- not turn indigenous peoples into museum curios; and
- not expect indigenous peoples to act in a manner counter to their traditions; and
- welcome diversity and respect right of indigenous decision-making within broad public policy guidelines.

**TABLE 2.6** Some key differences between indigenous and ethnic entrepreneurs

Indigenous entrepreneurs	Ethnic entrepreneurs
Exclusively concerned with individuals having a close bond with ancestral territories and the natural resources in them. A prominent goal of is recovery of access to and use of their traditional lands	Ethnic entrepreneurship usually concerns immigrant populations and the situation of relative newcomers to a region or nation
Lands and resources often represent a basis for the capacity to engage in entrepreneurial development	Ethnic entrepreneurship looks at the economic interactions with a particular area of new settlement
Ostracism from community of personal wealth is perceived to exist	Personal wealth and success valued and embraced by community
Usually connected with community-based economic development	Typically involves enterprise development at the individual or family level
In many countries indigenous people have obtained quasi-governmental or nation status	Assimilated into host nation

## ETHNIC ENTREPRENEURSHIP

There is a temptation to consider indigenous and ethnic entrepreneurship as one and the same. This is probably because the impact of ‘culture’ features significantly in both categories. The fact of the matter is both are quite distinct and separate. Peredo *et al.* (2004) provide some useful guidelines to help differentiate the two shown in Table 2.6.

It would also be similarly imprudent to minimize the economic importance of ethnic entrepreneurship. This is because ethnic firms have an enormous wealth-generating potential. In the USA small ethnic firms account for over 15 per cent of all businesses generating over \$591 billion (US) annually and employ over 5 million workers (Zimmerer and Scarborough, 2005). In the UK the percentage of ethnic entrepreneurial firms is smaller but still substantial at 7 per cent (220 000 businesses) [http://www.bytestart.co.uk/content/19/19\\_1/small-businesses-in-the-u.shtml](http://www.bytestart.co.uk/content/19/19_1/small-businesses-in-the-u.shtml), August, 2007. South Asian entrepreneurs alone own approximately half of all independent shops in Great Britain and spend around 5 billion Sterling per annum (*Management Today*, September 1990, p. 57). Furthermore South Asians account for just over 2 per cent of Britain’s working population with a higher contribution towards employment and wealth generation since they represent 4 per cent of all employers (Basu and Goswami, 1999). A similar picture emerges in Australia with a total ethnic presence of nearly 23 per cent which is higher than the USA, Canada, UK, Switzerland, France or Germany. Approximately 30 per cent of all small businesses are owned by ethnic entrepreneurs (ABS 2004).

### **Successful Australian Ethnic entrepreneurs**

Ethnic Business Awards 2006 Winners Announced at the Sydney Opera House

*The Ethnic Business Awards were created 18 years ago by Mr Joseph Assaf, to recognise the contribution of migrants to Australian Business. They have since become one of the longest running awards in Australia, which is a testament to their success and prestige. This year's winners were migrants from Italy, Sweden, South Africa and Macedonia, who all now proudly call Australia home.*

The Sydney Opera House set the stage last night for the 18th Ethnic Business Awards (EBA). His Excellency Major General Michael Jeffery AC CVO MC joined other distinguished guests at the annual Gala presentation, where immigrant business owners were recognized for their outstanding contribution to the Australian economy.

Accepting the Medium/Large Business Award, Mr Silvio Pitruzzello of Pantalica Cheese Company attributed the win to his father Sebastiano. 'The success of our business comes from the hard work and passion of my father. He came to Australia from Sicily in the 1960s with a suitcase and a dream, and now 33 years on, the Pantalica Cheese Company is a thriving business.' Mr Pitruzzello said. Representing an assortment of cultural backgrounds and covering a broad range of industry sectors the EBAs has welcomed over 6000 entries since its inception. The following businesses were presented with an award: Large Business Award: Pantalica Cheese Company – received by Mr Silvio Pitruzzello from Italy. Small Business Award: kikki.K Pty Ltd – received by Ms Kristina Karlsson, Managing Director, from Sweden. Initiative Award: Skybury Coffee Pty.Ltd – received by Mr Ian MacLaughlin, Company Director, from South Africa. Women in Business Award: The Education Group – received by Ms Neda Morris, Director, from Macedonia.

Accepting the Special Initiative Award, presented by Fran Bailey MP, Minister for Small Business and Tourism, Mr Ian MacLaughlin, who set up Skybury Coffee with his wife Marion said, 'Australia was a place where we thought that we could bring up our family in freedom and prosperity . . . but when we arrived in 1987 we were told that this used to be the lucky country. My first thought was 'goodness we have missed the boat', but I am here to tell you that this is still the lucky country'. The Hon Fran Bailey MP later commented, 'The Australian Government is proud to be associated with the Ethnic Business Awards. These Awards recognise achievements of people born outside of this country and who have come here and made a significant contribution to our country. As Small Business Minister, I congratulate all of tonight's winners and finalists on their vision and initiative at achieving this success.'

Group Managing Director of Telstra Business, Deena Shiff, said Telstra's ongoing support of the Awards recognized the contribution that migrants had made to the success of many Australian businesses. 'The courage and determination needed to move to another country are also essential to build and run a successful business – our winners have clearly demonstrated the characteristics needed to compete and win in a highly competitive marketplace and Telstra congratulates them on their efforts.' In a country where approximately 20 per cent of the population speak a language other than English at home the Ethnic Business Awards has grown to become a most anticipated annual event. In his speech last night founder of the Awards and Chairman of Ecom, Mr Joseph Assaf commented on the positive impact of multiculturalism to Australian society, a strength reflected in the Ethnic

Business Awards. 'In Australia, diversity is a fact of life and because of that, multiculturalism is a way of life. It is a way of life that enables Australia to harness and promote the ingenuity, vision and enterprise that characterises many of its new citizens.' George Frazis, Executive General Manager of Business and Private Banking at the National Australia Bank (NAB), said: 'NAB is as extensive as the community it serves. The myriad of services available to our clients are as broad as the backgrounds from which they come. We pride ourselves in taking the time to understand and connect with our clients. That's one reason why we sponsor these awards, to help recognise great business.' The Awards will be televised on SBS at 1pm on Thursday, November 30 and repeated at 1pm on Saturday, December 2, 2006. They will be aired twice on Australia Network to an estimated 10.1 million homes across 41 countries, and replayed by 155 broadcasters throughout the region, seen in 200 000 hotel rooms.  
*Source:* <http://www.clickpress.com/releases/Detailed/21997005cp.shtml>, 2007.

On the whole, ethnic entrepreneurs have enjoyed much success globally and many commentators are quick to provide the answers; culture often forms the basis of their arguments. That is, one that encourages thrift, hard work and reliance on cheap family labour (Werbner, 1990). According to Deakins (1996), entrepreneurship is popular amongst ethnic communities as it is a way out of poverty (in the UK these include Afro-Caribbean, Indian, Pakistani, Bangladeshi and Greek-Cypriot communities). However, it may be argued that both cultural characteristics and overcoming poverty are common to entrepreneurs generally. Morrison, Rimmington and Williams (1999) insist that ethnic entrepreneurs succeed where others fail because they are able to create market niches which are 'ethnically protected' (p. 12), where restaurateurs for example, are given preferential treatment by ethnic suppliers of raw materials to satisfy own community demands. In a sense this is similar to backward vertical growth whereby one company seeks to secure supplies by buying the supplying firm. This can certainly be seen in the wealth of ethnic restaurants in capital cities and resorts in most first world countries globally. Mars and Ward (1984) offer similar advice in the form of 'immigrant entrepreneurship' theory in the context of ethnic resources and opportunities created by an enclave economy. Whilst this theory has found support (Werbner, 1990), others find that cultural factors may actually restrict development by creating excessive reliance on the local ethnic community market, informal sources of finance and family controlled businesses (Ram, 1994). Waldinger, Aldrich, and Ward (1990) note that long-term business success lies in ability to branch out from the ethnic enclave economy which in turn is influenced by changes occurring within the community.

**Reflective practice**

1. Are there any specific cultural differences between ethnic and indigenous entrepreneurs? What facets are common to each group.

**Key point 2.5**

Ethnic entrepreneurship usually concerns immigrant populations and the situation of relative newcomers to a region or nation

**Ethnic Restaurateurs**

Immigrant entrepreneurs in Australia are distributed across all the industries with a particular presence in retail. These niches derive from specific culinary traditions or by chance. In New South Wales, half the entrepreneurs in the ‘fish shop, take away food’ and associated outlets are first generation immigrants (Collins, Gibson, Alcorso, Tait and Castles, 1995).

Many immigrant entrepreneurs have restaurants in Australian cities and towns (Collins and Castillo, 1998). Chinese restaurants and cafes were a feature of the Australian suburban and country town landscape (Chin, 1988) and most suburbs and towns had a Greek milk bar to sell sweets, drinks and meals Collins *et al.* (1995). Today most Australian regions have ‘ethnic’ restaurants, it is a very feature of their cosmopolitanism. Most immigrant groups have a presence in the restaurant sector with Italian, Chinese, Thai, Vietnamese and Japanese being very popular.

*Source:* Reproduced with permission: Collins (2007).

Legge and Hindle (2004) offer another explanation citing trust as the key enabler of success. They consider that people of similar ethnicity share a common denominator in the form of culture. This is different to that of the host nation or society and will give rise to a feeling of marginalization amongst the ethnic group. The perceived ‘distance’ from broader society may heighten trust between individuals leading to high levels of entrepreneurship. Ward and Jenkins (1984) also consider that ethnic minority entrepreneurs have a unique competitive advantage over others because of an access to informal sources of finance in the extended family network particularly within the Asian community. They state, ‘It is common for



**TABLE 2.7** Factors for long-term success of ethnic enterprises

Socio-cultural factors	Ability to implement an appropriate expansion strategy
<ul style="list-style-type: none"> <li>■ Hours worked at start-up, entrepreneur's country of origin and religion</li> <li>■ Educational qualifications, previous business experience gained from within or outside family</li> <li>■ Access to sources of capital and to information by virtue of other family or community members being in the same line of business.</li> </ul>	<ul style="list-style-type: none"> <li>■ Delegation of responsibilities which may include declining reliance on family and ethnic labour</li> <li>■ Cost reduction through diversification and technological improvements</li> <li>■ Market development involving a move away from ethnic customers towards competing in the wider domestic market and gradually internationally.</li> </ul>

members of Asian communities to club together to set up a member in business.' (p. 119).

An important aspect not considered by these culturally oriented explanations is the role of more obvious resources including:

- education and class background of migrants;
- entrepreneurs access to and use of market information;
- decision-making and managerial ability; and
- strategies used to expand business.

These are important features of generic theories yet are absent from South Asian or ethnic minority entrepreneurship research (Storey, 1994; and Basu and Goswami, 1999).

In their study of 118 ethnic business owners in Britain, Basu and Goswami (1999) found that whilst working long hours, exploiting family labour and serving an ethnic population had a bearing on success, over reliance on these factors limited business growth. They concluded that long run success depends on the origins of enterprise or the initial conditions at start up shown in Table 2.7.

In a practical sense then, education plays a critical role in lowering barriers to business entry and growth. Entrepreneurs must invest in skilling employees and having an ability to delegate to non-family members. Finally, if entrepreneurs wish to operate internationally, they should move out of local ethnic markets and internationalise with appropriate knowledge of home and host countries.

Whilst acknowledging the impact of cooperative family and community networks, niche markets and so forth on ethnic entrepreneurial success in Australia, Collins, Sim, Dhungel, Zabbal and Nole (1997) consider this to be similarly common to non-ethnic entrepreneurs. After reviewing the limited amount of research in the field they criticize many studies for failing to

compare ethnic with non-ethnic business strategies before proclaiming certain aspects as typically ethnic. Indeed, Collins (1991) acknowledges the various cultural explanations for ethnic success but also the more banal but eminently sensible ideas including:

- the combined policies of the Whitlam (1972–1975), Fraser (1975–1983), Hawke (1983–1993) and Keating (1993–1996) governments; and
- Racialized blocked mobility theory (Lever-Tracy, Ip, Kitay, Phillips and Tracy, 1991) whereby immigrants experience prejudice, discrimination and a never-ending round of other obstacles including non-recognition of overseas qualifications and problems gaining access to professional bodies; and
- Education and class resource theory (Lever-Tracy *et al.*, 1991) where level of education and resources have a key impact on the rise and success of ethnic entrepreneurship.

Thus many immigrants have little option but to start their own businesses (Stromback and Malhotra, 1994).

## SUMMARY

The notion of profit maximization amongst entrepreneurs was challenged depending on a number of factors. Culture was introduced as having a potentially significant impact on this position especially amongst societies holding a strong sense of cultural values. Culture was then defined and applied to indigenous societies together with an outline of some key developmental issues to garner nation-building and self-determination. Some generic models of economic development were critiqued with a recommendation of the most appropriate for indigenous society.

Several global regions were compared to identify the role of culture upon entrepreneurial activity. Culture was then reconceptualized according to Hofstede's (2001) model and applied to indigenous Australians through some recent research in the area. Some key findings were discussed including the cultural impact of high femininity, low uncertainty avoidance, low power distance and high collectivism upon entrepreneurial attitudes. Specific attention was then focused on the indigenous peoples of the Torres Strait region of Australia where entrepreneurial characteristics were explained through analysis of cultural predispositions. It was concluded that culture has a significant impact upon indigenous entrepreneurship and that non-indigenous models should be treated with caution when seeking to explain the phenomenon. A

number of questions were also posed in order to gain a fuller understanding of indigenous entrepreneurship together with the likely negative impact of business development if undertaken from a non-indigenous perspective.

The chapter proceeded by highlighting the main differences between indigenous and ethnic entrepreneurs and outlining the economic importance of international ethnic entrepreneurial activity. A number of business enablers were discussed with an emphasis on those being culturally-bound, stereotypical, and generic. In short, racism and discrimination were found to be important barriers for ethnic entrepreneurs together with access to capital, low levels of education and prior experience.

### Key point 2.6

Creativity and innovation are linked but different. Innovation is a systematic and logical process with the aim of developing a creative idea into a commercially robust product or service.

### The Singapore Gourmet

Jenny and Henry Chin emigrated from South-East Asia to Australia in the 1960s. After going back home for a whilst they returned to Australia in 1973, encouraged by the changing political climate that accompanied the election of the Whitlam Labor Government. In Sydney, Jenny worked as a chief accountant at Express Freight, helping to set up their first computing system using punch cards. Pregnancy interrupted her career, but two months after the birth of her first child Jenny returned to work as an accountant, hiring a full-time nanny to look after her son. After the birth of a second child, Jenny and Henry moved into their first small business, a fish and chip shop, previously owned by Turkish migrants, in Hay Street near Sydney's Chinatown.

Gradually, they began to introduce Singaporean food. Business doubled as the fish and chip shop was transformed into a Singaporean restaurant. 'Australian cuisine' was undergoing a gradual ethnic revolution. Fortunes for the Chins took a rosy turn as business prospered, but their ambitions were not fulfilled. They decided to use business profits to expand, opening a tea house across the road and another restaurant, the Bottomless Pit, in nearby George Street, where they employed eight people. Only then did Jenny give up her other job and manage the business full-time. Expansion continued as they opened restaurants on Pier 1 and Pier 2 in the Rocks area under the Sydney Harbour Bridge, and a restaurant in the western suburb of Bankstown. By 1981–1982 the Chin restaurant empire was worth millions of dollars a year. However like Jenny's family in Singapore, the Chins experienced the fickle fortunes of business as a combination of factors destroyed their burgeoning restaurant empire.

Impatient creditors and landlords finally resorted to cutting off the electricity just before big functions. Jenny Chin was forced to sell everything. Shattered and weary, Jenny and Henry decided to start all over again. They moved to a site about 15 kilometres from the centre of Sydney, which became their new shop and living premises in one. They were heavily indebted. Henry worked even when he was ill because, as he put it, 'the whole family and everyone depended on me'. Jenny's professional skills were by then becoming outdated, but in 1985 she was able to find a job with a car provided. With two incomes, after a whilst they were able to take up a lease on a shop in the inner-city suburb of St Peters for \$250 per week. This became the new Singapore Gourmet, the site of Jenny and Henry Chin's current business.

Jenny and Henry Chin still work in other jobs and run the Singapore Gourmet restaurant. After work each evening Jenny goes shopping before arriving at the restaurant between 5.30 and 6.00 p.m. to cook. She has the help of three assistants, with her son helping out – 'for tips only' – when they need him. The new Singapore Gourmet has now established a secure clientele and Jenny and Henry are planning to extend the premises and lengthen the opening hours.

### Comment

This story of ethnic small business illustrates some of the diversity of experiences in this sector of the economy. For the Chins, restaurants offered a risky business at the luxury end of the food services market. Hard work overlain by their speculative orientation was to lead them onto the roller-coaster of rapid business success and failure.

What characterises this story – as with most of the stories of ethnic small business – is the dreams that these enterprises encapsulate. The post-war immigration net drew in immigrants from eastern, southern and northern Europe, the Middle East, Asia and both Americas. Immigration changed the face of Australian society. In major cities, such as Sydney, Melbourne, Adelaide and Perth, one-half of the population are first or second generation immigrants. However, the migrant entrepreneur's freedom may be no more than the freedom to work at night to finish rush orders. The better opportunities for the children may become the compulsion to work in the family business after school every day, to help make ends meet. The free market may be just a veil for control and exploitation by powerful suppliers or customers. The solution to unemployment may be a costly and temporary one, as ill-prepared and under-capitalised entrepreneurs go bankrupt and lose everything – even the family home.

### Questions

1. To what do you mainly attribute the Chins entrepreneurial successes?
2. How important was their cultural predisposition in this case?

*Source:* Reproduced with permission: Collins *et al.* (1995).